

Πρωτότυπο

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STATE AND ECONOMY IN MODERN GREECE:

COMPARATIVE AND THEORETICAL PERSPECTIVES

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In this paper I shall examine the relationship between the state and the economy in Greece by (a) looking at certain relevant aspects in the literature on the sociology of development, and (b) comparing the overall Greek trajectory with those of countries that have had similar starting points but very different developmental outcomes.

I. SOCIOLOGY OF DEVELOPMENT: THE NEGLECT OF THE POLITICAL

When one looks at the major theses underlying the sociology-of-development literature, it quickly becomes obvious that what all of them have in common is a systematic neglect of the role played by the state in the developmental process. Neo-evolutionist theories of modernisation focus primarily on culture and personality structure as the major dimensions for understanding developmental success or failure; neo-liberal theories emphasise market considerations. In both cases the state, or the "political" in general is considered a mere parameter, and as lying outside the main field of investigation.

Μεταφράστηκε για  
Καθητ. Κ. Καραγιάννη, Κοπύ  
και διανεμήθηκε στο Κ.Ε.Π.Π.Π., Οικ. Π.Π.  
Το Α.Π.Δ.Ο. Μ. Αγοστή, Μ.Ε.Π.

It might well be argued that although the culture-oriented modernisation theories and the market-oriented neo-classical ones have not taken the political dimension into serious account, it is otherwise with Marxism, the holistic, political-economy approach of which attempts to combat precisely the compartmentalisation of economic, political, and cultural phenomena that is to be found in the non-Marxist social sciences. Nevertheless, appearances notwithstanding, Marxism is just as neglectful of the political as are the other two approaches. Given the all-pervasive influence of different versions of Marxism on the Greek and non-Greek sociology-of-development literature (an influence that persists, despite the overall decline of Marxism as a Weltanschauung), I shall try in this part of my text to show how Marxist approaches to development under-emphasise the role of the state.

A. Whether one looks at the Marxist-oriented classical theories of imperialism, at dependency theory as developed by Frank, Baran, Cardoso and others, at the mode-of-production approach, or at theories of unequal exchange -- all of them achieve their ~~holistic~~ holistic approach at the price of seeing the whole in terms of categories drawn exclusively from the economy ~~one~~ (that is, in terms of classes, reproduction requirements of capital, etc.). This practice inevitably results in a political-economy rather than a political-economy or a political-economy approach.

Let me give a specific example. In several third-world countries with restrictive and stagnating capitalist sectors,

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politico-military groups in control of the state apparatus are so powerful that it becomes absurd to think of them as "instruments" of those who control the means of production or distribution. Such awkward cases are usually ~~forced into normal~~ <sup>normalised</sup> ~~status~~ by dubbing the politico-military groups a "state bourgeoisie". This theoretical practice is to be met with in both the Marxist-oriented Greek literature on the state<sup>1</sup> and in several "dependency"-oriented analyses of third-world politics.

The rescue of historic materialism, by attaching an ad hoc class label to any group that is not easily classifiable in terms of conventional class analysis, has to be paid for by conflating the economic and the political, and so making it impossible to investigate in empirically open fashion the complex relationships between those who control the means of production and those controlling the means of domination.<sup>2</sup> Stretching the concept of class until it covers all social groups -- a tactic frequently resorted to by Marxists when they are accused of economic reductionism -- does indeed achieve the purpose of complying with the conventional Marxist view that the holders of the state apparatus must be defined in economic/class terms; but by doing so it turns the concept of class into a blanket term that is of little explanatory value.

Contrary to appearances therefore, the way in which Marxist theory conceptualises the non-economic spheres does not allow it to take into serious consideration that the polity can have a dynamic and logic of its own, a logic that cannot be derived from the economy and which, therefore, cannot be properly con-

ceptualised in terms of economic categories. This weakness is particularly limiting when a Marxist-oriented framework is used for the analysis of third-world countries where all too often it is struggles over the means of domination and coercion, rather than struggles over the means of production, that seem to be the central focus for understanding overall societal transformation.

In view of the above, it is not surprising that, a century after Marx's death, Marxists still have no real theory of politics. Parsonian functionalism has built up a large (if not very satisfactory) body of concepts for the study of political development, but what is usually called the Marxist theory of the capitalist state is not that at all, <sup>it is rather</sup> ~~not~~ a theory of how the state contributes (or fails to contribute) to the reproduction of requirements of capitalism.

*My argument here is not that there are no*  
 B. ~~Consequently, there are~~ systematic relationships between political struggles and class contradictions, <sup>or that</sup> ~~and of course~~ the capitalist state is not entirely autonomous from the economy. My point here is that Marxism, without specific conceptual tools for the study of politics, builds the alleged primacy of the economic into the definition of the political. This leaves it unable to examine the relationship between economy and polity in a theoretically coherent and empirically open-ended manner.

This is illustrated by the Marxist and Marxist-influenced literature on the rise of dictatorial regimes in Greece and in Latin America's southern-cone countries in the 1960s and '70s, with the <sup>advent</sup> ~~rise~~ of such regimes explained invariably in terms of

In such a literature<sup>5</sup>

economic contradictions and class struggles. <sup>1</sup> Either the army is said to have been a passive tool of the bourgeoisie (indigenous or foreign),<sup>3</sup> or it was supposedly a question of the predominantly middle-class origins of the officers,<sup>4</sup> or of the changing requirements of capitalist industrialisation.<sup>5</sup> Specifically political contradictions and struggles that are only indirectly related to the economy, remain unexplored, although their history and dynamic have impinged more directly on the chequered growth of parliamentary institutions in these countries, as well as on the specific organisation, interests, and dominant position of the armed forces. These are crucial matters, and their non-investigation, due to a total lack of conceptual tools, means that the explanations that are proffered are either too schematic or downright wrong.<sup>6</sup>

