

**“Dunărea de Jos” University of Galați
Doctoral School of Social Sciences**



ABSTRACT PHD THESIS

**THE GRAIN TRADE AT THE MOUTHS OF THE DANUBE:
MARKET INTEGRATION, PRODUCTIVE STRUCTURES
AND TRANSPORT INFRASTRUCTURE
(1829–1940)**

**Ph.D. Candidate:
Cristian CONSTANTIN**

**Scientific advisor:
Professor Ph.D. Constantin ARDELEANU**

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The grain trade at the Mouths of the Danube: market integration, productive structures and transport infrastructure (1829–1940)

Keywords: Brăila, Galați, Sulina, Russia, grain cultivation, navigation, commercial houses, *free-port*, deposit-ports.

Abstract

The study of the integration of different hinterlands into the international grain market has become a constant pursuit of international research during the past decades. Economic historians have analysed the long-term evolution of different granaries of the modern world by focusing on the fluctuation of prices in the main European trading centres in relation to harvest output, storage facilities and fiscal policies. Population has constantly increased in Europe during the last half millennium, which implicitly led to a growth in food requirements. In order to satisfy this basic human need, a complex network of traders, insurers, ship owners, navigators and deposit-ports developed. This network implied a confrontation between private capital, technical and financial innovations and an entrepreneurial-adventurer spirit on one hand and the need for clear economic policies from European courts and the lack of optimal transportation routes, on the other hand. An entire commercial system was dependent on four vital elements: commercial grain stocks, transportation opportunities, storage capacities and the profitability of the business, which have dictated the price on the world's major markets.

The main objective of a study on economic history is to understand economic change, within a specific territory and time frame, from the perspective of societal transformation, by analysing the changes made at the macroeconomic level in comparison to those triggered at the microeconomic level or through the historical perspective of the economic area seen through the *centre-periphery* paradigm. From a methodological perspective, a study on economic history is very different from strictly economic analyses from three points of view: a) the approach (the historical ones are mostly inductive); b) the result of the study (the purpose is to obtain a plausible description and not just to formulate an explanation); c) the purpose / the objective (the main objective of the research is to check whether a theoretical

hypothesis issued previously is correct, not to question the already existing theoretical hypotheses).

Over time, the Romanian principalities represented a proper territory for the cultivation of grain, a vital element for the feeding of humans and animals. The fact that Romania was the granary of Europe after 1829 is an axiom well-rooted in the Romanian collective mentality of the last century. More specifically, the initial moment which triggered this historically baseless stereotype is imprecise and distinct from its consolidation during the communist period. The first documentary sources of this phrase can be found in "Analele Economice" of 1861. The phrase was taken up by the literature and was repeatedly used in the Romanian public domain for political purposes of the ruling elite from Bucharest. During the 1938 world grain crisis, which was compensated with an increase in Romanian exports, within the academic environment of Bucharest (the University of Agricultural Sciences and Veterinary Medicine), this false idea was propagated, later to be used by the propaganda machine, the historiography and the cinematography of the Socialist period. After the events of 1989, a series of economists and historians from Romania, the most representative being Victor Axenciuc and Bogdan Murgescu – have begun to demystify this rooted issue, through their analysis of the share that Romanian grain exports had as part of the European grain trade. With certainty, never in history was the Romanian territory the primary source of supply of grain for Europe, but from the 19th century it was one of the centres of gathering for the most advanced commerce of the time, that represented by the deposit–ports and subordinate to some complex and lasting "exchange games".

The main question raised by the historiography so far was that of the capacity (or incapacity) of the Old Kingdom to be the "granary of Europe" (the main European exporter) until the First World War. The present study assumes (besides the use of a descriptive style) evaluations, valorisations and explanations which aim to verify previous contradicting hypotheses. During a long century of socio-economic changes, the Romanian area has (re)integrated into the world grain market and has adapted itself to the rigors of its continuous change. Our endeavour is to research the long-term changes that came about within the complex mechanism of the grains market from the realm of the Mouths of the Danube. It involves the observation of the different stages of integration of the Romanian grain trade in its step by step transition from the permissive Ottoman monopoly to the introduction of Western capitalism and to the local protectionism, until the affirmation of the totalitarian influences at the Mouths of the Danube during the Interwar Period. It is clear that the Romanian area was never the greatest exporter of European grain, but this does not place the contribution of the Romanian to the European grain production at the periphery either. From this hypothesis come numerous comparative analyses which seek to identify the causes and effects of historical events during a certain time frame and to underline the fact that the Romanian area was between 1829 and 1940 a real and indispensable hinterland for

the European grain deposits. From this point of view, the contribution of the Romanian grain production to the European grain market should not be undermined and the competition with the Russian hinterland from the Northern Black Sea completes the analytic endeavour of understanding the competition spectrum of determining the share of the Romanian area within the European grain market.

The Treaty of Adrianople (1829) did not determine the sharp increase of Moldo-Wallachian grain exports. The intensification of the exchanges on the Danubian grain market were due first of all to economic factors (the costs of production and transport, taxes and the interests paid for borrowed capital), especially the speculation of opportunities on the international market by the traders from the deposit-ports. The share of Romanian exports, which were relatively small as part of the global market, need to be correlated with the per capita share. On average, before the First World War, the exportable quantity was of only 0.46 quintal per capita at an European level, while the Romanian share reached 3.54 quintals per capita, almost 7 times higher than the continental average. The interpretation of the statistical data allows the Romanian area to claim the title of "one of the granaries of Europe". All this being said, the entire economic, social, political and fashionable life of Romania until the First World War was animated by a series of capitalists whose success was dependent on the whims of the weather. The interdependence of the entire nation on a "camel type economy" – which accumulated enough capital in the years with a high yield in order to use it over a long period of time in exchange for imports which were disadvantageous for the development of the state and of the modernity of the boyars – has created and maintained a gap between the Romanian area and industrialized Europe.

