

THE BUILDING INDUSTRY IN GREECE

Its Role in the Post-War Greek Economy

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ABSTRACT

The building industry acquired considerable dimensions as an economic activity during the post-war period in Greece, and became one of the main sectors of the economy. This thesis grasps the development of the building industry as an aspect of the industrialisation that took place with the initiative of foreign capital, the concomitant relative decline of the agricultural sector and the ensuing rural exodus and urban expansion.

An interpretation is provided of the fact that the building industry developed along the lines of a mode approximating petty commodity rather than capitalist production proper, the decisive influence being attributed to the conditions of land ownership prevalent in Greece, while the limited size of the industry's market, confined by local boundaries, is seen as an additional factor.

This system of building production, ultimately the conditions of land ownership upon which it is founded, and the system of financing it developed is seen as a mechanism distributing incomes in favour of middle and lower classes, explaining at the same time the solution of the housing problem in Greece, in spite of the absence of State intervention in this field.

An interpretation is also provided of the fact that the

building industry functioned as an important stimulator of the economy of the period, developing an integrated basis of production amidst an industrial environment characterised by the relative absence of integration of the stages of production within the boundaries of the domestic economy.

Finally, this thesis establishes both in theoretical terms and through the concrete analysis undertaken, the so far widely disputed productive character of the building industry, and its significant effects on the general socio-economic development of the country.

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## INTRODUCTION

The building industry acquired considerable dimensions as an economic activity during the post-war period in Greece and became one of the main sectors of the Greek economy. The growth of this industry produced strong multiplier effects and subsequently emerged as an important stimulator of the economy as a whole. This thesis analyses the role of the building industry in the post-war Greek economy and shows its consequences, economic and social.

Housing has been a major problem in almost every single country all over the world after the 2nd. world war. In particular, the housing question and the building industry has been central to discussions of development strategies and related problems in many countries, apart from Greece. However, no systematic analysis of the building industry in Greece has so far been undertaken, while the prevailing views examined in this thesis are found problematic in the way they conceive the character and role of the industry in terms of economic development, as well as in that they fail to place its growth within the wider economic processes experienced in the post-war period in Greece. On the other hand, the views concerning the same issue in different cases including other developing countries, usually develop their



understanding by a quantitative comparison of growth rates related to the building industry and construction. This approach, although not neglected in the thesis, is however, not used as the main analytical strategy, as it fails to grasp the particular socio-economic conditions within which the housing question is raised in specific cases<sup>1</sup>.

This thesis analyses and interprets the development of the building industry in Greece and its economic and social consequences, within the context of the transformations the Greek socio-economic formation<sup>2</sup> underwent during the post-war period. These transformations are grasped as manifestations of a wider process taking place world-wide. Namely, the penetration of capital from the advanced capitalist countries into the rest of the world, increasingly taking, during this period, the form of direct investment.

One aspect of this transformation of crucial social and economic importance, is the decline of the agricultural sector in its relative importance in the economy and the consequent overturn of the latter's traditional pattern. The ensuing rural exodus of unprecedented dimensions and the consequent urban growth, while having had major implications for almost every aspect of the Greek socio-economic fabric, is also seen to have provided the ground (demand, market and labour supply) for the growth of the building industry.

Instead of seeing in the rural migration to the cities

a spontaneous, or a culturally determined process (the attraction of the peasant to the city), as has often been the case, this thesis analyses the decline of the agricultural sector and the ensuing rural exodus as a process inherently interconnected with the industrialisation taking place in Greece and other countries experiencing similar processes during the post-war period. However, the demand for urban housing and building in general does not explain in itself the peculiar characteristics, role and function of the building industry within the economy of this period.

What makes Greece a special case is that the penetration of metropolitan capital during the post-war period had three different modes of impact upon the major sectors of the economy. Agriculture declined in its relative importance in the economy, without undergoing any significant internal transformation from petty commodity to capitalist production proper. The manufacturing industry, on the other hand, has in the main changed its character from a domestically to an export oriented industry. In this process domestic capital of some size has been integrated into the orbit of operations of metropolitan capital. Nevertheless, the building industry in Greece resisted penetration by big capital, let alone foreign capital, developing along the lines of a mode approximating petty commodity production.

However, a number of issues call for further analysis and interpretation. In the first place, we have to face and

explain the phenomenon of a relatively technologically backward sector of the economy not only continuing to grow in size and importance, but also tending to produce strong multiplier effects, while the advanced manufacturing industries failed to display analogous behaviour. Thus, the manufacturing plants created during this period failed, in view of their growth, to establish significant backward and forward linkages between the different branches of the manufacturing industry itself, but also with the rest of the economy, functioning rather as industrial enclaves. In contrast, the building industry has developed a far more integrated basis of production, embracing almost the whole range of products, from the raw materials, the intermediate parts and components, to the final product.

An explanation is furthermore provided of the fact that the **housebuilding** industry grew by developing a small scale and labour intensive system of production, resisting penetration by big capital. The reasons for this, it will be argued, are to be found in the conditions of land ownership prevalent in Greece, that go back to past phases of the country's history. This along with the limited size of the industry's market, confined in the case of Greece by local boundaries, explain the overall character of the system of building production in Greece.

However, the analysis is extended in an effort to explain some aspects of the building industry observed in



other cases apart from Greece. Thus, although the system of house-building production developed quite distinctly from that of the advanced capitalist countries, the comparison establishes some more generally observed characteristics of the building industry. Namely, its relatively low degree of mechanization, labour intensive manner of production and relatively low degree of capital concentration compared to most other branches of advanced industry.

That the building industry in Greece has evaded capitalist penetration, is also shown by the fact that it has bypassed in the main the banking system. A unique self-financing system has been improvised, involving the direct chaneling of savings of the middle and lower strata of the population to this industry. An explanation is attempted as to why the middle and lower strata tend to "invest" in housing. The social implications of the peculiar development of the building industry in Greece, its effects on the level of incomes and the class structure as it has evolved in this period is also followed up and examined.

Finally, a central issue addressed in this thesis is the productive or unproductive character of the building industry. It is taken up and treated in theoretical as well as in concrete "historical" terms, the analysis aiming at a synthetic approach. The theoretical interpretation attempted supports the so far widely disputed productive character of the industry, while the examination of its role and function

within the Greek economy as a whole, confirms the position of the building industry as a productive activity, and its effects as positive to the post-war Greek economic development.

### Approach

The author is by background a structural engineer, who has worked in the Greek building industry and teaches in the Faculty of Architecture of the National Technical University of Athens. The subject of the thesis emerged from the combination of this experience with an interest in the social and economic theory of the development of modern Greece.

The first stage of research involved the review and appropriation of three distinct literatures; on development/underdevelopment and the international division of labour; analytical and descriptive works on modern Greece; theoretical and (largely English) empirical literature on construction industries.

The next stage involved analysis and interpretation of statistical data from a wide range of Greek sources : on the national economy and society ; on manufacturing, agricultural and building sector ; on housing. This data was used to test a set of hypotheses derived from the first stage of research concerning the character of capitalist penetration of the Greek socio-economic formation during the post-war period, the consequential relations between the agricultural, manufacturing and building sectors, and the role of the building sector. Finally, it was hypothesized that the unique character of the Greek building industry was explicable in terms of the peculiar character of Greek urban and peri-urban land ownership patterns and structures. To test this, original primary sources on real estate purchases were examined for two urban conurbations and three semi-urban areas, to compute dispersion and distribution of plots.

**PART ONE**

**THE CHARACTER OF THE POST--WAR GREEK  
SOCIO-ECONOMIC FORMATION**

I. POST-WAR DEVELOPMENTS ON A WORLD LEVEL, RELEVANT TO THE TRANSFORMATION OF THE GREEK SOCIO - ECONOMIC FORMATION

As we shall see in the following Chapter, the Greek socio-economic formation underwent considerable changes after the second world war. This transformation experienced in a relatively short period is difficult to grasp without taking into consideration trends observable on a world level during the same period. Thus, this Chapter traces the relevant aspects of these trends, namely:

- i) The penetration of the metropolitan capital in the peripheral countries, increasingly taking the form of direct investment.
- ii) The disruption of the traditional agricultural sector, the ensuing rural exodus and urban expansion in the peripheral countries involved in this process.
- iii) The type of industrialisation taking place as a consequence of the above processes in these countries.

As we shall attempt to show in the following Chapters, the decline of the agricultural sector, the rural exodus and the consequent urban growth, while having had major

implications for almost every aspect of the Greek socio-economic formation, has also provided the context within which the building industry acquired major significance in the economy as a whole. On the other hand, this analysis will also provide the framework within which the character of the manufacturing industry established in Greece will be treated in the following Chapter, that will permit the examination and the interpretation of some aspects of the function of the manufacturing industry in contrast to that of the building industry within the economy as a whole, in the same period.

#### The Penetration of the Metropolitan Capital in the Peripheral Countries, in the Post-war Period

The post-war period marks a stage of development of the world-wide capitalist system, giving rise to what has been by some writers called, the new international division of labour<sup>1</sup>. The main features of this development can be summarised as follows: the export of capital from the advanced capitalist countries to the rest of the world has been increasingly assuming the form of direct investment undertaken by multinational corporations. This developed on a significant scale, especially during the 1960's and onwards, and led to the rapid industrialisation of the peripheral countries involved in this process<sup>2</sup>.



This form of capitalist penetration in the peripheral countries can be clearly distinguished from the forms of penetration that had been observed in previous historical periods. Thus, during the 19th. but also earlier in the current century, the predominant aspect of capital export had been in the form of loans<sup>3</sup>. A great part of the latter has been used in the recipient countries for the creation of the commercial infrastructure (railways, roads, ports etc.), which provided the network for the commercial penetration of the advanced capitalist countries to the rest of the world<sup>4</sup>. This form of financial and commercial penetration, whilst driving the peripheral countries into a world-wide capitalist market<sup>5</sup>, had left intact in the main their character as agricultural and raw materials producers<sup>6</sup>. The international division of labour therefore, in the last and early 20th. century, crystallised into a divide between relatively few countries specialising in industrial production, and the rest involved in agricultural and raw materials production.

This being said, we should nevertheless add that during the same period, direct investment also took place to some extent. However, this form of capitalist penetration had at that time an embryonic existence. The fact that the post-war period experienced a rapid pace of capitalist penetration in terms of direct investment, by no means implies that the other forms cease to exist. What clearly distinguishes the post-war period from previous epochs, is

the process of industrialisation in the peripheral countries all over the world.

The establishment of industrial plants in the peripheral countries by multinational corporations during this period, was in a number of instances accompanied by a parallel process of shutting down corresponding plants in the traditional industrial sites in the advanced capitalist countries. Thus, taking into account both sides of the phenomenon, we may say that this amounted to the relocation of part of the industrial production from the advanced, or the "centre" of the system, to the Third World countries, or the "periphery". A process that has led to what has been called "de-industrialisation" of the central capitalist countries, its effects being recently acutely felt<sup>7</sup>.

The traditional division of the world between relatively few countries specialising in industrial production, with the rest of the world concentrating in agricultural and raw materials production is no longer valid. The world seems gradually to be moving towards a new form of the international division of labour, whereby few countries will be preoccupied with the financial control of the world system, and the rest will be involved in industrial, raw materials and agricultural production, as the progressive shift of the traditional industries of the advanced capitalist countries to the rest of the world indicates<sup>8</sup>. However, currently this is only a trend. Whether it will

mature into a clear cut division or not, understandably, depends on a number of factors and processes, economic, social and otherwise, the examination of which goes beyond the scope of this analysis.

The Decline of the Traditional Agricultural Sector, the Rural Exodus and the Urbanization Process in the Periphery

For the process of the export of capital in the form of direct investment to take place on a large scale, a number of conditions were necessary. Among them a fundamental one was the formation of a reservoir of potential industrial workers in the peripheral countries. The main source for the formation of this reservoir could be no other than the rural population. The rapid industrialisation in the peripheral countries was accompanied during this period by a parallel process of disruption of their traditional agricultural economies<sup>9</sup>, a process releasing vast amounts of agricultural labour.

This process has taken various historically specific forms in different countries<sup>10</sup>. Nevertheless, some more or less general characteristics may be outlined as follows. In a pattern common to many Third World countries, important sections of the agricultural sector experienced a transition from petty commodity to large scale capitalist production,



the small subsistence farming being replaced by mechanised export agriculture. However, the capitalist penetration did not entail a thorough transformation of the agricultural sector, the small peasant farming coexisting, albeit in a degenerate state, with large scale capitalist farming. This development has been analysed as "dualism" in agriculture<sup>11</sup>. In any case, the expansion of capitalist production in agriculture was accompanied, almost as a rule, by large sections of the rural population being expelled from the land, a great part migrating to the cities, another part being employed as wage workers in agriculture<sup>12</sup>. We may quote here the words of the editors of the New Left Review (No135). This succinctly summarise the case of Central America:

"At one pole, the penetration by US capital since the early sixties has metamorphosed the old forms of domination into something approaching a state of ultra-dependency : creating a phantasmagoric archipelago of modern plantations, free trade zones and sumptuary tourist enclaves counterposed to wretched minifundia and burgeoning urban shantytowns. At the other pole, this transformation of local economies-especially the displacement of the subsistence sector by mechanized export agriculture-has inaugurated a huge new immigration of historic consequence ....."<sup>13</sup>.

Side by side to land evictions, economic coercion produced similar results. In the latter case the small peasant

was ruined under the impact of market forces and economic policies adopted thereon, being thus compelled to abandon his plot and seek opportunity for new employment in the city<sup>14</sup>.

There is a historical precedent to the above processes. That of the disruption of the traditional agriculture in W.Europe, known as the "agricultural revolution" (the introduction of capitalism in agriculture) and the expulsion of the peasantry from the land, with the subsequent appearance of the "free labourer" in the market, which preceded the industrial revolution in W.Europe and the genesis of capitalism strictly speaking<sup>15</sup>. It was K.Marx who first gave a thorough analysis of these developments and pointed out that the rural exodus and the subsequent emergence of the "free labourer" have constituted the historic conditions for both the creation of a class of wage workers and the formation of the domestic market for the industrial commodities<sup>16</sup>. R.Luxemburg in her classic work "The Accumulation of Capital", further contributed to an understanding of this process on a global basis. She attempted an analysis of the powerful tendencies of capitalism to expand worldwide and penetrate into pre-capitalist modes of production by disrupting the traditional agricultural socio-economic formations<sup>17</sup>.

The post-war disruption of the traditional agriculture and the release of vast amounts of labour from the land

on a scale unknown to any previous epoch, resulted to the migration of millions of people to the cities<sup>18</sup>. Hence the urban explosion and the genesis of the shanty town during this period. Here are a few examples: between 1950 and 1970, and especially during the sixties, the population of Sao Paulo of Brazil grew from 2,5 m. to 8,5 m. approx., that is, 6 million people flowed to that city within something little more than a decade. Similarly and in roughly the same period, Rio de Janeiro's population grew from 3 m. people to 7,5 m. approx., Lima of Peru from 950 thousand people to 2,5 m., Djakarta of Malaysia from 1,5 m. to 4,5 m. and so on<sup>19</sup>, with the majority of the new population of these cities living in shanty towns. In the mid sixties, of the whole population of Mexico city 46% was living in such settlements, 60% of the population of Bogota, 72% of the population of Santo Domingo, 42% of Caracas and so on<sup>20</sup>. Ch. Abrams, who led the U.N. housing missions in several Third World countries, in his book "Housing in the Modern World", points out:

".... Virtually all the nations I visited have been experiencing an urbanization that is perhaps the most dynamic revolution in man's history. In the next forty years, the population growth in the world cities will probably be double the entire population growth that the world has experienced in the last 6000 years. The less developed nations are feeling the impact not only of torrential population in-migrations to their cities but of mutations in their economies and in ways of life that have remained unaltered

for centuries. While the European transformation to industrialization and urbanisation had been far less rapid, the less developed countries have been experiencing their changes almost simultaneously .... This lag has evidenced itself in the vast problems of slum life, squatting, and homelessness, which are having political, social and economic repercussions almost everywhere .....<sup>21</sup>.

Hence, the housing question acquired dramatic dimensions in the peripheral countries during this period, and the problem of meeting the housing needs of the migrants in the cities has become a major issue debated within the context of development strategies.

### The Character of Industrialization in the Peripheral Countries

The export of capital from the advanced capitalist countries to the rest of the world in the form of direct investment during the post-war period, marked the expansion of industrial production traditionally located in the advanced capitalist countries, all over the world. The industrialization of the peripheral countries that took place as a consequence, is in the main, of an export oriented character, that is, it consists of modern plants which produce to a great extent for the world market<sup>22</sup>.



As the multinational corporations have developed into the centres of organisation and control of world industrial production, selected branches of production, or selected phases of the manufacturing process of one product, are assigned to each country according to each one's "comparative advantage". This process has been greatly facilitated by modern technological developments and made possible by cheap transport. Together these rendered feasible the subdivision of the production process to sub-operations, which can be assigned to and carried out independently in different geographical locations<sup>23</sup>. In this way, manufactured inputs are imported to a specific country, where a specific phase in the production of a commodity is carried out. The semi-finished product is again exported to another site, to find itself ultimately in the world-market, having often described an orbit through different countries. These specific stages of manufacturing intermediate products form industrial enclaves in the corresponding countries, often having little connection to the rest of the economy, apart from the utilization of the local labour and infrastructure. Therefore, the corresponding plants fail to establish significant backward and forward linkages either within the boundaries of the manufacturing industry itself, or the rest of the economy as a whole. The general characteristic of this type of production is the relative absence of complementarity between the different units, branches, or sectors of the specific economy<sup>24</sup>.

In this trans-national organisation of production, the different plants, established in different geographical locations, form mere links in chains of operations performed by multinational corporations on a world level. In other words, the level of integration of the production process is not the national economy, but the multinational corporation functioning on a global basis. We see in these developments the fragmentation of the production process within the boundaries of the national economy, and the integration of this process within the boundaries of the multinational corporation<sup>25</sup>.

Finally, another characteristic of major importance of the above type of industrialisation is its low potential to create employment, relative to the abundance of working hands released from the land, that its occurrence has brought about. The industrial plants established during this period in the peripheral countries are highly capital intensive by comparison to all previously existing production (industrial, agricultural, or handicrafts) in these countries, and therefore, they can absorb only a small portion of the "free" hands available<sup>26</sup>. Thus, unemployment, or underemployment in these countries is massive. K. Buckanan estimates that if unemployment and underemployment are both taken into account, and the latter is converted to "unemployment equivalent" units, the proportion of the active population that is unemployed exceeds 50 percent of the total in many peripheral countries. According to the former president of

the World Bank, Robert McNamara, quoted by the same author:

" ".....The "marginal" men, the wretched strugglers for survival on the fringes of farm and city, may already number more than half a billion. By 1980 they will surpass a billion, by 1990 2 billion" "27.

This reservoir of potential industrial workers accounting millions of people, provided with cheap labour the industrialization of the peripheral countries<sup>28</sup>. At the same time, the advanced capitalist countries recruited large amounts of labour from this reservoir<sup>29</sup>. Hence the stream of emigrants to the USA (from all over the world), to the W.Europe (from the Mediterranean region, but from Africa and Asia too), to Japan (from S.E.Asia) etc.<sup>30</sup>.

### Conclusion

However, the process of capitalist penetration in the peripheral countries during the period under consideration, presented above in its general outlines, was to have various and specific modes of impact when encountered with differently historically evolved socioeconomic formations. As we shall see, while the main features of this process have shown themselves also in the case of Greece, she has nevertheless developed its own peculiarities.

Agriculture, while declining during the post-war period, remained in the main petty commodity production. Thus, the rural exodus has been the consequence of the poverty of the small peasantry rather, than the capitalist transformation of the agricultural sector. The manufacturing industry on the other hand, experienced a transformation, the established advanced manufacturing plants displaying more or less the characteristics described above. Namely, capital intensive methods of production oriented to exports, restriction of this production into selected branches, or partial phases of the manufacturing process, with little ability in view of its growth to create significant backward and forward linkages between the different plants, branches or sectors, and low capacity to employment creation.



## II. FUNDAMENTAL ASPECTS OF THE TRANSFORMATION OF THE GREEK SOCIO-ECONOMIC FORMATION

In this Chapter we follow the trends discussed above, as they have manifested themselves within the specificities of the greek historical situation. First referring to the traditional features of the Greek economy (Section II.1), the Chapter will examine its transformation and the developments experienced after the second world war. In particular, we briefly examine the institutional and legal framework that initiated these developments (Section II.2). We then go on to examine the decline of agriculture, the ensuing rural exodus and the urbanisation process (Section II.3), as well as the transformation of the manufacturing sector and its consequences (Section II.4). The framework is thus set up for the analysis of the building industry undertaken in the second part of the thesis.

## II.1 The Traditional Pattern of the Greek Economy

In the current Section we examine the traditional pattern of the Greek economy and the form of capitalist penetration during the last hundred years or so. The predominant mode of production in agriculture is discussed. Emphasis is given to the conditions of land ownership as these have been historically formed, and to the class characteristics of the peasantry. The development of an endogenous manufacturing industry during the period between the wars and its character is in turn briefly discussed.

For a considerable time Greece had been a predominantly agricultural economy. Peasants formed the great majority of the population, and the agricultural produce the greater part of the national product. During the pre-war years the distribution of the population and the composition of the national income was:

Table 1: Distribution of the Population (%), Censuses 1928, 1940

	<u>Rural</u>	<u>Semi-urban</u> (a)	<u>Urban</u>
1928	54,8	14,6	30,6
1940	52,6	15,4	32,0

(a). This category is partly comprised by agricultural population too.

Source: "Statistical Yearbook of Greece, 1955", p.15.

Table 2: Composition (%) of the National Income, 1928, 1939

	<u>1928</u>	<u>1939</u>
Agriculture, animal breeding, etc.	40,0	47,0
Industry (including handicrafts)	17,0	16,0
Services	43,0	37,0
	<hr/>	<hr/>
	100,0	100,0

Source: Table 6, Appendix.

In Greece, agriculture had the character of a petty commodity production. The immediate producer, the peasant family, owned the means of production, that is, land and tools, and produced for the market. A part of the overall product was directly consumed by the peasant family itself. The land was fragmented in small plots. Small peasant farming and the possession of land by the peasantry has its roots deeply into the Greek history, going as back as the Byzantine era. In Greece neither the feudal system of the W. Europe, nor the corv e system of the North East Europe

was established. The concentration of land and the subsequent appearance of the land lord and the serf was always the exception in this country<sup>1</sup>. However, large holdings of land under private ownership as well as under state ownership as "national land", existed during the whole of the 19th and the early 20th century, becoming a central issue in political struggles, as the landless peasants, but also peasants with very small holdings, demanded the redistribution of land<sup>2</sup>, a movement which gained momentum early in the present century. A sweeping land reform took place after 1917, whereby all privately owned large plots of land were expropriated and distributed along with the nationally held lands, among the peasant cultivators. In this way, in the period before the 2nd world war large private and state land holdings were practically eliminated, and the land was more or less evenly distributed among the peasantry who acquired full legal ownership of the transferred land<sup>3</sup>. Given the low degree of the differentiation between the small and the medium holdings, as a result of the extensive land reform, one may speak of a fairly homogeneous class of petty commodity peasant producers at the eve of the 2nd world war.

As mentioned above, the peasant produced for the greater part for the market. The commercialisation of the greek agriculture took place all during the 19th. century, whereby a transition from the natural (self-sufficient, self-consuming community) to the market economy occurred.

In this process a considerable part of the agricultural production specialised gradually in few export crops destined to the European markets, especially during the second half of the 19th century<sup>4</sup>. This state of affairs was also prevalent during the early 20th century, and was often accompanied by great upsets of whole sectors of the agricultural production, compelled to shift from one type of crop to another, according to the changes of demand in the European and later the American market<sup>5</sup>. However, this process of commercialisation of the Greek agriculture did not result into the displacement of small farming by big plantations, as has often been the case in other peripheral countries<sup>6</sup>. In the event, in Greece the small-scale commodity production was universally established during this period<sup>7</sup>.

The second half of the 19th century is also marked by a growing inflow in the country of metropolitan capital in the form of loans, which continued on a growing scale well into the present century. A great part of these loans, undertaken by the State, was used for the creation of infrastructure (roads, railways, ports, communications). The commercial infrastructure was greatly extended during the last quarter of the 19th and the early 20th century<sup>8</sup>. Together the expansion of the infrastructure of the country, and the extensive commercialisation of the agricultural sector, gradually integrated Greece into the world market, its external trade being characterised by the export of



selective agricultural products and the import of manufactured goods, but also of foodstuffs and raw materials. Thus, the capitalist penetration, to the extent that it took place in Greece during this period, was mainly in the form of commerce and finance rather than as direct investment in production<sup>9</sup>. We saw in the previous Chapter, that similar developments can be observed in other peripheral countries during the period under consideration.

On the other hand, manufacturing production in Greece developed mainly during the period between the wars, the turning point being the 1920's<sup>10</sup>. It consisted mainly of light industries producing consumer goods, such as food products, wine, tobacco, leather, textiles, etc. (For the composition of the manufacturing production, see Table 1 in the Appendix). This production was under the control of the domestic capital and was directed almost exclusively to the domestic market. The development of manufacture during this period was greatly assisted by extensive state protection. In 1926 a new system of protective tariffs was introduced and in 1932 extensive import restrictions were imposed<sup>11</sup>. Behind this shelter the young industries experienced a spectacular growth, as Table 3, col. (a) below shows. Eventually, the domestic production was capable to meeting the greater part of the domestic demand (col. b and c), and the country managed to rely less on manufactured imports (col. e), while exports of manufactured goods increased too (col. d).



Table 3 : Manufacturing Production in Greece, 1928-1939

<u>Year</u>	<u>Index of growth</u> (a)	<u>Supply of the domestic market in manuf. goods</u>		<u>Index of exports</u> (d)	<u>Index of imports</u> (e)
		By domestic industries (%) (b)	By foreign industries (%) (c)		
1928	100,00	58,61	41,39	100,00	100,00
1936	141,72	72,83	27,17	107,32	73,88
1937	153,87	74,41	25,59	139,93	74,45
1938	164,24	78,84	21,16	116,80	77,17
1939	179,00	81,64	18,36	137,70	70,86

Source : Organisation for the Reconstruction, "Programme for the Reconstruction of the Country", 12/1/1947, published in the jrnal. "Technical Annals", July-Aug. 1947, p. 40 (in Greek)

The same developments are reflected in the growth of the manufacturing production and the decrease of imports of manufactured goods in value terms (See Table 3, Appendix). A close examination of the growth of the different sectors of the manufacturing production during this period, reveals a trend towards a progressive shift from light to heavy industries (See Table 4, Appendix). Finally, the growth of the manufacturing production boosted the production of raw materials and the country became also less dependant on imports of this kind (See Table 2, Appendix).

The protection policy for manufacture, was matched by similar policies implemented in agriculture. These aimed at selfsufficiency, at least in the basic means of subsistence,

and at the protection of the peasants' income through subsidies and the purchase of the surplus product by the State<sup>12</sup>. The self-sufficiency of the country in food, on average of the period between 1934 and 1938, amounted to 75% of the total consumption (See Table 5, Appendix).

In this way, the growth of the manufacturing production and the subsequent decrease of the manufactured imports on the one hand, the policies of self-sufficiency in basic food stuffs on the other, resulted to a remarkable improvement of the ratio of exports to imports during this period, as it is evident in the following Table.

Table 4: Balance of Trade, Exports as % of Imports.

		<u>1930-1939</u>	
<u>Year</u>		<u>Year</u>	
1930	56,9	1936	62,3
1932	60,4	1938	68,3
1934	62,0	1939	74,9

Source: Statistical Yearbook of Greece, 1955, p.304.

However, this spectacular development was rather conjunctural. As we shall see in the following Sections, the situation was overturned soon after the second world war. Much had depended on the protectionism that was adopted in many parts of the world to alleviate the consequences of the first world war. An important factor had also been the

world economic crisis of the 1929, and the consequent disruption of the international trade, which compelled many countries to shift attention to their domestic market<sup>13</sup>.

The picture of the pre-war Greece is not complete without taking into account the numerous and invisible threads, connecting the economic life of the mainland to Greek communities abroad, the so-called "Hellenism of the Diaspora". Historically the Greek nation was transcending the geographical boundaries of the country. With communities scattered all around the Mediterranean basin, the Greeks had penetrated into all three continents, Europe, Asia and Africa. During the 18th and the 19th century, these communities provided the network for the commercial expansion of the W. European capital to the areas of the Eastern Mediterranean. This is the historical background, out of which a Greek cosmopolitan class of merchants and shipowners, attached to the W. European capital, emerged<sup>14</sup>. The same network of communities is found to function again as an agent of the W. European, and later American capital during the 20th century. This class of merchants and shipowners had also functioned as agents of the capitalist penetration in Greece during the 19th and the early 20th century, being mainly involved in financial (banking), infrastructural works and commercial activities in close cooperation with their European partners<sup>15</sup>. Within the context of the post-war developments, this

same class have found a new scope of economic expansion entering into joint-ventures with their traditional partners<sup>16</sup>.

Post-war developments and the transformation of the manufacturing industry from an internally oriented to an industry oriented to the world market are the subject of the following Sections of this Chapter. Concurrently, the decline of the agricultural sector gave rise to the rural exodus, but the established conditions of land ownership were not overturned. Both these latter phenomena played a decisive role for the specific development of the building industry in Greece.



## II.2 Laying the Foundation of an Export Oriented Industrialisation

During the period between the wars the manufacturing industry in Greece developed to a considerable degree behind a strong shelter of protective tariffs and import restrictions. Similar policies were implemented in the agricultural sector. This economic model, characterised by the parallel development of the manufacturing and the agricultural sector, oriented primarily to the satisfaction of the domestic demand, was to be overturned soon after the 2nd world war. The transformation of the Greek socio-economic formation during the post-war period did not take place spontaneously. Rather a series of measures and state policies opened the way by providing the necessary legal and institutional framework.

Thus, in the present Section we will follow the state policies and the measures adopted in their main aspects. In particular, the abolition of the traditional state of protection was a crucial factor influencing the economic developments of the period. On the other hand, the incentives introduced for the attraction of foreign direct investment in general and of industries oriented to the world market in particular,

played a major role for the initiation of an export oriented industrialisation. Some attention will also be given to the association of Greece with the EEC, as this meant a significant reduction of import duties and the further exposure of domestic production to foreign competition. Finally, the establishment of special financial institutions for the promotion of industrialisation, will also be briefly referred to.

The year 1953 is generally acknowledged as a turning point in the post-war Greek economic history. In that year a series of measures laid the initial institutional and legal framework destined to shape the profile of the post-war Greek economy. The long established protection policies for the domestic production through import restrictions were substantially abolished and the commercial boundaries of the country declared open. The governor of the Bank of Greece pointed out that the extent of abolition of import restrictions effected in Greece at the time, was unparalleled by any European country<sup>17</sup>. Along with the abolition of import restrictions, various levies previously imposed on imports were removed.. In a publication of the Bank of Greece we read:

"Thus ..... a state of absolute freedom for the import trade was established. All various levies upon imports were abolished, only certain restrictions for very few luxury articles remaining .... The liberation of imports was a radical reform for the Greek economy, that



had for a long time remained under the reign of import restrictions" <sup>18</sup> .

The liberation of the external trade of the country brought both manufacturing and agricultural production under the pressure of foreign competition. At the same time, the subsidies for the agricultural products were scaled down, while the complex set of measures for the protection of the peasant's income was also eased <sup>19</sup> . As a consequence of these policies both agriculture and the traditional manufacturing industry experienced a crisis by the end of the 1950's , as we will see below.

Another set of measures implemented at the same time created a favourable environment for the attraction of foreign investment. Special privileges were granted to foreign capital, enshrined even in the Constitution of the country which was drafted in 1952. By constitutional order the legislative decree 2687, which was to become a notorious piece of legislation, was issued in 1953 <sup>20</sup> . This provided that foreign owned enterprises would be protected against nationalisation. Repatriation of a certain percentage of the imported capital and its profits was to be allowed yearly, after the first year of the investment had lapsed. Furthermore, various and extensive tax relieves or exemptions were granted, such as reduced income tax fixed for a period of ten years; reduction or total exemption from various taxes and rates to public or local authorities; reduction or total exemption from duties on imported equipment, raw



materials and intermediate products. This legislation raised an outcry and was denounced by many politicians and personalities of the day as of a colonial character. Some of the agreements made under its provisions by this and subsequent governments with foreign investors were "epoch making"<sup>21</sup>. Finally it is important to note that the definition of foreign capital in both the Constitution and the LD 2687 was such as to include Greek shipowners' capital<sup>22</sup>.

Another measure of major importance in the same year, 1953, was the sudden and spectacular devaluation of the currency by 50%. In the publication of the Bank of Greece already mentioned we read:

"... The conditions prevailing in the economy were to change radically by the daring currency devaluation of the 9th of April 1953, which thus became a land mark in the post-war history of the Greek economy"<sup>23</sup>.

This dramatic currency devaluation is even more impressive as at the time the early post-war inflation was under control. In fact, the general price level during 1952 had remained fairly stable, while the external accounts of the country, which were at disarray at the beginning of the period as a result of the war, had improved due to systematic measures taken in the previous year<sup>24</sup>. An important effect of the devaluation of the currency was, of course, the rendering of the Greek labour force and other productive

resources cheaper by 50% to foreign capital. This was an important incentive to foreign investment<sup>25</sup>.

The initial set of incentives to foreign investment described above, was extended with legislation issued in the following years. Incentives were granted in particular to exporting industries<sup>26</sup>. These industries were also granted financial subsidies. By the early sixties they enjoyed lower interest rates (ranging from 3 to 5 units below the normal levels) on their loans drawn from the domestic market<sup>27</sup>. Another extraordinary allowance was later given to the same industries, whereby they were granted a subsidy of 40% of the domestic value added of their production this subsidy being calculated on the proportion of production to be exported<sup>28</sup>.

A major step within the framework of the post-war economic policies was the association of Greece with the EEC in 1962. According to the Association Agreement, Greece was to gradually remove all duties upon her imports from the EEC, within a transition period of 12 years for manufacturing products not produced domestically and within 22 years for those produced domestically. The association of Greece with the EEC offered a new scope for investment by foreign capital, as production here could be traded in the European markets without duties<sup>29</sup>. This was a significant advantage not only to the US capital, but also to the W. European capital investing in the country, irrespective



of the fact that its base is in the EEC countries. As we saw in Chapter I, W. European as well as US capital followed during this period a process of relocation of part of their production from the traditional sites to the peripheral countries. Nevertheless, a great part of the production in the new sites is destined back to the traditional markets<sup>30</sup>.

The association of Greece with the EEC was criticised by sections of the political spectrum as bound to expose the weak economy of Greece, at an early state of her industrial development, to an external competition that could exterminate most of the domestic industries<sup>31</sup>. The government and the advocates of the association with the EEC on the other hand, argued the opposite. The association was beneficial as it would force the industry in particular to adjust and become competitive in the international markets. But acknowledging this was a rather difficult task for the economy to perform on its own, the necessity was again emphasized to attract foreign direct investment to meet the challenge. In a study of the Center of Planning and Economic Research we read the following:

"...In the face of the difficulties that are involved in establishing competitive industrial enterprises in a country being at the first stages of her industrial development, with a relatively unskilled labour force and a deficient infrastructure, the time-limit given is not very long [i.e. the

transition period determined in the association agreement]. It is thus obvious, that a wider programme will be required to attract foreign competitive enterprises to be established in the country. Dr. A. Winsenius, in his capacity as an economic consultant to the State, advised that no foreign application should be rejected, no matter to what branch it referred, unless it is certain that a domestic enterprise has already undertaken a similar investment which would become competitive within 5 or 6 years. Furthermore, he advised that no state aid should be granted to the domestic enterprises, as this would be likely to prolong their adjustment period to the new realities. According to his opinion, the yearly reduction of import duties will not have an impact upon profits before at least a two year period has lapsed [i.e. after the association agreement]. Consequently, instead of leaving these two years to lapse fruitlessly, it is expedient to allow foreign enterprises to be established in Greece and exert a pressure upon domestic industries"<sup>32</sup>.

The Federation of the Greek Industries was alarmed with these prospects. In a report submitted to the government, it emphasized its concern that the domestic industries would eventually lose the domestic market itself, let alone capturing foreign markets<sup>33</sup>. As for the policies of granting privileges to foreign capital to the detriment of the domestic industries, its president, Mr. Drakos, protested:

"It is not in accordance with the spirit of the Athens Agreement [i.e. the association agreement]



to attribute excessive significance to foreign capital, which, of course, is welcome in Greece, but on equal terms with the domestic one, as an associate rather than an intruder, as an equal partner rather than a privileged superior....."<sup>34</sup>.

Mr. Dracos argued that it was necessary for the policies of "open doors", as he named it, to be revised, so that the domestic initiative should not be discouraged. As we will see, the stronger members of the Greek industrial community rushed, willingly or not, to mergers with foreign capital in order to survive the storm.

A decisive role in the post-war development was furthermore, that of the state financial institutions, which were established early in the post-war period, with the aim of promoting industrialisation and economic development in general, and providing financial and administrative facilities to foreign investment in particular. The first organisation of this kind, the Economic Development Financing Organisation (EDFO), was established in 1954, as a result of an agreement between the Greek government, the Bank of Greece and the American Mission in Greece<sup>35</sup>. Its aim was to finance new or expanding enterprises with loans amounting to 50% to 60%, or even greater in cases, of the total investment with favourable terms and low interest rates. It undertook at the same time the task to "represent in Greece and act as agent of foreign or international economic organisations and in general to provide facilities to them, so

that they finance directly or indirectly productive enterprises"<sup>36</sup>. This state organisation became the largest long-term financial institution in Greece. Another state financial institution, the Organisation of Industrial Development (OID), was established in 1959 with similar aims. This organisation was to provide loans and participate in the equity capital of the established enterprises. In 1964 the above two organisations were merged into one under the name "The Hellenic Industrial Development Bank". This became a powerful state financial institution, its assets amounting in 1971 to 26,3 bn.drch. It is worthwhile mentioning here that the biggest commercial banks in Greece are also under state control and they provide both short and long term credit. These banks operated a complementary role to the above institutions. The latter, apart from providing capital to industrial enterprises, were also active in initiating, facilitating and conducting mergers of foreign with domestic capital.

The above set of measures and legislation provided the framework for the operations of both foreign metropolitan capital and foreign capital of Greek ownership (shipowners' capital) in the post-war Greek economy. The formerly domestic capital was eventually drawn into their orbit.

It is finally expedient to present briefly the economic "philosophy" that inspired these measures. X.Zolotas,

governor of the Central Bank for almost the whole of the period under consideration, and one of the chief policy makers and economic advisers of successive governments, epitomized the new economic prospect in the following way: "Greece must be transformed with a very rapid pace from an agricultural into an industrialised country"<sup>37</sup>.

Early in the post-war period the industrialisation of the peripheral countries became a real possibility because of the developments presented in Chapter I, namely the export of metropolitan capital increasingly investing in industrial production in these countries. Therefore, the strategy of economic development aiming at a process of rapid industrialisation, in other words a process of rapid transformation of the agricultural towards the industrialised economy, gained an unchallengable status in the peripheral countries during this period. Zolotas expressed what was by then the dominant economic thought on an international level. As far as Greece herself was concerned, few people disputed this strategy. Amongst them was Varvaressos, also a governor of the Central Bank for a short period, who wrote the "Report on the Economic Problem of Greece" in 1952, a document that became famous in the economic literature of the period, if not for anything else but for the fierce criticism it attracted at that time. In short, although the specific measures that were taken in the pursuit of the above policy roused severe criticism as we saw above, the economic philosophy inspiring these measures was not much disputed,



as it was the conventional wisdom of the time.

The above economic strategy was further elaborated by the principle that new industries ought to be competitive in the international market. In other words, to be export-oriented in distinction to the traditional manufacturing establishments in the host country, that were oriented exclusively to the domestic market. This implied the abolition of the traditional protection of the domestic production and the adoption of a liberal external trade policy. The traditional state of protection of both industry and agriculture was criticised by Zolotas as constituting a vicious circle:

"The narrow horizon [of the pre-war period] compelled the State to direct its economic policies unconsciously within a vicious circle, which, for the most, instead of improving the situation aggravated it. A policy of high protection was adopted for the manufacturing industries, very high protection for the production of wheat, significant protection for cotton, fertilisers, even for the poorest varieties of raisin. These measures accounted for an excessive increase of the living costs and rendered the disposal of the production aimed at exports problematic . . . ." <sup>38</sup>

Zolotas argued in favour of the new orientation of the manufacturing production of the country in the following way:

"The export orientation of the most dynamic branches of the manufacturing sector of the Greek economy, is an essential precondition for the success of industrialisation, in a way that will contribute decisively to the rate of economic development, to the reinforcement of the balance of external accounts and to the increase of employment...."39.

In the following Sections we examine the actual developments and the results of these policies.

To complete the picture we will present a summary of Varvaressos' criticism of the then conventional wisdom. Varvaressos argued that if industrialisation was to take place to the detriment of the agricultural sector in the peripheral countries, a major economic imbalance was bound to follow. This in turn would aggravate instead of solving their problems, i.e. productive employment of the population, improvement of living conditions, balance of payments deficit, etc. In line to these arguments he stated:

"My conclusion is that the increase of the agricultural production and the agricultural income must be the priority in every programme of economic development of the poorer countries, if the aim of economic development is the elevation of the living standard of the popular classes ...."40.

An increase of the agricultural production, Varvaressos went on to argue, must be combined with an increase of



the industrial production, if an overall balance was to be achieved between the different sectors of the economy. In this context he proposed that the main effort should be directed to the production of manufactured goods for mass popular consumption for the domestic market. In brief, he argued that the industrialisation ought not to take place to the detriment of agriculture, but a balanced development of the two sectors should be pursued, with priority being given to the agricultural sector<sup>41</sup>. As we shall see in a subsequent Chapter, Varvareessos and Zolotas also held opposite views about the role to be assigned to the building industry in the development programmes.

To summarise what has been presented in this Section, the policies adopted by consecutive governments in the 1950's and the 1960's established the framework and opened the way for the development of an export-oriented industrialization, a process and its consequences we follow in some detail in the subsequent Sections of this Chapter.

### II.3 The Decline of the Significance of the Agricultural Sector in the Economy, the Rural Exodus, and the Urbanization Process

The industrialization that Greece experienced during the post-war period had as a consequence the agricultural sector's rapid loss of ground in its role and significance in the economy, while large numbers of labourers were released from the land. Similar developments are observed in other peripheral countries during the same period. However, as has been mentioned already, Greece has developed its own peculiarities. Thus, while in many other peripheral countries capitalist penetration during this period entailed at least a partial transformation of the agricultural production from the traditional modes to capitalist production proper, the agricultural sector in Greece declined without experiencing any significant internal transformation, at least as far as the prevalent mode of production was concerned. In what follows, then, we shall examine the decline of the agricultural sector, the rural exodus and the urbanization process in their specific aspects in Greece.

Immediately after the second world war, a civil war burst out in Greece, which ended in 1949 with the defeat

of the National Popular Liberation Army. Its main social force was the peasantry. The end of the civil war was followed by a first wave of rural exodus, subsequently accelerated by economic circumstances, as we will see below<sup>42</sup>.

The overturn of the traditional pattern of the Greek economy during the post-war period, is reflected in the National Income and the Gross Domestic Product of the country. Before the war agricultural production represented (in rough estimates) 47% of the National Income, industrial production 15% and services 37% in 1939 (see Table 6 in the Appendix)<sup>43</sup>. At the beginning of the post-war period, the percentage of the agricultural production had already dropped to 29% of the GDP in 1951. This reduction of the agricultural production was both the result of the damages of the war, as well as the civil war (1946-1949), and of the first wave of the rural exodus that followed it. It is estimated that within two years, 1947 and 1948, 700.000 deserted the countryside and moved to the towns, a population representing something around 10% of the total population at the time<sup>44</sup>. During the subsequent years, and after a first period of recovery in agricultural production, new waves of rural exodus were to follow, reaching a climax by the late fifties and the sixties, as we will see below.

In Section II.2 above we referred to the state policies inaugurated at the beginning of the post-war period (1953 onwards), which by abolishing the traditional state of protection brought agricultural production under the



pressure of free foreign competition, while the subsidies for the main agricultural products were scaled down. As a result the agricultural sector experienced a crisis by the late fifties. Its average growth rates dropped from 6,3% in 1951-57, to 2,9% in 1957-61 (See Graph 1 below). This is also reflected in the trade balance of the country. By the late fifties, while imports increased, the exports of the country, comprising mainly agricultural products up to this point, decreased (See Table 22 Appendix). The significance of the agricultural production in the GDP diminished rapidly. Nevertheless, this does not mean that agricultural production decreased in absolute terms, as is evident in Graph 1 below and Table 15 in the Appendix. Rather its relative role and significance within the economy as a whole was radically reduced. Table 5 below shows this development. In the following Section (Section II.4) we shall see the same trend appearing even more pronounced in the external trade of the country.

Table 5 : Composition of the Gross Domestic Product of Greece, 1951-1979 (1970 prices).

	<u>1939</u> <sup>(a)</sup>	<u>1951</u>	<u>1961</u>	<u>1971</u>	<u>1979</u>
Agriculture	47	29,2	26,3	17,5	13,3
Industry <sup>(b)</sup>	16	18,3	24,9	32,5	33,9
Services	<u>37</u>	<u>52,5</u>	<u>48,8</u>	<u>49,9</u>	<u>52,8</u>
	100	100,0	100,0	100,0	100,0

(a) For 1939 percentages refer to the National Income.

(b) Includes Manufacture, Mining, Energy and Construction.

Source : Table 17 Appendix.

It is interesting to note that changes were especially marked during the sixties. The percentage of agricultural production in the GDP dropped during the fifties from 29% to 26%, while during the sixties from 26% to 17%. On the other hand, the percentage of services remained stable, around 50%. Compared to its pre-war level (37%), this shows a quite significant increase, pointing out the augmentation of these activities at a period of time when the relative decline of the so far main productive activity of the country, agriculture, released working hands that could not find productive outlets. Graph 1 below shows agricultural production during this period, and its growth rates. The latter present a steady tendency to fall, dropping from 6,3% in 1951-57, to 1,8% in 1972-78. In the same period, manufacturing production and the GDP as a whole show the reverse trend, as will be shown in the next Section (II.4).

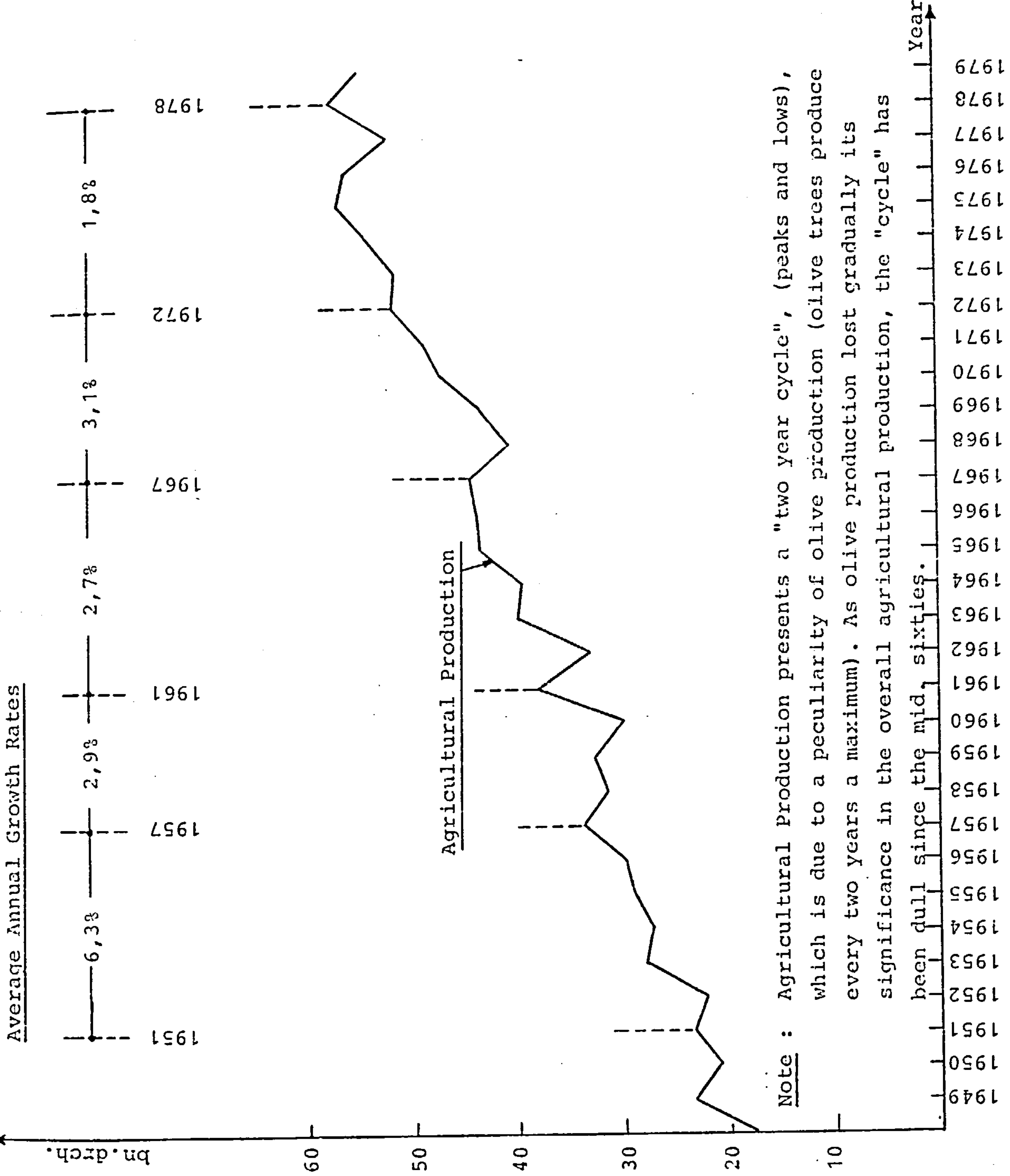


Graph 1

Gross Domestic Product of Agriculture  
(Value Added)  
(cons. 1970 pric.)

€

Average Annual Rates of Growth



Note : Agricultural Production presents a "two year cycle", (peaks and lows), which is due to a peculiarity of olive production (olive trees produce every two years a maximum). As olive production lost gradually its significance in the overall agricultural production, the "cycle" has been dull since the mid, sixties.

Source :  
Table 15 Appendix

However, the relative decline of the agricultural sector and the ensuing rural exodus, the dimensions of which are examined below, did not entail significant transformations of the agricultural mode of production, as it had been traditionally established. As we will see below, the small scale peasant farming persisted all during this period. Nevertheless, mechanisation to quite a significant degree, as well as extensive use of fertilisers, was introduced in agriculture leading to a considerable increase of productivity<sup>45</sup>. External competition and the diminished subsidies compelled the peasant to intensify production by introducing mechanical equipment and fertilisers, pushing up his expenses and his indebtedness to the state banks. However, the increased yield per plot did not mean an increased income for the peasant, as falling agricultural prices required an ever greater volume of production<sup>46</sup> (See Table 7 Appendix). This process meant the depression of the peasant's income, as his expenses were increasing rapidly, while his revenue remained relatively stagnant<sup>47</sup>. A study of the Agricultural Bank of Greece for the years 1964-65 and 1965-66, estimated that the cost of many agricultural products was greater than their sale prices<sup>48</sup>. In this way by the early sixties, and according to the data presented in a debate in the Greek Parliament (1.2.1964), the cost of the cultivation was greater than the income for approximately 50% of the agricultural households, while for another 35% their income was just even with their expenditures. By the middle of

the sixties the debt of the peasants to the state Agricultural Bank and other creditors had reached the record level of 10 bn. drch. No wonder that in the period 1960-65, approximately 10.000 agricultural households were abandoned each year<sup>49</sup>.

However, the abandonment of the countryside by the peasants did not lead to any significant concentration of land. Apart from minor changes, the land remained fragmented in small plots, as has traditionally been the case. Table 6 below shows the distribution of the agricultural "enterprises" according to their size in 1950, 1961 and 1971. The Table shows the agricultural "enterprises" and cultivated area according to size of holdings. However, it is a common phenomenon for holdings to be scattered in a number of plots<sup>50</sup>, as Table 6-a shows. Thus, the fragmentation of land implied by the evidence in Table 6 is even more pronounced.

As it is shown in Table 6, between 1950 and 1971 very small holdings (0-1 hectares) decreased from 28,5% to 21,8% of the total number of "enterprises"; the corresponding land area from 6,3% to 3,2% of total cultivated land. At the same time, the number of small holdings (1-10

Table 6 : Distribution of the Agricultural "Enterprises" in Greece, According to Their Size, 1950, 1961 & 1971 (a).

(i) Number of "Enterprises"

<u>Size</u> (in hectares)	1 9 5 0		1 9 6 1		1 9 7 1	
	Number	(%)	Number	(%)	Number	(%)
0-1	287.000	28,5	278.000	23,0	236.000	21,8
1-10	687.000	68,4	830.000	73,0	758.000	73,2
10-50	30.000	3,1	44.000	3,9	50.000	4,9
50 & more	1.000	0,11	655	0,06	880	0,09

(ii) Cultivated Area (in hectares)

<u>Size</u> (in hectares)	1 9 5 0		1 9 6 1		1 9 7 1	
	Area	(%)	Area	(%)	Area	(%)
0-1	230.000	6,3	131.000	3,6	113.000	3,2
1-10	2.358.000	65,3	2.801.000	76,3	2.587.000	72,2
10-50	533.000	15,2	683.000	18,6	795.000	22,2
50 & more	480.000	13,2	56.000	1,5	88.000	2,5

Note: (a) Census years.

Source : K.Vergopoulos, "The Agricultural Question in Greece",  
op. cit., p. 212.



Table 6-a: Mean Size of Agricultural Holdings, Mean Number of Agricultural Plots per Holding & Mean Size of Agricultural Plots in Various Regions of Greece

REGION	Mean Size of Agricultural Holding (in hectares)	Mean Number of Agricultural Plots per Holding	Mean Size of Agricultural Plots (in hectares)	Mean Dispersion of Agricultural Plots (in km)
Macedonia	4,53	7,5	0,61	2,5
Thessaly	6,81	10,0	0,68	2,4
Sterea	8,57	11,0	0,78	2,8
Peloponessos	5,68	7,9	0,72	2,2
Islands	5,99	12,5	0,48	2,2
All Regions	5,99	9,2	0,65	2,5

Source: Ministry of Agriculture. Survey comprising 1428 agricultural holdings in various regions of the country. Cited, X.Zolotas, "Monetary Equilibrium & Economic Development", op.cit., p.279



hectares) increased from 68,4% to 73,2% of the total number, while the corresponding land area from 65,3% to 72,2% of the total. Some increase of the medium holdings (10-50 hectares) also took place, the corresponding land area increasing from 15,2% to 22,2% of the total. But large holdings (50 hectares and above) decreased both in numbers and area, the latter decreasing from 13,2% to 2,5% of the total cultivated land. This curious phenomenon, of the decline of large holdings, is explained by the fact that such holdings represented mainly state and church properties that were distributed early in the post war period<sup>51</sup>. We see thus, that small scale farming persisted and was further consolidated as the prevalent form of land cultivation during this period, representing in 1971 the greater part of both the number of enterprises (73%) and cultivated land (72%). In the same year, small and medium holdings together formed 94% of all cultivated land. Therefore, the fragmentation of land into small holdings and even smaller plots (Table 6-a) already established in the countryside in the previous historic period, persisted in the post-war period<sup>52</sup>.

However, as agricultural production was not any longer capable of sustaining a tolerable level of subsistence for the whole of the former rural population, large numbers of peasants emigrated to the cities and abroad. It is important here to note that a very common phenomenon during this period, has been the split up of the peasant family, the head of the family emigrating to the city or abroad in search of new

employment, while the rest of the family, older members included, stayed behind and continued to cultivate the land<sup>53</sup>. In some cases the land was altogether abandoned and left idle, especially in the less fertile and mountainous regions. However, even in these last cases the peasant emigrants retained as a rule ownership of their land<sup>54</sup>. The following Table shows the evolution of the population of Greece during the last pre-war decade and the post-war period:

Table 7 : Rural, Semi-rural & Urban Population of Greece and Composition of the Population, 1928-1981.

<u>Year</u> (a)	<u>Rural</u>	<u>Semi-urban</u>	<u>Urban</u>	<u>Total</u>
1928	3.373.281	899.466	1.931.937	6.204.684
1940	3.847.134	1.086.079	2.411.647	7.344.860
1951	3.622.619	1.130.188	2.879.994	7.632.801 (b)
1961	3.674.592	1.085.856	3.628.105	8.388.553
1971	3.081.731	1.019.421	4.667.489	8.768.641
1981	2.955.342	1.125.547	5.659.528	9.740.417

C o m p o s i t i o n (%)

	<u>Rural</u>	<u>Semi-urban</u>	<u>Urban</u>	<u>Total</u>
1928	54,4	14,5	31,1	100
1940	52,4	14,8	32,8	100
1951	47,5	14,8	37,7	100
1961	43,8	12,9	43,3	100
1971	35,2	11,6	53,2	100
1981	30,3	11,6	58,1	100

Notes : (a) Census Years.

(b) The death toll in Greece during the 2nd world war was 558.000, 70.000 soldiers and 488.000 civilians.

Sources : " Statistical Yearbook of Greece", 1980 p.17, 1983 p.22.

As this Table shows, the rural population of Greece as a percentage of the total population, decreased from 48% in 1951 to 30% in 1981. If we take into account the fact that the population classified as semi-urban is partly comprised by people preoccupied with agriculture, we may conclude that the actual decrease is even greater<sup>55</sup>. During the same period the urban population grew from 38% to 58%. These changes compare with the stable pattern of the population's composition in the last pre-war years (1928-40). Now, in absolute numbers the rural population of the country decreased by 670.000 between 1951 and 1981, while the urban population increased by 2.800.000. In the same period the total population of the country increased by 2.100.000. These changes represent a decrease of the rural population by 18%, an increase of the urban population by 97% and of the total population by 28%. As can be observed in the Table, changes were especially sharp during the sixties. By the early sixties the rural and the urban population were about the same in numbers. A decade later, there was a spectacular overturn of the balance in favour of the urban population, which in 1971 surpassed the rural population by 1,59 m., and in 1981 by 2,7 m. The outcome of this process of urbanization, but also of emigration, which we examine below, has been the depopulation of the non-urban areas throughout the country (see Table 14 in the Appendix). It is evident that this unprecedented expansion of the urban centres, which doubled their size within a time span of three decades, is the outcome of rural exodus and not simply



of urban population's growth.

The composition of the active population of the country on the other hand, also reveals clearly these trends. The active agricultural population as a percentage of the total active population, dropped from 59% in 1951, to 41% in 1971 and to 29% in 1981:

Table 8: Composition of the Active Population of Greece, 1951-1981

<u>Occupied in</u>	<u>1951</u>	<u>1961</u>	<u>1971</u>	<u>1981</u>
Agriculture, Animal breed. etc.	59,3	55,7	41,4	28,8
Secondary Sector	17,3	19,9	27,0	30,9
Tertiary Sector	23,4	24,4	31,6	40,3

Source : Table 9 Appendix.

But the growth of the urban centres throughout the country was not even. Two urban conurbations, those of Athens and Thessalonika, absorbed the greater volume of the rural emigrants and presented a spectacular growth during this period. Both almost doubled their size within a time span of two decades, that is between 1951 and 1971. According to the latest census in 1981, the population of Athens alone accounted for one third of the total population of the country, and for 53% of the total urban population. At the beginning of the period under consideration, 1951, the population of Athens accounted for less than one fifth of the total population.



Table 9 : Growth of the Urban Centres, 1951-1981

	<u>P o p u l a t i o n   i n</u>			
	<u>1951</u>	<u>1961</u>	<u>1971</u>	<u>1981</u>
Greater Athens	1.378.586	1.852.709	2.540.241	3.027.331
Gr.Thessalonika	302.635	380.648	557.360	706.180
Patras	94.192	103.985	120.847	154.596
Volos	73.877	80.846	88.096	107.407
Iraklion	58.285	69.983	84.710	110.958
Chania	41.668	50.789	53.026	61.976
Agrinion	26.657	33.281	41.794	45.087

P e r c e n t a g e   I n c r e a s e

	<u>1951-61</u>	<u>1961-71</u>	<u>1971-81</u>
Greater Athens	34,4	37,1	19,2
Gr.Thessalonika	25,8	46,4	26,7
Patras	10,4	16,2	27,9
Volos	9,4	9,0	21,6
Iraklion	20,1	21,0	31,0
Chania	21,9	4,4	16,9
Agrinion	24,8	25,6	7,9
TOTAL POPUL. OF GREECE	9,9	4,5	11,0

Sources : "Statistical Yearbook of Greece, 1971", pp. 24,25,26

" " " " " 1983 , pp. 24,25

As the above Table shows, Athens and Thessalonika presented very high rates of growth, during the fifties but especially during the sixties. Thus in the sixties, while the total population of Greece grew by 4,5%, Athens grew by 37% and Thessalonika by 46%. However, this process slowed down during the seventies, as it is evident in the Table. The following Table shows the growth of these two towns in

absolute numbers and in comparison with the growth of the population in the rest of the country.

Table 10 : Growth of Athens, Thessalonika and of the Total Population, 1951-1981

	Increase in absolute numbers		
	<u>1951-61</u>	<u>1961-71</u>	<u>1971-81</u>
(1) Greater Athens	474.123	687.532	487.090
(2) Gr.Thessalonika	<u>78.013</u>	<u>176.712</u>	<u>148.820</u>
	552.136	864.244	635.910
Rest of Greece	203.616	-484.156	335.866

Source : Tables 7 & 9

As this Table shows, the increase of the population of these two towns alone was much greater than the increase of the population of the rest of the regions of the country, both urban and rural, during the whole of the period under consideration. Indeed, the crucial decade 1961-71 presents a decrease of the population of the rest of the country by approx. half a million people and an increase of the population of these two towns by approx. 900 thousand people. It is the decade of the peak of the wave of the rural exodus and the migration both to the urban centres of the country and abroad. The same picture is revealed by Table 14 in the Appendix, showing population changes according to areas<sup>56</sup>.

At the time it was expected that the new dynamic industries established, would absorb the surplus rural population emigrating to the cities<sup>57</sup>. But precisely in the period that the transformations in the manufacturing production were taking place on a large scale, that is during the sixties, unemployment was reaching record levels<sup>58</sup>. On the other hand, concealed unemployment, or underemployment was quite extensive both in the rural and the urban regions. According to the "Programme of Economic Development 1960-64", by the late fifties the surplus work-force in agriculture was 400.000, or 750.000 if seasonal unemployment was taken into account<sup>59</sup>. Various sources converge to a figure of the unemployed reaching 800.000 to 860.000 in the first half of the sixties, representing 22% to 24% of the total active population, which amounted to 3.639.000 in 1961<sup>60</sup>. Thus unemployment was massive during this period.

Under such conditions of lack of opportunities for employment, emigration abroad became a necessity. During the fifties considerable numbers emigrated overseas, but mainly to W.Europe. In the sixties emigration acquired phenomenal dimensions. Within just a decade (1961-1970) 830.000 people left the country. This makes for one fourth of the active population and one tenth of the total population in 1961. In the same year the total work-force employed in mining, manufacture, construction, energy and transportation was just 851.000 (See Table 8 Appendix). This exodus in search for work in the world markets has no precedent in the modern history of Greece. The following



Table shows the number of emigrants between 1951 and 1975.

Table 11 : Emigrants from Greece, 1951-1975

1951-1954	72.445
1955-1960	191.537
1961-1970	830.424
<u>1971-1975</u>	<u>177.445</u>
1951-1975	1.271.851

Source : Table 10 Appendix

Emigration removed from the country a vital part of its most youthful and dynamic ages (see Table 11 in the Appendix). The active population contracted both in absolute and relative terms between 1961 and 1971. It decreased from 3.638.000 in 1961, to 3.235.000 in 1971. As a percentage of the total population it decreased from 43% to 37%. Birth rates also fell, and the growth rate of the population as a whole declined (for the natural increase of the population in comparison to emigration see Table 12 in the Appendix. For the population changes and growth rates see Table 13 in the Appendix).

However, after 1973 emigration slowed down and a reverse trend of repatriation was observed. This was mainly due to the gradual exhaustion of the reserve of the unemployed, as well as to the world recession, and the subsequent measures taken by the host countries to reduce the number of emigrant workers in their markets.



Before the war Greece was considered an overpopulated country<sup>61</sup>. By the mid sixties the danger of a demographic withering of the country, because of emigration, became apparent. Voices of alarm were raised:

"the fact that Greece has today an average birth rate of 2,2 the lowest among the countries of Europe, describes in a tangible way the threat of an absolute decrease of our population in the following decades ..... The "snowball" of emigration creates demographic landslides, that historically in Europe have been observed only in Sicilly and Castille ..... The phenomenon has taken the dimensions of a desolation ....."<sup>62</sup>.

The unprecedented stream of emigration, which was also adopted as official state policy, raised a fierce debate at the time, in which representatives of the whole political spectrum and prominent intellectuals took sides. Emigration was by some praised as a positive outlet to the unemployed, contributing at the same time to the improvement of the balance of payments by way of emigrants' remittances. It was also argued that the only way to avert the emigration trend was the further creation of export oriented industries which, it was assumed, were to absorb surplus hands. These views were in line with the official policies analysed in the previous Section. Others argued emigration was a negative development, entailing the demographic withering of the country and threatening economic development as such. However, they also held the view that

the cause of the rural exodus and emigration was the existence of surplus population in agriculture, and the inability of the economy as a whole to create adequate employment<sup>63</sup>. These views about the rural exodus and its causes survive almost identical today. They fail in our view, to grasp the rural exodus as an integral process of the transformation of the economy during the post-war period, and in particular the capitalist penetration in the country in the form of direct investment, and the subsequent export-oriented industrialisation, as we argue in Chapter I. They thus, tend to see the effects as the causes of the phenomenon.

