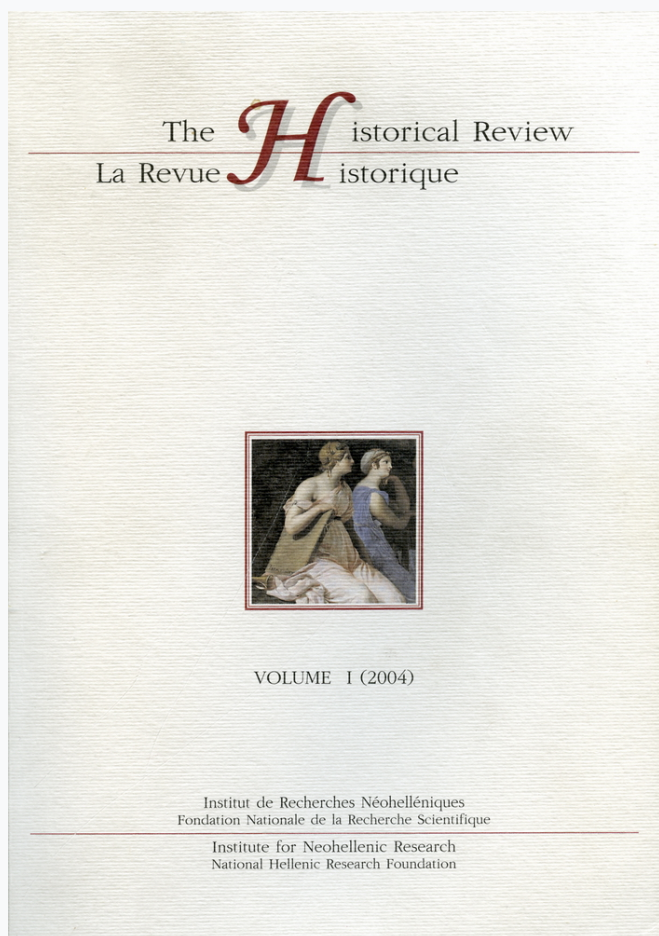


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### On Entrepreneurs and Entrepreneurship of the Olive-oil Economy in the Aegean: The Case of Lesbos Island

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ON ENTREPRENEURS AND ENTREPRENEURSHIP  
OF THE OLIVE-OIL ECONOMY IN THE AEGEAN:  
THE CASE OF LESVOS ISLAND

*Evridiki Sifneos*

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ABSTRACT: This article summarizes the conclusions of a study on entrepreneurial activities related to the cycle of the olive-oil economy in Lesvos, an island in the North-Eastern Aegean, from the eighteenth century until the middle of the twentieth century. It is based on research and observations drawn from a multiform primary material, such as companies' records, communal and family archives, consular and administrative reports, as well as secondary sources which allow comparisons with other oleiferous regions and connect the economy of Lesvos to the broader Aegean and Mediterranean environment.

It points out that the single cultivation phenomenon, though associated to the economy of risk, obeyed to the market's command and was prepared by the abolition of the governor's monopoly on the oil trading and the consequent opening of the market. This enabled the Christian ottoman subjects to develop the administration of intensive olive growing, mechanized oil extraction and trade expansion. Olive oil and soap were the two basic commodities of the island's export revenues that were commercialised, despite their low quality, into a wide range of port and island markets of the Asia Minor coast, the Aegean islands and the Black Sea. Moreover, the article explores the type of commercial and industrial enterprises and the characteristics of the olive-cycle entrepreneurs. It concludes with the commercial crisis suffered from the major political and economic changes of the twentieth century and the consequent reorientation of Lesvos' businessmen towards Crete and Piraeus, the olive manufacturing centres of the Neohellenic state.

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The olive, a traditional Mediterranean cultivation, ensured, thanks to its rich caloric value, the moderate sustenance of the Mediterranean populations.<sup>1</sup> Its cultivation is often characterized by the partition of land into small and medium landholdings,<sup>2</sup> the latter requiring an extensive labour force while the

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<sup>1</sup> F. Braudel (sous la direction de), *La Méditerranée. L'espace et l'histoire*, Paris 1977, pp. 29-32. P. Horden, N. Purcell, *The Corrupting Sea. A study of Mediterranean History*, Oxford 2000, p. 209.

<sup>2</sup> Spyros Asdrachas notes the different sizes of the cultivation units in the Greek insular world. In some islands, the Ottoman regime maintained the characteristics of the previous land use –basically Venetian–, whereas in other islands it replaced it. Cf. G. Tolia, *Ta vnoo-λόγια* [The Isolarii], Athens 2002, pp. 170-171. In Corfu, olive groves were divided between free and baronial lands, reflecting deep social differences. In the nineteenth century 25% of the population owed only 3% of the existing olive groves, whereas the upper 5% of the population owed 30%. Cf. G. Progoulakis, «Στην Κέρκυρα τον 19ο αιώνα: πλεονασμα-

former the family's labour for their yield. Moreover oil production appears to have been associated through the centuries with a low degree of technical innovation, while intensive oleiculture was a classic strategy of opportunistic economic activity that surpassed the microregional economy but always remained exposed at risk.

It seems very likely that expansion in oleiculture was the response to the formation of particular markets. Wherever an increasing possibility of a vast consumption of the olive tree's products arose, it became a single cultivation, as in the case of the island of Lesbos in Greece.<sup>3</sup> This island offers a prime example for the study of the olive-oil economy pushed to its limits. In the beginning of the twentieth century, on a total surface of 1,630 km<sup>2</sup>, 10,000,000 olive trees yielded what provided the agricultural product for the processing of olive oil in 113 steam-powered plants.<sup>4</sup>

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τικά χωριά και ελλειμματικές εκμεταλλεύσεις» [Corfu, 19th century: Surplus villages and deficit land exploitations], *Historica* 7 (1987), pp. 57-81.

In Lesbos, apart from the monastery lands and some large Ottoman estates, olive groves existed in the form of small lots, belonging to a large number of small producers. In 1911, in the region of Mytilini, the island's capital, 81.4% of the estates paid the lowest limit of land tax, whereas in the regions of Molyvos and Plomari the respective percentages were 31% and 94.2%. Cf. E. Sifneos, *Λέσβος. Οικονομική και κοινωνική ιστορία (1840-1912)* [Lesbos. Economic and Social History (1840-1912)], Athens 1996, p. 108.

In mainland Greece, the development of olive growing through the engrafting and state lands allocation laws (16 October 1856 and 10 August 1861) supported small ownership. Cf. G. N. Mitrofanis, «Φορολογικό και γαιοκτητικό καθεστώς της ελαιοκαλλιέργειας στο ελληνικό κράτος (1821-1860)» [Tax and landowner regimes of olive-groves cultivations in the Greek state (1821-1860)], *Historica* 20 (1994), p. 98.

In the region of Puglia, in Italy, the oil production of which was mainly absorbed by Venice (sixteenth century) and later by Trieste (eighteenth century), olive groves consisted of medium-sized lots, alternating with larger cereal cultivations, that provided an additional income during the inactive months of olive cultivation. Another income source was the cultivation of almond trees within the olive groves. Cf. Biagio Salvemini, "Prima della Puglia. Terra di Bari e il sistema regionale in età moderna", in *Storia d'Italia, Le Regioni, dall'Unità ad oggi, La Puglia*, Torino 1989, pp. 5-217.

Similar estimates about the size of olive groves exist about Tunisia. According to Ottoman tax registers, in 1840, 84.5% of the lands in the fertile olive growing region of Monastir belonged to small and middle landholders. Cf. D. Bouzgarrou-Larguèche, *Wtan al Munastir. Fiscalité et société (1676-1856)*, Tunis 1993, p. 51.

<sup>3</sup> Other European regions having reached the limit of a single cultivation are Andalusia, Manche and Estremadure in Spain, Puglia and Calabria in Italy and Sfax in Tunisia. The Mediterranean olive tree plantations produce nowadays the 98% of the world's olive-oil production. Cf. Marie-Anne Gervais-Lambony, ed., *La Méditerranée*, Atlande 2002, pp. 69-70.

<sup>4</sup> Γενική Διοίκησης Νήσων Αιγαίου, *Διάφοροι Μελέται περί των νήσων, Α' Λέσβος*

The development of an intensive cultivation, from the mid-1850s, and the systematic mechanization of oil processing 30 years later, does indeed exceed the limited size of insular economy. This extraordinary boom is related to the existence of a vast hinterland, i.e. Asia Minor, with which a continuous movement of men and merchandise existed. Its importance is confirmed by the location of most of the island's urban centres, which are oriented eastwards.<sup>5</sup> Asia Minor provided the resources for the seasonal exodus of the insular labour force that was dependent on the olive-tree single cultivation.<sup>6</sup>

### *Single cultivation, a market's command*

Vineyards and olive groves coexisted since antiquity.<sup>7</sup> This phenomenon was also evident during the Genoese rule,<sup>8</sup> although, in the Eastern Aegean, the Genoese demonstrated a special interest for the exploitation of alum.<sup>9</sup>

In the sixteenth century, the tax farming in most villages was apportioned among edible olives, wheat, must and olive oil.<sup>10</sup> Nevertheless, a comparison

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[General Administration of the Aegean Islands, Various Studies on the Islands, A' Lesvos], Athens 1913, p. 11.

<sup>5</sup> Interesting remarks about the location of the ancient cities and also the relation of Mytilini with the *Μυτιληναίων αιγιαλός* [the seashore of the Mytiliniotes] are to be found in I. D. Kontis' book, *Η Λέσβος και η μικρασιατική περιοχή της* [Lesvos and its Asia Minor Region], Athens 1978.

<sup>6</sup> The deficient cultivation of cereals on the island and the need for supplementary work as summer occupation promoted seasonal migration of the agricultural population. Sp. Asdrachas notes that the cause of population movements or seasonal migrations from the islands is related to the disproportion between population and resources. Cf. Sp. Asdrachas, *Οικονομία και νοοτροπίες* [Economy and Mentalities], Athens 1988, p. 237.

