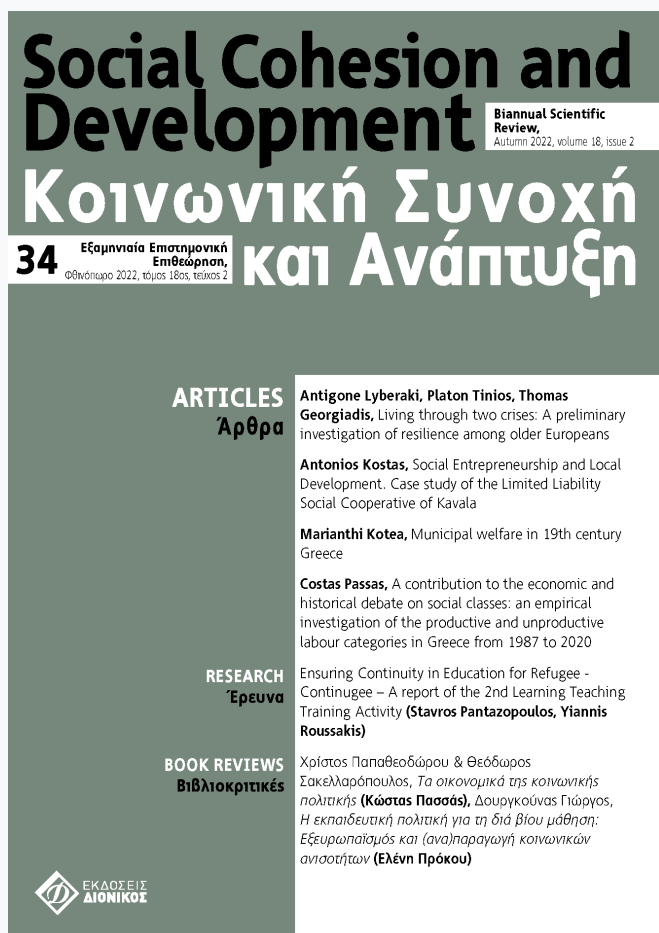


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# Municipal Welfare in 19th century Greece

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## Η Δημοτική Πρόνοια στην Ελλάδα του 19ου αιώνα

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### ABSTRACT

Although during the 19th century the Greek state did not organize a social policy, it assigned social welfare to the municipalities, which were responsible for the primary schools and the charitable institutions in their district. However, most municipalities failed to fulfill their social role. This article refers to the legislation on the municipal welfare policy, the concept of a welfare city, and the use of the term "municipal" (*demofeles*; *δημοφελής*) instead of "public" (*koinofeles*; *κοινωφελής*) regarding the benefits of municipal projects. Also, it presents the objectives of municipal social policy and the reasons why most municipalities failed to provide welfare services.

### ΠΕΡΙΛΗΨΗ

Μολονότι κατά τη διάρκεια του 19ου αιώνα το ελληνικό κράτος δεν οργάνωσε την κοινωνική πολιτική του, ανέθεσε την κοινωνική πρόνοια στους δήμους, οι οποίοι ήταν υπεύθυνοι για τα σχολεία της πρωτοβάθμιας εκπαίδευσης και τα φιλανθρωπικά ιδρύματα της περιφέρειάς τους. Ωστόσο, οι περισσότεροι δήμοι απέτυχαν να εκπληρώσουν τον κοινωνικό τους ρόλο. Το άρθρο αυτό αναφέρεται στη νομοθεσία που αφορούσε τη δημοτική πολιτική πρόνοιας, στην έννοια της πόλης πρόνοιας και στη χρήση του όρου *δημοφελής* αντί *κοινωφελής* στα δημοτικά έργα. Επίσης παρουσιάζει τους στόχους της δημοτικής κοινωνικής πολιτικής και τους λόγους για τους οποίους οι περισσότεροι δήμοι απέτυχαν να προσφέρουν υπηρεσίες πρόνοιας.

**KEY WORDS:** Social role, Municipal welfare, municipal benefit, excise duties, redistribution of income.

**ΛΕΞΕΙΣ-ΚΛΕΙΔΙΑ:** Κοινωνικός ρόλος, δημοτική πρόνοια, *δημοφελής*, διαπίγλια τέλη, αναδιανομή εισοδήματος.

## 1. The legislation on municipal welfare policy

### 1.1 *The social role of Municipality*

**D**uring the decade 1833-1843, the foundation of the state apparatus occurred under the government of King Otto's absolute monarchy. This process began with the division of Greek territory, according to the new administrative system, into prefectures (*nomoi*); in turn, these were divided into provinces (*eparchies*) and, finally, into the new local government system of municipalities (*demoi*).

The Municipal Law of 1833 set up a clearly defined system of local government, modeled on the French Municipal Law of 1831. Nonetheless, it was able to adjust the pre-revolutionary tradition of communalism to the new circumstances of the modern Greek state (i.e., authoritarian governing, centralized administration).