Given that Marxist political theory pushes such questions under the carpet, the obstructionist role (vis-à-vis the expanded reproduction of capitalism) the state is playing in many third-world countries is not given much consideration. So for instance ~~the Marxist that view~~ <sup>those Marxists that view</sup> third-world formations ~~as~~ <sup>by</sup> articulations of modes of production dominated by the capitalist mode in "restrictive" form (that is, with large-scale persistence of non-capitalist modes) ~~are~~ <sup>have</sup> hardly bothered to investigate the role of the state in bringing about this situation. The marked persistence of pre- or non-capitalist forms has been variously explained by machinations of metropolitan capital,<sup>7</sup> in terms of the profit requirements of indigenous capital,<sup>8</sup> or as a result of the nature of third-world pre-capitalist economies.<sup>9</sup> No

questions have been asked about the extent to which the at least internal obstacles to an expanded reproduction of capital in the third world may be political rather than economic. The organisation of the third-world state, and its ~~more~~ often *obstructive* ~~frustrating~~ ~~then~~ ~~encouraging~~ interventions in the economy, have been neglected in the same way. And so, of course, have the few success stories of late-late capitalist development (such as the south-east Asian type of capitalist trajectory),<sup>10</sup> which were made possible only because of the atypical structure of the state and to its remarkable capacity for massive and selective intervention in the economy ~~without~~ <sup>without</sup> killing private initiative.

In brief, the neglect of the political as a major, if not the major, base for explaining the varied capitalist trajectories in the capitalist periphery and semi-periphery constitutes something of an Achilles heel of all development theory.

C. The above argument receives reinforcement from Gerschenkron's thesis on European industrialisation: that the later a country enters the developmental race, the more it needs to be guided from "above", with the state or other centralised institutions playing the leading role.<sup>11</sup> One might add to Gerschenkron's very plausible thesis that certain states are more capable than others in forging and implementing developmental strategies, and that in fact it is the actual structure of the state that is the most crucial aspect for understanding why late developers with similar starting points and comparable resources have performed so unevenly within the world economy.

So if one looks at countries that started their industrialisation relatively late, but which have managed to become more or less part of the so-called developed or "first" world, one usually finds:

- (a) a successful modernisation of agriculture, which entailed not only an increase in productivity but also a certain rural egalitarianism eventually leading to the creation of an important home market for industrial goods;
- (b) strong linkages between primary and secondary sectors;<sup>12</sup>
- (c) a relatively interventionist but effective state apparatus playing a crucial role in bringing about both (a) and (b).

In the case of relative failures, on the other hand, the state either has not succeeded in breaking up traditionally-organised big landed estates, or if it did manage to destroy them did not provide the ensuing smallholders with the kind of assistance agricultural modernisation entails. Either case could only result in the weak development of a domestic market, and in weak and/or permanently negative linkages between industry and agriculture.

A most important effect of such unsuccessful economic development is its impact on the state. The failure to modernise agriculture and to articulate it ~~effectively~~ <sup>effectively</sup> with industry usually leads to an overinflation of the state apparatus, and to ~~an accentuation~~ <sup>an accentuation</sup> ~~of~~ its clientelistic and "corrupt" features. In other words, it creates a vicious circle. The more the state fails to modernise agriculture, the more it acquires characteristics preventing the rationalisation both of itself and of the overall economy.

I shall try to demonstrate these fundamental propositions by focusing on Greece, ~~and~~ briefly showing the contrast between Greece's relatively unsuccessful development, and trajectories that were either more successful or unsuccessful in a different way.

## II. THE SOCIOLOGY OF GREEK DEVELOPMENT: THE CENTRALITY OF THE POLITICAL

### 1. The modernisation of agriculture

As has been mentioned already, all successful cases ~~without~~ ~~exception~~ of late ~~development~~ development are founded on the modernisation of agriculture and other primary sectors of the economy. This usually involves effective agrarian reforms ~~concerning~~ resulting in both an increase in productivity and a certain egalitarianism in the form of a broad diffusion of agricultural income to the majority of the direct producers.

In post-independence Greece, big landownership was never very strong. In the Peloponnese, the core region of the Old Kingdom, the nineteenth-century Greek landowners failed to get hold of the lands abandoned by Turkish chiflik owners. Ex-Turkish properties became National Lands, cultivated by peasant families and owned by the newly-founded Greek state. In 1871 Prime Minister Koumoundouros distributed most of these National Lands to

the direct cultivators, and from then on small peasant ownership became dominant in the Peloponnesian countryside.<sup>13</sup> In Euboea and Attica, as well as in the areas liberated later, the less abrupt withdrawal of the Turks meant that Turkish estates could be bought up by rich diaspora Greeks. This resulted in big landed property becoming more prominent here than in the south.

The big landowners did not, however, do much to modernise agriculture. With the country's adoption of Roman law the peasants, who were working on the big estates under a variety of share-cropping agreements, lost their traditional rights to cultivate the land. As in England, once the share-cropping contract had expired, the chiflik owner was legally entitled to evict the peasant. But contrary to their English counterparts and more on the pattern of east-European landlords, the chiflik owners did not use their enhanced powers for modernising agriculture. Productivity remained extremely low. With the population increase after 1881, Greek agriculture became unable to meet the country's needs in wheat, even after the addition to the kingdom of the wheat-growing northern provinces. Greece was therefore obliged to import large quantities of cereals, and this created severe balance-of-payment problems.<sup>14</sup>

*Another point worth mentioning here is that*  
~~This situation can in part be explained by the fact that~~

the ~~big~~ Greek chiflik owners never managed to get the hold on the state apparatus as did (for example) their Chilean or Argentinian counterparts in nineteenth-century Latin America. They could not, therefore, put up any serious resistance when Venizelos initiated

his agrarian-reform program in 1917. The implementation of this gained momentum after the massive influx of Asia-Minor refugees in 1924, and from then onwards, small landholdings have been the dominant form of cultivation in all parts of Greece.

What is of particular significance in this connection is that despite the weakness and irreversible decline of big landed property in twentieth-century Greece, and despite the relative rural egalitarianism it entailed, there was no effective agricultural modernisation. Growing land fragmentation<sup>16</sup> and the state's failure to halt it and more generally to assist the small producers by making available cheap credit, technical knowledge, education, etc. resulted instead in a situation of relative backwardness. This meant that the growing integration (from the second half of the nineteenth-century onwards) of Greece's agriculture into the world market, and the important income obtained from exports of primary products (agricultural as well as mineral) were not used for modernising the primary sector and articulating it effectively with industrial production. They went instead to bloat further an already overinflated service sector within which the state, with its rapidly growing administrative apparatuses, held the dominant position. Another way of putting this is to say that a considerable surplus was extracted from the small cultivators (via innumerable merchant intermediaries/exporters, very high indirect taxation, "price scissors" favouring industrial goods, etc.), without much being given back to them in the form of technical assistance, cheap credit, reasonably-priced fertilisers, "

tools, etc.<sup>17</sup> This of course meant the persistence of low productivity<sup>18</sup> and agricultural backwardness, and in consequence the very slow growth of a home market -- a situation which severely limits and drastically reduces the chances of self-centered, balanced growth.