In the current Section we examined the relative decline of the agriculture, the massive rural exodus and the unprecedented growth of the urban centres during the post-war period in Greece. We also examined the conditions of land use and ownership in agricultural production. We have seen that the conditions of land ownership retained their traditional form, characterised by the fragmentation of the land into small holdings and plots. These developments have become the decisive factors and have provided the framework within which a spectacular growth of the building industry took place, and a specific system of building production developed in Greece, as we shall see in the second part of the thesis. However, we have now to examine the changes that took place in the manufacturing sector, in order to complete the picture of the developments

within which the building industry operated and played its role .

#### II.4 The Transformation of the Manufacturing Sector and the Character of the Established Manufacturing Production

Capitalist penetration in Greece during the post-war period resulted in a substantial transformation of the traditional manufacturing sector of the country. In the current Section we examine this process in its main outlines.

We may distinguish the following phases in the process of transformation of the Greek economy in general and manufacturing production in particular:

1950-57: The economy recovers from the war damages, retaining to a considerable degree its traditional characteristics. In manufacturing production light industries producing almost exclusively for the domestic market prevail. Production is dominated by domestic capital.

1957-61: Is a period of structural readjustment, which is manifested as an economic crisis affecting all levels of the economy.

1961-73: Is a period of expansion of the manufacturing production with an export orientation. The driving force of this expansion is foreign capital, which during the

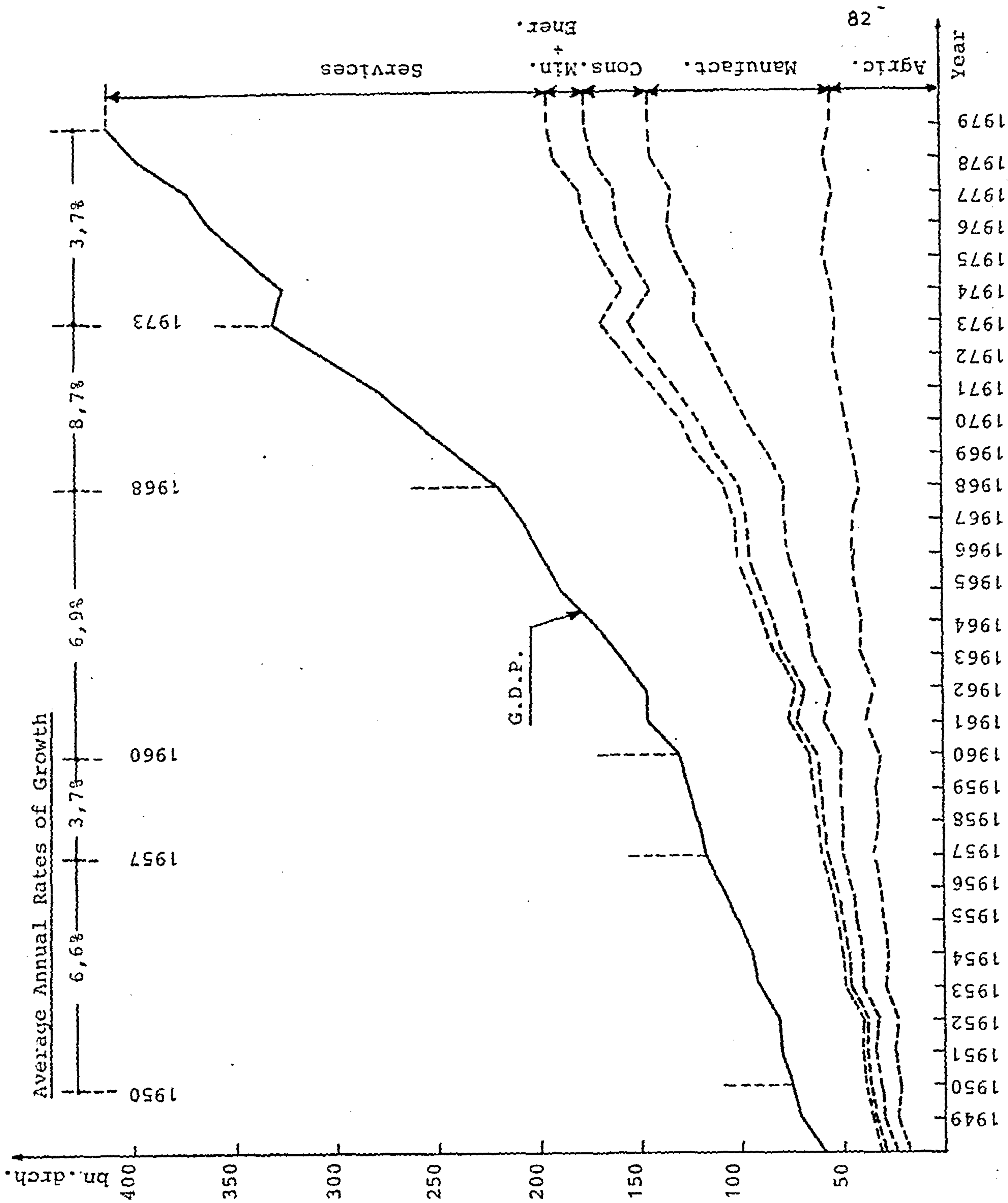


sixties enters the country in considerable amounts. Domestic capital of some size enters as an intermediary the orbit of operations of foreign capital. In the second half of this period, 1968-1973, this process is in its most dynamic phase.

1974 to the present: In 1974 the economy experienced a sharp crisis coinciding with the then world crisis. From then onwards it entered a period of a prolonged recession, showing unable to regain its previous momentum.

Graphs 2 and 3 below, of the GDP and the manufacturing production respectively, reflect the above periodisation. Thus, the average annual growth rate of the GDP was 6,6% during the fifties. It dropped to 3,7% during the crisis of the late fifties, to recover to 6,9% during 1960-68, reaching a peak of 8,7% during 1968-73. During the crisis and subsequent recession of the seventies, it dropped to 3,7%. Manufacturing production on the other hand, presented the highest growth rates, reaching a spectacular peak (13,5%) during the late sixties and early seventies, to drop then onwards to its ever lowest rate. As for the agricultural production, its growth rates were on the decline for the whole of the period, as we saw in the previous Section.

As stated above, during the fifties the economy, while undergoing a process of transformation, a conspicuous aspect of which being the rural exodus, retained to a



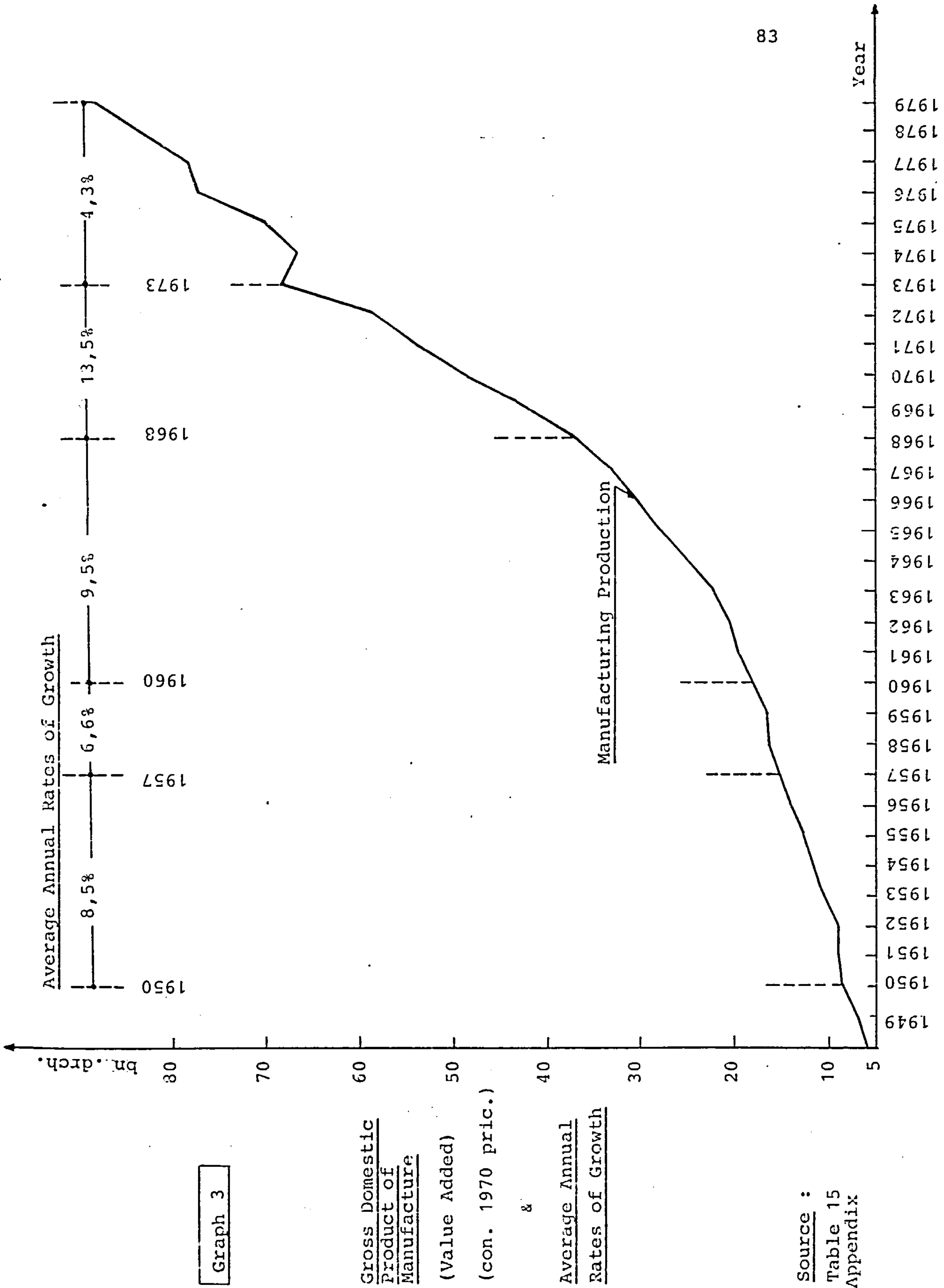
Graph 2

Gross Domestic Product of Greece (cons. 1970 prices)

&

Average Annual Rates of Growth

Source : Table 15 Appendix



considerable degree its traditional characteristics. Thus, agriculture was still the main productive sector of the economy (see Table 17 Appendix), while manufacture produced almost exclusively for the domestic market, its products contributing insignificantly to the total exports. The exports of the country were dominated by the traditional export crops (tobacco, raisin, olive oil, etc.) (see Table 23 Appendix). However, by the late fifties the economy as a whole experienced a crisis, as did the agricultural production (Section II.3). A parallel crisis developed in the manufacturing sector. In Section II.2 we saw that the so far state of protection policy for manufacture was abandoned in 1953 with the commercial boundaries of the country declared open. This exposed domestic manufacturing production to foreign competition. However, the devaluation of the currency by 50%, implemented in the same year<sup>64</sup>, initially eased the pressure upon domestic production, as the prices of foreign goods increased in the domestic market. But after a while, internal inflation gradually nullified this effect<sup>65</sup>. Thus, by 1956-57 domestic manufacture entered a stage of crisis. Its average growth rate dropped from 8,5% in 1950-57 to 6,6% in 1957-60 (see Graph 3 above). Employment on the other hand, in manufacturing establishments with 10 employees and more (classified by the Greek statistics as "major manufacture") decreased between 1958 and 1961 from 211.600 to 196.000, that is by 7,4%<sup>66</sup>. But, the crisis in manufacturing production of the late fifties was also reflected



in investment trends. Investment in manufacture, which increased from 805 m. drch. in 1951 to 1979 m. drch. in 1958, dropped to 1968 m. drch. in 1960 (current prices)<sup>67</sup>. The crisis finally, was also reflected in the trade balance of the country (Section II.3 above). Thus, despite the spectacular devaluation of the currency in 1953, the trade deficit increased rapidly and the exports to imports ratio dropped from 47,5% in 1953 to its ever lowest level, 28,9% in 1960 (see Table 22 Appendix).

During the fifties a quite significant expansion of the industrial infrastructure by the State took place. Transport, communications and especially energy developed remarkably. Investment in these sectors collectively considered, ranged between 45% and 50% of the total public investment during 1951-57, reaching 58% during 1958-60 (see Table 32 Appendix), with the development of energy (see Table 18 Appendix) playing a major role<sup>68</sup>. This expansion of the industrial infrastructure prepared the ground for the industrial development of the subsequent period<sup>69</sup>.

The economic crisis of the late fifties gave way to a rapid economic growth during the sixties, early seventies. The backbone of this economic growth was industrial expansion, manufacturing in particular. The growth rate of manufacturing production was 9,5% during 1960-68 and a spectacular growth rate indeed, 13,5% during 1968-73 (see Graph 3 above). As a consequence, the significance of the

manufacturing production in the GDP of the country increased rapidly. Table 12 below shows this development. As this Table shows, during the period between 1951-79 while the share of agricultural production in the GDP decreased from 29% to 13%, industrial production's share increased from 18% to 34%. The share of manufacturing output in particular increased from 11% to 22%. As it is evident in the Table, changes are more pronounced in the sixties, its second half marking the overturn of the balance between agriculture and industry in favour of the latter. Now, in absolute numbers the output (value added, constant 1970 prices) of the industry as a whole and manufacturing industry in particular almost tripled between 1961 and 1971, while the output of agriculture multiplied by only 1,3 in the same period (see Table 15 in the Appendix, and Graphs 1, 2 and 3 above).

The driving force of the manufacturing expansion of this period has been foreign capital, which entered the country in considerable amounts especially during the sixties. The sixties mark the export of metropolitan capital in the form of direct investment throughout the world, as we saw in Chapter I. In this respect, it is interesting to compare the growth rates of the manufacturing production in Greece and other developing countries on the one hand, and the metropolitan countries on the other:

Table 12 : Composition (%) of the Gross Domestic Product of Greece 1951-79

(const. 1970 prices)

	<u>1951</u>	<u>1955</u>	<u>1961</u>	<u>1965</u>	<u>1971</u>	<u>1973</u>	<u>1979</u>
<u>Agriculture</u>	29,2	28,9	26,3	23,2	17,5	15,6	13,3
<u>Industry</u>	18,3	21,0	24,9	27,3	32,5	34,7	33,9
Mining	0,7	1,1	1,2	1,2	1,4	1,5	1,5
Manufacturing	11,5	12,8	13,8	15,1	19,6	21,0	21,7
Energy & Water	0,6	0,8	1,1	1,4	2,1	2,5	3,2
Construction	5,5	6,3	8,8	9,6	9,4	9,7	7,5
<u>Services</u>	52,5	50,0	48,8	49,5	49,9	49,7	52,8
	100,0	100,0	100,0	100,0	100,0	100,0	100,0

Source : Table 17 Appendix.



Table 13 : Growth Rates (Average Annual Percentages) of Manufacturing production for Selected Country Groupings, 1960-76.

	<u>1960-68</u>	<u>1968-73</u>	<u>1973-76</u>
Advanced capitalist countries <sup>(a)</sup>	6,2	5,3	0,8
Developing countries <sup>(a)</sup>	6,1	8,2	6,1
Greece <sup>(b)</sup>	9,5	13,5	4,1

Source : (a) F.Fröbel, et al., op.cit., p.55.

(b) Graph 3.

What is interesting to note in the above Table is the coincidence of the phases of the manufacturing expansion in Greece and other developing countries. In both cases an upward trend can be observed between 1960 and 1973, the second half of this period being the most dynamic. This is not the case with the advanced capitalist countries, where the adverse trend is observed. After the world crisis of 1973, growth rates in the developing countries slowed down, while in the advanced capitalist countries sank to stagnation.

### The Process of Merger of the Domestic with Foreign Capital

One aspect of the transformation of the manufacturing production in Greece was the merger of domestic capital of some size with foreign capital, the former functioning as an intermediary of the latter in its ventures in the country. The conditions created both in the fifties and the sixties



brought domestic capital in manufacture under a multitude of pressures. The opening of the commercial boundaries of the country early in the fifties, brought domestic production under the pressure of foreign competition. At the same time, the privileges granted to foreign capital investing in the country, examined in Section II.2 above, encouraged if not forced domestic capital of size to cooperate with the former in order to escape the consequences of unequal competition<sup>70</sup>. Finally, the association of Greece with the EEC in 1962, exposed domestic manufacture to additional pressures, as the association agreement provided for the gradual dismantling of duties upon imported goods from the EEC, as we have already seen<sup>71</sup>. It is interesting to note that the attitudes of the Greek industrialists towards the association with the EEC varied from almost complete satisfaction with the terms of the Association Agreement to almost total denial of its usefulness<sup>72</sup>. These conflicting attitudes can easily be explained by the fact that the stronger sections of the domestic capital had been already drawn into the orbit of operations of foreign capital, or were preparing the ground for such a development<sup>73</sup>. However, this outlet was not open for their weaker brethren. In this way, the process of merger of the domestic with foreign capital, or to be more accurate, the process of attachment of domestic to foreign capital, was a prolonged and contradictory one, which we may add, is still operative.

Now, the State had played a quite decisive role in the

above developments. Apart from what has been mentioned previously, one feature is of major importance: all the big economic ventures were undertaken under the auspices of the State. The State furthermore, often participated actively with public capital in joint-ventures<sup>74</sup>. At the same time, the state financial institutions had been taking the initiative and facilitated mergers of foreign with domestic capital. The same institutions acted in many cases as representatives of foreign institutions, as we have seen in Section II.2. Below we examine the foreign participation in the Greek manufacturing industries during this period and follow the practical results of the merger of the domestic with foreign capital.

Foreign Investment in the Greek Manufacturing Industry

The following Table shows the import of foreign capital in Greece between 1955 and 1970.

Table 14 : Imports of Foreign Capital in Greece covered by the  
LD 2687/53 <sup>(75)</sup>, 1955-1970 in dollars

1955	3.006.800	1963	40.026.290
1956	1.913.113	1964	59.716.887
1957	6.704.197	1965	111.596.368
1958	8.233.153	1966	157.606.242
1959	8.313.670	1967	32.265.000
1960	11.683.700	1968	51.100.000
1961	13.509.809	1969	64.000.000
1962	16.764.758	1970	70.000.000

Source : Hellenic Bank of Industrial Development,  
"Investment Guide", Athens 1972, p.87.

As this Table shows, out of a total of 656 m. dol. that entered the country during this period, 628 m. dol. or 96% was imported in the sixties. Of this, approximately 80% was directed to the manufacturing and mining industries (see Table 19 Appendix). This was a significant amount of capital by the standards of the Greek economy. In the event it represented only a fraction of the actual foreign investment in the country, because foreign enterprises raised local funds by borrowing from the Greek banks, as well as by entering into joint-ventures with public financial



institutions, e.g. the Organization of Industrial Development<sup>76</sup>.

A substantial part of the foreign capital imported in Greece during this period belonged to Greek shipowners. It amounted according to some estimates to 50% of the total<sup>77</sup>. In Section II.2 above, we saw that foreign capital was defined both in the Constitution and the LD 2687 as to include Greek shipowners' capital, which in this way enjoyed the privileges granted to foreign capital<sup>78</sup>.

Table 15 below shows the participation of foreign capital in the Greek manufacturing enterprises in 1971. As this table shows, by that date, enterprises with foreign capital represented 21% of the total number of the Société Anonyme and Limited Liability companies and controlled the 50% of the total assets, the 54% of the total fixed capital, and the 37% of the total number of employed. If we include in the calculation the enterprises with foreign "technical cooperation" (but no immediate capital participation), the corresponding numbers are: 28% of the total number of enterprises, 62% of the total assets, 66% of the fixed capital and 50% of the total employees. These latter numbers reflect more accurately the control by foreign capital of the manufacturing production, since a multinational corporation is in a position to control effectively a local unit even without capital participation, and through licence, 'know how' agreements and the like<sup>79</sup>. The



Table 15 : Foreign Capital in the Greek Manufacturing Enterprises, 1971  
Société Anonyme and Limited Liability Companies (a)

\*in m.drch.

	<u>Number of Enterprises</u>	<u>Total* Assets</u>	<u>Fixed* Capital</u>	<u>Own* Capital</u>	<u>Employees</u>
I Enterpr. with Foreign Capital (b)	295	56.311	40.959	14.780	76.162
II Enterpr. with Foreign "Technical Cooperation" (c)	100	12.732	9.607	3.875	25.538
III Total of SA and LL Companies (a)	1417	112.000	76.472	35.243	204.160
I / III	21%	50%	54%	42%	37%
I+II / III	28%	62%	66%	53%	50%

Notes : (a) The enterprises organised in this form (Société Anonyme & Limited Liability Companies) are the most important (in terms of size etc ) manufacturing establishments. In 1970 their output represented the 65% of the total output of the manufacturing establishments with 10 employees and more.

(b) Greek enterprises with foreign participation , or enterprises with 100% foreign capital. (c) Greek enterprises producing under foreign licence agreements, know how, or royalties.

Source : "Economic Guide of Greek Enterprises. ICAP 1973". Data processed by D.Benas,

"The Invasion of Foreign Capital in Greece", op.cit., p. 191

dominance of foreign capital is even more pronounced, as might be expected, in the largest manufacturing establishments. Thus, by 1973 among the first 100 largest, according to the level of their turnover, enterprises with foreign capital ranked as follows:

Among the 10 biggest,	10	or	100%
" " 25 "	23	or	92%
" " 50 "	38	or	76%
" " 100 "	61	or	61%

Source : ICAP directory, 1975. Data processed by D.Benas, op. cit., p.203.

Foreign investment was mainly directed to the following sectors: basic metal industries, chemicals, plastics, electrical equipment, petroleum by-products and transport equipment (mainly shipbuilding and repairs). The latter two sectors were dominated exclusively by Greek shipowners' capital. Thus, by 1971 foreign capital controlled the 96% of the total assets in basic metal industries, the 99% in petroleum by-products, the 87% in transport equipment, the 76% in electrical equipment, the 62% in metal products and the 61% in the chemical industries<sup>80</sup>. These numbers refer to big establishments (in the form of Société Anonyme and Lim. Liab. companies) and to all forms of foreign participation (capital participation and "technical cooperation"). These branches of industry were the most dynamically developed in this period. At the same time, they were the main contributors to the exports of the country, as we shall

presently see.

Foreign capital was also directed, although to a lesser extent, to light traditional industries. Here its participation was realised mainly through "technical cooperation" (licence, 'know-how', royalties). If both forms of foreign capital's presence (immediate capital participation and technical cooperation) are taken into account, the control of the traditional light industries by foreign capital in 1971 was: 41% of the total assets in food industries, 37% in clothing, and 33% in textiles<sup>81</sup>.

As a result, a shift can be observed in manufacturing production from light to heavy industries (see Table 21 Appendix). However, this general grouping does not reveal the fact that while some branches within the broad category of heavy industries developed, e.g. basic metals, others remained dwarfed. In this context the most conspicuous example is the production of machines. This sector instead of growing diminished. With 1959 taken as the basis year (=100), the index of production of machines was 86 by 1965 and 74 by 1970 (see Table 20 Appendix). The same holds true for the production of electrical machines, but this is concealed by its grouping together with electrical apparatus, appliances etc.



### An Export Oriented Industrialisation

An important aspect of the transformation of the manufacturing production in the post-war period is the shift of its orientation from the domestic towards the world market. By the beginning of this period, manufactured goods represented approximately 10% of the total exports, while agricultural production contributed the main bulk. This pattern prevailed during the fifties, it was slightly modified in the first half of the sixties and then overturned in a spectacular way during the second half of the sixties.

Table 16 below shows the contribution of the manufactured goods to the total exports of the country. It jumped from 14% in 1965 to 41% in 1970, and grew further to 52% in 1976 and to 57% in 1981. If we add the exports of the petroleum processing industries, which developed mainly in the seventies, the exports of manufacturing industries amounted to 56% of total exports in 1973, 58% in 1976 and 66% in 1981. At the same time, the exports of food and relative products dropped from 73% in 1953 to 65% in 1979 and 26% in 1981. However, even in this category of exports, the great bulk of which consisted of unprocessed agricultural products up to 1965, a growing part represented later on, the product of food etc. industries, as a more detailed brake down of the exports in Table 24 of the Appendix reveals. Thus, in 1965, the



Table 16 : Composition (%) of the Exports of Greece 1953-1981

<u>Category</u>	<u>1953</u>	<u>1956</u>	<u>1960</u>	<u>1965</u>	<u>1970</u>	<u>1973</u>	<u>1976</u>	<u>1981</u>
Food, Beverages, Tobacco Oils & Fats	72,6	62,3	64,8	66,4	41,1	30,5	31,8	26,5
Crude Materials (Inedible) except for Fuels.	17,8	29,1	25,2	19,8	16,9	13,5	10,0	7,1
Mineral Fuels, Lubricants, etc.	-	-	-	-	1,0	14,0	5,8	9,5
Manufactured Goods	<u>9,6</u>	<u>8,6</u>	<u>10,0</u>	<u>13,8</u>	<u>41,0</u>	<u>42,0</u>	<u>52,4</u>	<u>56,9</u>
	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0

Source : Table 23 Appendix.

manufactured products in this category represented the 10% of the corresponding exports and the 6% of the total exports of the country. In 1973, the corresponding percentages were 34% and 11% respectively, and in 1981, 36% and 10%. (These figures are approximations. See note to Table 24, Appendix).

Therefore, if the exports of food processing industries are taken into account, the total manufacturing exports of the country were greater than the ones appearing in Table 16 above, namely 20% in 1965, 67% in 1973 and 76% in 1981. Now, exports of agricultural, manufacturing and other goods in absolute numbers as well as in percentage distribution are given in Table 24 in the Appendix. As it is evident in this Table, agricultural exports in absolute numbers increased during the period under consideration. However, the exports of manufactured goods increased much more resulting to the spectacular, give the time span, overturn of the pattern of exports of the country.

It is therefore evident that within a very short period Greece has been transformed from an agricultural to an industrial exporter. But, the shift of the manufacturing production from the domestic towards the world market, is even more impressive if we compare the development of the manufacturing production as a percentage of the Gross Domestic Product with the development of

manufacturing exports as a percentage of the total exports of the country:

Table 17 : Development of Manufacturing Production and Manufacturing Exports of Greece, 1953-1981

	<u>1953</u>	<u>1960</u>	<u>1965</u>	<u>1970</u>	<u>1976</u>	<u>1981</u>
Manufact.Product/GDP (%)	11,6	14,3	15,1	19,1	21,7	21,1
Manuf.Exports / Total Exports (%)	12,7	14,1	19,8	50,8	66,8	76,0

Source: Tables 17 & 24 Appendix.

The analysis of the manufacturing exports into broad categories undertaken in Table 24 (in the Appendix), reveals that the main contributor to manufacturing exports up to 1973 had been basic metal and chemical industries (including plastics), sectors dominated by foreign capital as we saw above. Thus, in 1965 the products of aluminium, steel and ferronickel industries represented 7% of total manufacturing exports and 1% of the total exports of the country. Five years later, in 1970, these products represented approximately 41% of the total manufacturing exports and 17% of the total exports of the country. At the same time, chemical exports developed from 2% of the total exports in 1965 to 7% in 1970. (Petroleum processing industries, another sector dominated by foreign capital, were established in

the late sixties and early seventies, and the corresponding exports developed during the seventies).

However, after the crisis of 1973 and the prolonged recession that followed it, the rate of increase of the above exports, apart from petroleum by-products, slowed down and the centre of gravity of the manufacturing exports was gradually shifted towards textiles, clothing and footwear, as well as non-metallic mineral products, that is to say, towards the traditional manufacturing sectors, as table 24 in the Appendix shows. In this way, the exports of textiles grew from 6% of the total exports in 1970 to 11% in 1981. The exports of clothing and footwear from 2% to 11% respectively. Thus, by 1981 the exports of textiles, footwear and clothing taken together, amounted to something more than one fifth of the total exports of the country. The exports of the non-metallic mineral products, mainly cement, also grew in the same period: from 1% of the total exports in 1970 to 7% in 1981.

This change in the composition of the manufacturing exports can be attributed to the slowing down of the rates of the manufacturing expansion all over the world after the crisis of 1973, that affected not so much consumer as the producer sectors, where basic metal etc., belong. In Greece, the shift in the manufacturing exports during the seventies, coincided with a change in the direction of foreign investment in the same period. Thus, while in the



sixties foreign capital was predominantly directed to selected branches of heavy industry (basic metals, chemicals, etc.) during the seventies a clear reorientation towards traditional light consumer industries (textiles, clothing, beverages etc.), as well as non-metallic mineral products, was observed<sup>82</sup>.

### The Character of the Established Manufacturing Production

However, the manufacturing exports of the country, developed during this period in a rather spectacular way, did not result into an improvement of the trade deficit of the country; it, on the contrary, rapidly enlarged. But, even more surprising is the fact that the main contributor to the deterioration of the trade deficit has been the increase of imports of manufactured goods. In other words, the increase of the manufactured exports was accompanied by a parallel increase of manufactured imports, as we shall presently see. This situation can be explained by the character of the industrial development that took place in this period, which we shall examine below and analyse its consequences.

While during the last pre-war decade the exports to imports ratio had remarkably improved, having increased from 57% in 1930 to 74% in 1940, in the post-war period this ratio fell consistently until 1960; since then it

has recovered somewhat. As a consequence the trade deficit deteriorated from year to year at a rapid pace, as the following Table reveals.

Table 18: Trade Balance of Greece 1930-1940 and 1953-1979  
(current prices)

	<u>Trade Deficit</u> (m. drch.)	<u>Exports/Imports</u> (%)
1930	4.538	56,9
1935	3.671	65,9
1940	3.164	74,1
1953	3.759	47,5
1956	8.210	41,0
1958	9.993	41,0
1960	14.946	28,9
1962	13.534	35,7
1966	24.506	33,2
1968	27.783	33,6
1970	39.474	32,8
1972	44.248	37,1
1976	129.348	42,0
1979	212.582	40,4

Source: Table 22 in the Appendix.

As it is evident, during the fifties the ratio of exports to imports dropped from 47% in 1953 to 41% in 1958, sinking to its ever lowest level 29% in 1960, as a consequence of the crisis of the late fifties. In the sixties, when manufacturing production expanded, and the manufactured exports grew, the corresponding ratio dropped further, from 36% in 1962 to 33% in 1970. In the seventies, an improvement of the ratio of exports to imports can be observed, which is due in part to the continuous readjustment of the exchange rates of the drachma. A policy was adopted whereby from December 1971, the drachma followed a steady "crawling" devaluation against the currencies of Greece's major trading partners<sup>83</sup>. The rapid deterioration of the trade deficit of the country during this period was to a great extent counterbalanced by an increase of the invisible earnings, comprising mainly emigrant's and shipping remittances and tourist exchange<sup>84</sup>. However, the current account of the country continued to present an enlarging deficit (see Table 35 in the Appendix), implying an increasing indebtedness of the country<sup>85</sup>.

If we now, turn our attention to the composition of the imports of the country during the post-war period, the following fact comes out clearly. The main contributor to the growth of imports had been manufactured goods. In a period marked by the relative decline of the agricultural sector, one would expect the agricultural imports to grow faster than other items. But in fact, although imports of

foodstuffs increased, those of manufactured goods increased faster, becoming the main contributor of imports. The following Table shows this development:

Table 19: External Trade of Greece-Composition (%) of Imports  
(current prices)

	<u>Food, Bever. Tobac., Oils</u>	<u>Crude Materials (Inedible)</u>	<u>Mineral Fuels, Lubric., etc.</u>	<u>Manufact. Goods</u>	<u>Total</u>
1953	23,2	13,8	15,9	47,1	100,0
1956	22,9	11,3	11,4	54,4	100,0
1958	16,3	10,7	10,8	62,2	100,0
1960	10,8	9,3	7,5	72,4	100,0
1963	13,6	10,5	8,7	67,2	100,0
1966	13,7	11,0	7,4	67,9	100,0
1968	12,3	9,5	7,2	71,0	100,0
1970	10,5	8,4	6,9	74,2	100,0
1972	10,3	8,7	10,0	71,0	100,0
1974	11,0	9,5	22,2	57,3	100,0
1976	8,5	6,9	20,3	64,3	100,0
1980	8,4	6,7	23,4	61,5	100,0

Source: Table 23 Appendix

As this Table shows, the share of manufactured goods in the total imports increased from 47% in 1953 to 62% in 1958, reaching a peak of 72% during the crisis of the late fifties. In the sixties, marked by the spectacular increase of manufactured exports of the country, as we saw above, manufactured imports increased from 67% of total imports



in 1963 to 74% in 1970. After the world crisis of 1973 and the increase of the oil prices in the world market, a sudden increase of the percentage of imports of fuels etc. is observed from 10% in 1972 to 22% in 1974. This "artificial" increase, to the extent that it does not correspond to an increase of the actual volume of fuels, distorts the picture of the composition of imports. That is why manufacturing and other imports appear to decrease as a percentage of the total imports after 1973. This would not have been the case, if this disturbing factor had not interfered<sup>86</sup>.

We thus, see that the industrialisation of the country during the post-war period, instead of leading to a relative self-sufficiency in manufactured goods, brought about a heavy dependency of the country on manufactured imports. How can this remarkable phenomenon be explained? The answer must be sought, at least partly, in the specific character of the industrial development of this period, which being stimulated by metropolitan capital functioning on a global basis, was restricted to selected branches of the industrial sector, where Greece presented "comparative advantage" (e.g. abundant raw materials), or selected phases of the manufacturing process of various products, especially the final phases (e.g. assembly)<sup>87</sup>, as we will see below. Consequently, the growing output of the manufacturing sector had to rely on growing imports of raw and intermediate manufactured goods<sup>88</sup>. On the other hand, the expanding capacity of the industrial sector created an increasing

demand for machinery, that had to be imported, as the corresponding department (production of machines) instead of increasing fell during this period, as we have already seen<sup>89</sup>.

However, the increasing manufactured imports may be also attributed to increasing demand of consumer manufactured goods concomitant to the urbanization process, and the relative rise of the living standards observed in the last years of the period under consideration.

Let us now examine some examples of this type of manufacturing development. As we saw above, basic metal industries was one of the main branches of foreign investment in the sixties, comprising mainly aluminium, ferronickel and steel production. Greece possesses abundant ores especially in the first two metals (bauxites and nickeliferous iron ores). With 1959 taken as the basis year (100), the general index of the manufacturing production was 254 by 1970, that of basic metals was 1075 (see Table 20 Appendix). The increase of the production of basic metals amounted to approximately one fifth of the increase of the manufacturing production taken as whole during the years 1965-73<sup>90</sup>. At the same time these industries were among the main contributors to exports as we have seen above. Thus, with 1965 taken as the basis year (100), the index of manufacturing exports was 1540 by 1973, that of basic metals was 54.570<sup>91</sup>. However, the development of these industries did not lead to the establishment of a wide range of industries

that would use their output as raw material. The whole of the nickel production and 85% on average of aluminium was exported<sup>92</sup>. T.Fotopoulos points out:

"The fact that the processing of our bauxite is restricted in the first two stages (alumina and aluminium) and that it is produced basically for export, means that whatever expansion of the aluminium production, as a consequence of a corresponding increase in the external demand, does not have any impact upon the establishment of new industries producing aluminium products, or to the expansion of other industries, or finally the expansion of domestic consumption ..... Moreover, to the extent that the industrial development of a country is based on its exporting units, .... the quantity of the industrial production is determined by the international economic circumstances, that is, the conditions of the international market of commodities and capital. Characteristic example: our exports of manufactured products fell in value between 1970 and 1971, ..... as a consequence of the abrupt fall of the external demand for just one product, nickel, which is produced under monopoly terms exclusively for export"<sup>93</sup>.

The abrupt fall of the nickel exports to which the author refers, can indeed be seen in Table 24 of the Appendix. The exports of the category of products where nickel belongs, dropped from 7,2% of total exports in 1970 to 4,6% in 1973, and from 17% of total manufacturing exports in 1970 to 8% in 1973. We thus, see that the



processing of these metals was restricted to the initial stages of the manufacturing production. Therefore, the corresponding industries did not establish significant links with the rest of the manufacturing sector, or the economy as a whole.

Another example of partial manufacturing processing is chemicals and plastics. The corresponding industries embrace mainly pharmaceuticals, fertilizers, plastics and detergents, their output being directed both to the domestic and the external markets. As we saw above, they ranked second to basic metals in export records during the period up to 1973. With 1965 taken as the basis year (100), the index of manufacturing exports was 1540 by 1973, that of chemicals and plastics 3.178 in the same year<sup>94</sup>. They also ranked second to basic metals in growth rates. With 1959 taken as the basis year (100), the general index of manufacturing production was 254 by 1970, that of plastics 765, of chemicals 449 (see Table 20 Appendix). However, the production of these industries was almost always restricted to the final stages of the manufacturing process, relying on imports of intermediate products. Thus, pharmaceutical industries in Greece are almost exclusively involved in mixing and packing of imported preparations, activities which constitute the labour intensive stages of the whole process. In a study of the Institute for Economic and Industrial Research, this is pointed out:



"The greater part of the production of pharmaceuticals in Greece is carried out by a relatively small number of technologically modern units, concentrated into the Athens area, ..... which in the most of the cases produce pharmaceuticals of foreign origin under licenses granted by foreign houses ..... From a structural point of view the basic characteristic of the Greek pharmaceutical industry is, in contrast to corresponding foreign industries, the fact that the vertically integrated production is almost totally missing"<sup>95</sup>.

The same holds true for almost the whole range of products mentioned above. For example, in a survey of the fertilizer producing industries, the conclusion is:

"The cost of production of fertilizers is mainly imported, since practically the total of raw materials, which cover the 60 to 65% of the price of fertilizers come from abroad. If the cost of fuels, partly of electrical energy, as well as the cost of spare parts and amortizations is added, the domestic value added does not exceed today the 25%"<sup>96</sup>.

Another characteristic example of partial manufacturing processing is the clothing sector. As we have seen above, after the crisis of 1973 the center of gravity of manufacturing exports was gradually shifted towards textiles, clothing, footwear and non-metallic mineral products.

During the same period, there was a similar shift in the direction of foreign investment. Among light consumer industries, where domestic capital had been traditionally established, control by foreign enterprises was effected, apart from immediate capital participation in the domestic enterprises, mainly through licence and similar agreements. Another form of foreign capital involvement in the domestic production, which affected clothing, footwear and to some extent textiles, but other sectors too, is international sub-contracting (or contract-processing)<sup>97</sup>. In their transnational organisation of production, multinational corporations often assign parts of the production process through sub-contracting agreements to local units which are formally independent. In the field of clothing production especially the labour intensive parts of the production process, such as sewing and making-up stages, are as a rule assigned to low-wage countries throughout the world<sup>98</sup>.

So, according to an estimate, sub-contracting in Greece represented a 43% of the total exports of clothing and footwear, and 10% of those of textiles in 1975<sup>99</sup>. The great bulk of clothing exports of Greece was absorbed by the EEC countries, mainly W.Germany. Thus, in 1975 87% of the total exports of men's clothing, 93% of women's clothing, 79% of knitted outer garments and 98% of knitted under garments, were absorbed by the EEC countries (clothing exports comprise almost exclusively these four categories).

W.Germany in particular, absorbed the 70% of the clothing exports of Greece to the EEC<sup>100</sup>. F.Fröbel, et al., who have examined textiles and clothing in particular, as an example of the new international division of labour, gave information about the corresponding exports of selected countries and F.Germany's imports from these countries in the years 1970-76. The data in the case of Greece are given in the following Table:

Table 20 : Textile (T) and Clothing (C) Exports of Greece and F.German Textile and Clothing Imports from Greece 1970-76 (m . US dol.)

	<u>Total Exports of Greece (a)</u>				<u>F.German Imports from Greece (b)</u>			
	<u>1970</u>	<u>1972</u>	<u>1974</u>	<u>1976</u>	<u>1970</u>	<u>1972</u>	<u>1974</u>	<u>1976</u>
T	36,9	78,7	185,0	241,9	17,9	45,8	81,6	97,9
C	9,9	21,4	88,3	199,6	18,8	50,9	152,0	307,4

(a) Exports from the free areas of Piraeus and Salonika and passive improvement and repair trade (international sub-contracting) are excluded from the Greek export figures.

(b) Imports after improvement and repair (international sub-contracting) are included at full transaction values in F.German import figures.

Source : F.Fröbel, et.al., op. cit., p. 82.

The high share of sub-contracting in the transactions between the two countries, that the Table implies, is indeed striking. For almost all the years recorded in the Table the value of clothing imports of F.Germany from Greece,



including the value of sub-contracting, was approximately twice the value of the total clothing exports of Greece, excluding the value of sub-contracting. Certainly, Greek clothing exports were not all directed to W.Germany. Thus, the above figures indicate that more than 50% of the exports of clothing of Greece are products of sub-contracting. This means that a considerable section of the clothing sector in Greece is involved just in partial phases of the manufacture of the products (as a rule, the final ones), while other phases of the production process are carried out elsewhere. This means that the growing output of this sector, either destined to be exported or directed to the domestic market, requires increasing imports of semi-finished goods.

It is evident that partial manufacturing processing was not confined only to the new manufacturing industries established in the post-war period (basic metals, chemicals etc.); it also invaded traditional manufacturing sectors, such as clothing, which were previously characterised by an integrated process of production<sup>101</sup>. In the annual report of the Bank of Greece for the year 1974 this situation is openly recognised:

"In the manufacturing sector the structural weaknesses are serious.... state policies encouraged in some branches the establishment of manufacturing units, which are restricted in the assembly of the final



product or the final phase of the manufacturing process, and which are excessively dependent upon imports of semi-finished, or in many cases almost finished manufactured products. A consequence of this is the overburdening of the balance of payments and the inelasticity that characterise the Greek imports. In other cases, the export incentives especially discouraged the expansion of the production from first to the subsequent phases of the manufacturing processing, for products that otherwise could secure a substantially higher percentage of domestic value added. In this context, cotton manufacture is a characteristic example.."102.

In another report of the same bank for the year 1981, we read:

"The inept industrial development policy applied since the early 1950's has had serious repercussions on the balance of payments, especially on the trade balance, which have been masked by the rapid increase in invisible earnings and capital imports. In effect, the large trade deficit is a reflection of the structural weakness of the industrial and agricultural sectors. The high import content of the Greek industrial products increases the inelasticity of import demand, that evidently hampers the implementation of anti-cyclical policies when export demand is stagnating. This observation explains why the Greek industry cannot play a leading role in the country's development process without extensive reorganisation ...."103.

We may now, turn to another important aspect of the industrial development of this period, namely its low potential to create employment relative to the abundance of working hands released from the land, as a consequence of the decline of the agricultural sector. In Section II.3 we saw that during the first half of the sixties, unemployment had reached the record levels of 22% to 24% of the active population. We also saw that this situation led to an emigration of phenomenal dimensions in the sixties, when 830.000 people left the country, a number representing one fourth of the active population and one tenth of the total population. This trend manifests in a dramatic way the failure of the industrial development of this period to absorb the working hands available.

Our analysis in the present Section has shown that the manufacturing production of this period was oriented to the world market, while the domestic market was open to external competition. That is why, the manufacturing production, either directed to the domestic or the world market, had to face international competition. As a consequence, capital intensive techniques had to be applied, in contrast to the labour intensive methods that had previously characterised all sectors of the domestic production. This explains the fact that in spite of the growth of the manufacturing production, employment in the manufacturing sector increased only marginally as compared to its pre-war levels. The following Table shows the active

population of Greece and its composition before the war and in the post-war period:

Table 21 : Active Population of Greece and its Composition  
1928, 1951-1981

Active Population

	1928 (a)	1951	1961	1971	1981
<u>Agriculture</u>	1.475.000	1.886.377	1.960.446	1.312.600	972.091
<u>Industry</u>	436.151	550.218	697.255	856.716	1.039.094
Manufacturing	364.326	450.424	488.577	554.380	664.322
<u>Services</u>	503.266	745.550	859.408	1.001.324	1.359.033
<u>Total Active Population</u>	2.414.417	3.182.145	3.517.109	3.170.640	3.370.218

Composition of the Active Population

	1928 (a)	1951	1961	1971	1981
<u>Agriculture</u>	61,1	59,3	55,7	41,4	28,8
<u>Industry</u>	18,1	17,3	19,9	27,0	30,9
Manufacturing	15,1	14,1	13,9	17,5	19,7
<u>Services</u>	20,8	23,4	24,4	31,6	40,3
<u>Total</u>	100,0	100,0	100,0	100,0	100,0

Note : (a) For the period before the war, the latest census with data about the distribution of the active population is that of the year 1928

Sources : Table 8 & 9 Appendix



As the above Table shows, in 1928 employment in the manufacturing sector represented 15,1% of the active population. In 1951 14,1% and in 1961 13,9%. We do not know how the manufacturing employment developed in the intermediate years between 1951 and 1961. Most probably, in the initial period it increased. But, as we saw above, in the late fifties manufacturing production experienced a crisis, affecting employment in this sector too. In the sixties employment in manufacture increased from 13,9% to 17,5% of the active population. In 1981 it reached 19,7%. Therefore, while employment in the agricultural sector of the country decreased from 59,3% in 1951 to 28,8% in 1981, that is to less than half of its initial level in the period under consideration, employment in the manufacturing sector increased only marginally from 14,1% in 1951, to 19,7% in 1981. It is worth noting that after 1961, when the main transformation and expansion of the manufacturing sector took place, while agriculture was abandoned by one million people, between 1961 and 1981, only 176.000 were absorbed by manufacture in the same period. On the other hand, as the above Table also shows, employment in services increased quite significantly, as compared to its pre-war level<sup>104</sup>. However, we shall have to come back to this issue, as we shall have to examine the capacity for employment of the building industry in relation to manufacture in the second part of the thesis.

We may therefore, here conclude, that the economic



processes operative during the post-war period in Greece have to a great extent transformed the manufacturing sector of the economy. In this process domestic capital of some size has been merged with foreign capital and the orientation of the manufacturing production was subsequently shifted from the domestic to the world market. However, this must not be taken to mean that there did not survive a substantial part of the traditional manufacturing industries and modes of operation<sup>105</sup>. All the same, the industrial development of this period did not lead to the formation of a complex and integrated basis of production. It, on the contrary, was restricted to selected branches of industry, and within these branches often, if not as a rule, in partial phases of the manufacturing process, while other phases were carried out elsewhere, outside the boundaries of the domestic economy. This type of industrial development is characterised by the relative absence of complementarity between the different branches of the manufacturing industry on the one hand, and between the manufacturing industry and the economy as a whole, on the other, the advanced manufacturing establishments functioning rather as industrial enclaves<sup>106</sup>. As we saw, the growing output of the manufacturing establishments we examined, was either directly exported (e.g. basic metals), without undergoing significant further processing, or they had to rely on growing imports of raw materials and intermediate products (e.g. chemicals). Furthermore, this process has even resulted

to the fragmentation of previously integrated industrial branches, as the example of the clothing industry manifests. Finally, manufacturing production displayed a low potential, in view of its growth, to employment creation, as the advanced manufacturing establishments employed capital intensive methods of production.

## II.5 The Construction Sector and the House Building Industry

In this Section we examine the characteristics of the construction sector in Greece during the post-war period. Throughout the period there is a clear division between the house-building industry and other construction in Greece. The construction industry, other than building industry and in particular other than house-building industry, is characterised by large scale of production and by the size of the firms involved, by capital concentration and foreign capital participation. In contrast, the house-building industry is characterised by small scale of production, the small size of the firms involved, absence of capital concentration, and by the total absence of foreign capital participation.

The construction sector in Greece grew quite significantly during the post-war period. As Table 12 in Section II.4 above shows, manufacturing industry, energy and construction grew in importance in respect to their share in the Gross Domestic Product during this period. The percentage of construction's contribution to G.D.P.

increased from 5,5% in 1951 to 8,8% in 1961, to 9,4% in 1971 and to 9,7% in 1973. After the crisis of 1973 the percentage declined to 6,8% in the years '74, '75, '76, as a more detailed account in Table 17 of the Appendix shows. It made a recovery to about 7,5% after '76. Thus, between 1951 and 1973 the percentage of construction's contribution to G.D.P. nearly doubled to a level which compared favourably with the share of other productive sectors of the economy. Construction accounted for nearly one third of total industrial output during the period 1951-73, to fluctuate from then onwards between one fifth and one fourth.

The statistics of the G.D.P. do not show the division of the output of construction into categories. The composition of output can be derived from the accounts of the Gross Fixed Capital Formation by type of Asset (Private and Public), which record the value of dwellings, of 'other buildings' and other construction produced each year. The following Table shows these values and the composition of construction's output during the post-war period:



Table 22 : Value of Dwellings, Other Buildings and Other Construction. Produced Each Year 1951-79

Constant 1970 prices, m. drch.

	C o m p o s i t i o n (%)									
	Value of Dwellings (1)	Value of Other Buildings (2)	Value of Total Buildings (3)	Value of Other Construct. (4)	Value of Total Construct. (5)	Dwellings (6)	Other Build-ings (7)	Total Build-ings (8)	Other Construct-ion (9)	Total Construct-ion (10)
1951	4.333	1.370	(5.703)	2.566	8.269	52,4	16,6	(69,0)	31,0	100,0
1953	6.090	1.668	(7.758)	3.072	10.830	56,2	15,4	(71,6)	28,4	100,0
1956	7.818	2.469	(10.287)	3.712	13.999	55,9	17,6	(73,5)	26,5	100,0
1959	7.857	4.281	(12.138)	6.191	18.329	42,9	23,3	(66,2)	33,8	100,0
1961	9.132	4.734	(13.866)	9.608	23.474	38,9	20,2	(59,1)	40,9	100,0
1963	11.287	5.761	(17.048)	9.558	26.606	42,4	21,7	(64,1)	35,9	100,0
1966	15.642	6.687	(23.329)	12.369	34.698	45,1	19,3	(64,4)	35,6	100,0
1969	23.212	9.729	(32.941)	15.722	48.663	47,7	20,0	(67,7)	32,3	100,0
1971	23.641	10.504	(34.145)	19.424	53.569	44,1	19,6	(63,7)	36,3	100,0
1973	30.576	13.951	(44.527)	20.426	64.953	47,1	21,5	(68,6)	31,4	100,0
1976	21.909	11.258	(33.167)	16.078	49.245	44,5	22,9	(67,4)	32,6	100,0
1979	31.572	13.889	(45.461)	14.765	60.226	52,4	23,1	(75,5)	24,5	100,0

Source: Table 26 Appendix.

Table 22 shows the value of output of the particular categories of construction, both private and public. However, as shown in Part II, public activity in housing production has been minimal for the whole of the period under consideration, apart from a very short period immediately after the war. Therefore, the value of dwellings recorded in column (1) of the above Table, has been almost wholly the result of private activity, namely about 90% in the fifties, and about 98% in the subsequent periods. Column (2) of the same Table shows the value of both private commercial buildings, such as office buildings, hotels, etc., and public buildings, hospitals, schools, etc. Finally, column (4) shows the value of other construction mainly for public works, such as roads, ports, dams, etc. As mentioned in Section II.4 above, the commercial and industrial infrastructure of the country was greatly expanded during the post-war period, creating a modern network of energy and communications, upon which the industrial development of this period was founded. It is not therefore, surprising that the value of public works, recorded in column (4) of the above table, increased, in constant (1970) prices, by approximately 8 times between 1951 and 1973. After the crisis of 1973 the value of public works together with other categories decreased. During the same period, 1951-73, the value of commercial and public buildings increased by approximately 10 times and the value of dwellings by 7 times. But what is impressive in the Table, is the fact that the value of dwellings was the highest of the three categories ranging between 40%

and 56% of the total value of construction in the period 1951-79. This alone shows the great importance the house-building production acquired during the post-war period in Greece. This record is even more impressive considering the fact that it was the result of private initiative and activity, as well as private finance.

In Greece, unlike most other European countries, there is no intersection between firms involved in house-building production and those involved in public works. On the whole, the characteristics of production are quite different in these two spheres of activity, defining two distinct systems of production as already mentioned. Buildings other than houses have been partly produced by the one and partly by the other system; there is, in other words, an intersection of the two systems in this particular field of activity. The construction of public buildings has been usually undertaken by big construction firms. However, there is no statistical information that could help to divide the value of private commercial buildings into the part produced by small firms, and that by big firms. But one may with some certainty assume that the greater part has been produced by small firms. Apart from few exceptions, office buildings in the urban centres are the same technological type as house buildings and are constructed by small firms as are tourist lodgings and other commercial buildings in the provinces, apart from big hotels and big industrial establishments. Table 23 below shows the output and composition



of the building industry as a whole:

Table 23 : Output of the Building Industry : Value of Dwellings, Private Commercial Buildings and Public Buildings Produced Each Year, 1951-79 . Constant 1970 prices in m. drch.

	Value of Dwellings	Value of Private Commerc. Buildings	Value of Public Buildings	Total	C o m p o s i t i o n			
					Dwel- lings	(%) Private Commer. Build.	Public Build.	Total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1951	4.333	n.a	n.a	5.703	76,0	n.a	n.a	100,0
1953	6.090	"	"	7.758	78,5	"	"	100,0
1956	7.818	"	"	10.287	76,0	"	"	100,0
1959	7.857	2.778	1.503	12.138	64,7	22,9	12,4	100,0
1961	9.132	3.105	1.629	13.866	65,9	22,4	11,7	100,0
1963	11.287	4.357	1.404	17.048	66,2	25,6	8,2	100,0
1966	15.642	5.332	1.355	22.329	70,0	23,9	6,1	100,0
1969	23.212	7.677	2.052	32.941	70,5	23,3	6,2	100,0
1971	23.641	7.998	2.506	34.145	69,3	23,4	7,3	100,0
1973	30.576	9.929	4.022	44.527	68,7	22,3	9,0	100,0
1976	21.909	8.434	2.824	33.167	66,1	25,4	8,5	100,0
1979	31.572	11.344	2.545	45.461	69,4	25,0	5,6	100,0

Source : Tables 25 & 27 Appendix

Column (1) of this Table represents the output of the small-scale system of production. Column (3) the output of the large-scale system. Column (2) is the field where the two systems intersect. The value of dwelling (col.5) alone represents approximately 65% to 80% of the total output of the building industry. If part of the percentages of column (6)



were added to those of column (5), we would then get the total output of the small-scale system of production. It is obvious that this system embraces the far greater part of the building industry's output. Therefore, one might say that it is not misleading when we interchange the term house-building industry with the term building industry. If we now, go back to Table 22 above, we see that the output of the building industry as a whole represented a very high percentage of the output of construction, ranging between 60% and 75% during the period 1951-1979.

Let us now, examine the structure of the firms involved in public works. These firms are officially classified in five categories, according to their technical potential and capacity. Each category is qualified to undertake public works up to a certain limit of budget. The top category is characterised as class E. In 1973 the total number of firms involved in public works was 2.260, and the number of firms in class E was 58<sup>107</sup>. These latter firms undertake big projects nation-wide, while the rest are involved in small, or medium projects. They command large amounts of capital in all its forms: mechanical equipment, other fixed assets, work force, etc. However, especially during the sixties out of these 58 firms a few expanded the scope of their operations accumulating and concentrating huge amounts of capital and thus dominated and almost monopolized the corresponding field of activity. The following Table shows the process

of capital accumulation in the largest six companies of the group:

Table 24 : Construction Companies Class E - The Development of Assets of the 6 Top Companies of the Group, 1960-1973.

	<u>Total Assets m.drch.</u>				<u>Increase</u>	<u>Increase</u>
	<u>1960</u>	<u>1967</u>	<u>1970</u>	<u>1973</u>	<u>(%)</u> <u>1960-67</u>	<u>(%)</u> <u>1967-73</u>
(1) Skapaneus	12	250	943	1.121	1.983%	348%
(2) EDOK	20	139	433	1.026	595%	638%
(3) Odon & Odostromaton	102	170	557	992	67%	484%
(4) Helliniki Techniki	7	142	380	985	1.929%	594%
(5) XEKTE	13	80	380	528	515%	560%
(6) ETER	7	29	163	395	314%	1.262%

Source: D.Topalian, "The Superprofits of the Technical Companies", in the Bulletin of the Institution of Civil Engineers of Greece, No 62, Nov-Decemb. 1974, Diagram 1. (in Greek).

As Table 24 shows, in a relatively few years these companies accumulated huge amounts of capital. The pace of capital accumulation is undoubtedly exceptional by any standard. In 1973 the aggregate of the total assets of the 58 class E companies was 9.549 m. drch.<sup>108</sup>. That of the six top companies was 5.047 m. drch., representing the 52,9% of the total assets. In other words, there is a high degree of concentration of means of production, of capital in general, in few companies. The profits of these companies have similarly increased as the following Table shows:

Table 25 : Construction Companies Class E - Growth of Profits of the 6 Top Companies of the Group, 1960-1973. (m.drch.)

	Total Profits 1960-66	Total Profits 1967-73	Average Annual Profits 1960-66	Average Annual Profits 1967-73
(1) Skapaneus	32,90	432,20	6,58	61,74
(2) EDOK	125,20	1.163,00	17,89	166,14
(3) Odon & Odostromaton	72,20	572,00	10,31	81,71
(4) Helliniki Techniki	6,30	331,60	1,26	47,37
(5) XEKTE	15,10	294,90	2,16	42,13
(6) ETER	23,90	513,40	3,41	73,34
TOTAL	275,60	3.307,10		

Source: D.Topalian, op.cit., p. 51.

The data in Tables 24,25 and Table 26 below appear somehow contradictory. E.g. companies with greater capital present smaller rates of profit, and companies of comparatively smaller capital appear to employ higher numbers of personnel. These contradictions may be attributed to a number of reasons. The data presented above are derived from the published balance sheets of the companies concerned, and they do not seem to follow a standard form. Thus, some give information about their assets abroad, others do not. The same happens in respect to their employees. Namely, some include in the data of personnel their employees engaged on projects abroad, others present only their employees engaged on the domestic projects. It should not be forgotten, finally, that companies sometimes manipulate balance sheets in view of their tax and other policies. Therefore, the above data should be taken to present orders of magnitude rather,



than precise figures. Thus, in the period 1967-73 the aggregate profits of the 58 companies were 6.022 m. drch.. The profits of the six top companies were 3.307 m. drch., representing the 55% of total profits. We can thus, reach the conclusion that in this field of activity there existed a high concentration of capital and profit in few companies. These companies, finally, commanded a large number of personnel:

Table 26 : Construction Companies Class E - Personnel of the 6 Top Companies of the Group - 1972.

	<u>Personnel</u>
(1) Skapaneus	3.000
(2)+(6) EDOK-ETER*	6.500
(3) Odon & Odostromaton	2.500
(4) Helliniki Techniki	1.800
(5) XEKTE	2.800

Source: D.Benas, "The Invasion of Foreign Capital in Greece", op. cit., p.296.

\* Companies EDOK and ETER, although they publish separate balance sheets, have in fact formed a pool.

Large construction companies have been heavily involved in construction projects abroad, mainly in the Middle East and North Africa. In 1976, the above six companies and a handful of others were preoccupied in projects abroad of a total budget of 150 bn.drch., that is 4,1 bn.dollars. In the same year, 4.500 Greeks, managers,



engineers and technicians were employed on projects abroad<sup>109</sup>. As an indication of the size of these operations, we mention two characteristic projects: one in Saudi Arabia with a budget of 36 bn.drch. and another in Iran with a 30 bn. drch. budget. These two projects alone were of the same order of magnitude as the total public investment of Greece in 1976, that is 35,5 bn.drch. This comparison alone shows the "giant" size of the leading companies compared with the general scale of the Greek economy.

Foreign capital played a role in these companies, mainly in the form of loans by foreign financial institutions. The same companies cooperated with foreign capital for the establishment of mixed daughter companies in a wide range of activities: technical, tourist, commercial and industrial<sup>110</sup>.

We may, therefore, here conclude that the construction industry, other than house-building, is characterized by capital accumulation and capital concentration in a small number of companies. In contrast, as we shall see in Part II, the house-building industry developed very differently during this period, its main characteristic being the small scale of production and the absence of concentration of capital. We will seek an explanation of this phenomenon, as well as of its economic and social consequences, in subsequent Chapters of the thesis. Finally, as we saw,

the greater part of the building industry's output (above 75%) has involved the small scale system of production. Therefore, we may say that we are justified to use either the term house-building industry, or building industry simply, to mean this system of production.

### Conclusion to Part One

In this part of the thesis, the wider global processes in the post-war period have been followed to explore their influence on Greek socio-economic developments. The injection of foreign capital accelerated the industrialisation of the country. A parallel process of relative decline of the traditional agricultural economy gave rise to a massive rural exodus and a concomitant urban expansion. Within this context the housing question acquired prime importance and the demand for new buildings in general gave the building industry a major significance within the post-war Greek economy.

In the agricultural sector the traditional petty commodity production persisted and no significant concentration of land took place. In the event, the traditionally established conditions of land ownership in Greece played a very important role both in the way housing demand was met and for the system of building production that has developed, as we shall see in the Second Part of the thesis.

Advanced manufacturing plants established during the same period, were oriented to the world market and employed capital intensive methods of production. Nonetheless, no integrated and complex industrial base was formed. Within this industrial environment the building industry grew

retaining a small scale mode of production, avoiding penetration by big capital. Other sectors of construction involved large scale of operations, capital concentration and foreign capital participation.

We therefore, in what follows, examine the development of the building industry and the particular characteristics it displayed, attempting an explanation of these characteristics and its function within the Greek economy as a whole.



**PART TWO**

**THE BUILDING-INDUSTRY WITHIN THE  
POST-WAR GREEK ECONOMY**

III. THE CHARACTER OF THE BUILDING INDUSTRY AND ITS ROLE  
IN THE POST-WAR GREEK ECONOMY AS CONCEIVED SO FAR.  
A CRITICAL REVIEW AND A THEORETICAL EXAMINATION OF  
RELATED ISSUES.

In this Chapter we will present opinions and theories concerning the character and role of the building industry within the post-war Greek economy. The views examined are problematic on two levels: first, they lack coherence when subjected to the scrutiny of systematic analysis. Second, the very ground upon which they stand is shown also to be problematic, giving rise to several misconceptions, because they fail to grasp the development of the building industry within the context of the transformations of the Greek economy during this period. Thus, Section III.1 of this Chapter will be devoted to presenting views concerning the character of the building industry. The following Section (Section III.2) will present views concerning the specific role of the building industry within the post-war Greek economy. Section III.3 will attempt a theoretical examination of the question of whether the building industry is a productive activity or not, as the majority opinion is that the building sector is not productive. In Section III.4, finally, the issue of whether dwellings are a form of fixed capital will be critically examined.

## Introduction

The building industry and the housing question became the focus of controversy in Greece almost immediately after the end of the second world war. The reasons for this debate at a time of great uncertainty can be easily understood. Housing was then a top priority in governments' agendas in almost all European countries, because of, among other things, the extent of destruction of the building stock during the war. In most European countries the state activity was heavily involved in the provision of housing especially to those strata of the population, unable to satisfy this prime necessity without assistance. In doing so the European governments of the time acknowledged the paramount social importance of housing, even more so as social unrest stalked Europe in the aftermath of the war. In this way, state housing along with national health services and social security, became the three pillars of the post-war welfare State in Europe. History was, however, to be written in a dramatically different way in Greece. Here, social unrest was to reach the climax of a civil war, and the State that subsequently emerged was far from being a welfare State.

In 1948 Greece was still racked by civil war. Yet the Marshall Plan for the restoration of the European economies was by then in full flood. A portion of the American aid was allocated through the Plan to Greece. The Greek govern-

ment of the day drafted a four year economic plan, the "Plan for Reconstruction, 1948-52", which was to inaugurate the debate about the building industry. Two prominent officials of the day, Zolotas and Varvaressos, successive governors of the Bank of Greece, expressed opposite views about the role that ought to be assigned to the building sector within the restoration plan. They also expressed very different views about the economic policy Greece should follow in order to survive and develop (see Section II.2 above). And as we saw there, Zolotas argued for a rapid transformation of the Greek economy from an agricultural towards an export-oriented industrial economy. Consequently he criticised the above mentioned "Plan for Reconstruction" in a series of articles written in 1948<sup>1</sup> for, among other things, allocating excessive resources to housing. The "Plan" provided for an 11% of the total investment in foreign currency- American aid in dollars- to be allocated in housing, plus another 25% of the total investment in national currency. This, according to Zolotas should not happen, since it would deprive the "productive sectors" of the economy from much needed resources. Housing was not considered to be a productive sector. In Zolotas's own words:

"Houses do not create productive equipment, whereas productive equipment creates houses. Houses are not immediately productive and in any way they do not contribute to the material growth of production. But today the struggle must be directed towards the acquisition of the basic productive apparatus..."<sup>2</sup>.



Very different opinions were held by Varvaressos. As we saw in the same Section above, he was in favour of a balanced development of the agricultural and manufacturing sectors of the economy, with some priority to be given to the agricultural sector. He proposed a special place for the building industry:

"There is one sector of our productive activities, the substantial increase of which, it is already certain, will contribute decisively to overcoming of the economic and social problems of the country. I am referring to the building industry. I think that the execution of a broad building construction plan ought to be considered as one of the most practical and effective ways for the creation of productive employment for the population and the elevation of the living standard of the poorer classes..."<sup>3</sup>.

This view was supported by the following reasoning: in the building industry labour intensive processes prevail, therefore it is capable of creating productive employment for the population more effectively than any other sector. This in turn, meant that the increase of the output of this sector could be achieved with relatively small investment. Second, it would boost the production of the related building materials industries. Thus, it would further create employment and contribute to the growth of overall production. Finally, the housing conditions of the population would be generally improved. In this way, Varvaressos con-

cluded, the programme for increasing building construction "constituted the logical complement of the agricultural and industrial development of the country". Such a programme should not be short lived, but a long term one, "a permanent pursuit of our economic policies"<sup>4</sup>.

As we shall see in what follows, Varvaressos's arguments in favour of allocating resources to housing, and his conception of the building industry as a productive sector, has been shared by few analysts, to whom we shall refer, while the view that "housing is unproductive" and its growth detrimental to economic development has persisted and even now is prevalent.