<sup>7</sup> Data from cadastre inscriptions between the third century BC and the third century AD in the region of Mytilini and Pyrrhaea, reveal that horticulture occupied 55% of the surface, vineyards 5-6%, pasturelands 30-35% and olive groves 5-6%. Cf. I. D. Kontis, *op. cit.*, p. 36.

<sup>8</sup> In the fifteenth century, the island produces cereal, olive oil, fruit and wine. Cf. J. Heers, *Gênes au XVe siècle. Activité économique et problèmes sociaux*, Paris 1961, p. 387.

<sup>9</sup> Cf. The Genovese notarial deeds of the fourteenth century. Laura Balletto, "Note e documenti sull'isola di Mitilene al tempo dei Gattilusio", in A. Mazarakis, ed., *Μεσαιωνικά Τετράδια* [Medieval Notebooks], Πρακτικά συνεδρίου Οι Γατελούζοι της Λέσβου, 9-11 Σεπτεμβρίου 1994, Μυτιλήνη [Proceedings of the Conference The Gattilusi of Lesvos, 9-11 September 1994, Mytilini], Athens 1996, pp. 307-342; Giustina Olgiati, "Il commercio dell'allume nei domini di Gattilusio nel XV secolo", *ibid.*, pp. 373-398.

<sup>10</sup> The data come from the 1548 Ottoman tax register, TD 264, published by D. N. Karydis and M. Kiel, *Μυτιλήνης Αστυγραφία και Λέσβου Χωρογραφία (15ος-19ος αι.)* [City Survey of Mytilini and Land Survey of Lesvos (15th-19th c.)], Athens 2000, table 22, p. 149.



between the annuities of olives and olive oil reveals that in many villages and larger agglomerations, the bulk of production consisted of edible olives rather than olive oil. This supports the hypothesis of scant manufacturing means.

As F. Braudel comments, the olive tree, a cultivation of the *longue durée*, spread very fast in the seventeenth century. Even if we don't consider that it supplanted other cultivations, such as vine, it surely occupied an increasingly larger part of the soil leading to a spectacular yield increase.<sup>11</sup> From the mid-seventeenth century, the Ottoman tax registers provide evidence of the systematic expansion of olive-tree plantations, especially in the eastern part of the island. A similar phenomenon occurred in Crete, although somewhat earlier, that is at the end of the sixteenth century. This export-oriented cultivation, resulting from an increasing demand, had as a result the uprooting of vineyards and their replacement with olive trees.<sup>12</sup>

In the eighteenth century, olive oil exports from Lesbos were subjected to important fluctuations. The curve was up going for the first half of the century, when Lesbos exported large quantities of olive oil to Marseille. It is for sure that, a quarter of that port's imports from the Levant came from Lesbos.<sup>13</sup> Afterwards, exports decreased and were led, almost exclusively, to Istanbul. The erratic course of olive-oil exports from this island and their significant variations over this period depended on a succession of factors, which are worth mentioning. In the first place, Lesbos was but one of the many provider regions of olive oil for the soap-works of Marseille. The industrial French port was also supplied by Crete, the Peloponnese, Italy, Spain and North Africa. In addition, export fluctuations depended on the exit of the crops and on the annual fruitful or not olive's biennial cycle. Furthermore, exports were affected by upheavals in international trade caused by warfare (such as the War for the Austrian Succession 1740-1748, and the Seven Years' War 1755-1763), but, mainly, by the high price of the island's olive oil.

The imposition of the additional, and arbitrary, *bid'at* tax in 1715, and the monopoly on olive-oil trade, exercised by the Ottoman governor, reflected the

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<sup>11</sup> The data of the Ottoman tax registers for the years 1548 and 1671 concerning 15 villages of the Mytilini *kaza* allow us to compare the taxation of wheat and olive production, revealing the boosting of the latter. Cf. D. N. Karydis and M. Kiel, *op. cit.*, table 20, p. 146.

<sup>12</sup> Y. Triantafyllidou-Baladié, «Le marché des produits agricoles de la Canée aux XVIIe et XVIIIe siècles. Le mécanisme des échanges et les pratiques du crédit», in the collective volume published by the Centre Nationale de Recherches Scientifiques, *Les villes dans l'Empire Ottoman: activités et sociétés*, Paris 1991, pp. 300-320.

<sup>13</sup> P. Boulanger, «L'île de Mytilène et le négoce français au XVIIIe siècle», in the CNRS collective volume, *op. cit.*, pp. 273-299.

attempt of the Sublime Porte to restrict exports, and the struggle of the local elites to appropriate the revenues of olive oil trade. The frequent embargos on olive-oil exports from Crete, Lesvos, but also from Thessaloniki in the eighteenth century, were due to the gigantism of the Ottoman capital and the increase of its provisioning needs. Because of its geographical location, Lesvos was chosen for the supplying of Istanbul and its environs. Thus, in the eighteenth century, there was a shift in the island's exports.<sup>14</sup> To this choice concurred the olive-oil export duty that, in 1750, exceeded by 3 *akce* per *oke* the corresponding duty in Crete.<sup>15</sup> Therefore, olive oil from Lesvos disappeared from Marseille's imports, whereas olive oil from Crete and the Peloponnese came to constitute the bulk of olive oil imported by this international olive-oil trade centre from the Eastern Mediterranean.

In the middle of the nineteenth century, a disastrous frost hit the olive groves of Lesvos. This natural phenomenon, a well-known adversary of the olive tree in other areas as well, like in Southern France,<sup>16</sup> caused an important migration towards the commercial centres of the Eastern Mediterranean and created the conditions for a radical renewal of the olive cultivation. Two new varieties from Asia Minor, the *adramyttium*-type and the *kolovi*, were transplanted and the cultivation of olive trees reached up to the most inaccessible mountain spots. Single cultivation created an agricultural surplus and as a result exports picked up some years later. Among the benefits of the connection of Lesvos with the steam shipping lines of the Eastern Mediterranean, was the spectacular increase of its export trade after 1867,<sup>17</sup> which resulted to the creation of an important transit trade station.<sup>18</sup>

### *Preparing the new entrepreneurs*

Along with the improvement of material conditions, the conditions were set for the preparation of human resources too, able to administrate the intensive

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<sup>14</sup> D. N. Karydis and M. Kiel, *op. cit.*, p. 163, where the French memorandum on the commerce of Smyrna in 1770, is mentioned referring to the reorientation of the island's olive oil exports.

<sup>15</sup> P. Boulanger, *op. cit.*, p. 277.

<sup>16</sup> In the eighteenth century nine frosts hit the olive cultivation of Southern France. See P. Boulanger, *Marseille, marché international de l'huile d'olive. Un produit et des hommes 1725-1825*, Marseille 1996, p. 63.

<sup>17</sup> E. Sifneos, *Λέσβος. Οικονομική και κοινωνική ιστορία 1840-1912*, pp. 228-229.

<sup>18</sup> AYE [Minister of Foreign Affairs of Greece] 1867, 39, 12, No. 6166, Bargigli Report, «Métélin avant et après la catastrophe du 7 mars 1867».

growth and management of the olive-oil economy. Although the cultivation in itself needs little care, as compared to vine or cereals, olive-tree growers have still the arduous tasks of preparing the soil; buttress it with stone buttresses, and, that of collecting and transporting the olives. The development of business acumen centred on trade and manufacturing needed complex abilities.<sup>19</sup>

Olive growers and agricultural labourers intensified their work, not only by expanding single cultivation into steep and mountainous slopes, but also in olive picking, the difficulty of which depends on the inclination of the ground and the height of the tree. As for the owners, preparation had to do with preconditions permitting the increase of their managerial ability rather than their labour skills.

The struggle between the Ottoman ruling elite and the Christian subjects for the appropriation of the profits deriving from olive-oil trade ended with the abolition of the monopoly, held by the Ottoman governor, the fragmentation of the olive growing land in small landholdings, and the appropriation of large estates by the Christian Ottoman subjects.<sup>20</sup> The creation of a new field of free private enterprise and its manning by a compact and competent stratum of Christian merchants, stimulated by the Tanzimat reforms, bares some interesting questions about the conditions under which this social group, being in the backstage of history until 1830, emerged.

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<sup>19</sup> From the activities of G. S. Kampezas, founder of the first steam-driven oil plant in Parakoila, we obtained some interesting observations. After returning from Romania, where he had temporarily emigrated, G. S. Kampezas began his business activities on Lesbos in 1887, with an import-export commercial spot, catering to the surrounding region. Later, looking for a better capital return, he built a steam-driven oil plant, after he had secured the grinding charges not only from private producers, but also from the tithes of the neighbouring regions (Nahie) of Polichnitos and Vassilika. As it is shown in the plant's Journal for the period 1895-1905, G. S. Kampezas made profit from the grinding charges and the selling of kernels, after he had subtracted the plant's annual operational expenses. The producers, Christian and Ottoman, brought the olives in his plant and after subtracting the tithe levied on the agricultural product, they received their correspondent share of olive oil. The poorer would frequently balance their debt to the owner of the plant and the commercial store by offering daily wages, free carriage transport, by providing him with construction material, fuel, or olive oil. Cf. Parakoila oil plant archives, Production-Profit Book 1895-1901 and 1901-1910, as well as Daily Journal 1890-1891. I profoundly thank Ms Ioanna Vallina for the disposal of this archive.

<sup>20</sup> This phenomenon is what R. Kasaba calls "the emergence of a 'civil' society" into which Greek community played a key part. It appears from the late eighteenth century until the first three quarters of the nineteenth century. Cf. R. Kasaba, "Economic Foundations of a civil society: Greeks in the Trade of Western Anatolia, 1840-1876", in D. Gondicas and Ch. Issawi, *Ottoman Greeks in the Age of Nationalism*, Princeton 1999, pp. 77-88.

