CHAPTER III

Iraq : A Study of Economic Conditions
During The Period 1857-1914
3.1 Agriculture:

3.1.1 Introduction:

Agriculture, since its invention and inception, has been the prime and leading activity of every culture and civilization throughout the history of mankind. Agricultural practices secured the food supply. It also resulted in the establishment of farming settlements that subsequently grew into villages, towns, cities, states, countries and empires.

The history of agriculture is broadly divided into four phases, differing widely in date according to the region. The four phases are:

1. Prehistoric Agriculture:

It is believed that the first model of agricultural units started near 10,000 B.C. or earlier. The main agricultural sites were in south-east and south-west Asia, which presently consist of India, Iraq and the adjoining areas. Nile River in Egypt, Danube in Europe and Indus-Ganga in India were the main centers of the agricultural farmlands.

This was the age of agricultural innovations as many new tools and practices were invented due to compulsion of planting, sustaining and harvesting the crops. Use of wooden and earthen tools as well as some domestic animals were major highlights of this period.

2. Historical Agriculture:

This era generally covers the period from 2500 B.C. to 500 B.C. It marks the introduction of metals in agricultural tool making. During this period, agricultural sites grew proficient and occupied much of south-east Asia, middle-east, Europe, north America and eastern Asia.

Mechanical improvements in agricultural equipments and development of storage and irrigation methods mark the highlights of this age. For the first time, trade in agriculture also started, becoming the precursor to modern agri-business industry.

3. Feudal Agriculture:

The feudal age of agriculture ranges from 500 B.C. to 1700 A.D. It was at the peak during 1000 A.D. and became static thereafter. This period is mainly characterized by expansion of agriculture, irrigation and consolidation of agricultural methods. Use of fertilizers, in form of natural manures to boost production, was a major breakthrough of this period. The usual practice of this age was of intensive
agricultural methods throughout Europe, middle east and south-eastern Asia.

4. Scientific Agriculture:

By 17th century A.D. there was a rapid rise in the population of the world. This was also the age of imperial expansions in Asia, Africa, America and oceanic countries. These led to exploration of new methods and practices in agriculture. It also resulted in increased attention toward commercial form of agriculture that was based solely on profit, rather than on subsistence. During this era, agriculture trade became global as many new economies flourished on specialized production of one or other agricultural products.\(^{(1)}\)

3.1.2 Agriculture in Ottoman Empire:

The Ottoman Empire was an agrarian economy, where labour was in short supply, land was rich and capital was inadequate. Majority of the population used to earn their living from small family holdings. This contributed to around 40 per cent of taxes of the empire directly. Similarly, taxes were raised indirectly through customs revenues on exports.

Cultivator families drew their livelihoods from different economic activities and not merely from growing crops. This included growing a variety of crops for their own consumption as well as rearing animals for their milk and wool requirements. Some rural families manufactured goods for sale to others, for instance Balkan villagers travelled to Anatolia and Syria for the months to sell their wool. This pattern established during the eighteenth century, which had not significantly changed at the beginning of the twentieth century. It does not mean that there were no changes in the agrarian sector. Nomadic played an important role in the economy, providing animal products, textiles and transportation. However, they were troublesome for the state and hard to control. Sedentarization programmers took place in the nineteenth century coinciding with huge influxes of refugees. This change had the effect of bringing decline in animal rearing by tribes and an increase in cultivation. The increasing commercialization of agriculture began in the eighteenth century, which helped the people to grow more. With increased urbanization, new markets created greater demand, easily met with the introduction of railroads. State policy requiring a greater portion of taxes to be paid in cash influenced the production. Finally, an increased demand for consumer goods themselves drove an increase in production to pay for the same. Quataert argues that production rose due to a number of factors.\(^{(2)}\) An increase
in productivity resulted due to implementation of irrigation projects, intensive agriculture and utilization of modern agricultural tools. The use of the modern tools increased throughout the nineteenth century. By 1900, tens of thousands of ploughs, cutters and other agricultural technologies such as combines were found across the Balkan, Anatolian and Arab lands. However, most of the increases in production came from vast areas of land brought under further cultivation. Families began to increase the amount of time of work, putting uncultivated land into use. Sharecropping increased and the farmers started utilizing land that had been set-aside for animal pasturage. Along with state policy, millions of refugees brought vast tracts of uncultivated land into production, which included empty central Anatolian basin and grassland zone in the Syrian and Iraq.

Iraq was part of the Ottoman Empire. The policies of Ottoman government had a significant impact on the Agriculture in Iraq and the weakness in this sector. In fact, the global changes had an impact on the development of agriculture in the Ottoman Empire. To what extent did these developments help to develop Iraq will be studied in this chapter. (3)

3.1.3 The Agricultural and Farmers’ Condition in Ottoman Government before 1857:

The situation of agriculture in Iraq was associated with the development of the farmers. The farmer in Iraq saw deterioration in economic, social, educational and health conditions. When the governor Medhat Pasha came into power, the life of the farmer in Iraq was changed after he issued the land law. This law gave the Iraqi tribes and nomadic an ownership of agricultural land and then he changed their life from the backpacker to agriculturist. He reduced agricultural taxes to develop stability of these tribes. He abolished some custom duties for some seeds of agricultural crops like cotton and sugarcane, which were prime crops.

The farmer saw an improvement in his condition. However, this development was clogged as Medhat Pasha left Iraq and farmer’s condition began to deteriorate again. The important reasons for the deterioration of farmers in Iraq in the last years of the nineteenth century were as follows:

1. The policies of governors and political leaders in Iraq had negative impact on the agriculture and farmers’ condition in the country. They did not pay attention to irrigation plants, and dams. They failed to maintain the level of
the rivers in tact. Floods in the spring led to destruction of farmland and damage to agricultural crops. During the summer, the farmland was damaged because the river level was low. Thus, political conditions had negative impact on the agricultural production and the development of farmers’ economic condition.\(^{(4)}\)

2. Most of the farmers used primitive tools and traditional methods of agriculture as they were not literate and unable to apply new technology. This led to destruction of agricultural land because of increase in salinity of agricultural land. This had a negative impact on the farmers’ condition.

3. The wars and the ongoing revolt of Iraqi tribes led to the transformation of large tracts of agricultural lands to battlefields. Therefore, farmers were busy in fighting with enemies.

4. The Ottoman government forced the farmers to pay taxes every year. This made the farmers to leave their land and government took their crops. Thus, the farmers were forced to leave their home and migrate to the city in search of another job. This led to increase in rate of unemployment. On the other hand, the migration has caused to the changing nature of the social structure of the city.\(^{(5)}\)

5. Different diseases spread in Iraq during the years 1831 and 1838 and 1875 A.D. The plague spread in the years 1865, 1871, 1881, 1889 to 1893 and 1904 A.D. In 1876, malaria spread in Iraq. The reason for the spread of this disease was the migration of a large number of foreign migrants, who carried this disease with them to Iraq. Another reason was the lack of purified water in the country. Attempts were not made to cure this problem. However, some governors of Iraq, who came after Medhat Pasha, tried to deal with foreign migrants through the issuance of quarantine law. This law was intended to restrict foreign ships in the port of Basra for a period ten days to make sure that no one carried any disease.

However, these measures were not meant to protect Iraqis from the contagion of diseases. On the contrary, the restriction was imposed to increase custom duties of the government. Therefore, if the ships were parked in the port of Basra for more than three days, the government used
to charge taxes for every extra day.

6. The crops got damaged because the locust spread negatively affected agricultural production.\(^6\)

The reasons explained above led to deterioration in economic, health and social condition of the farmers in Iraq. However, some attempts were made to improve the status of the farmers and agriculture in Iraq by some governors. But they failed eventually because no governor continued his administrative term for a long period so as to implement the decisions taken by him so far.

### 3.1.4 The Waste Land:

On 21\(^{st}\) April 1858 was issued the Land Law in Ottoman Empire, which aimed to put an end of zamindari and to achieve comprehensive reform. The law included Article 132, which was taken from the texts of Islamic Law and some of the articles were adopted from French Civil Law and English Law.

This new law divided the Land of the Ottoman rule into five types:

1. Land owners
2. Public lands
3. Land suspended
4. Abandoned land and
5. Dead land.\(^7\)

On 13\(^{th}\) December 1858, the Land Registry System Act of 33 articles was issued. This law aimed to correct the mistakes of the Estate Law. The new law included contracts and arguments relating to land. Medhat Pasha sent the report to Al-Bab Al-Aily, for which he put a proposal to include a record of the land of Iraq. Thus, with an intention to make an optimum distribution of land in Iraq, people were given the time-limit of three years to return an agriculture land to the government. This was done in order to bring as much as land possible under agriculture to increase agricultural production.\(^8\)

On 16\(^{th}\) June 1871 Farman was issued. The royal decree approved the proposal of Medhat Pasha and began the reforms of the land in Iraq. The Ottoman government established a committee known as ‘Committee on Real Estate’. The Zawra newspaper published the details of the land bought from the people.\(^9\)

The governor Medhat Pasha called on citizens to buy land and showed kindness in assessing the financial value of the installments for a period of several
years. This policy helped to resettle and stabilize the Iraqi tribes. Moreover, the governor Medhat Pasha asked the elders to suggest the leaders of any one tribe covering one kilometer of agriculture land. The head of the clan was to distribute the land to the people of his tribe and he was to undertake the responsibility to pay money for the value of the land in installments. For example:

1. The chief of Bany–kab took the land in the city of Basra.
2. The chief of Ainza took the land in Karbala.
3. The chief of Shamar tribes took the land in the city of Mosul.

On 15th March 1871, Medhat Pasha issued a decision to the tribal leaders in Shamer of northern Iraq to take a large area of land spreading from the city of Tikrit and Mosul. He also gave everyone some amount of free seeds and did not take any taxes for six years from anyone who bought land. After the period of six years, the government took the crop and then taxed it. Medhat pasha put an end of the inferior living conditions of nomadic tribes in Iraq. He organized and managed to distribute the acquired land among the different tribes in order to allocate the land with maximum equality. He asked the elder members of the tribe to suggest leaders of the tribe to accept the responsibility for proper distribution of land and payment of the land to the government in installments. Thus, he achieved some kind of stability of the different tribes. Consequently, all Iraqi tribes accepted the land policy of Medhat Pasha and agreed to pay to the Ottoman government.

However, some tribes were against the policy of Medhat Pasha. They thought that the land was their right and they were inheritors to the land from their parents and grandparents. So why should they pay money to the Ottoman government for such land of which they were original owners. When this fact was brought to the notice of the governor Medhat Pasha, he forced them to pay money to the Ottoman government.

Another question arose that did the Iraqi tribes practice the agriculture after they had the land from the Ottoman government?

The answer was no, especially the tribes at the border started looting the people in surrounding areas after they had taken the land from the government. They did not cultivate land anymore. It was not possible to take tax from them because they were so dangerous and the government was afraid of them.
The governors who came after Medhat Pasha changed style and offered sometimes the carrots. In one of the British documents, we find the following statement: “Provide protection, the people complained in the city of Nasiriyah, to the Mayor of Basra, recall the Bedouins who are (Araban) stealing and looting the property, and the Sabean community also made the same complaint to the Governor of Basra.”

Some Ottoman documents point out that Mayors of the cities in Iraq used to send monthly reports to the Interior Ministry explaining the poor agricultural situation in their areas. In one of such documents, we see this comment: “Giving the Bedouin land, seeds, and the creation of housing for them to work in agriculture and exemption from taxes will bring a lot of damage. .. and that the majority of the Bedouin do not work in the agriculture and the land is still barren. ..”

To overcome this problem, the Ministry of Interior had to form a committee of residents from the people with the head of the clan to retrieve the good agricultural land from the Bedouin (Araban) and allot them land in other areas. Then such cultivable land taken from Bedouin had to be given to the tribes who were professional specialists in agriculture affairs. If the government failed in allocating such agricultural land to these people, then government and the people would become poor.

One of the Ottoman documents shows big change in the development of an Iraqi tribal folk living in the southern regions of Iraq. According to the report sent by the Governor Mohammed Rouf to the Council of Ministers, Ottoman Al-sader Al-Alazam, states that: “... Jcam tribe live in Nasiriyah city, the Committee comprised the President of the clan And parents and staff in the State change the place of Jcam tribe to the city of Karbala and gave them the seeds and made them willing to work in agriculture. After a while, the leader Mohsen Al-Hthall and his tribe cultivated land and this work impressed clans. They too made requests to the government to give them land for cultivation, so that agriculture could evolve.”

As an impact of these measures, the government gave affiliation and salaries to the leaders of the tribes who had cultivated their land. Similarly, government also gave some financial remuneration to Sheikh Mohsen Al-ahthall. He was appointed as a mayor of the clan. He appointed an officer, who could speak Arabic and who knew
the customs and traditions of the tribes. His duty was to supervise and assist in the management of the clan.

Sheikh Mohsen Al-ahthall appointed a military officer to train the members of the tribe who wanted to protect the land. He gave them 12,000 pennies per month. This amount was distributed among the members who were working with the mayor of clan. This made the Iraqi tribes to consider the stability of the government lured by salaries and gave them the financial affiliate. (17)

These measures helped to reconstruct the waste land and also to increase the Treasury funds. This also helped to maintain security by using the Bedouin in the Agriculture. Instead of allow them to loot and they were issued certificates and bonds. This ‘tabu’ farmer could guarantee his right to own land. However, this did not mean that the government did not face problems or obstruction while carrying out the reforms. The Ottoman government had some problems from the Iraqi tribes, who took the land and did not grow any crop. One of the documents of Ottoman writes, “If the farmer did not cultivate his land during three years, he would lose his right to own land and had to return it to the government.” (18)

Thus, the land became an important commercial commodity and increased the prices of the land to 7-fold from the original price and sometimes to 12% of the original price.

During the period 1878-1890, the land was cultivated because the Europeans wanted it. In 1890, the price of agricultural land of Palm trees in the city of Baghdad increased from 100 Palms to 30,100 lira Ottoman. (19) The price of the 100 palm in Basra city was 1000lira Ottoman. (20) The high value of land and agricultural crops made the governors, who came after Medhat Pasha, to strip the tribes of their lands and distributed this land among army officers and other senior officers. As a result, a new class emerged known as ‘Al tifilin’ parasites (description of researcher Doreen Warner). (21)

The waste land was turned to agricultural land during the era of the governor Medhat Pasha. However, the governors, who were appointed after Medhat Pasha, later turned this land into a commodity and traded it. They succeeded because of the farmers’ inability to pay the premium financial rates of the land. For this reason, the government had to transfer the ownership of the land to others.
3.1.5 Dams:

They are two type of dams:

**First Dam:** A natural or artificial barrier built to separate the river from the land. Dams are built if the river floods. In such condition, the dams are built between the river and the land.(22)

**Second Dams:** The dam is a natural or artificial barrier. It is built over the river in order to store and manage the water in the river as well conserve the water in the tanks for use in the summer. Iraq was known for building the dams on the Rivers Tigris and Euphrates since ancient times. During the spring, after the snow melts in the northern part of Iraq, the water level is higher than the land. In such case, the flood occurs which causes the loss of property and casualty. Therefore, in Iraq dams were built from sand and rocks. However, these steps were primitive and not enough to protect the land and people from the hazard of flood. The government and governors had to put an end to this occurrence. But the Ottoman governors were busy to took money from the people and they did not use to pay attention to agricultural development. Therefore, the farmer had to take responsibility to build the dams from the simple materials during the winter period to keep the land and people safe. Thus, water stored in the dam was being used for agricultural purpose as well as other purposes like drinking water, etc. However, the situation worsened year after year, as the government did not intervene to compensate farmers affected by floods. During his term, the governor Medhat Pasha came to put an end to this apparent deterioration of agriculture. He brought agricultural engineers from Istanbul to work on a comprehensive study of agricultural development in Iraq. They found the major problem was the scarcity of water in the Euphrates River, which was flowing in the southern area particularly in the city of Hilla. There was transformation of the Euphrates River to the various tributaries made by farmers to irrigate their land. The first branch was river Hindi, about which a major difference is found in mentioning its name. The Iraqi historian Abbas al-Azzawi, in his book ‘Iraq Between Occupations’ Part VIII says, “The Hindi River Canal is a small lake dug by Indian Princess during her visit to the city of Najaf, southern Iraq after she found the lack of water and scarcity. So that she gave the money to make up for this lack.”(22) The English historian Longrigg in his book ‘Four Centuries of the History of Iraq’ says, “Hindi River is named after the men from India, who worked with the Ottoman government
and he dug to bring water to the city of Najaf and got the flow of the river in the early 19th century.”

