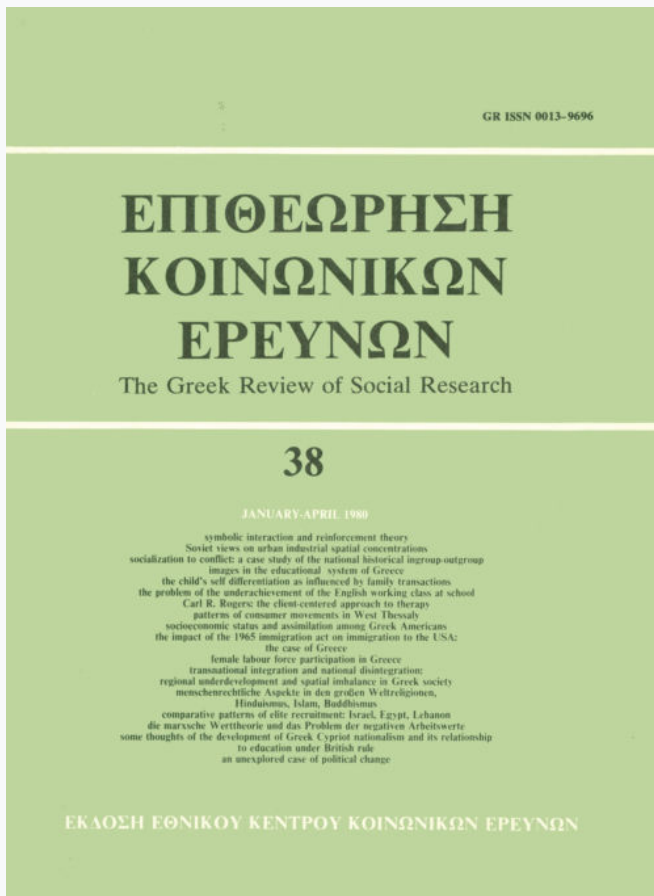


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## Transnational intergration and national disitegration: Regional underdevelopment and spatial imbalance in Greek society

Mary Evangelinides

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# transnational integration and national disintegration

*regional underdevelopment and spatial  
imbalance in Greek society*

by  
**Mary Evangelinides**

## ABSTRACT

An attempt has been made to demonstrate that Greek space is characterised by an inter-sectoral, inter-regional and intra-regional duality as well as by a highly disintegrated economic structure. The above evidence was used to contest the assumptions of the classical location theories of Weber, Isard, Christaller, Lösch and Alonso, who emphasised the existence of a homogeneous and balanced distribution of physical and human resources in space; and the assumptions of the theory of inter-regional flows of factor movements of Lutz and Richardson, who attributed to these flows virtuous effects in relation to inter-regional imbalance.

A further conclusion drawn from the historical development of the Greek socio-economic spatial structure was that until 1922 there were no definite national boundaries. Consequently, the conventional disequilibrium models of regional distribution of resources, which tend to abstract national space from the wider international context, would impede identification of the relation between what we have called *transnational integration, national and regional disintegration of socio-economic structures in Greece*. For such reasons it was claimed that the models of centre-periphery and dependency theories, suggested by Friedmann, Frank, Amin and Sunkel, would prove more relevant for analysing Greek socio-economic space.

By employing these models, we have demonstrated that urban and regional polarisation in the modern Greek State was caused by a new system of authority-dependency relations which was grafted onto a pre-capitalist «traditional» system of society, and which radically transformed the spatial organization of the existing urban system. The new national élites, in close partnership with foreign capital, amassed a growing proportion of the nation's wealth. Moreover, the new import-substitution industrialisation policies implemented by the élites contributed to the growing primacy of the Athens region, where processes of «circular and cumulative causation» sustained accelerated growth. Thus, a vicious circle of cumulative disequilibrium was set in motion, which produced a type of *urbanisation without industrialisation* with its concomitant phenomena of «involution» and «ruralisation».

The conclusions of our research pointed to a structural heterogeneity that suggests five different levels of technology, organization and social relationships within the major economic sectors of Greece's socio-economic formation.

## introduction

Unlike other Western European countries which by 1870 had already entered their modern industrial stage, Greece joined the process of industrialisation only after becoming an independent State in 1832. Its progress towards a capitalist economy took a great step forward in the 1920s with the arrival of more than a million Greek refugees from Asia Minor,<sup>1</sup> but showed concrete achievements only after World War II with the assistance of massive American aid in the 1950s.

Some of the basic features of contemporary Greek society were established while the country was under the rule of the Ottoman Empire. In the pages to follow, we shall elaborate on the Greek socio-economic structure in that period, attempt to trace the causes and origins of some of these basic features of underdevelop-

1. In 1922, after the Asia Minor defeat of the Greek army by Kemal Atatürk's nationalist forces, which put a final and fatal end to Greek irredentism.

ment, and explain why they have persisted in contemporary Greece.

Although regional imbalances, inequalities and structural, socio-economic weaknesses are experienced in many countries, they are most characteristic of the developing ones. Dual societies and economies exist mainly in Africa, Asia, Latin America and South European countries, where the process of development and modernisation was not gradual, and where the predominant influences are still core-periphery relations and patterns of dependency.<sup>2</sup>

A country's relevant structures and institutions can only be defined through a close study of the historical process of their formation and transformation. To understand the present, it is necessary to review the formative periods of the past and the heritage from times which have contributed significantly to the present shape of these societies.<sup>3</sup>

It is within this frame of reference that an attempt will be made here to show how the «Greek drama» evolved.<sup>4</sup>

### Greek diaspora communities and cosmopolitan capital

For five centuries (1453-1922), the socio-economic space of Greece was scattered over the Mediterranean in Greek diaspora Communities as far apart as Livorno, Trieste, Vienna, Marseilles, Odessa, Constantinople, Smyrna and later Alexandria.

For the first two-hundred years (15th and 16th century), the Greek provinces suffered depopulation and decline. In the south of the Balkan peninsula (Central Greece, the Peloponnese and the islands), the great majority of the population was ethnically Greek. The north (Epirus, Thessaly, Macedonia, Thrace) was made up of an ethnic mosaic: Greeks, Serbs, Slavs, Vlachs, Turks, Jews, Armenians. They were living together peaceably and all subject to the rule and law of the Sultan. The economy was a backward type of agricultural production geared mainly to domestic consumption.<sup>5</sup>

2. See Literature on dependency theory by Amin, Bianchi, Furtado, Girvan, Sunkel, *Social and Economic Studies*, Vol. 22, No. 1 (March 1973).

3. See O. Sunkel, «Methodological Suggestions for the Study of the development of the Countries of the European Periphery», Background paper to the Workshop on the European Periphery, *IDS*, Nov. 24-26, 1977.

4. The term «Greek drama» is used here with the explicit intent to show the similarities between the Greek case and the «Asian drama» analysed by Myrdal in *Asian Drama: An Inquiry into the Poverty of Nations* (Penguin Books, 1977).

5. See C. Tsoukalas, *Dependence and Reproduction: The Social Role of Educational Institutions in Greece 1830-1922*, Themelio, Athens, 1977.

The social organization reflected the predominant form of land ownership. There were two types of land holdings. In the fertile plains of Eastern Thessaly, Central Greece, North Euboea, Eastern Macedonia and Thrace, the land was not broken up and the large land holdings (*chifliks*) belonged to Turkish overlords who had Greek, Serb or Slav peasants as tenants to cultivate the soil. The peasants lived like serfs (*koligos*) in a closed economy and society, isolated from the rest of the world and from all economic monetary transactions. These regions did not develop any trade or handicraft activities, nor did they experience migratory movements or population losses.<sup>6</sup>

The second type of land holdings was commonly found in the mountain regions of Epirus, the Peloponnese, Western Thessaly (Pilion), and the islands, where each family owned and cultivated a small plot of land which was quite insufficient to meet the needs of the local population, and which was soon exposed to monetarised forms of economic relations and transactions. It was there that the first kefalochoria developed a communal type of social organization. In order to cope with adverse economic conditions, these villages evolved a mixed open economy and became gradually oriented towards trade, handicraft and intercontinental transport and shipping which soon resulted in migratory flows and population movements.<sup>7</sup>

Both of these forms of society were to be found in the Greek regions of the Ottoman Empire, which were predominantly rural. The urban sector of the economy centred on Constantinople, where a substantial number of Greek craftsmen, tradesmen, Church and State officials (phanariotes) were working for the Ottoman court and army.

Since population statistics for the above period are both rare and unreliable, no quantitative data can be given and our presentation must remain descriptive.

The 17th and 18th centuries saw a change in the spatial distribution of population and economic activities. The rapid development of the community-type villages in the mountain regions of the Balkan peninsula was based on export trade in domestic production of agricultural and handicraft products such as woven cloth, silk, woollen textiles, furs, wheat, sailing ships, and raw materials. A three-fold development simultaneously promoted domestic production, export trade towards the West, and a network of trade routes passing from the main trade centres and ports of Epirus and Macedonia through Albania and Serbia, to reach the main European centres at Vienna, Budapest, Trieste, Livorno etc. It was in those cities that the phenomenon

6. See C. Tsoukalas, «Greek Countryside-Land Property System and the Development of Social Classes», in *op. cit.*, p. p. 69-84.

7. *Ibid.*, «Spatial Distribution of Migratory Movements», p. p. 112-123.

of Greek travelling merchants emerged, who gradually founded settled Greek trading houses in the centres of Western and Central Europe.<sup>8</sup>

During the period 1650-1850, these first Greek diaspora communities in West and Central Europe—composed of merchants, bankers, financiers, and students (the first Greek bourgeois class)—were estimated to be around 1.5 million strong. This was certainly much more than the number of Greeks living in mainland Greece. (In this context, mainland is used to mean the Greek regions of the Peloponnese, Central Greece, Epirus, Thessaly, Macedonia, Thrace, and includes the islands.) It was mainly from Epirus, Macedonia and Thrace that young Greek merchants emigrated to Europe to join the ranks of the diaspora Greeks in Vienna, Marseilles, London and Trieste.<sup>9</sup>

It was in this way that the first round of Greek mercantilistic capital accumulation started, containing also the germ of national proto-industrial capital accumulation, since its activities promoted local crafts and small-scale manufacturing activities. But this was not able to withstand the competition from British industrial products when the latter began to make their appearance in the international market. At the turn of the 18th and early in the 19th century, this incipient Greek manufacturing was pushed out of business, and was obliged to change its spatial and structural orientation towards new markets and new activities.

The following Diagram shows how the Greek mainland regions were incorporated into the European capitalist system through the activities of Greek merchants along the trade routes to Europe.