Intensive cultivation and manufacturing presuppose big or medium capital accumulation, in proportion to the scale of the business venture. The major part of the entrepreneurs who invested in these activities consisted of small and medium fund holders who accumulated wealth throughout trade activities outside Lesvos; few were prominent landowners, who made their landed property even larger, through lending activities towards other Christians but basically towards Muslim Ottoman subjects.

Capital formation for industrial purposes drained its flows basically from commerce.

Migration towards the important economic centres of the Eastern Mediterranean in the middle of the nineteenth century was related to economic interests. It was linked to the pursuit of a career in trade and was seen as an escape from misery and the drudgery of survival, while the quest for a foreign citizenship was equally important. Under its shield profits would be non-taxable and political protection against the Ottoman authorities could be assured. By contrast, a small group of big landowners aimed to the exploitation of state revenues related to the auctioning of the tithe,<sup>21</sup> for which Ottoman citizenship was required.

Beyond the institutional and economic conditions for the development of business activities, cultural conditions were required as well. We will deal below with the education of the entrepreneurs, though a differentiation in mentalities has to be pointed out here. There is a cultural gap between the peasant and the merchant, as the former clings towards a traditional way of life,<sup>22</sup> fostered among other factors, by the peculiarities of olive growing (where little innovation was implemented). The peasant's condition in the island of Corfu

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<sup>21</sup> Panos Courdzis (1850-1931) is the main representative of this trend. This role was devolved later to the Bank of Mytilini, owned by Courdzis. In Mytilini and in the olive growing regions of Adramyttium and Aivali (Cydoniae) in Asia Minor, the tax farmers of the tithe were usually wealthy Greek Ottoman subjects. As commercial correspondence between Lesvos and Asia Minor indicates, in the late nineteenth century there was a special interest, expressed by large estate owners and proprietors of olive-oil factories, for participating in the auction of the tithe revenue. Cf. Al. Hadzidimos archives, Letter Copies of the merchant Th. Marinos, 1891-1894, 19.12.1891, 23.10.1893 and 3.11.1893. See also ELIA (Hellenic Literary and Historical Archive), Goutos Bros' Records, Commercial correspondence, 1907 and 1913, folders 1 and 3.

<sup>22</sup> The Austrian vice-consul N. Bargigli was the first to point out the farmers' prejudices. Having in mind other patterns of cultivation, probably that of Southern France, he could not understand why the farmers of Lesvos avoided the combination of wheat and olive in the same farm. Cf. AYE 1867, 39, 12, No. 6166, Bargigli report, *op. cit.*

which bears a lot of similarities with the one of Lesvos regarding malnutrition, poverty, fear of the weather, the usurer, the oil-dealer, and with almost complete lack of rewards, generated little innovativeness. For Corfu, cf. A. Sortinas, *Old olive mills and presses on the island of Corfu, Greece*, Ph. Dissertation State University, Memphis 1971, p. 4, Memphis, whereas the latter acted as an agent of change. Through travelling, the learning of foreign languages and the dealing with transactions the tradesman broadened continuously his intellectual and social horizon and clinged towards modernity. A multiform type of prestigious mansions with a variety of European and Anatolian architectural influences, remains up to nowadays the best testimony of the mentality of the island's merchant bourgeoisie. Trade also stimulated political consciousness and national awakening, as the entrepreneur moved from the status of the subject of a monarchy to that of a citizen.

Nevertheless, a 'snapshot' of the businessman in a given moment, due to the available documentary sources can be misleading in a certain extent. It contains the danger –because of the lack of other successive 'snapshots'– of identifying him with a 'shaped' portrait and therefore of ignoring evolution or degradation. Such is the case with the evolution of the entrepreneurial abilities of the producers of the olive-oil economy. We should mention therefore that, if we consider the mid-nineteenth century as the starting point for intensive single cultivation, its turning point must be situated a century later. After 1951, internal migration reduced the island's population by one third and therefore, the supervision of olive production took place from afar, through leasing, by intermediaries who weren't landowners.<sup>23</sup> Thus administration of the olive groves reached a declining state in the second half of the twentieth century.

### *Products and their use*

Olive oil and soap held a monopoly in export revenues. These commodities were the products that made Lesvos's trade balance positive. They enabled the importation of cereals as well as of important manufactured goods from Europe, satisfying thus the consuming needs of the urban population both in Mytilini and on the Asia Minor coast.

During the nineteenth century, and thanks to the evolution in trade and manufacturing, those products became specialized, developed different qualities

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<sup>23</sup> Cf. N. Katsaros, Th. Anthopoulos, «Διαχείριση από μακριά και εγκατάλειψη της ελαιοκαλλιέργειας στη Λέσβο» [Absentee Management and Abandonment of Olive Cultivation in Lesvos], in K. Kentros, N. Margaris, eds., *Οι ελαιώνες του Αιγαίου* [The Olive Groves of the Aegean], Mytilini 1988, pp. 65-81.

depending on demand, and acquired, of course, varied pricing. Olive oil, a basic nutritional good, was distinguished into first quality –fine or extra–, into second quality, edible as well but of higher acidity, and finally, into semi-edible and non edible oils for soap manufacturing, usually of very high acidity.<sup>24</sup>

First-rate olive oils were appreciated and consumed mainly by high-income consumers. Whatever their price was, the islanders in the diaspora would prefer them for domestic use rather than trading. Their penetration into the larger public depended on the quality-price ratio. For example, commercial correspondence testifies that in the ports of Southern Russia, in the late nineteenth century, edible oils from Corfu and Paxoi islands in Greece were favoured, for being cheaper and of higher quality, whereas oils from Crete were mainly purchased for industrial use. Compared to its Mediterranean rivals, the Greek olive oil fell short in quality to the Italian oils, needless to mention the edible oils of certain regions of Spain.<sup>25</sup>

Trade bulletins of the period 1910-1912<sup>26</sup> record three olive-oil qualities, while the correspondence of the merchants attest to a further specialization, having to do with first-rate olive oils.<sup>27</sup> Virgin, fine or extra-fine olive oils came

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<sup>24</sup> A broader distinction of olive oils on a European level would range them into edible and industrial. Among the latter are limpid oils, favoured for their caustic properties that were used mainly for lighting. Cf. P. Boulanger, «L'île de Mytilène et le négoce français au XVIIIe siècle», pp. 64-65.

<sup>25</sup> ELIA, Goutos Bros., commercial correspondence, 6.6.1907, letter of Taganrog merchants P. Canaki-G. Antoniadi to the Goutos Bros export firm in Mytilini. At this point, we should note the entrepreneurial 'expansionism' of many European regions that had acquired an expertise in olive-oil business, such as Nice, Liguria and Provence, which used to buy foreign good qualities from oleiferous regions with low commercial organization and after mixing them with their own lower quality, used to sell them under Italian or French label. As far as the Greek olive oils were concerned, this was commonplace practice. Cf. Report of the National Bank of Greece on oleiculture, IAETE, Industrial Credit, 0-125, 1939, study of the National Bank of Greece on olive cultivation, pp. 15 and 24. The same phenomenon occurred also in Calabria by French and Italian merchants. Cf. Piero Bevilacqua, "Uomini, terre, economie", in *Storia d'Italia, La Calabria*, Milan 1986, pp. 241 and 247, footnote 45.

<sup>26</sup> The press of Lesvos notes extra-fine *agourolado*, edible oils, and oils for soap making and lampante, used in lighting, while in 1912, both soap making and lampante oils were reported as yellow-soap oils. Indicative prices were on 31 December 1910: 57-59 kurus/jar for top quality oils, 47-54 kurus for the second category and 42.5-45 kurus for the third. A jar equaled 8.16 kg. Olive-oil prices tended to increase between June and October every year (newspaper *Σάββατο*, trade bulletins for the year 1910 and newspaper *Λαϊκός Αγών*, trade bulletins for the year 1912).

<sup>27</sup> ELIA, *op. cit.* and Al. Hadzidimos's archives, *op. cit.*, 6.3.1892, 2.9.1892, 29.1.1894.

from cold pressing of selected mature olives; *agourolado* was a first quality olive oil produced from the pressing of green olives, while common olive oils came from the crushing of stored or salted olives by adding hot water.<sup>28</sup> Common olive oil was the island's main product and their prices were decreasing in the markets of Europe. Common olive oils of high acidity were used as aliment among the rural population. In Greece, as well as in Spain, olive oils with acidity up to 5 degrees were belatedly marked as industrial.<sup>29</sup> Thus, following the common 'fate' of the populations in underdeveloped countries of single cultivation, the farmers and the poorest urban populations consumed on the spot the worst quality of a product they exported, for which their economy was famous.

The Great Depression of the last quarter of the nineteenth century and the fall of agricultural prices<sup>30</sup> brought up the pressing issue of the improvement of

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Lampante oils and 'sutan mate' (oil for soap making) are to be found in the commercial correspondence of that time. Oil *lampante* refers to limpid, cleared oil. Cf. M. M. Larne and Fleury, *Dictionnaire illustré des mots et des choses ou dictionnaire encyclopédique des écoles, des métiers et de la vie pratique*, Paris 1905, Vol. II, p. 235. However, in the common practice oil *lampante* could be as well an edible or a high acidity oil. In the interwar period, among the olive growers and the common language of the Ionian and the Aegean islands, the term *lampante* became synonymous of, refined, good quality olive oil. In the oral tradition, it is referred to as 'malama' [golden], having a gold coin colour. The attribute *lampante* was given to the olive oil coming out from the first phase of olive processing by cold pressing without admixture with hot water. Popular medicine used it as a remedy and a palliative for stomachaches. Scientifically, though, lampante referred to refined oils, of high acidity that were chemically cleared in a refinery. Today, in Greece, as well as in Spain and in Italy, *lampante* oils have an acidity between 3 and 5 degrees and reach sensibly lower prices than the better qualities, *extrissimo*, *extra*, *fine* and *semi-fine* oils. Cf. *Ελιά και Ελαιόλαδο* 33 (March-April 2003), p. 17.