The first view seems more credible than second. The river provided the water to the city of Najaf. The farmers built a dam over and around the river, which was called as Hindiyah. The dam was gradually expanded to provide water to the city of Hilla. Medhat Pasha worked on the dam to store water of the Euphrates River, and turned the flow of the river into the areas that were experiencing water shortages. However, the work was not completed and stopped as Medhat Pasha had to leave Iraq.

In 1887, Siry Pasha became governor of Iraq. As his first task, he was to complete the construction of dams. He asked the Ottoman government to provide him with the money to complete the project as soon as possible. He also demanded to send foreign engineers to remove the barriers between the River Tigris and River Euphrates, and supervise the dam. The Ottoman Government had been taking the services of Engineer Hunderfr, and his assistant Dio Wane. They arrived in Baghdad on 19th September, 1888. They made a comprehensive study of the dam and conducted a study on the feasibility of Hindi River for navigation and drew maps to send to the Ministry of Public Works in Istanbul. The dam was built of bricks, which were acquired from the remains of ancient Babylon.

In 1890, the project was completed and opened by the Governor Sriy Pasha in a grand ceremony attended by all the dignitaries of Iraq. One of the most important results of this project was that the water level rose to two meters, of which one third water went to the city of Hilla, and rest of water to the river Hindi. This distribution of water helped to revive large areas of land and increased agricultural production. However, this system did not last because the dam collapsed in 1903, which led to drought in the city of Hilla.

In 1906, the Ottoman government called upon the English engineer William Wilcox to work on reforming the Hindiyah dam. He built the first station to measure the amount of water discharged into the river in Baghdad, especially from the left bank of the Tigris River. After that he worked on building several plants in different regions to measure the levels of water in the river.

In 1908, he was appointed as an advisor for irrigation in Iraq. On 12th November 1913, the construction of dam was completed and the
cost of project amounted half a million liras Ottoman. Hindiyah dam helped to increase the arable land by 20%. \(^{(27)}\) The most recent floods in Iraq are explained as follows:

1. In the year 1873, there was a flood, where the swollen waters of the Tigris and the Euphrates, broke the dams which were built of wood and the soil in spring. This led to the flooding of large areas around Baghdad.

2. In 1847, flood lasted for 30 days. It brought significant damages to agricultural crops. The flood was on an account of the rising waters of the Tigris.

3. In 1884, due to flood, the dam was broken in the eastern side of the city of Baghdad and it continued for 30 days, which caused major devastation of agricultural land.

4. In 1889, flooded water arrived into the desert territory due to the severity of the flow.

5. In 1894, flood continued for 120 days. It made a big damage to the city of Adhamiya in Central Baghdad.

6. During 1895-1896, the Ottoman government tried to prevent flooding of Baghdad. The government broke the dam on the eastern side, which led to the diversion of water to desert areas.

7. In 1907, flood occurred because the dams around Baghdad were built from the stones flew down. As well as the rainfall which lasted for 48 hours without interruption led to flooding. \(^{(28)}\)

Thus, the dams in Iraq were not built only during the reign of the governor Medhat Pasha. The governors, who administered the state after Medhat Pasha found Hindiyah to be a concern until the First World War, 1914. There is no such document stating about the construction or development of any dam in Iraq between the period of mid-nineteenth century until the twentieth century.

3.1.6 Irrigation Methods:

The first step was to transform all the waste land into the agricultural land with the use of water for irrigation. There were two types of irrigation methods. First method, Al-demi, which depended on rain water and the second method, which took water with tools from the river to the irrigation land. Iraq was dependent on irrigation by river water because Iraq had two big rivers for irrigation, viz. Tigris and the Euphrates. Both rivers originated in Turkey. The Tigris River was responsible for
watering the land of northern and eastern regions of Iraq. The Euphrates River was responsible for watering the land of western and southern parts of Iraq. The rivers met in the city of Basra when they became one and was known as the Shatt al-Arab.

Accordingly, it became evident that the Tigris and Euphrates rivers are among the main sources of irrigation of agricultural land in Iraq. Therefore, it was necessary for the Government of the Ottoman to formulate a policy to clean up rivers and open new canals to take advantage of the rivers in watering the largest possible land and increase the segment of agricultural land. On the contrary, the government began to take money from the people without regard for the disbursement of funds to improve the agricultural condition of the country.

Thus, it can be stated that most of the governors, except some, who were keenly interested in the economic development of Iraq and their chief governor Medhat Pasha laid the foundations of building a modern state based on its capability and its economy for advancement and prosperity.

In the early middle of nineteenth century, it is found that irrigation in Iraq was neglected during the reign of the Ottoman Empire. Ottoman government did not think seriously of addressing the situation. Particularly with regard to the Tigris and Euphrates Rivers and consequently, the rivers used to flood during the spring. It was necessary to utilize this excess water being brought by flood by building dams and reservoirs to tap water. This was useful to avoid the summer drought and the scarcity of water. Governor Medhat Pasha changed the agricultural situation in Iraq. The country witnessed sweeping reforms in this area, which included:

1. The governor Medhat Pasha carried out Saqlawiyah agenda by building a dam on the top of the table, in order to protect the city of Baghdad from flood and the farm land from marshes and swamps. However, the work was not completed and Mottagnna opened the dam quickly, which resulted in the flooding of the surrounding land located in the town of Falluja in western Iraq\(^ {29}\)
2. He opened a new river known as the River al-Diyail to irrigate the agricultural areas of Karkh in Baghdad.
3. Medhat Pasha issued orders to clean the River Aelkezrabat (Saadia) and utilize the water to help the farmers and agriculture. This helped to increase the proportion of cultivated land.\(^ {30}\)
After the end of the rule of Medhat Pasha in Iraq, the agricultural projects had stopped in 1881, when Diolavo visited Iraq. She was historian. She saw many dams, waterway and rivers scattered here and there, which were being once used to irrigate the large areas of agricultural land in Iraq. But in the course of time, they had turned into a barren land in 1903. William Wilcox came to Iraq to conduct a research and study the possibility of exploitation of the Tigris and the Euphrates. He carried on two projects, one on the Tigris River, the other on the Euphrates River in 1904 and 1905 respectively. An aim of these projects was reclamation of million of acres of land at a cost of 7.5 million pounds sterling.\(^{(31)}\)

In 1909, the Ottoman government called William Wilcox into Baghdad to study the irrigation projects in Iraq and give a report to the government. He says, “If the flooding of the Tigris and Euphrates was restrained then agricultural land would have the highest degree of fertility, History records these events and we will see people come from the east and west to visit it and Iraq will be the Garden of Eden again.”\(^{(32)}\)

On 31\(^{st}\) March 1911, the British diplomat sent a letter to Sir Lorimer C. Luther, stating, “Mr. William sent to the Ottoman government his report. In which, he submitted a series of irrigation projects and he gave me in advance a financial table, showing what he hopes to achieve, if given these proposals...”\(^{(33)}\)

However, it became evident that these projects could not be developed on the land of Iraq. It was impossible that the Ottoman State would give all the money for this project because the government entered into an unequal war with the allied powers during the same period. It was not possible to carry out these economic improvements in any state of Iraq. One of the British documents dated 28\(^{th}\) May 1914 quotes, “The Ottoman government started to build barrages on the Tigris and Euphrates to prevent the risk of flooding by contracting with the German contractor Baron Ainczykh, who began to work after the company Ottoman British agreed, ”but the work on this project was not completed because of the First World War 1914.”\(^{(34)}\)

3.1.7 The Most Important Agricultural Crops:

As there was an infrequency of crops and different climatic conditions in Iraq, any particular type of crop could not be taken. This had a huge impact on the type of crop in Iraq. In the northern parts of Iraq, climatic conditions had favoured the growth of the different types of crops like almonds, walnuts, which could not be found in the
South Iraq and yet, some crops could be grown in South Iraq. Palm trees were not found in the north because the palm needed hot climate depended on irrigated water from rivers. While the northern regions characterized by the cool atmosphere heaped moderate agriculture, which depended on rainfall greatly. These differences in climate help to identify some key areas of Iraq and the type and quantities of agricultural crop production. Therefore, these areas are divided into three main categories:

1. Baghdad, Central Iraq
2. Basra, Southern Iraq
3. Mosul in Northern Iraq.\(^{35}\)

**1-Baghdad**

Baghdad was the capital city of Iraq and was known as the best in administration, political and economic activities. The central region of Iraq, because of its moderate climate, had grown a lot of important agricultural crops, mainly wheat and barley. Baghdad, during the years 1864-1871, produced about 1400 tons of wheat. The barley production reached up to 300 tons as well as dates, which reached 1,01,000 tones per year. There were 500 kinds of dates. The majority of the production was being sent to European countries, India, and Anatolia. One of the Ottoman documents shows that the production of agricultural crops had increased by 70% after the beginning of the governor Medhat Pasha’s rule in Iraq. It became evident that the production of agricultural crops in Baghdad were wheat and barley. It occupied 80% of the area of land planted. The other crops were rice, corn, sesame, millet, and cotton. These crops were planted only in the city of Baghdad and were exported to England via India. Baghdad was lacking animal production because it was a city of administrative and political importance and the nation's capital and very little attention was paid to animal production. It was almost non-existent.\(^{36}\)

**2. Basra :**

In Basra, during this period, all people carried out economic activities, depending on the impact of several factors on these activities. The soil and climatic conditions were most suitable for the successful cultivation of Palm in Basra. It could be argued that most of the people in Basra were involved in the cultivation of Palm. During the early period of this century, the number of palm trees in Iraq were eighteen million. Mostly in Basra, the date palm cultivation and production of dates has been subject to natural disasters and agricultural pests.
In 1896, a terrible flood destroyed more than two million palm trees in the Basra alone. This disastrous danger devastated the harvest dates to a degree, which did not leave any amount for export. The damage was caused by waves of the cold north-west in the years 1868 and 1906 and 1907 as well as the dry north-easterly winds in the years 1901 and 1904. In 1867 and 1886, swarms of locusts infested fruits of palm trees before maturity in Basra.\(^{38}\)

The people of Basra were planting wheat, barley, rice, sesame, corn, different types of pulses, and all the fruits, especially grapes, figs, bitter orange, citron, lemon, melon. The also planted good quality of aromatic plants on the lawns of the Ottoman rulers. This helped to grow interest in agriculture and irrigation.\(^{39}\)

In 1865, Mohamed Monab proved to the people in Basra that he could keep their homeland secure when he took charge of all the palms from the Arabs. The occupation of the people of Basra was livestock, while raising camels and horses was attributed to the nomads, but it was important too.

In 1900, the total number of camels in the state of Basra was 11,539; similarly the number of horses was also remarkable, because of its importance to the Bedouins. However, breeding these animals became important for the purpose of trading and export to India. Initially horses were exported from Basra to India.\(^{40}\)

At the end of the eighteenth century, when Manesty was resident of the British East India Company, in Basra, he felt the need for improvements in the export of horses from Basra to India. The number of horses being exported to India every year was between 2500-3500. There had been smuggling and trade in horses in spite of prohibition imposed by the Ottoman authorities, who were buying horses from the mobile tribes on the banks of the Tigris River and used to smuggle them to Muhammarah. The horses that were bought from the tribes on the Euphrates River were sent to the town of Zubayr, from where the horses were being smuggled them to Kuwait The breeding of donkeys and mules were popular in Basra. The first type were tended by peasants or tribes and allocated to agricultural work and were used for working in the fields and riding. The number of donkeys and mules in Basra were 1,10,000 per head. Thus, raising sheep and cattle was most prevalent. The number of sheep in 1902 in the Basra was 4,61,628 per head.\(^{41}\)

The cows of Najdi type were bred in Basra, which were famous for abundant milk. A large number of cattle died, therefore, the government exempted cows and
bulls from of any tax to be paid. The government had the headquarters in California to facilitate the development of farmers and promote agricultural work, for breeding Buffaloes in marshes and swamps. In 1904, the number of buffaloes in Basra was 18,500.\(^{(42)}\)

3. Mosul:

The city of Mosul ranks third after the cities of Baghdad and Basra. Mosul was an important administrative city during its peak period. During the nineteenth century and particularly in the second half, the development of agricultural sector took place and variety of crops were being taken on a large scale. Agricultural produce was being exported to many countries of the world, especially to Britain. The most important crops were wheat and barley and all kinds of grains, olive trees, vegetables and fruits. In addition, crops those were demanded by industrial sector, such as, gum, cotton were exported through the city of Baghdad. The reputation was built by cultivating these crops suitable to the nature of the prevailing climate of the city, which helped for the growth of these crops.\(^{(43)}\)

Mosul had great wealth in animals, particularly sheep and goats and livestock and its products. Wool, natural skin and goat hair were on the forefront. After 1879, there had been an increased interest in the city of Mosul, especially Britain's interest in this city. After the industrial revolution in Britain, there was a need to find markets to procure primary raw materials, particularly wool and leather. Mosul was one of such areas. Mosul was transformed into a British colony gradually during the rule of Ottoman Empire. Thus, as a colony of British empire, Mosul became an important exporter of the original Arab horses to India.\(^{(44)}\)

In 1885, estimated value of exports of agro-industrial crops from Mosul to Britain was about 1,75,000 dinars, which was equal to 2,50,000 pounds. Further, in 1912, estimated value of exports from Mosul to Britain was 1,66,000 dinars.\(^{(45)}\)

3.1.8 Agricultural Taxes:

**Tax**: It means taking a particular percentage of the crop from the farmers or owners who own agricultural land. The person who used to collect the taxes was called ‘al mltizam’. He used to take a specific percentage of the crop for him, as well as, send the rest of the crop to the caretaker, who in turn, used to send it to the locker of the Governor. The proportion of such crop used to differ from one land to another. The amount of crop had to be paid to the Ottoman government for:
1. The type of crop produced in the farmland, whether it was food crop or industrial crop.
3. The price of agricultural product in the local market.
4. The amount of agricultural production.

On the basis of above criterion, certain percentage of agricultural yield had to be paid to the central government as agricultural tax by the farmers every year.\(^{(46)}\)

Ottoman governors who ruled Iraq did not pay attention toward agricultural production, agricultural crops and irrigation, until the arrival of the governor Medhat Pasha. He brought engineers from Europe to contribute to the development of agriculture in Iraq by using the most modern methods in agriculture during his reign. This was his one of the important achievements in the agricultural sector. As agricultural production, especially the Iraqi production had a great demand from almost every country of the world, particularly European countries. Iraq was known for quality of the special product, which was dates. India was one of the first countries who imported this product from Iraq. Especially after the development of transport routes and gateway of the Suez Canal, which helped to link the Arab states and Iraq with the rest of the world, there was remarkable growth in the export. Thus, the tax on exports increased the funds of the state treasury. It helped to implement the construction projects and services. The taxes that were taken from the farmers were not excessive. For example, Medhat Pasha worked to encourage the farmers. He reduced the amount of tax on cultivation of palm groves, so that the large number of farmers could cultivate the palm trees. During the visit of the governor Medhat Pasha to the city of Basra, he met a group of people of Basra who complained about the estimation of palm production by the government officers. A person was committed to pay a specific amount to government. The production of a certain area cropped was estimated without taking into account whether it might lead to financial damage to farmers. As al-maltizam was often exaggerating the value of production, even though that date palm cultivation was expensive. Owing to these reasons, a large number of farmers did not show interest in cultivation of palm. Therefore, the governor Medhat Pasha cancelled estimation of production and imposed the tax. As a result of the imposition of low tax by Medhat Pasha, on every 15 acres of land for a year the farmers became interested in planting palm trees. There were cheap taxes on the palm
trees planted away from agricultural land registered in the State, especially at the
border of Iraq. Other countries accustomed to place tax on 2-3 acres for one Palm.
These measures were adopted by Medhat Pasha in the tax issue procedure and had
positive impacts. After Iraq became secure and stable, a large number of people
returned to their homeland. In 1870, the reforms brought by Medhat Pasha increased
the number of date palm trees, so that in 1883 an increase in the production of
dates.\(^{(47)}\)

The taxes imposed on fruits and vegetables was 10 per cent of the crop taken
every year. The modern agriculture were exempted from any tax for a period of six
years. The governor Medhat Pasha made his contribution to increase agricultural
production, as he set the tax on all crops only one tenth of the total production.\(^{(48)}\).

