

Galati Port during its Porto-Franco Status

Ștefan Gheorghe ¹

¹“Danubius” University of Galați, stefangheorghe@univ-danubius.ro

Abstract. It is our intend to present the influence of Porto-Franco Status upon the economic development of the Galați Port, but also upon the entire region of Galați. Trade liberalization leads to a real golden age of the city between 1837-1874 was favourable to capital accumulations through massive grain and cattle exports on the Western Europe market.

Keywords: Galți, Porto-Franco Status, economic potential.

1 Introduction

The early XIX century is characterized, externally, by fierce territorial divergences between the Great Powers engaged in large-scale military conflicts. The year 1815 represents for the main European monarchies, the end of the Napoleonic era thus foreshadowing ominous major changes in the fate of the crowned heads of Europe. Nevertheless, the dissemination of the French Revolution ideas unfolds through Napoleon's armies on the entire continent thus arriving in the Romanian Principalities. The Holy Alliance (concluded between Austria, Prussia and Russia in Vienna, 1815) will take the right to punish any destabilizing attempt of the existing political situation in Europe. The problems caused by the "sick man of Europe"-the Ottoman Empire-will capture the attention of the European states to solve the cause by removing the Ottoman Empire from Europe. (Russia and Austria being mainly interested in this regard).

2 The Romanian Principalities of Moldavia and Wallachia

The Romanian Principalities of Moldavia and Wallachia endure the Phanariot system which, despite its attempts to modernize society, proves unable to keep up with the times. The development of production liaisons, exchange and a growing interest in production profitalization will deepen paradoxically the gap between the factual reality and state law. Moreover, significant political and national considerations make the Phanariot system to be less desirable than ever, much of the native nobility, marginalized and excluded from public affairs, wanting the return of the native reigns. This reaction results from the threat of losing their remaining economic privileges after the removal of the political ones in favour of the Greeks. Due to the Ottoman trade monopoly blocking the development

of particular social categories, through the existence of numerous internal customs, discontent starts to spread in all walks and strata of the population. Additionally, the international context of the uprisings from the Balkans favours the Principalities' emancipation attempts from the Ottoman domination. (E.Lolescu.Bucuresti.2003)

In the mid-XIX century, the Romanian Principalities record significant progress in terms of production and exchange relations up against the decay of the Ottoman trade monopoly (the Peace of Adrianople in 1829). Shortly (1829-1848), the Romanian Principalities connect to the European economic system, the level of commercial exchanges reaching huge amounts. Although situated at the interference of the Czarist and Ottoman Empires, Galati, with all ravages of the frequent wars, will be able to become a landmark on the map of the European commerce since eighteenth century, the proof lies in the large number of inhabitants, foreign lieges, protected by the foreign consulates established in the city. They are attracted by the city's commercial potential; therefore the status of free port conferred in 1837 is grounded on a strong commercial tradition of the city. Censuses show that most craftsmen working in the factories and manufactures from Galati, are of Romanian origin, in contrast to the traders who are mostly foreigners. (I.Brezeanu. Bucuresti.1980)

The elimination of the Ottoman monopoly and trade liberalization by Turkey through the Black Sea and the Bosphorus and Dardanelles Straits will allow the Principalities to have more dynamic economic relations with the Western European states; therefore, in 1837, Galati is assigned the status of porto-franco, fact which will accelerate the economic development of the city. The commercial activity will develop due to massive exports of cereals and its strategic position in the field of exportation fact noticed by the foreign states representatives accredited in the Principalities.