This becomes very obvious by comparison with other small European countries whose primary sectors, like Greece's, were also integrated into the world market, but which managed to use the considerable resources derived from primary exports in a more egalitarian as well as efficient manner. In countries like Denmark or Sweden, for instance, a combination of successful state policies favouring medium-sized farms and strong co-operative organisations meant that the

"export income went into the pockets of family farmers. This in turn provided them with the means to modernize agriculture and to pay for mass consumer goods. Both would not have been possible if land had been splintered or heavily concentrated. If very small farms had dominated, whether rented or owned, their surplus and therefore the means to invest would have been low."<sup>19</sup>

One might, of course, point out that during the 1980s the unfavourable position of the small Greek cultivator was finally reversed by Andreas Papandreou's socialist government, which heavily used EEC funds to improve the lot of ~~the small cultivators~~ <sup>agricultural</sup> ~~producers~~ <sup>producers</sup>. However, these funds were distributed in such a way that, in most cases, they led to individual enrichment without corresponding structural changes leading to productivity increases.

So it is not surprising that, in terms of productivity, the agriculture of Greece, together with that of Portugal, lags very much behind that of all other EEC partners.<sup>20</sup>

## 2. Industrialisation

While Greece's exports during the second half of the nineteenth century did provide the necessary resources for the creation of a rudimentary economic infrastructure (roads, ports, etc.), none were spent on either the modernisation of agriculture nor (as was done in northern Spain and Italy) for the development of ~~an important~~ <sup>an important</sup> industrial sector. Despite a certain amount of proto-industrialisation, and despite some timid attempts at an industrial take-off,<sup>21</sup> industry in nineteenth-century Greece was insignificant in terms of both labour employed and contribution to the gross national product.<sup>22</sup> The industrialisation process in Greece did not acquire any real momentum until the period of the Balkan Wars and World War I, and <sup>until</sup> the Asia-Minor debacle of the early 1920s brought a considerable influx of capital, skilled labour, and entrepreneurial talent to mainland Greece (particularly Athens and Salonica). This process was dramatically accentuated when in the wake of the 1929 world economic crisis the state adopted highly protectionist policies and a program of import-substitution industrialisation.<sup>23</sup>

The post-1929 drive for industrialisation was not successful on the whole. The state's introduction of a series of measures for the encouragement of industrial investments created

a series of highly inefficient, privately-owned firms, operating almost entirely on borrowed capital and continuing to survive, even after the termination of the world economic crisis, due to highly protective tariff walls.<sup>24</sup> Thus the creation from above of a class of industrial capitalists was founded on state policies both non-discriminating and particularistic. They were non-discriminating because the favourable measures were not applied selectively to industries which, for instance, could have created strong links with the other sectors of the economy. They were particularistic in that the criteria for allocating credits were clientelistic/political rather than technical/economic.

The result of such policies was ~~an industrial~~ an industrial sector that was neither competitive internationally, nor strongly articulated with agriculture and the country's mineral resources.

A brief look at Norway will put this point into comparative perspective. A small European country which, like Greece, was integrated into the world market in the nineteenth century, Norway too had been relatively late in industrialising, yet it had managed to create industries that were both internationally competitive and closely linked to her primary exports (fish and lumber). So for instance her fish was salted, dried, frozen, or canned by means of machinery that was in part indigenously produced. The lumber was exported in the form of planks, pulp, and in later years as paper products. Moreover, Norway used her considerable water resources for the production of a type of fertiliser (the "saltpeter of Norway"), which became very popular in the world markets. In this way the country not only achieved

a more integrated economy, but also managed to find a niche in the world economy for both her primary and her industrial products.<sup>25</sup>

*makes a free market*  
 In contrast to this, ~~Greece's industrial sector was~~ neither ~~competitive internationally nor well articulated with her primary sector and~~ a marked "disarticulation"<sup>26</sup> within industry itself, as well as between industry and agriculture, constituted -- and still constitutes -- one of the major features of her relatively unsuccessful developmental trajectory. This disarticulation has expressed itself as:

-- relatively slow growth (particularly in the nineteenth and early twentieth century) of a home market for consumer goods, which sets <sup>serious</sup> limits to industrial expansion;

-- failure to create industrial units closely linked to agricultural production and mineral extraction, this leading to the export of relatively unprocessed primary products;

*a "dual" industrial sector marked by relatively few large capitalist*  
 -- ~~poorness of industry, with relatively few capitalist~~ industrial units set against a plethora of low-productivity, artisanal units engaged in very extensive simple-commodity production.<sup>27</sup>

-- a general lack of integration of all economic sectors, ~~so preventing self-centered growth.~~<sup>28</sup>

During the 1960s and until the 1974 world economic crisis, some of the bottlenecks created by Greece's import-substitution industrialisation were momentarily eased through the influx of multinational capital, which gave a boost to investments in the high-technology sectors and to the export of industrial products.<sup>29</sup>

However, the persistent disarticulation of the Greek economy made the 1960s' "economic miracle" rather short-lived. The economic crisis of 1974, and the subsequent rise to power of the PASOK party led to a decline in foreign investments, and to a chronic malaise of both privately and state-owned indigenous industrial enterprises. In view of the above, the planned abolition of all tariffs in 1992 threatens to destroy most of Greece's indigenous industrial establishments, and this can contribute only to the further peripheralisation of the country within the EEC.