The system's main characteristics were:

- a) The replacement of small communities (*koinotetes*) with big municipalities, which were created by the merging of existing rural and urban communities,
- b) The single town/country structure that did not differentiate the legal status between urban and rural municipalities,
- c) The dual role of municipalities, both as lower divisions of central administration and as local government organizations.<sup>1</sup>

A great deal of responsibility was assigned to the municipalities as local government bodies under the strict supervision of the central administration, and included the following: 1) the construction and maintenance of municipal buildings and institutions (town halls, police stations, primary schools, hospitals, orphanages, nursery homes, etc.), 2) the establishment of the essential urban infrastructure (churches, cemeteries, slaughter houses, markets, public baths, water supply, lighting, port facilities, etc.), and 3) the organization of urban space (construction of roads, squares, gardens, public walks, promenades and the delimitation of industrial zones).

The fulfillment of these responsibilities was considered more of an obligation than a right and the Municipal Law of 1833 characterized both the responsibilities and the expenses for them as "compulsory" and gave priority to covering the expenses of these responsibilities. Of course, when the financial resources were inadequate to cover the "compulsory" municipal expenses, the municipal authorities were forced to opt for the most "necessary". Among the latter was the financing of the responsibilities that constituted the social role of municipalities. (Municipal Law, Articles 17, 18).

The social role of the new local government organizations consisted of the foundation and maintenance of primary schools and charitable institutions. This was a traditional role that communities exercised during Ottoman rule without, though, having any legal personality. More specifically, communities were the providers of social welfare, together with the guilds and the Orthodox church. Community authorities were responsible for education, provision, and assistance of the poor and needy. Revenues for social policy were mainly provided by voluntary contributions, bequests, and the utilization of community property, although the imposition of taxation on members of some guilds was not ruled out.<sup>2</sup> Therefore, municipalities preserved the social role of the pre-revolutionary communities, but were also given the legal personality that the former lacked.<sup>3</sup>

## 1.2 The primary education

The construction, or renting, and maintenance of primary schools was one of the obligations related to the social role of the municipalities (Municipal Law, Article 18, paragraph iv). The Law "on municipal schools",<sup>4</sup> which organized primary education, reiterated the obligation of each municipality to establish at least one mixed (male and female) primary school. Nevertheless, there was also the possibility of a cooperation between many neighboring municipalities in the construction and maintenance of a primary school when the financial means were not sufficient. Additionally, the state could use the General Ecclesiastical Fund to finance the establishment of

primary schools in those municipalities it deemed necessary, or in the municipalities, that due to their poverty, could not establish and maintain their own primary school. In fact, the state's financial contribution to primary education "*to the extent of the need of the municipalities*" was enshrined in the Constitutions of 1844 (Article 11) and 1864 (Article 16).

The main expenses of primary education essentially burdened the local societies through the municipal taxation and related to the salaries of the teaching staff and the support staff (water carriers, caretakers, janitors, and paedonoms), along with school housing (construction or rent of a building) and the purchase of necessary equipment (books, furniture, teaching aids, educational equipment, etc.).

Regarding the salary expenses, the law "on primary schools" defined in detail the obligations of the municipalities towards the teaching staff. Specifically, the teachers at the primary schools were distinguished "according to their knowledge and teaching skills" in three grades: 1) teachers of Prefectures and Provinces, 2) teachers of municipalities of the first-grade, and 3) teachers of municipalities of the second- and third-grade (Articles 8-11). Their salaries were determined "insofar as the revenues of the municipalities allow it, worthy of the knowledge and the depth of their work". Despite that, their minimum monthly salary was defined (Article 23) as follows: "1) of teachers of prefecture 100 drachmas. 2) of the provinces, 90 drachmas. 3) of the second-grade teachers, and of the sub-teachers, 80 drachmas. 4) of the third-grade teachers, 50 drachmas". Their monthly fee included the grant of free housing and 10-50 cents of the drachma for each pupil (Law "on municipal schools", Article 24). This amount was paid by the parents of the students, while the exact contribution of each family was agreed by the municipal council, which exempted poor parents from monthly tuition fees (Law "on municipal schools", Articles 26-27).

The State, of course, because it was aware of the limited financial resources of most of the municipalities, correlated the "compulsory" expenses of the teaching staff with their population. Thus, Class C municipalities, with a population of fewer than 2,000 inhabitants, had to hire third-grade teachers, whereas Class B municipalities, with a population of 2,000-10,000 inhabitants, had to hire second-grade teachers. Only the capitals of Prefectures and Provinces, as well as Class A municipalities with more than 10,000 inhabitants, were obliged, according to the number of students attending primary schools, to employ teachers of all ranks.<sup>5</sup>

The introduction of the mutual teaching system (Lancasterian or monitorial system; *allodidaktiki*) in primary schools contributed to the minimization of costs. This teaching system required only one large room, properly arranged in desks and semicircles, equipped with the necessary equipment, and a single teacher. The older or better scholars learned their lessons from the teacher in charge of the school and then transmitted their knowledge to the younger or inept students. The mutual teaching system continued to be used despite the attempt made in 1842 to replace it with the mixed mutual-concurrent teaching method. This method consisted of dividing the primary schools into two classes: the lower and the higher class. The lower class used the mutual teaching system, whereas the higher used the concurrent teaching method (*l'enseignement simultanée*; concurrent teaching; *syndidaktiki*), where the teacher taught all the pupils one by one, classifying them into groups of 40-50 "*peers and equal*" students.

