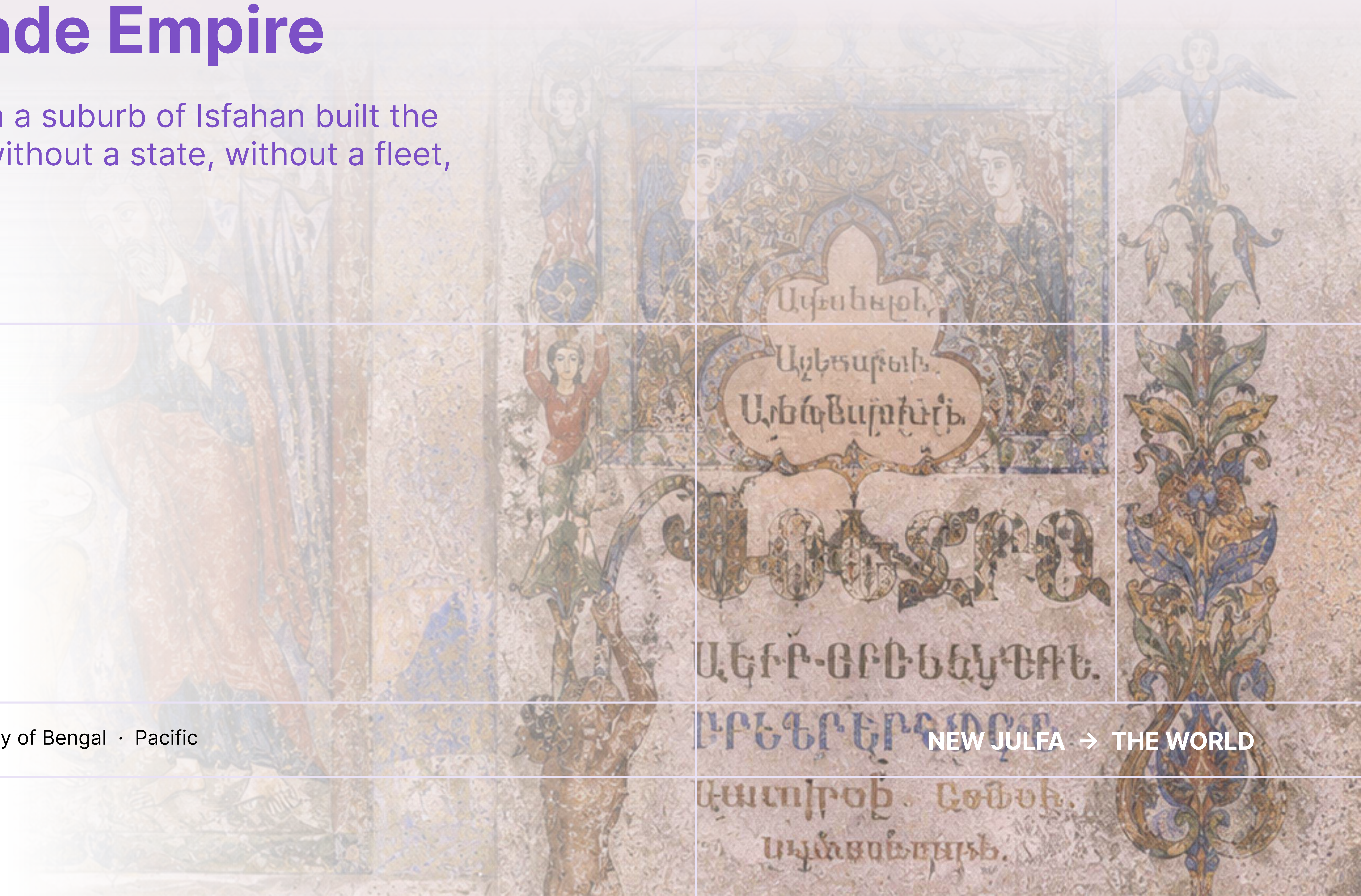
# The Silk Road's Secret Engine: A Stateless Trade Empire

How Armenian merchants from a suburb of Isfahan built the first global trading network – without a state, without a fleet, and without being forgotten.



Caspian Sea · Persian Gulf · Indian Ocean · Bay of Bengal · Pacific

NEW JULFA → THE WORLD

# "Deported to Become Useful": The Making of New Julfa

Shah Abbas I did not create the Armenian diaspora network – he relocated it.
The result was one of the most sophisticated stateless trade network in early modern history.