This issue has also been discussed in the context of other peripheral countries that faced a housing question of dramatic dimensions in the post-war period. In these, the same negative view about housing in relation to economic development has prevailed. Ch. Abrams, a leading U.N. advisor on housing, summarises the corresponding arguments in the following way:

"From the beginning of international aid programs, there were two schools of economists, both opposed to housing expenditure. The first advocated what may be termed "the devil take housing" theory, which asserts that housing is a durable form of investment requiring a substantial outlay to create it by paying off little by year.... A poor country, it is said, cannot spend

much on assets for future consumption. It should focus on more food production and on assets that advance productivity, such as factories, machines, better seed and livestock, railroads, highways, and power plants. ... This, in the main, had been the view of most American and international policy makers since post-war foreign aid began..... Other economists, whose line may be called "the modified devil take housing" theory, think that there may be a case for some, but not much, housing.... If housing is built, this theory holds, it must be confined to the "musts": that is, where plants are put up in remote locations, where an excessive journey to work produces labour problems and where houses can constitute concrete demonstrations of the rewards that may be obtained from greater, disciplined productive effort".

In conclusion, as one of the economists quoted has put it:

"If our objective is to obtain the fastest possible rate of growth of output, ... investment in housing should be kept down close to the lower limits of requirements"<sup>5</sup>.

In other words, the one school of economists argued for no housing construction at all, the other held a somewhat modified view, arguing that some housing might be built in order to provide industry with more disciplined labour. In any case, as we shall see later on, these views have



been recently considerably modified.

As already stated, the building industry became the subject of controversy in Greece during the whole of the post-war period. We will present the relevant arguments dividing the material into two parts: first, those about the character of the building industry; second, those about the specific role of the building industry in the post-war Greek economy. This division is somehow artificial because the arguments are intertwined, but we followed it for the sake of clarity.



### III.1 The Character of the Building Industry

The view that the building industry is unproductive and investment in housing detrimental to economic development was firmly established in the economic literature of the post-war period:

"... The three basic categories of construction [i.e. dwellings, other buildings, infrastructure works] may have the same significance as far as their impact upon the economic conjuncture is concerned (for example increase of the demand of products of other branches), but not the same upon the process of development. Investment in factory buildings is productive investment; investment in public buildings (such as administration buildings, hospitals, schools, etc.) also has an indirectly productive character; investment in housing, however, is unproductive from the point of view of the national economy, because neither it does contribute nor has relation to the productive mechanism. The dwelling is a consumer durable, such as the car, or the freezer.

... The increase of the number of dwellings and investment in buildings, may correspond to needs, but neither does it increase the productive potential of the economy nor the production .... In conclusion, investment in housing is counter-developmental from the point of view of the national economy, and a strategy of rapid development that by necessity restricts con-

sumption during the initial stages, should reduce investment to housing to the minimum and promote investment in infrastructure and manufacturing industry"<sup>6</sup>.

First, consider some of the problems-even contradictions-this view presents. It is asserted "investment in housing is unproductive from the point of view of the national economy, because neither it does contribute nor has relation to the productive mechanism". But one may point out that the dwelling is a tangible commodity, and in order to be produced the "productive mechanism" has to be set in motion. In this it is identical with any other commodity. However, it is further argued that "the dwelling is a consumer durable, such as the car or the freezer". The argument then, resolves into that investment in housing is not productive, because the dwelling is an article of consumption and not a means of production. The same meaning comes out, though again indirectly, from the following statements: "The increase of the dwellings ... may correspond to needs, but it does neither increase the productive potential of the economy, nor the production". If we grasp the "productive potential" of the economy as the means of production, as it is evidently the intention of the author quoted, then, it is clear that the "increase of the number of dwellings" does not add to the means of production. But, this argument is obviously tautological. It amounts to saying that when we produce articles for consumption, houses, we do not increase the existing means of production, e.g. machines.

But apart from this, a certain strategy is proposed: We are told that "rapid development" must restrict consumption in the initial phases and consequently investment in housing has to be restricted to the minimum. But why among articles of consumption is the dwelling picked out? There is no reason given as to why investment in, for example, detergents production, or cars and freezers should be promoted, as well as in other articles of consumption produced by the manufacturing sector, while investment in house production should be restricted to the "minimum". Within this framework of reasoning it would be more consistent to argue that investment in the production of articles of consumption should be restricted, and investment in the production of means of production should be promoted.

Let us now recall Zolotas's version: housing he argued is not a productive sector, "Houses do not create productive equipment, whereas productive equipment creates houses. Houses are not directly productive and in any way they do not contribute to the material growth of production"<sup>7</sup>. Zolotas's first statement amounts to the tautology that houses are articles of consumption and not means of production. The same however, reasoning could be applied to any other article of consumption, e.g. bread: "Bread does not create productive equipment, whereas productive equipment creates bread". But what could be meant by the conclusion "houses are not directly productive"? Evidently, it means that the house-building sector is not directly productive, since a house, a commodity, or any article for that matter, cannot



be directly, or indirectly productive, or unproductive in itself.

Why, then, we have further to ask, is the house-building sector not directly productive? Because, the answer is, it produces articles of consumption and not means of production, as is openly implied is Zolotas's statement. We are told finally, "houses do not contribute to the material growth of production". What articles contribute in this way? These are the machines and other means of production utilized in order to increase the yield of a certain amount of labour. If this is the case, the statement "houses do not contribute to the material growth of production" resolves into the tautology "houses are not machines", or, more generally, "houses are not means of production".

As already mentioned, this line of argument is widespread in the literature. We have dealt here with the most representative and influential authors of this line of thought. It is superfluous, we think, to reproduce here the arguments of every single author and economist who shares the same, or similar point of view<sup>8</sup>. However, as we saw, the main argument discussed above amounts to no more than investment in housing is unproductive, because the house-building is an article of consumption, not a means of production. In line with this reasoning, the only sector in the economy understood as productive should be the sector producing means of production, e.g. machines. If this is



the case, it follows that investment in all sectors producing articles of consumption should be restricted to "the minimum" (it is another matter how this minimum could be defined). The question naturally arises, 'for what purpose should investment be concentrated on the means of production?' For the sake of production of means of production? Machines and in general means of production are employed to produce and to increase the production of articles for consumption. The ultimate goal of production is consumption. Production for the sake of production does not exist<sup>9</sup>.

There was a reaction to the opinions presented above, and the argument was advanced that the housing sector is productive, or according to one version at least indirectly productive, because good housing conditions result in increasing productivity of labour:

"The productive character of investment in the housing sector must be emphasized... Since several decades ago, the endeavour of the advanced States has been to provide to their citizens the minimum qualitatively appropriate housing, with the conviction that the improvement of the housing conditions contributes to the increase of the national production ...."<sup>10</sup>.

On closer examination, this is found to be prisoner of the arguments it attempts to counter. It is no different in essence from the "modified devil" take housing view"<sup>11</sup>,

which maintains the construction of some housing is desirable in that it provides better conditions for the working population and in this way contributes to a higher productivity of labour. It is implicit in this argument that the term productive is reserved for the sectors in an economy that produce either the means of production, which directly increase the productivity of labour, or those that produce articles of consumption satisfying basic human needs, which thereby indirectly increase the productivity of labour. That is investment should be directed mainly to those sectors of an economy that either directly, or indirectly contribute to increased productivity of labour. Here we again have production for the sake of production.

Other commentators either assert or assume the productive character of the building industry and its positive role in the economic development as a whole. For instance, a relevant study about Greece of the U.N.-E.C.E.-Committee on Housing, Building and Planning states:

"The housing sector has functioned during the whole post-war period as a forceful mechanism activating the national economy for the country's general development"<sup>12</sup>.

The same view is advanced in another study undertaken by the Centre for Planning and Economic Research in 1976<sup>13</sup>. Neither offer a systematic analysis, or a theoretical

treatment of the issue in question. In other instances we encounter inconsistent arguments. For example, P. Kassimatis starts with what he accepts as an "unequivocal fact", namely that the products of the building industry and construction as a whole have significantly contributed to improving the productivity of the economy, and to the general economic development of the country<sup>14</sup>. He goes on, however, to assert that the contribution of construction would be far greater if the composition was changed so that the resources absorbed by housing were redirected to other sectors of the economy, where presumably they would be more effective<sup>15</sup>. Another author, on the other hand, M. Papajannakis argues more consistently, that the building industry is a productive activity "in the sense that it produces a consumer durable in high demand, the dwelling". He goes on to add that in a capitalist economy, "every activity that yields profits is definitely productive"<sup>16</sup>. He also accepts the positive role of the building industry in the post-war economic development of the country<sup>17</sup>.

However, irrespective of the strengths or shortcomings of the literature, the question of whether the house-building industry is unproductive, or whether investment in the house-building industry is unproductive, remains open. We shall face this challenge and attempt a theoretical treatment to answer the problem in Section III.3 of the current Chapter.



### III.2 The Role of the Building Industry in the Greek Economy

The opinions examined in the previous Section about the character of the building industry have deeply influenced the literature about the role the industry played in the post-war Greek economy. Those who have assumed the productive character of the building industry, also acknowledge positive effects of its growth within the context of the Greek economy. Those, on the other hand, who assert the building industry is non-productive also stress its negative role for the development of the economy as a whole during this period.

Thus, the growth of the building industry and the great significance it acquired post-war is often seen as a distortion of the economy, stemming from structural weaknesses that tend to favour unproductive rather than productive activities, this being an attribute of underdevelopment<sup>18</sup>. However, no reason is given as to why the Greek economy presents this "anomaly", nor is any specification provided of the nature of its "structural weakness", apart from attributing these phenomena to "underdevelopment".



First, we may point out that these views fail to place the growth of the building industry within the framework of the actual developments that took place during the post-war period in Greece, and thus tend to seek explanations in abstract and vague categories, such as "anomaly", or "structural weakness" of the economy. As we have seen in Part I, the Greek socio-economic formation experienced a major transformation during this period, marked by the process of industrialisation of the country, the decline of the agricultural sector and the rural exodus. This process led, as we have seen, to an unprecedented urban expansion which created the demand for new housing and for new building in general. These developments rather than any inherent structural weakness therefore, provided the stimulus for the growth of the building industry. We are faced in other words, with a response to the creation of new needs in housing and other buildings, as a result of the locational redistribution of economic activity, and not with any hidden tendency to favour unproductive rather than productive activities. In the same way, we should not resort to and seek explanation in any features of "underdevelopment", once we grasp that the economy reacted to the needs created by the very process of the industrialisation that took place. However, this should not be taken to mean that we intend to pass judgement on the overall post-war economic development of Greece. It goes far beyond the scope of this thesis to address the debate whether the Greek economy and society as a whole

is at its present stage either "developed", or is manifesting "underdevelopment", or "distorted development", or "uneven development". Our aim is to analyse post-war processes and developments, that shed light on the growth and the particular function of the building industry within the economy. Central to this analysis is the relationship between the housing question and the growth of the building industry to the rural exodus and the process of industrialisation. We may recall here the words of F.Engels, that summarise the experience of advanced capitalist countries at the time of their transition to industrialisation:

"The period in which a country with an old culture makes such a transition from ..... small-scale production to large-scale industry, ... is at the same time predominantly a period of "housing shortage". On the one hand, masses of rural workers are suddenly drawn into the big towns, which develop into industrial centres; on the other hand, the building arrangement of these old towns does not any longer conform to the conditions of the new large-scale industry ..... Hence the sudden housing shortage ..... In London, Paris, Berlin, Vienna, the shortage took an acute form at the time, and has, for the most part, continued to exist in chronic form. It was therefore just this acute housing shortage, this symptom of the industrial revolution taking place .... , which filled the press of the day with tracts on the "housing question" and gave rise to all sorts of social quackery... "19.



Nevertheless, a version of the theory attributing the growth and role of the building industry in the post-war Greek economy to structural weaknesses, or underdevelopment, assumes that this was the result of a direction imposed by foreign and, in particular, by American interests. The latter were made effective, it is argued, through the Marshall Plan and found their expression in the Varvaressos Report<sup>20</sup>, which as we have seen, advocated the development of agriculture, light industries and the building industry in particular. In this way, it is maintained, the economic activities of the country were directed to unproductive sectors, notably the building industry, and a thoroughgoing industrialisation that would have become antagonistic to foreign industrial interests was prevented<sup>21</sup>. This view amounts to a conspiracy theory. Apart from reducing the interpretation of history to the level of fiction, it is in antithesis to the actual developments in post-war Greece. In Part I of the thesis we saw that the industrialisation that took place during this period was the result of direct investment by foreign capital. We also saw that every means available to the State was used to promote this form of industrialisation. Indeed, contrary to this view, state policies were in the main hostile to the building industry (see Chapter IV below). It is equally untrue that the Varvaressos economic model was imposed in Greece as was also made plain in Part I. Finally it is useful to recall that both the international aid organisations and the American economists that were involved in them

advocated policies against directing resources to housing.

However, despite its weaknesses these opinions are still met in the wider literature. Thus, for instance, K.Kaijer and I.Messare argue:

"In the post-war period the growth of the building activity has been an integral part of the "developmental policies" that were imposed upon the country by imperialism, mainly American, and by foreign and domestic monopolies .... The growth of this sector was in line with the direction given to the economy towards the development of sectors with low organic composition of capital ..... As a result of this direction the building activity grew to an hypertrophic sector of our economy ....."<sup>22</sup>.

Nevertheless, some analysts acknowledge the positive effects of the growth of the building industry. They, in particular, point out the industry's contribution to the creation of productive employment, to the overall growth of the national income and to the ability the building industry manifested during this period to mobilise other sectors of the economy. They finally draw attention to the fact that the overall development of the building industry solved the housing problem of the country<sup>23</sup>. However, no systematic analysis of these aspects of the industry has been so far undertaken, and no convincing or reliable explanation of its character, role and function has been attempted.



It is worthwhile to refer at this point to views that adopt the same basic line of thought in relation to housing and the building industry within the context of economic development in other countries. For instance, in a report by the U.N. Department of Economic and Social Affairs, it is stated that "... the time is now past when public action in the matter of housing and urban development was regarded as unproductive expenditure ...". It goes on to argue that construction and building materials industries play an important role for the growth of the general economy as they form "an essential part in the process of capital formation, and are a determinant factor in the cost of development". It is in turn, recognised that they "play a uniquely significant role in the levels of economic activity and general employment in all countries whether developing, or highly advanced". In particular,

"Housing and urban development play a multiple role in creating or retarding employment and economic growth .... Governments are also gradually recognising the importance of housing for the stability of the labour force and the growth of productivity. Similarly, housing policy is tending to become an integral part of an anti-cyclical investment policy designed to mitigate economic fluctuations and to promote full employment..."<sup>24</sup>.

In conclusion the report acknowledges

"... the significant contribution that housing and

urban development are making both to social progress and economic development"<sup>25</sup>.

More generally, the view of the positive role of the house-building industry for economic growth and development, as well as of its contribution to raising living standards has been gathering support recently<sup>26</sup>. Furthermore, the same more or less positive stance is also adopted by authors who deal with the building industry within the context of a sector of construction<sup>27</sup>.

However, we have now, to press ahead to examine a number of specific issues. One major issue is the pattern of investment in Greece often described as problematic, "with too much" or "excessive" investment directed to housing, an unproductive sector, "too little" to productive sectors and the manufacturing industry in particular. This state of affairs, it is maintained, constitutes a specificity of the Greek economy, and is again, the manifestation of a major structural weakness:

".... During the period 1951-75 housing was established as the most dynamic branch of the Greek economy by the criterion of investment ... This very basic specificity of the Greek economy, which for a whole period of 25 years, the most crucial for economic development, handed over the lead to housing, cannot be justified either on the basis of the lessons of the theory and strategy of economic

development, or on the basis of the experience of other economies, which are nowadays developed. To this specificity many of the most serious structural weaknesses of the Greek economy are due"<sup>28</sup>.

The author concludes that:

"The persistence of the high percentage of housing in the total investment constitutes, indirectly, an additional proof of the stagnation of the economic structure of our country ..."<sup>29</sup>.

We may give another characteristic example of this quite common approach:

"... Compared to other countries, Greece has had a disproportionate percentage of investment in housing, which is considered in general a consumption good, but not constituting part of the productive mechanism of the country .... The factors are many and deeply rooted which within the framework of the Greek economy tend to channel such enormous sums of capital to a sector that contributes only to a small degree to the economic development of the country..."<sup>30</sup>.

However, if we compare the pattern of investment in Greece with that observed in other countries, the only conclusion we can arrive at is that Greece presents as high a percentage of "investment"<sup>31</sup> in housing as other



European countries, and in a wider context as the advanced or developed countries, as the following Table shows:

Table 27 : Gross Fixed Capital Formation in Dwellings as a Percentage of total GFCF, in W. European Countries, Canada and the US

	<u>1950</u>	<u>1960</u>	<u>1965</u>	<u>1970</u>	<u>1977</u>
Greece	31,0	20,5 <sup>(a)</sup>	32,2	27,9	30,9
Belgium	29,5	28,6	28,3	25,0	33,3
Canada	n.a	n.a	n.a	19,5	26,2
France	15,4	23,2	30,7	28,6	30,5
Italy	15,1	24,8	35,8	32,6	27,7
Netherlands	19,3	18,3	20,2	20,5	27,5
Sweden	26,0	22,8	24,9	25,3	20,5
United Kingdom	19,2	18,3	20,3	17,4	18,0
US	30,5	27,4	23,7	20,8	27,6

Note (a): The percentage that results from the national accounts of Greece for 1960 is 29,2 (See Table 31 in the Appendix)

Sources

1950,	UN, Econ.Comis.for Europe, "Annual Bulletin of Housing & Building Statistics for Europe-1959", Geneva 1960, pp.26,7
1960,	" -1962", NY 1963, pp.20,1
1965,	" -1967", NY 1968, pp.82-7
1970,1977	" -1978", NY 1979, pp.10-2

D.Turin, who undertook a systematic cross-country comparison of the construction sector, arrived at the following conclusions: first, about the value added by construction as a percentage of the GDP in various countries:

"There is adequate statistical evidence of the



strong correlation between value added by construction-measured by its percentage contribution to gross domestic product at factor cost-and per capita GDP ... Construction therefore accounts for 3% to 5% of GDP in developing countries and 5% to 9% in the more industrialised countries [period 1960-65] ..."<sup>32</sup>.

In the same period, 1960-65, it should be noted, the corresponding percentage for Greece was on average 9,1%. (See Table 17 in the Appendix). In turn, another conclusion of D.Turin refers to the composition of construction by type of work, that is dwellings, non-residential buildings and other construction, in various countries:

"... The analysis shows that the relative share of these sectors [dwellings, non-residential buildings, other construction] differs significantly between broad country groups. Dwellings account for a larger share (between 30% and 50%) of total construction in industrialised countries, than in developing ones (between 20% and 45%) [Period 1955-65] ..."<sup>33</sup>.

In the same period, 1955-65, the corresponding percentage for Greece was on average 46,3% (as it is evident from Table 26 in the Appendix). But, Turin's findings refer also to the percentage of construction in the total gross fixed capital formation in various countries:

"It is ... interesting to note that the average share of construction in gross domestic capital formation does not appear to be related significantly to the level of economic development ..."34.

We see then, that the cross-country comparison shows that construction as a percentage of the gross domestic product is higher in developed than in developing countries. On the other hand, "investment" in housing as a percentage of gross fixed capital formation in construction, is higher in the former than in the latter. Finally, construction as a percentage of total gross fixed capital formation does not appear to be related significantly to the level of economic development<sup>35</sup>.

It is now, rather obvious that Greece conforms with the pattern observed in developed countries. No specificity in this respect can, therefore, be claimed about Greece. Neither can it be reasonably argued that the performance of the Greek economy, as far as "investment" in housing and construction is concerned, presents a "structural weakness", or that it is a "proof of the stagnation of the economic structure of the country", or finally, that this performance "cannot be justified on the basis of the experience of other economies". However, there are commentators who recognize that Greece's performance in this respect is no different than that of the advanced capitalist countries<sup>36</sup>.

Furthermore, within the framework of the above views describing the pattern of investment in Greece as problematic, an interpretation is attempted as to why the housing sector attracted such a high percentage of investment. It is often argued that the rate of profit in this sector has been higher than in other sectors, manufacturing industry in particular:

"The composition of investment is defective from the point of view of the long term objectives of the development of the Greek economy .... it presents a considerable concentration in buildings and real estate in general, and not to an adequate degree in the manufacturing industries, that constitute the main aim of the programs for the transformation of the Greek economy, This phenomenon is related, in turn, to the possibilities of realising higher profits by investing in real estate ...."<sup>37</sup>

Here is another example of the same line of thought:

"... the building industry has been for a whole historical period, the main sector of capitalist concentration in Greece. A fact that implies rapid rates of growth of the proletariat, super-exploitation, super-profits..."<sup>38</sup>

However, in Part I of the thesis we saw that the manufacturing sector of the country was dominated in this period by metropolitan capital in the form of multinational corporations. On the other hand, no big capital, let alone



foreign capital, was involved in the house-building industry in Greece (see Section II.5 and Chapter V below). Therefore, the assumption that higher rates of profit were realized in the house-building industry than the manufacturing industry is obviously questionable. Moreover, the very starting point of this view is mistaken. As we are going to argue in Section III.4 below, the claim that higher levels of investment have been realised in the housing sector than in other sectors of the economy involves a serious error, in that it misconceives the dwelling as a form of fixed capital.

However, a more realistic conception of the problem under consideration has been put forward by E.Kouloubis, former president of the Technical Chamber of Greece and minister in a number of administrations:

"During the last two decades (1950-70), within the framework of an economy that develops along the road of dependent industrialisation, construction expands excessively and gradually occupies a central role as a sector activating other sectors. While the key sectors of the manufacturing production are gradually influenced by foreign capital, with the creation of few, large, technologically advanced manufacturing units, the construction of dwellings, being a sector of low capital intensity, constitutes the only investment outlet for the small capital of the country, that cannot be invested in the manufacturing industry, precisely because of the latter's composition"<sup>39</sup>.



Finally, as a consequence of the view that higher concentration of profits has taken place within the building industry, the argument has been put forward that its growth has meant greater inequality of incomes<sup>40</sup>. But, as we are going to see later in this thesis, this is not in fact the case. On the contrary, the system of building production in its articulation with the conditions of land ownership in Greece, has functioned as a mechanism distributing incomes in favour of the middle and lower classes. The positive effects of the building industry in relation to incomes has been, however, recognised by some commentators<sup>41</sup>. Nevertheless, no systematic treatment of this aspect of the problem has so far been undertaken.

### III.3 The Productive Character of the House-building Industry. A Theoretical Examination

A major issue that emerged from the examination of the literature dealing with the character and economic role of the building industry is the question of whether the building industry and the housing sector in particular can be considered to be a productive activity or not. As it will be remembered, a common thread in some of the views examined in Section III.1, is that "housing is unproductive". But, if we pause to consider the formulation of this argument more closely we may reason in the following way:

An object, whatever its nature, cannot by itself be productive, or unproductive. Thus, a house, or the totality of houses, housing, cannot by itself be productive, or unproductive. This is true for every artifact, irrespective of whether it is an article of consumption, a house, or a means of production, a machine. A process, an activity can be productive, not a thing. For example, the labour involved in transforming raw wool into a woollen fabric is a productive activity. Playing by the sea-side is another activity, but it is not a productive activity. In short,

productive or unproductive must be activities, processes, not things<sup>42</sup>. Therefore, the proper way of formulating our question is to ask whether the corresponding activity, namely the house-building industry, is productive or not, not the thing, the house.

In the economic life of every society we distinguish three broad spheres of activity: The sphere of production, the sphere of distribution (commerce) and services. The sphere of production embraces all those branches of human activity that result either into the transformation of the fruits of the earth (agriculture-the primary sector), or into the further transformation of the various products and materials of the earth into new useful forms (manufacture, etc.-the secondary sector). The building industry transforms a great variety of raw materials (bricks, cement, wood etc.) into a new useful form, the house. It should be evident therefore, that in this capacity, it differs in no way from any other branch of the secondary sector, and in particular from any other branch of the manufacturing industry. For example, there is no difference, as far as their productive quality is concerned, between the building industry, which transforms a variety of raw materials into a house, and the car industry, which transforms again a variety of raw materials into a car. If there is indeed a difference between the building industry and other branches of the manufacturing industry, this lies in the fact that the product of the former is attached to the land. Once a



house is built, it cannot be divorced from the soil upon which it stands. This does not alter the productive quality of the industry by an iota.

Nevertheless, the issue of the productive, or unproductive character of the various sectors of the economy has been dealt with within the context of economic theory. It has been addressed in terms of what defines productive or unproductive labour. The formulation of the problem in these terms is in essence no different from the formulation of the question in terms of productive, or unproductive sector of the economy. When we refer to a branch of economic activity, such as agriculture, manufacture, commerce etc., we refer, consciously or not, to a specific labour process. In the case of agriculture we refer to the labour process that transforms the fruits of the earth. In the case of manufacture, in the broad sense, we refer to the labour process that further transforms the products of the primary sector. In the case of commerce we refer to the labour process that distributes what the previous sectors have produced. And so on. Therefore, the question of how we define a productive sector resolves into the question of how we define productive labour.

This issue has indeed been raised in a recent debate, that however, derives from K.Marx's and A.Smith's theoretical elaborations<sup>43</sup>. It might then, be perhaps more profitable to resort to the original sources. K.Marx defines



productive labour as follows:

"In the labour process, ... man's activity, with the help of the instruments of labour, effects an alteration, designed from the commencement, in the material worked upon. The process disappears in the product; the latter is a use-value, Nature's material adapted by a change of form to the wants of man ... If we examine the whole process from the point of view of its result, the product, it is plain ... that [this] labour is productive labour"<sup>44</sup>.

But, as Marx explains, this definition of productive labour as labour that transforms matter, or in other words, as labour that produces material objects, is a general definition from the standpoint of the labour-process in abstract, irrespective that is, from the "peculiar form it assumes under given social conditions"<sup>45</sup>. In other words, our definition has to refer not just to the labour-process in general, but to the specific form and character it assumes under the specific social conditions we are in particular, dealing with. Thus:

"... Capitalist production is not merely the production of commodities, it is essentially the production of surplus-value. The labourer produces, not for himself, but for capital. It no longer suffices, therefore, that he should simply produce. He must produce surplus-value. That labourer alone is productive, who produces surplus-value for the capitalist, and thus

works for the self-expansion of capital ....  
 Hence the notion of a productive labourer implies not merely a relation between work and useful effect, between labourer and product of labour, but also a specific, social relation of production, a relation that has sprung up historically and stamps the labourer as the direct means of creating surplus-value ...."<sup>46</sup>.

This means that according to Marx, under the capitalist mode of production, it is not sufficient for labour to produce material objects to assume the character of productive labour. It has in addition to produce value and surplus-value. Let us take as an example, the house-wife who indeed transforms raw materials into edible food. Her labour is productive labour, if we look at it from the standpoint of the labour-process alone. But, the economic life of society ignores this labour altogether, since its products are not brought into the market as commodities. They are consumed directly by the family members without the mediation of the market. This labour does not produce either value or surplus-value. From the standpoint of the existing society it has no economic character. It is neither productive, nor unproductive. It simply exists outside the sphere of the economic life of society.

A. Smith, in turn, gives the same definition of productive labour as K. Marx. In the following passage the terminology that is used is slightly different, but the content

is the same:

"There is one sort of labour which adds to the value of the subject upon which it is bestowed; there is another which has no such effect. The former, as it produces a value, may be called productive; the latter unproductive labour. Thus the labour of a manufacturer<sup>47</sup> adds, generally, to the value of the materials which he works upon, that of his own maintenance, and of his master's profit. The labour of the menial servant, on the contrary, adds to the value of nothing. Though the manufacturer has his wages advanced to him by his master, he in reality, costs him no expense, the value of those wages being generally restored, together with a profit, in the improved value of the subject upon which his labour is bestowed. But the maintenance of a menial servant never is restored. A man grows rich by employing a multitude of manufacturers: he grows poor by maintaining a multitude of menial servants ..."<sup>48</sup> (emphasis ours).

Therefore, for A. Smith too productive is the labour that produces value and surplus-value, or profit.

We may now return to the building industry and ask; 'Is the labour employed in the building industry productive, according to the above definitions?' As we know, the labour in question apart from producing a material object, a house, also produces a value and a surplus-value. It produces a commodity with a certain value in the market, which includes



the value of the raw materials, as well as wages and profit. According to A. Smith's expression, we are dealing here with labour that "adds to the value of the materials workd upon, that of its own maintenance (the wages), and of themaster's profit".

However, although it does not touch directly upon the scope of our analysis, we may briefly refer here to a controversy raised within the problematic of productive and unproductive labour. According to K. Marx's theorisation in Vol. I of Capital<sup>49</sup>, as productive may be conceived not simply the labour involved in the sphere of material production, but in general the labour that produces surplus-value, irrespective of whether it is employed in the sphere of production, the sphere of distribution, or services. Such an interpretation may also be derived from A. Smith's analysis<sup>50</sup>. In this way, not only the sectors that belong to the sphere of material production, but also to distribution (commerce), as well as services (e.g. banking) would be considered as productive sectors of a capitalist economy. However, this is not clear, either in Marx, or in Smith. Thus, K. Marx in another place of his work argues that labour employed in the sphere of distribution (commerce) is not productive labour<sup>51</sup>. This has provided the material for a controversy that has not yet settled. The work of A. Smith, supports a similar controversy<sup>52</sup>. In this way, while there is a general consensus concerning the productive character of the labour employed in the sphere of material



production, namely agriculture, manufacture, construction, etc., there is little agreement as to whether the labour employed in commerce and the services, including that of state functionaries, is productive labour, or not<sup>53</sup>. However, this problem does not come into the analysis that concerns us here.

To recapitulate, the argument of the current Section is that there should be no doubt that the building industry can be classified among the productive economic activities. In the first place, it transforms a number of raw materials into a tangible useful product, and thus it belongs to the sphere of material production. It also produces commodities sold in the market, bearing a certain value and accruing profits. Finally, as we have seen above, A. Smith, K. Marx as well as recent commentators see this type of activity as productive.

### III.4 Dwellings as a Form of Fixed Capital-A Critical Examination

In Section III.2 we answered a number of arguments referring to the level of investment realised in the housing sector. The issue, however, whether investment in housing corresponds to investment strictly speaking was not addressed.

The money to buy a house is conventionally considered to be investment. An alternative expression of the term "investment in housing" is "fixed capital formation in dwellings", which is usually used both in the national accounts and the relevant literature. The national accounts of the Gross Fixed Capital Formation record the aggregate value of dwellings produced each year, along with investment in fixed capital (e.g. machines, means of transportation, factory buildings, etc.) in the various sectors of economic activity<sup>54</sup>. However, one question we may ask is: 'Can we actually consider this aggregate value as representing investment in fixed capital and consequently compare it with investment realised in other sectors, as it is often done?' We shall argue that this comparison is questionable

in a twofold way.

In order to be fixed capital, a value has to be capital in the first place. It has, in other words, to be a functional part of a business with the ultimate goal of yielding profits. But a house does not constitute a capital value, since it does not constitute part of a business. It does not function as value (capital) generating a surplus (surplus-value, profit). It is enjoyed and ultimately consumed by its owners over a period of time. In this respect it is identical with every other commodity, such as bread, clothing, or cars brought into the market and consumed. Furthermore, within 'consumption' we distinguish two broad categories. One comprising the commodities quickly consumed, such as bread. The other comprising commodities whose consumption extends, by their very nature, over some considerable period of time. The latter are what we call consumer durables. Clearly dwellings fall into this second category and cannot be considered as fixed capital, exactly in the same way as private cars, freezers, or other consumer durables are not considered as fixed capital. The dwelling however, may be a "fixed asset" in that it rests permanently upon a plot of land of course. This does not make it fixed capital. It is a commodity of paramount social importance, still a consumer durable.

However, some people build or buy a house not to occupy it themselves, but to let it for rent, in order to generate



an income. The total return obtained over the years often far exceeds the initial sum of money availed to buy the house. If this were not the case, on average, no one would let a house out for rent. We are dealing, therefore, in this case with value generating new value. It could then, be characterised as capital no matter in how broad a sense of the term. However, placing money in a house to be let out for rent may be an economic act, but it does not constitute economic activity as such. Therefore, the corresponding sum of money could be characterised investment only in a broad use of the term. Thus, when used in this context the limits of the term should be born in mind.

Moreover, nowadays, the great bulk of dwellings produced each year are for owner occupation, and only a small number are for rent. Therefore, even if we accepted that the latter category represents investment proper, the corresponding value constitutes only a small fraction of the aggregate value of dwellings produced each year. As we shall see in the following Chapters, this is certainly the case in Greece, where 70% of the total dwelling stock is owner occupied, while only 25,5% is rented (the remaining 4,5% being either unoccupied or let out without rent). Owner occupation represents the bulk of the use of dwellings in other European countries<sup>55</sup>.

However, it is necessary to distinguish between dwellings and other type of buildings, such as factory and commercial



buildings. The latter constitute functional parts of various businesses and therefore, their value constitutes an integral part of the total capital employed in the corresponding economic activities. Hence, this category of buildings certainly represents a form of fixed capital along with machines and other instruments of labour. We may here invoke A. Smith's analysis of the forms of fixed capital, which bears directly upon the issue we are here examining:

"The general stock<sup>56</sup> of any country or society... divides itself into ... three portions, each of which has a distinct function or office.

The first is that portion which is reserved for immediate consumption, and of which the characteristic is, that it affords no revenue or profit. It consists in the stock of food, clothes, household furniture, etc., which have been purchased by their proper consumers, but which are not yet entirely consumed. The whole stock of mere dwelling-houses too, subsisting at any one time in the country, make a part of this first portion. The stock that is laid out in a house, if it is to be the dwelling-house of the proprietor, ceases from that moment to serve the function of a capital, or to afford any revenue to its owner.

A dwelling-house as such, contributes nothing to the revenue of its inhabitant; and though it is, no doubt, extremely useful to him, it is as his clothes and household furniture are useful to him, which, however, make a part of his expense, and not of his revenue. If it is to be let to a tenant for rent, as the house itself can produce nothing, the tenant must always pay the rent out

of some other revenue which he derives either from labour, or stock or land. Though a house, therefore, may yield a revenue to its proprietor, and thereby serve in the function of a capital to him, it cannot yield any to the public, nor serve in the function of a capital to it, and the revenue of the whole body of the people can never be in the smallest degree increased by it. Clothes and household furniture, in the same manner, sometimes yield a revenue, and thereby serve in the function of a capital to particular persons .....

..... The revenue, however, which is derived from such things must always be ultimately drawn from some other source of revenue. Of all parts of the stock, either of an individual, or of a society, reserved for immediate consumption, what is laid out in houses is most slowly consumed. A stock of clothes may last several years: a stock of furniture half a century or a century: but a stock of houses, well built and properly taken care of, may last many centuries. Though the period of their total consumption, however, is more distant, they are still as really a stock reserved for immediate consumption as either clothes or household furniture.

The second of the three portions into which the general stock of the society divides itself, is the fixed capital, of which the characteristic is, that it affords a revenue or profit .....

It consists chiefly of the four following articles:

First of all useful machines and instruments of trade<sup>57</sup> which facilitate and abridge labour:

Secondly, of all those profitable buildings .... such as shops, warehouses, workhouses, farmhouses, with all their necessary buildings; stables, granaries, etc. These are very different from mere dwelling houses.

They are a sort of instruments of trade<sup>57</sup>,  
 and may be considered in the same light:  
 [i.e. as fixed capital]....."<sup>58</sup>  
 (emphasis ours).

A. Smith leaves no doubt that the value of a house used by its owner should not be conceived as capital, let alone fixed capital, and that, on the contrary, the house should be conceived as constituting a consumer durable. Moreover, he argues that houses let out for rent cannot be considered as capital either. On the other hand, A. Smith clearly includes factory and commercial buildings, within the category of fixed capital, additional to machines and instruments of labour. It seems therefore, that we should neither classify dwellings as a form of fixed capital nor consider money spent on housing as a form of investment. As S. Merrett. points out this lapsus is often encountered in the relevant discussions<sup>59</sup>.

However, on the basis of the above analysis, it follows that the value of dwellings should not be classified in the National Accounts as fixed capital. We need not pursue this facet further, as it is not material to the development of our argument. Suffices to note that it has already been raised and discussed<sup>60</sup>.

We may now, come back to the views examined in Section III.2 above, which presume a high concentration of "investment in housing" in comparison to other sectors of the Greek



economy. In the light of the analysis undertaken in the current Section, they seem to have confused the money spent on housing with investment in fixed capital undertaken in various sectors of the economy, that is investment in machinery, instruments of labour, means of transportation, factory and commercial buildings<sup>61</sup>. A more reasonable comparison in terms of investment in fixed capital would be one between actual investment in the house-building industry, that is money spent by the house-building firms on means and instruments of production, such as cranes, concrete mixers, means of transportation, etc., and analogous investment in other branches of industry or other sectors of the economy. However, instead of comparing investment in the house-building industry, they compare the value of the products of this industry, that is of dwellings, with the value of means applied in other sectors. In other words, the value of output of a certain branch of production is brought into comparison with the value of the means employed in other branches and sectors. Clearly, such comparisons are invalid even more so as the value of means of production and instruments of labour entering the house-building industry each year as additional stock, represents a very small amount of money compared with the value of the dwellings produced. We may finally, note that a possible source of this mistaken conception may be the way the accounts of gross fixed capital formation are composed.



## Conclusion

In this Chapter we refuted the opinions and theories which represent the building industry as an unproductive sector. These argue that its role within the post-war Greek economy has been dysfunctional in that it absorbed disproportionately high levels of investment compared with other sectors of the economy. The significance it acquired is attributed to either structural weaknesses of the economy, or to the intervention of foreign interests. We argued first that these theories fail to deal adequately with the growth of the building industry as an aspect of the overall transformation of the post-war Greek economy; industrialisation, rural exodus, urban expansion and the ensuing locational redistribution of economic activities.

We further argued that the building industry is a productive sector of the economy as it belongs to the sphere of material production and produces commodities bearing value and yielding profits. We argued in turn, that the house-building constitutes a consumer durable and, therefore, we cannot consider the value of dwellings as representing investment in fixed capital and subsequently compare it with such investment in the various sectors of the economy, the building industry included.

However, while the productive character and the positive role of the building industry in economic development is acknowledged by some commentators, no systematic analysis of the Greek case has been so far undertaken. In what follows therefore, we have to examine the system of house-building production in Greece and attempt an explanation of the particular features and forms it has developed, as well as its overall function within the post-war Greek economy. At the same time, we shall pursue its economic and social consequences with particular regard to the distribution of incomes.

#### IV. THE GROWTH OF THE BUILDING INDUSTRY AND HOUSING POLICIES IN THE POST-WAR PERIOD

Before proceeding to examine the particular characteristics the building industry developed in Greece, it is expedient to present some basic aspects of its growth as well as the housing policies pursued in the post-war period. As we saw in Part I of the thesis, the economic model that was put into practice promoted export-oriented industrialisation. The official view, examined in the previous Chapter, accepted housing as an unproductive sector, and believed resources devoted to housing were in competition with industrial development. These decisively shaped state policies in relation to housing, as we shall see below.

But let us first examine the building industry as a sector of the Greek economy. Part I explained that three sectors mainly grew in importance in respect to their share in the domestic product during the post-war period: manufacturing industry, energy, and construction (see Table 12 of the main text). The percentage of the latter increased from 5,5% of the G.D.P. in 1951 to 9,7% in 1973. After the crisis of 1973 it fell. In 1979 it was 7,5%. The



growth of the construction sector was quite significant, especially when compared with other productive sectors of the economy. Thus, in 1973 agriculture accounted for 15,6% of GDP and manufacturing industry 21%, while in 1979 the percentages were 13,3% and 21,7% respectively.

The building industry's output as a percentage of total construction's output ranged between approximately 65% and 75% during the whole of the period 1951-1979 (Section II.5), with the output of the house-building industry in particular, varying between 40% and 56% of construction's output in the same period (see Table 22 of the main text). These percentages show the significance of the house-building industry and the building industry as a whole in the post-war Greek economy. We then examined in Section II.5, the composition of the output of the building industry with dwellings representing a percentage ranging between 65% and 79% of the total output of the building industry (see Table 23 of the main text).

During this period the house-building industry was characterised by the small scale of production, with a great part of private commercial buildings, such as office buildings, constructed by the same system. We thus concluded that the output of the small-scale system of production probably represented at least 75% of the total output of the building industry, and this justifies the use of either the term house-building industry, or building industry

simply, to mean this system of production.

We now turn to examine the resources allocated to housing in relation to those allocated to investment in the various sectors of the economy, as reported in the accounts of GFCF. This analysis will accept the arguments developed and the distinctions introduced in Section III.4. In particular, the value of dwellings recorded together with investment in fixed capital in the National Accounts of GFCF will be accepted as indicator of the size and weight of the house-building industry and its products in the economy rather, than magnitude of 'investment' to be compared with investment realised in various forms of fixed capital. In this way, we may use the term "resources allocated to housing" in place of the term "investment in housing". In Chapter VII a more accurate term will be derived-"savings allocated to housing". Either of these terms is consistent.

The following Table shows the GFCF, private, by type of asset:

Table 28 : Greece , Gross Fixed Capital Formation, Private,  
by type of Asset. Percentage Distribution, 1951-79.  
 (Constant 1970 prices).

Year	Dwellings	Other Build.	Total Build.	Other Constr.	Transp. Equipm.	Other Equipm.	Total
1951	35,7	n.a	n.a	n.a	n.a	n.a	
53	55,1	"	"	"	"	"	
56	47,5	"	"	"	"	"	
59	43,1	16,4	(59,5)	7,2	7,1	26,2	100
1961	45,3	15,8	(61,1)	8,3	10,2	20,4	100
63	45,2	17,7	(62,9)	4,5	9,2	23,4	100
66	41,7	14,6	(56,3)	5,3	12,7	25,7	100
69	44,7	15,0	(59,7)	4,1	12,9	23,3	100
1971	41,6	14,5	(56,1)	4,2	12,8	26,9	100
73	41,9	13,8	(55,7)	4,9	13,9	25,5	100
76	37,0	14,4	(51,4)	4,5	14,3	29,8	100
79	41,4	15,0	(56,4)	3,2	17,4	23,0	100

Source : Table 28 Appendix

Thus, in the fifties savings allocated to housing represented 46% on average of the total private investment in the economy, during the sixties 43% on average, and during the seventies a 40%. In the sixties investment in other type of buildings represented 15,5% on average of the total private investment in the economy, in the seventies 14%. (For the account of GFCF, by branch of industry, in the private sector and the corresponding distribution, see Table 29 in the Appendix). The following Table shows the GFCF by type of asset, both private and public:



Table 29 : Greece, Gross Fixed Capital Formation by Type of Asset, Total Private and Public, Percentage Distribution, 1951-79. (Constant 1970 prices).

<u>Year</u>	<u>Dwellings</u>	<u>Other Build.</u>	<u>Total Build.</u>	<u>Other Constr.</u>	<u>Transp. Equipm.</u>	<u>Other Equipm.</u>	<u>Total</u>
1951	28,7	9,1	(37,8)	17,0	3,1	42,1	100
53	42,7	11,7	(54,4)	21,6	3,2	20,8	100
56	40,3	12,7	(53,0)	19,1	4,8	23,1	100
59	31,1	16,9	(48,0)	24,5	5,8	21,7	100
1961	29,0	15,0	(44,0)	30,5	6,9	18,6	100
63	31,4	16,0	(47,4)	26,6	6,6	19,4	100
66	30,9	13,2	(44,1)	24,5	10,5	20,9	100
69	32,4	13,6	(46,0)	21,9	9,3	22,8	100
1971	29,3	13,0	(42,3)	24,1	8,8	24,8	100
73	30,5	13,9	(44,4)	20,4	10,2	25,0	100
76	27,5	14,1	(41,6)	20,2	11,7	26,5	100
79	32,1	14,1	(46,2)	15,0	14,8	24,0	100

Source: Table 30 in the Appendix.

Thus, savings allocated to housing represented during the fifties 36% on average of the total private and public investment in the economy, in the sixties 30,5% on average, and in the seventies a 29%. In the fifties investment in other type of buildings represented 12,5% on average of the total private and public investment in the economy, in the sixties a 14% and in the seventies also 14% on average. (For the account of GFCF, by branch of industry, both private and public and the corresponding distribution see Table 31 in the Appendix).

However, unlike other European countries, the growth of the house-building industry in Greece has been almost

exclusively the result of private initiative. Apart from a state programme for housing implemented after the end of the civil war to meet the most urgent needs, which was short lived and limited in scale, there has been no substantial activity initiated by the State in housing. Thus, during the fifties public spending allocated to housing represented a 12% on average of total public investment, in the sixties it dropped to 1,9%, and in the seventies to 1,6%. (See Table 32 in the Appendix).

In order properly to evaluate this record of state activity, it has to be compared with the actual housing situation in Greece after the second world war and the civil war that followed it (1946-49). The end of the war found Greece with 0.4 m buildings destroyed out of a total of approximately 1,72 m existing before the war<sup>1</sup>. In other words, a little less than one fourth of the building stock was destroyed. The civil war further aggravated the housing situation, as additional destruction occurred, but mainly because many peasants fled to the cities<sup>2</sup>. As if this were not enough, successive earthquakes took place in Greece during the fifties, affecting many areas of the country<sup>3</sup>. Thus, during the earthquakes of the period 1953-57 some 63.600 dwellings were destroyed<sup>4</sup>. This state of affairs compelled the State to launch some, albeit restricted, activity during the fifties. In subsequent years the state activity sunk to insignificant levels. The same picture comes out if we examine the composition of the

value of dwellings produced each year, as it is divided between the private and public sectors:

Table 30 : Greece, Value of Dwellings Produced Each Year by Public and Private Initiative, 1948-79.

(m. drch. current prices).

	(1) <u>Private</u>	(2) <u>Public</u>	(3) <u>Total</u>	(2) : (3) <u>(%)</u>
1948	484	290	774	37,5
49	764	390	1.154	33,8
1950	1.123	630	1.753	35,9
51	1.599	229	1.828	12,5
52	1.957	27	1.984	1,4
53	2.695	241	2.936	8,2
54	3.109	277	3.386	8,2
55	3.731	602	4.333	13,9
56	4.188	789	4.977	15,9
57	3.946	576	4.522	12,7
58	5.009	596	5.605	10,6
59	4.945	363	5.308	6,8
1960	5.620	168	5.788	2,9
61	6.081	138	6.219	2,2
62	7.381	152	7.533	2,0
63	8.075	132	8.207	1,6
64	9.974	154	10.128	1,5
65	11.930	160	12.090	1,3
66	13.190	334	13.524	2,5
67	11.955	299	12.254	2,4
68	16.805	295	17.100	1,7
69	20.739	339	21.078	1,6
1970	19.443	297	19.740	1,5
71	22.906	697	23.603	3,0
72	31.832	733	32.565	2,3
73	41.071	473	41.544	1,1
74	27.438	333	27.771	1,2
75	37.437	564	37.983	1,4
76	46.800	677	47.477	1,4
77	68.487	701	69.138	1,0

Source : National Accounts of Greece, N° 23 & 26

Thus, during the fifties public spending represented a 9,3% on average of the total value of dwellings produced. Public spending fell to 1,8% during the sixties and to 1,5% during the seventies. The relationship between private and public



activity is also depicted in Graph 4 below.

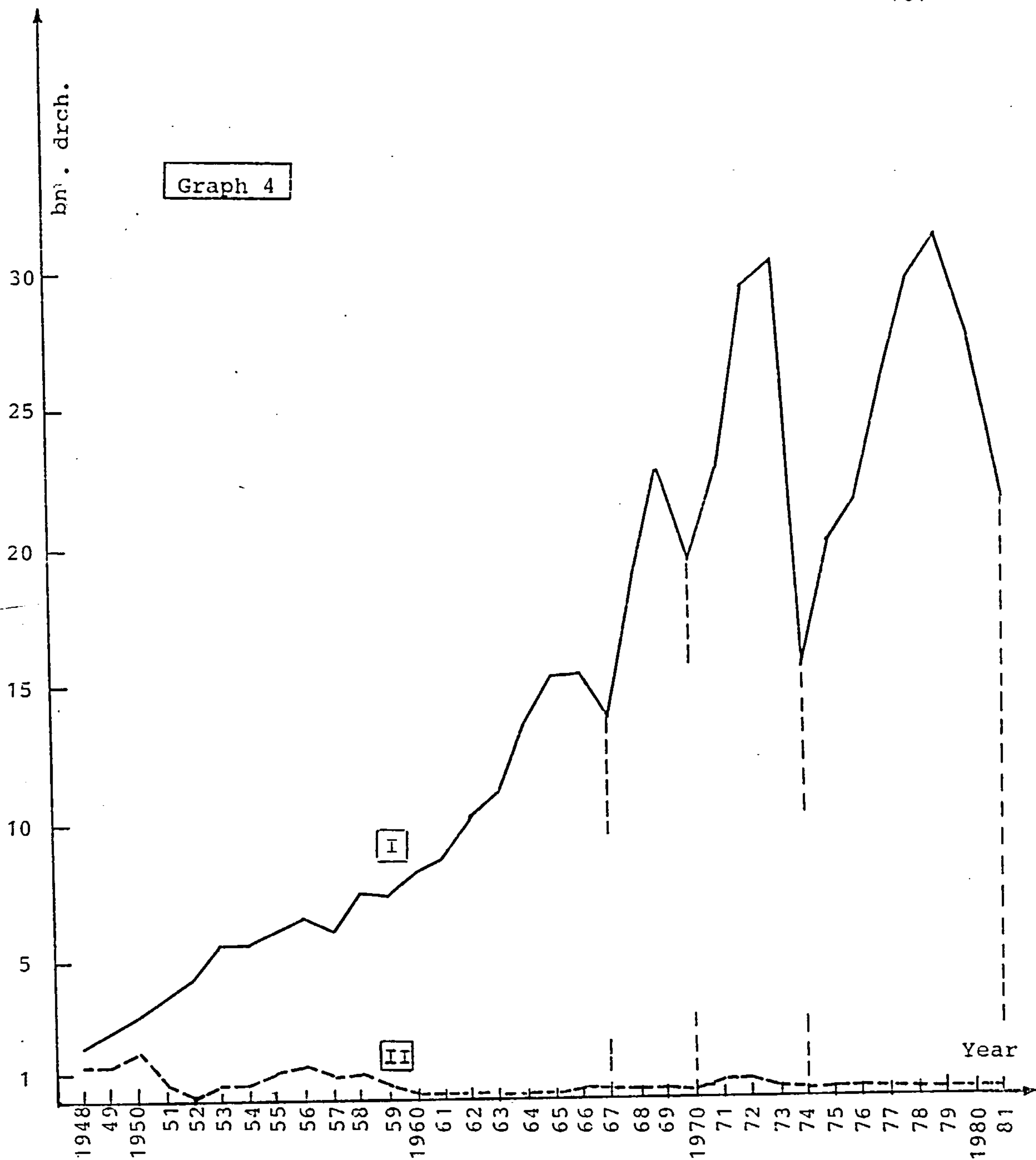
A comparison with other European countries is instructive. As D. Turin mentions, "in a majority of industrialised countries, including most of the European countries plus Israel and Japan, a considerable part of the housing sector is financed, directly or indirectly, by central or local government"<sup>5</sup>. The following Table shows private and public activity in housing, in various European countries in the period 1960-66:

Table 31 : Dwellings Completed by Type of Investor in selected European Countries, 1960-66.

	State & Local Authorities	Cooperatives & Housing Associations	Private (a)	Other, mostly Private
	%	%	%	%
Austria (b)	12-15	25-30	50-55	-
Czechoslovakia	28-58	11-49	23-35	0-8
Denmark	2-5	24-35	64-73	-
E. Germany	32-59	28-59	8-12	-
France	1-7	29-32	63-69	-
Netherlands,	18-25	20-27	48-61	-
Poland	44-55	10-30	26-42	-
Sweden	31-43	20-30	37-44	-
United Kingdom	40-46	-	54-60	-
W. Germany	2-3	24-27	71-74	-
Greece	1-3	-	99-97	-

Notes : (a) With or without subsidy (b) 1960-65

Source: D. Turin, "The Construction Industry: Its Economic Significance and its Role in Development", op. cit., Table D.3.1.  
For Greece, Table 30 above.



Private and Public Spending on Housing

(const. 1970 prices)

I Private  
II Public

Source : Tables 25 & 27 in the Appendix

In the U.K., for instance, state and local authorities' activity accounted for 40-46% of total dwelling construction in the period 1960-66. In Sweden the corresponding percentage was 31-43%, while the housing cooperatives, that are aided by the State, were responsible for another 20-30% in the same period. In Austria state activity accounted for 12-15%, while housing cooperatives and associations for another 25-30%, etc. The corresponding percentages are higher, as it may be expected, in Eastern European countries. In Greece state activity has been insignificant as is shown in the Table.

Moreover, state housing policies in Greece did not encourage private initiative in housing. The financing of the sector by the state controlled banks has been extremely low. The following Table shows private spending on housing and bank financing:

Table 32 : Greece, Private Spending on Housing and Bank Financing. ( m. drch., current prices)

	(1) Private Spending on Housing	(2) Bank Financing	(2) : (1) %	
1948	484	Insignificant		
49	764			
1950	1.123			
51	1.599			
52	1.957			
53	2.695			
54	3.109			
55	3.731			
56	4.188			
57	3.946			
58	5.009		222	4,4



	(1)	(2)	(2) : (1) %
59	4.945	315	6,4
1960	5.620	367	6,5
61	6.081	237	3,9
62	7.381	346	4,7
63	8.075	500	6,2
64	9.974	695	7,0
65	11.930	753	6,3
66	13.190	1.099	8,3
67	11.955	2.164	18,1
68	16.805	4.205	25,0
69	20.739	4.742	22,9
1970	19.443	4.426	22,8
71	22.906	5.079	22,2
72	31.832	7.292	22,9
73	41.071	6.191	15,1
74	27.438	3.060	11,2
75	37.437	5.752	15,4

Sources: Column (1), National Accounts of Greece N°23 & 26.  
 " (2), 1948-70, U.N., E.C.E, Committee on  
 Housing, Building & Planning, "Greece:  
 National Monograph", op.cit., p.133.  
 " (2), 1971-75, Centre for Planning & Economic  
 Research, "Housing", op.cit., p.35.

Thus, during the fifties, mortgage loans to individuals were insignificant and bank financing to building construction firms forbidden. During the subsequent period and up to 1967, mortgage loans ranged between 3,9% and 8,3% of the total private spending in housing. Only during the years 1967-72, bank financing represented a more significant percentage of private spending in this sector, ranging between 18,1% and 22,9%. It dropped to 15,1% in 1971, to 11,2% in

1974 and to 15,4% in 1975. A similar picture emerges, if we examine the distribution of bank financing to the various sectors of the economy. Thus, credit to housing represented a percentage ranging between 1% and 6% of total credit to the various sectors of the economy (excluding credit to the State) during the period 1949-65. Only by the late sixties and the seventies did credit to housing represent a more significant percentage of the total bank credit, ranging between 9% and 16% during 1967-73 and about 12% in the subsequent period. (See Table 33 in the Appendix).

Therefore, the remarkable feature of post-war housing in Greece, has been the private savings mobilised in the main outside the banking system. Chapter VI will attempt an explanation as to why middle and lower classes in Greece tend to "invest" their savings in housing.

Rather than being encouraged by subsidies, building has been heavily taxed. In the early sixties taxation was increased with the explicit aim of averting savings from being directed to housing<sup>6</sup>. According to a recent study of the Centre for Planning and Economic Research,

"the existing system of taxation on real estate has serious defects ..... the buildings is heavily taxed ... The high taxation on transferred real estate, in particular, which is one of the highest internationally, creates rigidity and inelasticity in the housing market ....

In our country there has never been implemented

a policy aiming at the control of the cost of housing and the particular factors of production. On the contrary, the taxation policies on real estate as it is applied aim at increasing revenue, with the result that it further encourages the increase of the cost of dwelling adding to it new surcharges ....."<sup>7</sup>.

By the mid seventies, the various dues and taxes, including the tax on transferred real estate (from the construction firm to the consumer) levied upon a typical dwelling, represented about 23% of its final price<sup>8</sup>. A survey of the National Mortgage Bank of Greece, conducted early in the seventies, estimated that these surcharges accounted for 30% of the final price, another 30% being the cost of land and 40% the construction cost<sup>9</sup>.

However, both banking and fiscal policies failed to check the development of this sector. Apart from what has been demonstrated above, the following indicators also confirm the building industry's vigorous growth. In 1945 1,3 m dwellings existed in the country<sup>10</sup>. As Table 33 below shows, during the post-war period, 1945-1980, approximately 3 million new dwellings were built, with a total volume of approximately 815 million m<sup>3</sup>. As it is also evident in the Table, the number of dwellings built during the sixties increased by 77% compared to those built during the fifties. The corresponding volume increased by 125%. During the seventies the number of dwellings built increased by a further 70% compared to those built during the sixties and the



corresponding volume by 110%. The number and volume of new buildings represent also the output of the house-building industry in real terms, demonstrating perhaps more clearly than other indicators the great significance of house-building during the period under consideration.

Table 33 : House-Building Activity in Greece, 1945-1980  
Number and Volume of New Dwellings.

	<u>Number (a) of Dwellings</u>	<u>Volume (b) of Dwellings Thousand m<sup>3</sup></u>	<u>Increase of Number</u>	<u>Increase of Volume</u>
1945-50	110.237	18.865		
1951-60	494.907	99.519		
1961-70	875.852	224.407	77%	125%
1971-80	1.493.162	471.922	70%	110%
Total	2.974.155	814.713		

Notes: (a) Includes state activity, private activity and private illegal activity.

(b) Does not include the volume of private illegal activity, as this is not available.

Source : Table 34 in the Appendix.

It is not an exaggeration to say that post-war Greece was rebuilt anew. The following Table shows the classification of the existing house building stock in Greece in 1970, according to the period of construction:

Table 34 : House-Building Stock in Greece, 1970, According to the Period of Construction - Building Census 1971.

	Period of Construction				Total House-Building Stock	
	Up to 1945		1946-1970		in 1970	
	N°	%	N°	%	N°	%
<u>Urban Areas</u>						
(A)	278.847	35,25	512.097	64,75	790.944	100,0
(B)	22.492	24,70	68.588	75,30	91.080	100,0
<u>Semi-Urban</u>						
(A)	137.103	43,20	180.309	56,80	317.412	100,0
(B)	1.378	35,22	2.534	64,78	3.912	100,0
<u>Rural Areas</u>						
(A)	548.191	47,84	597.580	52,16	1.145.771	100,0
(B)	1.602	43,92	2.046	56,08	3.648	100,0
<u>Total of Greece</u>						
(A)	964.141	42,77	1.289.986	57,23	2.254.127	100,0
(B)	25.472	25,82	73.168	74,18	98.640	100,0

Note : (A) Buildings exclusively or mainly used for residence  
(B) Buildings comprising three dwellings or more

Source : Centre for Planning and Economic Research, "Housing", Athens 1976, pp. 26-27.

Thus, of the total house-building stock existing in the country in 1970, 57% was built after 1945. Among the buildings with three dwellings and more, the 74% was built after 1945. As it is shown in the Table, the corresponding percentages are higher in the urban centres, 65% and 75% respectively.

Little wonder that Greece presents one of the highest records of new dwellings per 1000 inhabitants during the whole of the post-war period, as the following Table shows:

Table 35 : Construction of New Dwellings per 1000 Inhabitants

	<u>1951</u>	<u>1955</u>	<u>1960</u>	<u>1963</u>	<u>1968</u>	<u>1970</u>	<u>1973</u>	<u>1975</u>	<u>1977</u>
Austria		6,0	5,5	6,6	6,9	6,1	5,8	6,4	6,0
Belgium	4,1	5,0	5,7	4,3	5,1	4,8	6,7	8,2	7,6
Czechoslovakia	2,5	3,9	5,6	6,5	6,7	8,5	8,9	10,0	9,5
East Germany		2,0	4,7		4,4	4,5	5,7	6,4	7,0
France	1,8	4,9	7,0	7,0	8,4	9,2	9,9	10,0	8,5
Greece	7,6	7,7	6,6	6,2	12,8	13,0	21,1	13,4	17,1
Italy	2,0	4,5	6,0	8,0	5,3	7,0	3,6	7,0	2,6
Norway	6,3	9,4	7,4	7,9	8,8	9,4	10,6	10,2	9,3
Poland	2,6	3,4	4,8	4,6	5,9	6,0	6,8	7,8	7,9
Portugal	2,1	2,8	3,7			3,2	5,2	3,7	3,9
Sweden	5,8	7,9	9,1	10,7	13,4	13,6	12,0	9,1	6,7
USSR		7,7	13,6	10,3	9,4	9,4	9,1	8,6	8,2
UK	4,2	6,4	5,9	5,6	7,7	6,6	5,6	5,9	5,8
W.Germany	8,5	10,7	10,4	9,9	8,6	7,8	11,5	7,1	6,7
US	8,4	9,4	7,1		6,8	7,0	9,7	6,1	7,6
Japan (*)					12,8	15,1	18,7	13,8	

Sources:

- 1951,55,60 UN, Econ.Commission for Europe, "Annual Bulletin of Housing & Building Statistics for Europe - 1961", Geneva, 1962, pp.14-15.
- 1963,68,70 UN, Econ.Comm.for Eur., "Annual Bulletin of Housing & Building Statistics for Europe - 1970", NY 1971, pp. 14-10.
- 1973,75 UN, Econ.Comm.for Eur., "Annual Bulletin of Housing & Building Statistics for Europe - 1975", NY 1976, pp. 14-30.
- 1977 UN, Econ.Comm.for Eur., "Annual Bulletin of Housing & Building Statistics for Europe - 1978", NY 1979, pp. 14-30.
- (\*) For Japan, UN, "Compendium of Housing Statistics, 1975-77", NY 1980, p.238.



The building industry's considerable dimensions, acquired during the post-war period, promoted it to an important stimulator of the economy as a whole, as we shall see below. That is why the authorities, however reluctantly, have repeatedly resorted to this sector in order to use it as a means for implementing anti-business cycle policies. This has been the case especially during the period 1967-1972. In 1967 when the economy was in recession, the building sector was used extensively to promote recovery. It was then that the financial squeeze of the sector was relaxed for the first time, while parallel measures for tax relief were taken. Quite different measures were taken by the authorities at the end of 1972, when faced with inflationary pressures in the economy<sup>11</sup>. Since then the building sector has been used similarly in the one or the other direction according to the economic circumstances, although not to the extent it was used in the period 1967-72<sup>12</sup>. When having to resort to the building sector the authorities were faced with a dilemma:

"The significant contribution of the building activity to the high rate of growth of the national income in the past years, is clearly revealed by the decline of the latter within the current years [i.e. 1966-1967] as a consequence of the observed downturn in the building sector of the economy .... The downturn in the building sector has caused decreasing multiplier effects that in turn, affected the overall income of the country ..... Economic policy should exercise

essential influence to arrest further aggravation of the situation and achieve eventually a recovery of the economy. The question, however, arises: ..... 'is it desirable, or not, to return to a high rate of growth of the building activity, experienced before the last recession?' The answer to this question is related to another question: 'Is the realisation of high rates of growth of the national income observed in the previous years, possible with the activation of other sectors of the economy, and without the rapid increase of the building sector?' At first the downturn in the building sector was received with satisfaction as a functional improvement of the economy. It at last became reality what the economic policy had been attempting to achieve in a series of years, through measures discouraging the building activity .... But, the Greek economy proves so far unable to effectively mobilise other productive sectors .....with the consequence of an enduring contraction of economic activity. If, therefore, we wish to pursue the rapid rates of growth of the national income, observed in the last years, we must by logical necessity resort again to the building sector. But this can be only a short term outlet. A healthy and long term accomplishment of high rates of growth of the national income, cannot be founded only or even mainly on the mobilisation of that sector of an open economy that produces goods that are not marketable in the international market ....."<sup>13</sup>.

V. CAPITAL INVOLVED IN THE BUILDING INDUSTRY. THE SYSTEM OF PRODUCTION

In the current Chapter we examine the system of building production in Greece and attempt an interpretation of the particular features and forms it has developed. As we saw in Section II.5, in Greece unlike many other European countries, there exists a clear distinction between the building industry and civil engineering - 'other construction', as far as the firms involved and their particular production characteristics are concerned<sup>1</sup>. Construction industry, other than building industry, is characterised by large scale of production and by the size of the firms involved, by capital concentration and foreign capital participation. In contrast, the building industry is characterised by small scale production, small sized firms and by the absence of capital concentration. Despite these characteristics, the output of the building industry was far greater than that of other categories of construction during this period (Section II.5), the building industry thus developing to a significant sector of economic activity (Chapter IV). Nevertheless, it was not penetrated by big capital or even capital of some size, let alone foreign capital (i.e. large scale



investment played virtually no part). In the current Chapter we seek an explanation of this phenomenon in the conditions of land ownership prevalent in Greece. However, a factor contributing to the persistence of certain characteristics of the building industry in Greece has also been, as it will be argued, the limited size of the industry's market. Before proceeding to the main analysis, let us first examine the structure of the industry.

#### V.1 The Structure of the Building Industry

There are no statistical data about the building construction firms. This is not to be blamed entirely on the statistical services of Greece. As we will see below, general builders do not own or directly employ either equipment, or labour force, or land. Thus the capital employed is limited to a small amount of working capital. Therefore, the only statistical trace is the number of these firms, which has not been recorded since 1958 and has no relevance today. Fortunately, the absence of these data is not important.

In Greece building construction firms are in the great majority of cases personal businesses, not companies in the normal sense of that term. Builders are often engineers,

but all sorts of other professions are also involved in this activity. These builders do not own the means of production, neither do they buy land, at least in the great majority of the cases, nor are they involved in land speculation. Finally, they do not even hire labour. What they actually do is to organise under their command the following process.

First, a plot of land is identified, usually a small one, just sufficient to build multi-storeyed (e.g. 5 or 6 floors) block of flats, (with perhaps 15 to 30 flats). Following negotiations an agreement is made with the landowner for the latter to surrender the land, in return for the ownership of a number of flats in the building to be built. This type of transaction is not mediated by any sum of money and amounts to a barter exchange. As far as we know, this type of land transaction involved in the production of the built environment is a Greek peculiarity. In Greece this transaction is called "antiparochi" (αντιπαροχή)<sup>2</sup>, a term we are going to use from now on for economy of description<sup>3</sup>. In this way, not a drachma is provided in advance by the builder to buy the land, and the capital required for this purpose is nil<sup>4</sup>.