<sup>28</sup> Greek State Archives of Lesvos Prefecture, Archive of the Russian Vice-consul, copies of letters 1894-1902, 19/31.10.1896, No. 95, report by the Vice-consul to the administrator of the Imperial Russian Consulate in Smyrna.

<sup>29</sup> Cf. IAETE, Industrial Credit, 0-125, 1939, study of the National Bank of Greece on oleiculture, p. 22; J. F. Zambrana Pineda, "El olivar español, 1870-1930", in R. Garrabou and J. Sanz Fernandez, eds., *Historia Agraria de la España Contemporánea*, Barcelona 1985, Vol. II, p. 312.

<sup>30</sup> Cf. Chr. Agriantoni, «Μεσογειακά αγροτικά προϊόντα: η ελιά, η μουριά και το αμπέλι την ώρα της βιομηχανίας» [Mediterranean Agricultural Crops: Olives, Mulberries and Vine in Industrial Times], *Historica* 8 (June 1988), pp. 82-83.

A similar crisis that imposed structural changes in olive growing, and especially in manufacture, appears in the period 1928-1936. Cf. the table on international olive-oil prices in the National Bank's of Greece study. IAETE, *op. cit.*, and M. Dritsa, «Στρατηγικές επιβίωσης της ελαιουργίας στην περίοδο του Μεσοπολέμου» [Olive growing survival strategies

cultures and varieties. The crisis struck mainly the countries and regions whose exports were based on a mass crop of medium and low quality.<sup>31</sup> Oil prices fell radically.<sup>32</sup> Demand for industrial oils decreased as petroleum replaced oil for lighting and seed oils that were cheaper proved to be suitable for soap making. In Lesvos, local soap makers absorbed the exceeding stored quantities while exports were basically used for lighting purposes.

The quality of olive oil depended on how quickly olives were ground and consequently on the number of the available factories and mills. It also depended on the type of the olives, on the mode and time of picking, i.e. whether olives were picked by hand or from the ground or after thrashing. First quality olive oils, the prices of which in Europe resisted the late nineteenth-century crisis, demanded major improvements in cultivation and manufacturing. It was only the regions with high entrepreneurship that could respond to innovation. Although in Lesvos the olive-oil processing was fully industrialised, industrialisation didn't prove to be satisfactory to fulfil those necessary improvements that would offer highly priced first quality oil.<sup>33</sup>

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in the interwar period], in K. Kentros and N. Margaris, eds., *Οι ελαιώνες του Αιγαίου*, pp. 36-54.

<sup>31</sup> From this point of view, a good example is Spain, where the crisis struck mostly Andalusia and the north-eastern olive region of Catalonia and Aragon. Only in the latter, entrepreneurs imposed changes fit to the demand of the international markets. Cf. J. Nadal, A. Carreras, C. Sudrià, *La economía española en el siglo XX. Una perspectiva histórica*, Barcelona 1991, p. 31. In the Italian region of Calabria, which supplied England and Russia with lubricant and lighting olive-oils, first the state and later big and medium producers undertook the effort to produce edible olive oils, in order to face the crisis so as to compete with Liguria, Toscana and Southern France. In 1889, the Ministry of agriculture founded a model olive-oil plant in Palmi, producing edible olive oil, whose price exceeded by 20 or even 25 lire per hectoliter the price of common oils. Piero Bevilacqua, *op. cit.*, p. 240.

<sup>32</sup> In Britain, for example, which was flooded by Italian oils, olive oil prices fell by 42.6% between 1880 and 1896 in comparison to the prices of the period 1861-1897 and a further 5% in the period 1897-1906. Cf. J. F. Zambrana Pineda, *op. cit.*, table 2, p. 310.

<sup>33</sup> Mechanical presses were not the only element that affected the ratio of produce between olives and olive oil. This relation depended also on the location of the grove, the variety of the trees and the grinding season. Early olives yield less than late ones. Nevertheless, it is an undeniable fact that today's yield, in the same groves, is sensibly lower than it was in the end of the nineteenth century, when the groves were more cultivated and the farmers used to live in the cultivated area.

As far as the processing of olive oil is concerned, the manufacturers of olive press equipments, such as Gr. Kouppas, advertised their mechanical iron presses as superior in olive-oil yield compared to wooden presses. INR/NRF, Kouppas's records, copy of letters, 10.8.1896 and 30.1.1899.



A successful entrepreneurship meant above all a radical renewal of cultivation methods, leaving behind the traditional picking of olives, introducing agronomic innovations, quick pressing with state of the art machines, meticulous cleaning, systematic quality control and finally, possession of the proper means of production and networks of commercialisation towards high income markets. State support for the reinforcing of cultivation, combating olive trees diseases and defining export tariff facilities, was also of the outmost importance but proved to be insufficient. Nothing of the above ever occurred to Lesvos.<sup>34</sup> Medium and low quality olive oils continued to be consumed as food, in seasoning and in cooking, while an important amount of the island's oils used for lighting was exported to Russia to supply small hanging oil lamps in houses and churches. Apart from this major import country, other important clients were the Balkans (Bulgaria, Romania) and Egypt.<sup>35</sup>

Soaps were divided into two main qualities, common soaps adulterated with calcite, and "pure" soaps, white or green, the price of which was almost forbidding to most consumers in the Ottoman Empire.<sup>36</sup> Asia Minor consisted the principal market for soaps produced in Lesvos. Adulterated soaps produced in the industrial centres of Mytilini, Perama and especially Plomari, were very popular in the Turkish baths for cleaning and scrubbing. However, soap production that had reached a peak before 1895, declined between 1895 and 1905, due to the prohibition of the adulterated quality. The control measures imposed by the authorities concerning the soap's composition and the ban of exports to small ports where such controls were not possible, impeded production and closed down many soapworks. After this prohibition was

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Contemporary studies show that in steam-driven oil presses, residue is reduced to a minimum (3-4%) and the yield of olive oil is much higher. Cf. Z. Matha-Dematha and L. Sapounaki-Drakaki, «Το λάδι στην Ελλάδα το 19ο αι: καταναλώσεις και τιμές» [Olive oil in Greece in the 19th century: consumption and pricing], in Cultural and Technological Foundation of ETVA-ELAIS Ltd, *Ελιά και Λάδι* [Olive and Oil], Δ' Τριήμερο Εργασίας, Καλαμάτα, 7-9 Μαΐου 1993. Fourth Three-Day Meeting, Kalamata, 7-9 May 1993], Athens 1996, p. 437.

<sup>34</sup> On the heavy oil taxation, additional taxes and export prohibitions, cf. E. Sifneos, N. Sifounakis, G. Koutsouridis, *Ενθύμιον Σαπωνοποιίας* [Soapmaking in Lesvos. A Memento], Athens: Livani publishing organization, 2002, pp. 85-86.

<sup>35</sup> In the period following the liberation of the island [1912] Italy and the United States were added as importers of the island's oils. Cf. Consular reports 1895-1905 and tables by the Chamber of Commerce and Industry of Lesvos, 1924 -1931.

<sup>36</sup> Commercial reports in 1910 record green soaps produced from olive kernel-oil, 'pure' white, medium and third quality soaps (newspaper *Σάβιλλυξ*, commercial reports for the year 1910).

revoked, industrial production blossomed again and apart from the local 'qualities' mentioned above, other types of soap were produced as well. As commercial correspondence indicates, branches of manufacturers, established in Trebizond, gave special orders to the producers of Lesvos in order to promote different types of this commodity in response to the demand of specific markets of the hinterland.<sup>37</sup>

Such orders remind us of a chef's recipe rather than that of any industrial production. They inform us about the composition, the colour, the scent, the shape and the package of the desired soaps. The case being as it was with scented soaps produced in Lesvos, which were on a par with similar French products, soap making bore more the characteristics of a specialized small scale artisan's craft, taking place in a chemical laboratory, than that of an industrial enterprise.

Stagnation characterised the period after the liberation of the island from Turkish dominion (1912) and a relative 'inertia' of the industrialists followed. They continued to orient the bulk of their exports to the traditional markets bearing the burden of stiff trade tariffs for imports in Turkey. Gradually, a certain turn towards the Greek market was manifested and transactions especially with Volos, Thessaloniki and Cavala grew in volume.<sup>38</sup> White, green and scented soaps prevailed until 1926, when heavy taxation on white soaps gave a fateful blow to exports.<sup>39</sup>

#### *Export markets and selling methods*

Olive oil from Lesvos, as main foodstuff and soap as a complementary commodity for domestic use, were exported into a wide network of port and inland markets of the Asia Minor coast, the Aegean islands and the Black Sea. This fan-shaped area (cf. map), the outline of which is formed by the commercial naval courses starting from Lesvos, spans from Thessaloniki and Porto Lago in the West to Trebizond to the East and Antalya to the South. These port-cities, and the smaller ports in-between, consumed the island's

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<sup>37</sup> We mention here the orders by the Trebizond branch of Georgantellis Bros to the central firm in Plomari for the production of Antiochia-type soaps (with laurel-oil), Crete-type soaps (with an admixture of liquid soda), in order to sell them to Erzurum. ELIA, Georgantellis Bros correspondence, Trebizond file, 7.12.1910, 3.5.1911.

<sup>38</sup> On exports in the interwar period, cf. E. Sifneos, N. Sifounakis, G. Koutsouridis, *op. cit.*, pp. 95-100 and 129-131.

<sup>39</sup> Production fell from 2,345,163 kg in 1923-4 to 221,437 kg in 1929-30. Cf. Report of the Chamber of Commerce and Industry of Lesvos, 1930-31, pp. 1-11.

goods, as they were supported by its sufficient trade and transport network, which provided a regular and mass supply. Facilities in pricing and the collection of cash from debtors were an added advantage.