In 1889, because of increased attention to the cultivation of cotton crop, the
political agents brought seeds from the cotton-growing city of Mosul. The cost of
seeds were incurred by the Government to encourage farmers to grow cotton. In 1906,
Basra Chamber of Commerce was formed, which contributed to bring the seeds of
Berries, Mulberry planting and silkworm breeding. However, the cotton and the
sericulture was not developed.\(^{(49)}\)

During 1877-1878, the war between Ottoman and Russian had begun. To meet the
higher expenses of a war, Ottoman State needed more money. To fulfill this need,
Ottoman Government issued a decree (Farman) ordering the governors to rigidly impose
taxes on farmers. It is found clearly in a telegram issued by Mayor of Basra to the
Ministry of Interior, which described : “That bad are things here, where farmers and
Arabian refuses to pay taxes. The budget has been affected significantly Expenses, and
many have tried to take to tax litigations and reparation and coercion, but they did not pay
anything. Please give order to Assistant and speed up what we have to do... He concluded
by saying that he does not want any one go to military service.”\(^{(50)}\)

The Ottoman government used the style of coercion while collecting money
through offices of storage and agents. They abused and collected the money from
farmers forcefully. In Basra, the Ottoman government sent a request to appoint a
person responsible to collect taxes. The government selected Ali Abu Hamza, to take
tax by force of arms from the farmers. He formed Ottoman military force sent under
his leadership to force the farmers to pay taxes. During this coercion, he killed twenty
people. There was destruction of homes, plunder and looting of property. The Mayor
of Basra was covered up by Ali Abu Hamza for helping him to collect taxes from the farmers.

These events have been referred in one of the Ottoman documents in Ottoman archives.\(^{(51)}\)

In 1880, one of the Ottoman documents says that the Ottoman Sultan Abdul Hamid II issued the orders to collect all agricultural crops in the northern region of Iraq (Kurdistan). He was given an authority to appreciate and estimate the amount of production at the same value of current production for the past year and he informed the Ministry of Public Works.\(^{(52)}\)

All the foregoing proceedings underscore the cruelty and arbitrariness of the Ottoman rulers in obtaining agricultural taxes from farmers. Medhat Pasha could not continue his term in Iraq because Al-Sader Azam Nadeem Pasha forced Medhat to resign, when Medhat Pasha refused to take more money from the farmers. The tax imposed on the farmers was in the form of 50,000 bags of wheat to 74,000 bags of wheat each year.

Thus, the agricultural taxes imposed by the government increased the burden on the farmers and resulted into decreasing quantity of agricultural production of the country.

\textbf{3.1.9 The Policy of ottoman Government toward Agriculture :}

The policy of Ottoman government toward the agricultural sector in Iraq was negative. The governors who ruled Iraq followed different policies. The policy of the Ottoman Empire toward the agricultural sector in Iraq has been discussed as follows.

\textbf{First :} The agricultural taxation policy was to take money for development and building from the farmers. This was the fundamental goal, however, these taxes turned in to a heavy burden for the Iraqi farmers, who refused to pay. Therefore, the governors collected the taxes by force and sometimes even with the use of weapons by appointing men to collect taxes. Such authorities misused their positions and evaluated the crops at more than its real value to earn interest for them. This increased the financial burden on the farmers.

\textbf{The Second :} On April 21\textsuperscript{st}, 1858, Al-tabo passed an act to put an end the feudal system and to achieve reforms. Through the distribution of fertile land among the members of the Bedouin tribes, effort had been made to accommodate the tribes and to achieve stability and provide employment in agriculture for them to avoid looting.
and the rebellion against the central authority of the Ottoman Empire. On the other hand, the steps were taken for reconstruction of the land and increasing the area of agricultural land. Thus, with a remarkable increase in aggregate agricultural production, more money could be taken as agricultural taxes. Thus, Medhat Pasha succeeded to achieve a goal of agriculture.

However, the governors, who ruled the state after Medhat Pasha realized the importance of these lands and its value in the market. They sought a legal way of acquiring these lands from the farmers, who were the owners of the land. The governors acquired the land from the farmers and gave it to the senior government officials and military ranks in the Turks army. As the farmers could not pay the value of the allowance imposed on them for pertaining this land, they were allowed to repay in installments. However, they could not pay and these measures executed by the rulers reflected negatively on the agricultural sector. After execution of acquiring land from farmers, the farmers who were the owners of the land had to work for the new owners of the land. Some of them left the agricultural work and migrated to the city. Thus, this policy of the Ottoman government created a new layer of feudalistic zamindar.

**The Third:** Irrigation was not on the basis of experience, testimony and scientific competence. In the agricultural sector, distribution was by cronyism and nepotism. The governor and his staff created a big gap between farmers and officials, which was responsible for the distribution of seeds and fertilizers. The governors believed that most of the farmers were Turks and not Iraqis.

**The Fourth:** The Ottoman Empire wanted to convert the agricultural land into the territory of architecture. It is found in one of the documents of Ottoman Government, which quotes as: “That the company British India Steam Navigation in Basra, known as Al Carey - Mackenzie bought land belonging to the army barracks in Basra created by the buildings and then send the reports to the War Office in Istanbul The Ministry of Finance and the Interior, Then send engineers to assess the situation in the region and found that one of the branches of the Tigris passes through these areas, a fertile agricultural land, and that these buildings could harm the region they took a decision that on greed the Great 5 - November -1 910 demolished building and allowed only agriculture in this region.”(53)
Another document issued on 31st July, 1913, wherein the governor Namik Pasha to the Ministry of Interior states that “Developed by the state on property of a company Lung to buy all their tools after the agricultural company took of arable land that belongs to the Ottoman Empire to try to build buildings it.”(54)

Thus, it becomes evident that all the Ottoman documents indicate the interest of the state ownership of farmland. The attempts were often made to pull of arable land from the hands of foreign companies to the Ottoman Empire. Ottoman government did not allow foreign companies to have ownership of land in Iraq.

3.1.10 Conclusion:

During 1857-1914, the weakness and deterioration was evident in the agricultural sector in Iraq. There was no development in agriculture except in the era of the governor Medhat Pasha. It was during the reign of Medhat Pasha that the state of Iraq made good agricultural development. However, Iraq soon experienced weakness and deterioration as soon as Medhat Pasha resigned. Despite the fact that all elements of an agricultural country like water and soil were diversified and there were climatic changes that affected crops, the Ottoman government moved away its interest from the agricultural sector and put the greatest burden on the farmers in land preparation, provision of seeds and harvest and markets sales. If these governors of Iraq would have followed the method of Medhat Pasha, Iraq could have acquired top position in the agricultural production in the world and the agricultural sector would have brought prosperity and progress in Iraq.
3.2 Industry:

3.2.1 Introduction:

From the sixteenth century until the mid-nineteenth century, Iraq suffered from negligence and weakness in its industrial sector. Most of the industries continued to use the simple and primitive methods existed at home. There was no evolution in the industrial methods or tools. Most of the machines were operated by hands or by animals. The modern tools did not enter Iraqi industry during this era. This topic studies the condition of Iraqi industry before the year 1857 and the most popular types of industries that characterized Iraq i.e. textile industry, leather, wool, pottery. The most important factors that helped the growth and decay of the industries, as pointed out earlier was the Ottoman government's policy toward the Iraqi industry and the role of the Ottoman rulers in the industry.

3.2.2 Development of Industry in Iraq before the year 1857:

The industry in Iraq depended primarily on primitive craft and the old system with simple tools operated by the hands or animals. The Ottoman government did not take care of Iraq from the sixteenth century to the mid-nineteenth century, especially on the issue of developing its industrial side. In the mid-nineteenth century, industry witnessed some attention from some governors, who opened the ways for the self-employment and provided capital to set off industrial shops without collecting any taxes from them.\(^{(55)}\)

The weaving industry in Iraq was the first to return back. In the year 1825, when the governor Dawad Pasha built two factories, one for cotton and another for wool. An aim of the formation of such factories was to fulfill the need of clothing for the army. He also got the first machine for printing the pattern on cotton fabrics. In the nineteenth century, weaving industry began in Iraq. In Basra was earning 100 thousand dirham's from gold threads, which was used in the manufacture of men's robes and in 1842 the weaving industry flourished in Baghdad particularly cotton textiles and in 1845 the weaving industry flourished in Mosul, especially in the silk and cotton textiles.\(^{(56)}\)

Before 1857 the larger percentage of workers in the weaving industry was in Baghdad, which was 3% of the total population of Baghdad. Despite the good quality, local production could not compete with foreign goods, which was cheap in price and good in quality.\(^{(57)}\)
Weaving industry flourished in Baghdad because it was the capital city, and most of the population were employed in the weaving industry, in Mosul. The weaving industry deteriorated because of the rival foreign goods. The weaving industry could not compete because the price of local woven handicrafts was much higher than the foreign products. So the Iraqi citizens preferred the foreign products than the local. Although majority of raw materials required for weaving in the industry (cotton, wool and flax exist) were available in Mosul, the European powers especially Britain put its hand on these raw materials and retained the monopoly of export. Thus, Mosul began exporting the material through British companies in Iraq. The raw materials were exported to London via India where raw materials were processed to transform them into the finished product i.e. cloth and the same was being exported to Iraq. The places, such as, Mosul, Baghdad and Basra turned into the market for imported British goods. Thus, the Iraqi people preferred to buy the imported goods rather than the domestic products.

The leather industry, which included shoes, belts, sheaths swords and daggers, also suffered deterioration and weakness of production in comparison with foreign goods, which was characterized by good quality and low prices. Baghdad was the center for the manufacture of leather tanning. The factory and shops for tanning leather were located at the Bab Al-Moatham, Adhamiya and Kadhamiya. In case of wood industry, including home furniture, the local production was limited to city or village. Iraq lacked wood of good quality so it was imported from India. There were 13 factories of pottery in Baghdad.

In Basra, the boating industry commenced on the river. Shatt al-Arab and the people of Basra entered the profession of fishing. The spirit and soap industry was controlled by the Jews in Baghdad.

As explained above, this was the condition of the industry in Iraq at the beginning of the nineteenth century to 1857. The situation changed when the governor Medhat Pasha implemented a new industrial policy for the development of industrial sector in Iraq.

3.2.3 The Most Important Industries in Iraq;

1. Weaving Industry:

After 1857, the industry in Iraq underwent important changes. These changes included the weaving industry, which was one of the oldest industries in Iraq. This
industry depended on cotton, wool and linen. In the textile industry, Baghdad was the most famous city for the craft. Almost 5 per cent of the population of Baghdad was employed in the printed fabrics and the carpet industry. The number of weavers in Baghdad was 3,500 against the population of Baghdad, which was 90,000.\(^{(63)}\)

In 1864, Namik Pasha, who set up the first modern laboratory that functioned mechanically. Baghdad was also famous for clothing industry that made robes for men and women from wool, silk embroidered with gold thread and silver.\(^{(64)}\)

When Medhat Pasha began his rule in Iraq, he worked on the first factory to pack wool for export.\(^{(65)}\) He also worked to expand the factory, which was manufacturing the clothes for the military. The factory was producing 300 meters of fabrics of wool and 400 meters of thick cotton fabrics in one working day.\(^{(66)}\)

He formulated a new system to determine the working hours, abolished (forced labour) and prevented the exploitation of workers. The working class in Iraq like the farmers did not have a clear-cut profession. They used to work in one season for laundering of wool and in another season they used to work on construction. The wages were lower than the wage for the workers of other states of the Ottoman. The weaver in Iraq was being given 7 piaster for one day, while in other states, the workers were taking 8.4 piaster and 4 piaster for the children and women.\(^{(67)}\)

Medhat Pasha imported the modern machinery for weaving industry from Europe. However, these machines did not reach because of the outbreak of war between France and Germany during the 19 July 1870 to 10 May 1871.\(^{(68)}\)

Mosul city was famous for cotton and woolen textiles after Baghdad. It competed with the British goods. The weaving product manufactured in Mosul was famous and had a great demand in European markets. Therefore, European countries concentrated in Mosul. As a result, Britain controlled the products of Mosul.\(^{(69)}\)

Basra was famous for the textile industry, especially velvet and gauze cloth. Bazp, Karbala was famous for the textile industry and wool. In the northern areas of Iraq (Kurdistan) carpets were manufactured, which were in great demand in world markets. They were made of wool and goat hair, which was procured manually.\(^{(70)}\)

Medhat Pasha was not the only one who contributed toward the development of industry in Iraq, but he could be considered the first who laid the foundations and the rules for the development of the industrial sector. In 1899, Namik Pasha Al-saghyer (1899-1902) worked to set up a factory for the weaving industry in the
Industrial School. He worked for the import of the machines for the preparation of textile yarns and to lower the prices of textiles manufactured in the school. It helped to increase the sales of school and made weaving much in demand.\(^{(71)}\)

One Ottoman document (Salnamh Baghdad) says: “In 1905 the number of sewing factories in the city of Baghdad was 312 for carpet weaving, 22 factories for the production of yarn, 7 factories for printing of fabrics and 68 factories fabrics dyeing.”\(^{(72)}\)

In 1909, some merchants, especially one Jew established a factory for the production of socks and t-shirts in Baghdad. It was established by individual efforts without relying on the government. The factory also contributed to encourage other to follow it.\(^{(73)}\)

After the technological development Iraq witnessed development in the field of transportation. Weaving industry in Iraq was being failing gradually in the early twentieth century until the beginning of the World War I and the reasons for this were:

1. The foreign goods, especially goods imported from Britain became the favorite in Iraqi markets, which was characterized with cheap price, more variety and good quality. Therefore, the Iraqi people preferred the imported goods rather than domestic cargo, which was hand made and expensive.
2. The weaving industry in Iraq adopted simple primitive tools.
3. There were very few skilled workers in the weaving industry in Iraq.
4. The opening of the Suez Canal and the transfer of trade routes through the city of Mosul made it an important center for the export and import because of transit of foreign goods coming through the Mediterranean. The importance of Mosul shrank after the trade routes were closed.\(^{(74)}\)

2. Leather Industry:

Leather industry is one of the oldest industries in Iraq. It was the second after the weaving industry and is divided into two parts:

A - leather products
B - leather tanning

A. Leather Products: It includes shoes, belts, saddles. Leather products imported from foreign countries were cheap in price and of better quality with plenty of variety compared to that of domestic goods. The foreign product depended on the skin
imported from Iraq especially Mosul. Earlier it was being imported from France. Until the year 1910, Iraq did not have a factory for leather industry. In 1882 Basra, was famous for leather industries, especially making saddlers. The Ottoman army used to take saddlers from Baser.\(^{(75)}\)

**B. Leather Tannery:** Baghdad was well known for the shops and laboratories of tanning of the skin in many areas, such as, Adhamiya and Kadhimiya. In 1908, there were 40 shops in the Adhamiya and the volume of production was five thousand skins per week. Although there were many shops, the condition of workers was not sound. The wages were very low as compared to the rest of the states of the Ottoman Empire. In Iraq, the wages of worker of one day was the 11.5 piaster, while the workers in the other states of the Ottoman Empire were being paid nearly 13.6 piaster.\(^{(76)}\)

The leather industry in Iraq was not able to meet the local needs of the country, and it could not compete with foreign goods, which was characterized by cheap prices and plenty of variety. Therefore, the leather industry in Iraq deteriorated.

**3. Construction Industry:**

In the early seventies of the nineteenth century, construction industry was on its way in Iraq, which included bricks, blocks and tiles (ground tiles) industry. Baghdad, one of the famous cities for this industry, had 25 factories of tiles industry. Iranians who were living in Karbala obtained control over the industry because the workers in Iraqi industries were being paid low wages, which forced them to quit from the industry.\(^{(77)}\)

**4. Oil Industry:**

Oil industry has been the most important source for the growth and development of Iraq in all sectors in the past and in the present time as well. However, the Ottoman government did not realize the importance of oil production in the country. Iraq did not need to explore and research to extract it from the earth. The oil was flowing naturally in some places in Iraq, especially in the east of Mandali.