Second, the builder organises under his command numerous sub-contractors, each one of them undertaking one or more of the various stages involved in the construction of the building. The sub-contractors own or hire both the

necessary means of production and the labour force and they are paid in return by the main builder with the progress of the work. Payment is made usually weekly and covers the work already completed. The building materials are sometimes bought by the sub-contractors, but more often by the main builder<sup>5</sup>. As a rule, short term credit in the form of bills of exchange is obtained from the building materials suppliers.

Thirdly, the builder organises the sale of the flats. During normal periods of building activity, the flats are as a rule sold in advance, that is before they are actually built<sup>6</sup>. The client deposits a sum of money that represents a considerable part of the total price of the flat as soon as a sale is agreed and then the remainder to the builder with the progress of the work. Conventionally payments are made upon completion of the various stages of the work, such as brickworks, wall plaster, floors, etc. On signing the contract, the client provides the builder with bills of exchange against these payments. The builder subsequently uses these bills as means of payment. This transaction, which is not just a purchase-sale transaction, but also a mechanism of financing building production, positions this system between speculative building on the one hand and building to contract on the other. In this way, the capital required on the part of the builder to start the process and carry on with it, is normally small<sup>7</sup>. An indication of the limited capital employed by builders is the amount of



equity capital and fixed assets of building firms proper (i.e. non-personal), which by 1978-79 did not exceed 5 m. drachmas, whilst their employees numbered up to 5 persons<sup>8</sup>. This state of affairs contrasts sharply with that of big construction 'other than building' firms, examined in Section II.5, which command large amounts of capital in all its forms: mechanical equipment, other fixed assets, etc., as well as a large number of employees<sup>9</sup>.

Building sub-contractors are also small businessmen. Given the scale of the operation each undertakes at a time, the means of production and the labour force employed are limited. Moreover, the fact that progress payments are made at short intervals, reduces further the requirements for working capital. Therefore, the capital employed is also very small. Characteristically the sub-contractors are often former workers or technicians. They often directly participate in the work of their trade. Frequently, they avoid the problems of employing a permanent gang, by recruiting operatives as they are needed, sometimes on the same morning of the working day<sup>10</sup>.

This system functioned unimpeded during most of the period under consideration. It experienced a crisis in late 1973-1974 coinciding with the general economic crisis of the same years. The major problem faced by the builders during this crisis was the difficulty to sell in advance. This was a major drawback in view of the fact that no

substantial bank credit was available to the builders, while mortgage loans to individuals were radically reduced within the context of wider restrictive financial policies implemented by the then government as a response to the crisis<sup>11</sup>. As a consequence, the building activity was dramatically reduced (See Graph 4 in Chapter IV above) and many builders went bankrupt. However, the building activity recovered soon after 1975.

It is plain that building production in Greece is characterised as a whole by a craft-type organisation<sup>12</sup>. Given the small scale of operations, the system of "anti-parochi", and the fact that working capital is turned over at short intervals, the capital requirements of all parties involved are quite limited. This system is also characterised by a low degree of mechanisation<sup>13</sup>. At the beginning of the post-war period the technology used was simple and the corresponding means of production elementary. During the last two decades or so, more advanced technology has been gradually introduced<sup>14</sup>, the most important case in this respect being concreting processes. Ready-mixed concrete is nowadays widely used and has replaced the sub-contractors previously undertaking the corresponding work by simple methods. But what is interesting to note is that this operation, mixing, transport and placing concrete has become an appendix of the operations of the big cement producing companies. Therefore, this relatively capital intensive technology is an adjunct to the materials

manufacturing industry. Mechanisation has also invaded the initial phases of the building production, that is excavating and earth moving, tasks now undertaken by specialised sub-contractors. However, the changes introduced in the system of production have not modified to any significant extent the basic pattern described above. In other words, the dominant feature of the industry remains the small scale of the production unit, the limited amount of capital involved and its labour intensive character.

We may now turn to examine the conditions that give rise to this system of building production and attempt an explanation as to why it has not been penetrated by big capital, or even capital of some size. As we shall argue below, the decisive role in this has been played by the conditions of land ownership prevalent in Greece.

## V.2 Conditions of Land Ownership in Greece and their Impact upon the System of Building Production

In Part I of the thesis we saw that agriculture in Greece has been traditionally a petty commodity production, characterised by the fragmentation of land into small plots and by the ownership of land by the peasant cultivators. These conditions, which have their origin in distant phases of the country's history, have been



consolidated by a sweeping land reform early in this century, which practically eliminated large land holdings. As we also saw, despite the abandonment of agriculture by a large number of peasants and the rural exodus during the post-war period, this state of affairs has not been overturned. In brief, the fragmentation of land use and ownership persisted during the post-war period. Moreover, as urban centres grew by expanding over agricultural land, the conditions of land ownership prevailing historically in agriculture have been transmitted one way or another to the urban centres. In the post-war period in particular, the urban centres experienced an unprecedented growth, as we saw in Part I. In this way, large areas of agricultural land were rapidly transformed into urban land, retaining all the same their characteristics as far as land ownership was concerned<sup>15</sup>.

Thus in Greece in both rural and urban areas land holdings are small and individual plots are even smaller<sup>16</sup>. Tables 36, 36 a, 37 and 37 a, the results of a statistical analysis, show the scale of land ownership in urban and peri-urban areas in Greece. The data of the statistical analysis are taken from records of land transfers in Greater Athens, Piraeus and in three municipalities semi-urban in Attica, that is Mandra, Aspropyrgos and Eleusis. The last three instances have been chosen as characteristic of the process of the transition from rural to urban land. They are situated near Athens (Aspropyrgos is 19 km distant

from Athens, Eleusis 24 km and Mandra 26 km). In the post-war period these areas have developed as industrial sites, whilst retaining some traditional agricultural activities.

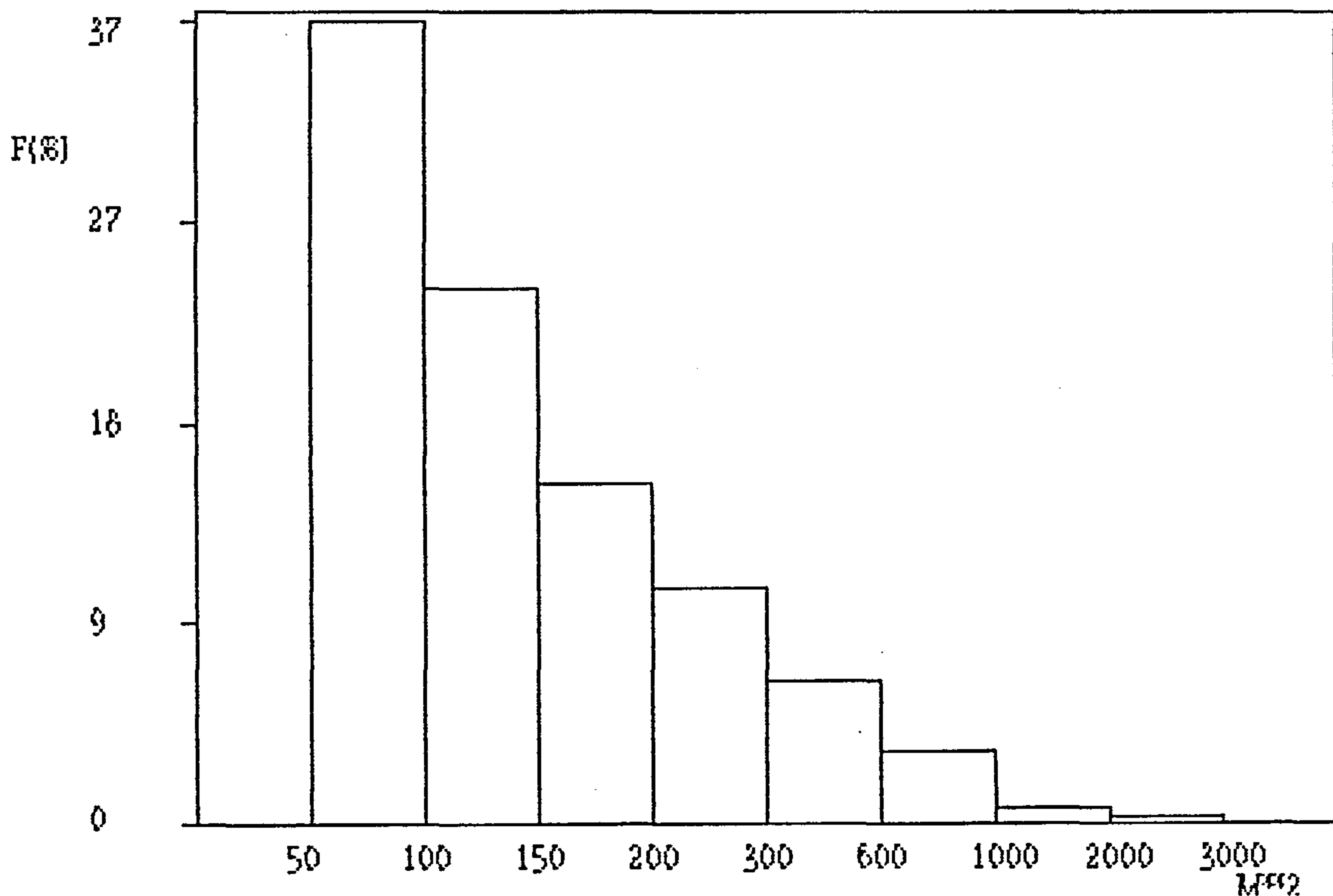
The way the samples of land transfers in the above areas were drawn, the statistical definitions and computations, as well as the computer programmes used, are given in the Appendix pp. 411-19. Table 36 shows the size of land plots in Greater Athens. In particular, the maximum (MAX) and minimum (MIN) of plot areas, the mean (MEAN) value, the standard deviation (SD), as well as the relative frequencies distribution are given. Graph 5 presents the relative frequency histogramme and Graph 6 the cumulative frequency histogramme.

Table 36 : ATHENS. Size of Plots and Relative Frequency and Cumulative Frequency Distribution (late sixties)

MAX = 2771                      MIN = 50  
 MEAN = 180.3307  
 SD = 221.6751

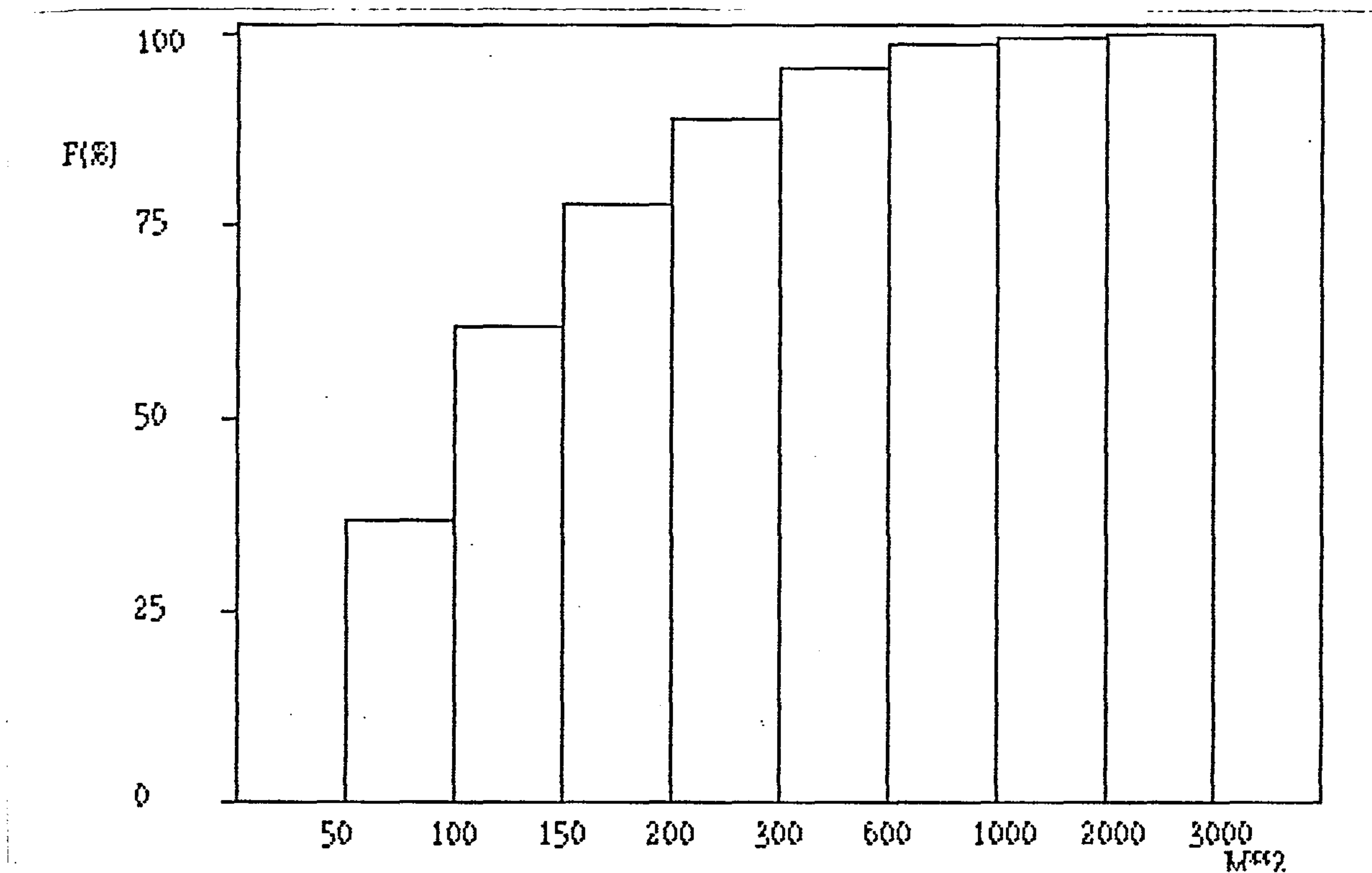
NO OF PLOTS = 514

	INTERVALS (M**2)		RELATIVE FREQUENCY	M**2 UP TO	CUMULATIVE FREQUENCY
	FROM	TO			
1	50	100	.3715953	100	.3715953
2	100	150	.2490272	150	.6206226
3	150	200	.1595331	200	.7801557
4	200	300	.1089494	300	.8891051
5	300	600	6.614786E-02	600	.9552529
6	600	1000	3.307393E-02	1000	.9883268
7	1000	2000	7.782101E-03	2000	.9961089
8	2000	3000	3.891051E-03	3000	1



Graph 5 : Size of Plots. Relative Frequency Histogramme





Graph 6: ATHENS. Size of Plots. Cumulative Frequency Histogramme.

As it is shown in Table 36, the mean size of plots in Athens is 180 m<sup>2</sup> and the standard deviation 222 m<sup>2</sup>. Graph 5 shows that the most probable plot area is between 50 and 150 square metres with relative frequency 62%, while Graph 6 shows that 89% of plots are of area smaller than 300 m<sup>2</sup>. Plots of area between 300 m<sup>2</sup> and 1000 m<sup>2</sup> constitute only a 10% of total, while plots of area above 1000 m<sup>2</sup> are quite exceptional, i.e. with a relative frequency 1%.

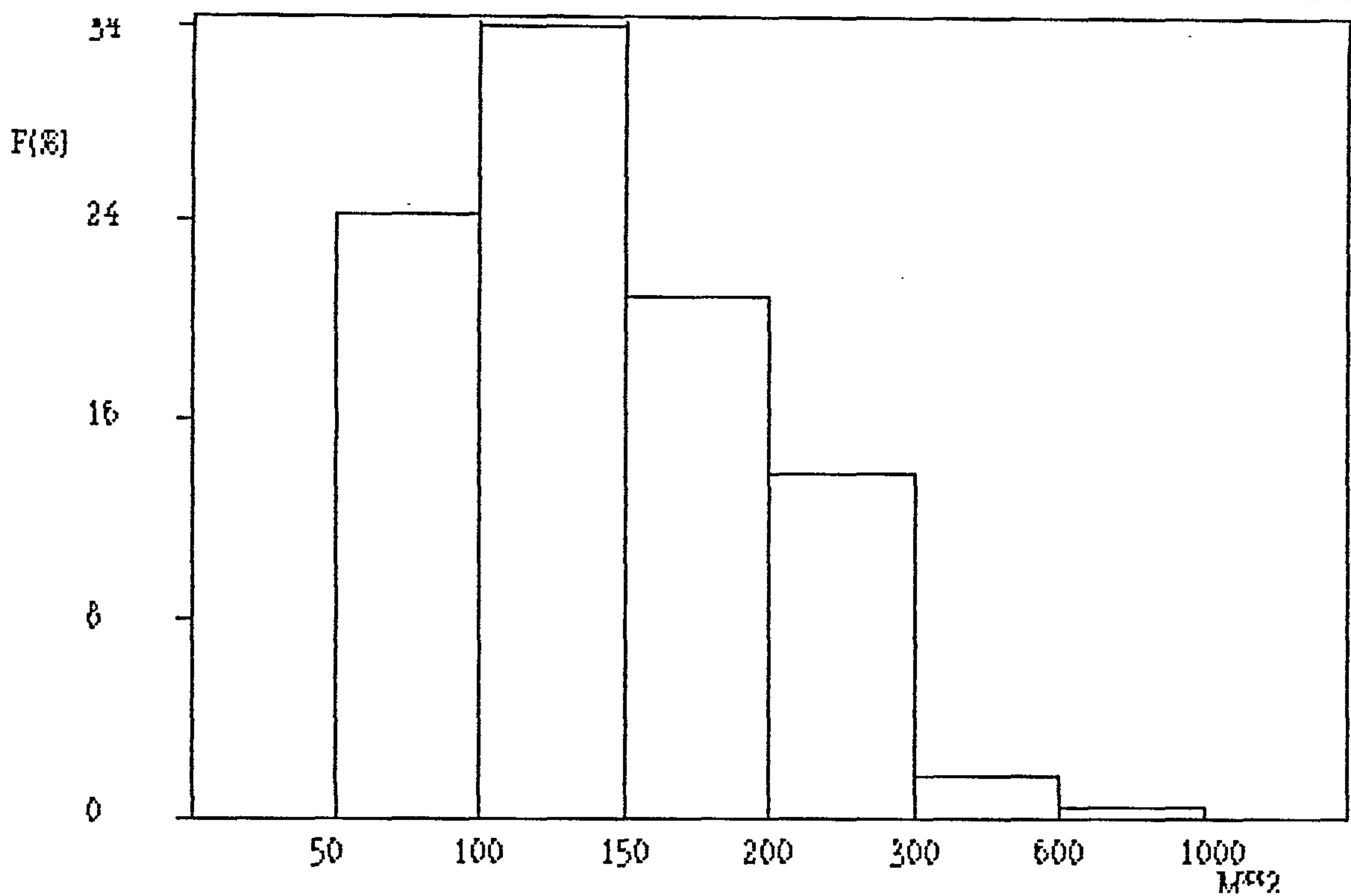
Table 36 a and Graphs 7 and 8 present the relevant data for Piraeus.

Table 36a : PIRAEUS . Size of Plots and Relative Frequency and Cumulative Frequency Distribution (late seventies)

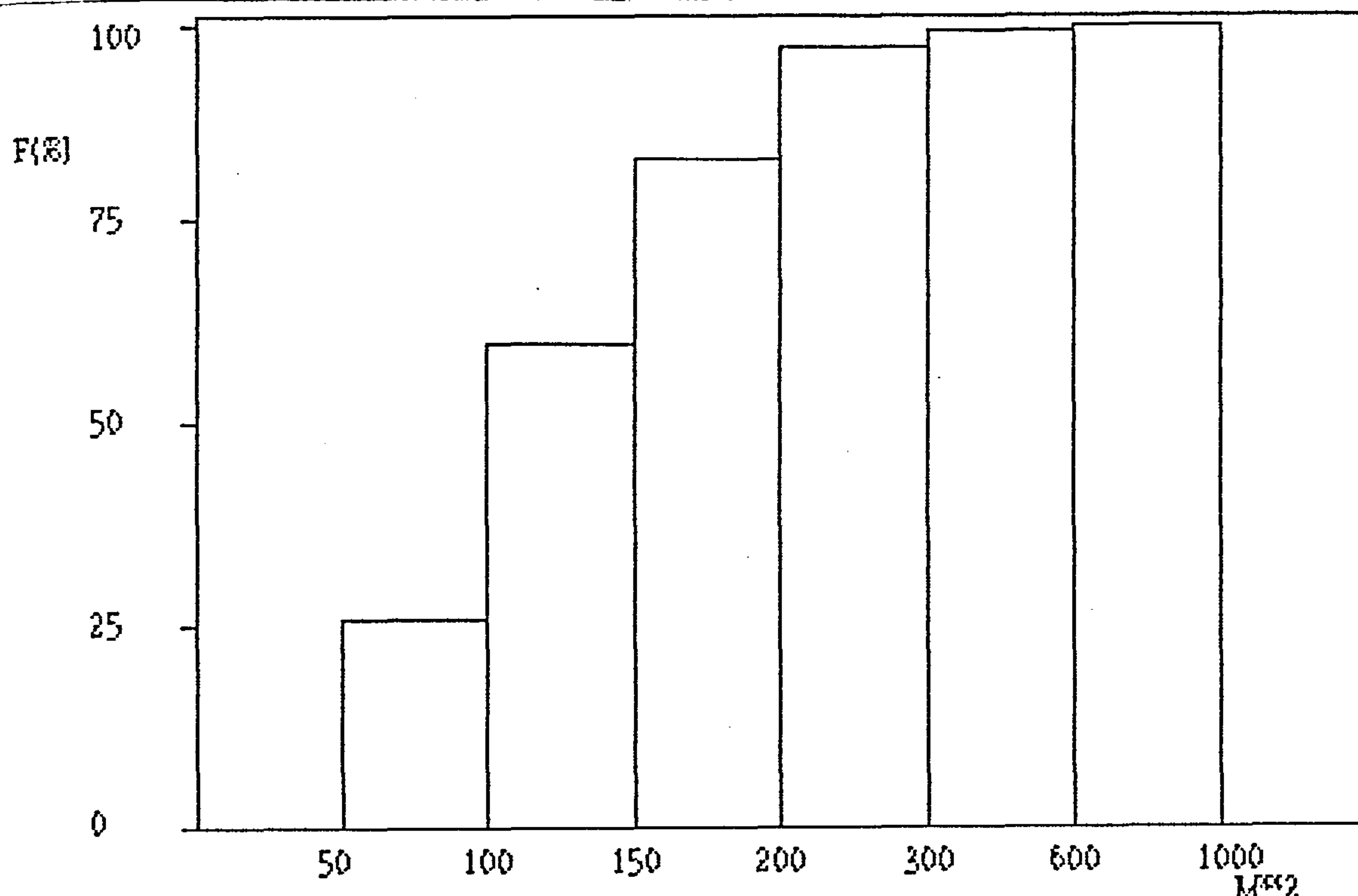
MAX = 888 MIN = 50  
 MEAN = 146.367  
 SD = 85.30688

NO OF PLOTS = 376

	INTERVALS (M**2)		RELATIVE FREQUENCY	M**2 UP TO	CUMULATIVE FREQUENCY
	FROM	TO			
1	50	100	.2606383	100	.2606383
2	100	150	.3430851	150	.6037234
3	150	200	.2234043	200	.8271277
4	200	300	.1489362	300	.9760638
5	300	600	1.861702E-02	600	.9946809
6	600	1000	5.319149E-03	1000	1



Graph 7 : PIRAEUS . Size of Plots. Relative Frequency Histogramme



Graph 8 : PIRAEUS . Size of Plots. Cumulative Frequency  
:Histogramme

As Table 36a shows, the mean size of plots in Piraeus is 146 m<sup>2</sup> and the standard deviation 85 m<sup>2</sup>. Graph 7 shows that the most probable plot area is between 100 and 150 square metres with relative frequency 34%, while Graph 8 shows that 98% of plots are of area smaller than 300 m<sup>2</sup>. Plots of area between 300 m<sup>2</sup> and 1000 m<sup>2</sup> constitute only a 2% of the total.

The extreme fragmentation of land ownership in the greater urban conurbation of Greece, Athens and Piraeus, is clearly shown in these Tables. Thus, the builder is quite often obliged to unite more than one neighbouring



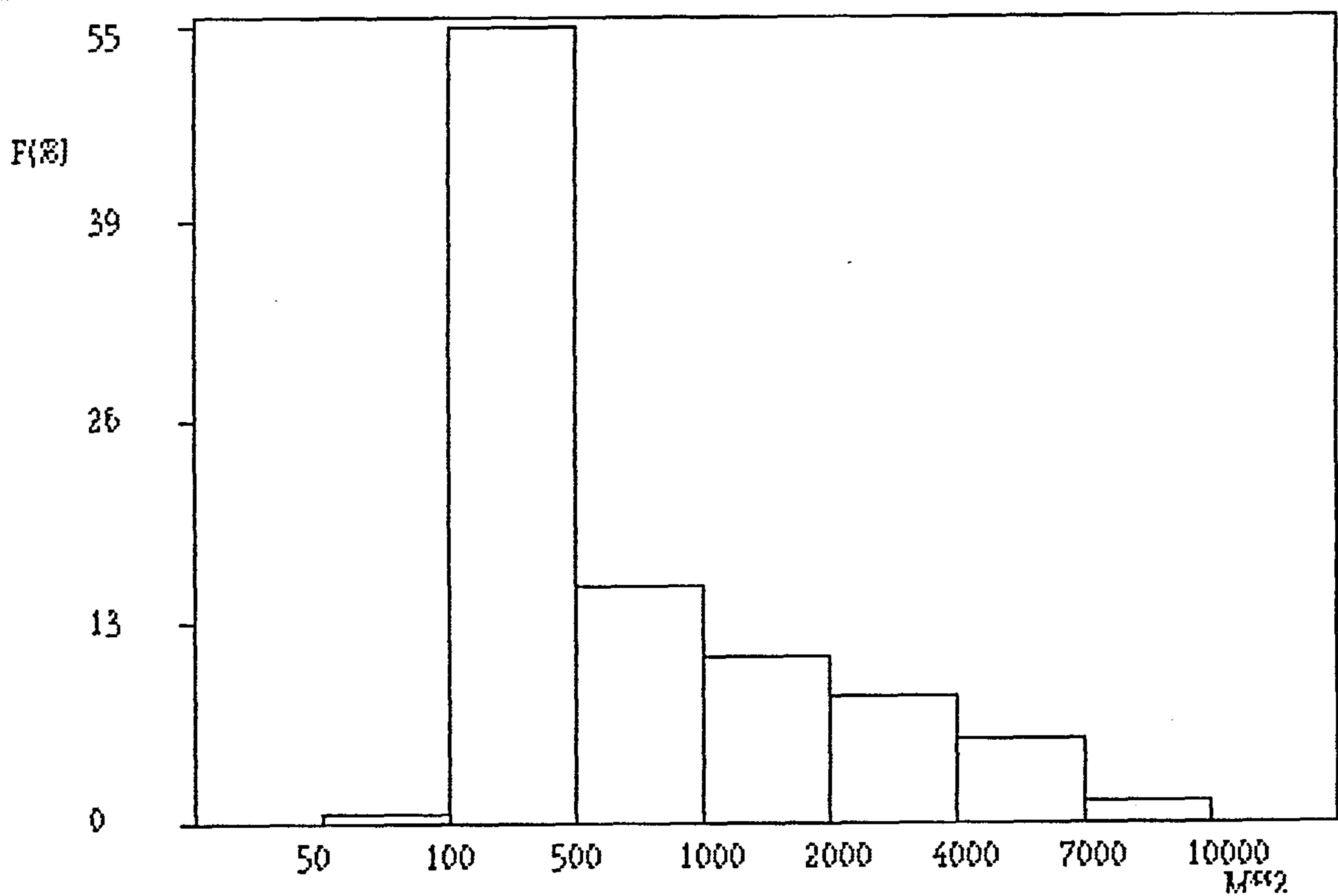
plots through the system of "antiparochi", in order to obtain enough area for a sizeable building. Tables 37 and 37 a below reveal a similar picture in the case of land, urban (Table 37 a) as well as on the urban fringe (Table 37), in Mandra, Aspropyrgos and Eleusis.

Table 37 : ASPROPYRGOS, ELEUSIS and MANDRA . Size of Rural (on the Urban Fringe) Plots and Relative Frequency and Cumulative Frequency Distribution.  
(late seventies)

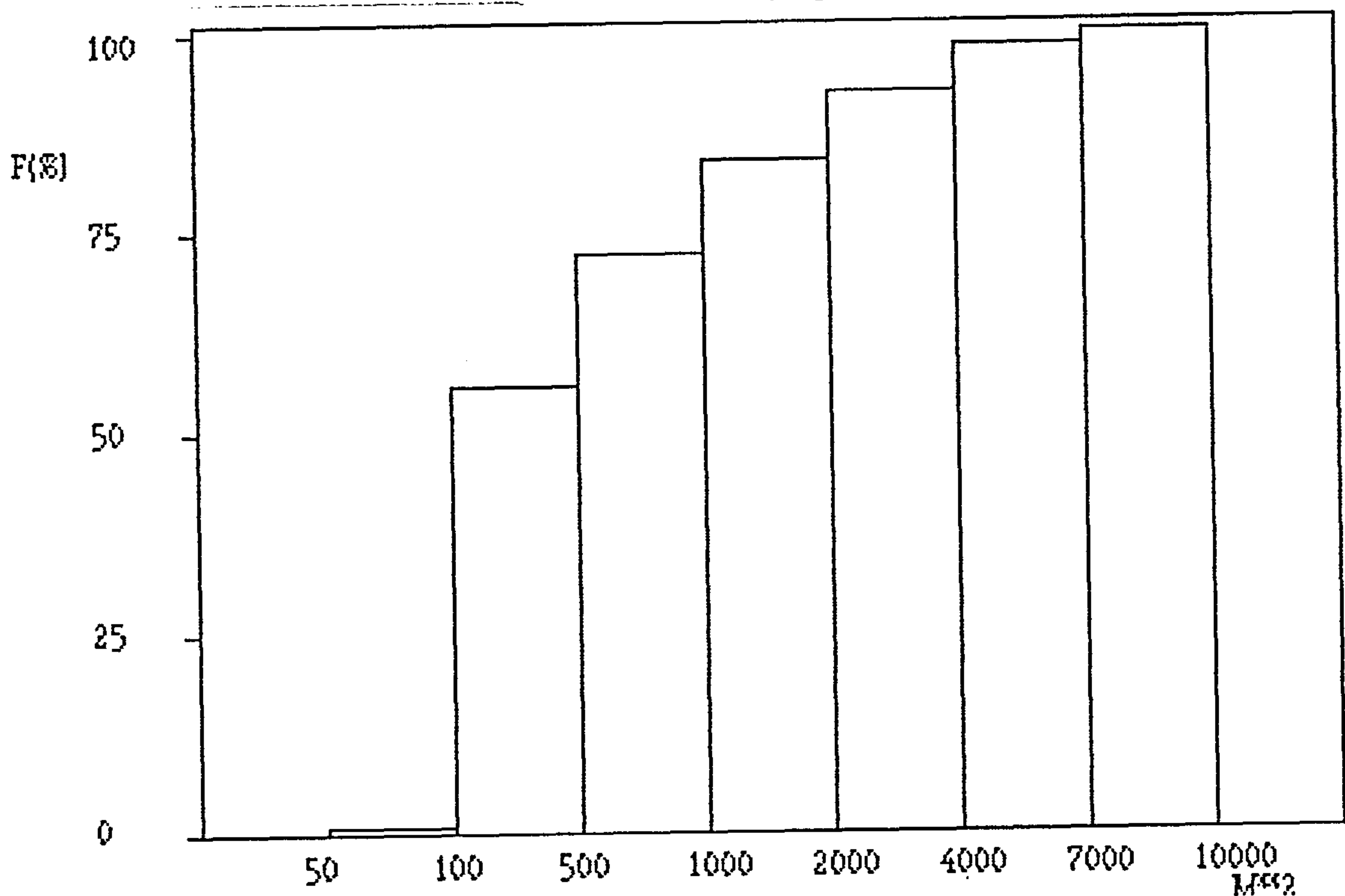
MAX = 9843                      MIN = 60  
MEAN = 1033.108  
SD = 1539.324

NO OF PLOTS = 872

	INTERVALS (M**2)		RELATIVE FREQUENCY	M**2 UP TO	CUMULATIVE FREQUENCY
	FROM	TO			
1	50	100	8.027523E-03	100	8.027523E-03
2	100	500	.5516055	500	.559633
3	500	1000	.1651376	1000	.7247707
4	1000	2000	.1146789	2000	.8394496
5	2000	4000	8.715596E-02	4000	.9266055
6	4000	7000	5.733945E-02	7000	.983945
7	7000	10000	1.605505E-02	10000	1



Graph 9 : ASPROPYRGOS, ELEUSIS, MANDRA . Size of Rural (on the Urban Fringe) Plots. Relative Frequency Histogramme



Graph 10 : ASPROPYRGOS, ELEUSIS, MANDRA . Size of Rural (on the Urban Fringe) Plots. Cumulative Frequency Histogramme

As Table 37 shows, the mean size of plots on the urban fringe in Aspropyrgos, Eleusis and Mandra is 1033 square metres and the standard deviation is 1539 m<sup>2</sup>. Graph 9 shows that the most probable plot area is between 100 and 500 m<sup>2</sup> with relative frequency 55%, while Graph 10 shows that 84% of plots are smaller than 2000 m<sup>2</sup>. Plots of area between 2000 m<sup>2</sup> and 7000 m<sup>2</sup> constitute only a 14%, while plots of area above 7000 m<sup>2</sup> are exceptional, i.e. with a relative frequency of 2%.

Table 37 a and Graphs 11 and 12 show the size of transferred urban plots in the same regions.

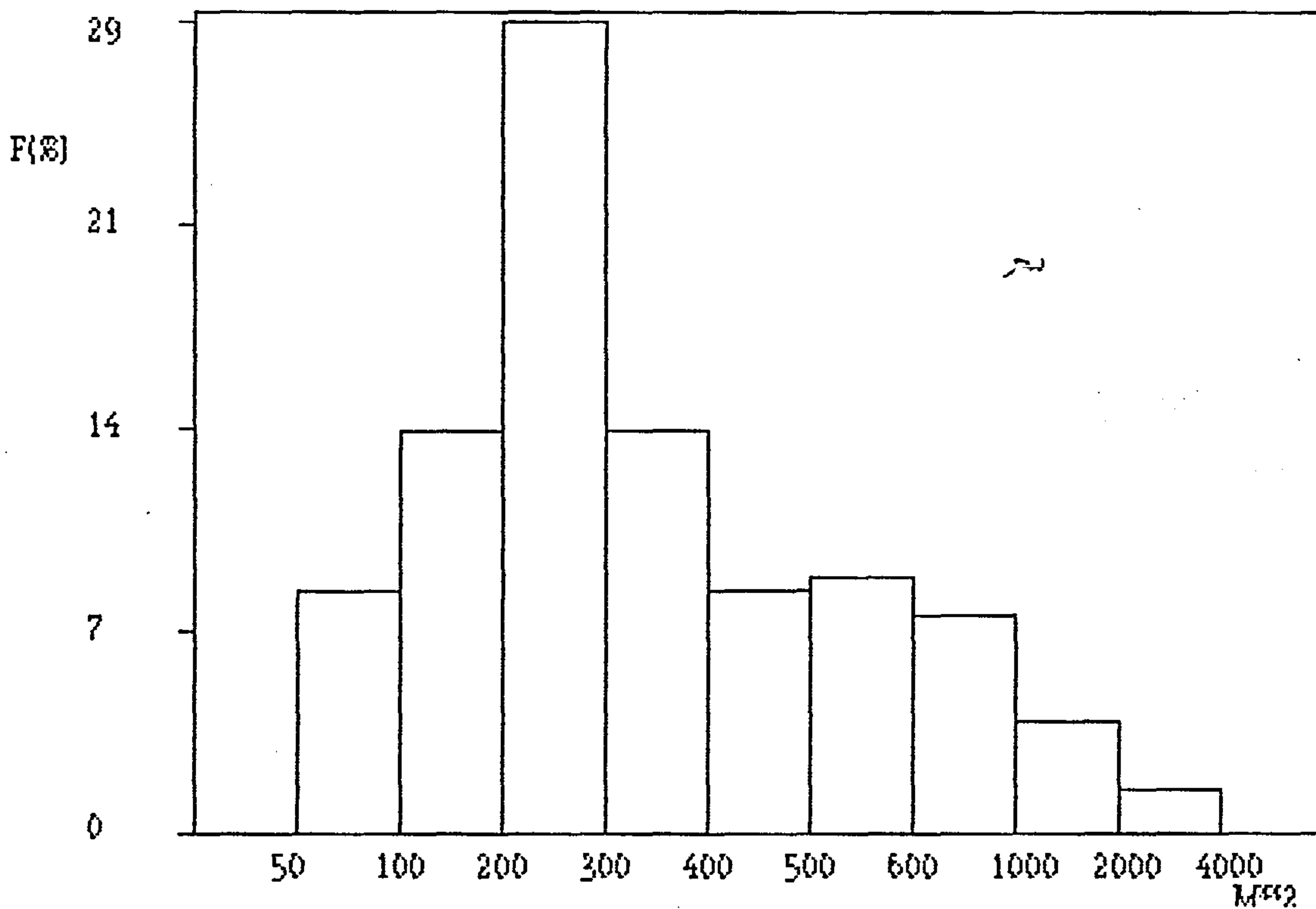
Table 37a : ASPROPYRGOS, ELEUSIS, MANDRA . Size of Urban Plots and Relative Frequency and Cumulative Frequency Distribution (late seventies)

MAX = 3972                      MIN = 50  
 MEAN = 391.1633  
 SD = 390.6516

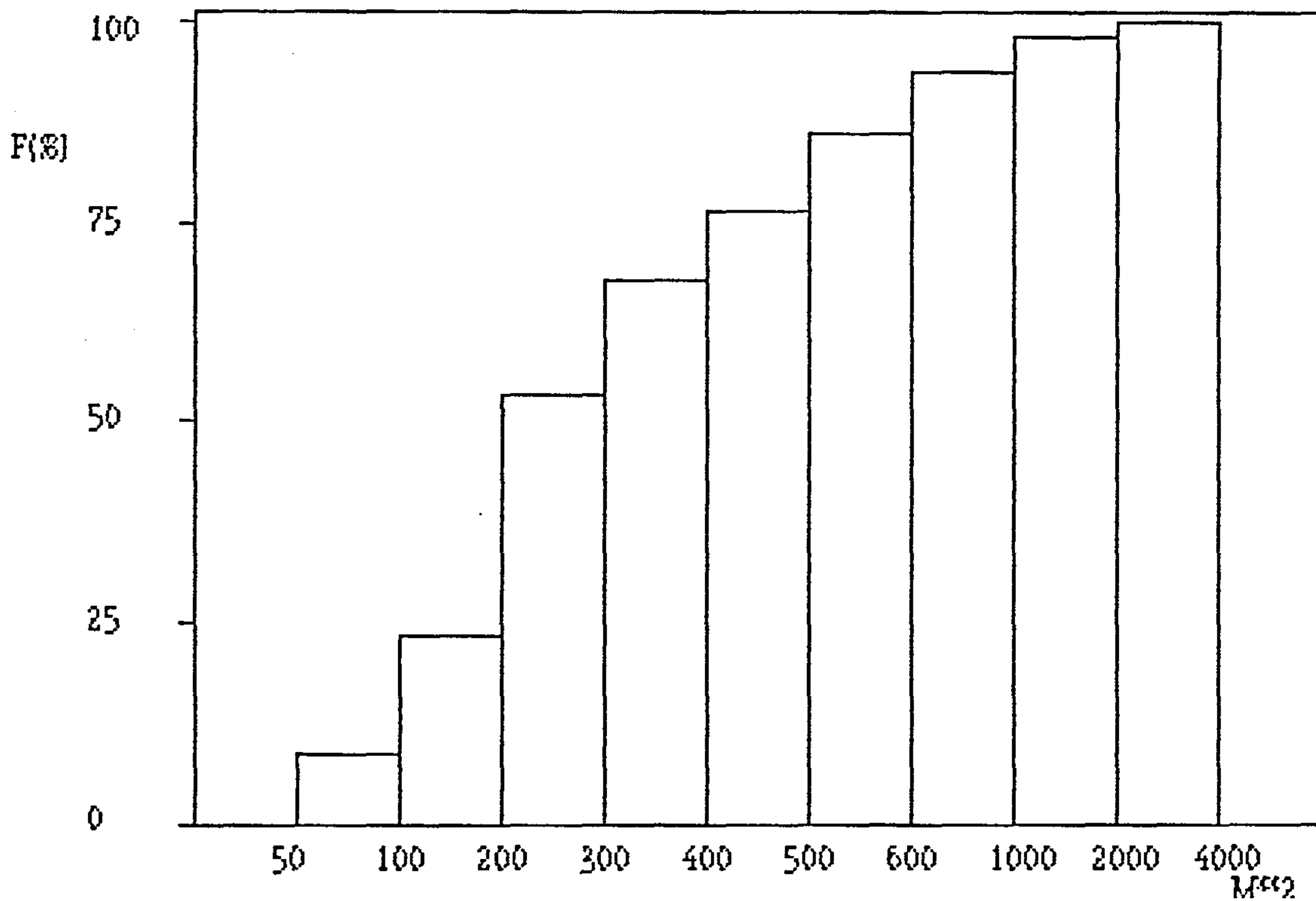
NO OF PLOTS = 551

	INTERVALS (M**2)		RELATIVE	M**2	CUMULATIVE
	FROM	TO	FREQUENCY	UP TO	FREQUENCY
1	50	100	8.892922E-02	100	8.892922E-02
2	100	200	.1470054	200	.2359347
3	200	300	.2958258	300	.5317605
4	300	400	.1470054	400	.6787659
5	400	500	8.892922E-02	500	.7676951
6	500	600	9.437387E-02	600	.862069
7	600	1000	7.985481E-02	1000	.9419238
8	1000	2000	4.174229E-02	2000	.9836661
9	2000	4000	1.633394E-02	4000	1





Graph 11 : ASPROPYRGOS, ELEUSIS, MANDRA . Size of Urban Plots. Relative Frequency Histogramme



Graph 12 : ASPROPYRGOS, ELEUSIS, MANDRA. Size of Urban Plots. Cumulative Frequency Histogramme

As Table 37a shows, the mean size of urban plots in these regions is 391 m<sup>2</sup> and the standard deviation is 390 m<sup>2</sup>. Graph 11 shows that the most probable plot area is between 200 and 300 m<sup>2</sup> with relative frequency 29%, while Graph 12 shows that 86% of plots are smaller than 600 m<sup>2</sup>. Plots of area between 600 m<sup>2</sup> and 2000 m<sup>2</sup> constitute only a 12%, while plots of area above 2000 m<sup>2</sup> are exceptional, i.e. with a relative frequency of 2%.

As it is evident, rural plots on the urban fringe are comparatively larger, as it is expectable, while urban plots in these regions are of the same order of magnitude as those in Athens and Piræus. It should be noted that rural land almost invariably undergoes a further fragmentation as it passes into urban use. It is a common practice of the Greek peasant to sell land piecemeal as it is gradually absorbed into urban use. It is doubtful whether such an extreme fragmentation of land ownership exists elsewhere.

The small scale of building production in Greece stems from these conditions of land ownership. The degree of fragmentation of land holdings makes large scale land assembly formidably difficult and this results into the fragmentation of production in small units<sup>17</sup>. Consequently, the building production activity is discontinuous and fragmented. The absence of standardisation of the building components and the consequent preservation of the craft character of

the building production<sup>18</sup> are natural corollaries of this state of affairs, as analysed below.

The design of a building, e.g. a house, has to be adapted to the specific plot of land upon which it is erected. In the first place, it has to be placed within the plot's boundaries and adapted to the terrain and site orientation. This is especially true in the urban centres characterised by intensified use of land. The rapid concentration of economic activities and population in urban centres in Greece during the post-war period, entailed intensified land use to the point where buildings even in housing areas occupy the whole plot of land upon which they stand, and where parks and the like are virtually eliminated<sup>19</sup>. Other factors also help to determine the form and characteristics of individual buildings, such as the geotechnical characteristics of the soil (influencing foundation design), as well as the urban environment. In different urban areas different building regulations regulate the general lay-out (distances to boundaries and heights for example). Taken together these result in an almost unlimited variety of building designs for the same end use. Indeed it would be difficult to find, in Athens for example, even two buildings with the same lay-out and design. This variety exists at every level-form, arrangement, to details such as doors and windows, balconies, etc.<sup>20</sup>.

However, the fragmentation of building activity on



small sites, on the one hand, and the absence of standardisation of building components and/or design on the other, imprint upon the mode of building production a distinctive characteristic compared with the mode of production prevailing in other sectors of the manufacturing industry. Advanced manufacturing industry is characterised by continuous, concentrated and homogeneous production of essentially standardised products destined for mass consumption. Whenever there is an absence of standardisation of the product, of whatever product, the mode of its production cannot be other than the handicraft type of production, in other words a mode of production applying extensively labour intensive methods. Mechanisation normally requires simple, repetitive and continuous processes of production on a mass scale, entailing the standardisation of the final product and its components, that is the high degree of homogenisation of its design<sup>21</sup>.

We may therefore, here conclude that the extreme fragmentation of land use and ownership in Greece has stood as a barrier to the concentration of the building production and at the same time to the standardisation of building components, thus preserving the complexity of site work and the craft-type labour necessary to carry it out. So long as these conditions prevail, building work is unlikely to be reduced into few, simple and repetitive elements, components or activities, capable to be carried out by a capital intensive method of production. Of course, to say that there prevails a high component of craft labour in the

building production process , is to say that there prevails a low division of labour. However, on the issue of the extent to which the process of mechanisation is influenced by the development of the division of labour we shall come back later on, when we discuss the impact of the market upon the system of building production.

However, } the moment land assembly into large plots for building production become feasible, the small unit would be replaced by a large one, and the present system would be replaced, almost certainly, by a system with higher concentration of capital. It is now plain that the conditions of land ownership in Greece functioned as a historical barrier to the penetration of the building sector by big capital, preserving at the same time a mode of production characterised by a high component of craft labour or, in other words, by the extensive application of labour intensive methods. It is revealing to note that large construction firms, preoccupied mainly with public works in Greece, are not at all involved in house-building construction (Section II.5). Despite this, they undertake house-building projects abroad (in N.Africa and the Middle East) applying advanced technology for large scale production<sup>22</sup>.

During recent years the State in Greece has been systematically attempting to concentrate land under its control and thus open the way to large scale building production. In the late sixties legislation for the systematic

implementation of urban planning was enacted, supplemented by new legislation during the seventies<sup>23</sup>. In 1976 the "Public Enterprise of Urban Planning, Settlement and Housing" (in short D.E.P.O.S., initially K.E.P.O.S.) was established. The declared aim of this public agency was "the organised building construction and provision of ..... both urban and rural housing to individuals of low and middle incomes, .....", as well as the "execution of the various works related to the construction of complete urban areas, for the provision of the appropriate urban environment"<sup>24</sup>.

By the term "organised building construction" the production of houses, or generally buildings was meant, as well as of the necessary infrastructure, for large housing areas. In order to acquire the land areas necessary for such large scale development the Agency was entitled to buy land, if necessary through compulsory expropriation, or even through the system of "antiparochi". It was also granted the right to acquire the adjoining areas in order to form a land bank<sup>25</sup>. Thus, the way was opened for the concentration of land under state control, as well as the appropriation of land development gains by the State. But, as far as actual building construction and provision of housing were concerned, the State acted only as an intermediary. The relevant law provided that D.E.P.O.S. would be charged only with "headquarter and regulative activity", while development and construction of these urban and



rural settlements would be handed over to private companies. As far as the built product was concerned, this would not be in public ownership, as it is the case, for example, with public housing in the U.K., but it would be sold in the free market, either by the construction companies, or by D.E.P.O.S.<sup>26</sup>. Had this legislation been put into practice, it would have almost certainly resulted in the overthrow of the existing system of building production and its replacement with a system of large-actually huge-scale production, dominated by large firms with significant capital resources which would be needed to cope with the development of whole urban areas.

However, in 1979 another law (947/79) referring to "Housing Areas" was enacted. According to this, a "housing area" is any urban (or rural) area in which the State decides to intervene, following certain procedures, in order to secure the overall development of the area in question, or to redevelop problematic urban areas. Land owners in every such declared area are obliged, by the law, to transfer without compensation 30% or 40% of their land to the State, for the common spaces of the area (roads, parks, etc.), together with 10% to 15%<sup>27</sup> of the value of their land as a contribution to the urban infrastructure to be constructed. Apart from the land acquired by the State without compensation, land can also be acquired by compulsory purchase in order to form land banks. Powers are also given to impose compulsory land redistribution.

In this case also, the urban planning and the development and construction of buildings and the accompanying infrastructure is handed over to private companies. It is clear the implementation of this legislation would have meant the expropriation of land ownership without considerable compensation, and the concentration and management of land under state control<sup>28</sup>. In the event these pieces of legislation have not been put into practice, for a number of reasons, and mainly because of the protest of the landowners, who stubbornly resisted whenever the State attempted to expropriate, with compensation let alone without, their land and houses<sup>29</sup>.

However, a comparison of the system of building production in Greece with that in the United Kingdom is perhaps in this place instructive, as far as the influence of the conditions of land ownership upon the system of building production is concerned. In the U.K. land has been available in large plots. Historically land ownership was concentrated to a considerable extent into the hands of the landed aristocracy<sup>30</sup>. Whilst this is no longer the case in that landowners are nowadays drawn from several class categories as well as institutions<sup>31</sup>, land holdings in the U.K. are large compared with Greece, actually of an entirely different order of magnitude<sup>32</sup>. In the U.K. the scale of production, the size of firms and the capital involved in the building industry is much larger than in Greece<sup>33</sup>. A high proportion of housebuilding is in the hands of a comparatively few

volume builders, who build continuously on sites of varying size. The remainder of the market is served by many small local firms who build only a few houses each year on small sites<sup>34</sup>. As in Britain the large house-building construction firms operate as a rule on large plots of land, whole developments can be constructed according to designs drawn from a portfolio of designs, employing similar details and involving similar production techniques. In this way a considerable degree of standardisation of the building components is achieved:

"Much of traditional construction [in the U.K.] is properly component building in that the same rules apply and the same advantages can be obtained from designs which employ a few techniques, are repetitive and reduce the amount and complexity of the site work ...."<sup>35</sup>.



### V.3 The Market and its Impact upon the System of Building Production

Fragmentation of land, albeit of prime importance, is not the only factor determining the character of building production in Greece. Another important factor is the market of the industry, which as we shall see below, contributes to the preservation of its labour intensive character. However, as it is evident from what follows, the analysis undertaken in this Section does not refer exclusively to the case of Greece.

The market of the building industry is limited compared to that of other sectors of the manufacturing industry. Building industry products are not generally exportable or importable by their very nature, and thus the boundaries of its principal market are inevitably the local or national ones. It should be noted that in Greece the house-building firms operate on a local level. Thus, their market is restricted to the local demand. But, even within local, or national boundaries<sup>36</sup> the market for the building industry is further restricted. Among consumer durables, buildings are by far the most durable. This quality amounts to another restriction of the industry's market as explained below.

The market of every industry is determined by two elements.

The first is the extent of the market, that is the greater or smaller population (local, national or transnational) embraced. The second is the velocity with which this population consumes the products in question; that is, how rapidly or how slowly the same individual returns to the market with a renewed demand for the product. The durability of building results in a slow replacement of stock, and thus amounts to another limitation of the building market.

These specific characteristics of the building industry's market have an important impact upon the mode of building production. As it has been extensively analysed by A. Smith, the degree of the division of labour prevailing in any branch of industry is directly determined by the extent of its market. He points out:

"As it is the power of exchanging that gives occasion to the division of labour, so the extent of this division must always be limited by the extent of that power, or, in other words, by the extent of the market..."<sup>37</sup>.

Of course, the division of labour takes two forms, or has two interrelated aspects: one referring to the division of labour in society at large, the other to the division of labour in the factory, or the enterprise, that is to say the division of the work into its constituent elements and the allocation of detailed tasks by individual workers<sup>38</sup>.

Both these aspects of the division of labour are concomitant with the development of the market. Therefore, the extent of the market determines the extent of the division of labour prevailing in any branch of industry. Thus, a limited market implies a low degree of the division of labour, or specialisation. This in turn restricts the possibilities for mechanisation.

The degree of mechanisation is not but a concomitant aspect of the degree of the division of labour<sup>39</sup>. In craft labour proper, the labourer using various tools performs a variety of complex activities. Industrialised production transforms this mode of labour, in order to substitute labour for machines, by dividing what was previously a complex activity or movement, into simple elements or components, capable to be carried out by machinery. Within the division of labour that results therefrom, each labourer specialises into a simple activity, while labour itself is converted into the repetition of simple manual movement<sup>40</sup>. Therefore, the development from a certain stage of production into a new one of higher level of mechanisation, is at the same time the development into a stage with higher division of labour. Hence the degree of the division of labour is a concomitant of the degree of mechanisation and vice versa<sup>41</sup>.

We may therefore conclude that the extent of the market determines both the extent of the division of labour and the



degree of mechanisation prevailing in any branch of industry. The market of the building industry is limited compared to that of most other sectors of the manufacturing industry. It thus constitutes an additional factor contributing to the low division of labour, the concomitant low degree of mechanisation and the overall craft character of the building production system in Greece.

#### V.4 Some Implications of the Analysis for the Building Industry in General

In this Section we attempt an extension of the analysis beyond the building industry in Greece, that might bring out not only its peculiarities but also some common features shared by the building industry elsewhere. We have already mentioned that in Britain, for example, the scale of production, the size of firms and the capital involved in the building industry is much larger than in Greece. Nevertheless, in Britain too the building is a relatively labour intensive industry, characterised by a relatively low degree of mechanisation compared to other branches of manufacturing industry<sup>42</sup>, despite the technological developments that have taken place during the post-war period. The latter concerned mainly the standardisation of materials and components which has taken more work off site into mechanised factories<sup>43</sup>, as well as the mechanisation of certain on-site activities especially earth-moving, materials handling

and concrete mixing and placing<sup>44</sup>.

However, the labour intensive character and the relatively low degree of capital investment, seem to be more or less universal characteristics of the building industry. Hence it is often described as a "backward" sector of the capitalist economy<sup>45</sup>. As F.Lamarche points out:

"..... the building industry is one of the industrial sectors where monopolies are almost non-existent. It comprises a multitude of very small locally oriented firms, but very few large firms with high concentration of capital and operating over a wide area. As a corollary of this low degree of concentration, the building industry shows, ....., a considerable technical lag in relation to other sectors of manufacturing industry ...."<sup>46</sup>.

As M.Ball points out:

"Unfortunately no adequate explanation exists of the comparatively slow development of the forces of production either in the construction industry as a whole, or in house-building....."<sup>47</sup>.

Nevertheless, some recent attempts to explain the phenomenon attribute a decisive influence to the existence of ground rent, capitalised as the land price paid to the landowner, supposed to prevent capital accumulation and

thus the mechanisation of the industry, by absorbing a substantial part of the profits. But, one may point out that this argument does not take into account the fact that (a) speculative house-building virtually always involves speculation in land, and therefore land development gains partly at least accrue to the speculative builder<sup>48</sup>. (b) Building to contract does not involve any land costs, the land being provided by the client. As M. Ball has argued, in this case "... no clear mechanism can be specified by which the appropriation of rent necessarily has an effect on the construction process ...."<sup>49</sup>. But, we need not here pursue this issue any further<sup>50</sup>.

Our analysis so far may be assumed to provide the context for addressing the issue just discussed. We may assume that the factor of the market, as well as the conditions of land use and ownership, are operative not only in the case of Greece, but, *mutatis mutandis*, in the building industry more generally. It may, thus, be argued that the fragmentation of land is an important factor in every system of building production, albeit with a different significance in different countries, due to the different degree of the fragmentation of land. In every country land, especially in the urban centres, is characterised by various degrees of fragmentation. The latter must be conceived as both fragmentation of use and of ownership. As it is evident, land ownership and use in urban areas



being historically formed and crystallised, cannot be changed at will to provide an unrestricted and "homogenous" land for the building industry to operate on. Land assembly may take many years waiting for tenancies to fall in so that the land can be sold and even compulsory purchase procedures are often protracted. Thus, even in countries where land may be available in large plots, as for instance in Britain, the building industry is obliged to differentiate its production adapting to the specific characteristics of specific sites, these characteristics being spacial, geotechnical and environmental. Thus, although a significant degree of standardisation of building components has been achieved in Britain, as it was mentioned earlier, still a homogenisation of the building production irrespective of the characteristics of the varying plots of land has not been possible<sup>51</sup>. This state of affairs imposes, as we have seen, certain restrictions regarding the possibility of the transformation of the system of building production from a labour intensive towards a mechanised, capital intensive one. Indeed to quote the U.N., Department of Economic and Social Affairs:

"The lag of development of the building industry behind most other industrial branches may be largely explained by the nature of its product. In comparison with the products of other industrial branches every building or structure is more or

less unique, because it must be tailored to its individual site. For this reason the application of mass production methods is more difficult in the building industry than in other industries; also, the process of standardisation is more complicated and involves a greater number of parties . . . . . These and other circumstances have led to the technical backwardness of the building industry . . . ."52.

In the same study the variety of the building design and the restriction of prefabricated building components to particular standard types of buildings and the consequent limited scale of the market for each particular component, is pointed out as a hindrance to mass production and therefore, to the process of mechanisation and industrialisation of the building production<sup>53</sup>. The study concludes that this process is connected with the use of "typified model", or standard building designs, in other words with the homogenisation of the building design and its components<sup>54</sup>. The point is also made that certain operations cannot be transferred to the factory and must always be carried out on site, this constituting another restriction to the transformation of the building production process<sup>55</sup>. However, this should not be taken to mean that the building industry has not already achieved a significant level of industrialisation in the advanced capitalist countries, as it has been argued by some commentators<sup>56</sup>.

We may now proceed to consider the market as a material factor influencing the development of the building industry. Clearly the limited size of the building industry's market in every country, constrained by local or national boundaries, imprints upon this industry the specific characteristics of a relatively low division of labour, a low degree of mechanisation and relatively limited capital concentration, compared to other sectors of manufacturing industry. It goes without saying that speaking of limited size of the market in every country has to be put into context, in that local or national markets differ greatly. Thus the national market of Britain is much greater than that of Greece.

The influence of the market upon the structure of the building industry has been emphasised by a number of authors, albeit with different stress on the various aspects of the phenomenon. Thus, H.Smyth attempts an interpretation of the state of the industry in relation to the market and the periodic crisis suffered by the economic system in which it is embedded. In periods of crisis the building industry, unlike other branches of the manufacturing industry, cannot take advantage of the outlet of external markets. This is taken to be the main reason why the industry tends to minimise its investment in fixed assets and thus retain flexibility in terms of the deployment of capital and operations<sup>57</sup>. In this way, low demand and discontinuity of work due to fluctuations in the market explain the relatively low



concentration of capital in this industry.

D.Bishop, on the other hand, has pointed out that the building industry exercises less control over its market as compared to other sectors of manufacturing industry. The uncertainty created by the general and local demand obliges building industries to limit capital employed in fixed assets and diversify its activities over a wide range of products, thus counterbalancing the effect of fluctuations in the market by retaining flexibility to redploy resources at short notice<sup>58</sup>. We may therefore conclude that uncertainty in the market, that is the limited size of the building industry's market and limited opportunity to create a market, implies the diversification of its operations and hence an inherently high risk of low utilisation of mechanical equipment and fixed assets in general. This explains the reluctance of this industry to invest in fixed capital and the consequent technical lag observed<sup>59</sup>.

It is then not accidental that industrialised building systems developed in the post-war period in the western European countries, mainly as a response to continuing massive demand for house-building in the public sector. The destruction of the building stock during the war on the one hand and more rapid household formation on the other, created demand. Political and social attitudes led to state intervention in the provision of housing to the lower strata

of society, on a scale not before experienced in the recent history of these countries. Taken together these factors led to an unprecedented expansion of the market of the building industry<sup>60</sup>. State housing programs resulted at the same time in massive and concentrated demand on large sites, often acquired by compulsory purchase. This removed, to the extent that it did, the barrier of land fragmentation, opening the way to a higher degree of standardisation and homogenisation of building design and process. In practice these large schemes did not achieve their social objectives and were often much disliked. This apart, it is again not accidental that this process of industrialisation first slowed down then virtually stopped, after the cuts in public expenditure in the late sixties onwards, and the slump experienced by the public housing sector as a consequence of the overall economic recession<sup>61</sup>.

### Conclusion

We saw above that the conditions of land ownership in Greece stood as a historical barrier to the penetration of the building sector by big capital. They, on the contrary, gave rise to a system characterised by small scale of production and by the absence of concentration of capital, the extreme fragmentation of land imprinting upon the whole system a rather handicraft character. We also saw how the limited size of the industry's market, confined in the

case of Greece by local boundaries, contributed to the preservation of the labour intensive character of the industry. Thus, despite the considerable growth of the building industry, the unit of production remained as small as it had been initially, as did the capital involved in it. In other words, the system expanded rather by a replication of its elements. These features define a system approximating to petty commodity rather than capitalist production proper.

It is interesting here to draw a parallel between the building industry and the agricultural sector in Greece. The latter declined during the post-war period, retaining its traditional mode of petty commodity production, the former grew retaining a similar mode of production. One may assume that the conditions of land ownership have been the common denominator in both sectors. On the other hand, numerous threads connected the decline of the one with the growth of the other, the rural exodus in the first place. As we shall see in what follows, the two sectors are also interrelated in other respects, no matter in how a mediated way.

Finally, this Chapter extended the analysis to explain some aspects and characteristics of building industries observed in the advanced capitalist countries, namely their relative technological lag and their relatively lower concentration of capital compared to other sectors of industry.



VI. THE FINANCE OF THE BUILDING INDUSTRY. SAVINGS,  
HOUSING AND BANK DEPOSITS

In Chapter IV we saw that state controlled banks played little part in the financing of the housing sector in Greece. Bank financing to building construction firms was forbidden during the fifties and sixties, this financial squeeze being relaxed by the late sixties and early seventies<sup>1</sup>. Mortgage loans to individuals have also been very low compared to the total private spending on housing (See Table 32 of the main text). On the other hand, public spending on housing has been insignificant for the most part of the period under consideration (See Table 30 and Graph 4 of the main text). We concluded that the remarkable record of building construction in post-war Greece, has been the result of private spending, private savings being mobilised in the main outside the banking system.

As we saw in Chapter V, builders normally sell in advance a high proportion of the flats, that is before they are actually built. As we then pointed out, this transaction is not just a purchase-sale transaction, it also acts as a mechanism to finance the building industry.

This, together with the system of "antiparochi", greatly reduces the capital requirements on the part of builders. Thus, the building industry in Greece developed as an economic activity financed to a great extent by the savings of its future consumers, typically purchasers of flats or houses, by-passing in this way the banking system; hence it is often characterised as a self-financed economic activity<sup>2</sup>.

There are however, two aspects of this phenomenon that must be addressed: (a) The sources of savings directed to housing, especially in view of the absence of state provision, in any form or subsidy, for the lower classes. It is obvious that the need for housing does not by itself explain the growth of the house-building industry. Adequate financial resources must be available. (b) How the tendency of the middle and lower classes of this country to place their savings in housing is explained, apart from the obvious, i.e. the need for housing? This issue is raised even more acutely because a proportion of these savings is placed in dwellings as a means of securing an income in the form of rent. The view is often put forward that the middle and lower classes of this country tend to "invest" in housing, or generally in real estate, due to cultural factors and tradition, the latter related especially with the institution of dowry<sup>3</sup>. But, as we will see below, the yield of savings placed in either form of real estate, housing or land, has been much greater than

that of savings deposited with the banks, during the whole of the period under consideration. Thus, apart from responding to housing needs, the tendency to place savings in housing is geared to economic reality rather than tradition or other cultural factors.

#### VI.I Sources of Savings Directed to Housing

Apart from savings originating from employment, or from economic activity in general in the country, a very important source for the whole of the period under consideration, have been the savings of Greek emigrant workers and mariners, as well as Greek residents abroad (Greeks of "diaspora"<sup>4</sup>) who are actively involved in a wide range of economic activities<sup>5</sup>. The great significance of these sources of savings for both financing the building industry and improving the external accounts of the country is clearly shown in Table 35 (Appendix).

The savings in question are classified in the accounts under three distinct categories: first, savings entering the country explicitly for "Real Estate Purchase". The far greater part of this is absorbed by the middle and lower-class housing market<sup>6</sup>. It should be noted that Greek ship-owners money entering the country appears in the accounts



as either "shipowners remittances", or as "entrepreneurial capital", thus, it does not confuse the picture. Second, savings appearing in the accounts as "foreign exchange deposits". These belong in the main to emigrant workers and mariners<sup>7</sup>. A significant part of these savings is placed with the Greek banks under a housing savings scheme, introduced deliberately to attract foreign exchange deposits of Greeks abroad<sup>8</sup>. Third, emigrant workers' and mariners' remittances. As these are used by the recipient families of the emigrants in various ways, they are only partly directed to housing. However, it is useful to recall here that peasant families often scatter with one or two members migrating abroad, while those remaining carry on with the cultivation of their family land. Tourist services have been another and increasingly important source of income for peasants, tourism affecting virtually all provinces of the country, especially after the mid-sixties. In this way the aggregate income of the family have had more than one source, this increasing their savings capacity<sup>9</sup>.