At the beginning of the 19th century, these communities lost their importance and autonomy and became gradually absorbed into the European society of the receiving country. This was due to the changes in the structure of international trade and production, required by the tough competition of English industrial products, which dealt a fatal blow to the young Greek proto-manufacturers. From that time on, a spatial change in population movements shifted the Greek migratory flow towards the East. Young migrants now left the villages of the Peloponnese, Thessaly, Epirus, Western Macedonia and the islands, to migrate to the ports and towns of Roumania, Southern Russia, Asia Minor and, towards the end of the century, to Egypt.<sup>10</sup>

The Greek merchants now played the role of intermediaries, as promoters of English, French and German industrial products in the periphery of the world system, i.e. in Turkey, Southern Russia and Egypt. The

Western powers now needed to find new outlets for their industrial products in the Middle East markets, and the Greek merchant, who was competent in the work, was only too glad to play the part of middleman. The second round of Greek mercantilistic capital accumulation had set in, but it was never channelled into industrial capital accumulation.

It is estimated that there were about two million Greeks in Asia Minor at the beginning of the 20th century, more than half of them belonging to the urban sector. Southern Russia in 1920 had 800,000 Greeks employed in rural occupations, most of whom were gradually assimilated into the local population. Roumania during the period 1820-1860 had 40,000 Greeks, also to be gradually assimilated.<sup>11</sup>

Finally, in Egypt in the 1920s there were 200,000 Greeks with urban occupations. They played the role of the *pieds noirs* in Africa and were instrumental in shaping the economic life and destiny of the young Greek State.<sup>12</sup>

Together with the Asia Minor Greek bankers and entrepreneurs they became cosmopolitan and comprador capitalists *par excellence* orienting their operations and investment in the home country along the same pattern as they followed in Turkey and Egypt: the purchase of chiflik land, the promotion of shipping, the provision of loans to the Greek government at usurious interest rates, participating in the financing of public works, representation of foreign companies and interests in Greece, exporting agricultural and mining products to European markets and importing and promoting European industrial products in the Greek market.

At the beginning of the 20th century, the number of diaspora Greeks in the Middle East was greater than that of Greeks living in the young independent kingdom. It was they who were the main architects of a Greek State run by a large State administration characterised by clientelism and inefficiency, and possessing all the classical features of underdevelopment seen in most formations of peripheral capitalism. This meant that the State's ability to pursue social goals was hindered by extensive clientelism; by Greece's political and economic dependence on the Great powers who now closely controlled its internal politics and economic policies; and by the big diaspora and Greek cosmopolitan capital which had and still has an outward-looking orientation.<sup>13</sup>

A schematic structuralist analysis of Greece during the age of economic liberalism (1830-1922), when pre-industrial Greece and its diaspora communities were

8. *Ibid.*, «The Development of Greek Diaspora Communities», p. p. 269-286.

9. *Ibid.*, «Size and Orientation of the Waves of Rural Exodus», pp. 108-109.

10. *Ibid.*, pp. 269-186.

11. *Ibid.*, pp. 287-301.

12. *Ibid.*, pp. 287-301.

13. See N. Mouzelis, «1830-1880: Underdevelopment», in «The Development of Greek Capitalism: An Overall View», *Greece-Facets of Underdevelopment*, MacMillan, 1978.

FIGURE 1. *Incorporation of Greek Regions into the European Capitalist System*

17th-18th century  
Age of mercantilistic  
capitalism

Emergence of Greek proto-  
manufactures and diaspora  
communities in Europe

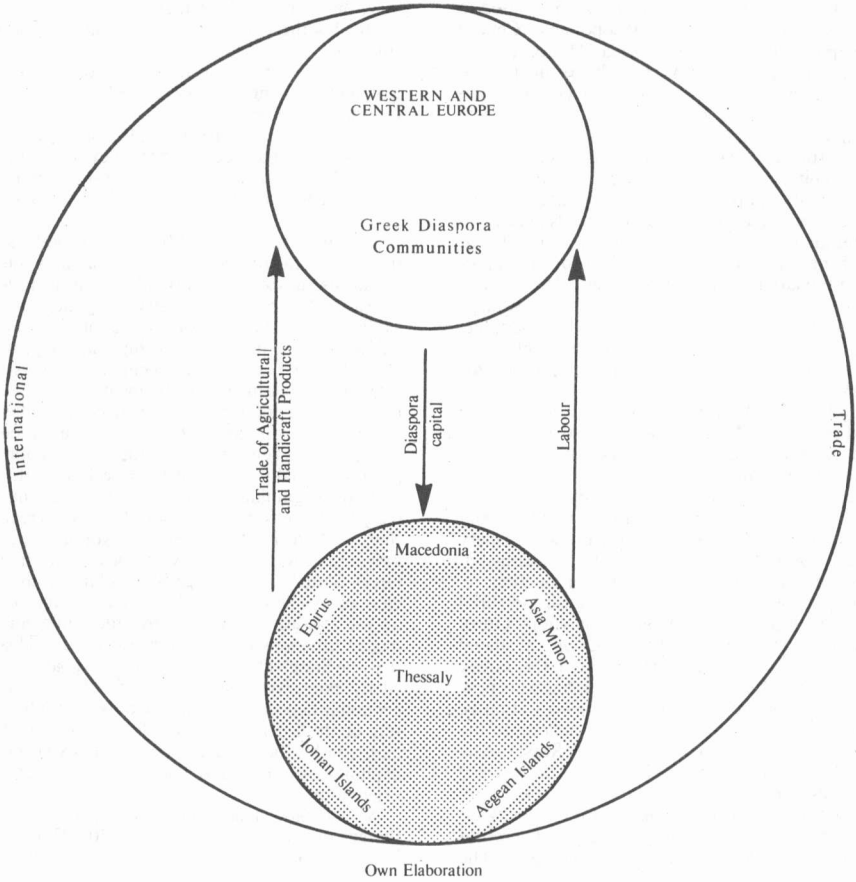
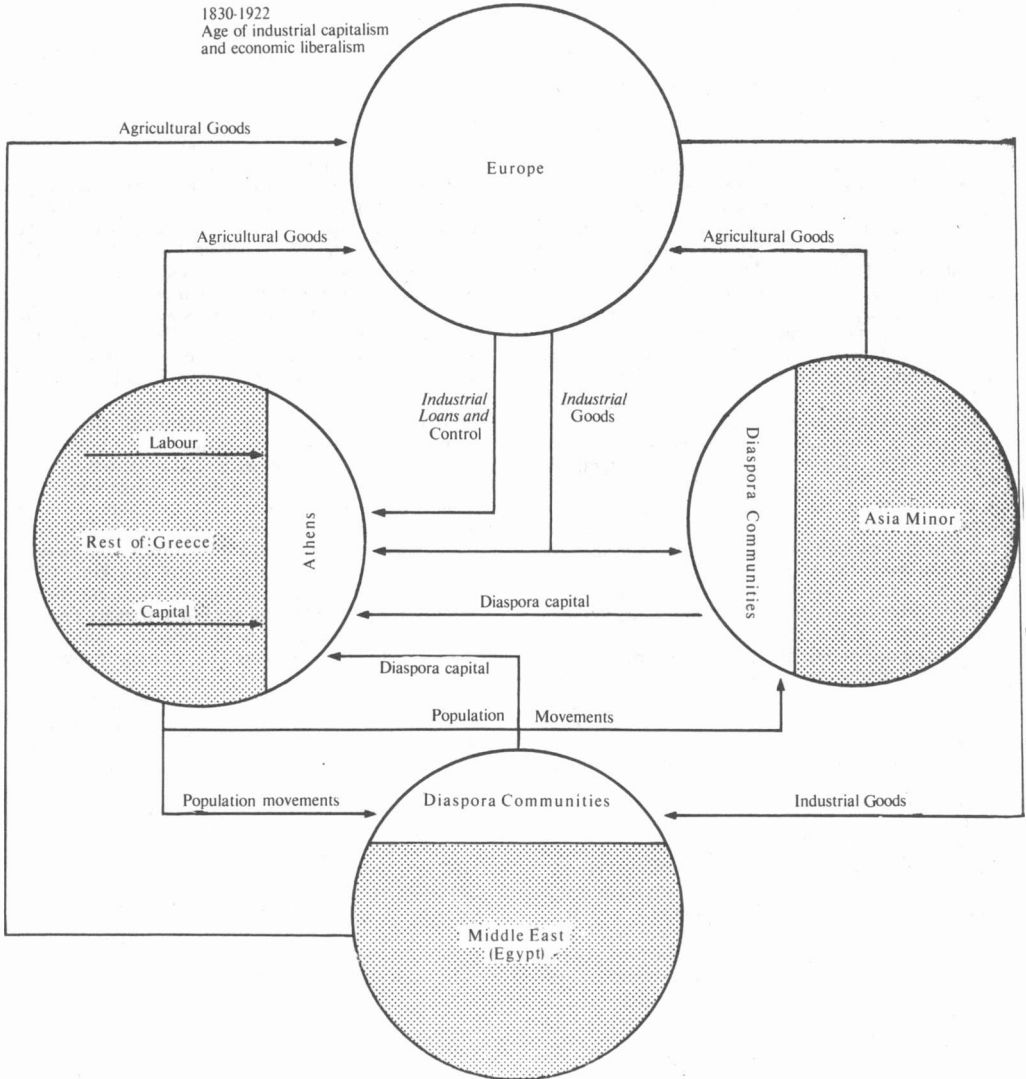


FIGURE II. *Incorporation of Middle East into the Peripheral Capitalistic System by the Intermediary of Greek Diaspora Communities*



Own Elaboration

already in the periphery of the world economy, is given below.