The present study has the role of concentrating the creative energies of multiple generations of historians and economists who have focused on two relevant issues for the modern history of Romanian: the peasant question and the Romanian grain export, with the purpose of constructing an ample, durable and worthwhile contribution.

The first chapter analyses the progress registered by the Romanian society on the bumpy road towards the breaking off of old norms of the economy dominated by the Ottoman influence and the move towards Western capitalism. Over the course of multiple pages quantitative – qualitative analyses of the grain exports through the Mouths of the Danube are being presented. They are connected to the Moldo-Wallachian production structures. Comparative elements of Romanian exports with Russian exports are present within the evolution of the "Eastern Question" and the connection of the ports of Brăila and Galați on the route of the traders from the deposit-ports of the Mediterranean and the North Sea. We have chosen as historical landmarks two important events for Romanian history: the conclusion of the Russian-Ottoman Treaty of Adrianople (1829) and the breakout of the Crimean War (1853-1856).

The following chapter presents the paradigms of Romanian agriculture over the period of six tumultuous decades in the history of the Romanian nation. The main plague of the modern Romanian society offers the possibility of identifying the agricultural potential of the Danubian Principalities and insists on two segments: the avatars of Romanian agriculture, on the road from feudalism towards modernity and grain cultivation. In this way, a complex image of the Romanian society is created, one dominated by the lack of existence of a structural agrarian reform, the lack of significant investments in modern agricultural implements, but also the dependence on the whims of the weather.

The third chapter brings to the forefront the contribution of commercial navigation at the Mouths of the Danube between the years of the Crimean War and the First World War. The analysis of empirical data is complemented with the explanation of the quantitative curbs and the role played by the second industrial revolution on naval constructions. The evolution of the European Commission of the Danube is taken into account from its founding, in 1856, until the breakout of disputes with regards to the increase of jurisdiction and of the taxes imposed from the end of the 19th century to the first years of the following century. An important role for the increase of the grain exports through the ports of Brăila and Galați was also the creation of the railway infrastructure and the introduction of the telegraph in the Romanian area. In this way, the disadvantages of land travel were overcome and the Danubian market was connected to international news. After obtaining Dobruja in 1878 and the abolishment of the *free-port* regime, the Romanian Danubian outlets went through a modernization period for their port infrastructure and a transformation into veritable European *entrepots*.

The next two chapters go into the deep structure of the grain trade in the area of the Mouths of the Danube, offering interpretations on the basis of empirical data and commercial legislation. The first of the two offers a perspective on the commercial realities that followed the Crimean War, the Union of 1859, and until the abolishment of the *free port* privileges in 1883. From an economic perspective, the most representative episode of this interval is constituted by the signing of the Customs Convention with Austria-Hungary in 1875. The new fiscal visions of the authorities from Bucharest led to the introduction of capitalism instruments in the Romanian economic structures. In this way, Chapter IV is dominated by the explanation of the phenomenon represented by the introduction of the stock exchange in the economic exchanges and the offering of a general view of the commercial internal organization, from the types of contracts to the complicated ways of determining the weight and the quality of the grains. We focus on the comparisons with the Russian ports and the direction of Romanian exports, controlled until the end of the 19th century by the British, Dutch and Belgian deposit ports.

Chapter VI is dedicated to the situation of trade and agriculture in the Old Kingdom during the Great War. The First World War offered a dual economic perspective for the

Romanians. The years of neutrality transformed Romanian grains into true gems desired by both warring parties. Later, from 1916, the stocks of Romanian grains were first destined for self-destruction and later were confiscated by the occupational military administrations of the Central Powers in Oltenia, Muntenia and Drobrudja. The presentation contains defining elements for the maritime trade, such as agriculture, stocks, warehouses, legislation, commercial houses and navigation.

Due to temporal proximity and due to the conservation of a higher number of relevant historical sources, the last chapter is longer. We enumerate the changes produced by the First World War with regards to the role of Romania in the international economy, the impact of the 1921 Agrarian Reform on grain crops, the abandonment of the gold standard and depreciation of the Romanian currency in relation to the strong currencies, but also the different phases of involvement by the Bucharest ruling elite in the commercial life of the ports from the Maritime Danube. We do not forget the analysis of the statistical data on capacity of production and capitalization, the main directions for Romanian exports, the impact of union movements, comparisons with Soviet Russia, but also the impact of Yugoslavian grains on the activity of the Romanian ports. The magnitude of Nazi and Fascist irredentism directly influenced the trajectory of Romanian foreign trade towards the Great Economic Crisis of 1929-1933. The years of the Second World War ended the liberal enterprise which had produced the majority of capital that had moved through the Romanian economy over a century.

The international events that followed the Second World War sent the Romanian economy into the sphere of action of the Kremlin puppeteers. The paranoiac Stalinist ambitions, the total subordination of Romania towards Moscow and the elimination of all elements of capitalism from the commercial structure of Danubian ports led to the installation of a Soviet monopoly over the Romanian economy. Brăila and Galați went out completely from the network of the global grain trade and the place of Western capital in the Romanian society was taken by the *Sovroms* controlled by Stalin and his comrades.