

HISTORY *of*  
WORLD  
TRADE *since* 1450

*John J. McCusker*  
EDITOR IN CHIEF

VOLUME

1  
A-K

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## **GREECE**

Greece has historically been an active trading nation. In 2002 trade accounted for 12.6 percent of the nation's gross national product (€514 million=U.S.\$621 million). Half of that was retail trade, but imports represented the largest part, so there was a large trade deficit. The country's trade deficit had increased drastically after it joined the European Economic Community in 1981. Nonetheless, Greek traders have always been adaptable; a contemporary example of this was the quick Greek commercial penetration, backed by governmental encouragement, into the countries of the Balkans and the Black Sea to capitalize on new markets in former Communists countries.

Greece is a traditionally maritime country with thousands of islands. Merchant shipping is a dynamic factor in the national economy, and the industry represents Greece to the world mainly through the exciting images of Greek tycoons such as Aristotle Onassis (1900–1975) and Stavros Niarhos (1909–1996). Greek-owned ships sailing under foreign flags comprised 17.4 percent of the world merchant marine in 2000. Most Greek ships are tramp ships carrying mainly dry products such as iron ore, coal, grains, bauxite, alumina and phosphate fertilizers, as well as ocean liners. Merchant shipping steadily supported the Greek economy in the twentieth century, offering a net exchange at no cost to the national economy. In 1995 shipping operations contributed a significant U.S. \$2.191 billion to the national balance of payments of Greece.

### **GREEK TRADE IN THE OTTOMAN PERIOD (1453–1828)**

From the mid-eighteenth century up to the first decades of the nineteenth century, Greek merchants controlled the external trade of the Ottoman Empire with Western Europe and conducted a large part of the intra-Ottoman trade. Greek business enclaves developed along sea routes

in the Ottoman Smyrna in Asia Minor and in the ports of southern Russia in the Black Sea. Communities were made up of emigrants from Greek regions in the Ottoman Empire who participated in the maritime trade with Western European ports such as Leghorn, Trieste, Marseilles, and Amsterdam. The trade products were food-stuffs, textiles, natural dyestuffs, and minerals.

The growth in the nineteenth century of the European economy—preponderantly in France and Britain—and with it the Ottoman markets compelled the Ottoman Porte to make civil and commercial reforms and treaties that created a favorable socioeconomic milieu for Greeks and other non-Muslim minorities. Trade in agricultural products and raw materials had increased in the markets of the Ottoman Empire, which were in frequent contact with ports on the Italian peninsula, in France, in Great Britain, in the Netherlands, and in Russia. The need for access to centers of distribution for the treatment and consumption of agricultural and semi-processed products led to the organization of family-based entrepreneurial networks whose members were dispersed in different cities. Thus merchant enterprises constituted the heart of the economy in port cities handling together a wide range of activities: buying and selling; commissioning; transaction financing; insurance of goods.

At the same time, Greek commercial migration of the same organizational type spread overland in the Ottoman Empire, mainly departing from towns in Thessaly, Epirus, and Macedonia and heading to transit stations and economic centers in the Balkans and Central Europe. The main carrying goods were foodstuffs, furs, leathers, and textiles. Thus small mountain towns with domestic wool industries, commercial connections, and experience in organizing overland transport produced a number of famous expatriate merchants, including the three generations of the Sinas family of Budapest and Vienna.

### **NATIONAL GREEK TRADE IN THE NINETEENTH AND TWENTIETH CENTURIES**

The formation of an independent Greek state in 1828 provided psychological and economic incentives for many expatriate merchants to settle in Greece. From its early days, the new state offered opportunities for free entrepreneurial expansion backed by a policy of protectionist measures based on national and economic considerations. The capital invested by these businessmen in the fledgling state was directed mostly to commercial ventures and secondly to banking and industrial activities.

The establishment of the Greek state and its interest in national trade did not change trade practices and organization patterns, but it did create new markets. By 1830 the port of Hermoupolis, on a small Cycladic island, was the center for transit trade in the Eastern Mediterranean,



MAP BY XNR PRODUCTIONS. THE GALE GROUP.

dealing in foodstuffs, silk, leather, cotton, and hardware. Consequently, a local banking and credit system and shipping, manufacturing, and building industries developed in the new city-port. At the end of the nineteenth century the port of Piraeus, next to the Greek capital, Athens, became Greece's main trade port. The port of Patras, in north Peloponnesus, developed spectacularly in the nineteenth century due to its trade in currants.

In the first decades the Greek state was oriented to a tariff-collecting policy, and between 1851 and 1871 state revenue from the country's custom houses quadrupled. The most valuable export products were currants, figs, olive oil and olives, silk, and valonia (used in tanning

leathers). The main import products were grains, stock-fish, sugar, coffee, and textiles. Trade fairs of all sizes were the main venues of import and distribution, meeting the needs of the population. In 1862 twenty-two trade fairs were registered in central Greece and Peloponnesus.

In the beginning of the twentieth century retail trade began to flourish in Greece's main urban centers. In 1914, soon after the Balkan Wars (1912–1913) and before World War I, Greece's external trade was valued in 196,777,046 francs, equivalent to the same amount in golden drachmas, and her main trade partners were Austria-Hungary, Italy, and Britain. The external trade was comprised of agricultural products, textiles, and oils.

### *Sir Thomas Gresham*

The interwar period in Greece saw the arrival of 1.5 million refugees of the Asia Minor catastrophe in 1922. The massive settling of refugees in the Greek state enlarged the national market, especially as far as the alimentary goods and garment products were concerned. Between 1920 and 1929, the export growth of the country was marked by the tobacco boom. The National Bank of Greece began to operate in 1928, marking a major turning point in Greek banking system, bringing the country to the gold standard. The world economic crisis of 1929 was crucial for the country's trade balance. Autarchy became the main scope of all interwar Greek governments and the already difficult relationship between free trade and national industry was aggravated (by new state policy partial to Greek industry.) Import tariffs were increased, enabling national industry to cover 75 percent of the Greek market. Thus, Greek nationalism promoted the triptych of modernization, interventionism, and protectionism.

World War II completely changed the political and economic scene in Greece, but the existing economic conflict not only didn't cease, but also gained a new political apparatus. In the postwar period, under the Marshall Plan from the United States poured millions of dollars into Greece's economic reconstruction. Nonetheless, the economic sector that showed the most spectacular growth was the merchant marine. In becoming the largest fleet in the world, the Greek-owned merchant marine employed many Greeks and provided promising private and state revenues.

**SEE ALSO** AGRICULTURE; BALANCE OF PAYMENTS; BLACK SEA; CARGOES, FREIGHT; CARGOES, PASSENGER; COMMON MARKET AND EUROPEAN UNION; CONTAINERIZATION; EMPIRE, OTTOMAN; ETHNIC GROUPS, ARMENIAN; FREE TRADE, THEORY AND PRACTICE; GATT, WTO; GREAT DEPRESSION OF THE 1930S; INDUSTRIALIZATION; INTERNATIONAL TRADE AGREEMENTS; MEDITERRANEAN; ONASSIS, ARISTOTLE; REGIONAL TRADING AGREEMENTS; SHIPPING, MERCHANT.

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*Maria Christina Chatzioannou*