### post-industrial Greece in the periphery of the world economy (1922-1977)

#### *The Period of Industrialisation, 1922-1950: The Model of Capitalist Dominance and Growing Marginalisation Phenomena*

1922 was a fateful year in the history of modern Greece which saw the Greek army's disastrous defeat by Kemal Atatürk's nationalist forces in Asia Minor. It spelled the final end to Greek irredentism and to the «Great Idea». In 1922, the pretty well final boundaries of the Greek State were established, and the more than a million Greek refugees who poured into the country as a result of the Asia Minor defeat were to have dramatic consequences for the Greek socio-economic structure. Inevitably, this sudden mass influx created severe disruptions in a population of only five million, and problems which required immediate solutions.<sup>14</sup>

Since not all of the refugees could be given land to settle, a great many of them remained in the large urban centres (especially in Thessaloniki, Komotini, Drama, Serres, Kavala, Volos, Xanthi, Heraklion, Mytilini and Chios apart from Athens and Piraeus)<sup>15</sup> and constituted a relatively skilled labour force at the disposal of Greek capital. Among those of them who came from the urban élite, many had occupied important positions in the Asia Minor communities industry, trade and finance. With the savings they managed to bring they became much needed contributors to the industrialisation of the Greek economy, starved of entrepreneurs and industrial capital. An enormous influx of foreign funds—government loans from abroad, private investments in public works, international aid for the refugees etc.—was soon to be added to this refugee capital. With it came increasing domination and control of the Greek economy by foreign interests.<sup>16</sup>

But despite all these changes Greece remained a predominantly agrarian country, though fear of social revolution due to mounting refugee pressure brought some hasty reforms. In 1923, the Venizelos government decreed the expropriation of practically all large estates (public, private or Churchowned) and their distribution to landless peasants. The country's very low ratio of arable land and the consequent rural overpopulation meant the creation of extremely small

holdings utterly insufficient for adequate subsistence, and the widespread parcelling-out of the land only added to the peasantry's economic plight. Some surplus population had been drained off by mass emigration to the United States, but on the Whole agrarian underemployment was intensified and, by keeping the capital-labour ratio extremely low, contributed to perpetuating the very productivity of agriculture. Besides, no large agricultural production units existed to introduce more modern techniques.<sup>17</sup>

At this point in time, the capitalist mode of production became dominant in Greece, even if this was not marked by any spectacular statistics. Even today, large capitalist enterprises in Greek industry employing wage labour to any large extent are very few compared to the myriad small family-based artisanal units. In any case, the industrial sector as a whole was less important until the late fifties than the agricultural or the tertiary sector, in terms of labour employed as well as in respect to its contribution to the GDP.<sup>18</sup> Despite the rapid development of industry until the outbreak of World War II, heavy industry even now is notable for its absence.

Statistical data show the structure of the Greek economy in the inter-war period to have been as follows. In 1920, there were 2,213 industrial units which employed a total of 130,777 workers between them, but 1,188 of these units had only up to 5 workers, 743 up to 25 workers, and a mere 282 more than 25 workers. In 1928, a mere 33% of the population were salary or wage earners of any kind; 61% worked on their own account, and 6% were employers. In the same year, 68% still worked in primary production, 15% in some form of industry, mines and transport, and the remaining 17% in trade, public and other services.<sup>19</sup>

Although the above economic structure had changed substantially by 1970, Greece—as we shall demonstrate in the next chapter—still exemplified most of the classical characteristics of distorted capitalist development.

The inter-war period brought Greece several problems such as the relocation of uprooted peasants, disastrously bad harvests in the years 1929-1931, and a rapid drop in international demand for agricultural luxury crops such as tobacco and currants which were Greece's main exports. All these contributed to the intensification of the agricultural difficulties and to a growing trade deficit.

In such conditions no rapid industrialisation was

14. See N. Mouzelis, «1922-1960: Capitalist Dominance and underdevelopment», in *op. cit.*

15. See B. Kayser, «The Situation in 1928» in *Human Geography of Greece*, National Centre of Social Research, Athens, 1968, pp. 31-34.

16. See N. Mouzelis, *op. cit.*

17. See C. Tsoukalas, «The Creation of the Bourgeois State (1900-1922)», in *The Greek Tragedy*, Penguin Books, 1969, pp. 36-37.

18. N. Mouzelis, *op. cit.*

19. C. Tsoukalas, *op. cit.*

possible, and the Greek industry's dependence on imported capital goods further aggravated the unfavourable trade balance. Private Greek capital went mainly into light industry, and even that only on a very small scale. This was to become one of the fundamental characteristics of the Greek economy after World War II. While enormous amounts of Greek-owned capital were profitably invested abroad, lack of capital at home and the reluctance of Greek entrepreneurs to invest in industrial activities obliged (and still obliges) Greece to depend on foreign capital and technology to fill the gap.<sup>20</sup>

The mechanisms which brought about such distorted capitalist development were vast State subsidies to big industry as well as outrageous credit facilities and a blanket tariff protection which made it possible for totally inefficient industrial companies to attain quasi-monopolistic positions despite their shortcomings. Furthermore, indirect taxation penalised mostly small incomes and created further disruptions in an already heterogeneous social structure. The consequent ever-growing inequalities and the marginalisation of small-commodity producers and farmers which accompanies the dominance of the capitalist mode of production in peripheral social formations became the chief features of Greece's type of capital accumulation.<sup>21</sup>

These processes towards distorted capitalist development confirm Quijano's argument that

The historical process of transnational integration and national disintegration in underdeveloped countries leads to a socio-economic structure whose character is that of dependency. Its main characteristic is that each of the new sectors of production and new formations which appear as hegemonic (leading modern sectors) at any moment of the process of capitalist expansion, are not the result of an organic development of those pre-existent sectors and formations in the underdeveloped countries' socio-economic formation itself, but derive from the dominant formations of the overall system and are, therefore, grafted onto the previously existing production matrix.<sup>22</sup>

A schematic structural and spatial analysis of Greece's transnational integration and national disintegration in the period between 1922 and 1955 is given below. Figure III shows the model of capitalist dominance and the growth of marginalisation phenomena in Greece. During this period, Greece's economy was peripheral to the European core countries and only to a very minor extent to that of the United States.

20. *Ibid.*, «The Failure of Democracy (1922-1940)», *op. cit.* pp. 46-47.

21. Mouzelis, in *op. cit.*

22. See Annibal Quijano Obregon, «The Marginal Pole of the Economy...», in *Economy and Society*, Vol. 3, No. 3, Nov. 1974.

*Features of Peripheral Capitalism and the Appearance of the Multinationals: The Post-War Period*

A completely new phenomenon appeared after the end of World War II and conditioned much of Greece's subsequent history. This was the economic, political, military and ideological influence of the United States on the country's affairs, which replaced the formerly predominant presence and influence of Great Britain.

More recently, and particularly since 1974, Greece's entrance as a full member into the EEC's integrated economic system has become a main government concern and a highly controversial political as well as economic issue.

Until the late fifties, and despite the fast growth of the economy and the capitalist mode of production having become dominant in industry, Greece still showed many of the classical features of underdevelopment which characterise most peripheral capitalist formations: low-productivity agriculture, a swollen and parasitic service sector, and an industrial sector incapable of either absorbing unemployed agricultural labour (which consequently left for the United States, Australia or Germany) or of expanding into the production of capital goods.

With respect to this last point, all the State's development efforts and investment incentives for the rapid industrialisation of the Greek economy could not persuade Greek capital to enter the key manufacturing sectors of the economy, such as metallurgy and chemicals, the growth of which has such very far-reaching positive effects on the rest.<sup>23</sup> These key sectors were left to foreign capital which, taking full advantage of the enormous privileges granted it by the Greek State, now strongly invaded the dynamic key industries as well as other crucial sectors such as banking, insurance, construction, engineering and trade.

The heterogeneity of Greece's economic structure is very similar to the model developed in 1973 by Sunkel, who suggested four main categories in the economic structure of peripheral countries as interacting in the process of production and accumulation, each sector providing the others with inputs and outputs, and the whole process working to the advantage of the foreign sector and the detriment of the marginalised one.<sup>24</sup>

- (1) *The foreign sector*: monopolistic level, hegemonic, leading dynamic firms, multinationals and foreign control.
- (2) *The public sector*: State ownership or control.
- (3) *The national modern sector*: intermediate competitive level, national private companies, sector-led firms.

23. See N. Mouzelis, *op. cit.*

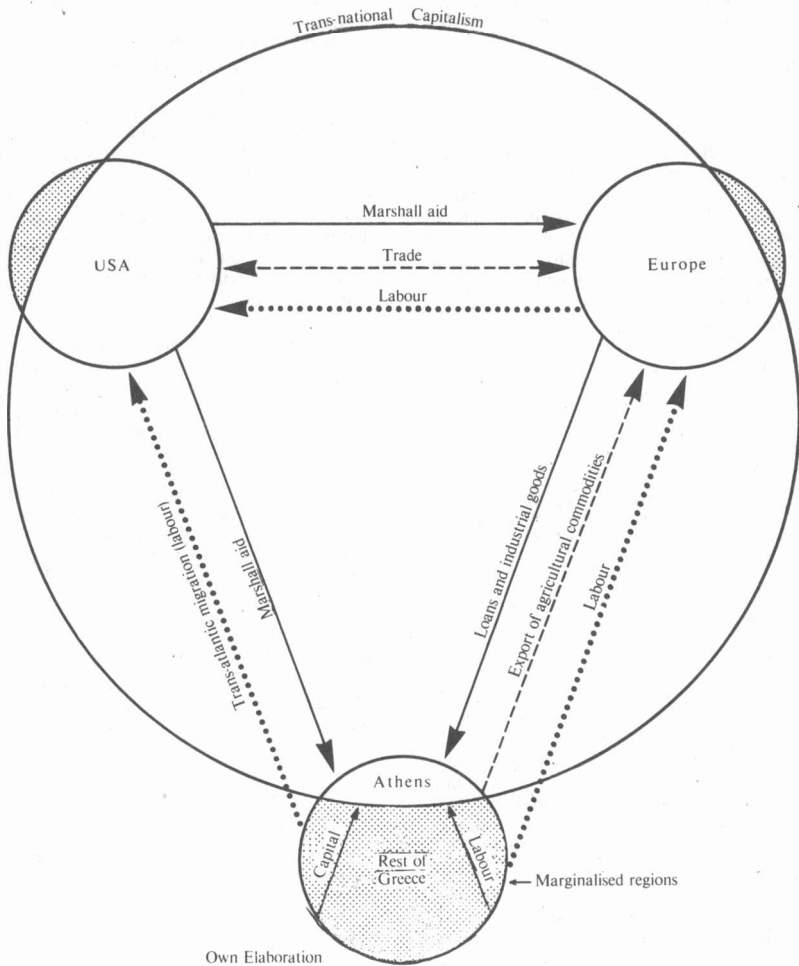
24. See Sunkel, «Transnational Capitalism and National Disintegration in Latin America», in *Social and Economic Studies*, Vol. 22, No. 1 1973.



FIGURE III. *Processes of Capitalist Dominance and Growth of Marginalisation Phenomena in Greece*

A schematic structuralist analysis of Greece's transnational integration and national disintegration would appear like the following:

First Phase (1922-1955)



(4) *The marginalised, traditional sector*: informal lagging sector and firms (agriculture, handicraft, personal services, small trade, unemployed, paupers).