Old Julfa (pre–1604)

### A PROSPEROUS BORDER TOWN

Old Julfa sat on the Araxes river – the frontier between the Safavid and Ottoman empires. Armenians had built a thriving silk–trading community there for generations. Its position on the border made it both valuable and, in Shah Abbas's eyes, strategically dangerous.

1604–1605

### THE DEPORTATION

Shah Abbas I forced the entire Armenian population of Old Julfa – estimated 3,000–12,000 families – to march to his new capital Isfahan. The town was burned behind them. Those who survived the march were resettled in a suburb of Isfahan and given the name New Julfa (Nor Jugha).

Post–1605

### WHY ABBAS NEEDED THEM

The Safavid silk trade was the empire's primary export revenue. Abbas needed skilled, trusted, multilingual intermediaries who could sell Caspian silk to European buyers. The Armenians of Julfa were exactly that – Christian merchants who could move between Islamic empires and European trading companies without suspicion.

Parallel: Like Stalin's deportation of Koryo–saram to Central Asia – a minority population forcibly moved and then exploited for their specific skills. The Armenian case predates it by 330 years.

NETWORK ARCHITECTURE

# How the Network Was Built: No State-Backed Network, No Fleet, Global Reach

The Armenian merchant network operated across competing empires through partnership contracts, community accountability, information exchange and political flexibility.

### The Commenda Contract

Sedawit – Armenian merchant law

Armenian merchants used a form of the commenda (partnership contract) rooted in Armenian commercial law – the sedawit. A senior merchant in New Julfa would send a junior agent (often a relative) with goods and capital to a distant port. The agent handled the transaction, returned the profit, and received a share. The system scaled globally without formal institutions.

### Community Institutions

The Armenian Apostolic network

Armenian churches served as community anchors, preserving records, supporting communication and reinforcing trust and dispute resolution across a geographically dispersed network.

### Neutrality as a Strategic Asset

Operating across competing systems

Unlike European trading companies backed by imperial powers, Armenian merchants were not tied to a single state-sponsored commercial network. This flexibility allowed them to work across Safavid, Mughal, Dutch and Spanish spheres while maintaining relationships with competing partners.

Key scholarly concept: 'circulation of information' – the network's success depended not on owning routes, but on knowing them better than anyone else.
Source: Sebouh Aslanian, 'From the Indian Ocean to the Mediterranean' (2011)

GEOGRAPHY · TRADE ROUTES

# From Isfahan to Acapulco: The Reach of the Network

No flag. No fleet. Present in every major port between the Persian Gulf and the Pacific.

- **Basra, Hormuz, Bandar Abbas**

Persian Gulf exits – first ocean gateway

- **Calcutta (Bengal)**

Bengal trade hub: cotton, silk and indigo

- **Aleppo, Livorno, Amsterdam, Venice**

European branches – silk buyers, correspondence hubs

Goods traded: raw Caspian silk → westward to Europe; precious stones, spices, indigo → eastward. Armenian merchants relied largely on existing Portuguese, Dutch, English and Asian shipping networks.

**New Julfa (Hub)**

- **Acapulco (Mexico)**

Pacific terminal – the network reached the Americas via the Manila Galleon trade route

- **Bombay (Mumbai) · Batavia · Manila**

SE Asia corridor – Dutch & Spanish zones

- **Surat (Gujarat)**

17th-c. India's leading port. Armenian community established in the early 1600s.

- **Madras (Chennai) · Agra · Dhaka**

South & North India. Churches, courts, warehouses

CULTURE · IDENTITY

# Christian Merchants in Islamic Empires: The Identity Advantage

The Armenian merchants' Christian identity was not a handicap in Muslim-dominated trading zones, it was a carefully managed strategic asset.

### Tolerated by Islamic Empires

Dhimmi status as commercial licence

As Christians ('People of the Book'), Armenians held dhimmi status in Muslim empires – second–class legally, but functionally protected. They could trade, own property, build churches. The Safavids and Mughals actively valued them. Aurangzeb – famously intolerant – still protected Armenian merchants because they were commercially indispensable.