Table 35 in the Appendix records the relevant data from 1965 onwards; before then no clear distinction between the different categories of "capital movement" was made in the accounts. As this Table shows, savings entering the country for "real estate purchase" constitute a very important part of foreign exchange inflows. "Foreign exchange deposits", on the other hand, developed mainly during the seventies, when specific incentives to attract them were introduced by

the Greek banks, the most important being a special housing savings scheme, as already mentioned. As it is evident from the Table, especially in the seventies, inflows for "real estate purchase" as well as "foreign exchange deposits" as a rule surpass capital entering the country for entrepreneurial purposes. Emigrants' and mariners' remittances also constitute an inflow of great significance for balancing the external accounts of the country, as well as, partly at least, for financing the house-building industry. The following Table summarises this state of affairs:

Table 38: Foreign Exchange Inflow for Real Estate Purchase, Foreign Exchange Deposits, Emigrants' & Mariner's Remittances, Entrepreneurial Capital Inflow, 1965-80.  
in m.doll. (current prices)

	<u>1965-1970</u>	<u>1971-1980</u>
Inflows for Real Estate Purchases	430 (a)	3.366
Net Inflow of Foreign Exch. Deposits	insign.	2.080
Emigrants' Remittances	1535	8.005
Mariners' Remittances	n.a. (b)	2.307
Inflow of Entrepreneurial Capital	(626)	(2.529)
Net Inflow of Entrepr. Capital	493	1.941

Source: Table 35 in the Appendix.

Notes : (a), (b) see notes to Table 35 in the Appendix

This extraordinary inflow of savings, its scale becoming even more pronounced and impressive compared with other items of the external accounts of the country, can be

understood only in the context of the scale of emigration in this period, examined in Section II.3<sup>10</sup>. The importance of these inflows is evident not only for the development of the building industry but also in terms of the economy at large, an issue however examined in the next Chapter. As it has been estimated, the savings of emigrants, mariners and Greeks of "diaspora" directed to housing, represented between 20 and 25% of total spending in housing from the late fifties onwards<sup>11</sup>.

Finally, peasant families moving, or having moved to urban areas sell all or part of their land in order to buy a flat. This has provided a significant source of resources absorbed by the building industry<sup>12</sup>, made the more important by the rapid increase in the value of rural (as well as of urban) land during the period under consideration, as we shall see in the following Section.



## VI.2 The Yield of Savings Placed in Housing and Land Versus Saving Deposited with the Banks

In the current Section we shall analyse the economic mechanism explaining the tendency of the middle and lower classes in Greece to direct their savings to real estate, housing or land.

The outlets open to the public for placing savings are in general the following: (a) The banking system, where these savings may be deposited in time accounts. (b) The capital market, where these savings may be translated into shares or government securities. (c) Real estate in the form of land, housing, or in general building. In Greece the capital market outside the banking system is not developed. Thus the outlets open for savings are in essence (a) and (c)<sup>13</sup>. Therefore, in order to explain the "investment" practice of the lower and middle classes we must compare the yield of savings deposited with the banks, or placed in real estate, in a given period of time:

(1). As far as savings deposited with the banks are concerned: the annual nominal yield of deposits is, of course, equal to the annual rate of interest that the account bears. The real yield (positive or negative) has also to take account of the annual rate of inflation.

(2). The issue is rather more complicated with savings placed in real estate, in particular housing our main concern. Let us consider first the basis of all forms of real estate, land, and suppose savings are placed in the purchase of a plot of land, urban or rural, as often happens in Greece. Let us also suppose that the land is not developed or further exploited. In this case the issue is again simple. The nominal yield that this amount of savings brings in a given period of time, is equal to the increase of the value of the plot in the same period<sup>14</sup>. Again inflation has to be taken into account in the calculation of the real yield.

(3). Let us now consider the yield of savings placed in house-building<sup>15</sup>. It is easier to make the calculation in the case of savings placed in a house to be let for rent. Let us assume that at a certain year 0, an amount of savings  $S$  is availed for the purchase of a house of an equivalent value,  $V_0$ . The latter is equal to the market price of the (developed) land,  $L_0$ , plus the market price of construction,  $C_0$ . Therefore, the initial value the owner has may be represented as follows:

$$\text{year } 0: \quad V_0 = L_0 + C_0 = S \quad (1)$$

However, the owner receives income in the form of rent, part of which must be set aside for maintenance and repairs. The rest represents net income in nominal terms. After the

lapse of a number of years, e.g. at year  $x$ , the value (in current prices) the owner possesses let it be  $V_x$ , may be expressed as follows:

$$\text{year } x : V_x = L_x + C_x + I_x \quad (2)$$

It is obvious that neither the price of land, nor of construction remains constant over time. Thus,  $L_x$  stands for the price of land at year  $x$ , while  $C_x$  stands for the price of construction at the same year. Now,  $I_x$  stands for the net income the owner is expected to have accumulated over years  $x$  in the form of rent. We are not concerned here with whether this net income is subsequently exploited or just consumed, as our analysis aims at comparing the yield of savings placed in real estate with those deposited with the banks, and not with how the corresponding yield may be subsequently used. It should also be pointed out that it goes beyond the scope of this analysis to examine the case whereby built property is acquired by developers to be demolished and the site redeveloped, as we are concerned with an individual placing savings in housing and not with a builder or developer investing capital in the building industry or land development. Even more so, as this last instance does not occur in Greece<sup>16</sup>.

We may now use formulae (1) and (2) to reach practical results.  $L_0 + C_0$  in formula (1) represents the total market price of a house at year 0, while  $L_x + C_x$  in formula (2) represents the market price of a house of the same standard



at year  $x$ . From the statistical data available in Greece, one can derive the market price of real estate in different years during the post-war period, and therefore find out how this  $L_x + C_x$  develops in time. It is now expedient to express the price of the house at year  $x$  as a function of its initial price in the following way:

$$L_x + C_x = (L_0 + C_0) a_x$$

$a_x$  being the coefficient which, multiplied with the initial price of the house gives its price at year  $x$ . Thus formula (2) may be expressed:

$$V_x = L_x + C_x + I_x = (L_0 + C_0) a_x + I_x \text{ or,}$$

$$V_x = S \cdot a_x + I_x \quad (3)$$

Therefore, the value (in current prices), that the owner of the house possesses at the end of first, second, .....,  $n$  years will be as follows:

$$\text{year } 0 : V_0 = S$$

$$\text{year } 1 : V_1 = S \cdot a_1 + I_1$$

.

.

.

$$\text{year } n : V_n = S \cdot a_n + I_n$$

Coefficients  $a_1, a_2, \dots, a_n$  can be easily derived from the development of price of the "average" dwelling during the post-war period. But we still face a difficulty.  $I_1, I_2,$

(4)

..... $I_n$  are missing, since data about rents are missing. However, as we will see below, even if we ignore the amounts  $I_n$ , as though they were equal to zero, the comparison still shows a higher yield for savings placed in housing, than for savings deposited with the banks.  $I_1, I_2, \dots$  equal to zero would correspond in reality to a situation whereby a house were bought by someone and left unused. In this case the house would function as a mere depository of value. Of course, landlords may have houses idle for a while, but this only reduces  $I_n$ . In practice few houses or flats run the risk of being vacant for a long time, especially in modern towns that usually suffer from a shortage of housing. We may therefore conclude that by ignoring the amount  $I_n$  the actual yield is seriously underestimated. However, if  $I_n$  is ignored, the underestimated value at different years,  $V^-$ , can be represented as follows:

$$\text{year } 0 : V_0 = S$$

$$\text{year } 1 : V_1^- = S \cdot a_1$$

.

.

.

(5)

$$\text{year } n : V_n^- = S \cdot a_n$$

Let us now consider the case of owner occupiers. Let us suppose that at year 0 savings  $S$  are availed for the purchase of a house of the market price as that above, that

is  $V_0 = L_0 + C_0 = S$ . It is evident that the price of the house (land and construction) develops in time in the same way in both cases. Therefore, the value the owner-occupier possesses at different years can be expressed similarly by the series (5). As we have seen, series (5) does not include the net income from rent and are therefore under-estimates. However, owner occupiers also derive an imputed income from the rent that they would pay were not they occupying their own property, again with an allowance for repairs and maintenance. Therefore, series (5) also under-estimates the actual yield to owner occupiers.

Let us in turn, suppose that at year 0 another person deposits the same amount of money  $S$  in a deposit account, bearing during the first, second, ....  $n$  year interest rates equal to  $i_1, i_2, \dots, i_n$ . The sums that the account holder possesses at the end of the first, second, .....,  $n$  year, let them be  $D_1, D_2, \dots, D_n$ , will be equal to:

$$\text{year } 0 : D_0 = S$$

$$\text{year } 1 : D_1 = S + Si_1 = S(1+i_1)$$

$$\text{year } 2 : D_2 = S + Si_1 + Si_2 = S(1+i_1+i_2)$$

.

.

.

$$\text{year } n : D_n = S + Si_1 + \dots + Si_n = S(1+i_1+\dots+i_n)$$

(6)

Of course, the amounts  $Si_1, Si_2, \dots$ , representing the interest accruing each year, may be consumed by their owner,



or accumulated over the years. But our analysis is not significantly affected whether the first or the second happens.

Figures  $V_1^-, V_2^-, \dots, V_n^-$  and  $D_1, D_2, \dots, D_n$  as they are now expressed, can be compared. But we must also compare both with inflation, as reflected by the index of prices. It is thus expedient to express both the above series (5) and (6) as indexes, in order to facilitate the comparison with inflation. If we replace the symbol  $S$  with the number 100, the latter reflecting the initial quantity, the above series are automatically transformed into indices. The results are at Table 39 below, which also sets the price index—a proxy for inflation—and the indices for the current prices of urban and rural plots. Table 39 is based upon Tables 36, 37 and 38 in the Appendix. The same results are depicted in Graph 13 below. The starting year is 1960, instead of 1950, because there are no adequate data for the prices of real estate during the fifties. The concluding year is 1982, this being the latest year for which such data are published. It should be mentioned that Table 37 in the Appendix presents the "mean" prices of apartments and plots during the period under consideration, these prices having been calculated on the basis of the data of Table 36. The derived series of "mean" prices are in turn translated into indexes of prices (column (2), (5) and (8) of Table 37). The rate of increase of these prices is also calculated (column

Table 39 : Growth of Savings Placed in Real Estate- Apartments, Urban land, Rural Land- versus Savings Deposited with the Banks, during the period 1960-82

Year	(1)	(2)	(3)	(4)	(5)	(6)
	Apartments [V]	Urban Plots	Rural Plots	Bank Deposits [D]	Consumer Prices Index	Rate of Increase (%)
1960	100,0	100,0	100,0	100,0	100,0	
61	107,7	116,9	116,2	104,5	101,9	1,9
62	114,6	128,1	125,5	109,0	101,5	- 0,4
63	141,9	156,5	156,5	113,5	104,4	2,9
64	163,1	190,6	190,2	118,0	105,4	1,0
65	170,9	185,1	237,6	122,5	108,7	3,1
66	185,6	201,5	229,1	127,2	114,1	5,0
67	189,7	185,1	228,8	132,2	116,1	1,8
68	215,1	203,3	265,9	137,2	116,4	0,3
69	240,7	287,2	299,8	142,2	119,3	2,5
1970	212,3	302,6	341,1	147,2	122,8	2,9
71	246,6	313,8	414,1	152,2	126,5	3,0
72	273,8	432,4	526,0	157,2	131,9	4,3
73	290,4	378,9	612,9	163,3	152,4	15,5
74	306,3	380,4	788,2	172,1	193,4	26,9
75	370,7	503,2	883,0	180,6	219,3	13,4
76	426,3	578,8	1106,6	188,0	248,5	13,3
77	537,6	676,5	1394,3	195,0	278,8	12,2
78	640,0	810,7	1742,8	203,8	313,7	12,6
79	684,0	944,0	2260,5	214,7	373,3	19,0
1980	908,3	1048,8	2328,9	228,2	466,2	24,9
81	1129,6	1256,7	2792,6	241,6	580,3	24,5
82	1245,1	1533,3	2878,4	255,1	701,9	21,0

Note : Column (1) above presents, in the form of an index, the growth of the price of an "average" apartment during the last two decades. The increase of this price from year to year represents only a part of the actual yield that an amount of savings placed in this form of real estate brings from year to year, in that it neglects the net income from rent (see the text above). Therefore, figures in column (1) are underestimates. Columns (2) and (3) present the growth of the price of an "average" urban and rural plot, during the same period. Unlike case (1), the increase of this price from year to year coincides with the yield that an amount of savings placed in the corresponding form of real estate, brings from year to year.

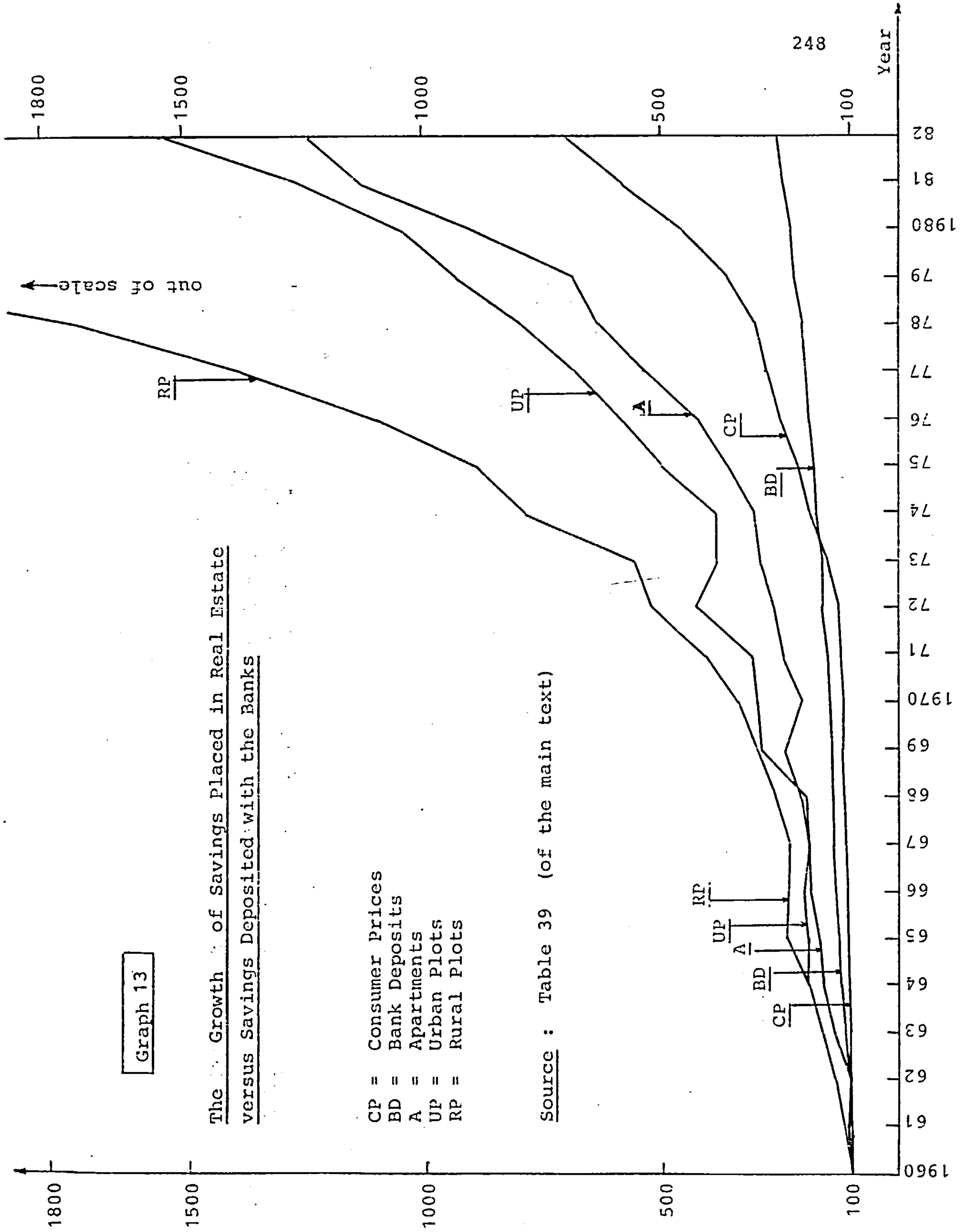
Source : Tables 36, 37 & 38 in the Appendix.

Graph 13

The Growth of Savings Placed in Real Estate  
versus Savings Deposited with the Banks

- CP = Consumer Prices
- BD = Bank Deposits
- A = Apartments
- UP = Urban Plots
- RP = Rural Plots

Source : Table 39 (of the main text)



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(3), (6) and (9) of Table 37). In Table 38 in the Appendix, column (6), the index of savings deposited with the banks has been calculated on the basis of the analysis above, series (6) in particular.

Table 39 above shows how an initial sum of 100 units of money increases in time, if placed in real estate or deposited with a bank. At the same time it shows how the price of society's representative "basket" of commodities and services increases in time, this price initially being again 100 units of money. The rate of increase of this price is, of course, inflation. As column (6) of the Table shows, the sixties was a period of mild inflation, unlike the seventies and up to the present. As Table 38 in the Appendix (column (4)) shows, the fifties was also a period characterised by strong inflationary pressures.

Table 39 above shows in particular the following. First, the prices of real estate increased during the whole of the period under consideration, much faster than the general level of prices. Most impressive of all is the increase of the prices of rural land, from an index of 100 at the beginning of the sixties, multiplied by approximately 3 times by the end of the decade, by more than 22 times by the end of the seventies, and by nearly 30 times in the early eighties. The root of this extraordinary increase of the value of the rural land is, no doubt, the equally extraordinary growth of the urban centres

during this period<sup>17</sup>, which expanded rapidly transforming rural land into urban sites and thus sky-rocketing its value. The development of tourist amenities in many rural regions during the same period had a similar effect<sup>18</sup>. The value of the urban land also increased rapidly, far more quickly than the general level of prices, as columns (2) and (5) of Table 39 above make plain. This is also true for apartments<sup>19</sup>, columns (1) and (5). As we see, apartments achieved the lowest rate of increased prices, compared to urban and rural land. But we must not forget that this increase represents only part of the actual yield of savings placed in housing, the excluded part being the amount  $I_n$ , which we ignore for the purpose of this comparison. It is also obvious, that the corresponding analysis of the yield of savings placed in dwellings, is valid irrespective of whether the dwelling in question is a single house, or an apartment sharing a plot of land with other apartments.

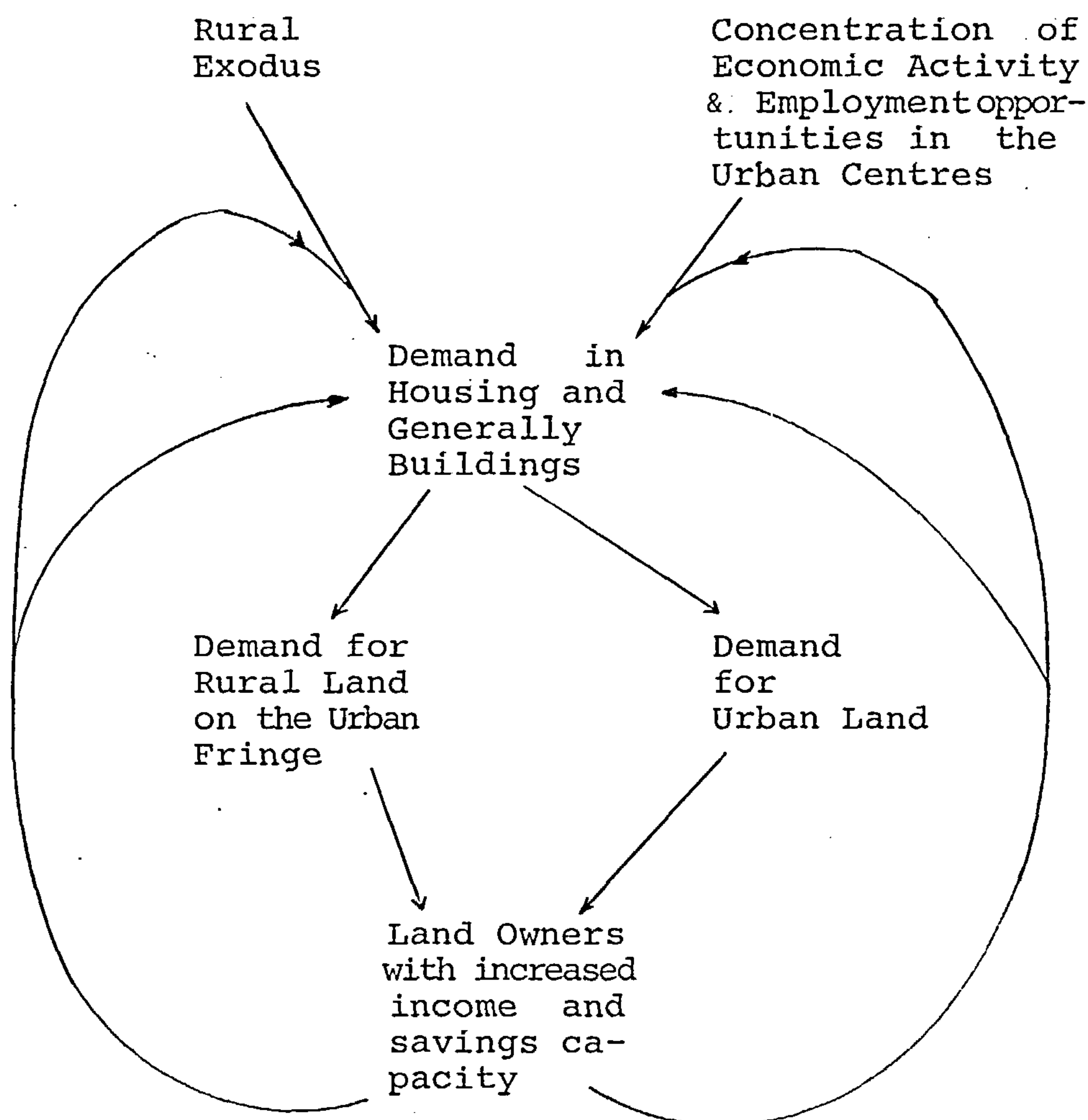
From 1960 up to 1973, a period characterised by mild inflation, the interest carried by bank deposits followed the general trend of prices, leaving a small real yield. A deposit of 100 units in 1960, by 1973 would with the interest accrued, just outstrip the "basket" of commodities, with a small surplus (i.e., 163,3 - 152,4). This is not a great reward for 13 years of abstinence, but at least savings had not been eroded by inflation. However, if deposits were not then withdrawn, their real value would have

been very quickly eroded by the rapid rise in inflation. Thus, if the level of inflation after 1973 had not been anticipated, or if there were no alternative placement (in case for instance the amount of savings were too small for the purchase of real estate or other durable commodities), savings showing a small real yield in 1973, would have gradually evaporated into the thin air during the subsequent period. As the Table shows, from 1973 onwards and up to the present, a period of strong inflationary pressures, the yield of bank deposits declined rapidly as compared with the general level of prices. Our account holder would be able to buy less than two thirds of the "basket" by the end of the seventies, and if he postponed the exchange, he would be able to buy approximately one third of the "basket" by 1982. A similar state of affairs, although not as serious, is characteristic of bank deposits during the fifties, as Table 38 in the Appendix, columns (3) and (7) show. If finally, one compares the rate of inflation, appearing in column (4) of the same Table with interest rates appearing in column (5), one realises that during the post-war period (1950-1984) interest rates in Greece were often below the rate of inflation, i.e. were strongly negative.

As we see, the rural exodus, the urban growth and the overall concentration of economic activity in the urban centres during the period under consideration, has meant increasing demand in housing and other building, and the



consequent rapid increase of the value of urban and more markedly rural land developing into urban. This, reinforced by other economic processes (e.g. the development of tourism), has resulted into an increasing source of income for the rural, peri-urban as well as the urban landowners, who in turn directed these resources to housing and the building industry in general, thus boosting effective demand. The whole mechanism can therefore, be described as a self-sustaining cycle and be depicted in the following diagramme:



## Conclusion

In this Chapter we examined the sources of savings directed to housing. As we saw, apart from savings accumulated by middle and lower classes in the country, a significant source have been the savings of emigrant workers and mariners, as well as Greek residents abroad, this category of savings constituting a considerable part of total resources absorbed by the building industry.

We also analysed the economic mechanism explaining the tendency of the middle and lower classes in Greece to direct their savings in real estate. As we saw, savings placed in real estate in either form, housing or land, did not only preserve their value against inflation, but this value increased considerably in time. On the contrary, savings deposited with the banks have not even been preserving their value against inflation during the periods marked by strong inflationary pressures. Thus, we may conclude that placing savings in housing, or real estate in general, constitutes undoubtedly a rational behaviour from the economic point of view, on the part of the public. Furthermore, this economic mechanism having developed within the context of urban expansion and the concentration of economic activities and opportunities in the urban centres, has functioned as a self-reinforcing system of

creating effective demand for the building industry, and at the same time providing it with vital resources.



## VII. THE EFFECTS OF THE BUILDING INDUSTRY ON THE POST-WAR GREEK ECONOMY

In the current Chapter we examine the effects of the building industry on the post-war Greek economy, and its capacity to produce strong multiplier effects. We also examine the social implications of the development of the building industry, in particular its effects on income distribution.

### VII .1 The Function of the Building Industry within the Post-war Greek Economy

The fact that the growth of the building industry has been mobilising the economy as a whole has been commonly acknowledged in the post-war period in Greece<sup>1</sup>. This explains why it has been used by successive governments as a means of anti-business cycle policies<sup>2</sup>. This capacity is manifested mainly in two ways: first, it has been an effective employment creator. Secondly, it created demand in a great number and variety of other industrial branches and services. Moreover, the positive effects of the building industry in

the post-war Greek economy can also be seen in its contribution to balancing the country's external accounts, by attracting significant amounts of foreign exchange, as we have already seen in Chapter VI, and will also briefly examine below.

Let us first examine employment. In Chapter V we saw that the system of building production in Greece is characterised by extensive application of labour intensive methods. This, taken together with the considerable growth of the building industry during this period, explains why it has functioned as an effective creator of productive employment. The importance of this feature is underlined by the fact that the manufacturing industries established during this period were capital intensive and therefore had a relatively low capacity to create employment (Chapter II, Section II.4).

Unfortunately, there are no data for employment in the building industry as such, only for construction as a whole. However, an approximate estimate for the distribution of employment between the building industry and other construction can be derived from their output. As Table 22 of the main text (Section II.5) shows, the output of the building industry ranged between 64% and 75% of total construction output during the period under consideration. In other words, the building industry accounted for the bulk of construction output and obviously for construction employment.

Furthermore, it should be noted that as output per operative is less in the building industry than in 'other construction' applying higher technology (Section II.5), employment in the building industry is higher than the above percentages of output indicate. Table 40 below shows employment in industry in the period under consideration, manufacturing and construction in particular.

As this Table shows, at the beginning of the period under consideration, that is in 1951, employment in construction was approx. 14% of total industrial employment and 2,4% of total active population. Between 1951 and 1961 it grew to 24% and 4,8% respectively. In 1971 it was 30% and 8,1% respectively, reaching in 1981 31% and 9,7%, then representing one third of total employment in the secondary sector. In absolute numbers, employment in construction industry between 1951 and 1981 grew by 251.000 while in the rest of the manufacturing industries taken together grew by 214.000. That is, between 1951 and 1981 employment in construction more than quadrupled, while that of the manufacturing industries multiplied only by 1,5 times. It is interesting, therefore, to observe the relation between employment in construction and employment in the manufacturing industries. In 1951 this was 1 to 6,0, in 1961 1 to 2,9, in 1971 1 to 2,2 and in 1981 1 to 2. In other words, in 1981 employment in manufacturing industries taken together was just twice as employment in construction alone. Table 41 below compares growth rates of employment and output in the



Table 40 : Employment in Manufacturing Industries and Construction 1951-1981

<u>Industry</u>	1951		1961		1971		1981	
(a) Manufacturing	450.424	81,9	488.577	70,1	554.380	64,7	664.322	63,9
(b) Construction	74.959	13,6	167.364	24,0	256.424	29,9	326.390	31,4
(c) Other	24.835	4,5	41.314	5,9	45.912	5,4	48.382	4,7
	550.218	100	697.255	100	856.716	100	1.039.094	100

(a) : (b)                      6,0                      2,9                      2,2                      2,0

As a percentage (%) of the total active population

<u>Industry</u>	1951		1961		1971		1981	
(a) Manufacturing	17,3	19,9	27,0	30,9	14,1	13,9	17,5	19,7
(b) Construction	2,4	4,8	8,1	9,7	2,4	4,8	8,1	9,7
(c) Other	0,8	1,2	1,4	1,5	0,8	1,2	1,4	1,5

Source : Table 8 , 9 Appendix.

manufacturing industries and construction.

Table 41: Average Annual Growth Rates of Output\* and Employment in Manufacturing Industries and Construction

\* Value added (const.1970 pr.)

	Manufacture		Construction	
	Output*	Employment	Output *	Employment
	%	%	%	%
1951-1961	8,3	0,8	12,0	8,8
1961-1971	11,5	1,3	7,9	4,4
1971-1981	5,0	1,8	1,9 <sup>(a)</sup>	2,5

Note : (a) for the period 1971-79

Sources: Output : Table 15 in the Appendix and for 1981 Stat.Yearbook 1983,p.440. Employment: Table 8 in the Appendix

Thus, in the period 1961-71, for instance, while the growth rate of output in the manufacturing industries was 11,5%, the rate of employment increase was only 1,3%. In the same period, the growth rate of output of construction was 7,9%, while the rate of employment increase was 4,4%.

However, it should also be noted that among the manufacturing industries, those producing building materials employed a considerable number of operatives: approx.100.000 in 1975 as Table 42 below shows. If we assume, and we may

reasonably assume, employment in the respective industries rather increased than decreased between 1975 and 1981, the labour force employed in construction and related industries was about 425.000 in 1981, while employment in the rest of the manufacturing industries was about 560.000. It is evident that the building industry has played a very important role in employment creation during the post-war period in Greece<sup>3</sup>. This counterbalanced to some extent manufacturing industries' demonstrably poor ability to absorb the working force released from the agricultural sector, a great part of which was siphoned off by emigration, while another part was absorbed by services, as we have already seen in Chapter II, Sections II.3 & II.4<sup>4</sup>.

But the capacity of the building industry to activate the economy also stems from its close relation with many other industrial branches. Among all the commodities in the market, the building incorporates the greatest number and variety of raw materials, intermediate and final products<sup>5</sup>. In Greece the whole range of building materials and components is produced, for their greater part, domestically, the main exception being reinforcing steel and structural steel, which are to a considerable degree imported<sup>6</sup>. Greece is rich in almost all raw materials necessary for the production of building and its components, such as cement, stone, marble, clay, glass, etc.<sup>7</sup>. Therefore, their domestic production is relatively cheap, while imports would be relatively expensive, incurring significant transport costs,



more so as building materials are heavy and bulky. Moreover, as we saw in chapter V, the design of buildings and building components closely follow neither national nor international standards. Therefore, with a limited number of exceptions (e.g. sanitary ware) import substitution is not easy. In practice, imported building components have been used mainly for the construction of luxurious dwellings or buildings. These represent a small part of the total output of the building industry<sup>8</sup>.

However, in Greece the characteristics of the building industry were reflected to some extent in the industries related to it: many of the industries producing building materials and components are also labour intensive. Table 42 below shows the number of establishments and the average annual employment in the basic building materials industries. The Table distinguishes between large and small scale enterprises, the former comprising, according to the terminology of the Statistical Service of Greece, those employing 10 persons and more. This Table presents those industries that produce exclusively building materials, with the exception of few items. For example, the output of the category "Saw mills, planing and other wood mills", is not used only for the production of building materials, but for furniture and other articles. Therefore, only a part of the total labour employed in this branch, i.e. the initial processing of wood, is taken into the account, that is 5.000 out of 8.362, the first number being of course an estimate. The same

applies for building materials such as electrical cabling, boards, appliances etc., that belong to the wider category "Electrical machinery, apparatus, appliances and supplies". Again an estimate of the corresponding employment appears in the Table<sup>9</sup>. The total number of workers employed in the respective industries appear in the Table in brackets. Other industrial branches that produce building materials such as plastics, painting, etc., which belong to the wider category "Chemical Industries", do not appear in the Table, since one cannot trace, out of the existing statistical information, the percentage of output used in building production. Also, various metal articles used in buildings, such as products belonging to the category "Copper, bronze and lead articles", or "Iron castings", etc., do not appear in the Table for the same reason. Finally, employment in the category "Basic metal industries" is also excluded, because, as we have seen in Section II.4, they are in the main directing their output of selected products to exports, while other products of this category used by the building industry are mainly imported, as already mentioned. (See also Table 43 below). We may conclude that the aggregate employment appearing in Table 42 is an under-estimate. This also presents the number of operatives per establishment of each category.

Table 42 : Building Materials Producing Industries , 1975

	All Industry			Large Scale Indust.			Small Scale Indus.		
	Estab. No (1)	Average Annual Employm. (2)	Aver. Empl. per Est. (2) (1)	Estab. No (3)	Average Annual Employm. (4)	Aver. Empl. per Est. (4) (3)	Estab. No (5)	Average Annual Employm. (6)	Aver. Empl. per Est. (6) (5)
<u>QUARRIES</u>	779	7.147	9,2						
<u>WOOD &amp; CORK</u>	11737	(30.992)	2,6	329	( 9.125)	27,7	11408	(21.857)	1,9
o Saw mills, plan- ning & other wood mills ....	1368	( 8.362) 5.000*	6,1	71	( 4.330) 2.500*	61,0	1297	( 4.032) 2.500*	3,1
o Construction timber .....	7709	15.999	2,1	150	2.862	19,1	7559	13.137	1,7
<u>NON-METALLIC MINERAL PROD.</u>	5211	(37.277)	7,2	610	(22.765)	37,3	4601	(14.512)	3,2
o Structural clay products.....	443	5.514	12,5	180	4.328	24,0	263	1.186	4,5
o Glass & glass products	188	(3.183) 2.070*	16,7	45	(2.583) 1670*	57,4	143	( 555) 400*	3,9
o Cement	20	4.727	236,4	17	4721	277,7	3	6	
o Cement produc.	1266	6.746	5,3	115	3576	31,1	1151	3.170	2,8
o Lime, gypsum & stucco ...	436	1.911	4,4	41	678	16,5	395	1.233	3,1
o Pottery, china & earthenware	493	(5.039) 2.500*	10,2	68	(4.006) 2.000*	58,9	425	(1.033) 500*	2,4
o Marble proces.	1655	8.516	5,2	128	2.605	20,4	1527	5.911	3,9
o Miscellaneous	710	1.686	2,4	16	268	16,8	694	1.418	2,0

Continued ....



Table 42 (continued) : Building Materials Industries, 1975

	All Industry			Large Scale Indus.			Small Scale Indust.		
	Estab. No (1)	Average Annual Employment (2)	Aver. Empl. per Est. $\frac{(2)}{(1)}$	Estab. No (3)	Average Annual Employment (4)	Aver. Empl. per Est. $\frac{(4)}{(3)}$	Estab. No (5)	Average Annual Employment (6)	Aver. Empl. per Est. $\frac{(6)}{(5)}$
<u>METAL PRODUCTS</u>	13055	(51.044)	3,9	590	(22.702)	38,5	12465	(28.342)	2,3
(exc. machin.)									
o Building Mater ials, Metallic (a)	6621	18.909	2,9	165	4.492	27,2	6456	14.417	2,2
o Plumbing & Hous. applian. (exc. elect.)	2291	7.215	3,2	70	1.660	23,7	2221	5.555	2,5
o Iron Pipes	60	2.862	47,7	42	2.774	66,1	18	88	4,9
<u>ELECTRICAL MACH., APPAR. APPL. &amp; SUPPL.</u>	3706	(25.632) 5.600*	6,9	325	(18.248) 3.970*	56,2	3381	(7.384) 1.630*	2,2
<u>BASIC METAL INDUSTRIES</u>	43	(9.557)	222,3						
<u>TOTAL EMPLOYMENT</u>		<u>96.402</u>			<u>41.751</u>			<u>54.651</u>	

Notes

\* Estimate

(a) Window and door frames of metal, railings, and other metallic const.

Source : Statistical Service of Greece, "Annual Industrial Survey for the year 1975", Athens 1980, pp. 18-30

Thus, that many industries producing building materials and components are labour intensive is reflected, first, in the aggregate numbers of the above Table. Out of a total employment of 94.600, 41.750 workers are employed by large scale establishments and 54.650 by small scale ones; that is, the majority are employed by small establishments (employing below 10 operatives). As a rule these apply labour intensive methods, some nearer to handicraft than industry proper<sup>10</sup>. This is especially true for wood products, such as window and door frames, staircases, etc., comprised in the category "construction timber". Average employment per establishment in this category is 1,7, the lowest in the Table. The similar category "building materials, metallic", which comprises metallic window and door frames, railings, etc., also employ a low number, 2,2 of workers per establishment. This is explained by the fact that both these categories of products are bespoke, i.e. there are specific designs for each buildings (see also Chapter V).

As might be expected, the average number of operatives per establishment varies according to the different categories of building materials. Also, of course, in all categories, there are 'small' establishments side by side with bigger ones, that is establishments classified as large scale industry (above 10 operatives per unit). If 'construction timber' holds the lowest position in a hypothetical technological ladder corresponding to the various building materials, 'cement' holds the highest. An indication to this is

the average number of operatives per establishment, the highest in the table, i.e. 277,7. In this case the average conceals the relatively high concentration of labour and capital intensity. Four establishments (out of the 17 appearing in the Table) monopolise the market. Two of them rank among the first 10 biggest manufacturing enterprises of the country<sup>11</sup>. As mentioned in Chapter V, the cement industry is vertically integrated, including manufacture, ready-mixed concrete (nowadays the generally accepted method of batching and mixing concrete) and placing concrete in e.g. the foundations and structure of buildings. It should be noted that the majority of buildings in Greece have concrete structures, with the exception of industrial buildings which sometimes have steel structures. Finally, cement producing industries are also active exporters; by the early seventies roughly 10% of their output was exported to Middle East and to other Mediterranean regions. They are also mixed enterprises drawing on Greek-foreign capital. Foreign capital is also invested in other categories of large scale building materials industries<sup>12</sup>.

It is worth while to mention here the case of Basic Metal Industries. In Section II.4 we saw that these industries reported not only the highest rates of growth, but also the highest percentage of exports, especially during the sixties. Below we will see that while the country is almost self-sufficient in all other categories of building materials, for reinforcing and structural steel she relies



heavily on imports. This is another illustration of the disassociation of industrial production of this period from domestic demand and its orientation to the world market, as we extensively analysed in Part I. It is also worth noting that in 1975 the Basic Metal Industries employed 9.500 operatives, while small industries, actually handicraft workshops producing metallic building components, employed approx. 19.000 operatives.

However, the percentage of imports in total 'inputs' of the industry confirms the building industry is a sector supported by an integrated basis of production, that is, embracing all the stages from the raw materials to the finished product. The following Table shows the inputs of construction in 1966 and the share of domestic and imported building materials<sup>13</sup>.

Table 43: - Main Inputs of Construction  
 - Domestic and Imported Building Materials 1966  
 (in m.drch.)

	Inputs (1) =(2)+(3)	Domestic Products (2)	Imports (3)	(3):(1)
1. Quarries	901	880	21	2,3%
2. Wood and Cork	1.663	1.612	51	3,1%
3. Cement	1.473	1.469	4	0,3%
4. Glass & Glass Products	392	352	40	10,2%
5. Other Non-metl.Min.Prod.	2.493	2.147	346	13,9%
6. Products of Basic Metal.Ind.	1.091	208	883	80,9%
7. Metal Products	2.120	1.808	312	14,7%
8. Ellectr.Machin., Appl.,etc.	1.735	1.406	329	19,0%
- Total Building Material Inputs	11.868	9.882	1.986	16,7%
- Other Inputs (a)	6.020	6.020	-	
- Total Intermediate Inputs	17.888	15.902	1.986	11,1%
Value Added	12.191			
Total Inputs	30.072			

Note: (a) Transportation , Commerce, Bank transactions, and other services

Source: P.Kassimatis, "Construction in Greece", Centre of Planning & Economic Research, Athens 1976, pp.80 & 142

As P.Kassimatis points out:

"The percentage of imported goods for most categories of building materials is astonishing low, with the exception of 81% for the products of the basic metal industries, and 19% for electrical appliances. Therefore, the ability of the building material industries to provide almost all the materials that construction need, constitutes a significant economic factor, which exerts an

influence upon the whole economy . . . ." <sup>14</sup> .

As is shown in the Table, in 1966 imported building materials represented only 17% of total inputs to construction. More recent calculations, estimate this percentage at around 15% in the early eighties <sup>15</sup> .

We may therefore conclude that the growth of the building industry stimulated growth in many other branches of the manufacturing sector. It furthermore kept many services busy (commerce, transportation, the related professions, etc.). The necessary multiple linkages between the building industry and other branches of the economy, together with its ability to create employment, explain the function of the building industry as a stimulator of the Greek economy in the period under consideration <sup>16</sup> .

The importance of these characteristics of the building industry is even more pronounced as the manufacturing industries established during this period, failed to display analogous behaviour. As we saw in Section II.4, the industrial development of this period was concentrated in selected branches of the manufacturing industry, and within these branches quite often to partial phases of the manufacturing process, while other phases were carried out elsewhere, outside the boundaries of the domestic economy. Their growing output had to rely on growing imports of raw and intermediate products. This type of manufacturing production is characterised



by the relative absence of backward and forward linkages, with the consequence that growing output failed to produce significant multiplier effects upon the economy. We also saw that this type of industrial development not only failed to create an integrated industrial base, but some times even resulted in the disruption of previously integrated branches of production, such as for instance, the clothing industry. It is not therefore accidental that the building industry stood out as a stimulator of the economy.

There is a further important aspect of the role of the building industry within the post-war Greek economy, namely its contribution to the external accounts. As we saw in chapter VI, the building industry attracted and absorbed important amounts of foreign exchange inflows, in particular the savings of Greek emigrant workers and seamen as well as the Greeks of "Diaspora". As we saw in that Chapter, these savings appear in the external accounts of the country under three categories: (1) Foreign exchange explicitly entering the country for "real estate purchases". (2) "Foreign exchange deposits", representing mainly deposits of emigrant workers and seamen, a great part of which was absorbed by the building industry. This category of inflows developed mainly in the seventies. (3) Emigrants' and seamen's remittances, which were only partly and indirectly directed to the building industry.

The significance of these categories of inflows is clearly shown in Table 35 in the Appendix. By 1965 (in fact as early as 1960) and for the rest of the period under consideration, the invisible earnings (emigrants' and seamen's remittances and tourist receipts being the most significant components) surpassed earnings from commodity exports. On the other hand, the inflows of "real estate purchase" and "foreign exchange deposits" constituted a considerable part of the inflows classified under "capital movement". Especially in the seventies, these two latter categories of inflows surpassed, as a rule, net inflow of capital entering the country for entrepreneurial purposes (see Table 38 of the main text and Table 35 in the Appendix). 'Real Estate' inflows in particular being significant all during the period under consideration, increased rapidly in the seventies, demonstrating the importance of the effects of the building industry in this context. It should also be pointed out that, while capital entering the country for entrepreneurial purposes is as a rule partly re-exported together with profits<sup>17</sup>, the other categories of inflows discussed above remain in the country permanently<sup>18</sup>, contributing both to the balance of the external accounts and to the economy as a whole. The following Table shows the contribution of inflow "for real estate purchase" and "foreign exchange deposits" to the current accounts of the country:

Table 44 : The Contribution of Inflow for Real Estate Purchase and Foreign Exchange Deposits to the Balancing of the Current Accounts Deficit of Greece. 1965-1980. in m.dollars

	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>
<u>Current Accounts Deficit</u>	268	235	187	235	350	405
Inflow for Real Estate Purchase (a)	58 22%	65 28%	55 29%	76 32%	80 23%	96 24%
Net Inflow of Foreign Exchange Deposits					23 7%	43 11%
	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>
<u>Current Accounts Deficit</u>	332	397	1187	1238	957	932
Inflow for Real Estate Purchase (a)	122 37%	172 43%	268 23%	245 20%	299 31%	295 32%
New Inflow of Foreign Exchange Deposits	85 26%	152 38%	121 10%	104 8%	267 28%	330 35%
	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>		
<u>Current Accounts Deficit</u>	1080	957	1882	2216		
Inflow for Real Estate Purchase	363 34%	410 43%	592 31%	599 27%		
New Inflow of Foreign Exchange Deposits	390 36%	386 40%	46 2%	199 9%		

Note (a) : See note to Table 35 in the Appendix

Source : Table 35 in the Appendix



As this Table shows, in the sixties inflow for "real estate purchase", covered a 22% to 33% of the deficit on current accounts. In the seventies inflow for "real estate purchase" plus net inflow of "foreign exchange deposits" covered a 33% to 83% of the same deficit.

Finally, an important aspect of the role of the building industry within the Greek economy has been the influence it has exerted upon the general level of wages. Wages and salaries have been restrained by political measures since the early fifties<sup>19</sup>. During the whole of the fifties wages remained low<sup>20</sup> as unemployment increased to reach record levels by the end of the decade<sup>21</sup>. However, the phenomenal rates of emigration during the fifties and sixties<sup>22</sup> gradually exhausted the reservoir of the unemployed hands; shortages of the workforce appeared in certain sectors of the economy by the mid-sixties<sup>23</sup>.

The mid-sixties onwards is also a period marked by a progressive increase of wages, including a significant increase of wages in the building industry. According to E. Kouloubis, a builder, later president of the Technical Chamber and Minister in recent administrations, by the mid-sixties wages in the building industry had increased to twice their level at the beginning of the decade<sup>24</sup>. The negotiating strength of the building workers was then such that they also imposed a reduction of the working day in building works from 8 to 7 hours<sup>25</sup>. In fact a dynamic labour

movement emerged during the sixties with the building workers in its lead<sup>26</sup>.

Wage increase in the building industry were soon transmitted to other industrial sectors, as the building industry competed with them for labour to make good the shortages observed from the mid-sixties onwards<sup>27</sup>. As P.Kassimatis points out:

".... The workers in construction are generally better paid than the workers in other industrial branches. There is a tendency for increase of wages in construction, which permanently accompanies the increase of the output of this sector. Construction firms do not seem to be in a position to reverse this tendency and they give the impression that they take it for granted....".

The author points out that higher wages in construction than other industrial sectors are observed in many countries<sup>28</sup>, to conclude:

".... It amounts to an irony the fact that construction, a sector with low productivity and limited potential for improvement, due to technical and institutional factors, can set the standard of wages for industry as a whole, both in developed and developing countries.... Wages in construction increased rapidly and there is no indication that the rate of increase will slow down in the near future, due to the rapid increase of the demand for construction and the deficiencies

in the structure of this sector..... The great number of small enterprises and their inability to exert restraining influence upon wages, is a natural consequence of the peculiar structure of this sector ...."29.

The positive effects of the growth of the building industry on the post-war Greek economy at large, is recognised in the "Introductory Report" of the bill for the "Public Enterprise of Urban Planning, Settlements and Housing". The Report argues for revised official views about the role of the building sector in the Greek economy pointing out that:

".... the Housing Sector ..... has had a clearly productive contribution on a national level.... The significance of the housing sector for the satisfaction of both individual and social needs is universally known and accepted. But what must be emphasized is the organic relation between the building industry and the post-war economic development of Greece. In particular, it must be emphasized the following:

- its direct and indirect influence upon employment, especially of the unskilled labour force ....
- its close interaction with all branches of the manufacturing production and its role as a "stimulator" through the mobilization of the main industrial sectors of the country and the absorption of the 50%



to 100% of their output.

- its positive influence upon the balance of payments: its small content in imports, its capacity to attract foreign exchange that belongs to Greeks living in foreign countries and Greek workers abroad, the decrease of luxury imports due to the direction of consumption towards a sector which is satisfied by 90% with domestic production"<sup>30</sup>.

## VII.2 The Building Industry and the Distribution of Incomes. The Social Classes Involved.

In this Section we examine the effects of the system of building production on the distribution of incomes. Chapter V reached the conclusion that the system of building production in Greece approximates to petty commodity rather than capitalist production proper. As we then demonstrated, there is no significant amount of capital concentrated at any point of the building production circuit. Thus, a main builder can make a start and carry on with work on a small amount of working capital: there is no requirement to buy land, equipment, or to employ labour directly. In essence, builders organise the circuit of production and the sale of the flats, functioning, we may say, as managers rather than entrepreneurs proper. In fact, involvement in building activities does not usually result in any considerable accumulation of capital, rather it provides with an income sufficient to raise builders' standard of living, but not large enough to make most builders capitalists. As we mentioned in Chapter V, main

builders are often engineers. It is not uncommon for engineers to be occupied as builders during periods of boom, and to abandon this activity to become public or private employees during recessions.

In turn subcontractors are craftsmen rather than entrepreneurs proper. Characteristic of this situation is the fact that quite often they directly participate in the production process, and the gap between subcontractors and building workers is not unsurmountable. Not rarely subcontractors are former building workers. Accordingly, the income they get out of this activity is also sufficient to raise their standard of living, but not large enough to make them capitalist entrepreneurs.

We may therefore conclude, that the wealth produced within this sphere of economic activity is not concentrated into few construction firms, but it is distributed as the income of numerous individuals involved in the corresponding circuit of production. This is the immediate outcome of the fact that at no point of the production circuit is there concentrated any substantial amount of capital. But the picture is not complete without taking account of land as a factor affecting income distribution.

As we saw in Part I (Section II.1 & II.3), the rural population are owners of small plots of land. This is true also for a considerable part of the urban population. Chapter

V explained how the system of "antiparochi" has functioned within this context of land-ownership in Greece<sup>31</sup>. Thus, through the system of "antiparochi" the petty landowner acquires both his family's dwelling and one or more flats which subsequently are let out for rent. In this way petty land owners are transformed into petty rentiers. This is how a numerous class of petty rentiers has sprung up in the urban centres during the period under consideration<sup>32</sup>. Here again, income in the form of rent, accruing to the landowner, is sufficient significantly to raise living standards, but not sufficient to create capitalist landlords.

Table 45 below shows income from rents of buildings in 1980, in the context of income of workers, employees and pensioners, while Graph 14 shows the respective relative frequency histogrammes. The number of taxpayers declaring income from building rent (562.840) represents one third of total number of taxpayers (1.547.262) in the same year<sup>33</sup>. However, it must be noted that the peasants are not obliged by law to declare income from agricultural works. On the other hand, a considerable number of taxpayers appearing in the Table are owner occupiers, since there is a tax on owner-occupation; i.e. every owner occupier (an individual or a family) is considered to "earn" an additional income corresponding to a notional rent. This is added to the individual's real income and is taxed. This explains the large number of taxpayers and rental income in the lowest income bracket (i.e. up to 150 thous.drch.). Unfortunately, there is no

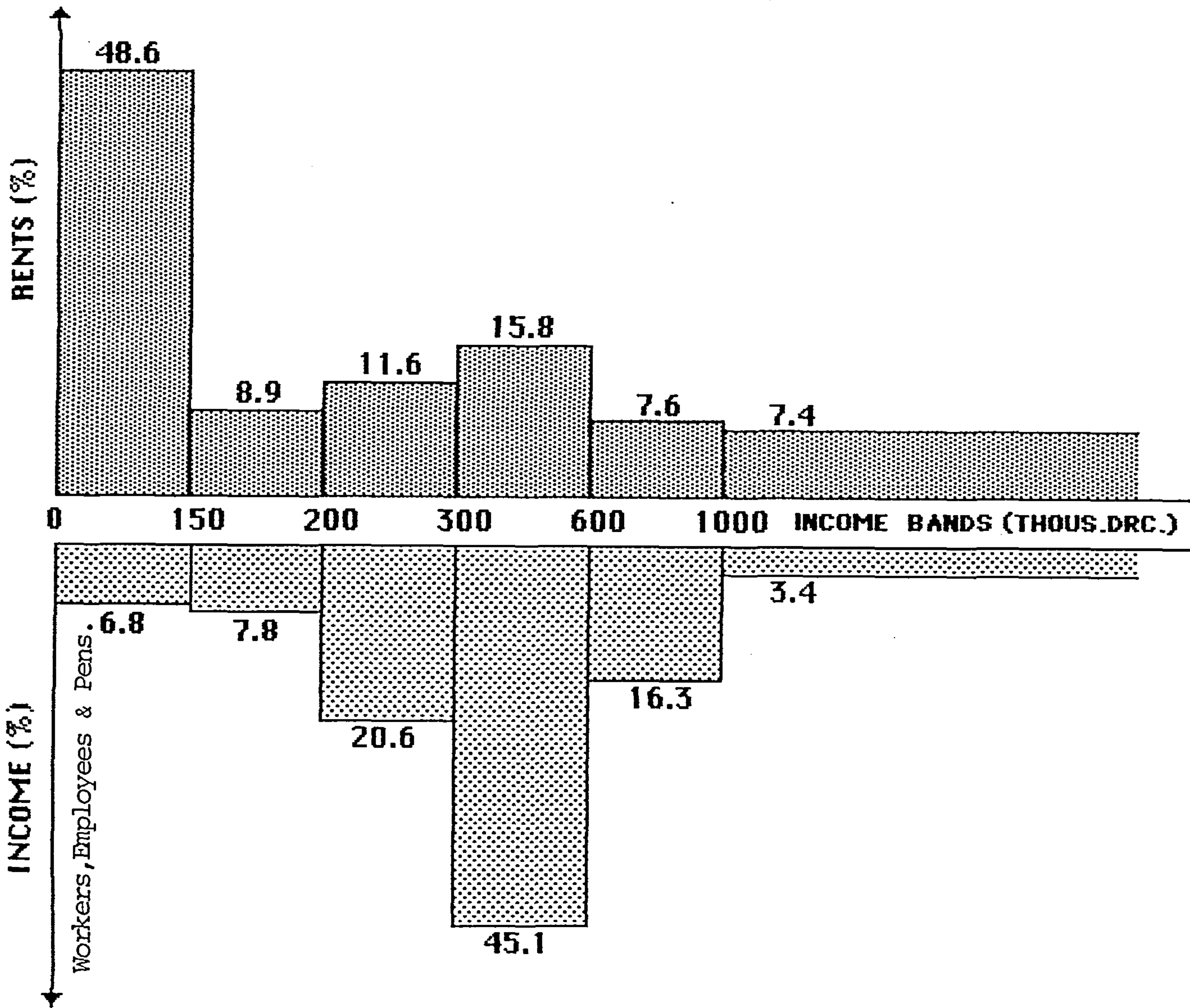


Table 45 : Declared Income from Building Rents and Income of Workers, Employees & Pensioners, 1980

INCOME BRACKET (in thous.drch.)	INCOME FROM BUILDING RENTS (a)				INCOME OF WORKERS, EMPLOYEES & PENSIONERS			
	No of Taxpayers (%)	Declared Income (In thous.drch.)	(%)	Mean Income (In thous.drch.)	No of Taxpayers (%)	Declared Income (In thous.drch.)	(%)	Mean Income (In thous.drch.)
up to 150	461.900	20.619.929	48,6	45	212.608	20.328.623	6,8	96
150 - 200	21.931	3.784.916	8,9	173	133.877	23.426.599	7,8	175
200 - 300	20.332	4.923.957	11,6	242	247.916	61.447.996	20,6	248
300 - 600	16.484	6.708.574	15,8	407	330.326	134.672.064	45,1	408
600 -1000	4.319	3.233.712	7,6	749	66.288	48.714.996	16,3	735
1000 and above	1.874	3.127.280	7,4	1.669	7.894	10.198.606	3,4	1.292
	526.840	42.398.366	100,0		998.909	298.788.884	100,0	

Source : "Statistics of the Declared Income of Taxpayers and its Taxation in the Economic Year 1980", Statistical Service of Greece, Athens 1982, p.35.

Notes : (a) This includes a notional rent income from owner occupation  
(b) At 1980 exchange rates, 1E = 111 drch.



Graph 14 : Income from Building Rents and Income of Workers Employees and Pensioners, 1980.  
Relative Frequency Histogramme



information available to distinguish owner occupation from rental income as such. However, it can with certainty be assumed that owner occupation falls by and large into the lowest income bracket. It is worth noting that the notional rent upon which owner occupation tax is calculated is as a rule lower than actual rents.

As Table 45 and Graph 14 above show, 93% of all declared income from rent (owner occupation included) falls into income brackets below 1.000 thous. drch. per year (=9 thous. £), while only 7% exceeds this ceiling. Mean rental income in the highest income bracket (i.e. above 1.000 thous. drch.) is 1669 thous. drch. per year (that is 15 thous. £): a fair but still a modest income. The lowest income bracket apart, the larger share of income from rent falls into income brackets 200-300 thous. drch., 12%, and 300-600 thous. drch., 16%. It is worth noting that the greater percentage, 45%, of incomes from employment falls into the income bracket 300-600 thous. drch. per year, while another 16% falls into the 600-1000 income bracket. Finally, a 3,4% of income from employment exceeds the 1.000 thous. ceiling, with a mean income 1.292 thous. drch. per year, this again giving the context of the highest rental income. It is evident that there is no significant concentration of rented building property. On the contrary, there is a great diffusion of built property among a large number of small owners<sup>34</sup>. All social categories receive rents, especially the middle and lower classes as is shown in Table 46 below. This Table presents income from rent



Table 46 : Declared Income from Building Rents According to Group of Profession 1980

INCOME FROM BUILDING RENTS (a)

	m. of drch.	% of total Income
<u>GROUP OF PROFESSION</u>		
(i) Rentiers	10.016,1	23,6
(ii) Merchants, Industrialists, & Craftsmen, who (ii1) do not keep books of category B (ii2) keep books of category B(c)	10.942,6 1.781,2	25,8 4,2
(iii) Workers, Employees & Pensioners	15.653,3	36,9
(iv) Liberal Professions	3.777,1	8,9
(v) Other	228,0	0,6
TOTAL	42.398,3	100,0

Notes: (a) This includes a notional rent income from owner occupation

(b) "Rentiers" are taxpayers who declare no other source of income.

(c) Establishments keeping books of category B, according to the Greek tax system, are large scale establishments, defined according to their yearly turnover.

Source : "Statistics of the Declared Income of Taxpayers and its Taxation in the Economic Year 1980", Statistical Service of Greece, Athens 1982, p. 19

according to group of profession in the same year (1980). Unfortunately, the number of taxpayers in each category cannot be derived from the statistical information available.

As this Table shows, the three categories, workers, employees and pensioners, small businessman, and the liberal professions, belonging to the middle and lower classes, net 72% of total income from building rents. On the other hand, the category of "rentiers" appearing in the Table, that is taxpayers who declare no other source of income, may be assumed to belong to the various social categories, mainly the middle classes. Finally, high income groups, e.g. industrialists [category (ii.2)] net only 4% of total income from rents. The same picture emerges from Tables 39 & 40 in the Appendix that record incomes from building rents and employment in 1970.

However, in order to grasp the full dimensions of this mechanism of distribution of incomes in post-war Greece, it is necessary to take into account the fact that it functioned both in the urban centres and the rural regions. Tourism has been a major factor affecting virtually every rural region in post-war Greece. Whole villages, or entire regions, that were almost deserted due to the rural exodus, have been revived and subsequently rebuilt to house various tourist services. To give just an indication of the dimension of this phenomenon, suffices to mention that by the late seventies about 5,5 m.

tourists were visiting the country each year, or more than one half of the total population<sup>35</sup> (9,7 m. in 1981).

In the provinces the system of building production has been the same with that developed in the urban centres, with the exception of large hotels erected by big construction firms (Section II.5). Characteristically, the majority of tourist beds are in the form of tourist lodgings such as pensions, or bed and breakfast establishments, and even extensions of peasant dwellings<sup>36</sup>. In this way, income distribution, described above, is reproduced in these areas. The counterparts of urban petty landowners are rural landowners. The latter may be still peasants in the region, or former peasants who have abandoned an idle plot to emigrate to the urban centres or abroad.

Finally, it is not accidental that in Greece the great majority of the population are owners of a descent dwelling. Thus, according to the census of 1971, 70% of all households in Greece live in their own houses and only 25% in rented houses (the remaining 5% being either not in use or given to use without rent). In urban centres the corresponding percentages are 58% and 40% respectively<sup>37</sup>. These are the highest in the EEC, as the following Table shows:



Table 47 : Owner Occupation and Rented Occupation in Western European Countries - Percentage Distribution

	<u>Year</u>	<u>Owner</u> <u>Occupation</u>	<u>Rented</u> <u>Occupation</u>
U.K.	1971	50,1	49,7
France	1968	43,3	44,4
Denmark	1970	47,0	48,6
W. Germany	1972	33,5	66,5
Italy	1971	50,9	44,1
Greece	1971	70,6	25,1

Note : The percentages appearing in the Table do not add up to 100 in all instances, as there is a category of dwellings either not in use or given to use without rent.

Source : "Conclusions of the conference: The European Community and the Greek Engineers", in "Technika Chronika" ( Technical Annals ), 1-3/80, p.30.

Therefore, considering the process as a whole, we may conclude that small land holdings and the fragmented plots within holdings have together prevented the accumulation of large plots and hence large scale capital intensive development. For traditional, social and structure of finance reasons "small" savings, as well as income from overseas, are channelled to building development. Small scale development is initiated with the builder as manager and coordinator with no land purchase and no substantial capital requirements, the execution of work undertaken by "journeymen" gangs. Projects are largely bespoke and draw on a mainly small scale materials/components industry. The growth, therefore, that has occurred has been

held within this circuit. The whole process has functioned as a mechanism distributing the benefits of growth on those involved. Petty land-owners have enjoyed owner occupation and often a modest rental income. Those directly involved in building and both the principals and operatives in the mostly small scale building materials industry have all extracted their dues. Little of the additional income has leaked to the financial sector, to large scale rentiers, or to the international industry. Therefore, the main beneficiaries have been the middle and lower classes.

However, the mechanism of income distribution described above, ultimately the conditions of land ownership upon which this mechanism is founded, may explain, among other factors that lie beyond the scope of our analysis, a riddle that puzzles many observers of contemporary Greece. Despite the rural exodus and the massive poverty the country experienced in the fifties and early sixties, a remarkable rise in living standards has subsequently taken place.

In Greece one does not meet striking class inequalities, neither the squalor characteristic of other peripheral countries or of the decayed inner cities of many developed countries. What is characteristic of Greek society, is the fact that the class boundaries between peasants, workers, and the petty bourgeois are not clear cut. There is high class mobility and the advance from one class status to a higher one is relatively easily achieved<sup>38</sup>. Yesterday's peasant is today's worker in an

urban centre in Greece or abroad, but still owner of a small plot of land or other forms of real estate. Yesterday's worker may be today's self-employed in numerous ways (e.g. subcontractors in the building industry, involved in tourist activities, etc.). In this way, the same individual often straddles more than one class characteristics, such as petty ownership of real estate, petty earnings from rent, wage earning, or employment by public or private agents<sup>39</sup>. Characteristic of this class structure is the fact that the children of both peasants and workers may be an engineer, a lawyer, a doctor.

### Conclusion

In this Chapter we examined the role and function of the building industry in the post-war Greek economy and demonstrated it has created significant productive employment, stimulated demand, and generated growth to related branches of the manufacturing sector. Furthermore, it has contributed to the balance of the external accounts of the country by attracting important sums of foreign exchange. These being absorbed by the building industry, remain in the country and further activate the economy. On the whole, the building industry has made a major contribution to the growth of the national income in the period under consideration.

Because of the mechanisms made plain in the analysis,



the growth of the building industry has been mainly beneficial to those directly concerned with the exploitation of the small holdings of land, whether rural or urban, by builders and building operatives, and by those involved in the typically small scale building materials industries. That is, the principal beneficiaries have been the middle and lower classes of society.

## SUMMARY AND CONCLUSIONS

During the post-war period the building industry acquired considerable dimensions as an economic activity in Greece and became one of the main sectors of the economy. This thesis examined the development of the building industry as an aspect of the overall transformation the Greek socio-economic formation experienced in this period.

The post-war period in Greece is marked by developments of major significance for the Greek economy and society. We have attempted to place these developments within the framework of wider processes that took place on a global level. In Greece, as in many other peripheral countries in this period, capitalist penetration in the form of direct investment, accelerated the industrialisation of the country, accompanied by a parallel process of decline of the importance of the agricultural sector in the economy and the overturn of the latter's traditional pattern. This process gave rise to a massive rural exodus and a concomitant urban expansion of unprecedented dimensions. This has been the background against which the housing question emerged as an issue of prime importance. Similar developments can be observed in other peripheral countries during

this period. Namely, the release of vast amounts of labour from the land and the migration of millions to the cities, on a scale unknown to any previous historic epoch. This was often marked by the eruption of shanty-towns in Third World cities, a development that manifests the dramatic dimensions of the housing question in these countries. However, in Greece the rural exodus did not lead to the formation of shanty-towns. This thesis unravels the factors that explain this important feature of the post-war socio-economic development.

The process of capitalist penetration in the periphery during this period has had various consequences in different countries, depending on the specific historical context and socio-economic structure. Thus, while in other peripheral countries, capitalist penetration entailed at least a partial transformation of agricultural production from traditional modes to capitalist production proper, the agricultural sector in Greece declined, relative to its pre-war importance, without experiencing any significant internal transformation, at least as far as the prevalent mode of production was concerned. Traditionally this has been petty commodity production, characterised by the fragmentation of land into small holdings and even smaller plots owned by peasant cultivators. Despite the abandonment of agriculture by large numbers of peasants and the rural exodus during the post-war period, this state of affairs has not been overturned. The petty commodity



system persisted as the prevalent mode of production, and there was no concentration of land holdings on any significant scale. The peasantry even when emigrating, retained ownership of land. In brief, the fragmentation of land ownership persisted during the post-war period. This played a very important role both in the way the housing question has been resolved in Greece, and for the structure of the building industry and its mode of production.

In contrast, the manufacturing sector of the economy experienced a major transformation during the same period, largely through the intervention of foreign capital. In this process, domestic has been merged with foreign capital. Consequently the orientation of the manufacturing production has been shifted from the domestic to the world market. However, this should not be taken to mean that a considerable section of traditional manufacturing industry and modes of production has not survived. All the same, the industrial development of this period did not lead to the formation of an integrated and complex industrial base in the country. On the contrary, it has some times even resulted in the disruption of previously integrated branches of manufacturing production. Thus, post-war industrialisation was often restricted to selected branches of industry and within these branches often, if not as a rule, to partial phases of the manufacturing process, while other phases were carried out outside the boundaries of the domestic economy. At the same time, advanced branches of manufacturing production were

characterised by capital intensive methods of production, as they had to be competitive in the international market. Therefore, they had a relatively low potential for employment creation.