For the case of Greece, the author has added another structural sector which should be placed between (3) and (4) above:

(5) *The intermediate sector*: informal lagging sector which absorbs a large share of the country's economic activity in terms of GDP and employment. It consists mainly of semi-manufacturing, artisanal and family units in production, distribution and personal services. In terms of organisation and productivity rates it resembles more the traditional marginalised sector of the Greek economy than the formal, organised leading sector of the national modern private or public sector.

As will be demonstrated in greater detail in the next chapter, this latest phase of Western imperialism is linked in Greece with a new phase of underdevelopment. This no longer reflects in a weak manufacturing sector, but is exemplified by the presence of a now technologically forward, dynamic and foreign controlled manufacturing sector with vast State privileges,<sup>25</sup> which is not, however, organically articulated with the rest of the economy. Because of this insufficient articulation between the different sections of the economy, the potentially beneficial growth effects of the dynamic (but foreign-controlled) sectors are not properly diffused over small-commodity agricultural and artisanal sectors, but to a large extent transferred abroad. Moreover, the penchant of Greek private capital for quick and easy profits has kept it in tourism, shipping, services and other comprador activities; only in a few instances has it entered industrial production, and then in the traditional branches of food, textiles etc.<sup>26</sup>

As discussed above, the peripheral character of the Greek social formation and economic structure produces *acute inequalities of income distribution and life styles*, which are reflected in a complex of *activities, social groups and regions* in the country, which conform to the developed part of the global system and are closely linked transnationally through many concrete interests, as well as by similar styles, ways and standards of living and by cultural affinities.<sup>27</sup>

These transnationally linked social groups are made up of rentiers, entrepreneurs and technocrats originating

mostly from the classes of agricultural and merchant (comprador) capital, as well as from the ranks of the rural and urban petty bourgeoisie. The magnitude of this high-income sector is a function, first, of the economic extent of its high-productivity activities; second, of its political ability to obtain a larger share of the incomes generated by that sector; and third, of its capacity for extracting part of the surplus value generated at the competitively organised national modern and intermediate level, as well as in the popular or low-income market, i.e. at the marginalised level—where the surplus value appropriated by the monopolistic and high-income sector comes from the low wages paid in the competitive and marginalised sectors.

Also demonstrated above were the mechanisms whereby the mass of the marginalised labour force not only contributes to capital accumulation by acting as an industrial reserve army, but also through its role of exploited consumer.<sup>28</sup> Capital thus accumulated is transferred by these means from the marginal pole to the intermediate level, thence to the monopolistic level, and from there the bulk is transferred to the metropolitan centres where the dominant groups of this level are based.

The pattern of inequalities of income distribution in Greece have been assessed as follows: 40% of the lowest income groups receive 9.5% of the national disposable income, whereas the 17% of the top income brackets receive 58%.<sup>29</sup>

Greece's peripheral character is further reflected in the cultural marginality of a *national* complement of activities, social groups and regions partially or totally excluded from the developed part of the global system, and thus left without any substantial links with similar activities, groups and regions in other countries.

It has been maintained here that the above social structure derives a large part of its dynamism from the influence of the central countries on the internationalised or integrated sector, and that this influence makes itself felt:

—*at the level of the productive structure*, through the massive and extraordinary dynamic penetration of the transnational conglomerate and its subsidiaries and affiliates;

—*at the technological level*, by the large-scale introduction of highly capital-intensive techniques;

—*at the cultural and ideological level*, by the overwhelming and systematic promotion and publicity of the super-consumption civilisation; and

—*at the concrete level of development-policies and strategies*, by the pressure of national and international public and private interests in favour of the production

<sup>28</sup> See Sunkel, «Inequality of Income Distribution and Life Styles», in *op. cit.*

<sup>29</sup> See D. Karageorgas, «The Distribution of the Tax Burden by Income Groups in Greece», *Economic Journal*, June 1973.

<sup>25</sup> The main body of legislation consists of Law 2687/53 «on the investment and protection of foreign capital». Several other laws complete the framework, such as Emergency Law 89/67 «on the establishment in Greece of foreign trading and manufacturing companies», or Emergency Law 378/68 on re-shipping companies. There are yet other laws which offer incentives for regional (1078/71 and 1312/72) or other development (4171/61 and 4458/65) which are used primarily by foreign firms to increase their power.

<sup>26</sup> See N. Mouzelis, in *op. cit.*

<sup>27</sup> See Sunkel, Amin and Frank, in *op. cit.*



of higher-income consumption goods and services, and the process of transnational integration.

A schematic structural and spatial analysis of Greece's transnational integration and national disintegration in the period between 1955 and 1975 is given below. Figure IV shows the model of peripheral capitalism and the appearance of multinationals in Greece at the time when a policy of the multinationals' expansion was pursued by the Great powers, and especially by the United States. During that time, Greece's economy became peripheral to the United States and Europe, and entered into trade relations with Japan.

The structural heterogeneity of the Greek economy overlaps with an equally heterogeneous class structure, so that internationally integrated and segregated groups appear among entrepreneurs, professionals, salary and wage earners, as well as a segment of the absolutely marginalised population.

Greece's class structure appears in fact quite similar to Frank's Latin American class structure along the lines of *grande bourgeoisie*, *medium bourgeoisie*, *industrial proletariat*, *petty-bourgeois middle class*, *marginal or floating population*, and *rural structure* (see Frank's detailed analysis of Latin American class structure).

The tables at the end of this section show the social stratification of Greek society classified according to major groups of individual occupations and structural (institutional sectors).<sup>30</sup>

Tables I and II show that out of a total of 27,284 *Employers, Managers and Senior executives*, only 11.7% are employed in the foreign high-income sector. This is the privileged, highly-paid class of managers and executives employed by foreign enterprises installed in Greece, and closely integrated with the developed part of the global system. This class also includes *grande bourgeois industrialists* who have entered into joint ventures with foreign companies. According to Frank,

It is the commercial and industrial bourgeoisie that has been solidly integrated into the coalition between imperialism and the national comprador and bureaucratic bourgeois partners and executors.<sup>31</sup>

The largest percentage, however, of employers and senior executives are in the national modern sector (46.6%). They are the national *grande bourgeoisie* (i.e. the national industrialists and entrepreneurs), as well as the *medium bourgeoisie* (i.e. highly-paid managers, executives and consultants) who are employed in the cor-

porate sector of the economy. The remainder (41.7%) are employed in the public sector, and are what Sunkel refers to as the organised middle-class executives and administrators of the more modern government activities, who enjoy a relatively high remuneration compared to the less organised bureaucrats in more traditional government activities.<sup>32</sup>

Out of a total of 208,833 *Professionals and Technicians*, only 4.8% are employed in the foreign sector. This too is a privileged highly-paid middle-class group of well-trained and efficient professionals, who are closely integrated into the developed part of the global system.

One-third of Greece's professionals and technicians (32%) are employed in the national modern sector. They are the middle class of the country's social structure, and frequently rewarded with high incomes, social security coverage and fringe benefits—never, however, attaining the level of remuneration of the professionals in the foreign sector.

As contended above, there has been a gradual absorption of local national enterprise into the multinational corporations or their disruption and displacement by foreign subsidiaries. Of course, such replacement of the national modern sector by transnational technology and organisation permits the incorporation of some professional and skilled manpower into the transnational sector, while displacing the rest—some into the intermediate sector, and the majority into the public sector.

The bulk of the professionals (56.5%) is employed in the public sector. Only a few of them, however, i.e. those employed in more modern government activities such as public corporations, are well trained and productive and enjoy a relatively high remuneration. The mass of public-sector professionals are in the more traditional government activities; they are insufficiently trained (mainly as public administrators), unproductive and badly paid, and constitute the *petty-bourgeois intellectual proletariat par excellence*.

The origins and causes of this supergrowth and overproduction of civil servants has been discussed already. The mechanisms which the Greek State developed and maintained during the 19th and early 20th centuries aimed at eradicating major unemployment and social pressures which had to be absorbed by the State, since the private sector could not take in the mass of unemployed. Since then the role of the State of super-employer has continued and even accelerated.<sup>33</sup>

32. See Sunkel, «Transnational Capitalism and...», in *op. cit.*

33. See Č. Tsoukalas, *Dependence and Reproduction... op. cit.*, where he argues that our higher educational institutions produce public administrators, accountants, and bank clerks in lieu of social scientists. He attributes this phenomenon to the intermediary role (*pieds noirs*) of the Greek diaspora in Asia Minor, Egypt and the Balkans during the 18th, 19th, and early 20th centuries. The system keeps reproducing itself still, though the proper conditions for it have long ceased to exist.

The intermediate formal sector absorbs only 6.7% of the professionals and technicians. These, together with the mass of civil servants, constitute the petty-bourgeois intellectual proletariat of the Greek social formation. They are badly trained and insufficiently paid, and it is their ambition to join the public and modern sectors of the economy.

Of the total of 249,808 *Clerical workers* (typists, cashiers, accountants, clerks, receptionists etc.), only 7.7% are employed in the foreign sector. They generally enjoy relatively good salaries, social security coverage, and fringe benefits, and are exposed to the methods and techniques of modern management and organisation imported into the country by the foreign subsidiaries. Their daily work, therefore, indirectly incorporates them into the developed part of the global system. They are considered to be the labour aristocracy of the urban petty bourgeoisie.

The segment of clerical workers employed in the national modern sector is 27%. They are badly trained and badly paid, and their ambition is to find a place in the foreign sector of the economy.

The majority of the clerical employees (54.5%) work in the public sector, and the remainder (10%) in the intermediate and traditional sectors. They are mostly of recent rural origin, and owe their social advancement to the clientelist networks which operate through an extended network of family relations. It is only via their relatives already established in Athens or other big urban centres (Thessaloniki, Patras etc.) that the young migrants decide to leave their villages or towns to come and work in the city. A 1964 statistical research study into migration movements to Athens found that 87% of the families resident in Athens had a relative migrant living with them.<sup>34</sup>

A number of sociological studies on this subject demonstrate clearly that in Greece the movement of rural migrants to the city is realised and channelled as part of the family institution. The move from the village to the city, and especially to Athens, and the migrant's employment in the public sector, is considered as a social betterment for the family as a whole. Through this system, the migrant maintains his family environment and preserves his personal values and aspirations.<sup>35</sup> He therefore remains politically and socially conservative, his only cultural change being a quick integration into urban consumption patterns. This phenomenon recalls Friedmann's «ruralisation» of

the city and «urbanisation without industrialisation» in peripheral social formations.<sup>36</sup>

Of the total 245,625 *Tradesmen and Sales personnel*, only 1.3% are employed in the foreign sector. They are very well trained and paid, and continuously exposed to the new methods and promotion techniques of marketing and salesmanship imported into the country by the subsidiaries of foreign companies. In consequence, they are indirectly integrated into the developed part of the global system and, like their clerical worker counterparts, are considered the labour aristocracy of the urban petty bourgeoisie.