### Neutral Vis–à–vis European Powers

Neither Portuguese, Dutch, nor English

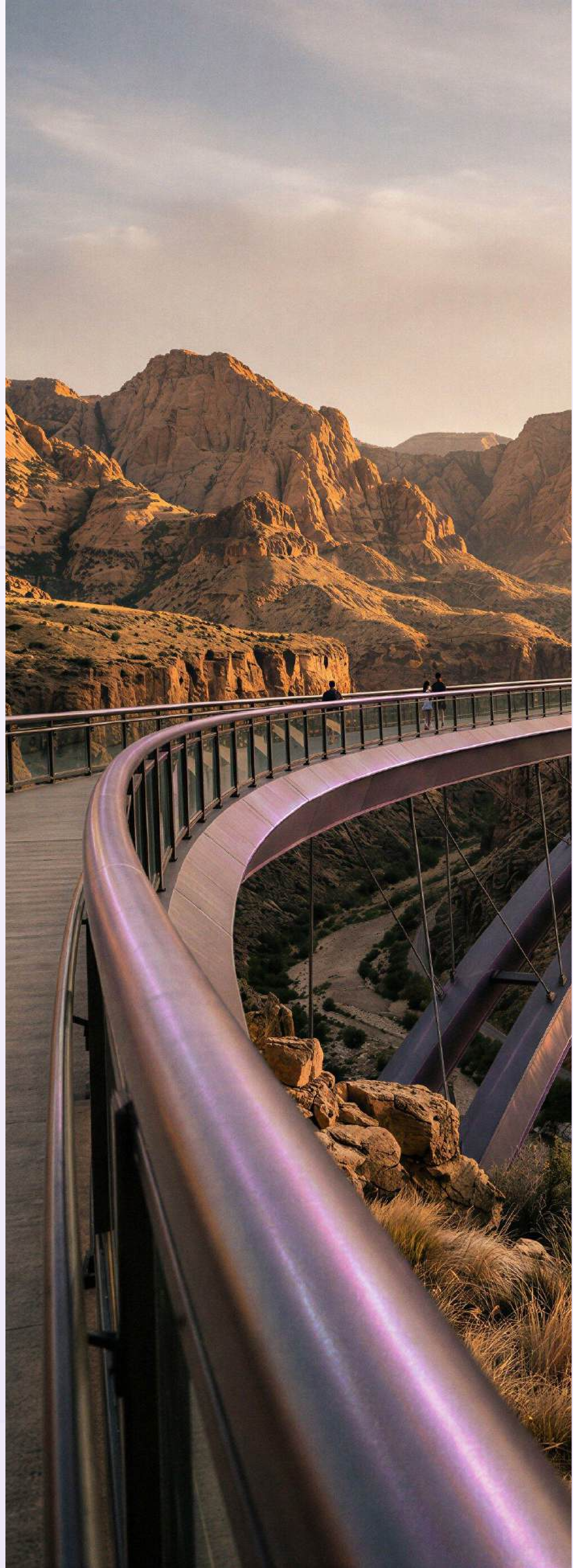
European trading companies (EIC, VOC) competed fiercely. Armenian merchants allied with all of them strategically, committing to none permanently. In Surat they worked alongside the EIC; in Batavia they used VOC routes; in Livorno they sold to Medici buyers. They played the system without becoming part of any single system.

### Church as Clan Infrastructure

The Armenian Apostolic network

Every major Armenian colony built an Armenian church. These were not just places of worship, they functioned as commercial courts (settling contract disputes), postal nodes, community banks, and identity anchors. The church ensured that an Armenian merchant in Calcutta remained accountable to the community in Isfahan. Trust at 5,000 km.

New Julfa at its peak (c.1650–1720): ~30,000 residents, its own printing press (established in 1636–1638 — one of the earliest printing presses in Iran), own commercial court, churches in Madras, Surat, Calcutta, Venice, Amsterdam.



# Who Brings What to the Table

The Armenian diaspora network was not a random trading operation. It specialised, evolved, and adapted as markets changed.

### Armenians Carried West

- Raw Caspian silk, primarily from Gilan and Mazandaran — the network's main westbound commodity.
- Produced under Safavid state monopoly, Armenian merchants held the exclusive export contract.
- Re–exported to Venice, Livorno, Amsterdam, Aleppo markets.
- Price difference: ~10× between Isfahan and Amsterdam for high–quality silk

The network went into decline after c.1720 as: (1) the Safavid empire collapsed, (2) European companies vertically integrated – cutting out intermediaries, (3) New Julfa's population dispersed.

### Armenians Carried East

- European wool cloth and finished textiles → India and Persia.
- Precious stones: diamonds from Golconda mines (India) → west.
- Indigo (India) → Persia and Europe Spices, cotton textiles, coral (Mediterranean → India)
- Chinese porcelain and silk via Manila trade

### Services They Provided

- Letters of credit and remittances – functioned as proto-bankers.
- Price intelligence – information advantage across all markets simultaneously.
- Cargo brokerage – using Dutch/English/Portuguese ships.
- Contract enforcement at distance via church–community network.
- Translation and cultural brokerage between Safavid court and EIC/VOC

# The Indian Ocean Nodes: Surat, Madras, Calcutta

India was not a single market but a network of interconnected commercial centres. Armenian merchants established enduring communities across its three major nodes.