The situation did not change even after 1880, when the mutual teaching system was officially overturned and replaced by the concurrent teaching method as the only method, mainly because the municipalities were unable to cover the increased costs of paying more teachers. Despite that, the inability of the municipalities to ensure the regular salary of teachers was the

reason that, in 1856, the payment in advance of the sum of their salaries was introduced from the Public Treasury to which the municipalities were now obliged.

The legal framework for the expenses of elementary schools changed after the enactment of the following laws: (a) No. 1641 "On the Establishment of a Primary Education Fund" of the year 1888; (b) No. 1941 "Amendment of Law 1641 on the Primary Education Fund" of the year 1891; and (c) No. 2085 "On the Organization of schools of elementary education and the abolition of the Primary Education Fund" of the year 1892.<sup>6</sup> The law of 1888 created a Special Fund to provide money for the financing of primary compulsory education, which included part of the municipal revenues from direct and indirect taxes.<sup>7</sup> Furthermore, it increased by 0.5% both the municipal duty on local consumption and the direct municipal taxes on agricultural production, which could be imposed by the municipal authorities. The Law of 1891 partially amended Article 2, which referred to the Fund's resources but terminated the participation of municipalities in determining their financial contribution to the Primary Education Fund, although it maintained the same state and local government co-financing regime. This status was temporarily overturned by law No. 1956 of the year 1891,<sup>8</sup> which instructed the District Councils to define the financial contribution of each municipality in favor of the Fund (Articles 19-21). However, the issuance of a royal decree on August 25th, 1891,<sup>9</sup> overturned the new regulation and the contribution of the municipalities was set directly by the Government. Eventually, the law of 1892 annulled the Special Fund, merging it with the Public Treasury and making the Government the absolute master in specifying the annual amount to be paid by each Municipality.

The outcome of the legislative framework of the period 1888-1892 was what essentially brought a part of the municipal revenues under the direct control of the state. When the newly developed Special Fund was dissolved, its resources were included into the regular revenues of the Ministry of Ecclesiastical and Public Education (Law No. 2085/1892, Article 4). The same law prevented the municipal authorities to decide the salaries of teachers according to their incomes (along with their knowledge, teaching ability and the population of the municipalities) and imposed a single payroll for all municipalities in the country, including all other benefits for teachers.<sup>10</sup> The new payroll identified different wages for both sexes. The first-grade male teacher was paid a monthly salary of 150 drachmas, the second-grade teacher 120 drachmas, and the third-grade teacher 100 drachmas. However, the first-grade female teacher had a monthly salary of 120 drachmas, the second-grade teacher 110, while the third-grade female teacher had the same as her male colleague, that is 100 drachmas (Law No. 2085/1892, Article 10).

The financing of primary education was transferred to the exclusive jurisdiction of the state in 1920<sup>11</sup> when the fiscal situation improved and implemented the revised Article 16 of the Constitution of 1911. The Article relieved the municipalities from the compulsory expenses for elementary education and established its free provision by the state. Since then, the term "municipal school", which used to refer to the primary schools, has lost its literal meaning.

### ***1.3 The charitable institutions***

The establishment and maintenance of charitable institutions (mainly hospitals, orphanages, and nursery homes) also referred to the social role of the municipalities and was "one of the most essential" and "most necessary"<sup>12</sup> obligations towards the local society. Articles 3 and 11 of the Municipal Law guaranteed every citizen's right to demand from the municipality the required care in case of poverty and proven inability to work and the right to participate in the use of municipal institutions.

In addition, it attributed the right and the obligation, that is, the power and the duty, to the municipality to manage the property of the charitable institutions of its region (Municipal Law, Article 15, paragraph iii). In other words, this regulation implicitly recognized that the contributions, sponsorships, bequests, and donations of individuals for the purpose of establishing and maintaining these institutions essentially constituted a donation to the municipality itself and were, therefore, part of the municipal property (Municipal Law, Article 20).<sup>13</sup> Consequently, the municipality was obliged to use the property of the charitable institutions exclusively for their operation and to include in its budgets the necessary expenses for their maintenance, when they lacked their own property, or their funds were exhausted (Municipal Law, Article 18, paragraphs v, x).