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It will have become clear from the above analysis that in certain respects the Greek developmental project, particularly in comparison with that of other small European late developers, has been a failure. In contradiction with the axioms of early dependency theory, such "failure" does not necessarily mean economic stagnation or absolute poverty.<sup>30</sup> It simply means a type of development which, in relative terms, is ~~less~~ <sup>insufficiently</sup> ~~less~~ self-centered and so systematically generates bottlenecks leading to peripheralisation. Whether one calls this state of affairs backwardness, underdevelopment, or dependent development is of very little consequence. It is fruitless to debate whether countries like Greece are developing or underdeveloping. More to the point is the fact that nation-states engaged in modernisation can respond in radically different ways to the

*integrated and/or*

emerging opportunities and crises, and that their different responses lead to qualitatively different developmental trajectories.<sup>31</sup>

If the relative failure of the Greek development project is accepted, the above analysis suggests that it was the Greek state that must be held chiefly responsible for that failure. The obvious question is then, Why did the state perform so badly? In a few words, *the answer to this question is that* the development of both its administrative apparatuses (i.e. the political technologies) and its modes of controlling these apparatuses (i.e. the relations of domination)<sup>32</sup> have systematically led to situations where the particularistic prevails over the universalistic, and the political over the economic. Let me develop this key point further.

### 3. The development of the Greek state

The first point to stress about the Greek state is its Ottoman origins. Historically, Greece never experienced the western-type European absolutism with its unique balance between monarchy and aristocracy which, elsewhere from very early on, led to the constitution of autonomous corps intermédiaires between the crown and the people.<sup>33</sup> Instead, the Ottoman state approached very closely to the extreme patrimonial structure that Weber has called sultanism.<sup>34</sup> Such a structure is characterised by the total subservience *(at least in principle)* of the nobility and high state

officials to a despotic ruler, with despotically arbitrary relationships and the high corruption they entailed (particularly during the late Ottoman period) strongly marking all authority echelons from the Porte to the minor village official.

A. As pointed out repeatedly by political scientists and historians, the despotic and corrupt features of Ottoman patrimonialism did not disappear from Greece with the country's independence. They persisted, and co-existed uneasily with the legal-bureaucratic administrative frameworks that Greece's "westernisers" had managed to impose.<sup>35</sup> In fact, after independence, when the more traditionally oriented local notables realised that they could not for ever uphold the decentralised administrative structures that had prevailed during the Turkish occupation, they stopped resisting centralism and went along with it instead in an endeavour to use the state for their own ends. They did in fact manage to <sup>use</sup> ~~possess~~ ~~control~~ the power of the state and its centralised legal-bureaucratic framework (imported from the west) in order to keep, consolidate, and even expand their extended patronage networks. In this way the Greek state became less an instrument for the achievement of collective goals, and more ~~as a~~ a mechanism for the large-scale distribution of spoils.

Statesmen like Trikoupis in the late nineteenth century and Venizelos during the inter-war period initiated a series of administrative reforms (such as civil-service entrance examinations, tenure of office, etc.), which reduced the most blatantly

particularistic and corrupt features of the Greek state apparatus.<sup>36</sup> But given the structure and developmental trajectory of the Greek economy, the patrimonial-clientelistic features of the state and the large-scale corruption always associated with them did not disappear. As has been noted by several students of modern Greek politics, they have, in various forms, persisted until today.<sup>37</sup>

One main reason for this is that, due to the low labour-absorption capacity of Greek industry, the state bureaucracy represented the major source of employment for all those who had become redundant in agriculture and were unwilling or unable to emigrate. In consequence, the Greek administrative apparatus quite early on acquired enormous proportions. So in the 1870s, the number of Greek civil servants per 10,000 of population was approximately seven times higher than in the United Kingdom;<sup>38</sup> another calculation for roughly the same period gives a quarter of the non-agricultural labour force as Greek state employees.<sup>39</sup> The situation became progressively worse in the twentieth century, as a result of the consistent efforts by all political parties to use state employment as the chief means of consolidating their power base.

B. This last point brings us to a more systematic discussion of Greek political parties and their linkages with the state apparatus. The clientelistic character of the Greek state reached its height during the period of oligarchic parliamentarism (1864-1909), a time when, despite the introduction of

universal male suffrage, a small number of prominent families (the so-called tzakia) managed to control the political game by clientelistic or more fraudulent means. At this stage, political parties; were mere coteries of regional potentates heading extensive patronage networks. The hold of these political barons over their clients was so strong that an important politician could go over to the opposition without losing his political clientele.<sup>40</sup>

This highly decentralised and fluid party structure was already changing during the late Trikoupian period, as more general issues sometimes cut through purely clientelistic interests, and as national party leadership began to erode the autonomy of local party bosses.<sup>41</sup> The real turning point came with the 1909 military coup which, by opening the way for the rise of Venizelos' Liberal Party, broke the quasi-monopolistic hold that the tzakia families had been exercising over the state. As "new men" displaced the palaiokommatikoi and made their entrance into the corridors of power, the parties gradually ceased to be mere clubs of notables and acquired a more centralised authority structure. Despite this however, and despite Venizelos' repeated attempts to fashion his Liberal Party along the lines of western bourgeois mass parties,<sup>43</sup> the Greek political parties (with the exception of the communists) retained their marked clientelistic features up to the 1967-1974 military dictatorship.

The post-dictatorial period brought the spectacular rise to power of PASOK, and a further centralisation of party-political structures. The PASOK leader managed to build the first non-communist mass party in Greece, its branches penetrating the remotest

areas of the countryside. This development has meant <sup>as</sup> significant a change in political organisation as that brought about by Venizelos between the wars. If with Venizelos the local bosses saw their autonomy reduced by the strengthening of the national party leadership, with Andreas Papandreu they were (at least in some areas of the country) completely replaced by party cadres that derived their authority no longer from the grass roots, but from the party and, ultimately, from the charisma of the party leader.<sup>44</sup>

However, although the traditional politician-patron has given way to the party cadre and nomenclature, Venizelos' vision of a system of modern political parties based on western legal-bureaucratic principles has not been realised. PASOK's populist <sup>organisational</sup> ~~structure~~ structure is hostile to all autonomous intermediaries between the leader and his "people". It is as hostile to the autonomy of duly elected party organs as it is to clientelistic bosses. Post-dictatorship Greek politics, therefore, have merely exchanged one particularistic party system for another -- centralised clientelism for an even more centralised populism. As political participation broadened ~~and became the era of mass~~ <sup>uneasily</sup> ~~political~~ clientelistic modes of incorporation have coexisted with ~~and~~ and are gradually being replaced by populist ones -- both modes entailing a vertical, authoritarian integration of the citizen into the national political arena.