Most of the governors of Iraq did not pay attention to the development of the country. However, Medhat Pasha showed interest in the industrial sector of Iraq, especially the oil industry:

1. He imported modern machinery from Europe to extract oil from the earth in Mosul, but the project was stopped as he did not receive governmental approvals from Istanbul.
2. Due to availability of large quantities of oil used for lighting the city by oil lamps.
3. He called upon Germans experts to give their reports on the oil wells in Iraq and the way to extract and work on their development.
4. In 1871, a refinery was established in Baquba (east Iraq) for the refining oil. In 1881, the engineers of Germany visited the Kirkuk, in northeastern Iraq. They conducted some geological research in the land, and presented their report: “Kirkuk and its surroundings has of huge stocks of oil and oil fields close to the surface of the ground, which was always being affected by mild tremor. If there was deep drilling for oil in this region, there might be a strong possibility of a severe earthquake on this land.”

The Sultan Abdul Hamid II sent C. S. Gulbenkian, an expert on oil, to Iraq to develop a comprehensive report on the status of Iraqi oil fields and how to exploit and develop them. In 1890, C. S. Gulbenkian sent his report to the Sultan Abdul Hamid II, wherein he told him about the need of foreign capital and investment in Iraq. C. S. Gulbenkian played an important role while discussions took place between the Ottoman Empire and foreign companies for signing contract for investment in Iraqi oil fields. Sultan Abdul Hamid II issued feraman Soltani on 6th April 1890, in which he said : “The concession for oil fields and exploiting the property of the empire anywhere in the state of Iraq vested with him without an exception.”

Sultan Abdul Hamid II displaced the ownership of oil land from the public property of the Government to private ownership. These developments began the race in the world for an increasing interest by the countries to get oil, as the oil was the first source of energy. The international competition increased in Iraq to acquire more concessions. In 1904, the Iron Anatolia took a share of Iraq oil from Sultan Abdul Hamid II for exploration of oil along the railway stretching from Baghdad to Mosul, a distance of 20 kilometers on both sides. On 5th March 1903, even after signing the contract to build railways, the political events were responsible for discontinuation of the project because in 1909, the Sultan Abdul Hamid II was brought down from the throne of the Ottoman Empire.

On 25th September 1912, there was an agreement between oil rich Turkey company and German bank with a capital of 80,000 lb to invest in Iraq's oil industry. Thereafter, on 23rd October 1912, the name of the company was changed from ‘African Privileges and Limited Oriental’ to ‘T.P.C. The Turkish Petroleum’. With its
new name, the company began negotiations with the Ottoman government for concessions in the areas of Baghdad and Mosul; however, it did not get anything. In the month of March 1914, there was a convention between the T.P.C. Turkish Petroleum Company and German Bank to invest in Iraq's oil field, which was called the Convention on the Ministry of Foreign Affairs. The capital invested was £1,60,000 lb, wherein the share of Anglo-Iranian Oil Company was 54.7%, while the Saxon Oil Company had the share of 22.5%, and the German bank 25%. C. S. Gulbenkian had received 5% of the capital of the company.\(^{82}\)

In spite of the efforts made by Sultan Abdul Hamid II, a series of measures took place that would have damaged the issue of oil extraction for Iraq, but yet the oil was extracted from some areas, particularly Kirkuk. Iraq reached an annual production rate of £ 100,000.\(^{83}\) However, this quantity did not meet the local need of oil because Iraq was producing crude oil which needed to convert into white oil after extraction and refine the oil. As the oil was extracted from the hot areas of western Iraq, the rate of production was 2,000 liters per day in 1909.\(^{84}\)

5. Other Industries:

**Pottery:**

Since the first century B.C., Iraq was known for its pottery. The manufacturing of pottery was undertaken in most of the cities and villages in Iraq. Baghdad city was famous for pottery, where there were 13 laboratories. Mosul city ranked second in pottery production. The main products of pottery were jars, jugs, and fillers. The production was undertaken only for local markets. Therefore, pottery was not developed as an industry capable of exporting its products.\(^{85}\).

**Soap industry:**

The soap industry depended on olive trees for olive oil extraction. It was the main component of this industry. Al-Mosul city was known for production of soap of good quality. Baghdad city was one of the important centres for the sale of soap and production of soap was undertaken in three labs, when extraction of vegetable oil was done.

In Basra city, there was not any soap industry established until 1909 till one of the citizens established a laboratory for extraction of vegetable oils from the seeds of castor. Thereafter, the soap industry slowly developed in Iraq. Till then soap was being imported from Levant (Syria).\(^{86}\)
Glass Industry:

The city of Baghdad was famous for glass industry, which included two laboratories for the manufacture of various types of glassware i.e. the household glass and the jellyfish glass. (87)

Timber or Wood Industry:

The majority of Iraqi cities were famous for wood industries, especially the city of Baghdad, where cupboards, chairs, furniture, agricultural implements like Plough, sheds were being produced. However, Iraq lacked strong timber of good quality. So, Iraq imported the wood from India, which produced good quality wood. (88)

In 1900, Namik Pasha took efforts to establish a Carpentry laboratory at the School in Baghdad. This Laboratory produced cupboards, chairs, tables and other furniture, and most of the workers were students. This shows that the government showed interest in this industry, especially the local timber industry to reduce the import of wood from foreign manufacturers. (89)

Weapons and Gunpowder Industry:

The industry emerged in the northern Iraqi in Al- Sulaymaniyah city. Roger Owen says: “The city of Sulaymaniyah was the first city to use and make the weapons which were known the" Martini Peabody" the production was of sulamaniyah was between 10-20 guns every year.”

The gunpowder industry made Baghdad a centre of this industry and the Mosul ranked second, where the gunpowder was used to make ammunition for weapons and also for extraction and fragmentation of stones. (90)

Ice Industry:

In 1881, ice industry began in Iraq after the establishment of laboratories for ice one in Baghdad and the another was in Basra. In 1887, a Jew citizen in Basra build a factory to make ice. The Jew brought modern machinery for this plant and one kilogram ice was sold for a penny. (91)

Boating Industry:

Boat industry was well established in Iraq since ancient times. It was widespread because of the Tigris and Euphrates rivers. The boats were used for fishery and transportation. In the nineteenth century, Iraq did not have large bridges over the rivers. There were wooden bridges that connected the rivers at close range,
located just a few meters apart. For travelling long distances on the river, boats were used especially for sailing from Basra, which had river navigation to Baghdad city. In 1890, there was a man whose name was Joseph Smith Halokh. He was a mechanic and he was illiterate. He did not know to read, write and draw designs. However, he set up a laboratory for shipbuilding and he made five steam ships. One of his ships was bought by a company called Lunge and the second was purchased by the Ottoman Oman.\(^{(92)}\)

Medhat Pasha took interest in boating industry. He issued the orders to expand the expertise of Basra for installation of vessels. These ships were imported from outside and ridden by Iraqi hands. Earlier the ships were ridden by foreigners. He built a special workshop to repair ships in Baghdad. A number of ships belonged to Ottoman Oman company, which were damaged in the past, were repaired in this workshop.\(^{(93)}\) However, this industry prospered very slowly because the import of ships made the development of transportation gradual. The quality of wood used for making boats in Iraq was not as good as compared to imported wood.

**Grain Milling Industry:**

This industry existed from a long time to grind wheat and barley grains and to separate the crusts from the seeds and finally crush them into powder. In 1870, Medhat Pasha imported a mill from France of 70 horse power and the cost which was 2000 liras Ottoman. In view of that, some traders took approval from the Ottoman government to establish modern laboratories for the production of flour, pasta and bread. During the ending period of the reign of Sultan Abdul Hamid II, Iraq abounded with modern laboratories. In 1909, a newspaper Al-Raqup said that: the people complained of noise of machines, which were used to grind grain and unwanted smells. In the early twentieth century, the number of mills in Baghdad increased to 116.\(^{(94)}\)

In 1887, in Basra city built the first modern laboratory by a Jewish citizen. He imported the steam engine to grind grain. However, in Mosul they did not know about modern methods, therefore, they used old and simple tools to grind grain. This situation continued until the year 1914.\(^{(95)}\)

**Wool Processing Industry:**

Iraq was known for good quality of wool and abundant production. It was popular in many countries of the world, particularly Britain. The cities in Iraq were
famous for wool processing. During the processing of wool, it was used to collect and wash wool and put the buttons in the boxes called bales.

In 1869, Medhat Pasha established a laboratory to pack wool for export. In the year 1889, the Lung company founded two laboratories to pack wool. The steams were used, which turned the local wool to bales for export. The company (Underwear Company) founded two laboratories to pack wool, where the water was being used to run engines.

The Lunge company produced of wool of 14.284 bales per year, The Underwear company produced 11,500 bales per year. British owned five plants. These laboratories used to pack wool in Basra, Baghdad, Kut, Amarah, and Babylon. The British companies took control of the wool for export and began to manufacture it in London and export it back to Iraq.  

Industry to prepare Licorice for Export:

Licorice plant was widespread in Iraq. It was used by the medical industry. The juices were used for the manufacture of cigarettes mixed with tobacco. The first company to prepare this product for export was ‘Mac Andrews Forbis American’, which had its plants in all states of the Ottoman Empire. In 1904, the company came to Iraq and had many branches in Baghdad and Basra. It took over the task of collecting licorice from the countryside and cities, then it began to export. In 1869, Medhat Pasha built a factory laboratory to pack licorice as the demand was rising in European markets.

The Metallurgical Industry:

This industry was an important industry in Iraq. It included boiler making, blacksmithing and drafting work. After 1873, the significance of metallurgical business increased and it emerged as an industry. The Ottoman government decided to reduce the import of foreign goods and to open Oman Ottoman company for the production of furniture made of metal as this furniture was cheaper than wooden. This industry flourished in Baghdad, particularly copper utensils, which was characterized by good quality metal especially pot coffee, cups, tea trays and pots.

In early twentieth century, this industry began to deteriorate because of the import of mineral pots from Austria known for it’s best quality and cheap price. All blacksmiths began producing agricultural tools, spatial, machetes, bars, windows, doors and chains.
Medhat Pasha carried out the search for minerals in Iraq. He appointed foreign engineers for this task, who found nothing in the land of Iraq. Therefore, Iraq had to import copper every year. The value of the imported copper was 27,000 pounds. There were shops in the cities of Baghdad and Amara to the south of Iraq, where silver rings studded with precious stones were used to craft.\(^{(98)}\).

**Confectionery Industry:**

Iraq possessed a lot of dates. The liquid of which was of good quality and used in confectionery. This industry spread in all the cities of Iraq without exception.\(^{(99)}\).

**Industrial Floor Mats of Reeds:**

This industry started in the city to the south of Iraq, particularly in Basra. The people used the cane to manufacture of carpets and floor mats. Most of the Iraqis used their home to make the mats. In the summer season, this industry was limited to women only, who used to take two piaster a day for weaving.\(^{(100)}\).

**3.2.4 The Ottoman Government’s Policy toward Industry:**

1. In the early nineteenth century, the Ottoman government did not make any serious attempts to address the threat from Europeans, who invaded Iraqi market after the first quarter of the nineteenth century. The Iraqi industry had faced crisis in the mid 19th century. The industry had two stages. The first stage was of recovery and the second stage was gradual deterioration. In the twentieth century, the foreign goods were imported as they were of good quality compared to domestic goods in Iraq. Consequently, the Iraqi industry failed in comparison with British Industry.

2. In 1862, the Ottoman government followed a policy of encouraging Iraqi industry and took a decision to increase customs duties to be imposed on imported goods from 5% to 8% in order to restrict foreign products and reduce imports.

3. The Ottoman government worked to establish associations of Iraqi producers to put demands of these producers to the government through the President of the Assembly.

4. Government wanted to give an tax exemption to the equipments imported for industrial purpose. However, it did not work, because the government imposed taxes of 12% on Iraqi exports.

5. The Ottoman government knew that industrial sector in Iraq was important.
However, government did not develop a mechanism through which the certification of the industry could be done to set up shops in the city. Thus, there was no certain requirement of competence or experience to set up a shop or open a shop. This was detrimental to industrial production as shops were run by the people who did not have the experience, skill and scientific knowledge of related industrial activity.

6. The Ottoman government did not impose higher taxes on the owners of industrial shops.

7. Ottoman government had shown its interest in building industrial schools, which were to train students to be proficient in occupations such as carpentry and blacksmithing and to enable them to open industrial shops, after completion of their training.

8. Some governors, such as Namik Pasha constructed industrial workshops in schools to train students for industrial occupations. The produce of this school was being sold and the money was invested to expand and develop the workshop by purchase of modern tools.

9. Iraq allowed traders to open of factories and bring equipment from advanced industrial countries. The taxes imposed on such import were reduced.

10. Despite all these attempts made by government for improving the industrial sector in Iraq, the government did not succeed to achieve industrial growth because the foreign companies especially British tried to control Iraqi business population.

Through the expansion of existing markets and opening of new markets, it was possible to develop industrial sector and promote competition with imported products. However, the policy of some governors was to neglect the industrial projects set up by the Ottoman rulers before them. As Medhat Pasha stopped the extraction of oil from the Mandali, in the east of Iraq. And also the purchase of tools from modern European countries. After the departure of Medhat Pasha, the newly appointed governors also neglected this area and caused more damage to industrial sector.
3.2.5 Conclusion:

There were many reasons for the deterioration and neglect of the industry in Iraq were many. Many factors that caused the deterioration of the industry were as follows:

1. The Ottoman governors were not interested in developing industry and for making provision of capital for building modern laboratories. They did not follow a consistent policy in the field of manufacturing in the country.

2. In spite of high profit, capital invested in the industry was comparatively low. The proportion of the profit earning through foreign trade in Iraq was high, but these profits were not being reinvested in the industry.

3. Capital was mainly concentrated in the hands of merchants and landowners, who preferred to invest their money in the field of agriculture and trade instead of investing in industry.

4. The profits of small traders were not enough to set up laboratories.

5. The workers were paid very low wages so they left their jobs and looked for jobs elsewhere.

6. The technical competencies of workers were limited to industrial production.

7. Britain played a negative role in the industrial sector by turning the country to a market for the disposal of goods and its products, which were produced primarily from the raw materials acquired from Iraq.

8. The economic activity was limited to manufacturing in Iraq during the Ottoman period. However, during the rule of Medhat Pasha, there was an increase in revenue of the treasury. The value of the revenue from industrial production during the year 1869 was 88,80,632 lira from East and in 1870 and 1871 it was 8,69,98,651 and 9,35,24,064 lira respectively. In 1872 it was 10,00,00,000.\(^{(101)}\)

The industry in Iraq was unable to compete with foreign goods and the industrial sector during the period 1857-1914 was the weakest sector of the economy of Iraq. This was due to the fact that Iraq was predominantly an agricultural economy.
3.3 Transport and Communication:

3.3.1 Introduction:

Iraq plays an important role in the field of transport and communications on account of its geographical location. Such location attracted the attention of the world, particularly Britain. In the first half of the nineteenth century, the Britain made attempts to find new ways to connect to India. Instead of the old road that passes through the al–Rachi Al-salih, Britain found that Iraq was the country, which was closest to get access to India and which was the most direct route. Therefore, the British government send missions to Iraq to study the possibility of the Tigris and Euphrates as the sources of navigation. In 1830, Britain sent the first mission under the command of Colonel F. R. Chesney. This mission continued for three years, however, it did not achieve success because the Euphrates River was not suitable for steam ships.

In 1869, after the opening of Suez Canal, there was a major economic development of trade in Iraq. Export of Iraqi products to Europe had begun. Earlier these products were available only to the Arab States. The foreign companies played an important role, especially in the field of river transport and maritime transport of goods, passengers and post. Therefore, there was economic development in the foreign trade. In 1869, the cost of goods exported through Basra became 200 pounds. Fifty two British merchant ships came to Iraq, and three of them went to England. This development was reflected in the social life of Iraq. Thus, the rank of merchant class had been raised and they belonged to the first social class. Earlier, they belonged to low class in Iraq. After Iraq opened its markets to the rest of the world, the increased volume of import and export had a great impact on the merchant class.