Entrepreneurs from Lesvos, as compared to their competitors, Cretans, Samians, or the inhabitants of Cydoniae (Aivali) and Thasos, outdid them in manufacturing, transportation and allocation of the commodities. Their supremacy was challenged in the end of the nineteenth century, when the terms of trade changed. The expansion of mechanised production in other olive growing areas and the development of steam navigation and land communications contributed to this change. The use of specimens stressed attention to the oil's quality and properties that demanded control and standardisation of production. Moreover, thanks to the telegraph, information about pricing spread faster and the suppliers grew in number. Thus, the competitors of Lesvos seized a part of its export markets, which now preferred cheaper or better quality oils.<sup>40</sup> This did not necessarily mean a refinement in nutritional habits, but a greater possibility of choice, since the main bulk of the merchandise was transported by steamboats and by formal orders and not anymore by *ad hoc* selling, according to the market's margins, upon the arrival of the sailboat.

Soaps produced in Lesvos were supplied to retail stores and to guilds, were sold directly in fairs or were stored in permanent agents' shops. They were sold on credit and the money collection took place in the next voyage or was frequently carried out by another fellow merchant. On the contrary, olive-oil export firms were paid upon the expedition of the bill of lading, unless there was a previous agreement about payment in instalments.

Transportation of merchandise by steamboats improved monetary transactions as well. Until then, cash was transported by sailboats in bundles of money. The development of banking branches facilitated transactions while, in the previous period, the commercial network of exporting firms from Lesvos undertook this function. This meticulous task of crediting and debiting accounts belonging to a wide range of merchants that were involved in interlocked transactions and belonged to the same place of origin, was mainly executed by big firms, residing in Constantinople or Lesvos. Rendering to debtors or creditors statements of their accounts proved to be a daily duty of the firm's accounting office. Clients and suppliers were kept informed by means of daily correspondence and the telegraph.

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<sup>40</sup> E. Sifneos, N. Sifounakis, G. Koutsouridis, *op. cit.*, pp. 123-125.

*Commercial and industrial enterprises*

Commercial and industrial enterprises were major tools of business. Due to documentary evidence, their object, as well as their legal status, can be studied easily after 1840. Most of the firms were short-term attempts that followed the biennial olive cycle. They were set up by two or three partners in order to sell the produce of a good crop to the neighbouring markets. Profits were allocated according to the deposited capital.

The associates were sometimes contributors with their own capital, participating personally to the administration of the company, and sometimes fund holders that entrusted their capital to the administration of their partners, without participating in person.<sup>41</sup> More often than not, the main fundholder, who took the entrepreneurial risk, bore exclusively the brunt of deficit, while he was the only to have the right of investing in other enterprises.

Many merchants began their career as trade commercial agents of Alexandria or Smyrna firms in Mytilini, looking forward to promote imported merchandise to the newly opened market of the city, in the mid-1840s –thanks to the abolition of olive-oil trade monopoly– as well as to the satellite markets of the Asia Minor coast. The merchandise, olive oil and soap, but also leather and silk from Asia Minor, met with sacks of coffee, barrels of sugar and rum, bales of cloth, boxes of hardware, French bricks and English iron rods, on the quay of Mytilini with the purpose of being re-exported to Asia Minor.<sup>42</sup> The first accumulations lead to the constitution of independent commercial firms, whose first benefits were invested in the construction of their own sailing boats for transporting goods.

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<sup>41</sup> These companies, which today could be called ordinary partnership or limited partnership, appeared in those times as simply personal or *in accomandita*, hiding behind the ‘& Co.’ their limited partners. On the commercial companies of Trieste, cf. O. Katsiardis-Hering, *Η ελληνική παροικία της Τεργέστης 1751-1830* [The Greek Community of Trieste], Athens 1986, Vol. II, pp. 393-440. In the Aegean, already in the end of the seventeenth century, personal or share-holding companies existed, as the codex of the notary Ioannis Miniatis in Naxos indicates. Cf. G. E. Rodolakis, «Συντροφιές στη Νάξο (τέλη του 17ου αι.)» [Companies in Naxos (end of 17th century)], in *Πρακτικά του Α΄ Πανελληνίου Συνεδρίου με θέμα Η Νάξος διά μέσου των αιώνων (Φιλώτι, 3-6 Σεπτεμβρίου 1992)* [Proceedings of the First Panhellenic Congress on Naxos through the Centuries (Filoti, 3-6 September 1992)], Athens 1994, pp. 569-587.

<sup>42</sup> P. Vlachos, «Κατάστιχο και βιβλίο αλληλογραφίας αναφερόμενα στο λεσβιακό εμπόριο τον 19ο αι.» [Register and book of correspondence regarding the trade of Lesvos in the 19th century], *Λεσβιακά. Δελτίον της Εταιρείας Λεσβιακών Μελετών* 6, (1996), pp. 77-161.

Another type of business organisation has been brought to our knowledge from the industrial archives of the Plomari soap works: the operation of numerous commercial joint entrepreneurial ventures that amassed the necessary capital for manufacturing, commercial supply and transportation of quantities of oil soaps to the markets of Asia Minor.<sup>43</sup> Those comprised not only of merchants, but also of big soap-work owners, in the plants of which the production of the necessary quantity of soap took place. Among the associates was the captain with his sailboat, who acted as a merchant captain or as a plain captain, and took his share of the profits. It should be noted that the profitability of those voyages was low<sup>44</sup> and depending on the availability of a fleet of small sailboat but also on the possibility of buying, out of the profit wheat, which was a deficient crop and the main imported commodity to Lesvos.<sup>45</sup>

A more permanent type of business with a longer duration, were joint stock companies, which in their majority had a personal or family character and which evolved in three phases:

a) Companies based in Lesvos and dealing with the buying and selling of small quantities of goods, especially in the island. They supplied villages and small towns with cereals and had the role of the middleman by buying from the producers in order to supply the port merchants.

b) Companies based in Mytilini with branches in one or two ports of the Eastern Mediterranean or the Black Sea, where an associate would settle to organise the client network. The company covered his habitation, food and footwear expenses. This system required familiarity with travelling, knowledge of the local market and that of the different local habits. Ability for setting up and following up a commercial network, the keeping of regular correspondence with the mother firm and the management of credit and debit accounts were also required.

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<sup>43</sup> Ioannis Poulias' soap factory archive, Incoming correspondence, letters of merchant ship captains to Ioannis Poulias, 1888-1919.

<sup>44</sup> The profit on co-operative capital paid by the participants in each voyage-business undertaking of Plomari captains with soapmakers is calculated to be 5% for the period 1886-1888. This low percentage was compensated by the large number of such undertakings that a businessman would contract with other captains, estimated to 30-40 voyages per year. E. Sifneos, N. Sifounakis, G. Koutsouridis, *op. cit.*, p. 160.

<sup>45</sup> The same occurs in Hermionis (Peloponnese), whose merchant fleet transported oils and sailed back with wheat. H. Forbes, «Ερμιονίς 1690-1990: ο ρόλος της ελιάς μέσα σε 300 χρόνια οικονομικής εξέλιξης» [Hermionis 1690-1990: the Role of the Olive in 300 Years of Economic Evolution], in Cultural and Technological Foundation of ETVA-ELAIS Ltd, *Ελιά και Λάδι*, pp. 340-347.

c) Finally, we have companies based outside Lesvos. Among them, were few but powerful firms based in Istanbul, supplying the oil market of the city. They addressed their commodities to the needs of a larger consumer public. These firms were in an advantageous position, as they were better informed about the domestic and international trade of oil and benefited from the already developed banking system of Constantinople. This category comprises also companies based in cities and ports of the commercial diaspora, in Southern Russia, Romania, Bulgaria and Egypt. These firms dealt, secondarily, with the trade of olive oil and soap, their main business activity being the trade of cereals, cotton and other high-value commercialised agricultural products.

Finally, the industrial-commercial companies that appear in the turn of the century are composed by members of the same family, and run a large export oriented industrial unit. They were therefore importers, as far as the raw materials their industry needs, but also exporters, who could control their production and obtain high-quality products, according to the demand of the international market.

### *Manufacturing*

Manufacturing acquired characteristics of industrial production in the 1880s. Changes were inaugurated in the traditional olive mills by the purchase of manual iron presses, while at the same time steam-driven oil plants were founded, multiplying production tenfold. The expansion of single cultivation in the 1850s and the continuous good crops in the 1880s must be recorded among the factors that contributed to technical innovation. The increase of the plants' grinding capacity secured both a larger quantity and a better quality of olive oil. Thanks to the efficiency of the new productive units, the olives of a successful crop were ground immediately and didn't have to be salted for months, waiting their turn for grinding, a factor that increased the olive oil's acidity.

The adoption of steam as a source of energy and the ease with which this technological innovation was received, were due to certain favourable conditions existing in Lesvos. More specifically, the use of kernel as a fuel, the duty-free import of steam machines up to 10hp, appropriate for oil processing factories, and the vicinity of the port of Smyrna from where most of the imported machines were transported, contributed to the decrease of investment costs. Beneficial factors for the passage to industrial olive-oil manufacturing were the existence of available capital, coming from pre-industrial oil trade and the expansion of the diaspora's business as well as the tax exemptions for foreign citizens. Most industrialists, though being Christians, had acquired a foreign

nationality, and operated steam-driven olive-oil plants the expected profit of which was estimated to be ten times the invested capital.<sup>46</sup>

The olive-oil industry integrated vertically, attempting to exploit all oil industrial by-products. Besides the oil plants, soap factories and kernel plants were built and later, refineries. There was even a project of building a soda plant, which was the main imported industrial product for soap making.<sup>47</sup> In 1896, a new type of factory highly advertised in the Ottoman Empire,<sup>48</sup> the kernel plant, was built. Its technological equipment was more complicated than that of olive-oil plants and required a larger investment. The density of olive-oil plants on the island and the oversupply of raw materials coming from the residues of crushing, i.e. kernel, not only from Lesvos' olive-oil plants but also from those of the Asia Minor coast, dictated the setting up of such plants. Their product was of industrial use and mainly consumed in producing green soap. In 1912, the year Lesvos was liberated from the Turkish dominion, there were 6 kernel plants and 42 soap factories, out of which 14 were steam-driven.<sup>49</sup> The number of plants continued to grow rapidly in the three first decades of the twentieth century.