Only 3.2% of the tradesmen and sales personnel are employed in the national modern sector, and even fewer (0.4%) in the public sector. They are ill-trained and underpaid, and hope for employment in the foreign sector of the economy. They form part of the urban petty bourgeoisie, and are usually of rural origin.

The great majority of tradesmen are employed in the intermediate (9.5%) and traditional (85.6%) sector. They either work on their own account or unpaid in family firms, with unfavourable remuneration, working hours, organisation, and productivity rates, and poor access to financing or technologically developed means of production and distribution. They are constantly under strong pressure as they are exposed to the disruptive effects of the wholesale introduction of new technological processes, goods and services, and new forms of organisation and marketing. They belong to the marginalised sector of the economy, and are what Marx calls the «stagnant surplus population» which forms part of the active labour army with extremely irregular employment, characterised by maximum working hours and minimum wages. This group is mainly to be found in «domestic industry or commerce».<sup>37</sup>

A qualification is needed here with regard to tradesmen working on their own account. Athens has a number of shops (employing one to four people) selling very high-priced luxury consumer goods to the high-income sector of the population. These shops (boutiques) are, of course, neither traditional nor marginal to the system, since they import most of their merchandise and maintain close contact with the developed part of the world system. Their activities are considered to be parasitic and speculative, because they contribute to an already pronounced inflationary trend. Furthermore, these trade enterprises are not productive, since they do not reinvest their super-profits in productive activities or capital equipment. Their proprietors merely further contribute to the balance-of-payments deficit, as well as to the outward-looking orientation of the economy, by buying themselves expensive imported cars, electronic

34. See *Migration to the Athens Region*, Athens, 1964, p. 36, by the Greek National Statistics Service.

35. See D. Tsaoussis, «Social and Economic Aspects of Domestic Migration», in *Morphology of Greek Modern Society*, Athens, 1971, where he analyses migratory movements within Greece in terms of place of origin, sex, age and occupation of migrants, and explains their expectations, aspirations and processes of their move from a rural way of life in the village to a similar one in the city.

36. See Friedmann J. P., *The Urban Transition*, in *op. cit.*

37. See K. Marx, *Capital: A Critical Analysis of Capitalist Production*, Vol. I (Lawrence and Wishart, 1974, pp. 600-602).

and electric household equipment etc., and by investing in expensive flats and houses. In brief, they indulge in a way of life characterised by «demonstration effect».

The Governor of the Bank of Greece constantly denounces these parasitic activities and super-profits of the urban sector of the economy. He recently reported that in the last three years these small boutiques have tripled in number and contributed to price-inflation by overcharging for imported merchandise and fostering inflated demand for imported luxury goods.<sup>38</sup>

Of the total of 280,654 *Service workers*, only 2.2% are employed in the foreign sector. Like their counterparts the sales workers, they are well trained and paid, and exposed to modern methods and techniques of customer-oriented service. They work on cruise-ships, in big hotels, restaurants and other tourist enterprises operated by foreign companies in Greece.

Of these service workers, —9.4% are employed in the national modern sector and, like the sales and clerical workers, hope to enter the foreign sector. They are part of the urban petty bourgeoisie.

—22.7% work in the public sector, to which they gained access through the usual networks of clientelistic relations operating via the channels of the family and village clan. Being of rural origin, they share the values and aspirations of the clerical personnel in the public sector.

—4.5% are employed in the intermediate sector, and —61.2%, the greatest part of them, in the traditional sector as waiters, cooks, janitors, domestic servants etc., crowded at the bottom of the social pyramid of the abundant Greek hotel, tourist, and entertainment businesses. Together with the tradespeople, they form part of Marx's stagnant surplus population, employed in «domestic industry, commerce and entertainment service».

Of the total of 1,310,068 *Farmers*, none belong to the foreign sector, and only 4.8% come under the national modern sector. These are the big landowners who have more than 100 stremmata (25 acres) each to cultivate. The term «modern» is used here with certain qualifications as modern methods have not really yet been introduced into Greek agriculture.

The great mass of farmers belong to the intermediate sector (36.1%) and the traditional sector (59.1%). It is evident from Tables I and II that a substantial part of the economically active Greek population is still employed in the primary sector and, this, in turn, is chiefly part of the informal intermediate and traditional sectors. An important proportion of their number form what Marx calls the latent surplus population, which are constantly on the point of passing over into an ur-

ban petty bourgeoisie or manufacturing proletariat, and on the look-out for circumstances favourable to this transformation. But the constant flow towards the towns presupposes a constant latent surplus population in the countryside itself which ceaselessly develops and maintains and reinforces mechanisms for sending its children to the cities, to be absorbed either by the public sector, by the service sector or, to a minor extent, by the secondary sector.

A sociological study made in 1974 on the social stratification and education mobility in Greece shows that the children of farmers are more higher-education oriented, and a greater proportion of them enter higher educational institutions than children of working-class origin. Out of every 1,000 male higher-education candidates of rural origin (father's occupation farmer), 140 enter university, while per 1,000 of working class origin only 45 succeed in doing so.<sup>39</sup>

It has been pointed out repeatedly in this thesis that Greek society is still very open and social upward mobility still very strong. A comparative study between Greece and France has shown that, regardless of class, Greek children are more oriented towards higher education than French ones.

A French child of the upper class (father's occupation professional or senior executive and administrator) has a 59% chance of entering university, while a Greek child of the same class (father's occupation professional or senior executive) has an 89% chance. In the lower classes the difference is even more marked. A French child of rural or working-class origin has only a 1% chance of entering university, while the chance of a Greek child of rural origin is 14%, and of working-class origin 10%.<sup>40</sup>

It becomes apparent therefore that in Greece, as in other developing peripheral countries (e.g. India), education is a highly appreciated channel for social mobility. It is not, however, appreciated as an end in itself, but merely as the means towards the benefits which an urban government or office job can bring to young rural migrants.<sup>41</sup>

Out of a total of 945,710 *Craftsmen and Labourers*, only 11.7% are employed in the foreign sector, 20.1% in the national modern sector, and 6.1% in the public sector. This industrial proletariat is made up of unionised industrial workers who, according to Frank and Sunkel, often receive wages which are high in relation to those of the bulk of the population, and social securi-

39. See I. Lambiri-Dimaki, «Social Stratification and Higher Education in Greece: Results of a Comparative Study», in *Towards a Sociology of Education in Greece*, National Centre of Social Research, Athens, 1974, pp. 118-139.

40. See I. Lambiri-Dimaki, *Comparative Analysis of Higher Educational Opportunities between Social Classes in Greece and France*, pp. 133-139.

41. *Ibid.*, pp. 136-139.

38. X. Zolotas, «Speculation Keeps Inflation Rates at High Levels», in *To Vima*, 3 Jan. 1979, Athens (in Greek).

TABLE I. *Economically Active Population Classified by a) Major Groups of Individual Occupations, b) Institutional Sectors (1971, Population Census)*

| Institutional sectors  | Economically active population | Groups of Individual Occupations                           |                                            |                              |                             |                 |                                     |                                                      |
|------------------------|--------------------------------|------------------------------------------------------------|--------------------------------------------|------------------------------|-----------------------------|-----------------|-------------------------------------|------------------------------------------------------|
|                        |                                | Employers Administrative, executive and managerial workers | Professional Technical and related workers | Clerical and related workers | Tradesmen and sales workers | Service workers | Farmers loggers and related workers | Craftsmen labourers and operators of transport means |
|                        | Grand total                    |                                                            |                                            |                              |                             |                 |                                     |                                                      |
| Foreign sector         | 152,238                        | 3,184                                                      | 10,050                                     | 19,306                       | 3,220                       | 6,160           |                                     | 110,318                                              |
| %                      | 100.0                          | 2.1                                                        | 6.6                                        | 12.7                         | 2.1                         | 4.0             |                                     | 72.5                                                 |
| National modern sector | 434,172                        | 12,710                                                     | 66,845                                     | 67,552                       | 7,840                       | 26,494          | 62,515                              | 190,216                                              |
| %                      | 100.0                          | 2.9                                                        | 15.6                                       | 15.6                         | 1.8                         | 6.1             | 14.4                                | 43.8                                                 |
| Public sector          | 388,275                        | 11,390                                                     | 117,938                                    | 136,150                      | 1,000                       | 63,647          |                                     | 58,150                                               |
| %                      | 100.0                          | 2.9                                                        | 30.4                                       | 35.0                         | 0.3                         | 16.4            |                                     | 15.0                                                 |
| Intermediate sector    | 806,015                        |                                                            | 14,000                                     | 17,800                       | 23,240                      | 12,584          | 472,428                             | 265,963                                              |
| %                      | 100.0                          |                                                            | 1.7                                        | 2.2                          | 2.9                         | 1.6             | 58.6                                | 33.0                                                 |
| Traditional sector     | 1,487,28                       |                                                            |                                            | 9,000                        | 210,325                     | 171,769         | 775,125                             | 321,063                                              |
| %                      | 100.0                          |                                                            |                                            | 0.7                          | 14.1                        | 11.5            | 52.1                                | 21.6                                                 |
| Total                  | 3,267,982                      | 27,284                                                     | 208,833                                    | 249,808                      | 245,625                     | 280,654         | 1,310,068                           | 945,710                                              |
| %                      | 100.0                          | 0.8                                                        | 6.4                                        | 7.6                          | 7.5                         | 8.6             | 40.2                                | 28.9                                                 |

Own Elaboration

ty coverage hardly available to most others.<sup>42</sup> They are often considered as the labour aristocracy of the working class. Of course, the wages and fringe benefits enjoyed by the workers in the foreign sector are higher than wages in the national modern and public sectors, since wage levels in these latter are greatly affected by the pressure for jobs from the unemployed, the underemployed, and the very low-paid workers of the intermediate and primitive traditional sectors. According to Sunkel, the national modern sector is relatively stagnant, and the low wage level is probably a condition for the enterprises there to keep their relative competitiveness.