## SURAT (GUJARAT)

c.1600s–1700s

The leading port of 17th-century India and a key link between the Persian Gulf and the Indian interior. Armenian merchants operated alongside the EIC and VOC, connecting maritime trade with Agra and Delhi.

Role: Early gateway to the Indian market.

## MADRAS (CHENNAI)

c.1650s–1800s

Armenian merchants became established in Madras by the mid-17th century and remained commercially active into the 18th. They used the East India Company's infrastructure while maintaining independent community and trading networks.

Legacy: The Armenian Church of the Holy Virgin Mary, completed in 1712, remains in Chennai.

## CALCUTTA (KOLKATA)

c.1700s–1800s

Bengal became a major centre for cotton, silk and indigo. Armenian merchants established a lasting presence in Calcutta, documented through community records, correspondence and surviving architecture.

Legacy: The Armenian Church of the Holy Nazareth was rebuilt in 1724 and remains the centre of Kolkata's Armenian community.

INSIDER INSIGHT · MODERN RELEVANCE

# The Armenian Merchant Model: What It Teaches Us About Diaspora Business

This network is not just history – it is a replicable template for how stateless, trust–based business communities function.

### Trust > Contract

The sedawit (partnership contract) worked because the community enforced it – not courts. A merchant who defaulted lost access to the entire network globally. The penalty was total exclusion. This is exactly how modern diaspora business networks function.

### Information as Capital

Armenian merchants invested in correspondence networks the way modern firms invest in data infrastructure. Knowing prices in Amsterdam AND Surat AND Isfahan simultaneously – when competitors knew one market – was worth more than owning ships.

### No Flag = All Flags

Statelessness gave Armenian merchants access no single–nation trader could match. Compare: today's Armenian diaspora in Russia, France, the US, and Lebanon simultaneously – the same structural multi–access advantage, 400 years later.

### Institutions Beyond the State

Armenian churches served as community anchors, preserving records, supporting communication, and reinforcing trust and dispute resolution across the diaspora.

### Specialisation = Entry Barrier

Silk and precious stones required authentication expertise, trust networks in producing regions, and reliable buyers at the other end. The combination was nearly impossible to replicate. Specialisation in high–value, trust–intensive goods was the moat.

### Why the Network Collapsed

When the Safavid Empire fell (1722), the hub dissolved. European companies – EIC, VOC – vertically integrated and eliminated intermediaries. The lesson: network resilience requires multiple independent anchors, not a single hub.

Modern equivalents: Lebanese diaspora (banking/trade across MENA, West Africa, Americas) · Indian Gujarati traders (East Africa, UK, North America) · Chinese Fujianese networks (SE Asia) – all replicate the Julfan template.

Core text: Sebouh David Aslanian – 'From the Indian Ocean to the Mediterranean: The Global Trade Networks of Armenian Merchants from New Julfa' (University of California Press, 2011). The definitive English–language scholarly source on this topic.

LITERATURE · SOURCES

# Key Voices on the Armenian Diaspora Network

The Armenian diaspora network has attracted serious scholarly attention since the 1990s – primarily in English. These are the entry points.

### SEBOUH DAVID ASLANIAN

b. 1971 · UCLA

**Primary scholar on Armenian diaspora networks**

'From the Indian Ocean to the Mediterranean' (2011, UC Press). The foundational English–language monograph. Analyses the sedawit contract system, circulation of information, and the structure of trust enforcement across 5,000 km.

### KHODADAD REZAKHANI

Princeton / Oxford

**Sasanian & early Islamic trade**

'ReOrienting the Sasanians: East Iran in Late Antiquity' (2017). Provides the long context – Armenian trading communities pre–date the Julfan period by centuries, embedded in Silk Road networks since Sasanian times.

### INA BAGHDIANTZ MCCABE

Tufts University

**Armenian silk trade & Safavid context**

'The Shah's Silk for Europe's Silver: The Eurasian Silk Trade of the Armenian merchants in Safavid Iran and India' (1999). Focuses on the silk monopoly arrangement between Shah Abbas and the Julfan community.