After the 1910s though, industrial production and commerce suffered from instability and went through short-term crisis due to the changes in the political and economic environment (boycott of the Greek products and the enterprises of Greek citizens in Turkey in 1909, War between Italy and Turkey in 1911). Many industrial and commercial businesses stopped operating. Soap making received an important blow, since the new political and military order (the liberation of the Greek islands in the North-Eastern Aegean in autumn 1912) turned what used to be domestic trade to foreign. When the new

<sup>46</sup> Cf. E. Sifneos, *Λέσβος. Οικονομική και κοινωνική ιστορία (1840-1912)*, pp. 195-227.

<sup>47</sup> E. Sifneos, «Οι αλυκές στο Αρχιπέλαγος και τη δυτική Μικρά Ασία κατά την ύστερη οθωμανική περίοδο: ιδιοκτησία, διαχείριση και εκμετάλλευση από το δημόσιο και τον ιδιωτικό τομέα» [Saltworks in the Aegean Archipelago and Western Asia Minor during the late Ottoman Period: Proprietorship, Administration and Exploitation from the Public and Private Sector], in Cultural and Technological Foundation ETVA, *Το ελληνικό αλάτι* [Greek Salt], Η' Τριήμερο εργασίας, Μυτιλήνη, 6-8 Νοεμβρίου 1998 [Eighth Three-Day Meeting, Mytilini, 6-8 November 1998], Athens 2001, pp. 172-182.

<sup>48</sup> *Ημερολόγιον τῆς Νομαρχίας Ἀρχιπελάγους, 1301 (1883)* [Calendar of the Prefecture of Archipelago for the year 1301 (1883)].

<sup>49</sup> Γενική Διοίκησης Νήσων Αιγαίου, *Διάφοροι Μελέται περί των νήσων, Α' Λέσβος*, pp. 9-39.

Table 1

MECHANIZED INDUSTRIAL ESTABLISHMENTS ON LESVOS

	1913	1924	1929	1931
Olive oil factories	113	140	140	140
Olive Kernel Oil Factories	6	8	8	8
Soapworks	42	60	52	60
Mechanized	14	23		
Textile and				
Thread Factories	2	3	2	2
Machine Shops	2	2	2	2
Tanneries	3	4	4	4
Flour Mills-	15	18		
Rolling mills	2	2	2	2
Other	8	2 soapstone mills 1 glycerin factory 2 textile sack factories 4 tobacco factories 2 macaroni factories 2 pâtisserie factories 15 stations of electric power	3 soapstone mills 2 refineries	5 - 2

Sources: 1913: Report of A. I. Sophianopoulos to the General Administration of the Islands of the Aegean, concerning the industry of Lesvos. Cf. Γενική Διοίκησης..., *op. cit.*, Lesvos, 1913, pp. 3-29. 1924, 1929, 1931: Bulletins of the Commercial and Industrial Chamber of Lesvos of the years 1923-4, 1928-9 and 1930.

frontiers were drawn in the Aegean, olive oil and soap of Lesvos were charged with multiple export taxes and an import duty in Turkey, therefore making their price exceedingly high.<sup>50</sup> On other occasions, as it happened in 1920 and in 1925, olive oil had to surmount the prohibition of exports, imposed by the Greek government.<sup>51</sup>

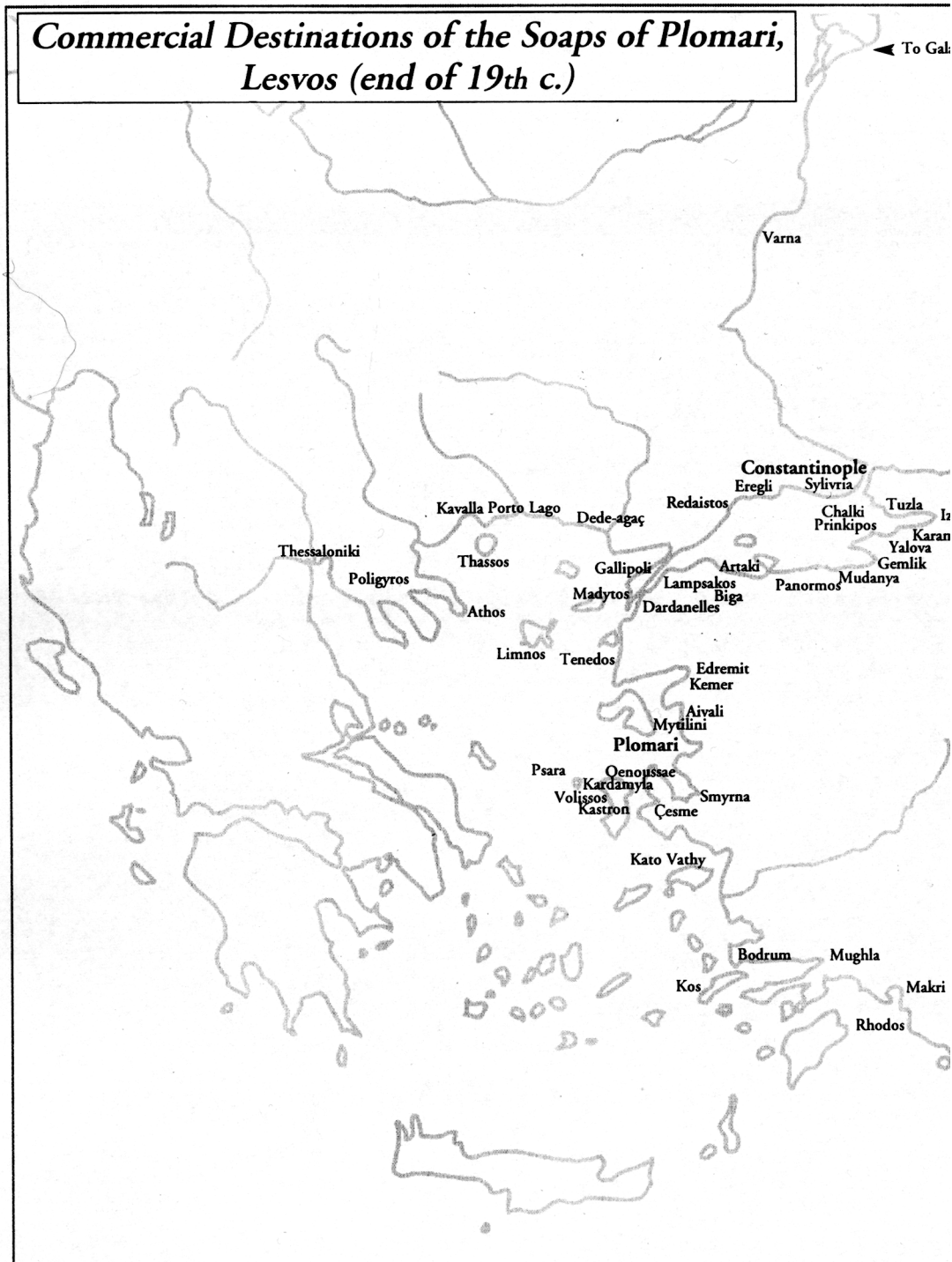
Olive-oil industry, even in its most developed phase, has always been a family business and never went beyond the medium-sized industry, employing a

<sup>50</sup> Bulletin of the Commercial and Industrial Chamber of Lesvos of the years 1924-1925, pp.16-20 and 1930-1931, pp. 12-15.

<sup>51</sup> Bulletin of the Commercial and Industrial Chamber of Lesvos of the years 1920, pp. 49-52 and 1925-1926, pp. 12-13.