3 The period of the Organic Statute

The period of the Organic Statute and the coming of the Prince Michael Sturza (1834-1849) to the throne of Moldavia will stand as a powerful asset for the economic, social and especially demographic growth of the city. Its population will grow from 3,000 inhabitants in 1834 to 10,000 in just two years, in the city being certified over 2,000 homes and stores, 32 hotels, 8 bankers, 62 large trading houses, 7 factories. In 1860, the population reaches 26,059 inhabitants and in 1873, after the suppression of the porto franco status, it will reach the number of 60,000 people. This dynamics derives from the massive migration of peasants out of the mansions and estates of the Romanian Episcopacy. Most peasants seek to free themselves not only from the burdening feudal obligations, but also from the extremely harsh treatment of tenants. Paradoxically, the grain trade liberalization makes feudal obligations to fit no more to both owners and leaseholders, not to mention the peasants who are now forced to perform more onerous work. Once settled in the city, the most prosperous ones enter into business and commerce while the majority of poor peasants are forced to engage in the workshops, factories and mills of the city as common labourers, unskilled workers, dockers in the port, servants, etc.

Consequently, this wave of population leads to a reconfiguration of the economic areas of the city from the Danube, agriculture being no longer a priority and replaced by crafts, trade or industrial workers. Nevertheless, many of these people are registered in the census of 1830 as ploughmen working and taking on lease plots of land near the city up until the mid-XIX century, a sign that the economic and port development can gradually and limitedly absorb the labour force. Furthermore, near the city, there are cultivated large vine areas whose wines are recognized abroad thus diversifying exports through the port of Galati. The census from 1838 identifies a set of new crafts in the city and the one from 1845 1040 craftsmen of which 324 are foreign. The Act attesting the elimination of all customs duties obliges all county governors from Moldavia to inform the inhabitants of towns and

villages on this matter as well as on the keeping of the 5 fairs lasting for eight days. During weekly fairs, the city is visited by many traders not only from Romanian cities, but also from abroad due to an efficient advertising of the Romanian and Italian bilingual newspaper. In order to solve disputations, the Commercial Court will be moved from Iasi to Galati and it is established a post office for mailing and sending money to the Iasi or Braila(M.Muresan, D.Muresan, Bucuresti.2003)

Starting from 1837, there are opened several offices of foreign companies, import-export houses, shipping agencies and commercial representative offices. Also, the port is enhanced with improved facilities thus making its first commercial institutions to appear. Benefiting from massive grain export, the city will be listed among the first localities from Moldavia as economic, social and political importance next Iasi, Botosani, Roman and Bacau. The mechanical industry is developed without eliminating manufacturing production, and the foreign capital is invested, in 1844, in canning factories, leather tanning, timber, mills or bakery in 1858. Despite the porto franco status conferring benefits to its citizens for manufacturing production, this situation will pave the way for the competition with the foreign products appeared on Galati market.(

Imports of foreign goods, however, does not affect local production fact proven by the growing number of craftsmen, industrial workers and companies opened in Galati. An official report of Galati county governor from 1862 confirms the local market's need for industrial manufacturing products, this being a sign of economic development and strong population growth. The numerous workshops and manufactures are ascribed to the imported products highly expensive for the city's population. The abundance of raw materials will contribute to the specialization and organization of craftsmen guilds whose denomination attests and acknowledges their importance in the city's economic activity. With respect to the development of mechanical industry, the main role is attributed to foreign capital, Austrian, English and French. The development of this sector is made slowly, like everywhere within the Principalities and is due exclusively to the conditions offered by the city: cheap labour, abundant raw materials and unlimited selling possibilities offered by the status of duty-free port. (eg. in 1844, Goldner caning factory with 150 employees, 1862- leather tanning factory with English capital, salted meat factory with the Austrian capital, mechanic mill, bakeries and candle factory with French capital of 103 workers and considered the largest factory in Moldavia and having as well the highest value of production).(C.G.Marinescu, I Brezeanu, Bucuresti, 1967)