The majority of craftsmen and labourers are employed in the informal sector—28.1% in the intermediate and 34.0% in the traditional sector. Here is Marx's stagnant surplus population with extremely irregular employment (maximum working hours, minimum wages), employed mainly in the so-called domestic industry, or recruited from those decaying branches of industry where handicraft is giving place to manufacture, and manufacture to machinery. Here we have a disguised form of unemployment, with handicraft and small-scale industry organised and run by family units.<sup>43</sup>

In this group we also find what Marx calls the light infantry of capital or nomad labour, with agricultural

origins but largely industrial occupations. Nomad labour is used for operations such as building and construction, drainage projects, brick-making, lime burning, laying railways etc. This migrant labour force follows major infrastructural projects from region to region as the contractors move on elsewhere.

There are 180,000 construction workers in the intermediate and traditional sector, and it is believed that a substantial number of them are «shoehorned off the ground» by infrastructural projects in the neighbourhood, and then drift to other projects near the cities.

As mentioned above, the Greek working class aspires less to improving its social status through education than do the Greek farmers. Working-class children have not the same ambitions of opportunities to acquire a higher education in order to start a white-collar office career, let alone become professionals. They prefer to become skilled workers and technicians, and their aspirations are oriented towards well-paid technical positions in the national modern and foreign sectors.

NOTE. We do not claim that the results of the social stratification of the economically active population by structural institutional sector give a perfect and quantitatively correct distribution of individual occupations and economic activities. However, to the best of our knowledge, and taking into consideration the absence of statistical research material on the peripheral character of the Greek socio-economic formation, this study is one of the first attempts to give a synthesised, qualitative and representative picture of the Greek peripheral social formation. It is hoped that it will contribute to the relevant literature, and serve as a basis and stimulus for further research and work in the field of development studies in Greece.

42. See Frank and Sunkel, in *op. cit.*

43. See Marx, in *op. cit.*

TABLE II *Economically Active Population, Classified by Major Groups of Individual Occupations in Each Institutional Sector.*

| Groups of individual occupations                          | Percentages    |                        |               |                     |                    |             |
|-----------------------------------------------------------|----------------|------------------------|---------------|---------------------|--------------------|-------------|
|                                                           | Foreign sector | National modern sector | Public sector | Intermediate sector | Traditional sector | All sectors |
| Employers Administrative executive and managerial workers | 11.7           | 46.6                   | 41.7          | na                  | na                 | 100.0       |
| Professional Technical and related workers                | 4.8            | 32.0                   | 56.5          | 6.7                 | na                 | 100.0       |
| Clerical and related workers                              | 7.7            | 27.0                   | 54.5          | 7.2                 | 3.6                | 100.0       |
| Tradesmen and sales workers                               | 1.3            | 3.2                    | 0.4           | 9.5                 | 85.6               | 100.0       |
| Service workers                                           | 2.2            | 9.4                    | 22.7          | 4.5                 | 61.2               | 100.0       |
| Farmers-loggers and related workers                       | na             | 4.8                    | na            | 36.1                | 59.1               | 100.0       |
| Craftsmen-labourers and operators of transport means      | 11.7           | 20.1                   | 6.1           | 28.1                | 34.0               | 100.0       |
| Total economically active population                      | 4.7            | 13.3                   | 11.9          | 24.6                | 45.5               | 100.0       |

Source: Table I.

na = not applicable or negligible numbers

### structural characteristics of underdevelopment and dependency typical of most formations of peripheral capitalism

Although considerable progress has been made, most of Greece's labour is still employed in the primary and tertiary sector. 40.5% of the work force is employed in the primary sector,<sup>44</sup> 32% in the tertiary sector, and only 25.6% in manufacturing.

As shown in the National Accounts Statistics there were some positive structural changes in the country's economy: in 1977, the secondary sector contributed 32.98% to the Gross Domestic Product, compared to 31.94% in 1972, and 26.34% in 1965, while the share of the primary sector dropped to 14.30% in 1977 from 18.5% in 1972, 24.96% in 1965, and 31.00% in the years 1957-60. On the other hand, the service sector in the economy expanded and was contributing in 1977, 52.72% to GDP as compared with 49.47% in 1972, 48.69% in 1965 and 43% in the 1957-60 period.<sup>45</sup>

However, even though the country's GDP tripled between 1957 and 1977 (with an annual growth rate of

5.7% for the years 1950-1960, an increased annual growth rate of 7.2% for 1960-1970, and 5.5% for the period 1970-1978), there are still fundamental structural weaknesses in the country's economy at both the national and regional level. They are typical of most formations of peripheral capitalism, and are discussed in some detail below.

### *A Large Informal Marginalised and Intermediate Sector, not Organically Linked with a Highly Dynamic Foreign-Controlled and National Modern Sector*

Table V shows that 45.5% of the total economically active population in 1974 worked in the traditional sector of the economy, contributing only 20.4% to the country's GDP.<sup>46</sup> In the intermediate sector, 24.6% of the economically active population contributed 23.7% to the GDP. Altogether, therefore, 70% of the country's total labour force in the low-productive and informal lagging sectors of the economy—sometimes working as unpaid family members—contributed 44.1% to the country's GDP.

On the other hand, the 13.3% of the economically active population in the national modern sector in 1974 produced 26.5% of the country's GDP, while the even smaller 4.7% of the economically active population employed in the foreign sector produced and enjoyed 12.1% of the country's GDP. In other words, 18% of Greece's economically active population employed in the formal modern leading and high-productivity sector produced 38.6% of the country's GDP.

As for the public sector of the economy in 1974, there 12% of the labour force produced—or more appropriately received—17.3% of the country's GDP. As mentioned above, most of the public sector—with the exception of some cases in the branches of power, transportation, banking, telecommunications, shipbuilding, petroleum refineries and the sugar industry—is a highly inefficient and bureaucratic machine which greatly hinders any effort for the country's modernisation and socioeconomic development.

In no case, however, should these few exceptions or the instances of nationalisation of some companies/industries be considered a sign of positive and dynamic State intervention for the purpose of mobilising investment at times when private capital is hesitant to come forward, nor yet as an indication of any socialisation of the economy.

The cases of multi-industry State holding-companies like IRI and ENI in Italy, the British National Enter-

44. The figure of 40% is much queried nowadays because it was based on the 1971 population census. Estimates for 1977 give figures ranging from 25-40% of the total labour force. However, since there has been no official national employment census since 1971, the 40% figure is quoted here.

45. For the 1957-60 period, see B. Ward, «Greece and Economic Development», in *Greek Regional Development*, p. 11. For 1965-72 period, *Statistical Yearbook of Greece, 1973* «Gross Domestic Product and National Income: 1965-1972», p. 360. For 1977, *Provisional National Accounts of Greece, 1978*, p. 86.

46. For the methodology used in defining and classifying each economic branch per institutional sector, see explanatory notes for Tables III, IV, VI Ph. D. Thesis, submitted to Sussex Univ., by Mary Evangelinides, 1979.



TABLE III. *Distribution of Employment and Distribution of Gross Domestic Product as Percentage of National Total by Main Economic Sector and by Institutional Sector, 1974*

| Main economic sectors     | Formal organised sectors |        |                 |        |        |        | Informal Sectors |        |             |        | All Institutional sectors |        |       |       |
|---------------------------|--------------------------|--------|-----------------|--------|--------|--------|------------------|--------|-------------|--------|---------------------------|--------|-------|-------|
|                           | Foreign                  |        | National modern |        | Public |        | Intermediate     |        | Traditional |        | GDP %                     | EMPL % |       |       |
|                           | GDP %                    | EMPL % | GDP %           | EMPL % | GDP %  | EMPL % | GDP %            | EMPL % | GDP %       | EMPL % | GDP %                     | EMPL % |       |       |
| Primary                   | 19.6                     | 40.0   | —               | —      | 20.6   | 5.0    | —                | —      | 53.0        | 36.0   | 26.4                      | 59.0   | 100.0 | 100.0 |
| Secondary                 | 31.0                     | 26.0   | 30.4            | 15.0   | 26.9   | 20.0   | 5.1              | 3.0    | 24.4        | 26.0   | 13.2                      | 36.0   | 100.0 | 100.0 |
| Manufacturing             | 20.8                     | 16.6   | 40.0            | 19.0   | 26.0   | 19.0   | —                | —      | 17.0        | 15.0   | 17.0                      | 47.0   | 100.0 | 100.0 |
| Power-mining-construction | 10.2                     | 9.4    | 11.2            | 9.0    | 28.7   | 22.0   | 15.3             | 8.0    | 39.4        | 46.0   | 5.4                       | 15.0   | 100.0 | 100.0 |
| Tertiary                  | 49.4                     | 34.0   | 5.5             | 2.0    | 28.5   | 18.0   | 31.8             | 33.0   | 11.6        | 10.0   | 22.6                      | 37.0   | 100.0 | 100.0 |
| National total            | 100.0                    | 100.0  | 12.1            | 4.7    | 26.5   | 13.3   | 17.3             | 11.9   | 23.7        | 24.6   | 20.4                      | 45.5   | 100.0 | 100.0 |

Source: Tables IV and V.

TABLE IV. *Distribution of the Gross Domestic Product by: a) Major Branches of Economic Activity, b) Institutional Sectors*