However, the building industry grew retaining a mode of small-scale production, avoiding penetration by capital intensive methods and making few calls on domestic, let alone foreign capital. The non-building branches of the construction sector, on the contrary, developed exhibiting large-scale of operations, capital concentration and foreign capital participation. Nevertheless, the small-scale mode of building production accounted for the far greater part of output of construction as a whole.

A number of theories have been put forward to explain the character of the building industry, and the great significance it acquired in the post-war greek economy. The main thrust of these views is that the "housing sector is unproductive" and that it has absorbed disproportionately high levels of investment compared to other sectors of the economy. In the extreme this has been considered to be a form of distortion, stemming from structural weakness of the economy which, it is argued, have tended to favour unproductive rather than productive activities. When analysed these theories were shown to be unsound in that they treated the growth of the building industry in isolation. In other words, they failed to take into account the post-war processes and developments



that have provided the context of the industry's growth and explain its economic significance. Namely, the rural exodus, the urbanisation process, the overall transformation of the Greek economy and the consequent locational redistribution of economic activity. The explanation, therefore, resides in the response of the economy to the vast demand for houses and for buildings in general, and not to any distortion peculiar to the Greek economy. The failure to take proper account of post-war developments has also encouraged interpretations attributing the growth and significance of the building industry to the intervention of foreign interests, in terms of an in essence conspiracy theory. These arguments were also found to be untenable. Moreover, Greece was found to have had similar levels of "investment" in housing as other European countries and advanced capitalist countries in general.

Furthermore, we argued that the money spent by individuals to acquire dwellings cannot be considered as investment in fixed capital. Dwellings are not employed as means of production, or in general means of economic activity; they constitute consumer durables. Thus, the value of dwellings should not be considered as representing investment in fixed capital and therefore cannot be compared with investment in the various sectors of the economy, the building industry included. This line of attack prepared for a more general assault of the proposition "the housing sector is unproductive".



When dissected the assertion "the housing sector is unproductive" has been shown to resolve into the argument that this sector is unproductive because the house-building is an article of consumption and not a means of production. In response we pointed out that to single out one among the industries producing consumer goods,- the house-building sector-and name it unproductive, cannot be supported in a reasonable and consistent way. Moreover, the theoretical examination we pursued made clear that the house-building industry should be classified among the productive economic sectors. On the one hand, it transforms raw materials into a tangible useful product, the house, and thus belongs to the sphere of material production. On the other, it produces commodities sold in the market, bearing value and yielding profit. And there is consensus in economic theory that these two features, production of artifacts and generation of value and profit, define productive economic activity.

Having established the productive character of the building industry in theoretical terms, we proceeded to examine the system of building production in Greece, explaining the particular forms and features it has developed, including its sources of finance and its overall function within the post-war Greek economy. Building production in Greece is characterised by the small scale of production and the absence of concentration of capital. The capital requirements of builders are greatly reduced by the small scale of production together with the involvement of land

through the system of "antiparochi", a transaction not mediated by any transfer of money. In practice, building production in Greece is financed to a great extent by its future consumers, which places this system in a somewhat peculiar position between building to contract and speculative building.

This system of building production stems from and is explained by the conditions of land ownership, prevalent in both urban and rural regions. The extreme fragmentation of land holdings has led to the fragmentation of the building production into small units. So far the forces leading to land assembly are too weak to be effective. A natural corollary of this state of affairs is an almost unlimited variety of building design and layout and the great variety of building components, characteristic of building in Greece. In this way, the extreme fragmentation of land use and ownership prevented the concentration of the building production as a continuous activity (such as the volume house-building in the U.K.). At the same time, the homogenisation and standardisation of the building components has made little progress, thus preserving the complexity of site work and the craft-type labour necessary to carry it out. So long as these conditions prevail, building work cannot be reduced into few, simple and repetitive activities, elements or components, capable to be carried out by capital intensive methods of production. Thus, the conditions of land ownership in

Greece has stood as a barrier to the penetration of the building sector by 'big' capital.

These characteristics of building production are reinforced by the limited size of the industry's market, confined in the case of Greece by local boundaries. We saw that the extent of the market determines both the extent of the division of labour and the degree of mechanisation in any branch of industry. The market of the building industry is limited as compared to the market of most other sectors of the manufacturing industry. It thus constitutes an additional factor contributing to the low division of labour, the concomitant low degree of mechanisation and the overall labour intensive character of building production in Greece. However, the analysis has been extended to explain some aspects and characteristics of the building industry observed in the advanced capitalist countries, namely its relative technological lag and its relative lower concentration of capital compared to other sectors of advanced industry.

That the building industry in Greece has evaded capitalist penetration is also shown by the fact that it has largely by-passed the banking system. Up to the late sixties mortgage loans have been low, while loans to the building construction firms were virtually non-existent. Having established that money spent on housing should not be considered as a form of investment to be compared with investment in other sectors of the economy, the sources of savings directed



to housing were traced and analysed. This exposed the economic mechanism explaining the tendency of the middle and lower classes in Greece to place their savings in housing rather than on deposit with the banks. Thus, apart from savings originating from employment, or economic activity in general in the country, a significant part of resources absorbed by the building industry represented savings of emigrant workers and seamen, as well as of Greeks residing abroad. Moreover, apart from the rise of savings capacity of peasant families through multiple economic activities (agriculture, tourism and wage earning in the city, or abroad), the rapid rise of urban and rural land, as it was absorbed into urban land, also played an important role. An idle plot was often sold for the sake of acquiring a flat in the urban centres. However, this very rise of the value of land, as well as of real estate in general, explains the practice of the middle and lower classes in Greece to place their savings in real estate, housing especially. This choice is shown to have been economically rational; bank deposits have not even preserved their value against inflation in the periods marked by strong inflationary pressures. Considering the process as a whole, that is the rural exodus, urban expansion, the concentration of economic activities and opportunities in the urban centres, the rise in land values and the diffusion of land ownership, we concluded that the economic mechanism in question has functioned as a self-reinforcing system of

creating effective demand and at the same time providing the building industry with vital resources.

Now, building materials/components industry in Greece reflects the structure of the building industry in that it is home based, largely small-scale and labour intensive (the main exception being cement). The building and related industries embraced almost all stages from the rawmaterials to the finished products, amidst a manufacturing environment characterised by the relative absense of integration of the phases of production within the boundaries of the domestic economy. Thus, while the growing output of the advanced manufacturing plants established during this period entailed growing imports of raw materials and intermediate products, the building industry relied mainly on domestic production. Furthermore, it has created substantial employment and absorbed a significant part of labour released from agriculture, arising from its growth and labour intensive character. The building industry, therefore, created employment and stimulated demand and growth of industries related to it, as well as services, functioning in this way as an activator of the economy at large. This explains why it has been used by successive governments as an effective means for the implementation of anti-business cycle policies. Another important aspect of the role of the building industry within the post-war Greek economy, has been its contribution to the balance of the external accounts of the country, through the attraction and



absorption of important amounts of foreign exchange inflows, as a rule earnings of Greek nationals abroad. Moreover, these remain in the country for good. In contrast, inflows of foreign exchange entering the country for entrepreneurial purposes are as a rule partly re-exported.

The building industry developed without incurring significant concentration of capital within its boundaries, the system approximating to petty commodity rather than capitalist production proper. This has meant that the wealth produced within this sphere of economic activity has not been concentrated in few construction firms, but it has been distributed as income to the many people involved in the corresponding circuit of production. On the other hand, the conditions of land ownership and the way they have been involved in the production of the built environment in Greece, contributed to the diffusion of built property among all social categories, the middle and lower classes in particular. Owner-occupation represents a high percentage of total occupation in Greece, while income from rented property is also greatly diffused. Thus, the system of building production in its articulation with the conditions of landownership in Greece and the system of financing it developed, constitute the mechanism through which the housing problem has been met in Greece in spite of-and perhaps because of-an absence of State intervention.

We may therefore, conclude the building industry has



emerged as an important sector of the post-war Greek economy contributing both to the growth of the national income and the raising of the living standards, thus having a significant effect on the general socio-economic development of the country.

To conclude, it must be emphasized that this analysis of a specific sector within a specific socio-economic formation does not imply the conclusions can be generalised and propounded as a blue-print for development of other peripheral societies through small-scale commodity production<sup>1</sup>. This would entail the abstraction of an economic sector from the socio-economic and historical context within which it has functioned and developed. Among our efforts in this thesis has been to demonstrate such abstractions and generalisations are misguided and misleading.

## NOTES

### INTRODUCTION

1. For a thorough critique of this quantitative approach in the analysis of economic phenomena see, T.Szentes, "The Political Economy of Underdevelopment", Akadémiai Kiadó, Budapest 1983, esp. pp.15-26.
2. The term "social" or "socio-economic formation" derives from Marx's term "social form" in the Grundrisse. (See, Grundrisse, transl. by M.Nicolaus, Pelikan, 1973, pp. 469-514). The term has recently been used and systematized by the French Althusserian School, to mean society as a structured whole, historically determined. (See, L.Althusser, "For Marx", transl. by B.Brewster, Allen Lane The Penguin Press, 1971, Glossary, p.251). It is here used as synonymous to specific historical society.

### CHAPTER I

1. See, F.Fröbel, et al., "The New International Division of Labour", Cambridge Univ. Press, 1980, R.Jenkins, "Divisions Over the International Division of Labour", Capital and Class, N°22, 1984, pp.28-57.

2. See, B.Warren, "Imperialism and Capitalist Industrialisation", New Left Review, N°81, September-October 1973, pp. 3-44, A.Lipietz, "Towards Global Fordism?", New Left Review, N°132, March-April 1982, pp. 33-47, A.G.Frank, "Crisis in the Third World", Heinemann Educational Books, London 1981, R.Jenkins, op.cit., and F.Fröbel, et.al., op.cit.
  
3. See V.I.Lenin, "Imperialism the Highest Stage of Capitalism", in "Lenin , Selected Works", Progress Publishers, Moscow 1977, pp. 169-262, and R.Hilferding, "Finance Capital", ed. B.Bottomore, Routledge & K.Paul, London 1981.  
 It goes beyond the scope of this analysis to further distinguish into particular stages of capitalist development during the 19th and earlier 20th century, as for example the formation of monopolies and international monopoly associations in the last quarter of the 19th century, or the emergence of the predominance of the finance capital proper in the same period.
  
4. See, R.Luxemburg, "The Accumulation of Capital", Routledge & K.Paul , London 1971, Ch. xxx , pp. 419-445, and B.Warren; "Imperialism Pioneer of Capitalism", Verso, 1980, Ch.3, pp. 57-70
  
5. The incorporation of the periphery into the world-wide capitalist market has become a central point of analysis by the neo-marxist School, notably A.G.Frank. See his "Capitalism and Underdevelopment in Latin America", Monthly Review Press, 1969. See also I.Wallerstein, "The Capitalist World Economy", Cambridge Univ. Press, 1979. This however has been already examined by the classics like R.Hilferding (op.cit.), and R.Luxemburg (op.cit.) .
  
6. This does not mean that there was no impact upon the previously existing mode of agricultural or otherwise production in these countries. This problem however, does not come into the scope of the analysis we intend to undertake here.



For this issue see, "Marx and Engels on Colonialism", Laurence & Wishart, London 1960, where the destruction of the primitive communal land ownership and subsistence agriculture in the colonies is discussed. More recently this has been one of the issues debated within the problematic of "underdevelopment". However, it seems that the early commercialization of agriculture is not disputed. See, E. Laclau, "Feudalism and Capitalism in Latin America", New Left Review, N°67, May-June 1971, esp. pp.22-24. See also A.G. Frank, "Dependent Accumulation and Underdevelopment", Macmillan Press, 1978, esp. Ch. 6, pp.140-171.

7. See, B. Bluestone & B. Harrison, "The Deindustrialisation of America: Plant Closing, Community Abandonment, and the Dismantling of Basic Industry", New York, Basic Books, 1982. See also F. Blackaby (ed), "Deindustrialisation", National Institute of Economic and Social Research, Heinemann Educational Books, London 1978, and F. Fröbel, et.al., op. cit. F. Fröbel and his colleagues present abundant empirical evidence of the relocation of the industrial production of F. Germany to peripheral countries. It is worth quoting the words of a German manufacturer among the many cited by the authors, which show clearly and in a practical language the above trends:
- "...What we need is the consensus of all those involved - government, trade unions and firms - on the economic benefits of overseas involvement by firms... In the long run we can only retain highly sophisticated technology in the Federal Republic, that is, the manufacture of products with a high technology content. Simple mass production will become unprofitable here as wage costs are becoming too high. Everything under this threshold will have to be transferred abroad". Ibid., p.282. Former Chancellor Schmidt in an interview epitomized the prospects of the near future in the following way:
- "For the horizon of the year 2000 the Federal Republic would

- essentially be exporting patents, process technology and blue-prints". Ibid., p. 164.
8. See, F.Fröbel, et. al., op.cit. The authors of this book, although clearly grasp that the traditional international division of labour is undermined, and that "a new international division of labour is superseding the traditional one", seem unable to give to the concept of the new international division of labour a concrete content. See *ibid.*, Sec. 2.4, esp. p.44.
  9. By the term traditional agricultural economies we refer in the main to socio-economic formations characterised by the predominance of the agricultural produce in their domestic product.
  10. See, D.Goodman & M.Radclift, "From Peasant to Proletarian. Capitalist Development and Agrarian Transitions", Basil Blackwell, 1981. The authors discuss the divergent forms of capitalist transformation of agriculture in the peripheral countries, comparing these with the "two-class" model of agrarian transition drawn from the European historical experience.
  11. See, P.Dorner & R.Quiros, "Intitutional Dualism in Central America's Agricultural Development", in *Jrnl. of Latin American Studies*, 5,2, 1973, pp.217-32, M.Taussing, "Peasant Economics and the Development of Capitalist Agriculture in the Cauca Valley, Colombia", in J.Harriss (ed), "Rural Development. Theories of Peasant Economy and Agrarian Change", Hutchinson University Library for Africa, 1982, pp.178-205. See also C.Scott, "Peasants, Proletarianization and the

- Articulation of Modes of Production", in *The Journal of Peasant Studies*, 3,3, April 1976, pp. 321-41.
12. See, H.Jung, "Class Struggles in El Salvador", *New Left Review*, N°122, July-August 1980, pp. 3-25, G.Black, "Central America : Crisis in the Backyard" , *New Left Review*, N°135, September-October 1982, pp. 5-34. See also D.Goodman & M.Radclift, op.cit., M.Taussig, op.cit., and C.Scott, op.cit.
  13. *New Left Review*, N°135, September-October 1982, p.1  
For this process in its historical stages and perspective in Africa, see J.Woddis, "Africa, the Roots of Revolt" , Laurence & Wishart, London 1960, esp. Chs. 1 & 2. For the case of land evictions in the context of the \_\_\_\_\_ system, see A.Baldwin, "Uprooting a Nation. The study of 3 million Evictions in South Africa", Africa Publications Trust, London 1974.
  14. See, H.Jung, op.cit., esp. pp. 4-9, and G.Goodman & M.Redclift, op.cit., Chs. 4-6.
  15. The classic example of this process has been observed in England. See, E.P.Tompson, "The Making of the English Working Class", Penguin Books, London 1981, Ch. 7, esp. pp. 238-58. See also J.Merrington, "Town and Country in the Transition to Capitalism", in R.Hilton (ed), "The Transition from Feudalism to Capitalism", Verso Editions, 1978, pp. 170-195.
  16. See, K.Marx, "Capital" , vol. 1, Laurence & Wishart, London 1974, Chs. xxvii- xxxi .
  17. See, R.Luxemburg, op.cit., Chs. xxvii-xxix .
  18. The labour migration and the urbanization process has been analysed in terms of industrialisation in the peripheral countries by B.Roberts. However, the author stresses



- "urban economic dualism" as the framework best suited for the interpretation of the urbanisation process. See, B.Roberts, "Cities of Peasants", Edward Arnold, 1978, esp. Chs. 1,3,4.
19. See, "The Hamlyn Historical Atlas", ed. by R.Moore, Hamlyn 1981, pp. 164,65 . See also B.Roberts, op.cit., pp. 5-9.
20. See, A.Segal & A.Porrás, "The Urban Satellite: Colonizing Mexico City's Outer Space", in People, vol. 3, N°2, 1976, pp. 9-11. For the conditions of living in these settlements and their social implications, see H.Safa, (ed), "Towards a Political Economy of Urbanization in Third World Countries", Oxford Univ. Press, 1982.
21. Ch.Abrams , "Housing in the Modern World", London 1966, Forward, p. ix. For an overview of these developments on a world scale and for a projection of the future growth of the cities, see J.S.MacDonald and L.MacDonald, "Can the Cities Cope?", People, vol. 3, N°2, 1976, pp. 3-7
22. See, M.Landsber, "Export-led Industrialisation in the Third World : Manufacturing Imperialism", in The Review of Radical Political Economics, 11:4, 1979. See also A.G.Frank, "Crisis in the Third World", op.cit., Ch. 5, and F.Frobel, et.al., op. cit., esp. Ch. 5 and Part III.
23. See, F.Frobel, op.cit., esp. pp. 1-15 and 33-37.  
Of course this development is nothing more but the manifestation of a trend inherent in the capitalist mode of production, characteristic throughout its history. Namely, the incessant deepening of the division of labour and the incessant development of the technical division of the production process. Every stage of capitalist development is accompanied by higher technology, which develops the technical division of production and at the same time the social division of labour, to a higher level.

24. See, F.Frobel, et.al., op.cit., esp. Chs. 15-17, A.G.Frank, op.cit., Chs. 3 & 5, and S.Amin, "Unequal Development" , The Harvester Press, 1976, pp. 233-39.
25. The fragmentation of the production process in the peripheral countries, is often interpreted as a manifestation of the "dependent" development, or "unequal" development, or "distorted" development. (See for example, S.Amin, op.cit., pp. 198-239). However, this interpretation fails to grasp that fragmented, or partial manufacturing is not just assigned to the peripheral countries, but also to central capitalist countries. What else is but partial manufacturing process, when a metropolitan firm relocates certain stages of its operations to a low-wage country, while retaining others at home? The two sides of the phenomenon are closely interconnected. The difference between these two polarised groups of countries, i.e. central and peripheral, in this context, is that while the advanced capitalist countries have traditionally possessed a complex and fully integrated industrial base which is being gradually dismantled during the last few decades, the peripheral countries did not. The consequence is that the phenomenon becomes conspicuous in the latter countries, while in the former is still concealed.
26. See, F.Frobel, et.al., op.cit., Chs. 15,16 and A.G.Frank, op.cit., Chs. 3,5
27. k.Buckanan, "Center and Periphery : Reflections of the Irrelevance of a Billion Human Beings" , Monthly Review, vol. 37, N°3, July-August 1985, pp. 89,91.
28. F.Frobel, et.al., op.cit., p. 5, summarise as follows :  
 "... This reservoir of potential labour amounts to hundreds of millions of workers .... the cause must be looked for... in the destruction of small subsistence farming, the traditional modest basis for survival for large sections of the rural population who are then forced to migrate to the

cities... Transformed into proletarianised wage workers they are forced to seek employment regardless of the level of remuneration and under the most inhuman conditions merely to ensure their sheer physical survival. They constitute a nearly inexhaustible source of the cheapest and most exploitable labour in the underdeveloped countries".

29. See, UN, Economic Commission for Europe, "Economic Survey of Europe, 1965", Part 1, Ch. II, pp. 78 ff.

30. See, "The Hamlyn Historical Atlas", op.cit., Chart 83, pp. 154,55.



CHAPTER II

1. See, K.Vergopoulos, "The Agricultural Question in Greece", Exantas, Athens 1975, esp. pp. 49-63. (in Greek & French).
2. See, K.Tsoukalas, "Dependence and Reproduction. The Social Role of the Educational Mechanism in Greece, 1830-1922", Themelio, Athens, 1977, Ch.1,I, pp.69-84. (in Greek & French). See also, K.Vergopoulos, op.cit., ch. A & B, pp. 104-162.
3. See, K.Tsoukalas, op.cit., ch.1,I, pp. 69-84, K.Vergopoulos, op. cit., ch.3, pp.163-199. Land reforms took place in the period between the wars in other Balkan countries too, and led to the dissolution of the big land holdings and the establishment of small ownership as the dominant form of land ownership. See, N.Mouzelis, "Modern Greece, Facets of Underdevelopment", Exantas, Athens, 1978, p.217. (in Greek & English).
4. See, K.Tsoukalas, op. cit., Ch.1, II, pp. 85-96.
5. See, M.Nikolinakos, "Studies on the Greek Capitalism", Nea Synora, Athens 1976, pp. 31-37 . (in Greek).
6. See, A.G.Frank, "Dependent Accumulation and Underdevelopment", op. cit., chs. 3 & 6.
7. K.Tsoukalas, op. cit, p. 16, mentions: ". .Despite the disrupting pressures of the market, the dominant form of the small private ownership succeeded not only to survive, but also to consolidate itself . .".
8. See, K.Tsoukalas, op.cit., ch.2, V, esp. pp. 227-259, M. Nikolinakos, op. cit., pp. 37-40 and 55-57, N.Mouzelis, op. cit., pp. 38-46, 46-53 and 213-45.

9. This process has been interpreted in two main ways. According to one view, in spite of the integration of the Greek economy to the world market, capitalism has not been established in Greece, mainly because of the survival of pre-capitalist modes of production, both in agriculture and in the manufacturing sector, the "negative articulation" of pre-capitalist and the capitalist mode of production defining the "underdevelopment" of the Greek socio-economic formation (See, N.Mouzelis, *op.cit.*, esp. pp.34-53). On the other hand, others argue the opposite. Namely, that the small peasant farming has in Greece been fully integrated into the capitalist process of accumulation. The mechanism of the market and relevant state policies succeed in transferring the agricultural surplus to the capitalist sector proper. Within this theoretical scheme the small farmer is presumed to be subsumed by capital as if a rural proletarian, and the agricultural sector as a whole is thought to assume the "paradox" form of "capitalism without capitalists". The small peasant farming is therefore, not a precapitalist survival, neither does it hinder, but is reproduced by capitalism and contributes, according to this view, to its further development and expansion. (See, K.Vergopoulos, *op.cit.*, esp. pp. 198-199, 200-210, 286-293 . On this theoretical type of analysis see also, D.Goodman & M.Redclift, *op.cit.*, esp. pp.214-216. See also, S.Amin & K.Vergopoulos, "La Question Paysanne et le Capitalisme", Anthropos, Paris, 1977).
10. See, K.Vergopoulos, "Nationalism and Economic Development", Exantas, Athens, 1978, Ch . 1 (in Greek). See also, X.Zolotas, "Greece in the Stage of Industrialisation", The Bank of Greece, Athens, 1964 (in Greek, first published in 1926). See also, M.Nikolinakos, *op.cit.*, pp.50-55, N.Mouzelis, *op.cit.*, pp.38-46.
11. See, K.Vergopoulos, "Nationalism and Economic Development", *op.cit.*, pp.31,32 & 79,80, N.Mouzelis, *op.cit.*, pp. 40,41. See also, M.Nikolinakos, *op.cit.*, pp.52,55.



12. See, M.Nikolinakos, op. cit., pp. 45-47.
13. See, K.Vergopoulos, *ibid.* It is noteworthy here, that a boost of the domestically oriented manufacturing was observed in several countries in the same period. See for instance, Fröbel et al., op. cit., p.12.
14. See, K.Tsoukalas, op. cit., esp. Ch.3.
15. See, K.Tsoukalas, op.cit., Ch.2, V, esp. pp.227-259, N. Mouzelis, op. cit., pp.34-46.
16. The existence of this class gave rise to theories arguing that Greece belongs to the capitalist metropolies. (See, N.Psiroukis, "History of Modern Greece", Athens, 1975 , vol.2, pp.40,61. (in Greek). N.Poulanzas, in his "The Crisis of the Dictatorships", argues that Greece presents a particular "form of dependence" to the imperialist metropolis, this form having two aspects. One deriving "from the exploitation of the East Mediterranean (by Greece)", and the other deriving "from the blockage, due to several reasons, of an endogenous accumulation of capital at the right time". (See, N.Poulanzas, "The Crisis of the Dictatorships", New Left Books, London 1976, pp. 10-11). A similar view is expressed by K.Tsoukalas, op. cit., p.23: "... On the one hand, and as far as the immediate relations with the capitalist center are concerned, Greece presents the aggregate of the features that characterise in general the countries of the periphery. But on the other hand, as far as the specific relations that she developed with the combrador bourgeois class of the Mediterranean periphery, she presents certain phenomena which characterise the capitalist metropolis".
17. "The abolition of the quantitative restrictions, which took place in Greece to an extent that was observed to almost no other European country at that time, became certainly a basic factor for the restoration of the external transactions of the country".X.Zolotas, "Monetary Equilibrium and Economic Development", Bank of Greece, Athens 1964, p.149 (in Greek).



18. See, "The Fifty Years of the Bank of Greece", Bank of Greece, Athens, 1978, p. 394. (in Greek).
19. See, *ibid*, pp. 331, 389, 393. See also, X.Zolotas, *op.cit.*, pp. 172-174.
20. The constitutional protection to foreign capital meant that no subsequent government, nor even subsequent Parliament could revise the above legislative decree. Only a specially elected parliament for the revision of the constitution itself could reverse this state of affairs.
21. Mr. Zigdis, M.P. and former minister, on the occasion of the agreement signed by the government in 1960 with the firm Pechiney (aluminium production), stated in the Parliament the following: "Often, of course, we speak about the colonial exploitation of the backward countries. . . . it usually consists of the following: foreign capital moves to a country, builds there factories which use the raw materials and the cheap labour force of these countries . . . . . But at least, the capital, . . . is supplied by the foreign investors. They (the backward countries) just provide raw materials and labour force. They do not provide half of the capital to participate with 12% in the profits. [Reference is made here to the unprecedented concession by the Greek government to the Pechiney, whereby she provided half of the invested capital, and participated with just 12% in the profits]. Thus the agreement. . . is also in this respect original, in that . . . colonialism . . . is regenerated in Greece under quite a new form and with a guaranteed life of fifty years, . . . [Reference is made to the fifty years period of the agreement]." See, J.Zigdis, "The Aluminium Agreement", Reprint from the Proceedings of the Parliament, 17 November 1960, Athens, Dec. 1960, p.41 (in Greek). Professor A.Agelopoulos, an influential economist, commented on the agreement signed by the government in 1963 with the firm Thomas Pappas, a subsidiary of ESSO, in the following way: ". . One wonders how the government signed such

an agreement that undermines the very viability of the Greek economy. It is more than an agreement of a colonial character. Only the enemies of Greece could suggest such policies....But then, what else is left than Greece to become a tourist province of Europe?". Article in the jrn1. "Nea Economia" (New Economy), issue no 2, Athens 1963, p.98.

22. According to the LD 2687, "as capital of the exterior are also considered the commercial ships under the Greek flag, of a capacity above 1500 g.r.t., as well as the bank deposits of the Greek residents abroad". As it can be noticed, reference is made not to foreign capital, but to "capital of the exterior". Shipowner Lemos acclaimed LD 2687 as "a great step forward" and as "the foundation and framework of the enacted measures for the creation of the conditions that form the favourable climate for the return of our emigrant commercial navigation to the fatherland and its binding up with our national economy". See, A.Lemos, "The Navigation of the Nation of Greeks", Vol.B, Athens 1969, p.239 (in Greek). However, another commentator, Mr.Georgantopoulos, a specialist in navigation issues, and by no means hostile to the "emigrant commercial navigation", wrote on the occasion: "The conditions created by the LD 2687 for navigation are characterised by some people as a state of affairs amounting to capitulation and creating a situation humiliating for the prestige of the State. One cannot deny that there is an element of truth in this argument". Quoted by N.Staboulis & E.Batis, "The Great Greek Navigation", Athens, 1960, p.39 (in Greek).
23. "The Fifty Years of the Bank of Greece", op.cit., p.372.
24. "...At the beginning of 1953 the currency situation of the country had been generally improved. The average price level during 1952 had remained almost stationary, the pace of credit expansion had significantly slowed down, the deficit of the state budget had been cut down and the balance of payments improved", Ibid, p.390.



"At the time that the devaluation was effected the exchange rate of the currency in the free market was approximately at the same level with the official one, and there was no pressure whatsoever from individual or general changes of the exchanges rates abroad".

Ibid, p.394.

25. "The readjustment of the exchange rate and the gradual stabilisation of the domestic level of prices, removed a basic obstacle to the increase of capital inflows...." X.Zolotas, "Monetary Equilibrium and Economic Development", op.cit.p.149.
26. For instance, LD 4256/62 permitted an almost unfettered repatriation of capital and profits to exporting industries. Furthermore ,their exports were exempted from value added tax.Imported and domestic materials used in their production were also exempted from this tax.For detailed examination and accounts of this legislation and related measures see, D.Benas, "The Invasion of Foreign Capital in Greece", Papazissis, Athens 1976, pp.44-55 (in Greek), P.Roumeliotis, "Multinational Corporations in Greece", Papazissis, Athens 1978, pp.83-98 (in Greek), and H.Ellis, et al., "The Industrial Capital in the Development of the Greek Economy", Center for Planning and Economic Research, Athens 1965, pp.281-313.
27. See, "The Fifty Years of the Bank of Greece", op.cit., pp.571-2.
28. It is evident that this subsidy amounted to granting part of the wage cost of these industries, at the expense of the state budget. It was reduced in 1974 and in the following years with the aim of gradually eliminating it altogether, as it had provoked severe reactions from international institutions (GATT; EEC).They considered it to be a violation of the rules of free international competition. See, P.Roumeliotis, op.cit. p.94.
29. "The reason that we consider Greece as an attractive site



for the establishment of such an industry (aluminium production), is her great advantage as a country associated with the EEC, which enables her to export her products without duties to the countries that consume alumina and aluminium". Statement by Mr. Reynolds, an American businessman in aluminium production. See, "Economicos Tachidromos" (Economic Herald), No. 916, 11-11-1971, p. 4.

30. See, Fröbel, et., al., op. cit., p. 1-48.

In a publication of the Hellenic Industrial Development Bank we read; "Despite the importance of a domestic market as a factor conducive to economic development, further progress in manufacture is bound to depend primarily on making the most of the extensive opportunities offered by Greece's association with the EEC for the creation of export-oriented industries. For industries established in Greece, the entire EEC area will be a vast market of 180 million of consumers available to their products on the same terms and conditions as in the domestic market, since all tariffs on Greek industrial products exported into the Common Market will soon be completely eliminated. This significant advantage is bound to assist greatly in the development of industries producing for export. In this respect foreign entrepreneurial initiative and foreign investment capital are expected to play a major role in Greece. It should also be noted that another advantage which Greece presents as a base for export-oriented manufacturing operations is proximity to the countries of the Middle East and Africa, with which Greece already has close ties of friendship that would undoubtedly be of great help in promoting trade relations with these markets", in "Greek Industry in Perspective", Athens, 1967, p. 63.

31. See, H.Ellis, et. al., op. cit., p. 159.

32. Ibid, p. 303-4. Reference in this quotation is made to an unpublished text, "The Promotion of Foreign Private Investment in Greece", Athens 1961, by Dr. Winsenius, consultant to the OECD.

33. See, H.Ellis, et. al., op. cit., p. 304.
34. Ibid, p. 305.
35. This mission was established after the war to handle American aid and in particular the Marshal Plan Programme in Greece. EDFO operating under American supervision undertook the task of collecting the loans given through the Marshall Plan to various private enterprises. These loans amounted at the time to 78 m . dollars. EDFO backed also by state finance started its operations with an initial capital of 100 m . dollars.
36. Article 1, paragraph 2, of the agreement, cited by D.Benas, op. cit., pp. 41-43.
37. X.Zolotas, "Reconstruction and Viability", Papazissis, Athens, 1948, p. 29 (in Greek).
38. Ibid, p. 7. For similar views on the pre-war policies see also, G.Koutsoumaris, "The Morphology of the Greek Industry"; Center for Economic Research, Athens 1963, pp. 26-27, and H.Ellis, et. al., op. cit., pp. 238-240.
39. X.Zolotas, "Monetary Equilibrium and Economic Development", op. cit., p. 233.
40. K.Varvaressos, "Report on the Economic Problem of Greece", Athens, 1952, p. 216 (in Greek).
41. Greece was not the first country to face such policy dilemmas, nor the post-war period the first epoch to pose them . The most important precedent is perhaps that of the Soviet Union, that faced a similar dilemma in the 1920's. As it is known, this problem divided the Soviet leadership into two camps: the first with Bukharin in the lead, argued in favour of an equilibrium between agriculture and industry, and for a class alliance

between the workers and the poor and middle peasantry. The other camp, with Preobrazhensky as its theoretical spokesman, argued for industrial development at the expense of the countryside and at any political cost (breach of the class alliance between the workers and the peasantry, prosecution of the Kulaks). For the corresponding debate, see E.Carr, "Foundations of a Planned Economy, 1926-29", Vol. 1-I and Vol. 1-II, pp. 794-98.

42. For the impact of the civil war upon the initial wave of the rural exodus, see V.Filias, "Emigration and the Economic and Social Problems of the Country", in "Problems of Social Transformation", Papazissis, Athens 1974, (in Greek) p. 188.
43. There are not statistical Tables of the GDP for the period before the war. As for the Tables of the National Income available, they are rough estimates.
44. See, "The Fifty Years of the Bank of Greece", op. cit., p. 282. Perhaps this number is an overestimation.
45. See *ibid*, pp. 496-500. According to this source, between 1956 and 1966 the number of tractors increased from 13.757 to 59.999 that is by 336%, the number of threshers from 887 to 3.832, that is by 332%, the number of systems of artificial rain from 8.311 to 16.724, that is by 101%. In the same period the consumption of fertilisers increased from 420 thous.tonnes to 885, that is by 111%. The yield per stremma (=0,1 hectare) wheat increased by 25%, of maize by 65%, of cotton by 67%, etc. See also X.Zolotas, "Monetary Equilibrium and Economic Development", op. cit., p. 289, and K.Vergopoulos, op. cit., pp. 232-33.
46. See, K.Vergopoulos, "The Agricultural Question in Greece" op.cit., pp. 234-237.
47. S.Maximos, "The Five-year Programme and the Greek Reality",



in "Nea Economía" (New Economy) period., Sept. 1960, p. 698, points out to an increasing gap between falling agricultural prices and increasing manufacturing ones which depressed agricultural incomes.

L.Kamarinou, "Agriculture and Developmental Process in Greece", Nea Synora, Athens 1977, (in Greek), points out that the ratio of per capita income in agriculture to total per capita income shows a steady tendency to fall, the former being nearly half of the latter. See, *idib* pp.141-5. Also, Cf.K.Vergopoulos, *op.cit.*, pp. 238-40.

48. See, Agricultural Bank of Greece, "Estimates of the Cost of Products of Plant Production", Athens, 1969, (in Greek).
49. See, N.Psiroukis, "History of Modern Greece", *op. cit.*, vol.2, pp.137-8.
50. On this see also K.Vergopoulos, *op.cit.* p.224.
51. Public and church ownership of land persisted, although reduced, after the great land reform of 1917 and after (see above, Section II.1). Of course, such holdings still exist today, especially public ones. The land distribution in question was effected with the law 2185/15-8-52, whereby 6 million stremmas (1 stremma = 0,1 hectare) were distributed among landless peasants, or peasants with very small holdings. See, A.Moissidis, "The Social Stratification of the Post-war Greek Agriculture", in "Social Classes, Social Change and Economic Development in the Mediterranean", Institute of Mediterranean Studies, Athens, 1986, (in Greek), pp.107-108.
52. See also P.Avdelidis, "The Agricultural Economy", Gutenberg, Athens, 1975, (in Greek), pp.33-35, L.Kamarinou, *op.cit.*, Ch.I, pp.45-60, K.Vergopoulos, *op.cit.*, pp.212-213, X. Zolotas, *op.cit.*, pp.272 and 278-284.

53. In relation to this the agricultural census of 1971 is very revealing: 23% of the heads of the agricultural "enterprises" were older than 65 years, 44% older than 45 years, and only 32,9% between 25-44 years, and 9,4% between 15-24 years. See, P.Avdelidis, op.cit.,p.35.
54. On this see V.Filias, "Social Integration and Consciousness", in "Essays on Sociology",Boukoumanis, Athens 1976, (in Greek), p.52. See also, L.Kamarinou, op. cit., p.54.
55. The statistics do not give the number of the total agricultural population as such. But there are several indications that the majority of the population classified as semi-urban was preoccupied with agriculture, especially during the early post-war period.
56. For the rural exodus, urbanization process and the growth of the two greater conurbations of Athens and Thessalonika see G.Burgel, "Athens: the Growth of a Mediterranean Capital", Exandas, Athens 1978 (in Greek & French), D. Fragos, "The Economicly Active Population in Greece", National Center for Social Research, Athens 1980 (in Greek), pp.50-67, B.Kayser,et al., "Exode Rural et Attraction Urbaine en Grèce", National Center for Social Research, Athens 1971, Ch.Evelpidis, "The Rural Exodus" in J.G. Peristriany, ed., "Acts of the Mediterranean Sociological Conference", Athens 1963, pp.215-19.
57. See above Section II.2.
58. Statistical data about unemployment in the fifties and the sixties are not available; what is available is not reliable.
59. "Five Year Programme of Economic Development of the Country, 1960-64", Ministry of Coordination, Athens 1960 (in Greek).



60. See, T.Fotopoulos, "Dependent Development", in "Economikos Tachidromos" (Economic Herald), period, 10,17,24, July 1975 (in Greek). N.Psiroukis, "History of Modern Greece", op.cit., vol.2, p.112, and Th.Theodorou, "Data on the Contemporary Working Class in Greece", Athens, 1975, p.31 (in Greek).
61. "The demographic problem of the country presents itself as an acute problem of overpopulation . . . .", K.Sfiris (1931), quoted in the "Programme for the Reconstruction of the Country", op.cit., p.10. See also, X.Zolotas, "Reconstruction and Viability" Papazissis, Athens 1948, p.4, (in Greek).
62. See, V.Filias, "Emigration and the Economic-Social Problem of the Country" (first published in 1966), in "Problems of Social Transformation", op.cit., pp.194-95. See also, V.Valaoras, "Unfavourable Demographic Perspective", in "Nea Economia", (New Economy), period, No 12, Dec. 1965, pp.971-77.
63. See, "Emigration: A Blessing or a Curse", Series of articles in "Epoches" (The Times), period., Nos 21,22,23,24,26, 1965. See also, P.Merlopoulos, "The Greek Emigration", in "Nea Economia" (New Economy), period. , No 12, Dec.1965, X.Zolotas, "Emigration and Economic Development", Bank of Greece, Athens, 1966 (in Greek), V.Filias, "The Problem of Emigration in Agriculture", in "Nea Economia" (New Economy), per. No 2, 1963.
64. See Section II.2 .
65. "... The devaluation of the currency resulted to the creation of favourable prices for exports, while the prices of the imported goods, expressed in drachmas, were high. After 1953 the internal inflation of the period up to 1956 resulted to a considerable diminution of the price advantages en-



joyed by the domestic production", H.Ellis et. al., op. cit., p.247.

66. See, X.Zolotas, "Monetary Equilibrium and Economic Development", op.cit.,p.221. See also, H.Ellis et al.,op.cit., p.240:"...In 1956, when the rise of the internal level of prices counterbalanced to a considerable degree the effects of the devaluation, the Greek textile industry (the biggest by then sector of the manufacturing industry) started dismissing workers....".
67. For the downturn of the manufacturing investment late in the fifties, see,H.Ellis, et al., op.cit.,pp.42-44, see also, X.Zolotas, *ibid*, p.112.
68. "In 1950 the Public Power Corporation was established and it was not long before it became ...the organization with the biggest assets in Greece. It carried out an investment program unprecedented in this country, in size and scope of operation. On December 31 1966, its total assets amounted to 21,5 bn. drch.(717 m.dollars), of which 17 bn.drachmas (567 m.doll.) were in power generating facilities. With the establishment of the PPC the electrification of Greece proceeded by leaps and bounds. In fact, progress in the electric power sector has been much faster than in any other sector of the Greek economy...." in "The Greek Industry in Perspective", The Hellenic Industrial Development Bank, Athens 1967, p.65.
69. See, M.Nikolinakos, "Studies on the Greek Capitalism", op. cit., p.75.
70. The Commercial and Industrial Chamber of Athens complaining about the discriminatory policies of the state banks towards the smaller manufacturing units, pointed out that this situation was being exploited"... in many instances by foreign enterprises, that undertake investment in Greece un-

der the protection granted to them by the LD 2687/53. There are even cases whereby the Greek enterprises are forced to cooperate with foreign enterprises under unfavourable terms, in order to escape the consequences of an unequal competition". Bulletin of the Commercial and Industrial Chamber of Athens, No4, 1966, p.6 (in Greek).

71. In a study of the Centre for Economic Research and Planning, we read: "The association of Greece with the EEC, entailing the compulsory reduction of duties within a predetermined period of time, caused the downturn of investment in the established manufacturing sectors, at a time when their future appears uncertain. The major concern (of the authorities) today is to determine what part of the existing manufacture can be helped, in order to survive, and what branches present the best prospects of achieving a comparative advantage in the long run...". E.Ellis et al., op.cit., p.276.
72. See, N.Moussis, "Greek Industrialists and the Association of Greece with the Common Market", Ph.D.Thesis, California Univ., printed in Athens, 1969, p.90.  
The author points out: "...the association of Greece with the EEC was a rather exceptional case in which the interests of efficient industrialists, the leaders of the group, diverged radically from the inefficient industrialists, the rank and file. This fact, however, had a tremendous impact on the behaviour of the group...". Ibid, p. 69.
73. See, Hellenik Bank of Industrial Development, "Guide of Investment", Athens 1972, p.86.  
N.Svoronos, president of the Commercial and Industrial Chamber of Piraeus at the time, stated the following:  
"... Foreign capital is welcome in Greece, but under equal terms with the domestic one. We propose the creation of mixed en-



terprises as the most convenient form, since this will be beneficial to both the foreign investors, who are unable to know and adapt to the conditions of the internal market, and to the Greek industrialists, who in this way will adapt faster to the present organizational and technological progress", in "Naftemboriki" (economic newspaper), 14/10/1965.

74. D. Benas cites some characteristic cases: " ..The State Distillery of Aspropirgos (State-shipowner Niarchos-foreign capital), the Aluminium (Pechiney of France-Hellenik Bank of Industrial Development-Niarchos), the Chemical Industries of Northern Greece (French capital-the Greek capitalist Bodosakis-National Bank), ...", See, op.cit., pp.325-6.
75. For the LD 2687/53 see Section II.2 above.
76. See Section II.2, above. For the official registration of foreign investment in individual countries and its being greatly exceeded by the raising of local capital, see F. Fröbel et al., op.cit., pp.185-6.
77. See, N. Psiroukis, "History of Modern Greece", op.cit., vol. 2, p.58. This however, may be an overestimation.
78. This capital is characterised as foreign capital, although it is owned by Greek nationals, because it has been accumulated through international activities. In other words, it has been created outside the Greek economy (See also Section II.1). This capital often enters Greece as a typical foreign capital in one of the foreign hard currencies. Often it is not every traceable, or distinguishable, as it intertwines with other capital, under the banner of multinational corporations, and enters the country under various covers.



79. Fröbel et al., op. cit., point out: "... It is possible for the Federal German industry to use foreign production facilities without any direct capital participation, as evidenced by such cooperative arrangements as international subcontracting, management, supply license agreements .... In some parts of the world, at least, this type of foreign production is more important than that controlled through direct capital holdings ...." p.21.
80. See, D.Benas, op. cit., pp.193-200.
81. Ibid, pp.193-200.
82. See, T.Giannitsis, "Greek Industry. Development and Crisis", Gutenberg, Athens 1983, pp.275-6 and 331-2.
83. For details see notes to Table 22 in the Appendix.
84. See Table 35 in the Appendix. See also Bank of Greece, "The Fifty Years of the Bank of Greece", op. cit., pp. 446, 680-686, 718, M.Negrepondi-Delivani, "Analysis of the Greek Economy", Papazissis, Athens 1979, (in Greek) pp.393-96, 408.
85. See International Monetary Fund, "Greece: Recent Economic Developments", SM/75/101, Washington, May 5, 1975, pp.73, 79, T.Giannitsis, op.cit., pp.25-26, N.Psiroukis, op.cit., vol.2, p.125-26, vol.3, p.102.
86. For details see notes to Table 23 in the Appendix.
87. In a study of the Centre for Economic Research carried out early in the sixties, this perspective was explained in the following way:"The fundamental issue of Greece at this stage is to decide upon the lines of manufacturing activity in which she possesses possibilities of comparative advantage .... Given the fact that human labour is practically Greece's major resource, she must use the skills of her

people advantageously and capitalise on such industrial opportunities as other members of the Common Market find disadvantageous. In other words, Greece may find it profitable to fit herself into the industrial specialisation pattern expected to develop within the Common Market. As the market expands, European industries, especially in durable goods or in standard large scale production equipment, will find it profitable to sub-contract the manufacturing of parts and components. This will provide opportunities which Greece can exploit if appropriate skills can be developed ..." G.Koutsoumaris, "The Morphology of Greek Industry", Centre of Economic Research, Athens 1963, p.336.

88. On this see D.Halikias, "Economic Development of Greece and the Balance of Payments", Bank of Greece, Athens 1963, (in Greek), pp.34-37. In a study of the Centre for Economic Research carried out again in the early sixties, we read:

"Given the pressures that will be exerted upon the supply of capital for industrial investment, by the association of Greece with the Common Market<sup>(a)</sup>, it would be justifiable on the part of industrialists and the agents of planning, to express an interest for those forms of production that have been named "finishing up" stages. As far as imports are concerned, this will mean that Greece will continue to import basic raw materials and semi-finished products, while at the same time she will restrict her capital investment and her entrepreneurial activities in the final stage of the manufacturing production. Examples in this aspect are the various factories of assembly, conversion and mixing, the pharmaceutical workshops, etc. ...". H.Ellis, et al., op. cit., pp.174-5.

(a) This sentence must rather be taken to mean: "Given the pressures that will be exerted upon the domestic producers by the association of Greece with the Common Mar-



Market....". Otherwise, it is incomprehensible.

89. On the heavy dependency of the country on imported machinery see K.Prodromidis, "Foreign Trade of Greece", Center of Planning and Economic Research, Athens 1976, pp.110-120.
90. See, T.Fotopoulos, "Dependent Development and Industrialisation", in "Studies on the Modern Greek Economy", Papazissis, Athens 1978, p.20, (in Greek).
91. Ibid, p. 90.
92. Ibid, pp.90-91.
93. Ibid, pp.87-88
94. Ibid, p.90.
95. I.Chassid, "The Greek Industry and the EEC", Institute for Economic and Industrial Research, Athens 1980, vol. 2, p.87, (in Greek).
96. "The Fertilizers Producing Industries", Survey in "Kathimerini" (The Daily, newspaper), 8/9/1984.
97. This can easily be explained by the fact that a corporation functioning on an international level, may find it more convenient to drive in its orbit of global operations a local unit, organising the production of the latter through licences and similar agreements rather, than establishing a new subsidiary. In this way, capital is saved and the least possible risk is undertaken, while effective control achieved. F.Fröbel, et al., summarise in this respect, as follows: "The advantages and disadvantages of the various forms of foreign operations are weighed up against each other: production under licence, contract-processing, cooperation agreements and establishing subsidiaries are all subjected to a process of evaluation



- from the perspective of yielding the greatest benefit for the Federal German garment industry, in this context. International contract-processing emerges as the least risky and most capital-saving option for foreign operations ..." (emphasis ours), op.cit., p.145.
98. Greece as a case in point is mentioned among others by F.Fröbel, et al., op. cit., p.134.
99. See, T.Giannitsis, op. cit., p.152.
100. See, I.Chassid, op. cit., p. 56.
101. See, F.Fotopoulos, "Dependent Development. The Greek Case", Exandas, Athens 1985, Ch.2, Section d, (in Greek).
102. X.Zolotas, "Report for the Year 1974", Bank of Greece, Athens, p.33.
103. G.Arsenis, "Report for the Year 1981", Bank of Greece, Athens, pp.12-3.
104. See also, T.Fotopoulos, "Dependent Development and Industrialisation", op.cit., pp.79-80. It is worth quoting here, the words of this author: "... Manufacturing employment as a percentage of the total population was 5,9% in 1928, 5,9% in 1940, 5,5% in 1951, 5,8% in 1961 and 5,9% in 1971. That is, after almost half a century of "industrialisation" the percentage of the manufacturing employment did not increase even by one unit! The consequences of this phenomenon are well known: unemployment, underemployment, emigration: Without the "blessing" of emigration, at least half of our working force would be today unemployed, as our industrialisation absolutely failed to absorb the surplus working force..", Ibid. See also T.Giannitsis, op.cit., p.16.

105. See N.Mouzelis, *op. cit.*, pp.93-94. The author stresses the "negative articulation" of the advanced capitalist sectors of industry with the technologically backward ones and the economy as a whole (see also *Ibid*,p.197).
106. Cf. N.Mouzelis, *ibid*.
107. See, Hellenic Union of Employees of Technical Companies, "Manpower and Construction Companies", in "Construction in Greece", Conference held by the Technical Chamber of Greece in June 1979, Vol.3, pp.21-22 (in Greek).
108. See, D.Topalian, "The Superprofits of the Technical Companies", in the Bulletin of the Institution of Civil Engineers of Greece, No 62, Nov.-Dec. 1974, Diagram 1 (in Greek).
109. See, E.Kouloubis, "Possibilities of the Greek Construction Industry in the International Market", in "Technica Chronika" (Technical Annals), June-July 1976, p.7.
110. See, D.Benas, "The Invasion of Foreign Capital in Greece", *op. cit.* pp.288-98.

CHAPTER III

1. See, X.Zolotas, "Reconstruction and Viability", ed. Papazissis, Athens 1948, (in Greek).
2. Ibid, pp.36-37.
3. See, K.Varvaressos, "Report on the Economic Problem of Greece", Athens 1952, (in Greek).
4. Ibid, pp.242-43
5. See, Ch.Abrams, "Housing in the Modern World", op.cit., pp. 106-107.
6. See, M.Nicolinakos, "Building Sector, Dwellings and the Reproduction of the Working Force", in "The Building Industry in Greece", Institution of Civil Engineers of Greece, Athens 1981, pp.10-11, (in Greek).
7. X.Zolotas, "Reconstruction and Viability", op.cit., pp. 36-37.
8. See for instance, T.Giannitsis, "The Greek Industry", Gutenberg, Athens 1983, pp. 38-39, (in Greek), D.Karagiorgas, "The Economic Consequences of the Military Dictatorship", in "Studies on the Modern Greek Economy", ed. by S.Papaspiliopoulos, Papazissis, Athens 1978, p.22, (in Greek). See also, G.Samaras, "State and Capital in Greece", Synchroni Epochi, Athens 1978, p.207, (in Greek), H.Ellis, op.cit., p.233.
9. See, K.Marx, "Introduction (1857) to the Grundrisse", in T.Carver, ed., "K.Marx:Texts on Method", Oxford, B.Blackwell, 1975, esp. pp.58-64. See also, J.M.Keynes, "The General Theory of Employment, Interest and Money", Cambridge Univ. Press, Cambridge, 1973, p. 46



10. See, Proceedings of the Second Panhellenic Conference of Architects, Thessalonika 1962, in "Technika Chronika" (Technical Annals), No 248, Athens 1964, p.124.
11. See, p.139 above.
12. See, U.N.Economic Commission for Europe - Committee on Housing, Building and Planning - "Greece, National Monograph", Technical Chamber of Greece, Athens 1973, p.126.
13. See, Centre for Planning and Economic Research, "Housing", Programme of Development 1976-80, Athens 1976, (in Greek), p. 79. See also, K.Triantafillidis, "Housing Activity as a Developmental Agent in the Greek Economy", in "Technika Chronika" (Technical Annals), June 1972, pp. 579-588.
14. See, P.Kassimatis, "Construction in Greece", Centre for Planning and Economic Research, Athens 1976, pp.7, 15 & 28.
15. Ibid, pp.22 & 102-103. See also, D.Emmanouel, "Three Studies upon Low-income Housing", Athens 1977, pp. 96-99.
16. See, M.Papajiannakis, "The Building Industry and the Greek Economy", in "The Building Industry in Greece", op.cit., p.5.
17. Ibid, pp. 5-8.
18. See for instance, T.Giannitsis, op.cit., pp. 17-18, 38-39 and 362. H. Ellis, et al., op.cit., p.233, M.Negreponti-Delivani, "Analysis of the Greek Economy", Papazissis, Athens 1979, pp. 34-35, 58, & 350-351, (in Greek). See also, Institution of Architects of Greece, Committee on Housing, "Critique of the Bill for KEPOS", in "Technika Chronika" (Technical Annals), May-June 1977, p.24.
19. F.Engels, "The Housing Question", Progress Publishers, Moscow 1975, first published 1872, p.7.

20. On this report see above pp. 58-59 & 137-138.
21. See, S.P.A.D.A (a section of the trade union of architects), "The Housing Question", Athens 1976, esp. pp. 10-18. (in Greek)
22. See, K.Kajer & I.Messaré, "Critique of D.E.P.O.S. and its Critique", in "Issues on the Greek Housing", University of Thessalonika, Thessalonika 1976, pp.16-17, (in Greek). For similar views see, N.Vichos & N.Peppes, "The Contribution of Construction in the Economic and Social Development of Greece", in "Construction in Greece", Technical Chamber of Greece, Athens, June 1979, Vol. 1, p.17. See also, J.Petras, "The Dynamic Development of Greece, its Industrial Underdevelopment and Rentier's Capital", in "Economicos Tachidromos" (Economic Herald), March 1984, pp.27-30.
23. See, M.Papajiannakis, op. cit., pp. 5-9, U.N. Economic Commission for Europe - Committee on Housing, Building and Planning - "Greece, National Monograph", op.cit., pp. 126-132, Centre for Planning and Economic Research, "Housing", op. cit., p.79, P.Kassimatis, op.cit., pp.15-24 & 90-100, K.Triantafillidis, op.cit., pp.579-588.
24. U.N., Department of Economic and Social Affairs, "Report of the Ad Hoc Group of Experts on Housing and Urban Development", New York, 1962, p.3.
25. Ibid, p.12.
26. See, A.W.Stretton, "The Building Industry and Urbanisation in Third World Countries: A Philippine Case Study", in Economic Development and Cultural Change, No 29, 1981, pp. 325-339. L.Currie, "Housing as an Instrument of Macroeconomic Policy", in Habitat Intl., vol.7, No 5/6, 1983, pp. 165-171. See also, D.Drakakis-Smith, "Urbanisation, Housing and the Development Process", Croom Helm,

London 1981, esp. ch.7, pp.198-211.

27. See, D.Turin, "Construction and Development", Habitat Intl., Vol.3, No 1/2, 1978, pp.33-45. See also, his "The Construction Industry: Its Economic Significance and its Role in Development", Building Economics Research Unit, University College Environmental Research Group, London 1978. See also, G.A.Edmonds, "The Construction Industry in Developing Countries", International Labour Review, Vol.118, No3, May-June 1979, pp. 355-369, J.Gorynski, "The Role of Construction in Global Socio-economic Development", Habitat Intl., Vol.3, No 1/2, 1978, pp.71-76.
28. See, M.Negrepondi-Delivani, op.cit., pp.34-35.
29. Ibid, pp. 350-351.
30. H.Ellis, et.al., op.cit., p.233. For similar views see also, X.Zolotas, "Consumption, Investment and Currency Equilibrium", Bank of Greece, Athens 1977, p.24, R.Westebbe, "Savings and Investment in Greece", Centre for Planning and Economic Research, Athens 1976, p.59.
31. We put the term "investment in housing" in inverted commas, because, as we shall attempt to argue in a following Section, money used for the acquisition of dwellings should not be conceived as investment in the strict sense of the term.
32. D.Turin, "The Construction Industry: Its Economic Significance and its Role in Development", op.cit., p.A2 and Table B.1.2.
33. Ibid, p.A5 and Graph D.2.1.
34. Ibid, p. B7 and Table B.2.2.



35. Similar conclusions have been reached by P.Strassman. See, P.Strassman, "The Construction Sector in Economic Development", in the Scottish Journal of Political Economy, 17, 1970.
36. See, for instance, M.Papajiannakis, op. cit., p.3.
37. See, R.Westebbe, op. cit., p.59. For similar views see H.Ellis, et.al., op.cit., p.217, D.Karagiorgas, op.cit., pp.22 & 29-30, T.Giannitsis, op.cit., pp. 38-39.
38. Group of Study, "The Building Workers and the Building Industry in Post-War Greece", Athens 1975, p.8, (in Greek).
39. E.Kouloubis, "Possibilities of the Greek Construction Industry in the International Market", in "Technika Chronika" (Technical Annals), June-July 1976, p.5.
40. See for instance, D.Karagiorgas, op. cit., esp. p.22, H.Ellis, et.al., op. cit., esp. p.230, Group of Study, op. cit., esp. p.29.
41. See, M.Papayiannakis, op.cit., esp. p.2, and Technical Chamber of Greece, "Theses on the Bill for the Housing Areas", Athens 1979, esp. pp.2-3.
42. See, K.Marx, "Capital", Vol. I, Lawrence & Wishart, London 1974, Ch. VII, Section 1, and esp. pp. 178-179.
43. See, I.Gough, "Marx's Theory of Productive and Unproductive Labour", New Left Review, No 76, 1972, pp. 47-72. See also the debate on productive and unproductive labour in the Bulletin of the Conference of Socialist Economists, Autumn 1973, Winter 1973, Autumn 1974, February 1975. See also, P.Baran, "The Political Economy of Growth", Penguin Books, 1973, esp. pp. 143-155.

44. K.Marx, "Capital", op.cit., p.176.
45. Ibid, p. 173.
46. Ibid, p. 477.
47. In the terminology of the time, manufacturer meant labourer employed in the manufacturing industry.
48. A.Smith, "The Wealth of Nations", Penguin Books 1982, pp. 429-30.
49. K.Marx, "Capital", op. cit., Ch. VII, pp. 173-203 and Ch. XVI, pp. 476-485.
50. A.Smith, op. cit., pp. 429-433.
51. See, K.Marx, "Capital", Vol. II, Lawrence & Wishart, London 1970, pp. 132-136.
52. See, I.I.Rubin, "History of Economic Thought", Ink. Links Ltd, London 1979, esp. pp. 208-215.
53. Among the commentators who argue that commerce and services should be included in the productive sectors of the capitalist economy is J.Harrison. See, J.Harrison, "Productive and Unproductive Labour in Marx's Political Economy", Bulletin of the Conference of Socialist Economists, Autumn 1973, pp.70-82. Other commentators however, classify only certain sections of commerce and services as productive, while they exclude others. See, P.Baran, op. cit., P.Sweezy, "The Theory of Capitalist Development", Monthly Review Press, 1970, pp. 278-285, P.Bullok, "Defining Productive Labour for Capital", Bulletin of the Conference of the Socialist Economists, No 9, Autumn 1974, pp.1-15 and I.Gough, op.cit.

54. See, Organisation for European Economic Co-operation, "A Standardised System of National Accounts", Paris 1958, pp. 69-74. See also, United Nations, "A System of National Accounts", New York, 1969, pp. 111-115.
55. See, S.Merrett, "State Housing in Britain", Routledge & Kegan Paul, London 1979, p.107.
56. Stock of a society in A.Smith's terminology means the material wealth of a society.
57. Trade in the terminology of the time meant any branch of economic activity.
58. A.Smith, op. cit., pp. 375-377.
59. See, S.Merrett, op. cit., pp. 106-107: "Conventional discussions on house-building often begin by describing "the scale of housing investment" and the "proportion of gross domestic capital formation represented by additions to the housing stock".." The author goes on to specify the terminology he uses, in which "investment or capital formation .... is expenditure on producer goods. In this sense", he concludes, "there can be no such thing as "housing investment" ". He goes on to warn us that "...those who do use the term "housing investment" should bear in mind these two points. First, housebuilding is not the production of a producer good. Second, in Britain since 1945 there has been little expenditure indeed on new housing for accumulative purposes [i.e. for rent] " ".
60. See, J.M.Keynes, op. cit., p. 61.
61. M.Papajianakis argues against such a comparison along similar lines: "...It is very questionable whether investment in dwellings is an investment as other investment. If



it was, it would be both legitimate and necessary to compare this investment with others, because it would be in competition with other investment as far as the aggregate capital available to investment is concerned.. .. In this case, one ought to analyse in the first place the remuneration of the investment here and there and reach the necessary conclusions. Some have done this comparison with .. paradoxical results..... Of course, the "paradox" ceases to be a paradox if we accept, and we must accept, that the purchase of a dwelling is not, or is not only investment, at least in the strict sense of the term. We can speak about investment, in the strict sense of the term, in the case of the builder and seller of the dwelling. In the case of the buyer of the dwelling we are dealing mainly with the purchase of a consumer durable. And like almost all other consumer durables, the dwelling can be used as a means of appropriation of an income in the form of rent..... in any case, by no means can the purchase of the dwelling be considered as an investment of capital, which seeks its systematic exploitation and accumulation for the production of surplus value and profit. Within the concrete conditions of the Greek economy this is entirely a marginal phenomenon and every generalisation of it for the purchasers of dwellings as a whole, would attribute to the latter a social function that they do not carry in any way". Op.cit., p. 4.

CHAPTER IV

1. See, "The War Damages" ; Report of the Ministry of Public Works, in "Technika Chronika" (Technical Annals), July-Sept. 1945, p.37.
2. See, Part One, Section II.3, p.61. According to an estimate 700.000 people became homeless as a result of the civil war. See, U.N., Economic Commission For Europe, Committee on Housing, Building and Planning, "Greece : National Monograph", op. cit., p. 91.
3. In 1949 an earthquake destroyed almost half the town of Lefkas (6.000 inhabitants). In 1953 the most destructive earthquake in recent history wiped out practically every structure in the three Ionian islands of Cefalonia, Zakynthos and Ithaka with a total population of 100.000, that became homeless overnight. In 1956 a strong earthquake destroyed a large area in South Thessaly, affecting at the same time the large town of Volos (75.000 inhabitants) and the adjoining areas. In 1958 another earthquake destroyed several villages on the Aegean island of Thira. See, "Housing in Greece. State Activity", Technical Chamber of Greece, Athens, 1975, pp. 157-59.
4. See, U.N., Economic Commission for Europe, Committee on Housing, Building and Planning, "Greece : National Monograph", op. cit., p. 93.
5. See, D.Turin, "The Construction Industry: Its Economic Significance and Its Role in Development", op. cit., p. D.10.
6. See, H.Ellis, et al., op. cit., p. 220, and D.Emmanuel, "The Growth of Speculative Building in Greece: Modes of Housing Production and Socioeconomic Change, 1950-1974", Ph.D Thesis, L.S.E., 1981, pp. 220-1.

7. See, Centre for Planning and Economic Research, Program of Economic Development 1976-80, "Housing", op. cit., pp. 69-71.
8. Ibid, pp. 227-232.
9. See, T.Triantafillidis, "Housing Policies in Greece", Technical Chamber of Greece, Athens, 1973, pp. 22-23 (in Greek). The non coincidence in the estimation between the two studies may be explained by the fact that they have been conducted in different periods. Also, by different assumptions they may have adopted in regard to the "typical dwelling", on which the calculations were made.
10. See, E. Kouloubis , "The Problem of the Cost of Dwellings" in the Bulletin of the Institution of Civil Engineers, N°16, Nov.-Dec. 1966, p. 39. (in Greek).
11. See, "The Fifty Years of the Bank of Greece", op. cit., pp. 622,636-637 & 651. See also, Centre for Planning and Economic Research, "Housing", op. cit., pp. 51-53. D. Emmanuell, op. cit., pp. 221-224.
12. See, "The Fifty Years of the Bank of Greece", op.cit., p. 723, and Centre for Planning and Economic Research, "Housing", op. cit., pp. 51-53.
13. S.Papadopoulos, "Building Activity and Economic Development" , in "Economikos Tachidromos" (The Economic Herald), N°702, 1967, p. 5 (in Greek). See also, A.Albertis, "The Decline of the Building Activity and its Negative Effects on the Economy of the Country", Bulletin of the Institution of the Civil Engineers of Greece, N°17, Jan.-Feb. 1967, p. 11, (in Greek).



CHAPTER V

1. In Britain, for instance, large construction companies at least undertake all type of construction work, that is civil engineering, commercial and house building. See H.Smyth, "Property Companies and the Construction Industry in Britain", Cambridge Univ.Press, 1985, p.60.
2. The etymological meaning of this term is: provision of something in exchange for something else. It is near to the english term barter but not identical. As an economic term is used exclusively for the above type of transaction.
3. On "antiparochi" see S.Kafandaris, "Antiparochi in Greece. Some Working Hypotheses", in "The Building Industry in Greece", op.cit., pp.41-46 (in Greek). See also, D.Emmanuel, "The Growth of Speculative Building in Greece", Ph.D.Thesis, L.S.E., 1981, pp.225-6.
4. The role of "antiparochi" in minimising the capital requirements of the builder is pointed out by M.Papajianakis, "The Building Industry and the Greek Economy", op.cit., p.5, M.Nikolinakos, "The Building Sector, Dwellings and the Reproduction of the Working Force", op.cit., p.14 and N.Gratsias, "Building Construction and Construction Firms in Greece. The Consequences of the Entrance of the Country to the EEC", Proceedings of the Conference "The European Community and the Greek Engineers", in "Technika Chronika" (Technical Annals) , 9-12/1979, p.20 (in Greek).
5. For the building materials industries see Chapter VII below.