3.3.2 Allocation of Transport Routes in Iraq:

1. Ground Transport:

Prior to the mid of the nineteenth century, Iraq did not have any development in the field of ground transport. Iraq used animals in the cities and outside for the purpose of transport. However, Iraq had railway transport during this period. The governor Medhat Pasha made attempts to make the developments in the field of ground transport. He worked to link Baghdad with other cities by horse-drawn carts and to prepare the way to clean and equestrian transport by horse and wagon. Medhat Pasha, during his rule, tried to build a railway link but the Ottoman government in
Istanbul refused to do so.\textsuperscript{(104)}

**The Most Important of these Ways:**

1. A road link between Iraq and Persia (Iran) starting from Baghdad - Khanaqin – Kermanshah.
2. A road link between Iraq and the Arabian Peninsula (Saudi Arabia) from Najaf - Basra - Saudi Arabia. This route was built to facilitate the travel of pilgrims to Mecca.
3. A road link between Iraq and the Levant (Syria).
4. A road link between Iraq and Istanbul (Turkey) on the road to Mosul - Halab – Istanbul.
5. A road link between Baghdad and Basra.
6. A road link between Baghdad and Mosul.

Horses and camels were used for travelling people and for the transport of the goods. Small groups consisted of 80-200 camels were being used interior roads. While transportation across the borders, caravan used to be of thousand camels. Sometime, it took 20-40 days to travel from Baghdad to Damascus (Syria).\textsuperscript{(105)}

While travelling, a lot of trouble used to occur. Some times, the convoys did not arrive within stipulated time and some times they were robbed by thieves and bandits. During the journey, traders had to suffer extreme fatigue. Therefore, many traders were reluctant to use the ground route, and preferred river transport because of the benefit of fast delivery of goods to its destination.

**2. River Transport:**

River Transport in Iraq was one of the most important pillars of trade in the modern era. Iraq could not have achieved success in trade without increasing the number of ships. River transportation had gained great importance in Iraq as it was the major means of the transportation of people and goods from one city to another. Especially for trade with foreign companies, river transport proved a significant mode of transport. Iraq began to purchase of steam and sailing ships, as the government recognized the importance of the ships for the purpose of trade.

The first company was the Lunge British, which contributed to the promotion of trade in Iraq in the field of import and export. So the Ottoman government tried to restrict the activity of a British company by setting up an Ottoman company for river transport because the Lunge British controlled river transport in Iraq. However, the
Ottoman company could not maintain punctuality in delivery of the goods. Some times, goods got spoiled due to the delay in delivery. The Ottoman company could not compete with the British company Lunge, who excelled in the field of river transport and became famous in the external transport, especially for delivery of goods from the port of Basra to Bombay and London. The Ottoman government worked to adopt some techniques to reduce the control of the Lunge company, but it did not succeed in its endeavors.

Some methods used were:
1. Lunge British company was not allowed to use more than two ships.
2. Lunge company had to pay custom duties to the Ottoman government and to the Iraqi tribes as well.

However, the Lunge British company continued and did not take any decision about harassment at work. The Lunge company continued to develop and set up workshops for the repairs of ships. Thus, the company earned the trust of the Iraqi traders. In the aftermath of the importance of river transportation, the people of Iraq started to work in this area realizing its utmost importance.\(^{(106)}\)

In 1897, the trader Abdul Qadir Khudhairi established a company for river transport and trade. In 1908, motor boats, a new mode of transport, was brought into use for travelling the residents of Baghdad on the Tigris River between Karkh and Rusafa. The river transport continued in Iraq until 1912, when the foundation stone of the Baghdad railway by the German company was laid down.\(^{(107)}\)

3.3.3 Conclusion:

The development of transport in Iraq had a major impact on the economic condition of the country and its development. This led to the revival of Iraq's trade. The merchant class in Iraqi society emerged as the most important layer and became richer. The Ottoman government could not develop this important area in Iraq but the foreign companies contributed to the development of Iraq and exploited for the benefit of its motherland. The foremost among those countries was Britain. In Iraq, there were two types of transport: a) ground transport, and b) river transport. The first type could not compete with the later, because river transport was of a great significance in Iraq. The river transport contributed in the economic development of Iraq.
3.4 Trade :

3.4.1 Introduction :

Trade is an essential element as a pillar of the world economy. It supports the prosperity of the country and its development. Development of trade depended on the following factors:

1. The country’s geographical location was one of the most important factors for overland trade.
2. The rivers and sea ports contributed to the development of river and naval trade.
3. State had a policy toward trade and imposed a few taxes on exports and imports to promote the trade.
4. Provision of large capital helped traders and the growth of traders’ class, which in turn contributed to the growth of the country’s trade and prosperity.
5. The political situation of the country, due to unrest, rebellion and revolutions caused the decline of the commercial traffic in the country.\(^{(108)}\)

These factors were responsible for the progress of trade in Iraq. The geographical location helped to grow foreign interests in the port of Basra. This port had a biggest impact on the development of trade both internal and external. In Iraq, Basra was the shortest route for the delivery of goods to India. During the first half of the nineteenth century, trade with Britain was divided into three parts a) Exports Trade b) Imports Trade c) Transit Trade.

In 1831, the spread of a plague caused a large number of death of traders in Iraq. This was a terrible impact on the trade of Iraq, which caused a great harm to the image and economy of Iraq.

3.4.2 The Condition of Trade during the Reign of Ottoman Government before 1857:

The trade in Iraq, like all other aspects of Iraqi economy, was characterized by deterioration, decline and stagnation. In Iraq there were commercial centres, viz. Basra, Mosul and Baghdad. Mosul was known as an important commercial center. Some historians have considered this region as a state because of the volume of its trade and its geographical location between Turkey and Iran and the Levant (Syria). It became a centre for transit and trade.

Basra was one of the most important trade centres in the world. Traders in Basra had gained a reputation. Their fame reached European markets. They played an
important role between foreign companies and the Iraqi farmers.

In the first half of 19th century, Basra was a significant port because all ships passed through it, transporting goods from Basra to the Arab Gulf states and India. The goods which were exported from Basra were dates and Arab horses to the markets of Bombay in India. The Bombay market was one of the largest world markets for the purchase and sale of horses.\(^{109}\)

Since the late eighteenth century, Iraq began to trade in horses. Some foreign tourists have said: “In 1831 Basra was providing India with horses that came from Najd (Saudi Arabia).”\(^{110}\) The tourist Unsworth stated that: “In 1836 Basra exported 2500 horses to India.”\(^{111}\)

As an impact of increasing trade between Iraq and India at that time, the Ottoman government issued a decree banning the export in the mid-nineteenth century for the following reasons:

1. To avoid export of Arab horses to India every year.
2. To provide horses in order to fulfill the need of Ottoman army.

However, the export of Arab horses to the Indian markets was the most important trade that significantly contributed to the recovery of the merchant class in Basra.

The Ottoman government tried quarantine entrants to make sure the safety of the people before they enter Iraq. But the Ottoman government did not impose quarantine on the ships, which used to stay at the port of Basra for 10 days neglecting the health of Iraqis. On the contrary, Ottoman government increased the customs duties imposed on these ships in accordance of the number of days the ship rested at the port without unloading of cargo. Thus, the port of Basra became the leasing ground for ships.

Iraq's imports included cotton fabrics, children's ready-made clothing, coffee, sugar, and silk from Britain, spices, incense and wood from India, perfume, wax and beverages from France, soap, linen, silver threads and Alkalpton was imported from Syria.\(^{112}\)

**3.4.2.1 Exports:**

**Dates:** The most important export of Iraq was dates. It included several types of Hillawi dates and zihdy, Sayer and Khadraoui, which was exported to all countries in the world. India was one of these countries, which imported dates zihdy, but Britain
and the United States imported dates Hillawi and Khadraoui also.

During 1864-1865 and 1865-1866 the proportion of exports of dates from Basra to Britain and India was up to 99%. Late in 19th century, the dates crop was ranked as of agricultural export of Iraq. In 1870, especially in the month of June, the first commercial ship reached the Arab Gulf from Britain through the Suez Canal. In 1868, the dates were damaged due to the attack by swarms of locusts, and the spread of agricultural pests as well as the waves of dust which affected the crop. The production of dates in Basra was 20,000 tons only from good dates.

In 1869, the production of dates increased by 5000 tons. In 1870 the dates the production was very less the production was not enough to fills the need for local market, Therefore, Midhat Pasha gave order to farmers to grow seedlings of palm trees, to cover to the acute shortage of production.

In the year 1879, the Ottoman government decided to prevent the export of dates due to lack of production in agricultural crops, particularly wheat and barley grains. They were excluded from this resolution by merchants who were associated with previous contracts. The government had given 15 days only to export the dates, afterwards the dates had been confiscated by the government. The financial value of the export of dates amounted to £ 63,000 only.

In the year1880, the financial value of exports of dates was 46,178 £ lbs. In 1881, the financial value of dates was 40,714 pounds. In 1882, the production of dates was plenty because many dates palm planted during the reign of Medhat Pasha in 1870, which resulted into increased production. In 1883, there was a big augmentation, which helped the export of dates, because the British companies namely Kerry McKinsey Company, Lunge Company and Muir Tweedy company wanted to control most of the export trade of dates in Iraq.

In 1886, the Ottoman government issued a decree banning the export of dates, and send this resolution to the British diplomat to prevent the British companies from operating in the area of export of dates. In 1887, the production of dates increased up to 60,000 tons, out of which, 20,000 tons was exported to European ports and 24,000 tons to U.S. port, and also was exported to the ports of the Arabian Gulf, Iran, India and the rest of the production remained in the Iraqi market. All these countries imported the dates because it was of good quality and it had a sweet taste. No other product in Europe rivaled it except figs Izmir. When there was a less quantity of
production of fig, Iraqi dates enjoyed a remarkable demand from European markets. In the case of increase in the production of figs in Europe then demand for Iraqi dates used to decline, which had an impact on the dates trade in Iraq. This trade was subject to the order for quantities from European markets during harvest of dates in Iraq.

In the year 1890, a large quantity of dates was carried to Basra using the ships. The prices of dates rose dramatically, which forced the farmers to harvest the crop before it matured and packaged it for export to Britain. However, the markets in London refused to deal with the poor harvest, which caused a great loss to Iraqi traders.\(^{(116)}\)

In 1893, the value of exports of dates reached up to 297 from 257 pounds in Iraq. Earlier, in the years 1890, 1891 and 1892 the production of dates was shattered because the dates did not mature enough to deliver to the market and there was outbreak of cholera in Basra. These unfavourable conditions made the U.S. markets to refuse the deal for the purchase of the dates. The company known as "asfer for the trade" was responsible for the purchase of Iraqi dates outside and bringing it to America. In 1894, the increased value of export of Iraqi dates was 107,869 lbs.\(^{(117)}\)

In 1896, Iraq had to suffer through the outbreak of flood because the rising water level of the Tigris and Euphrates rivers. The flood caused the destruction of two million palm trees. It also caused the severe damage to the dates crops, which consequently resulted into a loss of huge quantities of dates. Thus, it was not possible to send sufficient quantities to meet the demand of local markets.

In 1897, the value of the dates exported was 308,293 pounds and in 1898, it was amounted to 2,715,379 pounds. However, this did not continue. Hot and dry winds affected the harvest of dates. The crop was damaged before it was ripen, which caused a great loss. Thus, decreased volume of production could not meet the need of local markets. This condition continued until 1902. However, in 1903, the farmers in Iraq wanted higher prices for the output of dates from the traders in order to compensate the loss of previous year. This attitude had a negative impact on traders. As a result, some traders did not buy dates at the beginning of the season and waited for a few more days with an intention to buy the dates for reasonable prices. The production of dates had decreased by 30% since the previous year due to adverse weather conditions.\(^{(118)}\)
During 1906-1907, the production was not at par due to cold winds, which affected agricultural production. It caused a clear fluctuation in prices and this volatility caused fierce competition among the foreign companies to obtain the dates because there was increased demand for Iraqi dates by European markets. The U.S. companies bought large quantities of Iraqi dates, which had negative impact on the markets in Britain. Therefore, the foreign companies were willing to pay higher prices for the purchase of Iraqi dates. Consequently, the Iraqi markets were largely affected by the export of dates to abroad. The traders were eagerly waiting the U.S. ships to depart from the Port of Basra as the prices began to decline in the Iraqi markets.\(^{119}\)

The traders in Basra began to control the export of dates since the mid-nineteenth century till the beginning of twentieth century. The traders knew only Arabic, English, Farsi and Turkish languages. They had considerable experience of business dealings with foreign companies on one side and with the Iraqi farmers on the other. However, the agents of foreign companies played a negative role in influencing the prices of dates, quantities of production and quality of applications according to European markets. As the price of land cultivating palm trees had increased; it caused a rise in price gradually in 19\(^{th}\) century, which was 80-100 lira Osmani and in the beginning of 20\(^{th}\) century the price was Rs. 200-1000 in Basra.\(^{120}\)

\begin{table}
\begin{tabular}{|c|c|}
\hline
Years & The financial value of dates exports \\
\hline
1868 & £67000 \\
\hline
1888 & £318000 \\
\hline
1908 & £ 386000 \\
\hline
1913 & £ 582000 \\
\hline
\end{tabular}
\end{table}

\textbf{Wheat and Barley} : Wheat and barley ranked second after the dates in terms of Iraq's exports. The rate of production of wheat and barley was very confined during the nineteenth century. Sometimes it was not possible to meet the domestic demand for it due to of adverse weather conditions in Iraq, which had also an adverse effect on the production of cereals.

In 1869, during the reign of Medhat in Iraq, major economic reforms took place, especially in the agricultural sector. Medhat Pasha distributed the land among
the farmers in order to bring the maximum land under cultivation. Thereafter, he distributed seeds, especially wheat and barley seeds, free to the farmers. He showed a keen interest in irrigation and transport projects. Because of such improvements, the volume of land for plantation had increased remarkably.

In 1870, the production of land for wheat crops increased and at the same time, the demand for wheat increased from European markets. The Ottoman government played an important role in the increase and decrease of production of wheat. In the month of March 1871, the price of wheat per ton went up to 18 pounds, 13 shillings and 6 pence. Therefore, the Ottoman government took a decision for preventing the export of wheat to foreign countries to avoid chaos in the local market due to insufficient supply of wheat. The decision taken by the government proved useful and the price of wheat per ton came down to 14 pounds and 8 shillings in May 1871. As a result of a continuous ban on the export, the prices of wheat declined gradually. In 1873, price of wheat declined to 6 pounds, 2 shillings and 3 pence per ton. In such condition, the government decided to cancel the ban on the export and permitted the traders to export wheat to abroad.

In 1874, the quantity of wheat crop available in the Iraqi markets was more than it was required in the market. It caused a decline in the prices per ton to 1 lb, 16 shillings. This condition continued until March 1875, when price raised up to 4 pounds, 17 shillings per ton. The rise in the price of wheat was a result of the competition between traders competing with each other about the quantities of exports to overseas. The difference in prices was due to following reasons: 1) The cost of production of wheat, 2) Request to European markets for wheat and barley crops and increased demand caused an increase in the prices of wheat.\(^{(121)}\)

In 1876, the financial value of exports of wheat and barley in Iraq was four million francs, and such huge amount caused a stir in the Iraqi markets and traders. Such competition brought the largest possible quantity of wheat for export to the European markets. In such condition, greedy traders did not think that the export of such a large quantity of wheat to abroad might cause shortage of wheat in the local market in Iraq, which might cause a major famine in the country.