The issuance of the royal decree "on the administration of charitable institutions"<sup>14</sup> implemented the articles of the Municipal Law, which entrusted their administration to the municipality (Article 50, Articles 114-116). This decree cited that the charitable institutions were managed by fraternities, that is by management boards composed of the Mayor and two or four citizens elected by the municipal council for a 3-year term (Articles 1 and 2). Their budgets were part of the general budget of the municipality and, hence were registered in a special chapter (Article 7). Thus, when during one accounting year donations or contributions were made to charitable institutions, the fraternities were not allowed to manage them without submitting a budget and without a resolution of the municipal council and approval of the Superior Authority, the Prefect (Article 8).

When charitable institutions lacked their own property or their funds were exhausted, municipalities could impose indirect taxes on the local consumption of "the foods" and even extend the municipal tariff "on cereals and commodities",<sup>15, 16</sup> due to the insufficiency of their regular revenues. Municipalities also had the right to take out loans secured by their revenue from excise duties.

Poor and sparsely populated municipalities that could not support the necessary charitable institutions sometimes registered small sums in their budgets to hire municipal doctors and midwives for the care of poor families, or to pay the annual salary to the nannies for the feeding of abandoned babies, or even to grant scholarships to needy students. Other times, they provided welfare services to their citizens through the annual payment of a sum to neighboring municipalities that maintained such institutions.<sup>17</sup> Of course, there was also the possibility of a cooperation between many neighboring municipalities in the construction and maintenance of a charitable institution (Royal Decree "on the administration of charitable institutions", Article 3).

Finally, the Municipal Law (Article 114) and the Royal Decree "on the Administration of Charitable Institutions" (Article 17) cited that even municipal schools had to be managed according to the model of charitable institutions. Ergo, primary schools were governed by the local inspection committee, composed of the Mayor as chairman, the local pastor, a priest of the upper or lower clergy appointed by the administrative authority (Commander or Prefect), and 2-4 citizens elected by the municipal council (Articles 34, 37). These committees were accountable for the management of municipal school property, similarly to how the Mayor was responsible for the property of all charitable institutions. However, both parties had to report to the municipal council (Article 50, Articles 114-116).

The legislation on municipal charitable institutions remained the same throughout the 19<sup>th</sup> century, that is, the Municipal Law of 1833 and the Royal Decree "on the Administration of Charitable Institutions" of 1836. Even the new Municipal Law "on the establishment of municipalities and communities" reiterated the same obligations of municipalities towards charitable institutions and the right of citizens to demand and participate in municipal welfare services

(Article 64, paragraph 6, Article 100, paragraphs 1 and 7, Article 134).<sup>18</sup> Later, during the inter-war period, the law of the dictatorial Metaxas' regime on the organization of public hospitals included the possibility of changing municipal hospitals into public ones, on the condition that the municipalities would undertake the obligation to continue their regular subsidy (Article 18).<sup>19</sup>

## 2. The concept of Welfare

### 2.1 *The welfare city*

**T**he assignment of social welfare to the municipalities by the newly established Greek state preserved the traditional role that communities had regarding the well-being of the local population during Ottoman rule. However, the legislation on municipal welfare was based on the concept of a powerful, centralized, and yet liberal state.<sup>20</sup> Argyropoulos, professor of Administrative Law at the University of Athens,<sup>21</sup> wrote a monograph on municipal legislation, adding in its second edition a chapter "on charitable institutions". In this chapter, he presented 19th century's prevailing opinion on social welfare, the role of the state and the duty of municipal authorities to their citizens.<sup>22</sup> According to this opinion, philanthropy and solidarity were prevalent moral duties. That is because, throughout his life, man is in constant need of charity, especially as a fetus and during his infancy, childhood, and adolescence, when he is the most vulnerable. Nonetheless, charity was also essential in his adult life, when illness, disabilities, famine, or unemployment were possible. In old age, when handicaps became more severe and man was unable to work, charity was again required, as help and relief were vital. Finally, philanthropy might have been necessary in ensuring one's burial after their passing.<sup>23</sup>

Yet, such a duty of the state did not exist. The state is an abstract concept, the manifestation of which is the government. A moral, diligent, and effective government expresses its benevolence and compassion to its citizens when its laws and institutions provide security and continuous protection of their rights and interests, when it guarantees the impartial delivery of justice, when itself is unbiased in governing its citizens, when it secures transportation and communication between the various regions of its territory, and when it guarantees the security of bank credit that facilitates the functioning of the economy. Furthermore, an effective government demonstrates its philanthropy when it taxes and, in turn, uses the tax revenues fairly. Nonetheless, the state has to provide welfare services to its citizens in cases of major natural disasters, or social and economic crises, such as floods, fires, epidemics, food shortages, unemployment, etc.<sup>24</sup>