6. See N.Gratsias, op.cit., p.90, and "Conclusions of the Conference: The European Community and the Greek Engineers", in "Technical Chronika" (Technical Annals) , 1-3/1980, p.22 (in Greek).
7. See, Ibid, also M.Nicolinakos, op.cit., p.12,14.
8. See, M.Tripia et al., "The Consequences of the Entrance to the EEC in the Construction Sector", Proceedings of the Conference "The European Community and the Greek Engineers", op.cit., p.52. For the small size of the firms and the absence of concentration of capital see also, M.Papajianakis, op.cit., p.5, K.Kassimatis, "Construction in Greece", op.cit., pp.29-33.
9. See above pp.126-129.
10. See, D.Goussetis, "Building Construction in Greece" in "The Building Industry in Greece", op.cit., p. 123.
11. See Bank of Greece, "The Fifty Years of the Bank of Greece", op.cit., pp.644 and 651. See also above Chapter IV.
12. See, N.Gratsias, op.cit., p.93, also Group of Study, "The Building Workers and the Building Industry in Post-War Greece", op. cit., pp. 21-23.
13. See, P.Douskos, "Investment in the Building Sector and its Effects on the Economic Development of the Country", in "The Building Industry in Greece", op.cit., p.23.
14. See, Group of Study, op. cit., pp.21-23.
15. On this process see V.Marmaras, "Urban Patters, Ownership Structure and the Cost of Urban Land", in the "Building Industry in Greece", op.cit., pp.238-39.

16. For land use and ownership in rural areas in Greece see above Section II.3.
17. The fragmentation of land as a factor resulting to the small scale of building production in Greece is asserted by a number of commentators. See for instance, M. Tripia et al., op. cit., p.52.
18. The craft character of the building production as related to the fragmentation of land is mentioned, without however being analysed or followed in its consequences, by some commentators. See, for instance, Group of Study, op. cit., p.21.
19. For the intensive use of land in the urban areas in Greece see, D. Rokos, "The Building and the Land Policies in Greece" in "The Building Industry in Greece", op. cit. p.231.
20. On the absence of standardisation see, N. Gratsias, op. cit., p.87.
21. "...Continuity" Marx said "is the characteristic mark of capitalist production necessitated by its technical basis .....". Capital, Vol. II, op. cit., p.105.
22. See, M. Tripia, et al., op. cit., p.52 and A. Anastassopoulos, "The Development of the Conventional Construction" in "The Building Industry in Greece", op. cit., p.151.
23. See, D. Emmanuel, "Three Studies for Popular Housing", op. cit., pp.19-23.
24. See, KEPOS-DEPOS; in "Technika Chronika" (Technical Annals), May-June 1977, pp.61-62.



25. It is worthwhile noting here that the Constitution of 1968 provided for the compulsory land expropriation by the State, for "organised building production", while the Constitution of 1975 widened the scope of this provision by permitting the expropriation of the adjoining areas as well.
26. The legislation providing for all this was severely criticised by the Technical Chamber of Greece, the Institutions of Engineers, the political parties and other agents of public life. A systematic critique was published by the Housing Committee of the Institution of Architects. See, "Theses of the Institution of Architects, Housing Committee", in KEPOS-DEPOS, op.cit., pp.23-30.
27. The percentage depends on whether the area is declared an "active urban planning zone" (30%), or a zone of "regulative terms of building production" (40%).
28. This legislation raised an outcry and was denounced by the Technical Chamber of Greece and other public agents. See, "Resolution of the Public Gathering organised by the Technical Chamber of Greece", 12th. June, 1979.
29. It is characteristic in this respect that even the dictatorial regime of 1967-74, faced a considerable resistance from the population. The following extract from a letter addressed to the Dictator by the inhabitants of an area where the regime attempted a pilot program of "organised building production", is expressive:

"Your Excellencies,  
 We are in such a psychological condition,  
 that it is impossible to give our houses  
 for expropriation. We are determined to die  
 all of us in them!! Let the authorities  
 come and kill us and throw our corpses on  
 the pavements in front of our houses, and  
 let them get them, since then we will have

our eyes closed not to see the terrible disaster of their abandonment .....

The owners of real estate, houses, shops, etc., of North West Region of Active Urban Planning Zone, Acharnae of Attica. Signatures ....."

See, the Bulletin of the Institution of Architects, No 1.2, 1973, p.18.

The press of the day described an attempt of expropriation at another area in the following way:

"New episodes were threatened yesterday in Kamatero, when a technical team of the Ministry of Public Works went there to map 600 acres that are chosen for expropriation ....When the team appeared in Palama street, the women of the region started to protest, to ring the bells of the churches, to rush upon the engineers and the technicians of the team, to tear their papers and chase them with sticks of wood..... The personnel of the team entered the first bus to Menidi and moved away. The maniac women were throwing stones at the bus and did not want to disperse ...."

in "To Vima" (The Step, newspaper), 21-3-1973.

30. See, D.Massey and A.Catalano, "Capital and Land: Land-ownership by Capital in Great Britain", E.Arnold, London, 1978, Ch.4.
31. See Ibid., Ch.3.
32. For a comparison of agricultural land holdings in Greece and the U.K. see Tables 6 and 6.a of the main text above and Table 4.1, in D.Massey and A.Catalano, op. cit., p. 70. This comparison shows that rural land holdings in Greece are as a rule below 10 hectares, representing in 1950 72% of total cultivated land, while land holdings below 40 hectares represented, for instance, 12% of total in Oxon (1851), 23% in Cheshire (1949-52) 14% in E Counties (1941), the greater part of total cultivated land belonging to land holdings



greater than 120 hectares (67% in Oxon, 48% in Cheshire, 64% in E.Counties).

On the other hand, as we saw above, land transactions in the urban centres in Greece involve plots with area ranging as a rule below 300 square metres. It is worth comparing with the following land transaction in the U.K.:

"AIP's founder and late chairman G.Harrison bought the St. Annes Land Company and became ground landlord of about a square mile [=2.592.100 square metres] comprising the centre of the town"

See, "Profits Against Houses", Community Development Project Information and Intelligence Unit, 1976, p.9. Obviously, the above transaction is not a usual one. Nevertheless, it is an indication of the possible size of the urban landownership in the U.K..

33. A systematic comparison between the two systems is not possible due to lack of comparable statistical data on both sides. Nevertheless, the following indications are instructive for the size of the respective industries. In Greece, even the large house-building firms do not build more than say 5 buildings (blocks of flats usually), that is 150 flats a year at most, each building being erected on a different plot. In Britain, the largest private house-builders each build over 10.000 dwellings per annum and about 30 firms each build over 500 dwellings per annum. See, G.Ive, "Capacity and Response to Demand of the House-building Industry", University College London, 1983. See also, M. Ball, "Housing Policy and Economic Power", Methuen, London, 1983. For local house-building activity in the U.K., e.g. Liverpool,



see, C.Cripps, "Research of the Production of Housing: Some Methods and Questions Arising", in "Housing, Construction and the State", Housing Workshop of the C.S.E., London 1980, pp.9-10.

34. See Ibid. See also H.Smyth, "Property Companies and the Construction Industry in Britain", op.cit.,pp.60-61.
35. D.Bishop, "Productivity in the Construction Industry", in "Aspects of the Economics of Construction", ed. by D.Turin, Godwin, London, 1979, pp.89-90.
36. We refer here also to the national market, although the building industry in Greece operates on a local level, because the analysis in this Section will be extended later on to address some features of the building industry's market elsewhere. See, the following Section, V.4.
37. A.Smith, "The Wealth of Nations", op. cit., Chapter III "That the Division of Labour is Limited by the Extent of the Market", p.121.
38. Ibid, Ch. I and II, pp.109-121.  
See also, H.Braverman, "Labor and Monopoly Capital", Monthly Review Press, 1974, esp. pp. 72-77,also, K.Marx, "Capital",Vol.I, op.cit.,Ch.XIV,Section IV, pp.331-9.

39. See, A. Smith, op. cit., p.114.
40. See, H.Braverman,, op. cit., Chs. 3 and 9. See also, H.Smyth, "Property Companies and the Construction Industry in Britain", Cambridge Univ. Press, 1968, p.62, R.Hill, "The Industrialisation of House Building in Britain", in the Proceedings of the 1st Bartlett Summer School, University College London, London, 1979, p.126.
41. For a detailed analysis of this process see K.Marx, "Capital", Vol. I, op.cit., Ch. XIV "Division of Labour and Manufacture" and Ch.XV, Section I "Machinery and Modern Industry", pp.318-347 and 372-393.
42. See, G.Ive, "Fixed Capital in the British Building Industry", in Proceedings of the 1st Bartlett Summer School, op. cit., p. 107, M.Ball, "The Contracting System in the Construction Industry", Birkbeck College Discussion Paper N°86, London 1980, p.3, S.Merett, "State Housing in Britain", op. cit., pp.87,107 and S.Clarke & N.Ginsburg, "Why a Political Economy of Housing ?", in C.S.E. "Political Economy and the Housing Question", Political Economy of the Housing Workshop, Vol. 1, London 1975, p.10.
43. See, H.Smyth, op. cit., p. 75, R.Hill, op.cit., pp.126-130.
44. See, M.Ball, "British Housing Policy and the House-Building Industry", in Capital & Class, N°4, 1978, p. 81.
45. See, M.Ball, "The Contracting System in the Construction Industry", op.cit., p.9. See also, U.N.,Department of Economic and Social Affairs, "Trends in the Industrialisation of Building", N°: E.70.IV.13, New York, 1970, p.3. H.Smyth, op.cit., p.59, L.Clarke, "The Production of the Built Environment: Peculiar or Backward?", in The Proceedings of the 6th Bartlett International Summer School, Venice 1984, pp.2-3 to 2-7.

46. See, F.Lamarche, "Property Development and the Economic Foundations of the Urban Question", in C.Pickvance, ed., "Urban Sociology : Critical Essays", Tavistock, London 1976, p. 94.
47. See, M.Ball, "British Housing Policy and the House-Building Industry", op.cit., p: 84. For a short summary and a critique of conventional explanations attributing the "backwardness" of the industry either to the "physical nature" of the product, or the separation of the interests of the "professions" involved, see *ibid*.
48. See, M.Ball, "The Contracting System in the Construction Industry", op. cit., p. 9. It is worth noting that speculative house-building has existed in the advanced capitalist countries at least since the middle of the previous century. See, K. Marx, "Capital", Vol. II, op.cit., pp. 237-38, where the housing construction in London at the time is being reviewed. The words of a builder that Marx quotes are to the point:
- "...Without speculative building, and on a large scale at that, no contractor can get along today. The profit from just building is extremely small. His main profit comes from raising the ground-rent, from careful selection and skilled utilisation of the building terrain. It is by this method of speculation anticipating the demand for houses that almost the whole of Belgravia and Tyburnia, and the countless thousands of villas around London have been built", *ibid*, p.238.
49. See, M.Ball, "Land Rent and the Construction Industry", in M.Ball, et al., eds., "Land Rent, Housing and Urban Planning", Groom Helm, London, 1985, p. 78.
50. For a critique of these arguments see H. Smyth, op.cit., pp. 59-70, and M.Ball, *opera cited*.
51. R.Hill attributes the low level of mechanisation of the



building production process, among other things, to varying size of sites and the limited output of similar buildings on a single site. See, R.Hill, "The Industrialisation of the House Building in Britain", op.cit., p. 129.

52. See, Department of Economic and Social Affairs, U.N., "Trends in the Industrialisation of Building", op.cit., p.3.
53. Ibid, pp. 33-44.
54. Ibid, pp. 40-44. For the standardisation of the dwelling as a precondition for the industrialisation of the building production, see also G.Ive, "Fixed Capital in the British Building Industry", op.cit., pp. 111-112.
55. See, Department of Economic and Social Affairs, U.N., op. cit., p.20. The words of S.Merrett are here to the point:
- "It may be the case that the complexity and variety of the product and the site basis of the assembly work have together checked the pace of technical progress embodied in new machinery...."
- See, S.Merrett, op. cit., p.101.
56. See, W.J.McGhie, "The Industrialisation of the Production of Building Elements and Components", in the Proceedings of the 1982 Bartlett International Summer School, University College London, 1982, esp. pp. 3-21 and 3-22.
57. See, H.Smyth, op. cit., pp. 70-79.
58. See, D.Bishop, "Productivity in the Construction Industry" op. cit., esp. pp. 62-65, and D.Bishop, "Note on some factors affecting productivity", Appendix 1 to Report of

the Committee of Inquiry under Professor E.H. Phelps Brown into Certain Matters concerning Labour and Civil Engineering, Cmnd. 3714, London, HMSO, 1968, p. 170. See also, M. Ball, "The Contracting System in the Construction Industry", op. cit., pp.14,22, 27.

59. The "geographical restriction of the market" and the consequent limitation upon the development of the division of labour has been pointed out among other factors, impeding the process of capital concentration in the building industry by G.Ive. See his "Capital Accumulation, the Built Stock and the Construction Sector: An Economic Overview", in the Proceedings of the 2nd Bartlett Summer School, University College London, 1980, p.3. On the lack of "concentration of demand" hampering the process of industrialisation of the building industry, see G.Sebestyen, "Industrialisation of Housing", in the Proceedings of the 3rd Bartlett Summer School, University College London, 1981, pp.4-1, 4-2.
60. The following report of the Ministry of Housing and Local Government of Britain is instructive:

"...Between the end of the war in 1945 and December 31, 1968, about five and a half million new houses were built, more than half of them by local and other public authorities, including housing associations. That means that over a third of all the houses in England have been built in the last twenty-three years. During the same years over three-quarters of a million slum houses were demolished or closed, although slum clearance was not restarted on any scale until 1954; and over a million substandard houses were improved, with the aid of grants....Twenty new towns were started and several of them are now almost fully grown..."

See, E.Sharp, "The Ministry of Housing and Local Government", The New Whitehall Series, N°14, London 1969, p.69.

61. For Britain, See, C.Cripps, "Research of the Production

of Housing: Some Methods and Questions Arising", op.cit., pp. 8-9. For France, See, A.Gravejat, "Pre- and Off-Site Production", in the Proceedings of the 5th Bartlett International Summer School, Geneva 1983, London 1984, p. 3-3, For Holland, See, M.Hellgardt, "Stages of Accumulation in the Dutch Construction Industry", in the Proceedings of the 2nd Bartlett Summer School, University College London, 1980, p. 15.



CHAPTER VI

1. See, Chapter IV above, pp. 189 , 195 . See also, D. Emmanuel, "Three Studies on Popular Housing", op. cit., p.19.
2. See, Technical Chamber of Greece, "Theses on the Bill on the "Housing Areas" "", Athens 1979, (in Greek), p.1.
3. See for instance, H.Ellis, et al., "The Industrial Capital in the Development of the Greek Economy", op. cit., p.214.
4. See above Section II.1.
5. On the significance of this category of savings (emigrants, mariners and Greeks of "diaspora") for the housing sector in Greece, see, D.Emmanuel, "The Growth of Speculative Building in Greece: Modes of Housing Production and Socio-economic Change, 1950-1974", Ph.D. Thesis, LSE, 1981, pp. 237-241. See also, Westebbe, "Savings and Investment in Greece", op. cit., pp. 20-21, Group of Study, "The Building Workers and the Building Industry in Post-War Greece", op. cit., p. 19.
6. See, D.Emmanuel, op. cit., p. 238. Also, K.Triantafillidis, "Housing Activity as a Developmental Agent in the Greek Economy", op. cit., p. 584.
7. See, "The Fifty Years of the Bank of Greece", Bank of Greece, op. cit., pp. 686-87.
8. Ibid, p. 687.
9. On this see, K.Tsoukalas, "State, Society and Labour in Post-War Greece", Themelio, Athens, 1986 (in Greek), esp. pp. 287-316.

10. See above esp. pp. 75-78
11. See, D.Emmanuel, op.cit., p.238, H.Ellis, et. al., op. cit., pp.225-26. Some commentators give an even higher percentage. See for instance, Group of Study, op. cit., p. 19.
12. See, K.Biris, "The Housing Problem of the Country", in "Nea Economia" (New Economy), October 1966, p.789.
13. ".... in Greece the absence of a capital market outside the banking system, renders natural goods and money, in its wider definition [i.e., time deposits included], almost the sole constituents of the portfolio of the public". See, I.Papadakis, "Money and Economic Activity", Athens 1979, p.7 (in Greek).
14. We are not concerned here with such issues as how the value of land, ground-rent, etc., are determined, since they are beyond the scope of the analysis undertaken here.
15. We do not use the term investment in this context in line with the analysis undertaken in Section III.4 above, as the use of the term might confuse the savings in question with investment proper undertaken by the building construction firms.
16. Builders in Greece are not involved in speculation over land nor are there land developers. See Chapter V above.
17. See, Section II.3, above.
18. It is evident that not all rural plots have been influenced by urban growth or tourism. Hence this rate of price increase cannot be presumed to be universal.

19. In the mode of dwelling production prevailing in the post-war urban Greece, the term apartment is synonymous to dwelling.



CHAPTER VII

1. See above pp. 195-196. See also U.N., Economic Commission for Europe, Committee on Housing, Building and Planning, "Greece: National Monograph", op.cit., pp.126-129.
2. See above pp.195-196. See also Varelidis, et. al., "Institutional Framework of Construction-State Intervention in the Production of the Built Environment", in "Construction in Greece", Technical Chamber of Greece, Athens 1979, vol.2, p.16 (in Greek), also U.N., op.cit. pp.129-30.
3. On this see also P.Kassimatis, "Construction in Greece", op.cit., p.15, N.Gratsias, "Building Construction and Construction Firms in Greece. The Consequences of the Entrance of the Country to the EEC", Proceedings of the Conference "The European Community and the Greek Engineers", op.cit., p.93.
4. See above, pp. 75-78 and 115-116
5. See, G.Ive & W.McGhie, "The Relation of Construction to Other Industries and to the Overall Labour & Accumulation Process", in Proceedings of the 1982 Bartlett International Summer School, op.cit., pp.3-3 to 3-12. It has been estimated that the average building in Greece incorporates about 1.000 different building materials and components. See V.Tsakonas & V.Valatsos, "EEC-Construction and Contractor Engineers in Greece", in Proceedings of the Conference "The European Community and the Greek Engineers", op.cit., p.110.
6. See Table 43 below.
7. See P.Mavrakis, "The Building Wealth and the Building Material Industries", in "Building Activity and Housing

Policies", Technical Chamber of Greece, Athens 1973, pp. 38-43. It should be noted that Greece is not self-sufficient in timber. Unprocessed timber is imported.

8. See, "Conclusions of the Conference: The European Community and the Greek Engineers", op.cit., p.23.
9. This estimate is based upon data given by the "Input-Output Tables of the Greek Economy, 1975-1977" by T. Skountzos et al., Centre of Planning and Economic Research, Athens 1980, pp.213-14.
10. See also, Group of study, "The Building Workers and the Building Industry in Post-War Greece", op.cit., p. 18.
11. See P.Mavrakis, "The Building Wealth and the Building Material Industries", op.cit., p.38.
12. See D.Benas, "The Invasion of Foreign Capital in Greece", op.cit., pp.196-200.
13. The data in Table 43, referring to 1966, are drawn from a detailed statistical analysis by P.Kassimatis. As the whole system of building production did not change its character in the seventies, we avoided repeating such a statistical analysis for this period as superfluous.
14. See P.Kassimatis, "Construction in Greece", op.cit., p.82.
15. See, "Conclusions of the Conference: The European Community and the Greek Engineers", op.cit., p. 23, also V. Tsakonas & V.Valatsos, op.cit., p.110-111. The "Introductory Report of the Bill for the Public Enterprise of Urban Planning, Settlement and Housing" gives an even lower percentage, (10%), of imported inputs of the building industry. See "K.E.P.O.S.-D.E.P.O.S.", "Technika Chronika" (Technical Annuals) 5-6/1977, p.14.

16. On the capacity of the building industry to function as a multiplier in the economy of other countries see U.N., Department of Economic and Social Affairs, "Report on the Ad Hoc Group of Experts on Housing and Urban Development", op.cit., p.3, See also, L.Currie, "Housing as an Instrument of Macroeconomic Policy", in Habitat Intl., Vol.7, No 5/6 1983, pp.165-171.
  
17. On the legal framework permitting the repatriation of foreign entrepreneurial capital and profits, see above section II.2
  
18. On this see "The Fifty Years of the Bank of Greece", Bank of Greece, op.cit., pp.719-20, X.Zolotas, "Monetary Equilibrium and Economic Development", op.cit., p.153.
  
19. See K.Varvaressos, "Report on the Economic Problem of Greece", op.cit., p.84-5.
  
20. See N.Psiroukis, "History of Modern Greece", op.cit., vol. 2, p.110. See also K.Seferis, "The Greek Trade Union Movement, 1860-1975", Athens 1977 (in Greek), p.76.
  
21. See above, p.75.
  
22. See above, esp. pp.75-78.
  
23. The governor of the Bank of Greece commented: "During the last few years the intensification of emigration contributed to the creation of labour shortages in the agricultural sector.... These shortages have taken such a dimension in certain regions recently, that there are even talks about the possibility of importing foreign workers in Greece for the execution of seasonal works. Shortages of operatives are observed recently, and with continuously increasing intensity, also in other sectors of the economy, and in particular the manufacturing industry..... There



are shortages of skilled workers and technicians in many branches of the manufacturing industry and in construction....". See X.Zolotas, "Emigration and Economic Development", Bank of Greece, Athens 1966, (in Greek), pp.54-56.

24. See E.Kouloubis, "The Problem of the Cost of Dwelling", in the Bulletin of the Institution of civil Engineers, No 16, Nov.-Dec. 1966, pp.42-44.
25. See Ibid, p.44, and Group of Study, "The Building Workers and the Building Industry in Post-War Greece", op. cit., p.35.
26. See Group of Study, op.cit., pp.7-8, K.Seferis, op.cit., pp.96-101.
27. By early seventies the Federation of Greek Industries officially proposed the invitation of foreign workers to face the problem. [See, The Federation of the Greek Industries, "The Greek Economy in 1972", (in Greek), p. 16]. Thus, by that time a number of foreign workers, mainly from Asia and Africa, were employed in Greece. Some sources estimate this number to about 50.000 workers. See T.Theodorou, "Data on the Working Class in Greece Today", Ekdotiki Omada Ergasia (Publishing Group "Labour"), Athens 1975 (in Greek), p.35.
28. For higher wages in the construction sector observed in other countries, See P.Strassman, "The Construction Sector in Economic Development", in the Scottish Jrnl. of Political Economy, vol.17, No 3, 1970, p.401.
29. P.Kassimatis, "Construction in Greece", op.cit., pp.95-97.
30. See "K.E.P.O.S.-D.E.P.O.S.", "Technika Chronika" (Technical Annals), 5-6/1977, p.14.

31. It is worth noting here that the system of "antiparochi" has been described as a "great anomaly" or "the main aberration" in the economy by people who also argue that the building industry is unproductive and its growth detrimental to the economic development of the country. See, I.Papazachos, "Building with Antiparochi", in "Economicos Tachidromos" (Economic Herald), 17/4/80, pp. 33-34. For similar views see K.Sofoulis, "Let us Widen the Discussion about the Urban and Housing Question", in "Economicos Tachidromos", (Economic Herald), 7/8/80.
32. On this see N.Psiroukis, "History of Modern Greece", op. cit., vol.2, pp.138-141.
33. See "Statistics of the Declared Income of Taxpayers and its Taxation in the Economic Year 1980", Statistical Service of Greece, Athens 1982, p.11.
34. On this see also D.Emmanuel, "The Growth of Speculative Building in Greece", Ph.D.Thesis, LSE, 1981, pp.117-118 & 225.
35. B.P.Singh, "The Impact of Tourism in the Balance of Payments", Centre of Planning and Economic Research, Athens 1984, p.65.
36. Bank of Greece, "The Financing of Tourism", Athens 1967, pp.26-27.
37. See, Centre of Economic Research and Planning, "Housing", op.cit., pp.28-29.
38. For the class mobility traditionally observed in the Greek society and the relationship between the peasantry and middle and lower middle classes in the urban centres, see K.Tsoukalas, "Dependence and Reproduction. The Social Role of the Educational Mechanism in Greece (1830-1922)", op. cit., esp.pp.124-135.

39. See K.Tsoukalas, "State, Society and Work in Post-War Greece", op.cit., pp.287-316.

#### SUMMARY & CONCLUSIONS

1. On the debate on development through small scale versus large scale commodity production, see G.Kitching, "Development and Underdevelopment in Historical Perspective", Methuen, London & New York, 1982.



**APPENDIX**

Table 1 : Composition (%) of the Manufacturing Production  
of Greece, 1938 (1954 prices)

<u>Industries</u>	
Food, beverages and tobacco .....	23,3
Textiles .....	24,0
Clothing .....	8,9
Wood products .....	8,1
Paper .....	1,7
Chemicals (a) .....	20,1
Stone, Clay and Glass .....	3,0
Metal products,engin. and electr. equipment ..	4,7
Basic metal industries .....	0,3
Transport equipment .....	-
Others .....	5,9
	100,0

(a) It comprises mainly fertilisers and olive oil processing plants

Source : G.Koutsoumaris, "The Morphology of the Greek Industry",  
 Centre of Planning and Economic Research, Athens 1963,  
 p. 58

Table 2 : Manufacturing Production of Greece, 1928-1939

Year	Use of raw materials by Greek industries		Index of imports of raw materials for manu- facturing industries <sup>(a)</sup>
	Domestic raw materials (%)	Foreign raw materials (%)	(1928=100)
	(f)	(g)	(h)
1928	56,85	43,15	100,0
1936	64,90	35,10	118,84
1937	70,98	29,02	119,77
1938	75,30	24,70	120,67
1939	77,20	22,80	108,15

(a) Fuels are not included

Source : Organisation for the Reconstruction, "Programme for the Reconstruction of the Country", 12/1/1947, published in the "Technical Annals", July-August, 1947, p. 40



Table 3 : Manufacturing Production of Greece, Exports & Imports of Manufactured Products , 1929-1939

in m . . of drch., 1914 prices

<u>Year</u>	<u>Domestic Production</u>	<u>Imports</u>	<u>Exports</u>
1929	395	278	18,7
1930	400	264	17,0
1931	400	244	11,0
1932	383	163	12,0
1933	411	170	17,0
1934	503	198	22,5
1935	508	220	22,0
1936	581	232	23,0
1937	606	259	30,6
1938	610	267	24,0
1939	684	253	31,8

Note : This Table and Table 3 of the main text are both given by the Organisation for the Reconstruction. Nevertheless, there are some minor discrepancies between the two, when both are expressed as indices.

Source : Organisation for the Reconstruction, op.cit., p.43

Table 4 : Index of Manufacturing Production of Greece, 1928-1938

	<u>1928</u>	<u>1930</u>	<u>1932</u>	<u>1934</u>	<u>1936</u>	<u>1938</u>
Engineering.....	100	88	71	137	306	584
Electrical Energy	100	166	200	245	322	433
Textiles .....	100	110	120	153	180	199
Chemicals .....	100	106	83	108	134	178
Paper .....	100	125	128	202	155	173
Building Materials	100	107	108	141	140	149
Tobacco .....	100	100	92	102	114	125
Food .....	100	92	81	93	95	104
Basic Metals .....	100	100	93	93	80	81
Leather .....	100	91	83	99	75	62
Clothing .....	100	66	44	49	40	29

Note : The dramatic decrease of the clothing production seems unexplicable, if we take into account the populations's growth on the one hand and the growth of the textiles' production on the other. There is therefore reason for doubt as for the numbers given for it.

Source : Organisation for the Reconstruction, op.cit., p. 41

Table 5 : Self Sufficiency in Basic Foodstuffs 1934-1938

Measured as the percentage of domestic production to the total consumption per capita. Average of the period 1934-38

	<u>Self Sufficiency (%)</u>
Wheat .....	64
Other serials .....	89
Sugar .....	8
Meat .....	86
Milk .....	98
Butter-Fats .....	90
Lentils, beans etc .....	79
Fishery products .....	43
Olive oil & olives .....	100

Note : Taking into account the contribution of each of these foodstuffs to the nurishment of the population, the overall degree of self sufficiency is estimated to 75% approximately.

Source : Organisation for the Reconstruction, op.cit., p.22



Table 6 : National Income<sup>(a)</sup> of Greece, 1928, 1939  
in m .of drch. , 1914 prices

<u>Sectors</u>	1928		1939	
	<u>in m .drch.</u>	<u>(%)</u>	<u>in m .drch.</u>	<u>(%)</u>
Agriculture, animal breed., etc.	979	40.0	1379	47,0
Mines .....	13	0,5	31	1,0
Handicrafts & building constr.	174	} --- 16,5	103	} --- 15,0
Manufacturing industry .....	236		335	
Transportations .....	163	} --- 43,0 <sup>(b)</sup>	162	} --- 37,0 <sup>(b)</sup>
Commerce .....	301		256	
Rents .....	230		190	
Insurance , banking .....	120		118	
Public services .....	141		179	
Other services .....	125	154		
	<u>2482</u>	<u>100,0</u>	<u>2907</u>	<u>100,0</u>
	Total			

Note : (a) Exact figures about the National Income in the pre-war period are not available. Different sources give different figures. The above numbers are, therefore, to be taken as rough estimates.

(b) The decrease of the percentage of services in the National Income between 1928 and 1939 must be attributed to the significant increase of the contribution of the agricultural and manufacturing produce during this period.

Source : Organisation for the Reconstruction, op.cit., p.16

Table 7 : Volume and Value of the Agricultural Production in Greece, 1950-1970

	<u>1950</u>	<u>1961</u>	<u>1963</u>	<u>1970</u>
Volume (in thous.tonnes)	7.591	10.098	10.649	15.394
Value (in m .. drch. )	n.a.	28.400	27.138	33.000

Indices of Volume and Value

	<u>1961</u>	<u>1970</u>	<u>Average annual incr.</u>
Volume	100	153	4,3%
Value	100	116	1,1%

Source : A.Avdelidis, "The Agriculture in the Economy", in "Economicos Tachidromos" ("Economic Herald"), period., 24 & 31 Jan. 1974.

Table 8 : Active Population of Greece, 1928, 1951-1981

	1928 (a)	1951	1961	1971	1981
<u>Agriculture, etc.</u>	<u>1.475.000</u>	<u>1.886.377</u> (b)	<u>1.960.446</u>	<u>1.312.600</u>	<u>972.091</u>
<u>Industry</u>	<u>436.151</u>	<u>550.218</u>	<u>697.255</u>	<u>856.716</u>	<u>1.039.094</u>
Mining & quarrying	6.340	13.623	21.510	21.096	22.957
Manufacturing industry	364.326	450.424	488.577	554.380	664.322
Energy & water.....	6.553	11.212	19.804	24.816	25.425
Construction. ....	58.932	74.959	167.364	256.424	326.390
<u>Services</u>	<u>503.266</u>	<u>745.550</u>	<u>859.408</u>	<u>1.001.324</u>	<u>1.359.033</u>
Transport, storage & communications .....	106.758	138.025	153.867	211.672	266.517
Commerce .....	208.497	219.903	266.070	362.024 (c)	433.944 (c)
Banks, insurance & real estate .....					
Other services .....	188.011	387.622	439.471	349.104	531.869
<u>TOTAL</u>	<u>2.414.417</u>	<u>3.182.145</u>	<u>3.517.109</u>	<u>3.170.640</u>	<u>3.370.218</u>
Activities not adequately described .....	330.430	176.442	121.492	64.356	84.543
<u>GRANT TOTAL</u>	<u>2.744.847</u>	<u>3.358.587</u>	<u>3.638.601</u>	<u>3.234.996</u>	<u>3.454.761</u>



Table 8 : (continued)

(a) For the period before the war, the latest census with data about the distribution of the active population is that of the year 1928. Another census was carried out in 1940, but its material was probably lost during the war..

(b) Population census 1951. The data were adjusted to reflect the proper female participation in agriculture, since the census figure underestimates considerably the actual situation. The above figures are given by G.Koutsoumaris, et.al., in "Analysis and Assessment of the Economic Effects of the U.S. PL 480 Programme in Greece", Centre of Planning and Economic Research, Athens 1965, p.29. There are indications that even the above adjusted figure for the active agricultural population in 1951 is an underestimation. Another source gives the number 1.950.000 See, P.E.Faciolas, "Determining Factors of the Manufacturing Employment in Greece", Athens 1969, (in Greek) p. 42

(c) Includes commerce, hotels & restaurants.

<u>Sources</u>	1928	:	"Statistical Yearbook of Greece, 1958"
	1951	:	G.Koutsoumaris, op.cit., p. 29
	1961	:	"Statistical Yearbook of Greece, 1971", pp.129,31
	1971	:	" " " " , 1980, pp.55-57
	1981	:	" " " " , 1983, p.51

Table 9 : Composition (%) of the Active Population of Greece, 1928, 1951-1981

	1928 (a)	1951	1961	1971	1981
<u>Agriculture, etc.</u>	61,1	59,3 (b)	55,7	41,4	28,8
<u>Industry</u>	18,1	17,3	19,9	27,0	30,9
Mining & quarrying .....	0,3	0,4	0,6	0,7	0,7
Manufacturing industry .....	15,1	14,1	13,9	17,5	19,7
Energy & water .....	0,3	0,4	0,6	0,7	0,8
Constructions .....	2,4	2,4	4,8	8,1	9,7
<u>Services</u>	20,8	23,4	24,4	31,6	40,3
Transport, storage & communic.	4,4	4,3	4,4	6,7	7,9
Commerce .....	>	>	>	11,4 (c)	12,9 (c)
Banks, insurance & real estate	8,6	6,9	7,6	2,5	3,7
Other services .....	7,8	12,2	12,4	11,0	15,8
TOTAL	100,0	100,0	100,0	100,0	100,0

Notes : (a), (b) & (c) see Table 8

Source : Table 8

Tble 10 : Emigrants from Greece 1951-1977

	<u>Permanantly Emigrating</u>	<u>Temporarily</u> <sup>(a)</sup> <u>Emigrating</u>	<u>Repatriated</u>
1951-54	72.445	n.a	
1955	29.787	14.465	
1956	35.349	21.849	
1957	30.428	22.540	
1958	24.521	16.287	
1959	23.684	19.999	
1960	47.768	27.454	
1961	58.837	26.426	
1962	84.054	26.668	
1963	100.072	35.437	
1964	105.569	47.616	
1965	117.167	59.241	
1966	86.896	61.518	
1967	42.730	59.732	
1968	50.866	64.138	18.882 <sup>(b)</sup>
1969	91.552	67.123	18.132
1970	92.681	70.570	22.665
1971	61.745	75.229	24.709
1972	43.397	72.741	27.522
1973	27.525	85.116	22.285
1974	24.448	92.595	24.476
1975	20.330	80.349	34.214
1976	20.374	84.896	32.067
1977 <sup>(c)</sup>	16.510	65.612	12.572

Notes : (a) Mariners of the commercial fleet and Greek citizens who go abroad for less than one year to work in and be paid by the destination country. (b) Repatriation statistics were being compiled since 1968 (c) Data for 1977 refer to Jan.-Septem. period. Since October 1977 no data on emigration are collected.

Sources : 1951-54 , N.Psiroukis, "History of Modern Greece", vol. 2, Athens 1975, pp. 38,39  
 1955-1970 , "Statistical Yearbook of Greece 1971", p.41  
 1971-1977 , " " 1978 , pp. 51,68



Table 11 : Population and Permanantly Emigrating People,  
According to Age Groups, Year 1964

<u>Age Group</u>	<u>Population</u>	<u>Emigrants</u>	<u>Emigrants as % of the Popul.</u>
0-14	2.179.374	6.322	0,3
15-19	734.606	14.328	2,0
20-29	1.283.145	46.128	3,6
30-39	1.332.059	28.283	2,1
40-49	933.946	6.776	0,7
50 & above	2.047.299	3.732	0,2
	<hr/>	<hr/>	<hr/>
Total	8.510.429	105.569	1,2

Source : X.Zolotas, "Emigration and Economic Development"  
Athens 1966, p.48

Table 12 : Natural Increase of the Population and Emigration

1960-1965

<u>Year</u>	<u>Births</u>	<u>Deaths</u>	<u>Natural Increase</u>	<u>Emigration</u>
1960	157.846	59.946	97.900	47.768
1961	150.143	64.056	86.087	58.837
1962	152.552	66.725	85.827	84.054
1963	147.169	66.256	80.913	100.072
1964	150.367	68.990	81.377	105.569
1965	151.083	66.945	84.138	117.167

Source : X.Zolotas, "Emigration and Economic Development"  
Athens 1966, p.47

Table 13 : Growth of the population of Greece 1928-1981

	<u>Growth (%) of</u> <u>Total Population</u>	<u>Average Annual</u> <u>Rate of Growth</u>
1928-1940	18,4	1,42
1951-1961	9,9	0,95
1961-1971	4,5	0,44
1971-1981	11,1	1,05

Source : Table 7 of the main text



Table 14 : Population Changes According to Areas 1940-1971

	<u>P e r c e n t a g e I n c r e a s e</u>		
	<u>1940-1951</u>	<u>1951-1961</u>	<u>1961-1971</u>
Greater Athens	22,6	34,4	37,1
Rest of Sterea & Evia	0,0	6,9	2,2
Peloponessos	- 2,4	- 2,9	-10,0
Ionian Islands	- 8,8	- 7,0	-13,2
Epirus	- 5,0	6,7	-12,0
Thessaly	6,6	10,5	- 4,4
Macedonia	- 2,9	11,2	- 0,3
Thrace	- 6,4	5,8	- 7,6
Aegian Islands	- 3,6	- 9,7	-12,5
Crete	5,5	4,6	- 5,5
Total of Greece	2,3	9,9	4,5

Source : "Statistical Yearbook of Greece 1971" , pp.27,28

Table 15 : Gross Domestic Product of Greece, 1948-1979 (constant 1970 prices) (m.drch.)

	GDP	AGRIC.	I N D U S T R Y			S	E R V I C E S								
			Total	Mining	Manuf.		Ener. & Water	Const.	Total	(a)	(b)	(c)	(d)	(e)	(f)
1948	58.288	17.211	9.851	233	5.722	347	3.549	31.226	4.408	5.531	7.538	5.634	3.792	4.323	1948
1949	69.982	23.473	11.596	293	7.018	418	3.807	34.913	4.870	8.297	7.661	5.867	3.773	4.445	1949
1950	74.355	20.683	14.966	424	8.732	456	5.354	38.705	5.268	9.052	7.918	7.257	4.457	4.754	1950
1951	80.511	23.475	14.782	592	9.281	470	4.439	42.254	5.496	9.956	8.266	9.036	4.423	5.077	1951
1952	80.746	22.159	15.121	717	9.170	496	4.738	43.466	5.741	9.767	8.747	9.193	4.582	5.436	1952
1953	91.291	27.898	17.819	884	10.574	591	5.770	45.574	5.831	10.787	9.150	9.296	4.837	5.673	1953
1954	94.123	27.179	19.124	955	11.767	636	5.766	47.820	6.309	11.750	9.509	9.684	5.032	5.616	1954
1955	100.533	29.078	21.101	1.089	12.891	755	6.366	50.354	6.527	12.261	9.890	10.227	5.474	5.975	1955
1956	109.277	29.851	23.860	1.237	14.260	871	7.492	55.566	6.817	13.390	10.326	12.455	6.108	6.470	1956
1957	115.858	33.738	25.011	1.339	15.221	967	7.484	57.104	7.179	14.630	10.763	11.462	6.339	6.736	1957
1958	120.481	31.413	27.953	1.423	16.554	1.033	8.943	61.115	7.590	15.857	11.200	12.568	6.719	7.181	1958
1959	125.308	32.947	29.515	1.430	16.778	1.220	10.087	62.846	7.925	15.909	11.671	12.783	7.008	7.550	1959
1960	129.201	29.863	33.406	1.571	18.430	1.358	12.047	65.932	8.531	16.629	12.158	13.422	7.413	7.779	1960
1961	143.772	37.836	35.858	1.668	19.886	1.628	12.676	70.078	9.467	18.246	12.750	13.778	7.719	8.118	1961
1962	144.612	32.888	37.594	1.699	20.934	1.753	13.118	74.220	10.131	19.111	13.316	14.694	8.261	8.707	1962
1963	159.171	39.594	40.378	1.877	22.661	2.082	13.758	79.199	10.767	21.036	13.929	15.322	8.772	9.373	1963
1964	171.177	39.446	46.147	2.029	25.537	2.373	16.208	85.584	11.427	23.212	14.619	16.280	9.135	10.911	1964
1965	187.009	43.377	51.047	2.278	28.146	2.680	17.943	92.585	12.518	25.948	15.483	17.395	9.649	11.592	1965
1966	197.011	43.687	53.871	2.413	30.672	3.222	17.564	99.453	13.833	27.690	16.456	18.635	10.174	12.665	1966
1967	206.176	44.311	56.834	2.414	33.346	3.567	17.507	105.031	14.505	28.984	17.391	19.495	10.607	14.049	1967
1968	217.895	40.484	65.439	2.932	37.208	3.754	21.545	111.972	16.494	31.140	18.330	20.409	10.874	14.725	1968
1969	238.201	43.085	74.939	3.327	42.637	4.498	24.477	120.177	18.296	33.930	19.654	21.393	11.252	15.652	1969
1970	258.000	47.058	80.976	3.541	49.266	5.152	23.017	129.965	19.761	37.138	21.099	22.559	11.930	17.479	1970
1971	278.551	48.662	90.802	4.031	54.586	5.911	26.274	139.087	21.864	39.444	22.510	23.722	12.651	18.896	1971
1972	303.973	51.543	101.955	4.495	58.892	7.389	31.179	150.475	24.447	43.452	24.303	24.659	13.155	20.459	1972
1973	329.269	51.204	114.367	5.082	69.228	8.133	31.924	163.698	27.191	49.071	26.347	25.834	13.883	21.372	1973
1974	333.307	53.672	101.708	4.774	67.266	7.701	21.967	167.927	27.430	49.573	27.908	28.432	14.636	19.948	1974
1975	339.833	56.733	107.572	4.685	70.944	8.596	23.147	175.528	28.616	51.684	29.031	29.342	15.136	21.719	1975
1976	360.599	55.971	117.600	5.242	78.029	9.753	24.576	186.828	31.270	54.912	30.408	30.877	15.663	23.698	1976
1977	371.022	51.830	123.224	5.797	79.143	10.726	27.558	195.968	32.936	57.008	32.017	32.546	16.414	25.047	1977
1978	394.803	57.214	130.971	5.723	84.341	12.156	28.751	206.618	35.151	59.891	33.889	33.850	17.015	26.822	1978
1979*	409.507	54.378	138.871	6.329	88.998	12.986	30.548	216.258	37.637	61.682	36.043	35.500	17.326	28.070	1979*
1980															1980

(a) Transport & Commun. (b) Trade, Banking, Insurance (c) Dwellings (d) Public Admin. & Defence  
 (e) Health & Education (f) Miscellaneous

Source : National Accounts of Greece, No 23&26

Table 16 : Domestic Product of Manufacture (value ad.)  
1948-1979 m.drch.(const. 1970 prices)

	Manufacturing Production By Branch										
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
1948	1.406	1.061	1.224	312	208	204	355	19	496	210	227
1949	1.752	1.330	1.392	393	253	246	412	30	755	204	251
1950	2.037	1.740	1.747	516	356	319	580	37	906	212	282
1951	2.484	1.785	1.783	489	373	366	472	45	995	212	277
1952	2.602	1.712	1.601	461	410	377	471	46	1.006	189	295
1953	2.825	1.890	1.768	494	479	436	611	55	1.304	399	313
1954	3.325	2.003	1.974	553	472	507	607	84	1.446	464	332
1955	3.463	2.366	1.972	660	558	595	811	96	1.517	512	341
1956	3.927	2.397	2.160	760	668	650	1.012	118	1.618	538	382
1957	3.911	2.580	2.392	901	681	787	995	146	1.844	565	419
1958	4.065	2.771	2.518	976	786	902	1.033	175	2.177	668	483
1959	4.310	2.512	2.211	1.011	833	1.150	1.038	197	2.219	748	549
1960	4.119	2.933	2.357	1.124	907	1.495	1.184	288	2.596	871	556
1961	4.310	2.975	2.481	1.207	988	1.454	1.280	306	3.061	1.202	622
1962	4.346	3.250	2.429	1.267	1.067	1.467	1.434	336	3.288	1.366	684
1963	5.052	3.353	2.629	1.380	1.250	1.771	1.598	383	2.996	1.503	746
1964	5.610	3.759	3.084	1.596	1.357	1.905	1.867	407	3.621	1.576	755
1965	6.030	4.427	3.103	1.731	1.461	2.462	2.237	406	3.914	1.600	775
1966	6.756	4.424	3.275	1.834	1.700	2.645	2.288	944	4.411	1.568	827
1967	6.763	4.886	3.916	2.244	1.805	3.168	2.336	1.243	4.726	1.361	898
1968	7.569	5.675	3.770	2.404	2.107	3.600	2.671	1.702	5.096	1.463	1.151
1969	8.085	6.262	4.007	2.832	2.388	4.806	3.007	2.590	5.792	1.731	1.137
1970	9.317	6.937	4.627	3.051	2.268	5.495	3.736	3.638	6.298	2.595	1.304
1971	10.312	8.133	5.045	3.321	2.272	6.114	4.037	3.247	7.412	3.225	1.463
1972	11.003	9.096	5.545	3.668	2.527	6.446	4.023	3.222	8.605	3.178	1.574
1973	12.370	10.791	6.129	4.142	2.865	8.648	4.935	4.612	9.573	3.402	1.761
1974	11.995	10.675	6.409	3.389	2.728	8.385	5.041	4.656	8.712	3.435	1.841
1975	12.420	12.598	6.770	3.980	2.667	9.260	5.218	4.554	8.062	3.335	2.080
1976	13.895	14.460	7.355	3.981	2.757	9.789	5.906	4.870	9.395	3.250	2.321
1977	14.490	14.058	7.598	4.013	2.821	10.118	6.668	4.043	9.571	3.372	2.351
1978	15.911	14.861	7.660	4.044	3.279	11.169	7.038	5.093	9.646	3.286	2.304
1979	16.743	16.115	8.090	4.095	3.611	11.593	7.566	5.306	9.937	3.750	2.192

- (a) Food, Beverages, Tobacco (b) Textiles (c) Clothing & Footw.  
(d) Wood & Furniture (e) Paper, Publishing & Printing  
(f) Chemicals (g) Non-metallic Mineral Products,  
(h) Basic Metal Industries (i) Machinery & Appliances  
(j) Transport Equipment (k) Miscellaneous

Source : National Accounts of Greece, No 23 & 26



Table 17 : Composition (%) of the Gross Domestic Product of Greece, 1949-1979 (const. 1970 prices)

	<u>1949</u>	<u>1950</u>	<u>1951</u>	<u>1952</u>	<u>1953</u>	<u>1954</u>	<u>1955</u>	<u>1956</u>	<u>1957</u>	<u>1958</u>	<u>1959</u>	<u>1960</u>
<u>Agriculture</u>	33,5	27,8	29,2	27,4	30,6	28,9	28,9	27,3	29,1	26,1	26,3	23,1
<u>Industry</u>	16,5	20,1	18,3	18,8	19,5	20,3	21,0	21,8	21,6	23,1	23,5	25,9
Mining	0,4	0,6	0,7	0,9	1,0	1,0	1,1	1,1	1,2	1,2	1,1	1,2
Manufacturing	10,0	11,7	11,5	11,4	11,6	12,5	12,8	13,0	13,1	13,7	13,4	14,3
Energy & Water Supl.	0,6	0,6	0,6	0,6	0,6	0,7	0,8	0,8	0,8	0,8	1,0	1,1
Construction	5,5	7,2	5,5	5,9	6,3	6,1	6,3	6,9	6,5	7,4	8,0	9,3
<u>Services</u>	49,9	52,0	52,5	53,8	50,0	50,9	50,0	50,7	49,4	50,8	50,1	50,9
Transport & Commun.	7,0	7,1	6,8	7,1	6,4	6,6	6,5	6,2	6,2	6,3	6,3	6,6
Trade	10,2	10,2	10,5	10,2	10,1	10,9	10,4	10,4	10,7	11,1	10,7	10,7
Banking & Insuran.	1,6	1,9	1,9	1,9	1,8	1,6	1,8	1,8	2,0	2,1	2,0	2,1
Dwellings	10,9	10,6	10,3	10,8	10,0	10,1	9,8	9,4	9,3	9,3	9,3	9,4
Publ.Admin.&Defence	8,4	9,8	11,2	11,4	10,2	10,3	10,2	11,4	9,9	10,4	10,2	10,4
Health & Education	5,4	6,0	5,5	5,7	5,3	5,4	5,4	5,6	5,5	5,6	5,6	5,7
Miscellaneous	6,4	6,4	6,3	6,7	6,2	6,0	5,9	5,9	5,8	6,0	6,0	6,0
	<u>100,0</u>	<u>100,0</u>	<u>100,0</u>	<u>100,0</u>	<u>100,0</u>	<u>100,0</u>	<u>100,0</u>	<u>100,0</u>	<u>100,0</u>	<u>100,0</u>	<u>100,0</u>	<u>100,0</u>

Source : Table 15

Table 17 (continued) : Composition of the Gross Domestic Product of Greece, 1949-1979

	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>
<u>Agriculture</u>	26,3	22,7	24,9	23,0	23,2	22,2	21,5	18,6	18,1	18,2
<u>Industry</u>	24,9	26,0	25,3	27,0	27,3	27,3	27,6	30,0	31,5	31,4
Mining	1,2	1,2	1,2	1,2	1,2	1,2	1,2	1,3	1,4	1,4
Manufacturing	13,8	14,5	14,2	14,9	15,1	15,6	16,2	17,1	17,9	19,1
Energy & Water sup.	1,1	1,2	1,3	1,4	1,4	1,6	1,7	1,7	1,9	2,0
Construction	8,8	9,1	8,6	9,5	9,6	8,9	8,5	9,9	10,3	8,9
<u>Services</u>	48,8	51,3	49,8	49,9	49,5	50,5	50,8	51,4	50,5	50,4
Transport & Commun.	6,6	7,0	6,8	6,7	6,7	7,0	7,0	7,6	7,7	7,7
Trade	10,6	11,0	10,9	11,2	11,5	11,7	11,7	11,8	11,8	12,0
Banking & Insuran.	2,1	2,2	2,3	2,3	2,3	2,3	2,3	2,4	2,4	2,4
Dwellings	8,9	9,2	8,7	8,5	8,3	8,4	8,4	8,4	8,3	8,2
Publ. Admin. & Def.	9,6	10,2	9,6	9,5	9,3	9,5	9,5	9,4	9,0	8,7
Health & Education	5,4	5,7	5,5	5,3	5,2	5,2	5,1	5,0	4,7	4,6
Miscellaneous	5,6	6,0	6,0	6,4	6,2	6,4	6,8	6,8	6,6	6,8
	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0

Table 17 (continued) : Composition of the Gross Domestic Product of Greece, 1949-1979

	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u> <sup>*</sup>
<u>Agriculture</u>	17,5	17,0	15,6	16,6	16,7	15,5	14,0	14,5	13,3
<u>Industry</u>	32,5	33,6	34,7	31,5	31,6	32,7	33,2	33,2	33,9
Mining	1,4	1,5	1,5	1,5	1,4	1,5	1,6	1,4	1,5
Manufacturing	19,6	19,4	21,0	20,8	20,9	21,7	21,3	21,4	21,7
Energy & Water Sup.	2,1	2,4	2,5	2,4	2,5	2,7	2,9	3,1	3,2
Construction.	9,4	10,3	9,7	6,8	6,8	6,8	7,4	7,3	7,5
<u>Services</u>	49,9	49,4	49,7	51,8	51,6	51,8	52,8	52,3	52,8
Transport & Commun.	7,8	8,0	8,3	8,5	8,4	8,7	8,9	8,9	9,2
Trade	11,7	11,9	12,6	12,7	12,6	12,5	12,6	12,5	12,5
Banking & Insuran.	2,4	2,4	2,3	2,6	2,6	2,7	2,7	2,6	2,6
Dwellings	8,1	8,0	8,0	8,6	8,5	8,4	8,6	8,6	8,8
Public Adm.&Def.	8,5	8,1	7,8	8,8	8,6	8,6	8,8	8,6	8,7
Health & Education	4,6	4,3	4,2	4,5	4,5	4,3	4,4	4,3	4,2
Miscellaneous	6,8	6,7	6,5	6,1	6,4	6,6	6,8	6,8	6,8
	<u>100,0</u>	<u>100,0</u>	<u>100,0</u>	<u>100,0</u>	<u>100,0</u>	<u>100,0</u>	<u>100,0</u>	<u>100,0</u>	<u>100,0</u>

\*Provisional data

Source : Table 15



Table 18 : Development of Electrical Energy in Greece 1952-62

	<u>Installed Capacity</u> in MW	<u>Production of Elect. Energy</u> 10 <sup>3</sup> KWH	<u>Distribution Network</u> Km
1952	231	814	119
1962	613	2735	2226
Percentage Increase ...	265%	336%	1870%

Source : National Bank of Greece, "Economic Developments"  
Year 4, Issue 13-14, p. 15

Table 19 : Distribution of the Approved Applications of Foreign Investment , According to Economic Sector  
Total amounts of capital 1954-1970 (US dol.)

	<u>m. . dollars</u> (total amount 1954-70)	<u>percentage</u>
Manufacturing	1.659,61	76,6%
Mining	70,71	3,3%
Shipping business	121,18	5,6%
Air transport	98,75	4,6%
Tourism	132,15	6,0%
Various	85,36	3,9%
	<hr/> 2167,76	<hr/> 100,0

Source : Hellenic Bank of Industrial Development,  
 " Investment Guide", Athens 1972, p. 88

Note : the approved amounts of capital do not coincide to actual imports of foreign capital, as in many cases approved applications for investment did not finally materialise.

Table 20 : Manufacturing Production Indices : 1959-70

	<u>1959</u>	<u>1965</u>	<u>1970</u>
Food, beverages, tobacco.. . . . .	100	135	162
Textiles . . . . .	100	162	229
Clothing and footwear ... . . . .	100	123	141
Wood and cork . . . . .	100	155	202
Furniture . . . . .	100	98	75
Paper and paper products . . . . .	100	163	279
Printing & allied industries . . . . .	100	105	113
Leather, fur, & simil.products ...	100	112	115
Plastics & rubber.... . . . .	100	308	765
Chemicals . . . . .	100	220	449
Petroleum & coal by-products . . . . .	100	121	305
Non metallic mineral products . . . . .	100	171	270
Basic metals . . . . .	100	363	1075
Metal products (except for machi- nery & transport equipment).....	100	212	298
Machinery & appliances (except for electrical ones & transp.equip.)....	100	86	74
Elaectrical machinery, apparatus, appliances and supplies . . . . .	100	208	306
Transport equipment ... . . . .	100	199	268
Miscellaneous . . . . .	100	325	283
TOTAL MANUFACTURE ... . . . .	100	163	254

Source : Statistical Yearbook of Greece 1971, p.203

Note: These indices show changes in production of value added of the various branches of the manufacturing industry, estimated at constant prices of the basis year (1959).



Table 21 : Composition (%) of the Domestic Product of  
Manufacture (value added) (const. 1970 prices)

	<u>1951</u>	<u>1955</u>	<u>1961</u>	<u>1965</u>	<u>1971</u>	<u>1973</u>
Light Industries (a)	75	70	60	59	53	52
Heavy Industries (b)	22	27	37	38	44	45
Miscellaneous	3	3	3	3	3	3
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

(a) food, beverages, tobacco, textiles, clothing, wood & furniture, paper & printing

(b) basic metals, chemicals, non-metallic mineral products, metal products, machinery, electrical machinery & appliances, transport equipment.

Source : Table 16 Appendix

Table 22: Trade Balance of Greece 1930-1940 & 1953-1979

<u>Year</u>	<u>Imports</u> (m. . drch.)	<u>Exports</u> (m. . drch.)	<u>Balance</u> (m. .drch.)	<u>Exports/Imports</u> (%)
1930			-4.538	56,9
1931			-4.559	47,5
1932			-3.113	60,4
1933			-3.271	61,2
1934			-3.357	62,0
1935			-3.671	65,9
1936			-4.463	62,3
1937			-6.002	61,4
1938			-4.610	68,8
1939			-3.081	74,9
1940			-3.164	74,1
1953	7.156	3.397	-3.759	47,5
1954	9.901	4.556	-5.345	46,0
1955	11.464	5.484	-5.980	47,8
1956	13.911	5.698	-8.210	41,0
1957	15.734	6.588	-9.146	41,9
1958	16.946	6.953	-9.993	41,0
1959	17.009	6.127	-10.882	36,0
1960	21.060	6.096	-14.964	28,9

Continued to next page

Table 22 (continued) : Trade Balance of Greece 1930-40 & 1953-79

<u>Year</u>	<u>Imports</u> (m . drch.)	<u>Exports</u> (m. . drch.)	<u>Balance</u> (m. . drch.)	<u>Exports/Imports</u> (%)
1961	21.422	6.700	-14.722	31,3
1962	21.037	7.503	-13.534	35,7
1963	24.129	8.703	-15.426	36,1
1964	26.552	9.256	-17.296	34,9
1965	34.012	9.833	-24.179	28,9
1966	36.685	12.179	-24.506	33,2
1967	35.588	14.856	-20.732	41,7
1968	41.830	14.047	-27.783	33,6
1969	47.824	16.608	-31.216	34,7
1970	58.750	19.276	-39.474	32,8
1971	62.942	19.874	-43.068	31,6
1972 (a)	70.373	26.125	-44.248	37,1
1973 (b)	102.978	42.811	-60.167	41,6
1974	132.181	60.890	-71.291	46,1
1975 (c)	172.041	74.441	-97.600	43,3
1976	223.159	93.811	-129.348	42,0
1977	252.150	101.330	-150.820	40,2
1978	287.729	123.727	-164.002	43,0
1979	356.820	144.238	-212.582	40,4

Sources : 1930-1954 Statistical Yearbook of Greece, 1955, p.304  
1955-1970 " " " 1971, p.245  
1971-1979 " " " 1980, p.283

notes : (a) In December 1971, after the Smithsonian Agreement and the realignment of the international exchange rates, the major European currencies were revalued against the dollar. The drachma-dollar rate remained unchanged and as a consequence the drachma was devalued against the European currencies. (See, "The Fifty Years of the Bank of Greece", op.cit., p.648)

(b) & (c) next page



Table 22 (continued)

(b) At the beginning of 1973 many European governments decided to let their currencies to fluctuate (within certain limits- the European currency "snake" ) and the European currencies were again revalued against the dollar. The drachma was again devalued against the European currencies ( See, "The Fifty Years of the Bank of Greece", op.cit , p. 654,5)

(c) In March 1975 the drachma was disassociated from the dollar. Since then its rate is determined by the Bank of Greece on the basis of an average weighted rate of a basket of currencies. (See, Ibid. p. 727)

The continuous readjustments of the exchange rates of drachma since 1972 (till the present), amounted to a steady and "crawling" devaluation of the currency against the major European currencies. EEC is the main trading partner of Greece. ( In 1978, for example, 51% of the Greek exports were directed to the EEC, while a 43% of the Greek imports came from the EEC. In the same year her exports to the USA amounted to only 4,4% of her total exports, while her imports from USA amounted to 5,2% of her total imports).

The above crawling devaluation of the drachma against the currencies of Greece's main trading partners, is reflected into the improvement of the ratio of exports to imports since 1972

Table 23 : External Trade of Greece- Composition (%), 1953-1981

	E x p o r t s				I m p o r t s			
	Food, Bever., Tobac., Oils	Crude Mater. (Ined.)	Mineral Fuels, Lubric. etc. <sup>(a)</sup>	Manu- factu- red Goods	Food, Bever., Tobac., Oils	Crude Mater. (Ined.)	Mineral Fuels, Lubric. etc. <sup>(a)</sup>	Manu- factu- red Goods
1953	72,6	17,8	-	9,6	23,2	13,8	15,9	47,1
1954	74,4	15,7	-	9,9	16,5	14,6	13,8	55,1
1955	69,4	23,2	-	7,4	21,1	12,1	13,6	53,2
1956	62,3	29,1	-	8,6	22,9	11,3	11,4	54,4
1957	74,3	19,2	-	6,5	19,5	12,6	12,7	55,2
1958	70,4	22,8	-	6,8	16,3	10,7	10,8	62,2
1959	66,0	26,9	-	7,1	13,7	8,9	9,1	68,3
1960	64,8	25,2	-	10,0	10,8	9,3	7,5	72,4
1961	63,0	26,3	-	10,7	13,4	9,0	7,2	70,4
1962	59,0	29,7	0,2	11,1	11,7	9,6	7,3	71,4
1963	67,4	22,8	0,2	9,6	13,6	10,5	8,7	67,2
1964	65,4	23,1	0,2	11,3	14,3	9,9	7,0	68,8
1965	66,4	19,8	-	13,8	15,2	10,1	8,4	66,3
1966	62,5	18,7	0,9	17,9	13,7	11,0	7,4	67,9
1967	61,0	17,4	1,0	20,6	14,6	10,1	7,9	67,4
1968	53,1	19,0	1,3	26,6	12,3	9,5	7,2	71,0
1969	45,9	16,8	1,0	36,3	11,8	9,8	7,4	71,0
1970	41,1	16,9	1,0	41,0	10,5	8,4	6,9	74,2
1971	42,2	18,8	0,9	38,1	11,7	8,3	7,3	72,7
1972	42,4	14,1	1,2	42,3	10,3	8,7	10,0	71,0
1973	30,5	13,5	14,0 <sup>(b)</sup>	42,0	11,9	9,6	12,3 <sup>(b)</sup>	66,2
1974	30,5	10,6	9,0	49,9	11,0	9,5	22,2	57,3
1975	32,3	8,8	11,0	47,9	9,4	7,8	22,2	60,6
1976	31,9	10,0	5,8	52,3	8,5	6,9	20,3	64,3
1977	32,5	8,9	4,9	53,7	8,1	7,2	15,2	69,5
1978	32,5	8,4	9,5	49,6	9,9	6,2	18,2	65,7
1979	29,8	9,0	11,8	49,4	9,4	6,2	21,2	63,2
1980	25,7	7,8	15,6	50,9	8,4	6,7	23,4	61,5
1981	26,5	7,1	9,6	56,8	10,9	6,3	22,0	60,8

Sources &amp; notes next page

Table 23: (Continued)Sources

1953,54	:	Statistical Yearbook of Greece	1955, p.312
1955,56	:	"	1957, p.264
1957	:	"	1958, p.287
1958,59	:	"	1959-60, vol.1, p.290
1960,61	:	"	1962, p.249
1962,63	:	"	1964, p.337
1964,65	:	"	1966, p.255
1966	:	"	1967, p.271
1967,68	:	"	1969, p.248
1969,70	:	"	1971, p.256
1971,72	:	"	1973, p.266
1973,74	:	"	1975, p.302
1975	:	"	1977, p.298
1976,77	:	"	1978, p.308
1978,79	:	"	1980, p.294
1980,81	:	"	1982, p.306

Notes

(a) Greece exports petroleum by-products (she is not an oil producer) and imports both crude oil and petroleum by-products.

(b) In 1973 the exports of petroleum by-products increased abruptly (from 1,2% in 1972 to 14,0% in 1973). This increase must be attributed not so much to the increase of volume of these exports, as to the sudden increase of the oil prices in the world market. On the other hand, exports of petroleum by-products developed considerably during the seventies. In other words, the increase of their percentage in this period, observed in the Table, is both the result of an increase of volume and price.

After 1973 a sudden increase of the corresponding imports can also be observed, ( from 12,3% in 1973 to 22,2% in 1974), which must be attributed to the same reason, i.e. the sudden increase of the oil price. This "artificial" increase (to the extent that it does not correspond to an increase of the volume) distorts the picture of the composition of imports (as well as exports) after 1973. Thus, manufacturing imports appear to decrease as a percentage of the total imports after 1973; this would not be the case if this disturbing factor did not interfere.