C. Needless to say, the particularistic features of the state apparatus and those of the parties complement and reinforce

each other. As parties get hold of political power, their primary aim is to use state mechanisms to consolidate their position by rewarding their followers.

One may argue that similar processes can be encountered in all parliamentary systems, including those of western Europe. Even so, the clientelism and politicisation of the state apparatus in Greece (and in several other semi-peripheral parliamentary polities) becomes particularly pernicious because of the weakness of civil society, because of the atrophy of pressure groups capable of counterbalancing or curbing the authoritarian tendencies of the state and the particularistic orientation of the parties.

This weakness of civil society, although it too is rooted in Ottoman patrimonialism, has been accentuated by the kind of development undergone by modern Greece. It has been abetted by the fact, for instance, that the transition from oligarchic to broader forms of political participation came at a time when large-scale industrialisation had not yet occurred. This meant that the parties acquired their centralised form within a non-industrial context -- a context where neither working-class organisations nor associations representing industrial capital were able to resist the incorporative tendencies of the state and the clientelistic practices of the parties. On the contrary, given the timing and mode of industrialisation in Greece, trade-union and employers' associations were to a large extent created from above. They were, more often than not, the creatures rather than partners of the state.<sup>45</sup>

A comparison may again be useful. In several of the western European societies, working-class movements appeared at a time when advanced industrialisation had resulted in a massive industrial labour force, which could effectively resist state attempts at manipulation and repression. More than that: the working class contributed <sup>in</sup> various ways to the rationalisation of politics. To take England as our example, the fact that the Labour Party's strength was from the start based on the large number of its followers rather than on their wealth and social prestige resulted in a highly centralised and bureaucratised party structure. This structure in turn was suitable for the organisation of large numbers of people in a less vertical and more horizontal manner. That such a mode of integration discourages particularistic and clientelistic political practices is a point well established in the relevant literature.<sup>46</sup>

The Labour Party's mode of creation, as well as the development of massive trade unions several decades earlier, not only enhanced the autonomy of the working-class movement vis-à-vis the state, it also contributed to <sup>the</sup> weakening <sup>of</sup> the parochial, clientelistic practices of the more traditional parties. The latter had to take up the challenge presented by the labour movement, and themselves began to adopt more bureaucratic and universalistic principles of organisation. Moreover, they not only had to change their mode of political operation, they were also forced to change their goals and to become more receptive to ideas of popular welfare, collective bargaining, and so on.<sup>47</sup>

The above comparison clarifies the contrast with Greece where, given the broadening of political participation/inclusion before the advent of large-scale industrialisation (as well as the unbalanced nature of Greece's capitalist trajectory), particularistic party practices and the state's patrimonial and authoritarian features have persisted up to the present. It also makes one understand better why the logic of the party ~~politics~~ quite systematically prevails over the logic of the market and ~~and~~ all other institutional spheres.

#### 4. Conclusion

My argument has been that Greece failed to use the resources generated by her export-oriented, nineteenth-century agrarian economy in order to modernise her agriculture and to create an industrial sector well articulated with the rest of the economy. The major reason for this failure lies less in the "comprador" nature of her bourgeoisie, the mal-functioning of her markets, or the nature of ~~the~~ Greek culture and personality; it must be sought more in the structure and functioning of the Greek state. Given the "late-late" character of Greece's industrialisation,<sup>48</sup> her only chance of integrating her economy into the world economy less peripherally and in a more self-centered manner was from above -- namely by the state intervening flexibly and selectively, not in order to destroy or supersede private initiative, but so as to bolster and direct it towards

the modernisation of agriculture and the creation of strong link-ages between industry and the country's agricultural and mineral resources.

Such strategic monitoring the Greek state has been unable to provide, in the past as in the present. The persistence of its patrimonial despotic features, its control by parties of a predominantly clientelistic and/or populist character, and its grotesque size makes it resemble a colossus with feet of clay, a shapeless monster ~~incapable~~ incapable of reacting and adapting intelligently to a rapidly changing international environment. Whenever there has been a crisis or a challenge -- like the need to modernise the country's agriculture in the late nineteenth and early twentieth century, the need for intelligent import-substitution industrialisation during the inter-war period, or the prospect of the 1992 EEC ~~prospect~~ <sup>challenge</sup> -- its rigid, overpoliticised and particularistic orientations have made it act in ways that perpetuate Greece's semi-peripheral status in the world and within the European ~~economy and politics~~ <sup>community</sup>.

**APPENDIX****COMPARATIVE PERSPECTIVES:****Success and failure in late-late development**

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The point I have tried to make in the main paper about the centrality of the state for understanding the Greek development may become clearer by taking a look at non-European late-late developers whose fairly similar starting points have led to developmental trajectories either less or more successful than that of Greece. Having neither the necessary space nor the expert knowledge for examining such cases in depth, the following comparative remarks must be understood as highly schematic and tentative suggestions for further research.

In view of the importance of the modernisation of agriculture for determining the success or failure of the overall developmental project, I shall refer to late-late industrialisers who were faced with more formidable obstacles to the modernisation of agriculture than was Greece (namely the absence of agrarian reforms as well as failure to modernise); and to cases where, due to exceptional circumstances, egalitarian rural structures resulted in an effective development of both agriculture and industry.

A. The countries of Latin America's southern cone provide a very good illustration of the former case. Despite their geographical ~~distance~~ <sup>distance</sup> and obvious differences in cultural and historical background, they show significant similarities with Greece.

Until the beginning of the nineteenth century, the Latin-American societies, like Greece, were subjugated parts of huge patrimonial empires. They acquired their independence in the early nineteenth century, and adopted parliamentary forms of rule quite soon after. On the economic level moreover, despite their relatively late start and their failure to industrialise in the nineteenth century, Latin America's souther-cone countries -- like Greece -- achieved, without having modernised their agriculture, an impressive degree of "disarticulated" industrialisation during the inter-war and post-war years.

In what follows, I shall limit myself to the twentieth century, and focus especially on the crucial issue of agricultural modernisation.