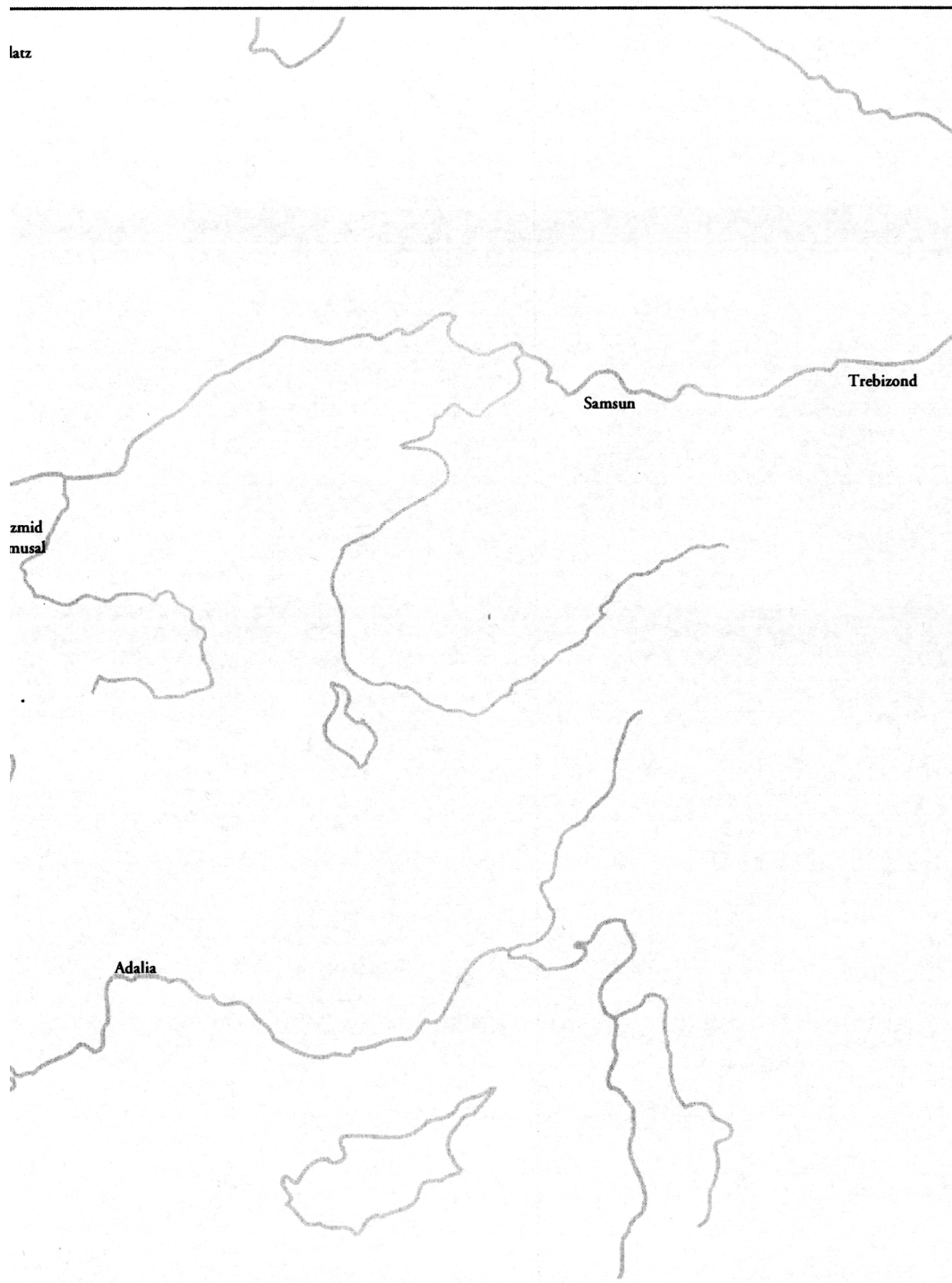
***Commercial Destinations of the Soaps of Plomari,  
Lesvos (end of 19th c.)***



I kindly thank my colleague Ioli Vingopoulou for providing the digital version of the map from her book *Le monde grec vu par les voyageurs du XVIe siècle*, Athens, IRN/FNRS, 2004.

**Commercial Destinations**

The map shows the selling destinations of the soap from Plomari, Lesvos. The destinations are marked with dots on the map. The destinations are: Varna, Constantinople (Eregli, Sylivria), Tuzla, Iz, Karan, Yalova, Gemlik, Mudanya, Panormos, Artaki, Lampsakos, Biga, Dardanelles, Gallipoli, Madytos, Thassos, Athos, Limnos, Tenedos, Edremit, Kemer, Aivali, Mytilini, Plomari, Psara, Kardamyla, Volissos, Kastron, Cesme, Smyrna, Kato Vathy, Bodrum, Mughla, Kos, Makri, and Rhodes.



### ons of the Soaps of Plomari, Lesvos (end of 19<sup>th</sup> c.)

places of soaps made in the soapworks of I. Poulias and Georgantellis Bros in Plomari, Lesvos, and shipped by Plo-  
 rce: Records of the Ioannis Poulias Soapworks, insurance policies of shiploads and commercial correspondence of  
 The names of the locations are written as met in the correspondence.



The binder's bench from the communal oil factory of Mandamados, Lesvos, which is now converted into a multi-cultural centre for the municipality. Photo by N. Vahtsavanis. Museum of the Communal Oil Factory.

maximum of 30 workers and an average of 15.<sup>52</sup> It is important to mention that the majority of the bigger units were in Lesvos (followed by the regions of Achaia-Elid, Messenia, Laconia, Argolid-Corinth and Attica-Boeotia), as Table 2 indicates.

On the contrary, small sized water-driven olive-oil mills were using mechanical equipment, especially in the oleiferous region of Volos, in the department of Larissa, while pre-industrial establishments proliferated in the traditional oleiferous islands of Crete and the Ionians as well as in certain regions of the Peloponnese.

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<sup>52</sup> By contrast, in 1920, 67% of Greek olive-oil industry business employed 1-5 workers and the remaining 23%, 6-30. Needless to say that the majority of the biggest units were established in Lesvos and represented an economic asset that was not adequately taken advantage of by the Greek state.

Cf. Ministry of the National Economy, General Statistics Service of Greece, Census of Craft Industry and Industrial Enterprises on 18 December 1920.

Table 2

SIZE AND MECHANICAL ENERGY IN THE OLIVE-OIL INDUSTRY OF  
GREECE AND LESVOS (1920)

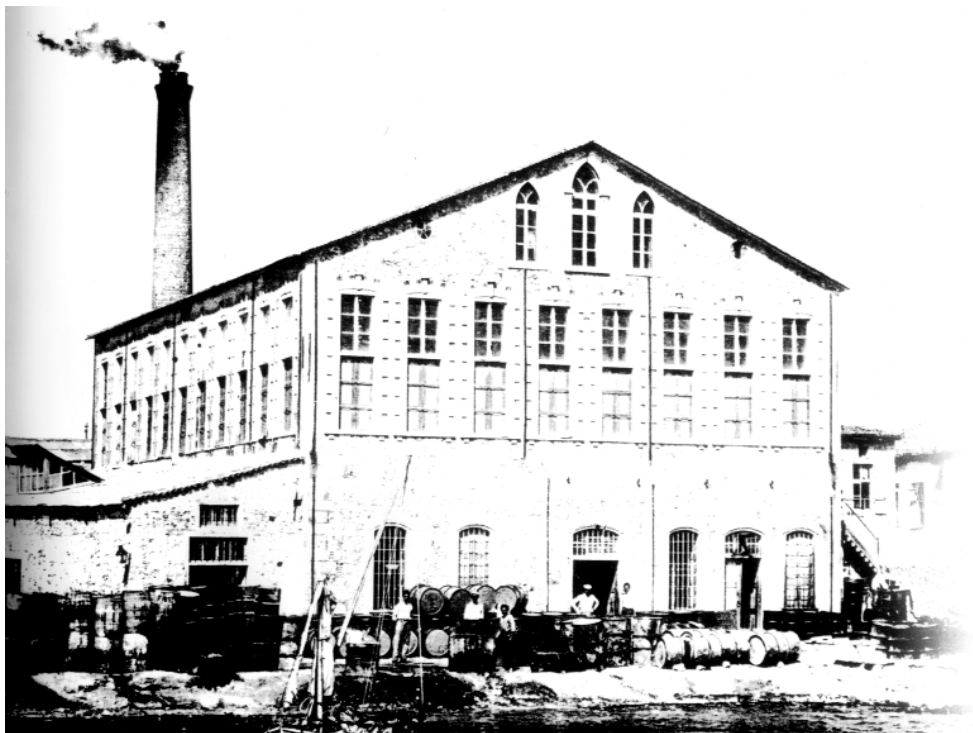
Regions	1-5 workers		6-25 workers		Over 25 workers	
	Total	Mechanized	Total	Mechanized	Total	Mechanized
Lesvos	57	17	107	98	4	4
Argolid-Corinth	297	19	33	23	-	-
Achaia-Elid	144	6	45	16	2	2
Lakonia	419	15	41	25	-	-
Attica-Boeotia	93	25	31	21	-	-
Samos	77	5	27	20	-	-
Messenia	370	5	42	19	2	2
Irakleio	651	2	16	13	1	1
Chania	461	9	14	12	-	-
Corfu	773	18	9	9	2	2
Fthiotida-Fokida	76	21	6	6	-	-
Cephalonia	139	1	18	7	-	-
Lasithi	299	-	6	6	-	-
Larissa	127	69	20	16	-	-
Aitolia-Akarnania	70	-	21	5	-	-
Arcadia	32	-	17	2	2	2
Chios	169	-	3	2	-	-

Source : Ministry of the National Economy, General Statistics Service of Greece, Census of Craft Industry and Industrial Enterprises on 18th December 1920, No. D, 18th December 1920.

In general, the olive-oil industry of Lesvos and Greece as well, bore the characteristics of a 'limited horizon' food industry, oriented mainly towards the domestic market, without any serious interest to compete for exports in the international scene. As it is pointed out above in the case of Lesvos, which at a given time did have the necessary infrastructure in order to develop its exports, the interwar governments failed to support it efficiently, and as a result, it declined because of the loss of its traditional markets in the Eastern Mediterranean as well as the Balkans.

*The olive-cycle entrepreneurs: people of limited horizons*

Olive-cycle entrepreneurs were small and medium fund holders who undertook a cycle of activities, including olive growing, manufacturing, trade of olive's by-products and interest-bearing lending. They were landowners, industrialists and



The factory of the Mytilene Olive Oil and Soap Company (ESEM S.A.) at Perama, Yera, Lesvos. A Gimanis collection. Evridiki Sifneos, Nikos Sifounakis, Yannis Koutsouridis, *op. cit.*

merchants, whose profits depended more on their successful trade transactions and market opportunities (a fruitful crop, an urgent demand, a price increase) than on planned ahead business decisions centered on cost reduction and the continuous integration of the olive oil's by-products.<sup>53</sup> The attempt of exploiting the vertical structure of oil industry was hindered by the decreasing uses of olive oil in the late nineteenth century, while the decade following World War II restricted decisively the use of soap bars. Most olive-grove owners in Lesvos remained medium landowners, resorting to limited renewal in the methods of crushing and to the hiring of numerous workers for picking the olive fruit.