Trade liberalization leads to a real golden age of the city between 1837-1874 favourable to capital accumulations through massive grain and cattle exports on the Western Europe market. Good prices will bring great profits to exporters and cereal producers thus ensuring the economic growth of the city and becoming a magnet for the residents of the Romanian Principalities and the representatives the Great Powers who will actuate their commerce with the East. England, France, Austria, Italy and Prussia are the main beneficiaries of customs duties elimination as proved by the large number of merchant ships mooring the port for loading or unloading various goods. The competition between the European industrialized countries for the Romanian market will reveal divergences of interest for the Balkans and especially the inhabitants' main desire for unification into one country. Austria is one of the countries which will ensure to itself an outstanding commercial position by introducing regular courses of the steam ships on Danube, for passenger and goods transportation thus protecting its economic interests; this aspect will be unfavourable to the union of the Principalities. The possibilities to enter the Turkish market leads to the opening of numerous consulates of the Great Powers and not only. The high interest in the freedom of navigation on the Danube will determine, after the Crimean War from 1853-1856, the establishment Danube European Commission's office with significant attributions in regulating the Danube river traffic, guaranteeing the economic and transit rights of riparian and non riparian members. This will highly stimulate the port's activity and consequently its economic and demographic development. After the unification of the Romanian Principalities in 1859,

Galati becomes the main gateway of the Romanian exports, over 60% of them being unfolded through the port of Galati.(P.Paltanea, Galati.1991)

Commercial activities are now burdened by the circulation of a considerable number of currency, from the Dutch guilder to the Turkish zekin, the Russian roubles to the English pound. However, the abundance of commercial, credit and banking houses do not solve the question of introducing a standard currency, the financial chaos representing an opportunity of joy for usurers, speculators and bankers whose rate of interest amount to 20% of the loan. Nevertheless, the Principalities' economic complementarity with the ones of England and France, countries already in the industrialization phase, will enhance the grain trade, so that in 1850 England already gets to own 50% of the Romanian exports of cereals and reaches by the year 1851, 60 %. Similarly, the quantity of imported English products will grow on the local market thus contributing to price lowering for similar products manufactured in Vienna or Leipzig. The demand for industrial products, hardware, manufacturing (cotton, wool) from England is justified by the products' good quality and low price while from France, the mainly imported goods are footwear, luxury products, perfumes etc. Through the Danube European Commission, established in Galati in 1856, the two Western countries extensively consolidate their positions on the local market by contributing to the city's cosmopolitan feature. Simultaneously, Galati becomes one of the greatest European centres of fish market once with its porto-franco status.

The city's municipality, interested in the circulation and sale of goods, focuses, during the regular period, on the maintenance of roads connecting Galati to the other cities of Moldavia. The abundance of goods from the Danube port will have a positive impact on the neighbouring rural communities, statistics registering a positive growth in the number of households on the trade routes linking Galati to Moldavia. The efforts of urbanism will modernize the city under the direct initiative of the municipality, the architect Rizer and a commission for embellishment. Also in the beginning of its porto-franco status, there are made investments worth 576,000 lei in 1842 plans based on a French architect's plans (the port's master office, customs, warehouses, public lighting, streets pavement leading from downtown to the port).

4 Conclusion

Galati economic potential results also from its rank of princely market granted by the Moldavia's ruler, the city being subjected to the payment of special taxes affordable only to few cities. (eg. spawn customs, courier fees, etc.). After the Union, the of Galati port continues to develop and due to its popularity, the ruler Alexandru Ioan Cuza is appointed Governor of Galati between 1856-1857. Its economic decline begins along with tax concessions and customs facilities to German and Austrian capital in the early years of Prince Charles's reign. However, the exports decrease from Galati will accelerate after the war once with the annexation of Dobrudja to the Romanian Principalities. The role of Galati port role is now taken by Constanta port which seem to offer multiple possibilities of mooring for the vessels. Given these conditions, the city's municipality anticipates that the port's activity once profitable for retailers and local producers will decrease considerably and after the annulment of its porto-franco status, the city's economic development will stagnate. The city will suffer from competition with other ports, therefore, a number of influential politicians visiting Galati during this difficult period will conduct, at the municipality's request, interpellations in the Parliament in order to support and revive the port's economic activity.

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