In 1877, Iraq suffered from a scarcity of wheat and barley crops which might have caused a drastic famine in the country. However, the Ottoman government intervened promptly and took a decision to prohibit the export of wheat and barley to
the European and Arab markets. Further, the government circulated the resolution among foreign companies, especially British operation in Basra. The government excluded the traders who had made agreement with foreign companies. They were given three days to export the crop at hand with a condition that if they did not export the crop in the given time, the government would confiscate the stock of crop. The Ottoman government issued a resolution recommending to punish violators of this contract.\(^{(122)}\)

As a result of these decisions taken by the government, traders tried to find other ways, such as, forgery contracts of export. Because of such malpractice, the prices of wheat went high again. Consequently, the anger of the citizens of Basra outburst and they went to the Port of Basra and forced seven ships to unload a cargo of wheat. As a result of this event, the price of wheat in markets began to decline and again traders took disadvantage of such declined prices and purchased large quantities of wheat to store in warehouses. However, the Ottoman government pursued a strict policy against the traders and forced them to empty their warehouses. Thus, the state relegated the crops in the Iraqi markets, which caused a significant drop in prices. In February 1878, the Ottoman government decided to accumulate a large quantity of crops of wheat and barley and asked the traders to buy the crops for export from government in order to prevent artificial fluctuations in the prices.\(^{(123)}\)

In 1879, the demand for wheat and barley crops had increased in European markets. However, at the same time, Iraq suffered from a dearth of rain and the growing swarms of locusts, which caused a great damage to agricultural production. This unfavourable weather condition forced the Ottoman government to issue a resolution for the prevention of export. It was also forced to offload 60 ships carrying cargo of wheat, which was to be exported to Britain. The year 1888 proved a good year as the production of wheat and barley was high, and the price per ton was 2 pounds and 10 cents. Therefore, the government decided to revoke the decision of prevention of export. This decision had an impact on the prices, which increased up to 11 pounds and 8 shillings in 1889. Because of such increase in the price, the government imposed higher taxes on ships anchored in the port of Basra. The additional burden of tax had created a big problem for the traders, exporters, and also for those who were sailing ships to carry the wheat from city to city in the country. Ottoman government began to impose the tax on daily basis on the ships anchored in
the port of Basra. Due to such changed policy of the government, traders began to unload the cargo of wheat in the Iraqi markets, which led to decline in the price per ton. As a result, price declined to 2 pounds in early 1890. This year the quantity of exports of Iraq was 34,000 tons. While in 1891, the proportion of export was doubled.

In 1892, the financial value of wheat and barley exported was 123,751 lb and 160,000 lb respectively in Iraq. In the year 1893, Iraq exported 45,000 pounds of wheat and 78,025 pounds of barley. In 1894, 79,561 pounds of wheat was exported. In the year 1895, a huge profit was earned on wheat exports due to high prices in London.

In the years 1896, 1897 and 1898, the wheat crop suffered a sharp fall in prices. Damage to the crops due to cold winter in Iraq was responsible for the decline in the prices until 1899. On the contrary, exports of barley had risen dramatically in the same year, as the barley crop had an ability to adapt with changing weather conditions. In the year 1900, the quantity of wheat crop for export was less than the barley crop.

In 1901, Iraq exported 31,863 pounds of wheat while the export of barley was amounted to 244,262 lbs to foreign markets. The year 1902 was the worst for the export of wheat and barley due to adverse climatic conditions and lack of rainfall. In the years 1903, 1904 and 1905, there was a deep recession in the export of wheat and barley crops, particularly in the export to Britain. The reasons for the depressive state were as follows:

1. Higher wages for shipping could not led to the arrival of the wheat from the north to Basra.
2. The Ottoman government imposed higher taxes on the ships, which were anchored in the port of Basra. Because of this policy, traders in London were compelled to import wheat from America and Australia.
3. The wheat exported from Iraq was not clean and mixed with the masses of mud and a lot of dirt. Therefore, the London market did not import it.
4. The barley crop had been demanded in the British markets for the manufacture of beer, as it was a good fodder for the British poultry.
In 1906, the reasons mentioned above affected the export of wheat badly as the exports decreased by 50%. As a result, the wheat began to export to the Arab Gulf and the Red Sea Ports.

The years 1907 and 1908 were more productive. In 1909, the production had declined due to bad weather conditions. As a result, the government decided to prevent the export to meet the need of local markets, however, in 1910, government allowed the export because of good packing of clean wheat crop, which caused the increase in export to the British markets.

In 1912, the production of wheat and barley crops increased up to 243,045 pounds and 1.11849 million pounds respectively. The percentage of the barley was very high because of the rising demand in the British markets for it.

In 1913, the export of wheat and the barley crop declined due to severe competition in the international market. Britain realized that the wheat crop produced in the United States and Australia had good quality compared to wheat crop in Iraq.\textsuperscript{(125)}

\textbf{Table (2)}
\textit{Demonstrates the financial value of export of wheat per ton only}\textsuperscript{(126)}

<table>
<thead>
<tr>
<th>Year</th>
<th>The financial value of wheat per ton</th>
</tr>
</thead>
<tbody>
<tr>
<td>1879</td>
<td>10 pounds ,18shillings</td>
</tr>
<tr>
<td>1880</td>
<td>17 pounds 10 shillings</td>
</tr>
<tr>
<td>1888</td>
<td>2 pounds 10shillings</td>
</tr>
<tr>
<td>1889</td>
<td>11 pounds 7 shillings</td>
</tr>
<tr>
<td>1891</td>
<td>7 pounds</td>
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</tbody>
</table>

\textbf{Table (3)}
\textit{Demonstrates the financial value of export of wheat and barley}\textsuperscript{(127)}

<table>
<thead>
<tr>
<th>Years</th>
<th>The financial value of crops by( £ )</th>
</tr>
</thead>
<tbody>
<tr>
<td>1892 wheat</td>
<td>160000</td>
</tr>
<tr>
<td>1892 barley</td>
<td>123751</td>
</tr>
<tr>
<td>1893 wheat</td>
<td>45000</td>
</tr>
<tr>
<td>1893 barley</td>
<td>78025</td>
</tr>
<tr>
<td>1894 wheat</td>
<td>79561</td>
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<tr>
<td>Year</td>
<td>Crop</td>
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<tr>
<td>1894</td>
<td>wheat</td>
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<td>1898</td>
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<td>1900</td>
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<tr>
<td>1911</td>
<td>barley</td>
</tr>
<tr>
<td>1912</td>
<td>wheat</td>
</tr>
<tr>
<td>1912</td>
<td>barley</td>
</tr>
<tr>
<td>1913</td>
<td>wheat</td>
</tr>
<tr>
<td>1913</td>
<td>barley</td>
</tr>
<tr>
<td>1914</td>
<td></td>
</tr>
</tbody>
</table>
Licorice: Licorice plants was found in the southern region of Iraq. The Iraqis were not aware of the value of this product. United States of America was the first country in the world, who used licorice mixed with tobacco. The foreign companies worked to invest in licorice plants in Iraq with an intention to export it. In 1869, Medhat Pasha recognized the importance of this product and made the investment by building the factory to pack licorice and prepared it for export.

In Basra, the first company was established for the preparation of licorice for export. The company was the outcome of collaboration of the government of Iraq and foreign company, which was named as Zerlendi Glabra. (128)

During the second half of the nineteenth century, no documents were found regarding the financial value of export. However, since 1892, some documents were found, which contained the details of the value of exports of licorice.

Table (4)
The value of exports licorice (129)

<table>
<thead>
<tr>
<th>Year</th>
<th>the financial value of exports of licorice by £</th>
</tr>
</thead>
<tbody>
<tr>
<td>1892</td>
<td>9000</td>
</tr>
<tr>
<td>1893</td>
<td>22000</td>
</tr>
<tr>
<td>1894</td>
<td>11185</td>
</tr>
<tr>
<td>1895</td>
<td>15690</td>
</tr>
<tr>
<td>1899</td>
<td>60266</td>
</tr>
<tr>
<td>1900</td>
<td>48957</td>
</tr>
<tr>
<td>1901</td>
<td>19077</td>
</tr>
<tr>
<td>1905</td>
<td>489577</td>
</tr>
<tr>
<td>1908</td>
<td>25932</td>
</tr>
<tr>
<td>1909</td>
<td>48778</td>
</tr>
<tr>
<td>1910</td>
<td>49777</td>
</tr>
<tr>
<td>1911</td>
<td>13052</td>
</tr>
<tr>
<td>1912</td>
<td>36521</td>
</tr>
<tr>
<td>1913</td>
<td>50770</td>
</tr>
<tr>
<td>1914</td>
<td>The export stopped because the first world war started</td>
</tr>
</tbody>
</table>
Table 4 shows that the proportion of exports fluctuated as regard the financial value of the export. It seems that increase in the exports of licorice was due to the increasing demand from European markets. The demand for licorice also increased from USA and consequently the rate of export.

In 1900, the problems of navigation in Tigris led to the late arrival of goods in the port of Basra. In 1901, this was a great loss for the Iraqis traders and exporters.

During the years 1902, 1903 and 1904, there had been a breakdown in the trade. Licorice was not exported to any country. In 1905, there was a growth in the export because of licorice as the European countries like France, Britain and America had a great demand for this product.

In 1906 and 1907, the export ratio declined because:

1. High rates of taxes imposed on the licorice in the United States of America.

2. It was difficult for the traders of licorice to even meet the expenses of licorice extract and shipped by the River Tigris to the port of Basra, without suffering the damage due to poor storage.

In 1907, the Ottoman government granted the permission to American companies to monopolize the export, to extract and transport through shipping. In 1908, the Ottoman government quickly retreated on its decision of imposition of tax on the export. As a result, there was reduction in the export. During the subsequent years, there was increase and decrease in the aggregate quantity of export until 1914, when the World War I began.\(^{(130)}\)

It becomes evident from above explanation that the licorice had a great popularity in America, which drew the attention of European countries, particularly, France and Britain. Both countries were not only using mixed tobacco to produce cigarettes but intruding in the pharmaceutical industry like toothpaste as well. Thus, it becomes clear that the foreign companies played a vital role in the export of this product and the exploitation of Iraq's wealth in its favour.

**Wool:** Wool was one of the most important animal products, which was known for good quality and cheap price. The trader used to sell wool to the foreign countries at very low prices. They were not aware of the importance of this valuable product. In 1869, when Medhat Pasha took over the charge as a governor, he set up laboratory to pack the wool. However, his efforts toward the development of the wool
trade did not work. Because the Iraqis relied on primitive and simple tools and the workers in this profession did not know the importance of wool. In an article in the newspaper Zora, author has described as how the foreign countries had exploited and destructed the economy of Iraq for its own benefits.\(^{(131)}\)

The most important factors affecting to export of wool was:

1. Weather conditions of the country affected the germination of herbs, which was food for the sheep.
2. The Ottoman government’s policy toward the export of wool was unsteady. The taxes on wool and on the ship in the port of Basra led to the removal of wool traders and importers of Iraqi wool.
3. Foreign companies and the Iraqi traders played a vital role in intervening in the prices and the quantities of production and export.
4. The export of wool was dependent on the demand from European markets. Australian wool, compared with Iraqi wool, was cheap and clean. This led to a lack of demand for Iraqi wool in European markets.

The above factors had a significant impact on the export of wool. The Lunge British company was specialized in the export of wool trade. The company was dealing with a group of traders and agents in Iraq, who used to buy the wool from all regions of Iraq. Prior to export, the traders used to fasten the wool by modern machinery to pack wool. The Lunge company had purchased ship and it was to be used only for the export of wool from the port of Basra. This company had monopoly over the export of Iraqi wool.

In 1872, Iraq had exported 10,000 bales of wool. In 1873, the number decreased to 4,000 bales due to unfavorable climatic conditions. Due to lack of rain, there was a shortage of grass, which had a negative impact on the number of sheep, during the years 1876-1877. The Iraqi wool had to face competition from the Australian wool. The Iraq sales of wool went up to 82,000 pounds in 1880. The financial value of sales was 250,000 lb.

In 1888, American companies began to export Iraqi wool without involvement of agents and monopolized the United States of American market. This year 90% of Iraqi wool was exported.

The wool was being brought from the areas like south Iran (Arabistan) to the port of Basra. Out of the total quantity of wool, 50% wool was being exported to the
Bombay markets and remaining was exported to Britain, France and the United of American.\(^{(132)}\)

In 1890, the British and United States of American companies began to compete with each other to buy Iraqi wool. The trader played a vital role to make the city of Basra as a center for the sale of wool and export.

The United States of American exported wool which was known for the good quality during the year 1900. The financial value of Iraq's exports of wool was 256,080 pounds. In 1901, the exports of wool declined to 190,770 pounds because of bad weather conditions, which led to the lack of grass, and in 1902 the value of exports fell to 173,934 pounds and this decline continued until 1903, when value of the export went down to 138,288 lb. In 1904, the value of export was 182,502 pounds. In 1905, export of wool increased up to 243,696 lb as the demand for wool from European market increased. In 1906, the financial value of Iraqi exports again increased up to 250,273 pounds. However, in 1907, value of export decreased due to depression in the U.S. and London markets. This year the financial value of the export rapidly declined to 123,368 pounds. In 1909, the value of export increased up to 288,022 pounds and continued to increase throughout the year. In 1913, it went up as high as 310,744 lbs.\(^{(133)}\)

Thus, it becomes apparent that the market for the trade of wool and exports affected demand and supply of wool. For example, American markets had focused on the Iraqi wool and monopolized this trade, which led to increased sales of Iraq. However, Australian wool, which was cheap and clean compared to Iraqi wool, had posed an acute competition, which had affected the export of wool from Iraq. Although the profits earned by the wool traders because of prefacing wool, this policy adversely affected the export, local industry and national production of wool textile and carpets. Due to increased in demand for Iraqi wool, it led to the higher prices in the local markets, which prevented the workers in the industry to buy the woollen product as it was very expensive.

**Horse**: The export of the horses was the most important segment of Iraqi export since the mid-nineteenth century. Mostly horses were being exported to Bombay markets in India and they were also exported in world markets. The Arabian horses, known for their pure quality, originality and grace, had earned a great popularity in European markets. Horse was one of the most important mode of
transport, especially used by the army. It was a reliable mode of transport in Cavalry Division of army. Because of the increased demand for Arabian horses, the Ottoman government imposed a ban on the export of horses from Iraq. Therefore, the horse traders began to smuggle horses until 1866. The resolution of the Ottoman government to prevent the export from Iraq was not a reason behind the stoppage of horse export to India, but the reason was the low prices of horses in the Bombay market. Prices had fallen because traders in Bombay were importing Australian horses, which were more cheaper than Arabian horses. So the Iraqi traders decided to refrain exporting to Bombay. However, in 1876, the Ottoman government decided to withdraw the ban on the export of horses. It was not the decision of the Ottoman government, who put its influence on the export of horses, but the prices of horses in the Bombay markets determined whether the traders should export it or not. In 1869, the financial value of Iraq's export of horses in Indian markets was 28,421 lb. This elevation in the export value resulted because the traders of India realized the importance of Arabian horses and their advantages compared with Australian horses.

In 1870, Iraq began exporting the Arabian horses to India. The financial value was 39,427 pounds. The growing income from the export of horses attracted many traders in Iraq, as they found a new market for Arabian horses in London. The Ottoman government imposed a tax of 5 lira Ottoman, which were equal to 4 pounds and 10 shillings on each and every horse exported. The traders began to smuggle horses by way of city of Muhammarah and then using river to Bombay markets. The Ottoman government sent its message about the decision to ban export to the Ottoman Consul in Bombay.\(^{(134)}\)

In 1884, 1629 horses were exported to Bombay. However, in 1885 and 1886, traders could not smuggle because the Ottoman government controlled the smuggling of horse traders. In 1887, the number of horses smuggled was 2500. In 1888, the Ottoman government took a decision and allow to export the horses. Government prohibited the export of female horses. The trades suffered a loss in the trade of horses, because of the lack of quality and originality, the traders in Bombay refused to pay for Iraqi horses. In 1889, the number of horses smuggled was 4000; however, in 1890, the number of horses smuggled declined to 500 horses.\(^{(135)}\)

In 1891, the shipping companies operating between Bombay and Basra played a vital role in the trade of horses in the import and export. The McKinsey company
was one of those shipping companies which was working in this business. In 1896, the horse dealers stopped exporting Iraqi horses due to spread of disease named Bubonic plague in Bombay, as well as the high prices of fodder in the markets of Bombay. In 1897, not a single horse was exported because the Ottoman government purchased a large number of horses for the army, which continued until 1900. This year, the government imposed the taxes on the export of horses from the port of Basra, which led to open a new market in Kuwait to export the horses from Kuwait instead of Basra. The government imposed lowest tax on the export from the port of Basra. The amount of the tax imposed on every horse was 2 lira for Ottoman only.\(^{(136)}\)

In 1902, the Ottoman government abolished the tax, which had a positive effect on the persuading of Iraqi traders, who returned to restart the export of horses from Basra instead of Kuwait or Muhammarah. This led to increase in exports of Iraq to 3,845 horses at 12 pounds for one horse. In 1905, an outbreak of glanders among the horses in Bombay. Consequently, 200-500 horses died and the traders suffered a great loss. The problem lasted for next three years.