# Money Without Banks: The Armenian Merchant Financial System

Centuries before SWIFT, Armenian merchants ran a global payment and credit system across three empires – using trust, family structure, and parchment.

1

## Sedawit Contract

Senior merchant provides capital + goods to junior agent. Profit split agreed in writing. Agent travels to distant port.

2

## Letter of Credit

Instrument issued in Isfahan, honoured in Surat or Madras. Community trust – not a bank – guaranteed payment.

3

## Church Deposit

Funds or documents deposited at local Armenian church. Acted as escrow and commercial court if disputed.

4

## Price Correspondence

Weekly letters tracking prices, ship arrivals, political risk. Faster market intelligence than any competitor.

5

## Community Sanction

Default = network exclusion. Reputation capital was the only collateral. Total enforcement without courts.

### PAYMENT CURRENCIES & FX

Transactions denominated in: Persian abbasi, Mughal rupee, Dutch guilder, Spanish real, English pound. Armenian merchants were expert multi–currency arbitrageurs – exploiting rate differentials across 5 markets simultaneously.

### MODERN PARALLEL: HAWALA

The system offers a useful historical parallel to hawala: both relied heavily on trusted correspondents, reputation and settlement outside conventional banking channels.

# From Merchant Networks to Payment Interoperability

Armenian merchants connected markets through trusted agents, shared commercial practices and local knowledge. Modern payment infrastructure solves a similar coordination problem, using technology, regulated participants and interoperable standards.

### 17TH CENTURY

A merchant in Surat could trade with partners in Isfahan through an established network of agents, commercial agreements and community-based accountability. Trust made transactions possible across distance and jurisdiction.

### NOW

A cross-border payment connects a buyer's familiar bank or wallet with a merchant in another market. APIs and interoperable standards coordinate local acceptance, FX, compliance and settlement.

### TRUSTED LOCAL NODES

Access across markets

New Julfan merchants relied on agents who understood local prices, rules and commercial practices. Modern payment corridors similarly depend on banks, PSPs, wallets and settlement partners with local market access.

### SHARED STANDARDS

Coordination across distance

Written agreements and established commercial practices allowed the network to operate across borders. Today, technical standards and APIs help different payment systems exchange instructions consistently.

### NEUTRAL CONNECTING LAYER

Interoperability without replacement

Armenian merchants used infrastructure operated by different powers without belonging to a single imperial network. Modern payment infrastructure can connect national QR, A2A and local payment systems without replacing them.

The technologies are fundamentally different, but the infrastructure principle remains: connect trusted local systems, coordinate the transaction and allow value to move between markets.

CONCLUSION

# The Most Instructive Trading Network in History

### Statelessness as Strategy

No state = no political enemies. Armenian merchants operated in hostile empires simultaneously because none could accuse them of serving a rival sovereign. In an age of mercantilist nationalism, being nobody's subject was a superpower.

### Institution Substitutes

The Armenian church replaced banks, courts, and embassies. A diaspora without state infrastructure built its own. The church network from Venice to Calcutta was the backbone of a commercial empire – not a spiritual exercise.