Instead, charity and welfare were the municipality's duty, as it represented the local community as a whole and its citizens as individuals. Hence, when private charity is inadequate or exhausted, the municipal authorities must intervene and offer support to their unfortunate citizens. To reinforce the abovementioned opinion, Argyropoulos reported that the municipal character of welfare had been recognized by Roman laws as well. In the Roman period, it was the city's honor to shelter the sick, the elderly, and the orphans. Additionally, in the late medieval and early modern eras, the communities of western European cities founded appreciable philanthropic institutions, which rivaled those that had been established by monasteries and religious orders. Likewise, the Greek communities sheltered the poor and maintained hospitals in the cities of Ayvali, Chios, Constantinople, and Smyrna during the pre-revolutionary period.<sup>25</sup>



Of course, municipal benefaction should be offered carefully and only to those who deserve it, when they are truly unable to support themselves in any other way for a short period of time. The municipality not only has the duty of charity, but also the obligation to not promote laziness and to not undermine the belief that each person must support themselves and their family by their own means. Because when charity is without limit, it is the cause of poverty, as it prevents foresight and suppresses individuals' responsibility over their behavior. A philanthropist may benefit their fellow men regularly, or irresponsibly, by using their own property and means. The municipality, however, must manage municipal property fairly and prudently, as it belongs to all citizens, and because it would be unjust to impose taxes on hard-working citizens in favor of indolent and careless ones.

In the 19<sup>th</sup> century, the most essential philanthropic institutions, as Argyropoulos emphasized, were maternity hospitals for poor and unmarried women, orphanages, and juvenile detention facilities for abandoned or orphaned children and for families with many children or with employed mothers. The goals of these institutions were to substitute or to assist families in the upbringing of children, to teach the value of labor, and to offer underage children the opportunity to acquire the necessary skills for future employment. Hospitals and pharmacies were crucial as well, because they secured public health and, consequently, population growth, a matter of great importance for the low-density Greek kingdom.

In addition, municipalities had to contribute to the development of private associations, such as mutual aid societies and savings banks, which promoted the prudence and thrift of working people. As Argyropoulos has cited, through thrift, the enterprising Greeks of Diaspora were able to create big properties and, later, become the benefactors of the Greek state by financing schools and charitable institutions. Savings were also the poor's salvation, because each partner's small financial contribution to the mutual aid society was adequate enough to secure economic assistance for everybody in a period of illness, unemployment, or old age, and to provide a small income to their heirs, widows, and underage children after their death. Thus, the number of citizens that municipalities had to support decreased, while the accumulated capital of small deposits could be used for the promotion of agricultural, industrial, or commercial credit.

Of course, according to Argyropoulos, the municipal welfare policy depended significantly on the development of the local economy and culture.<sup>26</sup> During the Ottonian period Argyropoulos states that only few municipalities could afford to spend money on hospitals and other charitable establishments. In his era, the only municipal charitable institutions were the hospitals of Athens, Syros, Nauplia, and Missolonghi, the orphanages of Athens and Syros, and the leprosy hospital of Santorini.<sup>27</sup> This inadequacy of income developed into a chronic problem for most municipalities, although the state permitted municipal authorities to impose indirect taxes on local consumption to cover the lack of regular revenue.

Moreover, the poor and working people avoided even these few hospitals because they neither allowed parents to show affection to their sick children nor children to care for their sick parents. On the contrary, the sick stayed away from their families until their recovery, so the feeling of family was weakened. Also, the meeting of people of different ages, classes, and upbringings, as well as dissimilar morals, in the same hospital, was considered improper and that it could potentially lead to moral corruption. Nevertheless, Argyropoulos concluded that this mindset, mostly evident in poor people, should not discourage the foundation of more hospitals or the perfecting of the existing ones.<sup>28</sup>



## 2.2 *Municipal projects for municipal benefit and charity*

Municipal welfare was not just the granting of small amounts of money to poor citizens and the maintenance of charitable institutions. In his circular letter addressed to the prefects, Mavrokordatos proposes that the municipalities should employ their poor and indigent citizens in municipal projects.<sup>29</sup> Thus, municipal projects would be socially beneficial not only after their completion but also during their construction because they would provide employment to unfortunate citizens. The word “*demofeles*” [δημωφελής], which was used to characterize the municipal policy in the 19th century, also referred to this dual benefit of municipal projects.

Municipalities could carry out a variety of projects depending on their needs and financial means. Construction, repairing, and maintenance of municipal roads and bridges were necessary for many municipalities. Although the use of citizens’ personal labor was compulsory according to the law on roads,<sup>30</sup> municipal councils could use paid labor due to exceptional circumstances. Compulsory personal labor was rarely enough for the completion of projects, meaning that an arrangement that combined personal labor with daily wages was beneficial for both the municipality and its poor citizens.