(a)  
Table 24 : Composition of the Greek Exports , 1953-1981

	1 9 5 3		1 9 6 0		1 9 6 5				
	m. . drch.	(%)	m. . drch.	(%)	m. .drch.	(%)			
<b>TOTAL</b>	<b>3.397,0</b>	<b>100,0</b>	<b>6.096,0</b>	<b>100,0</b>	<b>9.833,0</b>	<b>100,0</b>			
<b>FOOD, BEVERAGES, TOBACCO, OILS</b>	<b>2467</b>	<b>100</b>	<b>72,6</b>	<b>3951</b>	<b>100</b>	<b>64,8</b>	<b>6526</b>	<b>100</b>	<b>66,3</b>
Fruits, fresh & dried, fresh veget.	779	32	22,9	1297	33	21,3	2237	34	22,8
Fruits & vegetables preserved	12	~	~	175	4	2,9	430	7	4,4
Beverages ...	105	4	3,1	71	2	1,2	190	3	1,9
Tobacco (unmanufactured) ....	1289	52	38,0	2188	55	35,9	3387	52	34,4
Oil & fats (SITC 4) .....	121	5	3,6	130	3	2,1	118	2	1,2
<b>CRUDE MATERIALS (Ined. exc. fuels)</b>	<b>604</b>	<b>100</b>	<b>17,8</b>	<b>1535</b>	<b>100</b>	<b>25,2</b>	<b>1943</b>	<b>100</b>	<b>19,8</b>
Skins (undressed) ...	87	14	2,6	272	18	4,5	359	18	3,6
Cotton .....	150	25	4,4	570	37	9,4	614	32	6,2
Crude minerals (SITC 278) ....	109	18	3,2	150	10	2,5	273	14	2,8
Non-ferrous ores (SITC 287) ...	99	16	2,9	320	21	5,2	379	19	3,9
<b>MANUFACTURED GOODS</b>	<b>325</b>	<b>100</b>	<b>9,6</b>	<b>608</b>	<b>100</b>	<b>10,0</b>	<b>1364</b>	<b>100</b>	<b>13,9</b>
<b>MANUF. GOODS, CLASIF. BY RAW MAT.</b>	<b>167</b>	<b>51</b>		<b>248</b>	<b>41</b>		<b>814</b>	<b>60</b>	
Leather, furs, etc. (611-13)	18	6	~	74	12	1,2	204	15	2,1
Paper & paper products .....	-	-	-	4	1	0,1	36	3	0,4
Textiles & carpets. (651-59)	75	23	2,2	81	13	1,3	262	19	2,8
Cement & oth. const. mat. (661-63)	59	18	1,7	30	5	0,5	56	4	0,6
Pig iron, sponge iron, ingots & other primary forms, (671-72)	-	-	-	29	5	0,5	33	2	0,3
Bars, sheets, wire, tubes & pipes, etc. of iron & steel (673-79)	-	-	-	-	-	-	56	4	0,6
Metallic struct., containers, wires, grills, etc. (691-99) ..	4	1	~	11	2	0,2	94	7	1,0
Aluminium ...	-	-	-	2	~	~	9	1	0,1
<b>MISCELLANEOUS MANUF. ARTICLES</b>	<b>15</b>	<b>4</b>		<b>54</b>	<b>9</b>		<b>141</b>	<b>10</b>	
Clothing .....	4	1	~	13	2	0,2	16	1	0,2
Footwear .....	-	-	-	-	-	-	19	1	0,2
<b>CHEMICALS (includes plastics)</b>	<b>128</b>	<b>39</b>	<b>3,8</b>	<b>252</b>	<b>41</b>	<b>4,1</b>	<b>212</b>	<b>16</b>	<b>2,2</b>
<b>MACHINERY &amp; TRANSPORT EQUIPMENT</b>	<b>16</b>	<b>5</b>	<b>0,5</b>	<b>53</b>	<b>9</b>	<b>0,9</b>	<b>193</b>	<b>14</b>	<b>2,0</b>
<b>MINERAL FUELS, LUBRICANTS, ETC</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>~</b>	<b>~</b>	<b>4</b>	<b>~</b>	<b>~</b>
<b>OTHER</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>~</b>	<b>~</b>	<b>-</b>	<b>-</b>	<b>-</b>

\* Includes ferro-nickel

(a)

Table 24 : (continued) Composition of the Greek Exports, 1953-1981

	1 9 7 0			1 9 7 3			1 9 7 6		
	m. drch.	(%)		m. drch.	(%)		m. drch.	(%)	
<b>TOTAL</b>	<b>19.276,0</b>	<b>100,0</b>		<b>42.811,0</b>	<b>100,0</b>		<b>93.811,0</b>	<b>100,0</b>	
<b>FOOD, BEVERAGES, TOBACCO, OILS</b>	<b>7937</b>	<b>100</b>	<b>41,2</b>	<b>13072</b>	<b>100</b>	<b>30,5</b>	<b>29784</b>	<b>100</b>	<b>31,8</b>
Fruits, fresh&dried, fresh veget.	2757	35	14,3	4944	38	11,5	10421	35	11,1
Fruits & vegetables preserved	1127	14	5,8	3322	25	7,8	6623	22	7,1
Beverages ...	592	7	3,1	1167	9	2,7	1372	5	1,5
Tobacco (unmanufactured) ....	2774	35	14,4	2289	18	5,3	6538	22	7,0
Oils & fats (SITC 4) .....	148	2	0,8	495	4	1,2	769	3	0,8
<b>CRUDE MATERIALS (Ined.exc.fuels)</b>	<b>3258</b>	<b>100</b>	<b>16,9</b>	<b>5770</b>	<b>100</b>	<b>13,5</b>	<b>9426</b>	<b>100</b>	<b>10,0</b>
Skins (undressed) .....	426	13	2,2	928	16	2,2	1594	17	1,7
Cotton .....	1235	38	6,4	2391	41	5,6	1642	17	1,7
Crude minerals (SITC 278) ...	784	24	4,1	1309	23	3,1	2578	27	2,7
Non-ferrous ores (SITC 287) ..	450	14	2,3	661	11	1,5	2615	28	2,8
<b>MANUFACTURED GOODS</b>	<b>8081</b>	<b>100</b>	<b>41,9</b>	<b>23969</b>	<b>100</b>	<b>56,0</b>	<b>54571</b>	<b>100</b>	<b>58,2</b>
<b>MANUF.GOODS,CLASIF.BY RAW MAT.</b>	<b>5507</b>	<b>68</b>		<b>11600</b>	<b>48</b>		<b>29664</b>	<b>54</b>	
Leather, furs, etc. (611-613)	442	5	2,3	994	4	2,3	2146	4	2,3
Paper & paper products .....	69	1	~	88	~	~	331	~	~
Textiles & carpets (651-659)	1106	14	5,7	3903	16	9,1	8869	16	9,4
Cement & oth.const.mater.(661-63)	193	2	1,0	443	2	1,0	5014	9	5,3
Pig iron, sponge iron, ingots(*) & other primary forms, (671-72)	1386	17	7,2	1970	8	4,6	3352	6	3,6
Bars, sheets, wire, tubes&pipes, etc, of iron & steel (673-79)	791	10	4,0	1322	6	3,1	2732	5	2,9
Metallic struc., containers, wires & grills, etc. (691-99) .....	122	1	0,6	404	2	0,9	2144	4	2,3
Aluminium .....	1153	14	6,0	2000	8	4,7	3797	7	4,0
<b>MISCELLANEOUS MANUF. ARTICLES</b>	<b>710</b>	<b>9</b>		<b>3102</b>	<b>13</b>		<b>10990</b>	<b>20</b>	
Clothing	260	3	1,3	1579	7	3,7	7321	13	7,8
Footwear	175	2	0,9	736	3	1,7	2140	4	2,3
<b>CHEMICALS (includes plastics)</b>	<b>1385</b>	<b>17</b>	<b>7,2</b>	<b>2351</b>	<b>10</b>	<b>5,5</b>	<b>3799</b>	<b>7</b>	<b>4,0</b>
<b>MACHINERY &amp; TRANSPORT EQUIPMENT</b>	<b>287</b>	<b>4</b>	<b>1,5</b>	<b>926</b>	<b>4</b>	<b>2,2</b>	<b>4635</b>	<b>8</b>	<b>4,9</b>
<b>MINERAL FUELS, LUBRICANTS, ETC</b>	<b>192</b>	<b>2</b>	<b>1,0</b>	<b>5990</b>	<b>25</b>	<b>14,0</b>	<b>5483</b>	<b>10</b>	<b>5,8</b>

\* includes fero-nickel



Table 24 : (continued) Composition of the Greek Exports 1953- 1981 (a)

	1 9 7 9			1 9 8 1		
	m...drch.	(%)		m .drch.	(%)	
<b>TOTAL</b>	144.239,0	100,0		237.929,0	100,0	
<b>FOOD, BEVERAGES, TOBACCO; OILS</b>	42955	100	29,8	62992	100	26,5
Fruits, fresh & dried, fresh veget.	14405	34	10,0	20321	32	8,5
Fruits & vegetables preserved	9594	22	6,6	15204	24	6,4
Beverages ...	1881	4	1,3	2055	3	0,9
Tobacco (unmanufactured) ...	7090	17	4,9	9865	16	4,1
Oils & fats (SITC 4) ...	1616	4	1,1	1841	3	0,8
Wheat, flour & cereal preparat.	4203	10	2,9	5564	9	2,3
<b>CRUDE MATERIALS (Ined. exc. fuels)</b>	12987	100	9,0	16921	100	7,1
Skins (undressed) ...	2101	16	1,5	2097	12	0,9
Cotton ....	1640	13	1,1	1446	9	0,6
Crude minerals (SITC 278) ....	3723	29	2,6	4273	25	1,8
Non-ferous ores (SITC 287) ....	4208	32	2,9	6964	41	2,9
<b>MANUFACTURED GOODS</b>	88196	100	61,2	158016	100	66,4
<b>MANUF. GOODS, CLASIF. BY RAW MAT.</b>	45567	52		80747	52	
Leather, furs, etc. (611-13)	3429	4	2,4	3953	3	1,7
Paper & paper products ....	1222	1	0,8	2678	2	1,1
Textiles & carpets (651-59) ...	13920	16	9,7	26773	17	11,3
Cement & oth. const. mat, (661-63)	7636	9	5,3	15713	10	6,6
Pig iron, sponge iron, ingots & other primary forms, (671-72)	5494	6	3,8	3904	3	1,6
Bars, sheets, wire, tubes & pipes, etc. of iron & steel (673-79)	3489	4	2,4	9021	6	3,8
Metallic struc., containers, wires & grills, etc. (691-99)	2473	3	1,7	6541	4	2,7
Aluminium ....	6187	7	4,3	8872	6	3,7
<b>MISCELLANEOUS MANUF. ARTICLES</b>	15763	18		30991	20	
Clothing ....	10943	12	7,6	21606	14	9,1
Footwear ...	2786	3	1,9	5204	3	2,2
<b>CHEMICALS (includes plastics)</b>	4877	6	3,4	10860	7	4,6
<b>MACHINERY &amp; TRANSPORT EQUIPMENT</b>	4914	6	3,4	11317	7	4,8
<b>MINERAL FUELS, LUBRICANTS, ETC</b>	17076	19	11,8	22618	14	9,5
<b>OTHER</b>	-	-	-	1482	~	~

\* Includes ferro-nickel

Sources & notes see next page



Table 24 : (continued)Sources

1953,	"Stat. Yearb. of Greece 1955",	pp. 317-19,	Own calculations
1960,	"	1961 , pp. 245-47,	"
1965,	"	1967 , pp. 277-80,	"
1970,	"	1971 , pp. 261-64,	"
1973,	"	1974 , pp. 285-88,	"
1976,	"	1978 , pp. 317-24,	"
1981,	"	1982 , pp. 314-21,	"

Notes : (a) In this Table we do not record every item appearing in the statistical Tables of exports, but the most important ones in terms of value, in each category. In 1981 for example, in the category "Food etc " the items recorded amount to 87% of the total of this category. On the other hand, in some cases we grouped together similar products (e.g. pig iron, sponge iron, ingots & other primary forms), which on the statistical Tables appear separate. Whenever it is necessary we put in parenthesis the code numbers of SITC.

(b) Up to 1960, the exports of this category consisted mainly of some products of traditional industries, e.g. colophony and turpentine, classified as chemicals. Their share in total manufacturing exports appear high, at a period when manufacturing exports as a whole represented a low percentage of the total exports. Modern chemicals and plastics industries were established early in the sixties and their exports appear in the table from 1965 onwards.

Table 25 : Gross Fixed Capital Formation, Private

Year	TOTAL	BY TYPE OF ASSET							BY BRANCH OF INDUSTRY							
		Dwell-ings	Other Buildings	Other Con-struct.	Transp. Equip-ment	Other Equip-ment	Agri-cul-ture	Min-ing	Manu-fact-ure	Ener-gy	Transp. & Commun.	Dwell-ings	Public Admin.	Other	Year	
1948	5.163	1.942	...	...	...	...	...	381	70	1.960	172	334	1.942	—	304	1948
1949	5.888	2.369	...	...	...	...	...	323	13	1.821	373	552	2.369	—	437	1949
1950	9.699	3.096	...	...	...	...	...	509	182	3.696	459	875	3.096	—	882	1950
1951	10.625	3.791	...	...	...	...	...	801	475	3.222	1.108	391	3.791	—	837	1951
1952	9.878	4.428	...	...	...	...	...	850	197	3.197	17	144	4.428	—	1.045	1952
1953	10.148	5.591	...	...	...	...	...	655	45	2.039	207	300	5.591	—	1.311	1953
1954	10.378	5.596	...	...	...	...	...	793	140	1.777	152	503	5.596	—	1.417	1954
1955	11.609	6.066	...	...	...	...	...	899	119	1.834	292	682	6.066	—	1.717	1955
1956	13.854	6.575	...	...	...	...	...	1.167	267	1.874	1.060	897	6.575	—	2.014	1956
1957	13.643	6.033	...	...	...	...	...	1.793	349	2.250	351	1.184	6.033	—	1.683	1957
1958	17.469	7.463	2.263	1.515	1.208	1.515	5.020	2.196	380	3.428	240	1.554	7.463	—	2.208	1958
1959	16.962	7.319	2.778	1.199	1.225	1.199	4.441	2.492	141	2.612	347	1.205	7.319	—	2.846	1959
1960	19.264	8.259	3.200	1.715	1.503	1.715	4.587	2.758	145	2.379	354	1.746	8.259	—	3.623	1960
1961	19.703	8.929	3.105	2.019	1.642	2.019	4.008	2.534	174	2.421	146	2.027	8.929	—	3.472	1961
1962	22.216	10.173	3.651	2.344	1.283	2.344	4.765	2.089	226	2.996	205	2.346	10.173	—	4.181	1962
1963	24.657	11.105	4.357	2.270	1.212	2.270	5.713	2.462	352	3.526	117	2.279	11.105	—	4.716	1963
1964	30.826	13.503	5.132	3.058	1.836	3.058	7.297	3.386	421	5.217	170	3.141	13.503	—	4.988	1964
1965	35.072	15.277	4.973	2.747	2.840	2.747	9.235	4.029	501	6.897	180	2.790	15.277	—	5.398	1965
1966	36.610	15.255	5.332	4.648	1.933	4.648	9.442	3.312	491	6.551	191	4.745	15.255	—	6.065	1966
1967	34.315	13.615	5.049	3.894	2.039	3.894	9.718	4.172	614	5.969	177	4.017	13.615	—	5.751	1967
1968	43.863	19.109	6.992	4.769	2.173	4.769	10.820	4.861	615	7.172	111	4.790	19.109	—	7.205	1968
1969	51.091	22.839	7.677	6.585	2.105	6.585	11.885	4.571	651	8.389	112	6.610	22.839	—	7.919	1969
1970	50.737	19.443	7.309	6.472	2.154	6.472	15.339	4.055	1.067	10.016	97	6.530	19.443	—	9.529	1970
1971	55.112	22.943	7.998	7.059	2.318	7.059	14.794	4.504	1.741	11.069	201	7.126	22.943	—	7.528	1971
1972	64.122	29.290	8.279	6.855	2.428	6.855	17.270	4.816	1.078	13.175	172	6.918	29.290	—	8.673	1972
1973	72.187	30.228	9.929	10.035	3.519	10.035	18.476	5.691	1.235	14.366	305	10.126	30.228	—	10.236	1973
1974	52.211	15.679	9.245	6.690	2.638	6.690	17.959	4.362	1.285	14.849	200	6.789	15.679	—	9.047	1974
1975	53.702	20.182	7.164	6.476	2.678	6.476	17.201	5.024	1.127	13.033	223	6.477	20.182	—	7.636	1975
1976	58.380	21.597	8.434	8.360	2.654	8.360	17.335	4.938	1.339	12.813	280	8.359	21.597	—	9.054	1976
1977	66.750	26.160	9.673	10.312	2.797	10.312	17.807	5.657	887	12.392	423	10.313	26.160	—	10.918	1977
1978	70.600	29.834	9.519	12.953	3.020	12.953	15.274	4.785	1.179	11.133	358	12.953	29.834	—	10.358	1978
1979*	75.536	31.248	11.344	13.120	2.450	13.120	17.374	5.237	1.118	13.033	325	13.025	31.248	—	11.550	1979*
1980																1980

Source : National Accounts of Greece, N° 23 &amp; 26



Table 26 : Gross Fixed Capital Formation, Total Private &amp; Public

m. drch., constant 1970 prices

Year	B Y T Y P e o f A S S e t										B Y B R a n c h o f I n d u s t r y						Year			
	TOTAL	Dwel- lings		Other Build- ings		Other Con- struct.		Trans. Equip- ment		Other Equip- ment		Agriculture	Min- ings	Manu- fact- ure	Ener- gy	Tran. & Comm.		Dwel- lings	Public Admin.	Other
1948	9.435	3.107	655	2.290	309	3.074	777	70	1.960	172	2.536	3.107	343	470	1948					
1949	10.681	3.577	1.003	2.273	861	2.967	1.193	19	1.821	394	1.886	3.578	804	986	1949					
1950	16.262	4.831	1.516	3.182	1.646	5.087	1.818	184	3.696	559	2.786	4.830	1.024	1.365	1950					
1951	15.095	4.333	1.370	2.566	470	6.356	1.864	722	3.222	2.148	1.393	4.333	114	1.299	1951					
1952	13.980	4.491	1.419	2.636	311	5.123	1.279	455	3.197	1.410	1.139	4.491	694	1.315	1952					
1953	14.252	6.090	1.668	3.072	456	2.966	1.150	224	2.039	1.563	882	6.091	702	1.601	1953					
1954	14.389	6.095	1.880	2.771	464	3.179	1.262	184	1.781	1.577	1.186	6.096	403	1.900	1954					
1955	15.944	7.045	2.155	2.547	676	3.521	1.270	137	1.941	1.632	1.477	7.045	378	2.064	1955					
1956	19.395	7.818	2.469	3.712	936	4.460	1.700	279	2.372	2.531	1.963	7.818	371	2.361	1956					
1957	19.120	6.911	2.098	4.802	1.196	4.113	2.577	367	2.819	1.409	2.604	6.911	389	2.044	1957					
1958	24.169	8.352	2.783	5.484	1.715	5.835	3.378	398	3.473	1.901	3.828	8.352	145	2.694	1958					
1959	25.264	7.857	4.281	6.191	1.464	5.471	3.844	151	3.081	2.613	3.774	7.857	304	3.640	1959					
1960	29.121	8.506	4.552	8.659	1.821	5.583	5.070	160	2.873	2.323	5.477	8.506	417	4.295	1960					
1961	31.476	9.132	4.734	9.608	2.181	5.821	5.368	213	3.634	2.260	6.146	9.132	340	4.383	1961					
1962	34.128	10.391	5.030	9.677	2.626	6.404	4.710	270	4.280	2.902	6.269	10.391	317	4.989	1962					
1963	35.996	11.287	5.761	9.558	2.378	7.012	5.131	430	4.390	2.727	6.188	11.287	343	5.500	1963					
1964	43.445	13.712	6.675	10.578	3.151	9.329	5.688	451	5.628	3.888	7.977	13.712	296	5.805	1964					
1965	49.003	15.482	6.124	13.057	3.216	11.124	6.035	606	7.006	4.759	8.384	15.482	181	6.550	1965					
1966	50.567	15.642	6.687	12.369	5.299	10.570	5.591	584	6.660	3.957	10.440	15.642	433	7.260	1966					
1967	49.770	13.956	6.554	12.804	4.772	11.684	6.209	719	7.245	5.341	10.167	13.956	469	6.856	1967					
1968	60.397	19.445	9.068	14.097	5.036	12.751	7.079	803	6.053	5.500	11.547	19.445	367	8.411	1968					
1969	71.653	23.212	9.729	15.722	6.634	16.356	7.443	1.219	8.426	6.827	14.181	23.212	628	9.717	1969					
1970	70.663	19.740	9.579	16.169	6.548	18.627	7.523	1.471	10.044	5.091	14.677	19.740	828	11.289	1970					
1971	80.558	23.641	10.504	19.424	7.083	19.906	8.052	1.827	11.198	7.480	17.348	23.641	803	10.209	1971					
1972	92.977	29.964	12.472	21.139	7.021	22.381	8.949	1.478	13.238	7.987	18.529	29.964	781	12.051	1972					
1973	100.093	30.576	13.951	20.426	10.236	24.904	9.685	1.985	14.457	8.736	20.570	30.576	675	13.409	1973					
1974	74.500	15.869	12.381	15.076	7.418	23.756	7.015	1.462	14.914	8.181	15.142	15.869	580	11.337	1974					
1975	74.660	20.476	10.170	16.010	7.050	20.954	7.825	1.670	13.132	6.039	14.050	20.476	563	10.905	1975					
1976	79.750	21.909	11.258	16.078	9.346	21.159	7.740	1.859	13.288	6.021	15.853	21.909	642	12.438	1976					
1977	85.950	26.428	12.205	15.886	10.788	20.643	8.302	1.457	12.599	5.711	16.732	26.428	582	14.139	1977					
1978	91.100	30.074	12.513	15.028	13.595	20.090	7.209	2.077	12.244	6.097	19.098	30.074	669	13.632	1978					
1979*	98.270	31.572	13.889	14.765	14.527	23.517	7.623	2.064	13.824	7.319	20.676	31.572	555	14.637	1979*					
1980															1980					



Table 27 : Gross Fixed Capital Formation, Public

m. drch. , constant 1970 prices

Year	BY TYPE OF ASSET						BY BRANCH OF INDUSTRY								
	TOTAL	Dwel- Lings	Other Build- ings	Other Cón- struc.	Transp. Equip- ment	Other Equip- ment	Agri- cul- ture	Min- ing	Manu- fact- ure	Ener- gy	Transp. & Commun.	Dwel- lings	Public Admin.	Other	Year
1948	4.272	1.165	...	...	...	...	396	—	—	—	2.202	1.165	343	166	1948
1949	4.793	1.209	...	...	...	...	870	—	—	21	1.334	1.209	804	549	1949
1950	6.563	1.734	...	...	...	...	1.309	—	—	100	1.911	1.734	1.024	483	1950
1951	4.470	542	...	...	...	...	1.063	—	—	1.040	1.002	542	114	462	1951
1952	4.102	63	...	...	...	...	429	—	—	1.393	995	63	694	270	1952
1953	4.104	500	...	...	...	...	495	—	—	1.356	582	500	702	290	1953
1954	4.011	500	...	...	...	...	469	4	—	1.425	683	500	403	483	1954
1955	4.335	979	...	...	...	...	371	107	—	1.340	795	979	378	347	1955
1956	5.541	1.243	...	...	...	...	533	498	—	1.471	1.066	1.243	371	347	1956
1957	5.477	878	...	...	...	...	784	569	—	1.058	1.420	878	389	361	1957
1958	6.700	889	520	4.276	200	815	1.182	45	—	1.661	2.274	889	145	486	1958
1959	8.302	538	1.503	4.966	265	1.030	1.352	469	—	2.266	2.569	538	304	794	1959
1960	9.857	247	1.352	7.156	106	1.996	2.312	494	—	1.969	3.731	247	417	672	1960
1961	11.773	203	1.629	7.966	162	1.813	2.834	1.213	39	2.114	4.119	203	340	911	1961
1962	11.912	218	1.379	8.394	282	1.639	2.621	1.284	44	2.697	3.923	218	317	808	1962
1963	11.439	182	1.404	8.346	108	1.399	2.669	864	78	2.610	3.909	182	343	784	1963
1964	12.619	209	1.543	8.742	93	2.032	2.302	411	30	3.718	4.836	209	296	817	1964
1965	13.931	205	1.151	10.217	469	1.889	2.006	109	105	4.579	5.594	205	181	1.152	1965
1966	13.957	387	1.355	10.436	651	1.128	2.279	109	93	3.766	5.695	387	433	1.195	1966
1967	15.455	341	1.505	10.765	878	1.966	2.037	84	105	5.164	6.150	341	469	1.105	1967
1968	16.534	336	2.076	11.924	267	1.931	2.218	73	188	5.389	6.757	336	367	1.206	1968
1969	20.562	373	2.052	13.617	49	4.471	2.872	37	568	6.715	7.571	373	628	1.798	1969
1970	19.926	297	2.270	14.015	76	3.268	3.468	28	404	4.994	8.147	297	828	1.760	1970
1971	25.446	698	2.506	17.106	24	5.112	3.548	129	86	7.279	10.222	698	803	2.681	1971
1972	28.855	674	4.193	18.711	166	5.111	4.133	63	400	7.815	11.611	674	781	3.378	1972
1973	27.906	348	4.022	16.907	201	6.428	3.994	91	750	8.431	10.444	348	675	3.173	1973
1974	22.289	190	3.136	12.438	728	5.797	2.653	65	177	7.981	8.353	190	580	2.290	1974
1975	20.958	294	3.006	13.332	574	3.753	2.801	99	543	5.816	7.573	294	563	3.269	1975
1976	21.370	312	2.824	13.424	985	3.825	2.802	475	521	5.741	7.494	312	641	3.384	1976
1977	19.200	268	2.532	13.089	476	2.836	2.645	207	570	5.288	6.419	268	582	3.221	1977
1978	20.500	240	2.994	12.008	442	4.816	2.424	1.111	898	5.739	6.145	240	669	3.274	1978
1979*	22.734	324	2.545	12.315	1.407	6.143	2.386	791	946	6.994	7.651	324	535	3.087	1979*
1980															1980

Table 28

Gross Fixed Capital Formation, by Type of Asset, Private  
Percentage Distribution, (constant 1970 prices)

Year	Dwel- lings	Other Build.	Total Build.	Other. Constr.	Transp.. Equipm.	Other Equipm	Total
1951	35,7	n.a	n.a	n.a	n.a	n.a	
52	44,8						
53	55,1						
54	53,9	n.a	n.a	n.a	n.a	n.a	
55	52,3						
56	47,5						
57	44,2	n.a	n.a	n.a	n.a	n.a	
58	42,7	13,0	(55,7)	6,9	8,7	28,7	100
59	43,1	16,4	(59,5)	7,2	7,1	26,2	100
60	42,9	16,6	(59,5)	7,8	8,9	23,8	100
1961	45,3	15,8	(61,1)	8,3	10,2	20,4	100
62	45,8	16,4	(62,2)	5,8	10,6	21,4	100
63	45,2	17,7	(62,9)	4,5	9,2	23,4	100
64	43,8	16,6	(60,4)	6,0	9,9	23,7	100
65	43,6	14,2	(57,8)	8,1	7,8	26,3	100
66	41,7	14,6	(56,3)	5,3	12,7	25,7	100
67	39,7	14,7	(54,4)	5,9	11,3	28,4	100
68	43,6	15,9	(59,5)	5,0	10,9	24,6	100
69	44,7	15,0	(59,7)	4,1	12,9	23,3	100
70	38,3	14,4	(52,7)	4,2	12,8	30,3	100
1971	41,6	14,5	(56,1)	4,2	12,8	26,9	100
72	45,7	12,9	(58,6)	3,8	10,7	26,9	100
73	41,9	13,8	(55,7)	4,9	13,9	25,5	100
74	30,0	17,7	(47,7)	5,1	12,8	34,4	100
75	37,6	13,3	(50,9)	5,0	12,1	32,0	100
76	37,0	14,4	(51,4)	4,5	14,3	29,8	100
77	39,2	14,5	(53,7)	4,2	15,4	26,7	100
78	42,3	13,5	(55,8)	4,3	18,3	21,6	100
79	41,4	15,0	(56,4)	3,2	17,4	23,0	100

Source : Table 25

Table 29 :

Gross Fixed Capital Formation, by Branch of Industry, Private  
Percentage Distribution, (const. 1970 prices)

Year	Agricul.	Mining	Manufac.	Energy	Transp. &Comun.	Dwel- lings	Other	
1951	7,5	4,5	30,3	10,4	3,7	35,7	7,9	100
52	8,6	2,0	32,4	0,2	1,5	44,8	10,5	100
53	6,5	0,4	20,1	2,0	3,0	55,1	12,9	100
54	7,6	1,3	17,1	1,5	4,8	53,9	13,8	100
55	7,7	1,0	15,8	2,5	5,9	52,3	14,8	100
56	8,4	1,9	13,5	7,7	6,5	47,5	14,5	100
57	13,1	2,6	16,5	2,6	8,7	44,2	12,3	100
58	12,6	2,2	19,6	1,4	8,9	42,7	12,6	100
59	14,7	0,8	15,4	2,0	7,1	43,1	16,9	100
60	14,3	0,8	12,3	1,8	9,1	42,9	18,8	100
1961	12,9	0,9	12,3	0,7	10,3	45,3	17,6	100
62	9,4	1,0	13,5	0,9	10,6	45,8	18,8	100
63	10,0	1,4	14,4	0,5	9,3	45,2	19,2	100
64	11,0	1,4	16,9	0,6	10,2	43,8	16,1	100
65	11,5	1,4	19,7	0,5	8,0	43,6	15,3	100
66	9,0	1,3	17,9	0,5	13,0	41,7	16,6	100
67	12,2	1,8	17,4	0,5	11,7	39,7	16,7	100
68	11,1	1,4	16,4	0,3	10,9	43,6	16,3	100
69	8,9	1,3	16,4	0,2	12,9	44,8	15,5	100
70	8,0	2,1	19,7	0,2	12,9	38,3	18,8	100
1971	8,2	3,2	20,1	0,4	12,9	41,6	13,6	100
72	7,5	1,7	20,5	0,3	10,8	45,7	13,5	100
73	7,9	1,7	19,9	0,4	14,0	41,9	14,2	100
74	8,4	2,5	28,4	0,4	13,0	30,0	17,3	100
75	9,4	2,1	24,3	0,4	12,1	37,6	14,1	100
76	8,5	2,3	21,9	0,5	14,3	37,0	15,5	100
77	8,5	1,3	18,6	0,6	15,5	39,2	16,3	100
78	6,8	1,7	15,8	0,5	18,3	42,3	14,6	100
79	6,9	1,5	17,3	0,4	17,2	41,4	15,3	100

Source : Table 25



Table 30 :Gross Fixed Capital Formation

By Type of Asset, Total Private &amp; Public

Percentage Distribution, (con.1970 prices)

Year	Dwel- lings	Other Build.	Total Build.	Other Constr.	Transp. Equip.	Other Equip.	Total
1951	28,7	9,1	(37,8)	17,0	3,1	42,4	100
52	32,1	10,2	(42,3)	18,9	2,2	36,6	100
53	42,7	11,7	(54,4)	21,6	3,2	20,8	100
54	42,4	13,1	(55,5)	19,3	3,2	22,0	100
55	44,2	13,5	(57,7)	16,0	4,2	22,1	100
56	40,3	12,7	(53,0)	19,1	4,8	23,1	100
57	36,1	11,0	(47,1)	25,1	6,3	21,5	100
58	34,6	11,5	(46,1)	22,7	7,1	24,1	100
59	31,1	16,9	(48,0)	24,5	5,8	21,7	100
60	29,2	15,6	(44,8)	29,7	6,3	19,2	100
1961	29,0	15,0	(44,0)	30,5	6,9	18,6	100
62	30,4	14,7	(45,1)	28,4	7,7	18,8	100
63	31,4	16,0	(47,4)	26,6	6,6	19,4	100
64	31,6	15,4	(47,0)	24,3	7,3	21,4	100
65	31,6	12,5	(44,1)	26,6	6,6	22,7	100
66	30,9	13,2	(44,1)	24,5	10,5	20,9	100
67	28,0	13,2	(41,2)	25,7	9,6	23,5	100
68	32,2	15,0	(47,2)	23,3	8,3	21,2	100
69	32,4	13,6	(46,0)	21,9	9,3	22,8	100
70	27,9	13,6	(41,5)	22,9	9,3	26,3	100
1971	29,3	13,0	(42,3)	24,1	8,8	24,8	100
72	32,2	13,4	(45,6)	22,7	7,6	24,1	100
73	30,5	13,9	(44,4)	20,4	10,2	25,0	100
74	21,3	16,6	(37,9)	20,2	10,0	31,9	100
75	27,4	13,6	(41,0)	21,4	9,4	28,2	100
76	27,5	14,1	(41,6)	20,2	11,7	26,5	100
77	30,7	14,2	(44,9)	18,5	12,6	24,0	100
78	33,0	13,7	(46,7)	16,5	14,7	22,1	100
79	32,1	14,1	(46,2)	15,0	14,8	24,0	100

Source : Table 26

Table 31 : Gross Fixed Capital Formation  
By Branch of Industry, Total Private & Public  
Percentage Distribution, (const. 1970 prices).

Year	Agricul.	Mining	Manufac.	Energy	Transp. &Comun.	Dwel- lings	Other	
1951	12,3	4,8	21,3	14,2	9,2	28,7	9,5	100
52	9,1	3,3	22,9	10,1	8,1	32,1	14,4	100
53	8,1	1,6	14,3	11,0	6,2	42,7	16,1	100
54	8,8	1,3	12,4	11,0	8,2	42,4	15,9	100
55	8,0	0,9	12,2	10,2	9,3	44,2	15,2	100
56	8,8	1,4	12,2	13,0	10,1	40,3	14,2	100
57	13,5	1,9	14,7	7,4	13,6	36,1	12,8	100
58	14,0	1,6	14,4	7,9	15,8	34,6	11,7	100
59	15,2	0,6	12,2	10,3	14,9	31,1	15,7	100
60	17,4	0,5	9,9	8,0	18,8	29,2	16,2	100
1961	17,1	0,7	11,5	7,2	19,5	29,0	15,0	100
62	13,8	0,8	12,5	8,5	18,4	30,4	15,6	100
63	14,3	1,2	12,2	7,6	17,2	31,4	16,1	100
64	13,1	1,0	13,0	8,9	18,4	31,6	14,0	100
65	12,3	1,2	14,3	9,7	17,1	31,6	13,8	100
66	11,1	1,2	13,2	7,8	20,6	30,9	15,2	100
67	12,5	1,4	12,2	10,7	20,4	28,0	14,8	100
68	11,7	1,3	12,0	9,1	19,1	32,2	14,6	100
69	10,4	1,7	11,8	9,5	19,8	32,4	14,4	100
70	10,6	2,1	14,2	7,2	20,8	27,9	17,2	100
1971	10,0	2,3	13,9	9,3	21,5	29,3	13,7	100
72	9,6	1,6	14,2	8,6	19,9	32,2	13,9	100
73	9,7	2,0	14,4	8,7	20,6	30,5	14,1	100
74	9,4	2,0	20,0	11,0	20,3	21,3	16,0	100
75	10,5	2,2	17,6	8,1	18,8	27,4	15,4	100
76	9,7	2,3	16,7	7,5	19,9	27,5	16,4	100
77	9,7	1,7	14,7	6,6	19,5	30,7	17,1	100
78	7,9	2,3	13,4	6,7	21,0	33,0	15,7	100
79	7,8	2,1	14,1	7,4	21,0	32,1	15,5	100

Source : Table 26

Table 32 : Gross Fixed Capital Formation  
By Branch of Industry, Public  
 Percentage Distribution, (con. 1970 prices)

Year	Agricul	Mining	Manuf.	Energy	Transp. &Comun.	Dwel- lings	Other	
1951	23,8	5,5	--	23,3	22,4	12,1	12,9	100
52	10,5	6,3	--	34,0	24,3	1,5	23,4	100
53	12,1	4,4	-	33,0	14,2	12,2	24,1	100
54	11,7	1,1	0,1	35,5	17,0	12,5	22,1	100
55	8,6	0,4	2,5	30,9	18,3	22,6	16,7	100
56	9,6	0,2	9,0	26,5	19,2	22,4	13,1	100
57	14,3	0,3	10,4	19,3	25,9	16,0	13,8	100
58	17,6	0,3	0,7	24,8	33,9	13,3	9,4	100
59	16,3	0,1	5,6	27,3	30,9	6,5	13,3	100
60	23,5	0,2	5,0	20,0	37,9	2,5	10,9	100
1961	24,1	0,3	10,3	18,0	35,0	1,7	10,6	100
62	22,0	0,4	10,8	22,6	32,9	1,8	9,5	100
63	23,3	0,7	7,6	22,8	34,2	1,6	9,8	100
64	18,2	0,2	3,3	29,5	38,3	1,7	8,8	100
65	14,4	0,8	0,8	32,9	40,2	1,5	9,4	100
66	16,3	0,7	0,8	27,0	40,8	2,8	11,6	100
67	13,2	0,7	0,5	33,4	39,8	2,2	10,2	100
68	13,4	1,1	0,4	32,6	40,9	2,0	9,6	100
69	14,0	2,8	0,2	32,7	36,8	1,8	11,7	100
70	17,4	2,0	0,1	25,1	40,9	1,5	13,0	100
1971	13,9	0,3	0,5	28,6	40,2	2,7	13,8	100
72	14,3	1,4	0,2	27,1	40,2	2,3	14,5	100
73	14,3	2,7	0,3	30,2	37,4	1,2	13,9	100
74	11,9	0,8	0,3	35,8	37,5	0,9	12,8	100
75	13,4	2,6	0,5	27,8	36,1	1,4	18,2	100
76	13,1	2,4	2,2	26,9	35,1	1,5	18,8	100
77	13,8	3,0	1,1	27,5	33,4	1,4	19,8	100
78	11,8	4,4	5,4	28,0	30,0	1,2	19,2	100
79	10,5	4,2	3,5	30,8	33,7	1,4	15,9	100

Source : Table 27



Table 33 : Total Bank Credit to Private Sector, by Branches  
Outstanding Credit at the end of the period

(m .drch .)

Year	AGRICULTURE		MANUFACTURE		COMMERCE		DWELLINGS		TOURISM		OTHER		TOTAL	
	m .drc.	(%)	m .drc.	(%)	m .drc.	(%)	m .drc.	(%)	m .drc.	(%)	m .drc.	(%)	m .drc.	(%)
1949	1226	40	546	18	1129	37	35	1	5	~	125	4	3066	100
1951	2138	34	1656	26	1806	29	105	2	26	~	573	9	6304	100
53	2441	31	3262	41	1292	16	140	2	63	~	763	10	7961	100
55	3730	34	4258	38	1693	15	408	4	148	1	902	8	11139	100
57	5307	30	7127	41	3307	19	589	3	178	1	945	5	17453	100
59	7272	32	9209	41	3847	17	1023	4	360	2	1016	4	22727	100
1961	8692	30	12146	42	4482	15	1541	5	756	3	1373	5	28990	100
63	10095	25	16705	42	7689	19	2086	5	1235	3	1952	5	39762	100
65	12737	26	20765	42	8717	18	3233	6	1750	4	2574	5	49776	100
67	15248	23	29090	43	10279	15	6012	9	2534	4	4329	6	67492	100
69	15025	16	40118	43	13277	14	14040	15	4686	5	5278	6	92424	100
1971	21422	16	59999	43	16601	12	21702	16	8668	6	10111	7	138503	100
73	33717	17	84677	42	22432	11	31831	16	15423	8	14520	7	202600	100
75	55261	18	136785	45	31197	10	37008	12	22028	7	20544	7	302823	100
77	90160	19	214148	45	55057	12	53923	11	28458	6	34078	7	475824	100
79	125800	18	325911	47	72484	11	83571	12	38950	6	44408	6	691124	100

Source : Bank of Greece, "The Greek Economy", Athens 1980, p. 209, 210, 211 (Own calculations)

Table 34 : House-Building Activity  
 Number<sup>(a)</sup> and Volume of New Dwellings

Year	State Activity		Private Activity		(b) Private Illegal	Total Private	TOTAL
	Number	Volume	Number	Volume <sup>(d)</sup>	Number	Number	Number
1945	-	-	993	273	394	1387	1387
46	960	115	3265	858	1470	4735	5695
47	5790	740	4872	1421	3236	8108	13898
48	8750	1185	5862	1885	4222	10084	18834
49	9205	1217	7189	2415	5286	12475	21680
50	29840	5316	10641	3440	8262	18903	48743
1951	22420	4161	12119	3815	9365	21484	43904
52	33600	6412	15006	4546	11286	26292	59892
53	13700	2460	18245	5703	19512	37757	51457
54	8930	1924	19912	6109	17482	37394	46324
55	18291	2883	26871	7758	2947 <sup>(c)</sup>	29818	48109
56	18074	2478	30116	8190	3374 <sup>(c)</sup>	33490	51564
57	16422	2654	29737	7710	3347	33084	49506
58	10770	1606	36597	9637	4176	40773	51543
59	3897	634	35619	9648	4770	40389	44286
60	3301	543	38479	10648	6539	45018	48319
1961	2047	345	45243	12065	9808	55051	57098
62	3036	507	46951	12587	9883	56834	59870
63			52360	14538	12147	64507	
64			66236	18329	14776	81012	
65			79385	21904	10549	89934	
66			83944	23593	n.a	n.a	
67			81939	22415	"	"	
68			112392	30327			
69			130538	35657			
70			114618	32140	"	"	

—Insignificant —

Continued

Table 34 (Continued)

Year	State Activity		Private Activity		Private Illegal	Total Private	TOTAL
	Number	Volume	Number	Volume	Number	Number	Number
1971	— Insignificant		124924	35667	n.a		
72			178558	51163			
73			188105	53815			
74			81616	25747	"		
75			120869	37765			
76			128601	40852			
77			158269	51155			
78			186981	63521			
79			189195	64482	"		
80			136044	47755			
81			108174	38628			
82			102123	37136	"		

Notes : (a) Includes dwellings in new buildings or extensions of existing buildings. Does not include "improvements", that is any work of additions of main or auxiliary rooms to existing dwellings, or "repairs".

(b) Dwellings built without a building permit.

(c) The numbers given for private illegal housing are doubtful. The numbers given by different yearbooks do not coincide. E.g. for the years 1955 and 1956 the stat. yearb. 1957 gives the numbers 16099 and 15558 respectively

(d) For the period 1963-79 the numbers include the volume of extensions on existing dwellings ; while before 1963 this volume is not included.

Only the volume of new dwellings is.

Sources : 1945-54 , Stat. Yearbook of Greece 1955, pp 255,56,57,58  
 1955-62 , " 1964, pp 310,11,12  
 1963-65 , " 1966, pp 234  
 1966-69 , " 1971, pp 236,37  
 1970-72 , " 1973, p. 250  
 1973-75 , " 1976, p. 286  
 1976-77 , " 1978, p 292  
 1978-79 , " 1980, p 278  
 1980-82 , " 1983, p. 284



Table 35 : External Accounts of Greece , 1965-1980 , (in m. of dollars)

	1965			1966			1967			1968		
	DEB.	CRED.	BAL.	DEB.	CRED.	BAL.	DEB.	CRED.	BAL.	DEB.	CRED.	BAL.
COMMODITIES	1033	331	-702	1153	404	-749	1161	453	-708	1249	465	-784
INVISIBLES	138	572	434	159	673	514	190	711	521	199	748	549
(among which)												
Emigrants' Remittances	18	207		33	235		31	232		30	239	
Seamen's " (b)		164			183			214			243	
Shipowners' " (a)												
BALANCE ON CURRENT ACCOUNT			-268			-235			-187			-235
CAPITAL MOVEMENT	38	305	267	93	326	233	102	260	158	120	355	235
(among which)												
For Real Estate Purchase	6	64		5	70		6	61		6	82	
Other Private Capital												
Foreign Exchange Deposits	9	110		9	74		17	89		33	ins.	90
Entrepreneurial												
COMMODITIES	1434	530	-904	1705	612	-1093	1945	625	-1320	2441	836	-1605
INVISIBLES	245	799	554	271	959	688	322	1310	988	406	1614	1208
(among which)												
Emigrants' Remittances	30	277		42	345		63	470		23	575	
Seamen's " (b)		244			277			369			121	
Shipowners' " (a)											238	
BALANCE ON CURRENT ACCOUNT			-350			-405			-332			-397
CAPITAL MOVEMENT	118	446	328	153	531	378	461	795	334	890	1286	396
(among which)												
For Real Estate Purchase	8	88		8	104		11	122		10	172	
Other Private Capital							83	27		147	28	
Foreign Exchange Deposits	33	31		32	77		36	168		49	299	
Entrepreneurial		98			165			117			125	



Table 35 : (continued)

Sources :

1965	Bank of Greece, "Monthly Statistical Bulletin", June 1968 , p. 56
1966, 1967, 1968	" , December 1969, p. 56
1969, 1970, 1971	" , April 1974, pp. 58, 66
1972, 1973, 1974	" , July 1976, p. 60
1975 - 1980	" , January 1982, pp. 62, 70-72

Notes : (a) During the period up to the end of the sixties, inflows for read estate purchases were recorded under the more general category "other private capital". They, however, constituted the far greater part of this category of inflows (See "The Fifty Years of the Bank of Greece", Bank of Greece, op. cit., p. 686, also, X.Zolotas, "Monetary Equilibrium and Economic Development" op.cit., p. 153). That this is the case is clearly revealed in the following years when this category was sub-divided and inflows for real estate purchases were recorded separately.

(b) During the period up to 1970 seamen's remittances were recorded with shipowners' remittances and their size cannot be accurately determined.



Table 36 : Transfers of Real Estate in Greece, —1956-1982

\* in thous. of drch., current prices

	Apartments		Urban Plots		Rural Plots	
	Number (a)	Price*	Number (a)	Price*	Number (a)	Price*
1956	6.172	760.715	34.200	716.759	75.013	620.406
57	7.501	889.038	35.239	841.550	75.745	660.404
58	10.458	1.355.286	36.328	951.406	83.017	822.435
59	10.271	1.152.201	34.255	1.023.739	73.651	705.831
1960	14.024	1.473.638	38.518	1.121.940	82.321	837.891
61	14.840	1.678.884	37.901	1.290.729	80.517	952.566
62	17.843	2.148.606	40.226	1.501.052	88.413	1.129.515
63	18.922	2.822.327	41.136	1.876.108	92.222	1.468.998
64	25.160	4.312.433	47.457	2.634.543	100.193	1.940.257
65	26.393	4.740.823	49.432	2.665.765	126.687	3.064.906
66	23.602	4.603.848	49.130	2.884.687	139.876	3.261.598
67	27.901	5.560.861	43.876	2.365.915	120.987	2.817.828
68	27.882	6.301.742	47.528	2.814.578	110.507	2.991.275
69	35.128	8.883.910	52.438	4.387.539	118.660	3.621.354
1970	40.921	9.127.184	53.532	4.718.471	119.911	4.163.756
71	48.740	12.628.101	61.211	5.596.268	118.627	5.001.072
72	58.921	16.954.122	76.845	9.679.236	134.135	7.182.691
73	65.134	19.872.796	85.185	9.403.172	139.437	8.699.796
74	46.032	14.817.588	56.310	6.239.639	93.714	7.519.446
75	51.605	20.098.863	67.727	9.927.784	108.349	9.739.932
76	60.918	27.289.082	80.226	13.526.155	118.741	13.376.756
77	68.031	38.431.943	88.911	17.520.968	114.972	16.318.658
78	73.234	49.249.356	93.307	22.034.683	116.196	20.615.161
79	83.145	59.759.975	100.230	27.563.568	113.698	26.163.715
1980	60.348	57.598.219	79.033	24.147.316	93.295	22.117.956
81	52.010	61.737.493	69.651	25.497.990	106.792	30.359.760
82	43.879	57.410.820	55.781	24.915.321	102.258	29.963.994

Sources

1956-1962 "Public Finance Statistics, 1963", p.64  
 1963-1974 " " , 1975", p. 91  
 1975-1977 " " , 1978", p. 97  
 1978-1981 " " , 1980-1981", p. 111

Note : (a) Number of transactions irrespective of size of area

Table 37 :Development of Prices of Real Estate- Apartments,  
Urban and Rural Land - in Greece , 1956-1982

\* in thousands of drch., current pr.

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Apartments			Urban Plots			Rural Plots		
	Mean * Price	Index of Price	Rate of Incr.	Mean Price*	Index of Price	Rate of Incr.	Mean Price*	Index of Price	Rate of Incr.
1956	123,25			20,96			8,27		
57	118,52			23,88			8,72		
58	129,59			26,19			9,91		
59	112,18			29,89			9,58		
1960	105,08	100,0		29,13	100,0		10,18	100,0	
61	113,13	107,7	7,7	34,06	116,9	16,9	11,83	116,2	16,2
62	120,41	114,6	6,4	37,32	128,1	9,6	12,78	125,5	8,0
63	149,15	141,9	23,9	45,60	156,5	22,2	15,93	156,5	24,7
64	171,40	163,1	14,9	55,51	190,6	21,8	19,36	190,2	21,5
65	179,62	170,9	4,8	53,92	185,1	2,9	24,19	237,6	24,9
66	195,06	185,6	8,6	58,71	201,5	8,9	23,32	229,1	3,6
67	199,30	189,7	2,2	53,92	185,1	8,1	23,29	228,8	0,1
68	226,01	215,1	13,4	59,21	203,3	9,8	27,07	265,9	16,2
69	252,90	240,7	11,9	83,67	287,2	41,3	30,52	299,8	12,7
1970	223,04	212,3	11,8	88,14	302,6	5,4	34,72	341,1	13,8
71	259,09	246,6	16,2	91,42	313,8	3,7	42,16	414,1	21,4
72	287,74	273,8	11,1	125,95	432,4	37,8	53,55	526,0	27,0
73	305,10	290,4	6,0	110,38	378,9	12,4	62,39	612,9	16,5
74	321,90	306,3	5,5	110,80	380,4	0,4	80,24	788,2	28,6
75	389,48	370,7	21,0	146,59	503,2	32,3	89,89	883,0	12,0
76	447,96	426,3	15,0	168,60	578,8	15,0	112,65	1106,6	25,3
77	564,92	537,6	26,1	197,06	676,5	16,9	141,94	1394,3	26,0
78	672,49	640,0	19,0	236,15	810,7	19,8	177,42	1742,8	25,0
79	718,74	684,0	6,9	275,00	944,0	16,4	230,12	2260,5	29,7
1980	954,43	908,3	32,8	305,53	1048,8	11,1	237,08	2328,9	3,0
81	1187,03	1129,6	24,4	366,08	1256,7	19,8	284,29	2792,6	19,9
82	1308,39	1245,1	10,2	446,66	1533,3	22,0	293,02	2878,4	3,1

Source : Table 36



Table 38 : ● Consumer Prices - Index & Rate of Increase  
● Interest Rates and Bank Deposits

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	C o n s u m e r P r i c e s			B a n k D e p o s i t s			
	Index 1974=100	Index 1960=100	Index 1950=100	Rate of Increase (%)	(a) Interest Rates (%)	Index 1960=100	Index 1950=100
1950	29,4		100,0		10,0		100,0
51	33,1		112,5	12,5	10,0		110,0
52	34,8		118,4	5,2	8,5		118,5
53	38,0		129,3	9,2	8,0		126,5
54	43,7		148,6	15,0	7,58		134,1
55	46,2		157,1	5,8	7,0		141,1
56	47,9		162,9	3,6	9,0		150,1
57	49,0		166,7	2,4	9,5		159,6
58	49,7		169,0	1,4	8,0		167,6
59	50,9		173,1	2,5	7,17		174,7
1960	51,7	100,0		1,5	5,5	100,0	
61	52,7	101,9		1,9	4,5	104,5	
62	52,5	101,5		0,4	4,5	109,0	
63	54,0	104,4		2,9	4,5	113,5	
64	54,5	105,4		1,0	4,5	118,0	
65	56,2	108,7		3,1	4,5	122,5	
66	59,0	114,1		5,0	4,67	127,2	
67	60,0	116,1		1,8	5,0	132,2	
68	60,2	116,4		0,3	5,0	137,2	
69	61,7	119,3		2,5	5,0	142,2	
1970	63,5	122,8		2,9	5,0	147,2	
71	65,4	126,5		3,0	5,0	152,2	
72	68,2	131,9		4,3	5,0	157,2	
73	78,8	152,4		15,5	6,08	163,3	
74	100,0	193,4		26,9	8,83	172,1	
75	113,4	219,3		13,4	8,5	180,6	
76	128,5	248,5		13,3	7,42	188,0	
77	144,1	278,7		12,2	7,0	195,0	
78	162,2	313,7		12,6	8,75	203,8	
79	193,0	373,3		19,0	10,88	214,7	
1980	241,0	466,2		24,9	13,5	228,2	
81	300,0	580,3		24,5	13,5	241,6	
82	362,9	701,9		21,0	13,5	255,1	

Note (a) : Interest Rates of Savings Accounts of Commercial Banks. The figures are the annual averages of interest rates.  
Sources: Column (1) & (5) : 1950-79 "The Greek Economy", Bank of Greece, 1980, p. 180 & 212. / 1980,81,82 "Statistical Yearbook 1983", pp. 428 & 407  
Columns (2), (3), (4), (6), (7) are calculated upon col. (1) & (5)  
For the content of columns (6) & (7) see the main text, pp 245-246



Table 39: Declared Income from Building Rents and Income of Workers, Employees & Pensioners, 1970

INCOME BRACKET (in thous.drch.) (b)	INCOME FROM BUILDING RENTS (a)			INCOME OF WORKERS, EMPLOYEES & PENSIONERS		
	No of Taxpayers (%)	Declared Income (in thous. drch.) (%)	Mean Income (in thous. drch.)	No of Taxpayers (%)	Declared Income (in thous. drch.) (%)	Mean Income (in thous. drch.)
up to 60	185.857	3.908.236	21	102.429	4.710.306	46
60 - 100	10.138	939.441	93	123.117	10.857.530	88
100 - 200	6.944	1.153.013	166	70.002	9.657.749	138
200 - 400	2.591	839.941	324	9.163	2.301.046	251
400 - 800	764	480.967	630	667	342.203	513
800 and over	233	350.235	1.503	46	46.715	1.015
	206.527	7.671.883		305.424	27.915.549	

Notes: (a) This includes a notional rent income from owner occupation  
(b) At 1970 exchange rates, 1 £ = 72 drch.

Source: "Statistics of Declared Income of Taxpayers and its Taxation in the Economic Year 1970", Statistical Service of Greece, Athens 1971, pp.36-37.

Table 40: Declared Income from Building Rents According to Group of Profession, 1970

INCOME FROM BUILDING RENTS (a)		
	m.drch.	% of total Income from rents
<u>GROUP OF PROFESSION</u>		
(i) Rentiers (b)	1.921,7	25,0
(ii) Merchants, Industrialists & Craftsmen (c)	2.461,0	32,1
(iii) Workers, Employees & Pensioners	2.542,8	33,2
(iv) Liberal Professions	737,5	9,6
(v) Other	8,8	0,1
	<b>TOTAL</b>	<b>100,0</b>

Notes:

- (a) This includes a notional rent income from owner occupation
- (b) "Rentiers" are taxpayers who declare no other source of income
- (c) The statistics in this period do not make the distinction appearing in Table 46 in the main text, between businesses keeping books of category B and those who do not.

Source: "Statistics of the Declared Income of Taxpayers and its Taxation in the Economic Year 1970", Statistical Service of Greece, Athens 1971, p.18

STATISTICAL ANALYSIS OF LAND TRANSFERS IN ATHENS, PIRAEUS, MANDRA, ASPROPYRGOS AND ELEUSIS.

Sampling

The sample for Athens comprises the total number of land transfers recorded in the "Book of Prices of Transferred Real Estate - Athens Tax Offices of Real Estate Transfers. Years 1968-71", Athens, 1972, Vol. 1. The sample size is  $N=514$ . The sample for Piraeus comprises the total number of land transfers recorded in pages 1 to 150 of the "Book of Prices of Transferred Real Estate - Piraeus etc. Tax Offices of Real Estate Transfers. Years 1976-78", Athens 1972, Vol.5. The sample size is  $N=376$ . The sample of urban plots for Mandra, Aspropyrgos and Eleusis comprises the total number of corresponding land transfers recorded in pages 462 to 732 of the same source as Piraeus. The sample size is  $N=551$ . The sample of plots on the urban fringe (rural plots) for Mandra, Aspropyrgos and Eleusis comprises the total number of corresponding land transfers recorded in pages 462 to 560 of the same source as Piraeus. The sample size is  $N=872$ .

These are inherently random samples and clearly representative, as land transfers are recorded as they occur, i.e. in a non-deterministic way.

Statistical Definitions and Computations.

Let  $x_n$  be the area of plot  $n$  and  $N$  the sample size. The



mean  $\bar{x}$  is computed as:

$$\bar{x} = \frac{1}{N} \sum_{n=1}^N x_n$$

The standard deviation  $S$  is computed as:

$$S^2 = \frac{1}{N} \sum_{n=1}^N (\bar{x} - x_n)^2$$

$$S = \sqrt{S^2}$$

Let  $i$  be the number of plots that fall into the  $m_{th}$  class interval. The relative frequency of plots  $i$  is,

$$f_m = i/N$$

The cumulative frequency of plots with areas up to the upper limit of the  $m_{th}$  interval is

$$F_m = \sum_{k=1}^m f_k$$

Program SOFIA0 is used to input the data and store them in a file in a diskete of a Macintosh microcomputer. Program SOFIA1 is used to compute mean value, standard deviation, relative frequencies and cumulative frequencies, as well as to plot the corresponding graphics.

These programmes have been constructed in cooperation with Professor Michael Antonopoulos.

```

REM *****
REM
REM          SOFIA0
REM
REM
REM      OPENS A FILE IN WHICH DATA ARE STORED
REM      DATA INPUT IS INTERACTIVE
REM
REM *****

```

```

1000 REM ***** MENU *****

```

```

CLS

```

```

PRINT "1. OPEN FILES 1ST TIME"

```

```

PRINT "2. INPUT DATA"

```

```

PRINT "3. CHANGE DATA"

```

```

PRINT "4. LIST DATA"

```

```

PRINT

```

```

PRINT "5. EXIT"

```

```

PRINT

```

```

PRINT "OPTION ";

```

```

INPUT SELECT

```

```

IF SELECT = 5 THEN END

```

```

IF SELECT = 1 THEN CALL OPENFILES :GOTO 1000

```

```

IF SELECT = 2 THEN CALL INPUTDATA :GOTO 1000

```

```

IF SELECT = 3 THEN CALL CHANGEDATA :GOTO 1000

```

```

SUB OPENFILES STATIC

```

```

PRINT "FILENAME : ";

```

```

INPUT FILENAME$

```

```

OPEN FILENAME$ AS #1 LEN=2

```

```

FIELD#1,2 AS AREA1$

```

```

LET AREA%=1

```

```

GET#1,1

```

```

LSET AREA1$=MKI$(AREA%)

```

```

PUT#1,1

```

```

CLOSE#1

```

```

END SUB

```

```

SUB INPUTDATA STATIC

```

```

PRINT "FILENAME : ";

```

```

INPUT FILENAME$

```

```

CLS

```

```

OPEN FILENAME$ AS #1 LEN=2

```

```

FIELD#1,2 AS AREA1$

```

```

GET#1,1

```

```

LET I%=CVI(AREA1$)

```

```

100 CLS

```

PRINT "AREA","RECNUM ";I%+1

414

INPUT AR%

I%=I%+1

IF AR% = 0 THEN CLOSE#1: END SUB

GET#1,I%

LSET AREA1\$=MKI\$(AR%)

PUT#1,I%

LSET AREA1\$=MKI\$(I%)

PUT#1,1

GOTO 100

SUB CHANGEDATA STATIC

PRINT "FILENAME : ";

INPUT FILENAME\$

OPEN FILENAME\$ AS #1 LEN=2

FIELD#1,2 AS AREA1\$

200 CLS

PRINT "RECORD NUM ";

INPUT I%

GET#1,I%

PRINT "AREA ";CVI(AREA1\$)

PRINT "NEW AREA ";

INPUT AR%

IF AR% = 0 THEN CLOSE#1 : END SUB

LSET AREA1\$=MKI\$(AR%)

PUT#1,I%

GOTO 200



```

REM *****
REM
REM          SOFIA 1
REM  STATISTICAL ANALYSIS PROGRAM
REM
REM
REM  COMPUTES MEAN, STANDARD DEVIATION
REM  FREQUENCY HISTOGRAM AND CUMULATIVE DISTRIBUTION
REM
REM
REM  REQUIRES INPUT DATA TO BE STORED IN A FILE
REM  IN A DISKETE
REM
REM
REM  IT IS INTERACTIVE. IT STARTS BY ASKING YOU TO INPUT
REM  THE FILENAME OF THE FILE WHERE THE DATA ARE STORED
REM
REM *****

```

```

DIM D(1000),B(300),A(300),C(300)
PRINT "FILENAME ";
INPUT FILENAME$
PRINT "MIN : "
INPUT MINA
PRINT "MAX : "
INPUT MAXA

OPEN FILENAME$ AS*1 LEN=2
FIELD*1,2 AS AREA$
GET*1,1
LET I%=CVI(AREA$)
N=I%-1
KK=0:NUM=N
FOR K=1 TO N
GET*1,K+1
LET I%=CVI(AREA$)
IF I%<MINA OR I%>MAXA THEN NUM=NUM-1 :GOTO 1 ELSE KK=KK+1

D(KK)=I%
1 NEXT K
N=NUM
REM *****
MIN=D(1)
MAX=D(1)
MEAN=0
FOR I=1 TO N

```

MEAN=MEAN+D(I)

416

IF D(I)>MAX THEN MAX=D(I)

IF D(I)<MIN THEN MIN=D(I)

NEXT I

MEAN= MEAN/N

VAR=0

FOR I=1 TO N

C=MEAN-D(I)

C=C\*C

VAR=VAR+C

NEXT I

VAR=VAR/N

SD=SQR(VAR)

PRINT "MEAN = ";MEAN

PRINT "SD = "; SD

PRINT "N = ";N

PRINT

LPRINT "MAX = ";MAX,"MIN =";MIN

LPRINT "MEAN = ";MEAN

LPRINT "SD = ";SD : LPRINT

LPRINT "NO OF PLOTS = ";N

LPRINT

PRINT "MAX = ";MAX,"MIN =";MIN

PRINT "MAX = ";

INPUT MAX

PRINT "MIN = ";

INPUT MIN

PRINT "DA = ";

INPUT M

B(1)=MIN

FOR I=2 TO M+1

PRINT I;" ORIO ";

INPUT B(I)

NEXT I

FOR I=1 TO M

A(I)=0

NEXT I

FOR I=1 TO N

FOR K=1 TO M

IF B(K)<=D(I) AND D(I)<B(K+1) THEN A(K)=A(K)+1:GOTO 100

NEXT K

100 NEXT I

LPRINT

LPRINT "", "INTERVALS (M\*\*2)", "RELATIVE";TAB(60);"M\*\*2", "CUMULATIVE"

LPRINT "", "FROM TO ", "FREQUENCY";TAB(60);"UP TO", "FREQUENCY"

LPRINT

FOR I=1 TO M

A(I)=A(I)/N

NEXT I

FOR I=1 TO M

C(I)=A(I)

NEXT I

FOR I=2 TO M

C(I)=C(I)+C(I-1)

NEXT I

FOR I=1 TO M

LPRINT I,B(I),B(I+1),A(I);TAB(60);B(I+1),C(I)

NEXT I

LPRINT :LPRINT

IF FILENAME\$="ATHENS" THEN LPRINT "","","","ATHENS"

IF FILENAME\$="PIREA" THEN LPRINT "","","","PIREUS"

IF FILENAME\$="MANA" THEN LPRINT "","","","MANDRA F"

IF FILENAME\$="MANO" THEN LPRINT "","","","MANDRA P"

CLS

PICTURE ON

NX=360: NY=260: DISPX=20: DISPY=5

MP1=M+1

CALL ONEC(MP1,NX,NY,DISPX,DISPY,A(),B())

PICTURE OFF

PICTURE,PICTURE\$

REM

CALL MOVETO (330,300)

INPUT "HARD COPY ? (Y/N)";CC\$

IF CC\$="N" THEN GOTO 1000

OPEN "LPT1:" FOR OUTPUT AS 2

WINDOW OUTPUT #2

PICTURE,PICTURE\$

CLOSE#2

1000 CLOSE#2

CLS

PICTURE ON

IF FILENAME\$="ATHENS" THEN LPRINT "","","","ATHENS"

IF FILENAME\$="PIREA" THEN LPRINT "","","","PIREUS"

IF FILENAME\$="MANA" THEN LPRINT "","","","MANDRA F"

IF FILENAME\$="MANO" THEN LPRINT "","","","MANDRA P"

CALL ONEC(MP1,NX,NY,DISPX,DISPY,C(),B())

PICTURE OFF

PICTURE,PICTURE\$



```

REM
CALL MOVETO (330,300)
INPUT "HARD COPY ? (Y/N)";CC$
IF CC$="N" THEN GOTO 2000
OPEN "LPT1:" FOR OUTPUT AS 2
WINDOW OUTPUT #2
PICTURE,PICTURE$
CLOSE#2
2000 END

```

```

REM ***** 1 CURVE GRAFICS ROUTINE *****
SUB ONEC(N,NX,NY,DISPX,DISPY,W1(),W2()) STATIC
REM
REM
NYP10=NY+10
AMIN=W1(1):AMAX=W1(1)
FOR I=1 TO N-1
IF W1(I)>=AMAX THEN AMAX=W1(I)
NEXT I
AMIN=0
YWIDTH=AMAX-AMIN
FOR I=1 TO N-1
W1(I)=(W1(I)-AMIN)/YWIDTH
NEXT I
CALL TEXTSIZE(10)
AMINΦ=AMIN:AMAXΦ=AMAX
CALL MOVETO (6+DISPX,17+DISPY)
AMAX1 = 1-AMAX
IF AMAX1<.00001 THEN AMAX = 1
AMAX=INT(AMAXΦ*100): PRINT AMAX
CALL MOVETO (6+DISPX,NY+12+DISPY): PRINT AMINΦ
DYY=1*NY: DXX=NX/N
IF AMIN*AMAX>=0 THEN GOTO 6159
X%=46+DISPX: Y0=-AMIN/YWIDTH: Y%=NYP10-INT(Y0*DYY)+DISPY
CALL MOVETO(X%-8,Y%+3): PRINT "0"
LINE (DISPX+45,Y%)-(DISPX+55,Y%)
CALL TEXTSIZE(0)
6159 FLAG=-1
FOR I=1 TO N-1
X%=INT(I*DXX)+50+DISPX
X1%=INT((I+1)*DXX)+50+DISPX
Y%=NYP10-INT(W1(I)*DYY)+DISPY
Y1%=NYP10+DISPY
Y0%=Y1%
CALL MOVETO (6+DISPX,Y%)
LINE(X%,Y%)-(X%,Y1%)
LINE(X%,Y%)-(X1%,Y%)

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LINE(X18,Y8)-(X18,Y08)
CALL MOVETO (X8-15,Y18+15): PRINT W2(I)
200 NEXT I
X8=INT(N*DXX)+50+DISPX
CALL MOVETO (X8-15,Y18+15): PRINT W2(N)
FP=INT(AMAX/4)
YL8=NYP 10+DISPY
XL8=45+DISPX
LINE (XL8,YL8)-(XL8+5,YL8)
YL8=NYP 10+DISPY-NY/4
CALL MOVETO(DISPX+6,YL8+3):PRINT FP:LINE (XL8,YL8)-(XL8+5,YL8):
YL8=YL8-NY/4
CALL MOVETO(6+DISPX,YL8+3):PRINT FP*2:LINE (XL8,YL8)-(XL8+5,YL8)
YL8=YL8-NY/4
CALL MOVETO(6+DISPX,YL8+3):PRINT FP*3:LINE (XL8,YL8)-(XL8+5,YL8)
YL8=YL8-NY/4
LINE (XL8,YL8)-(XL8+5,YL8)

NNX=NX+DISPX: NNY=NY+DISPY
LINE (50+DISPX,7+DISPY)-(50+NNX+DXX,7+DISPY): LINE (50+NNX+DXX,7+DISPY)-(50+NNX+DXX,NYP 1
0+DISPY)
LINE (50+NNX+DXX,NYP 10+DISPY)-(50+DISPX,NYP 10+DISPY): LINE (50+DISPX,NYP 10+DISPY)-(50+DI
SPX,7+DISPY)
Y8=NYP 10+20+DISPY: Y18=Y8-20
CALL MOVETO (435,300): PRINT "M**2"
CALL MOVETO (6,60): PRINT "F(8)"
END SUB

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