### Trust as Technology

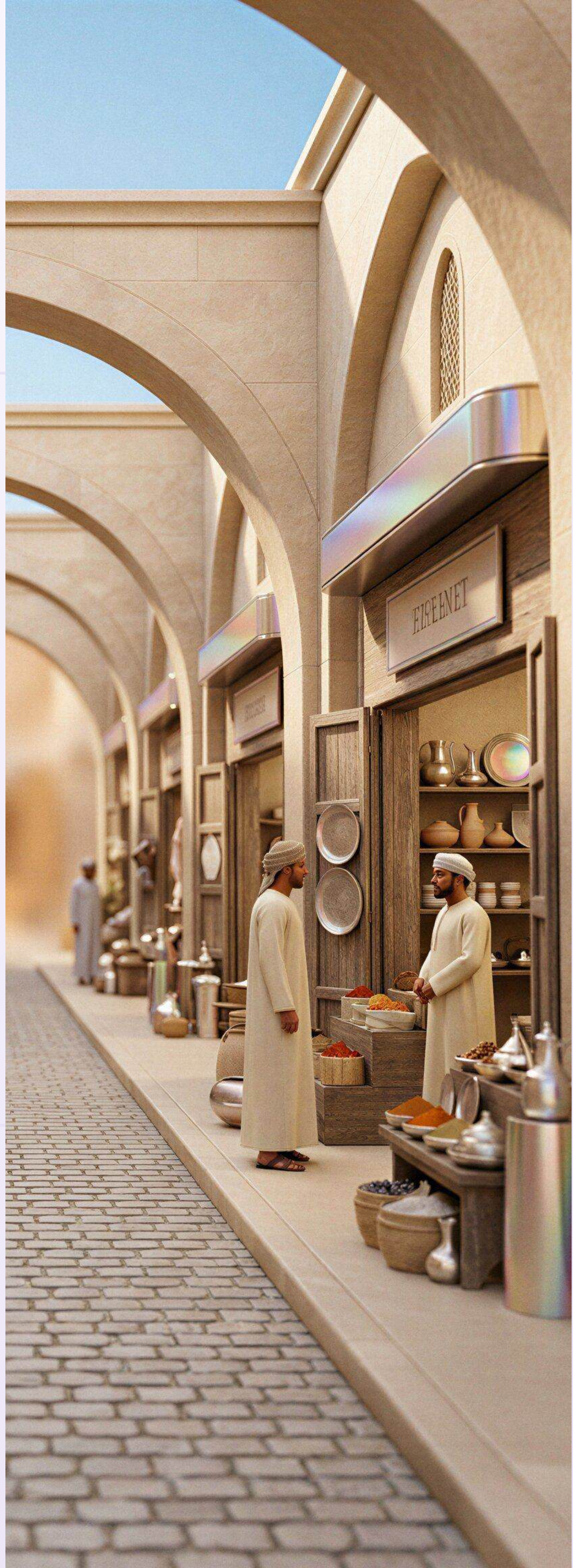
The sedawit contract system worked because exclusion from the network was a worse penalty than any court could impose. Trust enforcement without institutions: the prototype for every diaspora trading network that followed.

### The Collapse Lesson

When the hub (New Julfa / Safavid silk monopoly) disappeared, the network had no fallback. Resilient diaspora networks need multiple independent anchors. Single–hub dependency – however brilliant – is a systemic risk.

The network operated from c.1605 to c.1750 – 145 years of global commerce without a state, a flag, or a fleet. It is the most instructive early modern case study in diaspora business architecture.

Primary source: Sebouh D. Aslanian, 'From the Indian Ocean to the Mediterranean' (UC Press, 2011) · Ina Baghdiantz McCabe, 'The Shah's Silk' (1999) · Armenian church records: Calcutta (1724), Madras (1712), Surat (c.1670s)



# Contact us and start your 8B Journey

**Daria Kashurina**
Author · Founding CMO

dk@8b.world

SOURCES & DATA NOTES

# References & Verification

## PRIMARY SCHOLARLY SOURCES

- Sebouh D. Aslanian – 'From the Indian Ocean to the Mediterranean: The Global Trade Networks of Armenian Merchants from New Julfa' (UC Press, 2011). THE definitive English–language monograph. Covers sedawit, church networks, commenda contracts, information circulation.
- Ina Baghdiantz McCabe – 'The Shah's Silk for Europe's Silver: The Eurasian Silk Trade of the Julfan Armenians in Safavid Iran and India, 1530–1750' (1999, Scholars Press). Focus on silk monopoly and Safavid state relations.
- Khodadad Rezakhani – 'ReOrienting the Sasanians: East Iran in Late Antiquity' (2017, Edinburgh UP). Long–run context for Armenian trading communities pre–dating New Julfa by centuries.

## HISTORICAL FACTS VERIFIED

- Shah Abbas I deportation: 1604–05, Old Julfa on the Araxes. Estimated 3,000–12,000 families. Town destroyed after evacuation. Source: Aslanian (2011) Ch.1; McCabe (1999)
- New Julfa printing press, established in 1636–1638: one of the earliest printing presses in Iran.
- Armenian merchants maintained an established community in Surat, which served as a major relay point between the Persian Gulf and the Indian interior.

## TRADE & FINANCE DATA

- Silk price differential: c.10× Isfahan→Amsterdam documented in Dutch East India Company (VOC) records, 17th century. Source: Aslanian citing VOC archives.
- Network reach to Acapulco: documented in Spanish colonial records via Manila Galleon route. Source: Ruangsilp (2007); Aslanian (2011) Ch.6.

## LITERARY & CULTURAL REFERENCES

- Sedawit contracts: ~1,000 surviving original documents in Armenian church archives (New Julfa, Venice, Amsterdam). Digitised by Aslanian research group.
- Aurangzeb protection of Armenian merchants: documented in Mughal court chronicles (farman of 1688 granting rights to Armenian merchants). Source: Aslanian (2011).