Numerous other municipal projects, including the building of primary schools, hospitals, or any other municipal institution, the construction of quays, water tanks, or sewers, the cleaning of streams, the draining of swamps, and even the repairing of churches, the fencing of cemeteries, or the reparation of small rural roads, also provided daily wages to poor citizens during a difficult period. According to Mavrokordatos, the offer of employment in municipal projects was greater every winter because jobs were fewer, while the prices of grain and bread increased.<sup>31</sup> Besides, the cost of socially beneficial and productive projects was less expensive for the municipalities in periods of financial straits for the labor class, as daily wages were lower. Despite the decreased expenses, municipal projects did not lose their significance for the poor.<sup>32</sup>

Another benefit for the local society would be that municipalities could prevent the scourge of begging instead of suppressing it, since there was adequate employment for working people.<sup>33</sup> Undoubtedly, the elderly, the sick, and widows with many or underaged children received financial assistance from the municipalities. Finally, those municipalities which could not carry out municipal projects to provide employment for the poor had to resort to the charity of the wealthier citizens. It was the responsibility of municipal authorities to stimulate and rejuvenate charity and solidarity among their citizens, particularly the wealthier ones, for the benefit of the local society as a whole and its citizens as individuals.

## 3. Comments and conclusions

**D**uring the 19th century, in Greece, liberalism prevailed and delineated the role of the state regarding social welfare. The concept of charity was considered a human virtue, which comforted unfortunate people from the troubles of life and promoted social solidarity and peace. It was the ethical duty of every powerful, eminent, and wealthy man to help their poor and weak fellow men. In this way, society could overcome crises and secure its progress.

Thus, the Greek state did not organize any system of public welfare for its citizens. Instead, as was proved by Municipal Law and consequent legislation, it entrusted municipalities with the responsibility of charity and assigned them both the privilege and the duty to found charitable institutions. Additionally, the state expected from the municipalities to motivate private philan-

thropy for the benefit of the local society. Ergo, the municipalities continued the tradition of the pre-revolutionary communities in charity, although it was their responsibility to transform it into a consistent municipal welfare policy.

The objectives of municipal social policy corresponded to the liberal ideology and concerned the establishment and maintenance of municipal schools and charitable institutions. More specifically, attendance at primary schools was universal, compulsory, and almost free, but it did not aim for social equality and the elimination of wealth inequalities. Rather, it was related more to the human rights and the political equality that predominated during the Greek revolution (universal suffrage).<sup>34</sup>

The purpose of primary education was adjusted to the mutual teaching method and aimed for the acquisition of elementary knowledge (reading, writing, calculus). It was not interested in the cultivation of intellectual abilities but in the formation of character and the development of the moral powers of children. For this reason, "the task of the teachers was to make the children obedient to their parents, obedient to the laws of the country and to the Sovereign, gentle in their morals, modest and pure in their lives, and, above all, devoted to God". In this way, industrious, pious, and law-abiding citizens would be formed.<sup>35, 36</sup> At the end of the 19th century, the so-called "national" education, which aimed to the formation of a national identity and consciousness against the other Balkan nationalisms, was added to the "moral and religious" education.<sup>37</sup>

The foundation of charitable institutions served the same goals as elementary education schools. The municipal charitable institutions, like the philanthropy of individuals, intended to achieve social peace, not social equality. The charitable institutions pursued the moralization of children and adults, in order to prevent their pauperization, which could turn into a threat for the social order, by providing elementary and professional education to poor and abandoned children and propagating the dominant social values and attitudes (e.g., hard work, saving, etc.) to both children and adults.<sup>38</sup>

However, there was the exception of hospitals, whose establishment was concerned with the ensuring of physical health, instead of moral.<sup>39</sup> Public health protection was a crucial issue for the existence of the new Greek state because it was connected to the well-being and, therefore, the growth of its population. Moreover, sanitation and public health were essential for the urbanization process of society. For that reason, municipalities, with the assistance of municipal police and physicians, were responsible for disease prevention and medical treatment in their region. Even the organization of the urban space by municipalities had as a priority to ensure the public health.<sup>40</sup>

Nevertheless, the "welfare city" did not become a reality, despite the efforts of the municipalities to fulfill their social role, due to their financial problems. The Municipal Law specified that the utilization of municipal property should be the main source of municipal revenue. Yet, the lack of property for most of the municipalities and the inadequacy of revenue from the imposed indirect and direct taxes developed into a chronic problem.

The cooperation of municipal authorities with philanthropists in the foundation of charitable institutions was a way to overcome the issues in financing such institutions. Usually, philanthropists would donate part of their property to these institutions and the municipalities, along with the budgets to contribute to their operation. However, social problems were not always a sufficient motive for the upper class's philanthropy; instead, it was the need to maintain an unemployment rate that would keep the wages low that motivated them.<sup>41</sup>

Of course, during the years 1836-1847, a municipal tariff was legislated, which allowed municipalities to impose indirect taxes on the local consumption of foods, cereals, and commodities (excise duties; *diapylia teli*). Unfortunately, these indirect taxes proved successful only for urban municipalities because their inhabitants did not have great latitude in self-sufficiency and, therefore, could not evade excise duties. Additionally, the levy of excise duties was more efficient in big developing seafront cities, because they could impose lower rates on more goods, without, however, preventing the local economy from growing and almost without increasing the cost of living. Such cities were the big urban centers of import-export trade, including Piraeus, Patras, and Hermoupolis of Syros.