In 1908, the export of horses from the port of Basra reinitiated, which led to increase in the export of Iraq. In 1911, the war took place between the Ottoman Empire and Italy, the government decree banned the export of horses because the horses were needed to equip the army. Again the traders returned to smuggling of horses, which led to a loss of the Ottoman government because of its wrong policy in the field of export.\(^{(137)}\)

**Other Exports**:

There were some other products which were exported are as follows:

1. Iranian carpets, which came from Iran and exported from Basra to Britain, France and Germany.
2. Ghee exported to India and the Gulf states.
3. Gum from the Levant (Syria) exported to Britain, France and Germany.
4. Goat hair from the northern areas of Iraq was exported to Britain, France and Germany.
5. Opium from Iran was exported to Britain and India.
6. Rice from the southern regions of Iraq was exported to Britain, Germany and the Arabian Gulf ports.
7. Cereals, particularly maize, sesame, come from the Levant (Syria) and was exported to Britain.

8. Sugarcane came from the markets of Bombay and was exported to Arab Gulf countries and the countries of the Mediterranean Sea.\(^{(138)}\)

Basra was an important commercial center during the period 1860-1914. The number of ships coming from the port of Basra had increased to 195 during the period 1860-1914 and the volume of the cargo increased to 346,939 tons. Britain had monopoly over the trade in Basra in late nineteenth century, where the number of British ships in the port of Basra was 114. In 1913, the number of ships had increased to 163. During the years 1900-1902, the ships had carried a cargo of 478 thousand tons, of which cargo of 453,000 tons had been carried by British ships. In the year 1904, British ships increased payload to 218,000 tons. Further, in 1906, Mosul had played an important role in Iraq's exports and ranked second after Basra.

In 1866, the value of exports was 168,000 pounds, which was went up to 1.155 million pounds in 1912. Mosul, renowned for the export of sheep and cotton textiles, played a vital role in trade. Because of its geographical location, it was a place which connected Iran and the Levant (Syria) on one hand and Turkey and Iraq on other.\(^{(139)}\) Thus, it can be concluded that the cities of Basra and Mosul had a great significance as a centre of export in Iraq.

**3.4.2.2 Imports:**

During the mid of nineteenth century, British and Indian goods entered in Iraqi markets via India. During the years 1864-1865 and 1865-1866, the imports of Hindi and British reached up to 83% of imports of Basra and 99% of British and Hindi exports to Iraq and 1% went to Iran and the Arabian Gulf ports.

India had a great significance from an economic point of view for Iraq and it was an important link of trade for import and export of British and Arabic goods. The Bombay and Basra were the major trading centers for Iraq. Britain played a dominating role in the economic activities of these two countries. The value of Iraq's import compared with its total export was 70% more than its aggregate export. Iraq was an important center of the raw materials. Iraq exported cotton and wool to Britain where the raw materials were processed and finished products were exported to Iraq, which was very expensive.\(^{(140)}\)
Thus, Iraq was a supplier of raw materials and a market for British goods. The major goods imported by Iraq were as follows:

1. **Textiles**:

   Fabrics occupied the first place of Iraq's imports, which was arrived to Iraq by India, the fabric British was the most important types of fabrics up to Iraq, which included of three types of Blue, and white, the silk fabrics was the second of import from Britain to Iraq.

   In 1870, the financial value of imports of fabrics to Iraq was 34,897 pounds. In 1873, Iraqi markets were populated with imported fabrics of cotton and the price of every 6 kg was 1 pound and 1 shilling. Therefore, the Ottoman government issued a decree banning the import until 1887. The accumulation of low priced goods in the Iraqi shops had an impact on the local products which were high-priced compared with the British goods during the years 1887-1890. The value of imports by Iraq increased up to 438,558 pounds. The Government had to issue a decree banning the import and continued the ban until 1895. Late, the government revoked the prevention on the imports and the traders began to follow a consistent policy.

   The traders imported the goods to meet local needs only and continued until the year 1910. As Iraq began to import British goods, and the value of such imported goods was 1,104,810 lbs. This increase in imports was due to the good quality cotton fabrics, called 'Manchester’, which became famous in the Iraqi markets. The value of import of wool fabrics for Men's cloak went up to 26,760 pounds in 1906, and it further increased up to 107,920 pounds in 1912. However, during the years 1913 and 1914, the import of wool fabrics had decreased.\(^{(141)}\)

2. **Sugar**:

   Sugar ranked second in the import of Iraq due to lack of cultivation in cane and beet sugar diabetes, which was being grown only in the marshes in southern part of Iraq. The production of sugar was limited and it was not sufficient to meet the local needs of the market in Iraq. Therefore, import of sugar became necessary. During the mid of the nineteenth century, the financial value of import increased up to 1800 Ib and gradually it increased in the subsequent years and reached up to 143,420 lb.

   During the years 1877-1878 and 1879, the value of import was 29,833 pounds and the Basra recorded highest import of 42,000 pounds in two types of sugar i.e.
caster sugar and sugarcane during the years 1880-1889. In the late of the nineteenth century, the import of sugar was 113,000 pounds, which had increased compared to the previous years. The French sugar was known for its good quality in the Iraqi markets.

In 1900, the import of caster sugar had increased. When river navigation had begun in Iraq, the foreign companies like the German company began shipping the sugar from Belgium to the Iraqi markets, and Western Persia (Iran). The value of import of the sugar per box was as follows:

Table (5)

<table>
<thead>
<tr>
<th>Years</th>
<th>The number of boxes the weight one box= 89kg</th>
</tr>
</thead>
<tbody>
<tr>
<td>1906</td>
<td>2270</td>
</tr>
<tr>
<td>1907</td>
<td>11600</td>
</tr>
<tr>
<td>1908</td>
<td>20700</td>
</tr>
<tr>
<td>1909</td>
<td>21660</td>
</tr>
<tr>
<td>1910</td>
<td>75897</td>
</tr>
</tbody>
</table>

The Belgian Sugar had to face cut-throat competition with French sugar, which reduced the proportion of import of Belgian sugar.

The Belgian low production of sugar benefited France as well the Belgian gave sugar traders an option to pay the money to them in six months and this opened the doors for small traders who had a few capital to invest. Because the reimbursement process was to take place in installments. In 1909, the Belgian sugar became the most popular in the Iraqi markets. Iraq began to import the large quantities of sugar. The financial value of caster sugar was 480,999 pounds and the Iraqi market was filled up of sugar. In 1914, the World War-I had begun. Some traders took disadvantage of the war and stored the sugar, which earned a good profit for these traders. In 1913, Iraq stopped the import of sugar and in 1914 there was an outbreak of war.

3. Boxes of Dates:

Dates ranked first among all the products of Iraq. However, it lacked a good packaging. It was necessary to prepare special boxes to save the dates from the damage until they reach to European markets, especially London markets. Where the transfer process requires a three weeks and up to two months before they reach the
consumer Iraq, worked to import The boxes which reached financial value to 40,000 pound during the eighties of the nineteenth century.

In the beginning of the twentieth century, importation of boxes had increased especially after the Russian ships arrived to the port of Basra in 1901. The value of the import of the boxes reached to 116,741 lb during the year 1908. In 1913, the rate of the import of the boxes declined because Iraq had started manufacturing the boxes instead of importing them.\(^{(144)}\)

4. Oil Can:

Iraq had been one of the most important countries in the world in the production of oil. The Ottoman rulers realized the importance of this energy source, which was stored underground. However, the Ottoman government had not shown any interest to invest in oil production.

During the reign of Sultan Abdul Hamid, attempts had been made to obtain the privilege to invest in oil research and production. Despite the fact that Iraq had a mass storage of oil, the markets of Iraq lacked the white oil, which was being used for lighting or heating and as a fuel for transport. Medhat Pasha was the first Ottoman ruler, who tried to manipulate this great natural source of energy. During his reign, he insisted on survey and research of oil fields and built factories in order to exploit crude oil to extract the white oil and petroleum. He imported the modern equipment from Europe to set up the plants for extraction of oil. However, his attempts ended in failure because he remained as a ruler of Iraq for a short span. The governors who ruled Iraq after him did not pay attention to this task. Therefore, Iraq had to import petroleum.

In the eighties of the nineteenth century, Iraq imported oil worth £8658 pounds in the year 1889 from Russia. Iraq imported the oil, the value of which was 6,050 pounds. In 1890, Iraq imported oil and sold in the city Muhammarah and some parts of southern Iran. Oil was transported boats to these cities. The value of the import of oil was 24,948 pounds in 1894.\(^{(145)}\)

In 1901, Russian ships started to arrive to the port of Basra and was carrying 16,500 plates of oil. This affected the price of the plate of oil, which was 3 rupees because of the increase in the supply of oil in the market. The price of one plate of oil was 8 rupees before the arrival of Russian ships. In 1906, Iraq record the highest rate of import of white oil, which was 111,000 plates. The oil imported from Russia was
52,000 plates and from the United States it was 59,000 plates.

The competition between the United States of American and Russian oil became evident in the Iraqi markets, which forced the United States to make a contract with the Ottoman government that United States of American would supply Iraq 150,000 plates of oil by two ships of the Standard Oil Company. When Russia came to know about this agreement, it brought 52,600 plates of oil to the port of Basra, which led the United States of American to pump the white oil for Iraq. As a result, the prices of oil were lowered in 1912.\(^{(146)}\)

In the same year, the competition intensified because the England-Iran Oil Company started working in Iraq. They also began to pump out white oil for the Iraqi markets, which was low-priced and enjoyed cheap freight rates because of its proximity to the port of Basra. The value of the oil imported from the company was 91,484 pounds. The price of a plate of oil was 6 shillings and 8 pence and the price of gasoline was 1 shilling and 8 pence per gallon and the price of petrol was 2 pence per gallon.\(^{(147)}\)

Other Imports:

1. Spices, medicinal herbs of various types such as turmeric, tea and hot pepper, ginger, cardamom, cloves, henna from India, which was one of the major suppliers of these products, as well as timber, which was well-built and was used for manufacturing furniture.

2. Iraq began to be import equipment, mineral, since 1910. In 1913, the value of the import of these products was 39,923 pounds, which later increased up to 1,207,882 pounds. Iraq undertook a project of rail Baghdad, which needed the steel industry greatly, not only this, but Iraq imported a lot of metal industries, such as sewing needles used in textile factories, tea and coffee pots, saws, watches clocks, and in addition to water pumps, machinery, steam, etc.

3. Glassware of all types, specifically glass windows, soap, thread from the Levant (Syria) and paints, perfumes from France.\(^{(148)}\)

During 1864-1870, the value of imports from Iraq was 212,825 pounds as a large number of the ships were coming to the port of Basra. There was uncertainty and instability in the year 1874 and the volume of tonnage was 21,254 tons. In 1878, it reached to 56,399 tons and continued to increase in 1883, The cargo ships with 77,476 tons in other statistical value of imports arrived in Iraq. In 1887, it was 511,022
pounds. This indicates that the import trade increased by double during the sixties of the nineteenth century. (149)

During the years 1891-1900, the financial value of the import of Iraq was 1,046,212 lbs, which had increased twofold as compared with its exports. The number of British ships was larger than any other foreign ships arriving to the port of Basra. In 1913, The number of British ships was 163 which arrived in Basra, while the number of other European ships was only 20. (150) During 1911-1913, European markets were opened to Iraq for the export of goods. For example, United States of American market and Indian market were opened for the exported goods of Iraq. Indian market remarkably contributed the revenues of Iraq. Other countries who contributed to the revenue of Iraq were as follows:

- Britain 45%
- Belgian 11%
- Hungary 9%
- Germany 5%
- United States of American 25%
- Iran 15% (151)

3.4.2.3 The Role of the Post and Telegraph in Trade:

Post:

The role of post was the most important in the trade of Iraq. The first post service was initiated between the cities of Baghdad and Damascus in 1842. After the expansion of the trade (export and import), Iraq needed a network of communication to establish a link between the cities of Iraq. To meet this demand, postal offices were established to facilitate the communication and transfer of goods to various countries, particularly the European countries. The objective set for the establishment of post in Iraq was to create a network to send messages to the traders and foreign companies operating in Iraq. The aim was also to determine the correct amount of material to be imported or exported, as well as contract deals, therefore led to the service to facilitate trade, and accelerate the task of trading. In accordance with this, in mid-fifties of the nineteenth century, the British Government in India established the post offices both in Baghdad and Basra under the supervision of British diplomats.
Since the sixties of the nineteenth century, the post played a role as the most important factor for successful trade supplies among various countries. The importance of postal services increased when Britain associated post with the diplomatic purpose. In 1870, the post offices of the British became consulate in Basra. After the opening of the Suez Canal, and establishing a link between the Arab States and European countries, the British Government of India worked to cancel the e-hybrid by camel and establishment of line between Iraq and India and the countries of Europe and that was in 1875. The reason to cancel was because the late arrival of the post to 10 days.\footnote{152}

On 16\textsuperscript{th} June, 1875, the agreement had been made between the Foreign Ministry of India by the British Consul in Baghdad and the Al Furat-Tigris company and Lunge British company. The Lunge British company was to transfer post and everything to do with the boxes and bags from Baghdad and Basra to Bombay within the fixed period for annual estimation of 3,600 pounds. The period of the contract was set for 10 years. Thus, postal service was initiated between the cities of Basra and Bombay, which were significant trade centers of Iraq and India. The existence of postal services between two countries was also important from the point of view of the European countries as far as the trade was concerned. As an effect of this agreement, foreign companies and big traders had benefitted from the postal service in Iraq to contact with agents and its branches inside and outside Iraq in order to inquire about the state of the market, commodity prices, transactions, send remittances and demand of goods. In 1878, after signing an agreement to the Charter of the Universal Postal, the Ottoman Empire began to open the postal services gradually.\footnote{153}

However, the political situation had the greatest influence on the activity of trade. In 1882, after the initiation of post offices among the states, the relations between British and Ottoman government had worsened because Britain had occupied the state of Egypt, which was one of the states belonged to the Ottoman Empire. Therefore, the Ottoman government took a decision to disallow the British ships to the port of Basra, and deliver the postal services to British consulate in Basra. Hence, the consular offices used to receive messages secretly and send the messages not in the name any of these offices mentioned in the annals of Bombay.

In 1883, the Ottoman government prevented the traders from dealing with the British offices. Therefore, the British government negotiated with the Ottomans to
withdraw the ban and succeeded to cancel it.

The traders in Iraq adopted the British postal service, which was known for its regular schedule. The Ottoman government tried to compete with the British postal service by establishing a post office to transfer all messages from Basra to Baghdad. The Ottoman Oman company was established with an intention to provide postal service. However, this service was not disciplined as the messages did not used to reach within the given period. Consequently, the British government made an agreement with the Lunge company for ten years and gave Rs. 24,000 every year.

On 3rd March 1905, the contract between the Lunge company and government came into existence, which included:

1. The post would be delivering every week.
2. The company had to pay 15 rupees for each hour or delay in the arrival of ships.
3. The company moved the jewelry, which saved the boxes of the secretariats.
4. The British Government of India would use the company's ships for private purposes on payment of 40 rupees per ton per month.
5. The value of the financial assistance given to the company was Rs. 24,000 every year in two installments, the first on 30th June and the second on 30th December each year.

After endorsement of this agreement, Basra had become an important commercial centre and ranked second after Mumbai in the trade and post.\(^{154}\)

**Telegraph**:

In the year 1865, telegraph was initiated in Iraq, however, the quality of the telegraph service was not as good as in European countries. In 1875, when the foreign companies and Iraqi traders began to deal in commercial transactions, the telegraph service reached to its advanced level as a need of the trade.

In 1887, the British government began to establish a telegraph service in Basra. The Ottoman government tried to initiate telegraph department at 680 car South British office. However, the British government protested heavily the decision taken by the Ottoman government and secured telegraph department by building a fortress around it. Thus, British government had posed a challenge to Ottoman government at
home in the early twentieth century. British government expanded trade activities through numerous foreign companies. These companies were working in the field of import and export, which felt a need to establish postal services in the Arabian Gulf. The price of one word, which was being sent using the telegraph was very expensive. Therefore, the foreign company wanted to be the Supreme Commission of the European Telegraph to cut the price of the word. In 1905, the price of the word sent from India to London via Iran and Egypt was 2 shillings. While the price of the word sent over the Ottoman territories from India to Iraq and the Hijaz, Egypt was 1 shilling and 10 pence. The British government of India had promised to bear the loss resulting from lower prices for 10 years so as to facilitate commercial transactions and to maintain the political and strategic interests. The British telegraphic service played an important role in Basra to facilitate the trade and gradually shifted from the commercial services to the military centre with an intention to control the movements of the Ottoman Empire in the military field.