Only in one case, in the 1930s, there was a systematic cultivation on a large olive estate, following the Italian example. Similar to the size of the 'national'

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<sup>53</sup> The attitude of the entrepreneurs, who would invest in their plants only after they had secured a good crop, is quite characteristic.

olive groves of Corinth and Amfissa that the Turkish land regime bequeathed to the Greek state<sup>54</sup> the lands of the Courdzis family, bought in 1880 by Panos Courdzis from the Turkish governors of the island, measured 3,000 modii<sup>55</sup> and comprised of 55,000 olive trees. His successor, Mitsas P. Courdzis developed a systematic method of olive tending, following the Italian model, and consisting of radical tree pruning, taxonomy of the groves according to their soil and yield, and 'identification' of every tree. This meant scientific observation and detailed recording of the evolution, blooming and fruition, tilling and pruning of every grove, experiments on methods of olive picking, all of which resulted to the highest yield per 1,000m<sup>2</sup> in that decade.<sup>56</sup> Among the achievements of this business enterprise, was the invention of a tool for mechanised olive picking, called *Ergani*, designed by Mitsas Courdzis himself in order to protect the bulbs from harmful thrashing. This 'premature' invention, a version of which is used today in the Cretan olive collection, did not have the expected success in being implemented, due to the low cost of working force and the oversupply of work.

Apart from olive-grove owners, Lesvos' entrepreneurs comprised of merchants and industrialists. Merchants excelled in the conquest of markets and the promotion of olive oil and soap. They developed an important and extended client network, based on the contacts of their fellowmen. They prospected not only the markets of the ports where they settled, but also the markets of the villages and small agglomerations of the Asia Minor coast and hinterland and explored their absorption capacity. They travelled frequently, spoke the necessary languages, knew basic accounting, as well as how to set up correspondence and at least single entry-bookkeeping. They were more akin to the travelling merchants of the eighteenth-century Balkans, than to the current trade practices of the end of the nineteenth century.

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<sup>54</sup> G. Mitrofanis, «Η ελαιοκαλλιέργεια στην Ελλάδα (1828-1862): οικονομικά μεγέθη και δημοσιονομικές επιδράσεις» [Olive culture in Greece (1828-1862): economic dimensions and fiscal effect], in Cultural and Technological Foundation of ETVA, *Ελιά και Λάδι*, pp. 444-450.

<sup>55</sup> In theory, the potential of an olive grove is calculated on the basis of the maximum olive production in a biennium and on a period of 80-100 years. Usually, this number was known to the owners and superintendents of the groves, and was expressed in modii (1 modius= 640 kg of olives).

<sup>56</sup> Concerning the estate of Panos Courdzis, its Ottoman ex-proprietors had estimated that during their administration, they had achieved a yield of 1,000 modii. On the Courdzis family and its estates, cf. E. Sifneos, «Ο επιχειρηματίας ως ερασιτέχνης κινηματογραφιστής ή όταν ο ελεύθερος χρόνος γίνεται ιστορία» [The businessman as an amateur filmmaker or when leisure becomes history], in *Αιολικά Χρονικά* 3 (2001), p. 90; Cristis Konnaris and Evridiki Sifneos, *Ευρετήριο Αρχείου Κουρτζή* [Index to the Courdzis Archive] [forthcoming].

The industrialists, who were also latecomers, were related to the manufacturing of olive and its derivatives. They were entrepreneurs with a commercial past and mentality, looking how to avoid expenses than how to plan a well-rounded investment and estimate its returns. Their way of thinking is well reflected in their correspondence with the machine-works of Achilles Kouppas in Piraeus, who was a basic supplier for the mechanical equipment of Lesvos's plants.<sup>57</sup>

The ensuring of a good crop forecast became the decisive step for the upgrading of an olive-oil mill to steam-driven or for the building of a new olive-oil factory. Most of the industrialists imagined to operate their new plant in three months, after they had given the order for the machinery, asking from the mechanical engineer to provide it with the same equipment as their fellow entrepreneur, so as to be ready to grind with the autumn's olive picking. Ignoring the science of mechanics, they ordered machinery by making rough estimates of the building's dimensions or of the appropriate horsepower. As correspondence evidences they did not take into account, for example, the nature of their millstones, the Aivali ones were heavier than the French, a factor that influenced the horsepower required. Even more, they failed to understand the need of employing an engineer for the assembling and installation of the machines, as well as the operation of their plant. For them, their factory was synonymous to an automatic installation that would operate by itself or, at most, under the supervision of local craftsmen and superintendents, whose wages were far lower than a mechanic's salary.

The above three types of businessmen, we attempted to describe, were people who usually belonged to the same family linked by an ascendant or a horizontal kinship. The landowner, the merchant and the industrialist were the portraits of entrepreneurship imposed by the cycle of the olive and these functions were divided among families who had more than three male members. Women played also a key part, since thanks to the social institution of endowment they held respectable estates, managed by their husband. Nevertheless, their property rights remained inalienable and they retained the right to transfer their land to their heirs.

'Specialization' and allocation of responsibilities among male members of a family usually depended on professional qualifications and educational factors. The first generation of the olive-cycle 'businessmen' got its professional training

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<sup>57</sup> Institute for Neohellenic Research / National Hellenic Research Foundation, Kouppas Archive, incoming correspondence, copies of letters, no. 1036, 1896-1897; no. 1038, 1898-1899; no. 1039, 1899-1900.

in the commercial schools of Smyrna and Chalki and later, in the École Supérieure de Commerce in Marseille, the registers of which contain names of students from Mytilini and Plomari.<sup>58</sup> Some descendants of the island's business families who had settled in the Greek Diaspora communities and from there directed their business, went to study in Marseille and Paris, after finishing the Greek gymnasium in Mytilini.

From the mid-1880s, the second generation started to study aiming to acquire technical knowledge that would enable them to promote industrial soap making. Alumni of the universities of Zurich, Munich, Lyon and Paris, having practical training in the soap plants of Marseille, translated French technical manuals, supervised the production of different qualities of soap and were invited to teach at the Commercial and Industrial Academy of Othon Roussopoulos in Athens.<sup>59</sup>

The third generation combined commercial with technical studies, yet it failed to confront the crisis of the 1912-1930 period. We can affirm that those who managed through successfully, transferred their know-how, along with their business, to other business centers and especially, to Piraeus. Among them, the Papoutsanis Bros and the Alepoudelis Bros, who realized in time the necessity of transferring their industrial activities to Piraeus and Crete. A crucial role to this decision was played by the access to information concerning the general political and economic conditions that influenced negatively their commercial career in Constantinople or referred to the new opportunities that were offered by their settling in Athens. According to professor Mark Casson's theory of the entrepreneur,<sup>60</sup> Papoutsanis and Alepoudelis compared to their fellowmen entrepreneurs of the olive cycle were instigators of change and not merely entrepreneurs who reacted to it. By taking active and drastic decisions such as the transferring of the headquarters of their firms to continental Greece, they reduced the cost of adjustment to the new political and economic environment. Here, we should stress that in the case of Alepoudelis family, access to information through the friendship and political support of the major Greek politician and future prime minister, Eleftherios Venizelos, played a significant role in their decision-making.

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<sup>58</sup> ACC M, M5 8.3.2.4./ 01, École Supérieure de Commerce de Marseille, registres d'inscriptions des élèves, 1875-1909.

<sup>59</sup> Cf. Yorgos Lagoumidis' family archives, letters of the industrialists Alkaios Metaxas, Charilaos Voulalas and Cleanthis Papoutsanis, 1879-1884.

<sup>60</sup> M. Casson, *The Entrepreneur. An Economic Theory*, Cheltenham 2003.





From the deepening of Mytilene harbour, 1930s. Antonis Maillis' collection. Photo by S. Vassiliou. Evridiki Sifneos, Nikos Sifounakis, Yannis Koutsouridis, *op. cit.*

### *Economic interests versus national aspirations*

Lesvos businessmen, especially tradesmen and industrialists were fine patriots, enthusiastic supporters of the idea of Liberation, but without the necessary foresight to predict the consequences of the forthcoming political change on their business, so as to prepare themselves for a transitional phase of adaptation and change.

Among the factual deeds attesting to their national awakening, were the pursuit of Greek citizenship, educational contacts with the capital of the Hellenic Kingdom, material investments in assets of the Greek state ( investing in treasury bills, mining and insurance bonds), fundraising for the Greek military fleet, etc. A crucial activity was dedicated to reassuring the Greek character of education of the Christian Orthodox community in Lesvos, plus the subsequent resistance to the pressure of the Ottoman authorities. Moreover, some businessmen, such as insurance agents who also handled selling the Greek newspapers of Constantinople, used their clients' or readers' network, to which they had free access, in order to promote the political views and influence of the Greek government.

Liberation, known in the oral tradition as 'occupation' of the Greek naval forces on the islands of the North-Eastern Aegean in autumn 1912, was a major

political event that made the Greek population elated. In the general euphoria commercial losses were put aside for a while. As the novelist A. Panselinos wrote, “liberation came with the Greek navy, in the morning of 8 November 1912, accompanied by the tax inspector and the recruiting officer.”<sup>61</sup> This moment was later recorded as the starting point of sensational events that continued with the Balkan Wars (1911-1913), the ‘first persecution’ of the Greek Ottoman subjects from Asia Minor (1914), the First World War and having as a sad epilogue the military campaign of the Greek army in Asia Minor and its ensuing defeat (1922).

During this period, the economy suffered from instability and recession while trade and industry received serious blows. The island’s entrepreneurs transmitted their know-how concerning the olive industry to firms they constituted in Egypt, in Crete and in Piraeus.

In conclusion, we could say that despite the drawbacks olive industry was not extinguished. It continued operating as the main economic activity of the Interwar period, while soap makers supplied with know-how and entrepreneurship the soap making industry of Piraeus, piloting it to a regeneration out of the island’s borders.

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<sup>61</sup> A. Panselinos, *Tότε που ζούσαμε* [The Times We Lived], Athens 1976, p. 28.