Year 1974

In million drachmas - At current prices

| Major branches of economic activity             | Gross domestic product |          | Foreign % | Institutional Sectors* National modern |       | Public | Intermediate |           | Traditional |         |      |
|-------------------------------------------------|------------------------|----------|-----------|----------------------------------------|-------|--------|--------------|-----------|-------------|---------|------|
| I. Primary                                      | 100,595                |          | N/A       |                                        |       |        |              |           |             |         |      |
| Agriculture-Live-stock                          |                        |          |           | 20,723                                 | 20.6  | N/A    | %            | 53,315    | 53.0        | 26,557  | 26.0 |
| Forestry and Fishing                            |                        |          |           |                                        |       |        |              |           |             |         |      |
| II. Secondary                                   | 158,901                | 48,379   | 30.4      | 42,718                                 | 26.9  | 8,071  | 5.1          | 38,805    | 24.4        | 20,928  | 13.2 |
| — Manufacturing                                 | 106,153                | 42,461   | 40.0      | 27,600                                 | 26.0  | N/A    |              | 18,046    | 17.0        | 18,046  | 17.0 |
| — Mining-Quarrying                              | 6,739                  | 607      | 9.0       | 4,495                                  | 66.7  | N/A    |              | 1,031     | 15.3        | 606     | 9.0  |
| — Power-Gas-Water                               | 8,071                  | N/A      |           | N/A                                    |       | 8,071  | 100.0        | N/A       |             | N/A     |      |
| — Construction                                  | 37,938                 | 5,311    | 14.0      | 10,623                                 | 28.0  | N/A    |              | 19,728    | 52.0        | 2,276   | 6.0  |
| III. Tertiary                                   | 252,717                | 13,789.3 | 5.5       | 72,102.5                               | 28.5  | 80,375 | 31.8         | 29,274.2  | 11.6        | 57,176  | 22.6 |
| — Transportation, Telecommunication             | 35,072                 | 1,052    | 3.0       | 9,820                                  | 28.0  | 14,029 | 40.0         | 8,768     | 25.0        | 1,403   | 4.0  |
| — W & R Trade                                   | 72,709                 | 8,725    | 12.0      | 29,084                                 | 40.0  | N/A    |              | 7,271     | 10.0        | 27,629  | 38.0 |
| — Banking                                       | 11,002                 | 1,870    | 17.0      | N/A                                    |       | 9,132  | 83.0         | N/A       |             | N/A     |      |
| — Insurance                                     | 1,446                  | 564      | 39.0      | 882                                    | 61.0  | N/A    |              | N/A       |             | N/A     |      |
| — Real Estate                                   | 469                    | 0.3      | 0.06      | 290.5                                  | 61.94 | N/A    |              | 178.2     | 38.0        | N/A     |      |
| — Dwellings                                     | 33,888                 | N/A      |           | 8,472                                  | 25.0  | N/A    |              | 8,472     | 25.0        | 16,944  | 50.0 |
| — Admin. Defence                                | 43,600                 | N/A      |           | N/A                                    |       | 43,600 | 100.0        | N/A       |             | N/A     |      |
| — Education                                     | 13,998                 | N/A      |           | 4,059                                  | 29.0  | 9,939  | 71.0         | N/A       |             | N/A     |      |
| — City health Services                          | 8,963                  | N/A      |           | 5,288                                  | 59.0  | 3,675  | 41.0         | N/A       |             | N/A     |      |
| — Hotels, Restaurants and the like              | 15,028                 | 751      | 5.0       | 6,763                                  | 45.0  | N/A    |              | 2,104     | 14.0        | 5,410   | 36.0 |
| — Other Services (Personal-Social offices etc.) | 16,542                 | 827      | 5.0       | 7,444                                  | 45.0  | N/A    |              | 2,481     | 15.0        | 5,790   | 35.0 |
| Total                                           | 512,213                | 62,168.3 | 12.1      | 35,543.5                               | 26.5  | 88,446 | 17.3         | 121,394.2 | 23.7        | 104,661 | 20.0 |

Own elaboration

See infra for methodology and statistical sources used for the compilation of above Table and Table V.

\* Horizontal percentage allocation.

TABLE V. *Economically Active Population by: a) Major Branches of Economic Activity, b) Institutional Sector*

1971 Population Census

| Major Branches of economic activity             | Economic active population Total | Institutional Sectors* |                 |         |        |         |              |             |      |           |      |
|-------------------------------------------------|----------------------------------|------------------------|-----------------|---------|--------|---------|--------------|-------------|------|-----------|------|
|                                                 |                                  | Foreign                | National modern |         | Public |         | Intermediate | Traditional |      |           |      |
|                                                 |                                  |                        | %               | %       | %      | %       | %            | %           |      |           |      |
| I. Primary                                      | 1,313,336                        |                        | 65,783          | 5.0     |        | 472,428 | 36.0         | 775,125     | 59.0 |           |      |
| Agriculture-Live-stock-Forestry and Fishing     |                                  |                        |                 |         |        |         |              |             |      |           |      |
| II. Secondary                                   | 849,630                          | 129,718                | 15.3            | 169,186 | 19.9   | 25,900  | 3.0          | 221,763     | 26.1 | 303,063   | 35.7 |
| —Manufacturing                                  | 543,814                          | 102,918                | 19.0            | 102,918 | 19.0   |         |              | 82,220      | 15.0 | 255,758   | 47.0 |
| —Mining-Quarrying                               | 23,916                           | 1,800                  | 7.5             | 13,268  | 55.5   |         |              | 4,543       | 19.0 | 43,05     | 18.0 |
| —Power-Gas-Water                                | 25,900                           |                        |                 |         |        | 25,900  | 100.0        |             |      |           |      |
| —Construction                                   | 256,000                          | 25,000                 | 9.8             | 53,000  | 20.7   |         |              | 135,000     | 52.7 | 43,000    | 16.8 |
| III. Tertiary                                   | 1,105,016                        | 22,520                 | 2.0             | 199,203 | 18.0   | 362,375 | 32.8         | 111,824     | 10.1 | 409,094   | 37.1 |
| —Transportation                                 |                                  |                        |                 |         |        |         |              |             |      |           |      |
| Telecommunication                               | 250,000                          | 7,000                  | 2.8             | 80,000  | 32.0   | 93,000  | 37.2         | 52,000      | 20.8 | 18,000    | 7.2  |
| —W & R Trade                                    | 279,725                          | 8,200                  | 2.9             | 28,200  | 10.1   |         |              | 28,000      | 10.0 | 215,325   | 77.0 |
| —Banking                                        | 27,260                           | 1,360                  | 5.0             |         |        | 25,900  | 95.0         |             |      |           |      |
| —Insurance                                      | 4,230                            | 1,690                  | 40.0            | 2,540   | 60.0   |         |              |             |      |           |      |
| —Real estate                                    | 1,630                            | 10                     | 0.6             | 380     | 23.3   |         |              | 1,240       | 76.1 |           |      |
| —Health                                         | 60,000                           |                        |                 | 37,800  | 63.0   | 22,200  | 37.0         |             |      |           |      |
| —Admin. Defence                                 | 155,823                          |                        |                 |         |        | 155,823 | 100.0        |             |      |           |      |
| —Education                                      | 70,392                           |                        |                 | 11,940  | 17.0   | 58,452  | 83.0         |             |      |           |      |
| —City health Services                           | 7,000                            |                        |                 |         |        | 7,000   | 100.0        |             |      |           |      |
| —Hotels, Restaurants and the like               | 116,956                          | 2,000                  | 1.7             | 18,000  | 15.4   |         |              | 13,300      | 11.4 | 83,656    | 71.5 |
| —Other Services (Personal-Social Offices, etc.) | 132,000                          | 2,260                  | 1.7             | 20,343  | 15.4   |         |              | 17,284      | 13.1 | 92,113    | 69.8 |
| Total                                           | 2,267,982                        | 152,238                | 4.7             | 434,172 | 13.3   | 388,275 | 11.9         | 806,015     | 24.6 | 1,487,282 | 45.5 |

\* Horizontal percentage allocation.

prise Board, and French Planning Agreements (Contrats de Programme) have no parallel in Greece.

NOTE. Again, as in our note on p. 134 above, we do not claim that the results of our classification of the Greek economy by structural institutional sector give a perfectly and quantitatively correct distribution of employment and Gross Domestic Product in each institutional sector. Nevertheless, we hope that as an early study in this field it will help fill a gap and stimulate studies and research.

*A Low-Productivity Agricultural Sector,  
Dominated from within by a Large  
Marginalised Sector*

Though Greek agriculture produces less than one-fifth of the domestic product, 40% of the active population was still employed in the primary sector in 1971. The vast majority of the just over a million Greek farms are less than 12.5 acres (50 stremmata), and not

much of the agricultural population is without any land at all. Most of the soil is not very fertile, and basic crop yields are low by West European standards. The fragmentation of the farms<sup>47</sup> further inhibits productivity, and although there is a government programme for the consolidation of these small units, very little of this has actually been done.

Furthermore, many agronomists believe that there is substantial underemployment in agriculture (Marx's latent surplus population), affecting from between 200,000 to 600,000 people.<sup>48</sup> Some conflicting evidence was, however, presented (by Papandreou, Pepelassis,

47. Cf. John Campbell and Philip Sherrard, *Modern Greece*, Ernest Benn, London, 1968, p. 329; also K. Thompson, *Farm Fragmentation in Greece*, Athens, 1962; and B. Ward, *Greek Regional Development*, pp. 17-19.

48. See Marx in *op. cit.* and «Supply and Demand for Labour per Occupational Class», *Development Plan 1976-1980*, KEPE, Athens, p. 34.

Yannopoulos, Campbell)<sup>49</sup> as well as by the Association of Greek Industrialists,<sup>50</sup> contending that there are acute seasonal labour shortages in the agricultural areas, due to mass emigration to the towns and abroad.

Table III showed that in 1974 the primary sector was still employing 40% of the country's labour force (1,313,336 people), who contributed 19.6% to the country's GDP.

Table III also showed that 59% of the farmers work in the traditional sector and contribute only 26.4% to the primary sector's GDP; furthermore, the 36% of them who work in the intermediate sector produce 53% of the primary sector's GDP. Thus, 95% of the farmers worked in low-productivity and rather traditional methods of farming and/or as unpaid family members, contributing 79.4% to the primary sector's GDP in 1974. On the other hand, a small proportion (5%) of Greek farmers used more modern and mechanised farming methods, and managed to contribute 20.6% to the sector's GDP.

Generally speaking, the structure and organisation of the primary sector is outdated and insufficiently mechanised. It is subject as much to considerations of a family's subsistence needs and labour resources as to simple commercial interests and responses. Agriculture neither answers existing market demand effectively, nor does it realise its production potential. Agricultural exports lack reasonable certainty and are not varied enough. In addition, the policy of price supports for wheat—originally instituted for mainly political reasons—has prevented the proper development of valuable labour-intensive export crops such as especially cotton, fruits and vegetables.<sup>51</sup>

Official statistics show that there has been a marked reduction in the increase-rate of agricultural output and income between 1970 and 1977, as shown in Table VI. Moreover, the target increase-rate of 5.2% set in the 1968-1972 programme was too high: triple the actual rate achieved. Despite mass emigration from the rural areas, the rate of increase in the per-capita income from

49. A. Papandreou, *A Strategy for Greek Economic Development*, Centre of Economic Research, Athens, 1962, indicates that Greece could expect to face a labour shortage by 1970. Cf. also A. Pepelassis, *Surplus Labour in Greek Agriculture 1953-1960*, Centre of Economic Research, Athens, 1962; George Yannopoulos, «Workers and Peasants», in *Greece under Military Rule*, Secker and Warburg, London, 1972, p. 121; and J. Campbell and P. Sherrard, *Modern Greece*, *op. cit.*, p. 324.

50. Assoc. of Greek Industrialists, «Employment in Agriculture», in *Labour Market and Wage Structure in Greek Industry*, Athens, 1974, pp. 76-77.

51. The failure of agriculture to realise its production potential is discussed by John Campbell and Phillip Sherrard in *Modern Greece*, *op. cit.*, p. 332. C. Campbell also reports that for a number of years since the war the government has guaranteed a minimum price for wheat. Cf. also Assoc. of Greek Industrialists, «Employment in Low-productivity Sectors», in *op. cit.*, p. 74 and c, where the low productivity of agriculture and the structural problems in this sector are discussed.