Having developed a considerable economic infrastructure in the second half of the nineteenth century, the southern-cone countries managed to adjust their export economies in the wake of the 1929 Depression, and to switch to large-scale import-substitution industrialisation. This did not, however, lead to a radical change in the relations of production in the countryside. Despite the rapid rise of the middle classes and the development of urban populism, populist leaders, once in power, failed to implement any serious agrarian reforms. Although the traditional export/landowning interests lost the oligarchic control over

the state they had enjoyed in the nineteenth century, given that for a variety of historical reasons they were much more powerful than their Greek counterparts, they managed to resist any radical changes in the highly inegalitarian and largely archaic agrarian structures. So whether one takes Chile, Argentina, or Brazil, in all three of them a more or less implicit deal or "social pact" ~~was struck~~ <sup>emerged</sup> between ~~the~~ <sup>urban</sup> populist leaders and the landowners. This deal on the one hand institutionalised the broadening of political participation and the entrance of "new men" into the national political arena, and on the other left the landowners free to deal with their subordinates in the traditional manner. If in Greece agricultural modernisation failed because of state incompetence, in Latin America state incompetence was combined with strong landowners' resistance to any serious transformation of the minifundium-latifundium complex that still marks large areas of the Latin-American countryside.

As in the case of Greece, the non-modernisation of agriculture had severe consequences for the development of the overall economy. It led, for instance, to the very slow and limited development of an internal market, to the establishment of weak or negative links between agriculture and industry, to the creation of an overinflated, highly inefficient state and service sector, to serious imbalances between consumer- and capital-goods production, etc. It resulted, that is to say, in the type of capitalist accumulation (extensively analysed by dependency theorists), the limitations of which became very apparent during the import-substitution crisis of the 1950s and '60s.

Finally, as in Greece, multinational capital arrived in the 1960s to play a significant role in easing, and even partially to rectify the import-substitution crisis and in orienting Latin America's southern-cone economies towards technologically more complex branches of industry, and towards a shift from the export of agricultural and mineral to that of industrial goods. It should be noted that the state in these societies was by no means the passive tool of national or international capital. With regard to the latter, for instance, an initial period of very lenient laissez-faire conditions of operation was followed by much tighter controls once the state had acquired more knowledge and specialised mechanisms for dealing with transnationals.

In spite of all this it has become increasingly obvious, particularly since the 1974 world crisis, that the export-oriented industrialisation led by foreign capital in the 1960s and '70s, even though it partly overcame some of the difficulties of the early import-substitution phase, has created new and more severe impasses that have resulted in extremely incapacitating balance-of-payment problems, as well as in growing socio-economic inequalities.

B. In marked contrast to the above, the inter-war situation in Korea and Taiwan was very different. Japan was occupying both of these countries at the time, and tried to turn them into an agricultural hinterland to its own rapidly expanding techno-

logical economy. Together with ruthless exploitation and vast transfers of resources to the metropolis, the Japanese also effected a number of changes that later, in the post-war, post-colonial period would decisively assist a relatively balanced development.

For one thing, the Japanese occupation sapped the landowning elites, and so set favourable preconditions for large post-liberation agrarian reforms. In both Korea and Taiwan these entailed a drastic reduction of big landholdings, and an impressive growth in agricultural productivity. Another effect of the Japanese occupation was the considerable development of social overhead capital as well as of industrialisation. Even though both of these were led by Japanese capital and directed towards Japan's development needs, they created the foundation for the countries' post-war industry, so that, with the help of major American aid, they could make spectacular progress from 1960 onwards, especially in terms of industrial exports. A third important legacy of the Japanese occupation has been a strongly authoritarian state apparatus committed to economic planning ~~the supposedly laissez-faire character of the south-east Asian model of industrialisation notwithstanding. For all that, state interventions have been conducted~~ <sup>and to</sup> a highly selective, flexible, and efficacious ~~mechanism~~ *regulation of the overall economy.*

Lastly, as in Greece and Latin America, the two south-east Asian countries' recent industrialisation was promoted by multinational capital. Their state structures seem, however, to have

to have been much more capable of steering foreign investments (which were more limited than in the Latin-American cases), as well as indigenous ones, in such a way that export-oriented industrialisation could combine with a more balanced <sup>overall</sup> development. Their developmental trajectories have suffered less from severe bottlenecks and profited from mechanisms ~~to~~ ensuring that the fruits of rapid growth (particularly during the last two decades) were more widely spread in both the countryside and the urban centres. Although wages continue to be relatively low, neither of these two countries has anything like the degree of marginalisation that prevails in the Latin-American cases.<sup>47</sup>

These results have been due mainly to a highly dirigiste state that keeps a close watch on capital (indigenous as well as multinational) without strangling private initiative. It also handles the trade unions -- in an admittedly highly repressive manner -- and keeps down wages or, more recently, ensures that wage rises are closely linked to productivity increases. There can be little doubt that the by third-world standards exceptional structure of the state seems to be the key to the south-east Asian success story. As a student of Taiwanese development put it:

"If development strategy in Taiwan has been defined by state officials, if state officials have stressed market forces so as to create the kind of production structure which they think Taiwan should have, then the question of the basis, organisation and operation of state authority becomes exceedingly important. Given that not a few states are little more than instruments of plunder on behalf of a small group of officials,

politicians and military, why has the state in Taiwan deployed its powers benignly rather than malignly? How has the use of public power been disciplined? ... My concern has been to show that these questions do have to be addressed if Taiwan's remarkable industrialisation is to be understood, because the neo-classical explanation in terms of self-regulating markets is not adequate."<sup>50</sup>

C. With respect, finally, to even more successful cases, it would be interesting to compare Greece with those non-European countries which, despite similar starting points, managed to acquire a "first-world" development profile, both in terms of self-centered growth, and in terms of a well-functioning parliamentary democracy.