It can be understood that the Ottoman government was precise to suspect of the establishment of this department as it turned into a centre to search out the military actions of the Ottoman Government. Therefore, the British troops entered into Iraq after the end of World War, because the British telegraph office had provided necessary information to the Britain.\(^{(155)}\)

3.4.2.4 The Role of the Companies in the Trade:

In the second half of the nineteenth century, as a result of industrial developments, Europe had focused attention toward Iraq. Because of the natural resources and agricultural products produced in Iraq, the foreign companies had begun to invest in Iraq to take the advantage and began to establish trading houses in Baghdad. There were two foreign commercial houses, one was Swedish established in 1860, which focused on the follow-up things as well as European imports of the goods in the Iraqi market.\(^{(156)}\)

1. Lunge Company:

In 1839, the British East India Company had sent Henry Blosse Lunge to Iraq to study about rivers in Iraq. Lunge worked on a (study) of the Tigris River and provides access to the Shatt al-Arab.

In 1841, Lunge established a river navigation company and a trading company. Both companies began to trade using the navigation and sailing ships. The evolution
of the work took place gradually after the British East India established a company
named ‘Company of the Euphrates and Tigris Steam Navigation Co., Ltd.’ on 25th
April 1861. The company purchased two ships named the ‘First City of London’ in
1862 and the second the ‘Tigris’ in 1865.\(^{(157)}\)

The Lunge British company expanded its trade activities in Iraq. To oppose the
Lunge company, the Ottoman government began to place obstacles before the
company because Lunge company monopolized the land transport in Iraq and
dominated the river transport between Iraq and the foreign countries as well as it had a
predominant role in the postal service.\(^{(158)}\)

The years 1870, 1872 and 1873, were the most prosperous and successful years
for the Lunge company. The company had purchased the orchards farmland and
established of a factory to facilitate the package the wool. The company had also built
warehouses for the storage of grain and owned workshops for repairing and restoring
the ships. The company used to receive the ships coming from India and Britain and
unload the goods into the Iraqi cities. The ships could travel once in a month on an
average from London, and once a week from Bombay across the Tigris River. The
Ottoman government tried to restrain the activity of the company through the issuance
of an order disallowing more than two ships to travel on Iraqi rivers. This decision led
to the accumulation of goods in Basra, which affected the Iraqis traders negatively and
on the other hand the British also. In 1897, traders of London protested against the
Ottoman government and harassment of the Lunge company by the Ottoman
government. As a result, the Ottoman government bowed to the protest and finally
increased the number of ships to three instead of two.\(^{(159)}\)

In the year 1898, Lunge company had complained to the Ottoman government
about opening the canals by the farmers over the Tigris river. This had caused a
reduction in the water level, which in turn, had an impact on navigation over the river.
Because of low level of water in the river, the ships of the Lunge company had to stop
few times when the ships reached to southern Iraq.

In 1899, the Lunge company granted the right to withdraw Lange barges,
steam ships. In 1907, Ottoman government allowed the company to use a third ship
for navigation in the Tigris River. The cargo on every ship was 400 tons. The
Ottoman government could not reduce the control of a Lunge company on shipping in
Iraq. On the contrary, the company had doubled the number of ships each year.
In 1912, an agreement between the Lunge company and the German company was made to set up a new company called as the ‘Anglo-Germany Navigation’. The new company was accountable for the transfer of equipment for establishment of new railway from Basra to Baghdad. The company was to prepare a draft of the Baghdad railway and continued until 1914.\(^{160}\)

2. Oman Company:

The company was established in 1855 during the reign of Wali Rashid Pasha Alkozlki with a capital raised by the government and people. In 1859, navigation had been started after two ships were bought, the first in Baghdad and the second in Basra. The objective of this company was to compete with the Lunge British company. After two years from the date of its establishment, the Oman Ottoman began to fail in its work. In 1862, Namik Pasha was sent to the Belgian factories for the manufacture of five ships for Iraq. Three ships were named as Mosul, Euphrates and the third as Rusafa. These ships contributed with Lunge Company on navigation on Iraqi rivers.\(^{161}\)

In 1869, Medhat Pasha suggested to collaborate between the Oman Ottoman and Lunge company to provide transportation between the south and central parts of Iraq. Medhat Pasha realized the importance of transportation for the prosperity of trade and tried to make more agreements to bring more ships to Oman Ottoman company. He also created a workshop for the repair and restoration of ships. Similarly, he also paid attention toward the establishment of petrol stations in the Bushehr (Iran), Aden and Masqat. The first boat travelled from Istanbul to Basra, which was named as Babylon during the reign of Medhat Pasha.

In 1888, attempts were made for the development of the Oman Ottoman by establishment of a new company with the capital was 100,000 lira Osmani. The number of shares issued was 5000 and the value of which was 20 lira per share. 1500 shares were allocated to Al bab Al ailly of Ottoman government, 1500 to the traders of Baghdad, 1000 shares to the traders of Basra and 1000 shares were allocated to the traders of Mosul. Al aba Al ailly of the Ottoman government constructed warehouses for the storage of commercial goods on the banks of the Tigris and the Euphrates rivers.\(^{162}\)

In 1904, the Ottoman government terminated Oman Ottoman company and converted all ships into the Sultan Ottoman for the compensation of 9500 lira Osmani.
A new company al-Hamidiya was set up on the name of Sultan Abdul Hamid II. The management of the company gave an authority to a person named Sasson Fendi to make an agreement with the British government to open offices in London and Manchester for the purchase of new ships for al-Hamidiya company. The company was established with an intention to compete with the Lunge British company.

In the year 1908, Sultan Abdul Hamid II was overthrown in Turkey and the ownership of the company was restored to the Ministry of Finance Ottoman, which was again renamed as the Ottoman Oman and it continued to make the profits till the year 1909. The company stopped working because it sold all ships to the Lunge British company.\(^{(163)}\)

3. Other Companies:

1) Bombay Company and the Arab Gulf Navigation Steam:

This was a foreign company for maritime transport and transmission line between Bombay and Basra. It was working for the carrying goods and agricultural products from Iraq to India by a ship every week. The agent of this company was in Basra named as Agha Mohammed Jawad, who was an Iranian. This company had helped to elevate trade between Iraq and India.\(^{(164)}\)

2) Gray—Mackenzie Messres Company:

In 1840, Mackenzie Messres Company had been established in Basra. The company practiced export trade of dates and grain between Iraq and India and later on to Britain. The agent of this company was the British East India Company working in Basra. The ministry worked to strengthen trade relations between India and Iraq by expanding trade and especially in the field of horses. He insisted on the export of Arab horses from Basra to India, where the rate of export for horses was 2500-3500 hp per year.\(^{(165)}\)

3) Gulf Steam Navigation Company or Derby Andrews:

This company was known by two names in Basra. The company was responsible for transporting goods from the port of Basra to the Arab Gulf through the Red Sea, Mediterranean Sea to London. Goods were being carried in a single ship every month. The ships of the company also worked for the travel of Iraqi pilgrims in the Hajj season from Basra to Jeddah.\(^{(166)}\)
4) Muir Tweedie Company:
   In the early eighties of the nineteenth century, British company started working as a trading company. Afterward, it changed to transport over the river before twentieth century."(167)

5) Memeny Company Ltd.:
   In the sixties of the nineteenth century, the company started trading grain from Basra. It was an Indian company, and the agent was Haji Musa Ayub Memeny, who used to purchase grain from the traders and prepared to export from the port of Basra to Bombay. The shipment was being received by the agent in Bombay, a Haj Ibrahim Memeny."(168)

6) F. Strick Company:
   In 1890, this company was founded in Basra, which began to transport goods and passengers from Iraq to London."(169)

7) The Russian Company’s to Steam Navigation:
   In 1901, Iraq and Arab Gulf jointly established a company for transporting oil from the port of Basra to Russia. The company expanded its trade activities gradually after the company signed a contract with the Russian government in 1903 for the period was a 12 years. According to this contract, the Russian company was to pay the amount of 21,000 pounds each year allowing 4 trips from the Arab Gulf every year. The Russian government would bear all of customs duties and any tax imposed on the ships when passing through the Suez Canal. Thus, the number of ships increased laden with goods at the port of Basra."(170)

8) German Company:
   German company signed an agreement with the Ottoman government for the Baghdad railway project. The Ottoman government gave a concession to the company for the transfer of equipment like the iron bars for the project of the company. The German had owned 18 locomotive for the transportation of equipment. This company was strong enough strike to Lunge British company."(171)

3.4.3 Customs Duties:
   Customs duties (taxes) was one of the most important financial resources for Iraq and the treasury of the Ottoman Empire. Basra, with its geographical location, was important place to become a centre for export and import of goods, which played an important role in trade of Iraq. Mosul also played important role in Iraq's trade,
particularly in the transit trade between ports of the Mediterranean Turkey, the Levant (Syria) and Iran for the transfer of goods to these countries.

Britain had a larger role to play in Iraq's trade through the company and the ships for importing raw materials from Iraq or exporting goods to the Iraqi market. The agreement, which came into existence in 1861 between the British company and the Ottoman government laid down as follows:

1. Reduction in customs duties by 8% to 12% imposed on goods produced by the British company and their agents.
2. Reduction in customs duties by 1% annually for goods which were exported by Britain and their associates or by their agents in Iraq.\(^{(172)}\)

This agreement opened the way of convention for British to expand their business in Iraq. The Ottoman government found that this convention caused a loss of lot of money in 1878. Consequently, Ottoman government increased customs duties in all areas of the Ottoman Empire to cover the loss incurred. The reason for the increase in the customs duties was also that the Ottoman government had entered the war against Russia. However, the merchants in Manchester objected strongly against the increase in customs duties. The British Government had also protested against the increased taxes.

In 1883, the Ottoman Empire suggested to increase of customs duties. Britain agreed on it because of poor relations with the Ottoman government and the impact of the British occupation in Egypt. However, traders in London criticized strongly this approval of the British government because traders had to incur the significant financial loss due to the acceptance of increased taxes.

The European countries opposed the decision of the Ottoman government decision to withdraw such unjustified increase in the customs duties, which continued to 8% on goods imported until 1907 and then raised up to 10%. Ottoman government imposed customs fees on transit trade by 1%, except on goods, which were imported from Iran and imposed 8% customs fees when passing through Iraq. After 1914, the government increased customs duties up to 15% as the First World War had begun.\(^{(173)}\)

The Ottoman Government was not the only authority who was imposing customs duties on goods imported into or exported from Iraq, but Iraqi tribes also used to impose a tax on the passage of commercial goods across their regions. Tribal
played a negative role in development of trade in Iraq and the tax imposed by the tribes on the goods was called as ‘Alkhaop’. Whenever a ship used to pass through their areas, the ship had to pay a sum of money determined by the clan Ribs. In case of non-payment, the tribes used to stop the ships by force of arms. The Lunge British company paid generously to the tribes, so they formed good relations with the tribes. However, it can not be denied that Iraqi tribes affected negatively the trade in Iraq. Some historians have said that if they were thieves or pirates, and were making piracy in foreign ships and even in the Ottoman Empire, and the Ottoman government was helpless and its was their inability to control the ports of trade in Iraq and the failure to ensure their protection.\(^{(174)}\)

3.4.4 Banks:

Banks played an important role in the economic development of Iraq. Banks in Iraq were responsible for lending money to the farmers for the necessary developments of agricultural land. The banks were also lending money for the establishment of industrial plants. Moreover, the banks used to meet the need of foreign currency and lend money to the traders. The banks also played an important role to ensure the dealing with the agents of foreign companies. In 1890, Iraq had opened the first bank in Baghdad. It was the Ottoman bank, which was expanded in 1894 and opened a second branch in Basra.\(^{(175)}\)

The Ottoman government was not aware about the working of banking system. They used to bring the banking experts from Europe and continued working up to 1904. Traders in Basra with significant capital invested in the bank used to lend money to the farmers and industries. They used to charge the interest of 24\% on the amount of the loan issued. This practice affected negatively on the economic condition of the country.

This situation continued until the Ottoman government opened a bank. In 1912, in Baghdad, a group of British administrators who worked on the study of potential banking in the country, opened a bank ‘Eastern’ in Baghdad. The bank had its had office located in London and it expanded gradually to had the branches in Kirkuk, Mosul and Basra. The bank increased its importance so that the Ottoman government had to depend upon and deal with the bank.\(^{(176)}\)

As far as the currency is concerned, there is no such document which proves that Iraq had a particular currency to deal with. However, in the nineteenth century,
Iraq used to deal in lira and in Ottoman times it used to deal in Pound and Sterling. In the early twentieth century, rupee was being used as a currency. (177)

3.4.5 The Ottoman Government's Policy toward Trade in Iraq:

1. The Ottoman government followed a policy of volatile agricultural production in Iraq and in particular in food crops like wheat, barley, dates. Sometimes the government used to prevent the export when they found that production is not adequate for the local markets in Iraq. It also imposed high custom duties on the ships, which were anchored in the port of Basra, and followed these procedures in order to protect the Iraqi market and the citizens to minimize the risk of famine. As a result, to get quick profit, traders used to export, when they found that the sufficient product was available in Iraqi markets. This helped to reduce the imposition of customs duties. Because of such policy of the Ottoman government, the schedule of export was not fixed due to the fluctuating prices of grain and dates. The same situation persisted in case of the import of the goods from the foreign countries. It can be seen from the tables of export and import of products. It become evident from the facts that the sinking markets and the policy of prevention of the import affected negatively the development of foreign trade of Iraq.

2. The postal and telegraph policy of the Ottoman government was not comprehensible. In the mid-nineteenth century, foreign companies established post offices in the Iraq. These postal offices contributed to the revitalization of commercial traffic, and then began to follow the policy of changing the resolution when they put the ban on delivering post to the British consulate in Basra after the British occupation of Egypt in 1882. After negotiations, the Ottoman government withdrew its decision and removed the ban, which affected negatively on the reputation of inter-state politics and opening the way for others to waive them.

3. Foreign companies played an important role in Iraq in the field of river transport in the export and import. In the beginning, the Ottoman government did not give any importance to the river transport. However, it recognized the significance of this trade after the growing number of companies, especially the British in Iraq. As a result, Ottoman government decided to compete with British company by establishment of Oman Ottoman company. It issued the decision and determined the number of vessels moving in the Tigris River. As a part of policy, it increased
the number of Ottoman ships and worked to reduce the transport fares for the citizens. However, the Oman Ottoman company could not compete against British companies, which had considerable experience in this area. The company quickly dissolved and sold the property to British company, especially after they knew about the delay in the delivery of goods and disrupted some of the ships which had effected on the loaded goods and caused the damage.

4. In case of customs duties, the policy of the Ottoman Empire was not clear. It was not based on any system or a law. Consequently, it had a negative impact on the development of trade in Iraq.

3.4.6 Conclusion :

Trade was an important source of the economy of Iraq. The trade, whether it might be internal or foreign trade, because of transit and geographical location, the trade played a more important role in activating the trade in the country. The trade consisted of the import and export of Iraq was based on several stages as follows :

1. In 1869, the opening of the Suez Canal made the biggest impact in widening the scope of the trade in Iraq. It facilitated the access to foreign ships, particularly the British ships at the port of Basra to export, import and transportation of cargo.

2. The Ottoman government policy was to hinder to the development of trade in Iraq. At the same time, Iraqi tribes also played a negative role in the activity of internal trade because they used to take money from the ships travelling through their regions.

3. Ground and river transport helped to flourish trade in Iraq.

4. The weakness of agricultural and industrial production in Iraq was on the prosperity of trade movement by increasing the import of goods.

5. After the mid-nineteenth century to the earlier period of twentieth century, trade in Iraq was in volatile condition. The reasons were : 1. the adoption of traders on market supply and demand 2: The hesitated policy of the Ottoman governors of Iraq to prevent the export sometimes and allow it again. 3: Customs duties imposed by Ottoman government were not justified, which was imposed to meet the expenses of the war against Russia, which forced the traders to abandon the export and import.
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