TABLE VI. Average Annual Growth Rate in Agricultural and Non-agricultural Products at constant prices

| Agricultural GDP | Non-agricultural GDP | Total GDP |      |
|------------------|----------------------|-----------|------|
| 1950-1960        | 3.8%                 | 6.4%      | 5.7% |
| 1960-1970        | 4.6%                 | 7.8%      | 7.2% |
| 1970-1977        | 1.7%                 | 6.0%      | 5.3% |

Source: Direct communication from the Ministry of Coordination, National Accounts of Greece.

agriculture has not significantly gone up since 1970.

Pesmazoglou claims that changes in per-capita income are definitely affected by type and size of crops and the varying rates of emigration, with the per-capita income from traditional crops such as tobacco, olives, currants, sultanas and wheat being probably stagnant or increasing only very slowly.<sup>52</sup> The dominant crops of Greek agriculture are wheat, tobacco and olives; the main exports are of tobacco, currants, sultanas, fruits and cotton.

#### *A Highly Inflated and Parasitic Service Sector*

It was shown in Table III above that already by 1974 the tertiary sector of the economy had reached percentages of GDP and employment resembling those of what Rostow has called post-industrial societies.<sup>53</sup>

In that year, 34% of the country's labour force (1,105,016 people) were employed in the tertiary sector and contributed to, or rather disposed of, 50% of the country's GDP. Table IV shows in terms of GDP and employment the large share in the country's economic structure of the branches of transport, trade, tourism, personal and social services, public administration, banking and financing.

According to Table III, almost half of the labour force in the tertiary sector (47% or 520,918 people) were employed in the informal traditional and intermediate sectors, working in low-productive, parasitic, backward conditions and/or as unpaid family members. They account for 34% of the tertiary sector's GDP. The public sector employed 33% of the tertiary sector's labour force (362,375 people), and accounted for 32% of the tertiary sector's GDP.

The remaining 20% of the tertiary sector's labour force was employed in the formal sectors: the national modern (18% or 199,203 people) and the foreign sector (2% or 22,520 people). Between them, they contributed 34% to the tertiary sector's GDP (national modern 29%, foreign 5%).

Both sectors, but especially the privileged 2% of the

52. Cf. John Pesmazoglou, «Slowdown in Agriculture: the Greek Economy», in *Greece under Military Rule*, *op. cit.*

53. See W.W. Rostow, *The Stages of Economic Growth: A Non-communist Manifesto*, Cambridge University Press, 1960.

foreign sector, controlled modern dynamic branches such as banking, financing, tourism and hotel businesses, distribution of petroleum products and electrical domestic equipment, office management and consulting services. This situation is quite typical, and the foreign-controlled sector, according to Sunkel,

is actually a foreign «enclave» aimed at the local market, characterised by highly efficient and rational management and organisation procedure, enormous capacity to manipulate consumer and consumption patterns through the utilisation of the mass media, marketing and financial techniques and product-design innovations and differentiation.<sup>54</sup>

*An Industrial Sector with Key Dynamic Industries Controlled by Foreign Capital, Leaving the Traditional Branches to Domestic Capital and Control*

Another weakness of the Greek economy is that, although in the period 1957-1977 the country's GDP tripled, per-capita income increased, and the country enjoyed a certain degree of affluence, its industrial sector is still characterised by small family enterprises operating at high costs and with obsolete machinery. Until recently it has been protected by tariffs and severe import controls blocking foreign competition.

Furthermore, the little share of manufacturing, mining and energy for the period 1951-1977 is reflected in the national gross domestic asset formation.<sup>55</sup>

Another structural weakness in Greek industry is that it is mainly dominated by traditional industries such as food and textile industries. This pattern of dominance by textile and food industries combined with a relatively small contribution to GDP by manufacturing, taken as a whole, is typical of developing countries. In the case of textiles, classification is somewhat arbitrary since textiles could be a highly dynamic sector in modern manufacturing as it allows the transformation of natural fibre into compound natural and synthetic fibre products through the use of modern production techniques.<sup>56</sup> However, in the Greek case textiles will be considered to be «traditional» manufacturing.

The dominant Greek industry is indeed textiles, with over 25% of value added in total manufacturing in 1961 and 15% in 1971. There follows the food industry with 16% of value added in total manufacturing in 1961 and 11.6% in 1971. The remaining branches contribute to the value added in total manufacturing but to a lesser extent.<sup>57</sup>

54. See O. Sunkel, *Background Paper on the Workshop on the European Periphery*, IDS, 1977.

55. National Accounts of Greece, 1958-1975 and 1977.

56. In the Italian case, Holland classifies textiles under modern manufacture.

57. Percentages calculated from *Statistical Yearbook 1973*, pp.

Thus, the decade of the 1960s saw some improvement in the country's industrial structure, and some shift towards the dynamic modern industries of metallurgy, electrical machinery, transport equipment, paper and printing, rubber and plastics. However, the leading industries remained those of food and textiles. As for the new dynamic industries' increased share in the country's total manufacturing, this was due mainly to foreign investment.

Table III showed that 40% of the manufacturing GDP was generated by 19% of the industrial labour force working in foreign firms. These firms, together with the national modern firms which invest mainly in textiles, tobacco and agro-industries, control the market—i.e. 38% of the industrial labour force produced 66% of the manufacturing GDP in 1974.

A study by P. Roumeliotis found that most of the foreign investment goes into those branches of Greek manufacturing which accounted for 52% of the total manufacturing assets in 1975: chemicals, non-metallic minerals, transport equipment, basic metals, metal products, petroleum, paper and rubber and plastics.

Looking at the first ten enterprises in terms of sales of each of the above branches shows that there is a relationship between concentration and foreign investment. The percentage range of foreign participation in the total assets of the ten largest enterprises in each of the eight key branches in 1975 was as follows:

|                       | % of Foreign sector | % of the 10 largest enterprises | Total assets in each key branch |
|-----------------------|---------------------|---------------------------------|---------------------------------|
| Basic metals          | 92                  | 99                              | 100                             |
| Paper                 | 96                  | 99                              | 100                             |
| Chemicals             | 30                  | 55                              | 100                             |
| Transport             | 59                  | 89                              | 100                             |
| Non-metallic minerals | 15                  | 70                              | 100                             |
| Metal products        | 12                  | 52                              | 100                             |
| Plastics              | 21                  | 50                              | 100                             |

Source: Roumeliotis, *Multinationals and Overpricing-Underpricing in Greece*, Papazissis, Athens, 1978, p. 136.

Table III showed no participation of the public sector in manufacturing after 1974. Nevertheless, there have been a few cases since then of State take-overs (nationalisations) of concerns which were part of large companies owned by Greek cosmopolitan capital. These were the Elefsis shipyards and some agro-industries of the Andreadis Group of Companies, as well as the Petroleum refineries at Aspropyrgos of the Niarchos Group. The sugar industry is also a State monopoly.

200-201. For 1961 value added weights see Ward, «Greece...» in *op.cit.* p.13.

The rest of manufacturing (intermediate and traditional sectors) absorbs the majority of artisans and workers. Of the manufacturing labour force, 62% works in medium and smallscale industry, and contributes 34% to the manufacturing sector's GDP.

#### *Acute and Persistent Tendency to Foreign Indebtedness*

Yet another structural characteristic of underdevelopment and dependency is the current growing external deficit of the Greek economy. This is due to greatly inflated public and private consumption and housebuilding, while productive investments and exports lack buoyancy.

This corroborates Sunkel's, Amin's and Frank's arguments that in peripheral countries acute and persistent tendencies to foreign indebtedness result in growing fiscal deficits due to the highly inflated role of the public sector, and to the need for foreign financing leading to ever greater dependency. This is further aggravated by the importation of luxury consumer goods for groups with rising incomes and a high marginal propensity for purchasing such goods and indulging in «demonstration effect» behaviour. In addition, exports and out-flow of foreign capital in the form of profits, price-transfers, royalties etc. aggravate the balance of payments deficit still more.

The balance of payments figures show that the current external account in 1977 developed less favourably than the authorities had hoped. Reflecting buoyant domestic demand, volume imports surged appreciably while exports were sluggish; together with price movements, this resulted in a substantial increase in the trade deficit from \$3.3 billion in 1976, to \$3.9 billion in 1977. As usual in modern Greek economic history, part of this deterioration was offset by a strong rise in invisible receipts (shipping and workers' remittances as well as tourism), so that the current external deficit actually broadened by only \$0.2 billion to \$1.3 billion (4.75% of the GDP). Also, to increase official reserves, the authorities resorted to external borrowing.

According to a 1978 OECD report on Greece, all the major categories of exports seem to have fallen in real

terms. Export performance was particularly poor to the United States market which accounts for about 5% of total exports, while exports to the EEC (50% of total exports) changed little in volume. It also appears that Greece did not repeat its good performance of the previous three years in the Middle East oil-producing countries, and the value of exports there slowed down markedly in 1977, suggesting almost stagnation in terms of volume. On the other hand, there was a pronounced acceleration in consumer-goods imports, largely concentrated on durables including motor vehicles. Imports of private motor cars were 70% above the 1976 level and accounted for about eight percentage points of the 24% increase in industrial consumer imports. Imports of household equipment also increased sharply by 50% in terms of value. The moderate import increase in capital goods lay mainly in transport equipment, and the volume of machinery and electrical equipment imports remained broadly stable, if not stagnant.

As mentioned already, part of this deterioration was offset by a steep rise in invisible receipts, due largely to higher shipping receipts and emigrant remittances than in 1976. The latter were due mostly to improved employment and higher pay in the United States and Germany, and the increased value of the Deutschemark in capital inflows for real-estate purchases, and a similar movement in long-term entrepreneurial capital, mainly in oil-refining and oil-distribution activities and in mining.<sup>58</sup>

All the above so-called invisible receipts help to balance the growing payments deficit. At the same time they deprive the country of its most dynamic and productive human resources. They contribute to a national socio-economic structure characterised by the combined phenomena of underdevelopment typical of most formations of peripheral capitalism, together with specific parasitic comprador activities. This outward orientation of Greek capital and human resources is a pronounced feature of the Greek nation and people, who have always exhibited acute socio-psychological symptoms of the «permanent migrant» syndrome.

<sup>58</sup> See *OECD Economic Survey: Greece 1978*. «Foreign Trade and Balance of Payments», paras. 18, 19, 20, 21, 22.