I have in mind here countries like Canada, Australia, or New Zealand which, like Latin America's southern-cone countries and Greece, participated fully in the nineteenth-century expansion of world trade. *On the other hand,* Unlike for instance Argentina or Greece, they did modernise their agricultural sector quite early on, developed a growing domestic market, and then launched an industrialisation program that was properly integrated into their overall economies. What is more, these ex-colonies of England managed the above transformations within a democratic-parliamentary framework which, during the whole of this century, was working in a more stable as well as more liberal manner than the malfunctioning Greek and Latin-American parliamentary polities, or the still more repressive south-east Asian ones.<sup>51</sup>

## FOOTNOTES

- 1  
See for instance C. Tsoukalas, "The problem of political clientelism in nineteenth-century Greece", in G. Kontogiorgis (ed), Social and Political Forces in Greece (in Greek), Athens: Exantas, 1977. See also G. Mavrogordatos, Stillborn Republic: Social Conditions and Party Strategies in Greece 1922-1936, Berkeley: Univ. of California Press, 1983.
- 2  
For a more extensive discussion of ~~the~~<sup>the</sup> concept of state bourgeoisie see N. Mouzelis, Politics in the Semi-Periphery: Early Parliamentarism and Late Industrialisation in the Balkans and Latin America, London: Macmillan, 1986.
- 3  
See for instance D. Portnantiero, "Dominant classes and political crisis", Latin American Perspectives, vol.1, no. 3, 1974. See also N. Poulantzas, La crise des dictatures: Portugal, Grèce, Espagne, Paris: Seuil, 1975.
- 4  
See J. Nun, "The middle-class coup revisited", in A.F. Lowenthal (ed), Armies and Politics in Latin America, New York: Holmes and Meier, 1976.
- 5  
G. O'Donnel, Modernisation and Bureaucratic Authoritarianism: Studies in Southern American Politics, Berkeley: Inst. of International Studies, 1973.
- 6  
For a systematic critique of such reductive explanations, see N. Mouzelis, Politics in the Semi-Periphery, op.cit., ch. 4.
- 7  
See for instance J. Taylor, From Modernisation to Modes of Production: A Critique of the Sociologies of Development and Underdevelopment, London: Macmillan, 1979, pp. 220 ff.

8  
H. Wolpe, "The theory of internal colonialism: The African case", in I. Oxaal et al, Beyond the Sociology of Development, London: Routledge, 1975; and S. Amin and K. Vergopoulos, La question paysanne et le capitalisme, Paris: Anthropos, 1974.

9  
P.P. Rey, Colonialisme, neo-colonialisme et transition au capitalisme, Paris: Maspèro, 1971; and his Les alliances des classes, Paris: Maspèro, 1975.

10  
See Appendix.

11  
A. Gerschenkron, Economic Backwardness in Historical Perspective, Cambridge, Mass.: Harvard Univ. Press, 1962.

12  
For both (a) and (b) see D. Senghaas, The European Experience: A Historical Critique of Development Theory, Dover: Berg Publishers, 1985.

13  
In this first land reform, 662,500 acres were distributed in 357,217 individual lots. Since the agricultural population at this time numbered 254,000 families, one may conclude that after 1871 the majority of Greek peasants had acquired some landed property of their own. This is the view of N. Vernicos, L'évolution et les structures de la production agricole en Grèce, Dossier de Recherche, Université de Paris VIII, 1973.

14  
It is only in the period following World War II that Greece became self-sufficient in wheat.

15  
On the state of Greek agriculture before and after the agrarian reforms see <sup>B</sup> Alivisatos, La réforme agraire en Grèce, Paris: 1932; A. Sideris, The Agrarian Policy of Greece 1833-1933 (in Greek), Athens:1933.

16

Land fragmentation was due not only to the agrarian reforms, but also ~~largely~~ to lack of primogeniture in Greece. For a comparison between Greece and Norway (which does have primogeniture) on this point see V. Aubert, "Notes on Greece and Norway", Sociologi i dag, 1989, no. 1, pp. 49-66.

17

For an extensive discussion of this point see K. Vergopoulos, The Agrarian Problem in Greece: The Issue of the Social Incorporation of Agriculture (in Greek), Athens: Exantas, 1977.

18

On the low productivity of Greek agriculture see N. Mouzelis, "Capitalism and the development of agriculture", Journal of Peasant Studies, July 1976; K. Vergopoulos, "Capitalism and peasant productivity", Jrnl of Peasant Studies, July 1978; and N. Mouzelis, "Capitalism and agricultural productivity: A reply to Vergopoulos", Jrnl of Peasant Studies, April 1979.

19

Ulrich Manzel, "The experience of small European countries with late development: Lessons from history", Paper presented at the International Symposium on the Functions of Law in the Development of Welfare Societies, Oslo: August 1990, p. 36.

20

On all these points see N. Maraveyids, The Accession of Greece to the European Community: The Impact on Agriculture, Athens: Institute of Mediterranean Studies, 1989.

21

See G. Agriantoni, The Beginnings of Industrialisation in Nineteenth-Century Greece (in Greek), Athens: Historical Register of the National Bank of Greece, 1986, pp.207-209.

22

For instance, in 1874 there were only 199 small and medium-sized industrial establishments in Greece, employing 7,342 workers, with only half of these establishments being operated by steam. See A. Mansolas, Survey of the Steam-Operated Industrial Establishments in Greece (in Greek), Athens: 1876.

23

For a detailed examination of these measures see K. Vergopoulos, "The Greek economy from 1926 to 1935", in History of the Greek Nation: The New Hellenism 1913-1941, Athens: Ekdotiki Athinon, 1977.

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See on this point N. Mouzelis, "Capitalism and the development of the Greek state", in R. Scase (ed), The State in Western Europe, London: Croom Helm, 1980.

25

See V. Aubert, "Notes on Greece and Norway", op.cit.; see also K. Nordhang, "Politics of development and underdevelopment within the European periphery: Political regimes and economic transformations in Scandinavia and the Balkans before 1940", Paper presented to the International Symposium on the Function of Law in the Development of Welfare Societies, Oslo: August 1990.

26

For the concept of disarticulation see S. Amin, L'accumulation a l'échelle mondiale, Paris: Anthropos, 1970.

27

See on this point N. Mouzelis, Modern Greece: Facets of Underdevelopment, London: Macmillan, 1978, ch. 1.

28

If one looks, for instance, at railway construction in the nineteenth century, Greece saw a marked discrepancy between supply and demand in the transport services. Whereas in western Europe railway construction met the growing demand for transportation by an already-formed national market and a rapidly growing capitalist economy, in nineteenth-century Greece the absence of a national market and the relative immobility of her pre-capitalist economy meant that "the supply of a modern means of transport met a demand that was practically non-existent".