Excise duties did not only provide financial means to big, developing seafront cities but also became a way of redistribution of income at the local and regional levels. Municipal authorities, which had the responsibility of determining the taxable goods and the prices on which excise duties were calculated, generally practiced a dual tariff policy. This policy consisted of the fact that, on one hand, the municipal authorities registered in their records lower prices for the goods produced within the boundaries of their municipalities, compared to the prices of the goods imported to be consumed in them. On the other hand, the municipal authorities registered higher prices for luxury goods and lower prices for essential food goods, in comparison to local market prices.

Seafront municipalities were also able to multiply their excise duties revenues, by taking advantage of their position in a country where land transport was almost non-existent to levy municipal duties on goods transiting, or simply passing through their borders. Yet, the law categorically stated that these goods could not be taxed since they lacked the necessary characteristic for the imposition of such duties, which was their consumption in the local market. Consequently, urban municipal authorities, through the municipal tariff, could redistribute, in favor of weaker citizens, part of the income they derived from local consumption, and in some cases (e.g., seafront cities, cities that were the seat of a province/prefecture or custom offices) from the consumption of the rest of the municipalities in their region, by providing social services.

During Trikoupis' period, the Greek state attempted four times to replace excise duties with duties on imported goods in order to solve the financial problems of local government organizations. This reform intended to abolish an indirect municipal tax which, instead of reversing the inequalities in urban development that followed the transformation of the Greek economy, intensified them.

Eventually, none of the above four proposed bills were passed; most of the municipal authorities that had taken advantage of the excise duties declared themselves against their abolition mostly because they were apprehensive of losing their financial autonomy if the municipal indirect taxes were replaced with public ones on imported goods. These apprehensions were based on the certainty that the government would share out the revenue among the municipalities, founded on political and not economic criteria. The failed attempts to improve the finances of local government organizations played a part in the widening of inequalities in urban development up until the end of the 19<sup>th</sup> century, while the main reason for this evolution was the decline of all urban export centers after the outbreak of the raisin crisis. The immediate result of this development was a further diminution of the number of municipalities that could carry out their social role and provide a minimum of welfare services to their population.<sup>42</sup>

Venizelos' government attempted to improve the finance of the local government organizations by passing a new Municipal Law in 1912. According to this law, direct municipal taxation should be the main source of revenue. However, the derived revenue from excise duties remained

significant until their complete abolition in 1948, even though municipalities had been relieved from funding primary schools and police departments and just retained the responsibility of charitable institutions.<sup>43</sup>

In conclusion, the implementation of the two Municipal Laws proved that the “welfare city” could only become a reality if the municipalities ensured their financial self-sufficiency. The state policy, however, moved in the opposite direction; instead of ensuring regular municipal revenue, it subordinated the municipalities to the state budget. Ergo, local government organizations depended totally on the state, which continued to be interested in social peace and order, along with the control of urban space,<sup>44</sup> rather than social equality and the overthrowing of unequal urban development.

## Notes

1. FEK/Government Gazette, Law “On the establishment of Municipalities” (Municipal Law of 27/12/1833), no. 3/10 [22].1.1834. See also Kotea, 2007.
2. Kontogiorgis, 1982: 149-173, 204-226, 390-404.
3. During Turkish rule, the Greek communities were responsible for the allocation and collection of direct taxes from their members on behalf of the Ottoman administration. In return, they were allowed to manage their own affairs. However, Greek orthodox communities functioned as organizations of local government, even though they had no legal character.
4. FEK/Government Gazette, Law “On municipal schools”, no. 11/3 [15].3.1834.
5. See the Circular letter of the Prefect to the Mayors of Attica and Aegina dated 20/4/1867, Historical Archive/Municipality of Piraeus, folder 1867C/2 Education.
6. FEK/Government Gazette, a) no. 8/11.1.1888, Law 1641 “On the Establishment of a Primary Education Fund»; (b) no. 88/29.3.1891, Law 1941 “Amendment of Law 1641 on the Primary Education Fund»; and (c) no. 286/18.8.1892, Law 2085 “On the Organization of schools of elementary education and the abolition of the Primary Education Fund».
7. Municipalities allocated a percentage of the income derived from the professionals’ tax to primary schools, as well.
8. FEK/Government Gazette, no. 97/4.4.1891, Law 1956 “On Provincial Councils”.
9. FEK/Government Gazette, no. 243/31.8.1891, Royal Decree “On the contribution of the municipalities for municipal education”.
10. The law “on elementary schools” defined as part of the teachers’ monthly wage the provision of a residence, a garden, or cultivable land (Articles 2 and 25).
11. FEK/Government Gazette, no. 64/16.3.1920, Law 2125 “On the abolition of the contributions of municipalities and communities for the expenses of Elementary Education and the Police and reforming the laws on municipal excise duties”.
12. See Diligiannis & Zinopoulos, 1861: 463, Filimon, 1893: 608.
13. See Diligiannis & Zinopoulos, 1861: 254.
14. FEK/Government Gazette, no. 72/6.12.1836.
15. These indirect taxes on local consumption were known as “excise duties” (*diapylia teli*) because they were collected at the entrances of the cities.
16. See Filimon, 1893: 608-609.
17. See a) Argyropoulos, 1859 (b): 185-186 , b) Diligiannis & Zinopoulos, 1861: 465.
18. FEK/Government Gazette, Law 4057 “On the establishment of municipalities and communities”, no. 58/14.2.1912.