(E. Papayiannakis, "The Greek railways 1880-1910", in D. Tsaoussis (ed), Aspects of Nineteenth-Century Greek Society (in Greek), Athens: Estia, 1984, p. 120. My translation.)

Moreover, given the weak linkages between Greek industry and railway construction, the country had to spend large amounts of foreign currency to import not only cereals but also railway

equipment. It is not surprising, therefore, that shortly before the turn of the century Greece was forced to declare bankruptcy.

Shipping, finally, provides another example of "disarticulation". It is true, of course, that after a prolonged period of crisis, Greek shipping rapidly developed again towards the end of the nineteenth century. However, during this period control over shipping passed from the local shipowners of Ithaca, Galaxidi, and the Aegean islands to diaspora Greeks, who gave it a more international orientation. (see G. Dertilis, The Greek Economy and the Industrial Revolution: 1830-1910 (in Greek), Athens: Sakkoulas, 1984, pp. 31 ff. This disconnected it from the other sectors of the Greek economy, which did not profit much from its growth. Greece did not have

"the stable and long-term connections that prevailed in nineteenth- and twentieth-century Norway, for example, between shipping, commerce, ocean fishing, and related industries".

(G. Dertilis, The Greek Economy and the Industrial Revolution, op.cit., pp.35-36, my translation.)

29

See N. Mouzelis, Modern Greece, op.cit., pp. 27 ff.

30

Greece, in contrast to some Latin American countries that have achieved high rates of industrialisation in the 1960s and '70s, has not only eliminated absolute levels of poverty, but has also avoided the large-scale creation of slum conditions in her major urban centres.

31

For a development of this crucial point see D. Senghaas, The European Experience, op.cit.

32

For the concepts of political technologies and relations of domination see N. Mouzelis, Post-Marxist Alternatives: The Construction of Social Orders, London: Macmillan, 1990, ch.4.

33

See on this P. Anderson, Lineages of the Absolutist State, London: New Left Publications, 1974, pp. 397 ff.

34

M. Weber, Economy and Society, eds. G. Roth and C. Wittich, Berkeley: Univ. of California Press, 1978, pp. 231-32.

35

See on this point N. Diamandouros, Political Modernisation, Social Conflict and Cultural Cleaves in the Formation of the Modern Greek State 1821-1828, unpubl, Ph.D. Thesis, Columbia University, 1972.

36

Prior to these reforms, not only had state action been paralysed by the persistence of large-scale brigandage, but the state administration itself was so pervious to pressures from political bosses and local interest groups that it was quite incapable of acting in a corporate, collective manner. Given the lack of secure tenure for civil servants, and the non-existence of any criteria of merit in their recruitment, the position of every state employee depended wholly on his political patron remaining in power, or on his connection with powerful bandits and influential notables. The radical reforms of Trikoupis (1880-95) and later of Venizelos (1910-20) gradually eliminated these aspects of the state apparatus. Brigandage was overcome, and legislative attempts made to establish some educational standard for civil servants, to introduce permanent tenure for most state employees, tighter state controls of the banking system, and to set up new and more specialised ministerial branches of government. (See K. Vergopoulos, "Governmental policies and problems from 1881 to 1895", in History of the Greek Nation, op.cit., vol. 14, pp. 46 ff.

37

See K. Legg, Politics in Modern Greece, Stanford Univ. Press, 1969.

38

See G. Dertilis, Social Change and Military Intervention in Politics: Greece 1881-1928, Ph.D. Thesis, Univ. of Sheffield, 1976, Table xiv.

39  
See C. Tsoukalas, "The reforms of Trikoupis", in History of the Greek Nation: Modern Hellenism 1881-1913, op.cit., p. 13.

40  
On oligarchic parliamentarism in the Balkans and Latin America see N. Mouzelis, Politics in the Semi-Periphery, op.cit., ch.1.

41  
See on this point G. Mavrogordatos, Stillborn Republic, op.cit., pp. 69 ff; and C. Lyrantzis, Politics and Society in Achaia in the Nineteenth Century (in Greek), mimeo.

42  
On the changes in the composition of the Greek political elite after 1909 see D. Kitsikis, "L'évolution de l'élite politique grèque", in M.B. Kiray (ed), Social Stratification and Development in the Mediterranean Basin, Paris: 1973.

43  
See on this G. Mavrogordatos, Stillborn Republic, op.cit., ch. 3.

44  
See N. Mouzelis, "Continuités et changements en politique grèque; De Eleftherios Venizelos à Andreas Papandreou", Temps Modernes, Dec. 1985.

45  
On all these points see N. Mouzelis, Politics in the Semi-Periphery, op.cit.

46  
See R. Alford, Party and Society, London: John Murray, 1964, pp. 33 ff.

47  
See O. Kirchheimer, "The transformation of European political parties" in J. Lapalombara and M. Weiner (eds), Political Parties and Political Development, Princeton: Princeton Univ. Press, 1966. The emergence of a strong working-class movement does not automatically bring about the end of clientelism, neither was it the only factor responsible for the demise of particularistic/clientelistic politics in the United Kingdom. The introduction of the secret ballot, large constituencies, and stiffer penalties for corrupt

political practices such as vote buying, as well as broader developments such as educational reform -- all these helped to effect a change in public attitudes and the emergence of a new and more democratically oriented public opinion.

48

The "late-late" label is used extensively in development theory to distinguish the (compared to England) relatively late western-European industrialisers (i.e. France, Germany) from those societies that experienced large-scale industrialisation only in the post-1929 period. See on this point A. Hirschman, A Bias for Hope, New Haven: Yale Univ. Press, 1970, ch. 3.

49

See D. Morawetz, Twenty-five Years of European Development 1950-1975, Washington D.C.: World Bank, 1977, p. 40.

50

See R. Wade, "State intervention in outward-looking development: Neo-classical theory and the Taiwanese practice", in G. White and R. Wade (eds), Developmental States in East Asia, mimeo, 1985.

51

For a comparison of such cases with the European late and late-late industrialisers see D. Senghaas, The European Experience, op.cit.