19. FEK/Government Gazette, Forced Law 965 "On the organization of nursing and health institutions", no. 476/24.11.1937.
20. See Tsoukalas, 1985: 514.
21. Periklis Argyropoulos (1809-1860) was born in Constantinople. His father was Iakovos Argyropoulos, who came from an old Phanariot family and had served as a Grand Interpreter of the Ottoman state. His mother was Maria Soutsou, daughter of Michael Soutsos, ruler of Wallachia and Moldavia. He studied law in Paris. He was a professor at the University of Athens from 1833. In the period 1838-1841, he was the dean of the law school, while in the period 1852-1853 he was the rector of the University. He was also a member of the parliament several times and a minister in Mavrokordatos' government (1854-1855). In 1843, he published the monograph entitled: "Municipal Administration in Greece". It was followed by a second edition in 1859, which included 2 volumes.
22. See Argyropoulos, 1859 (b): 144-191.
23. Ibid, p. 149.
24. Ibid, p. 144, 146, 154, 182.
25. Ibid, p. 146, 148, 155.
26. Ibid, p.182.
27. In the municipal budgets of 1858, there were registered 207,311 drachmas for hospitals and charitable establishments, 70,523 drachmas for doctors' salaries and the treatment of the poor, 30,601 for poor relief, and 51,653 for feeding abandoned infants. See Argyropoulos, 1859 (b): 186-187.
28. See Kokkinakis, 1999: 87, 106-107 comparable mindset concerning orphanages.
29. Argyropoulos included Mavrokordatos' circular letter in his monograph because he stated that it was the only document on such a significant issue on municipal welfare. The circular letter is dated 7/1/1855. See Argyropoulos, 1859 (b): 162-164.
30. The Municipal Law of 1833 (Article 34) enacted the offer of personal labor in municipal projects. In 1852, the law "on road construction" turned citizens' personal labor compulsory, though they had the option to pay for daily wages instead of offering their labor. FEK/Government Gazette, Law 206 "On road construction", no. 39/6/9 1852, Articles 14-18.
31. Also see Kokkinakis, 1999: 94 on the matter of seasonal unemployment.
32. This opinion was a commentary by Argyropoulos in the circular letter of Mavrokordatos. It must also be mentioned that the lower the construction costs of municipal projects, the greater the profit for the municipality from their utilization.
33. In the Ottonian period, begging was a criminal offense and it was the duty of municipal police to suppress it. See FEK/Government Gazette, no. 85/31.12.1836, Royal Decree "On municipal police", Article 46.
34. During the revolution, all adult men could vote because it prevailed the democratic conception of political rights. After the establishment of Otto's absolute monarchy, the liberal conception of political rights was adopted, according to which the right to vote was exercised only by those with sufficient property or income. The system of limited voting applied to municipal elections (1835-1864), while the constitution of 1844 established almost universal suffrage in parliamentary elections. After Otto's deposition, the democratic conception was restored and the constitution of 1864 established universal suffrage both in municipal and parliamentary elections.

35. Quotation from a Circular letter of the ministry of Ecclesiastical and Public Education to teachers for the purposes of primary education. See Koulouri, 1988: 176-177. Also see a) Tsoukalas, 1985: 510-526, b) Green, 2010: 221-273.
36. Also, technical education aimed the moralization of children through work.
37. Koulouri, *ibid*, p. 70.
38. Korasidou, 2000: 81.
39. See Sapounaki-Dracaki, 2005: 92-97 for the organization of public health in Greece.
40. FEK/Government Gazette, Royal Decree "on health construction of cities and towns", no. 19/15 [27].5.1835.
41. See Kokkinakis, *ibid*, p. 90-91.
42. See a) note no. 11, b) note no. 18, c) Kotea, 2007: 93-121.
43. See a) FEK/Government Gazette, Forced Law 843 "On the abolition of taxes on the circulation of goods and on the replenishment of the revenues derived from abolished taxes", no. 319/20.12.1948, b) Dendias, 1948: 14-17, c) Kotea, 2014: 126-166.
44. The Minister of the Capital city and the General Governor of Macedonia placed the municipal authorities of the most populous urban areas of the country (i.e., Athens-Piraeus, Thessaloniki) under the strict guardianship of the dictatorial Metaxas government. See Kotea, 2014: 241-243.

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