

# Some Economic and Social Problems in Greece

by

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*In the following article a former Greek Minister of Finance reviews some of the problems facing his countrymen today in their efforts to raise living standards. Greece is poor in natural resources and suffered heavy loss during the war. Great determination and ingenuity have been shown in making the most of the resources available, but the author concludes that heavy capital investment will also be required if productivity is to be increased and living standards raised.*

WHEN the traveller flies over Greece he sees high peaks standing out white against the legendary blue sky, alternating with little plains and valleys. The sea-coast cuts deep into the land, so that each corner of the country has its own local climate and its special character. Thousands of islands, scattered along the shore and across the neighbouring seas, serve almost as a bridge between Greece and Asia Minor, Italy or Egypt. The ratio of coastline to area in Greece is thus very great—15 times as great as in France.

Since the earliest times these physical features have had an influence on the economy of Greece. Agriculture is not highly developed because the plains and valleys make up only one-fifth of the total area, and the few rivers are too irregular to be useful. The cultivation of trees and shrubs—chiefly olives and vines—is common on the hillsides. Livestock consists mainly of the smaller species, and the custom of seasonal migration still prevails to some extent, for the summer grass of the high valleys and even the scrub of the mountains make useful fodder. Commerce is extremely busy, merchant shipping highly developed, emigration widespread ; in every age “colonies” have arisen and a great part of the Greek people has been dispersed abroad ; today there are big communities in almost all countries, particularly the United States, Egypt, Canada, Australia and the Union of South Africa.

## ECONOMIC ACTIVITIES

The population of the Kingdom of Greece amounts to about 8 million persons, or some 60 to the square kilometre (150 to the square mile). The economically active population is about half as numerous, and of this 56.6 per cent. are engaged in agriculture or forestry, 0.5 per cent. in mines and quarries, 3.7 per cent. in industry, 9.5 per cent. in handicrafts, 2.4 per cent. in building and public works, 9 per cent. in commerce, banking and insurance, 3.3 per cent. in transport, and 4.4 per cent. in the professions and sundry other occupations; 4.5 per cent. are in the armed forces and 3.9 per cent. are unemployed. Of the total population, about 55 per cent. now live in the rural parts (73 per cent. in 1920); but as only a quarter of the country's surface is cultivable the average useful area per agricultural family works out at only a little over 3 hectares ( $7\frac{1}{2}$  acres), and this includes land not effectively cultivated, shrub land and artificial meadows. It is the lowest average in Europe, and therein lies the crux of Greece's agricultural and demographic problem, for the population is increasing rapidly—by about 1.5 per cent. per annum. This increase is, of course, not identical for every social class. An inquiry has revealed that children and juveniles under 18 make up 42 per cent. of the rural population, but only 29 per cent. of the urban population; and even in the towns the young are far more numerous among the poor than among the richer classes. In the working-class quarters of Athens, for instance, between 43 and 52 per cent. of the people are under 18 years; in the centre of the city the percentage is between 10 and 15. Emigration, particularly to the Near East and the United States, took part of the surplus rural population before the restrictions imposed by the countries of destination after the First World War. Another large contingent moved to the cities, particularly Athens: an inquiry recently held in the urban schools showed that 75 per cent. of the pupils' parents and 95 to 97 per cent. of their grandparents were born in villages.

Various forms of remedial action have been taken. First, there are in operation extensive lake and marsh drainage schemes and river control works, with dams to prevent the erosion of the mountain soil; but these projects involve very high expense and their results are relatively small. Secondly, efforts have been made to render cultivation more intensive: the chemical fertilisers used in 1952 exceeded 300,000 tons; irrigated land now amounts to about one-tenth of the total cultivated area; and there is more reliance on crops which require a big volume of manpower but give a high yield per acre, such as tobacco, cotton, rice, wine, vegetables,

potatoes and various types of fruit. Thirdly, the lack of sufficient farm land for the large rural population has led to the expropriation by the Government of all large estates ; no person is now entitled to possess more than 30 hectares (75 acres) of cultivable land in Greece, and those who had their land farmed by tenants have been entirely dispossessed in favour of the latter.

### *Agriculture*

Out of Greece's 3,500,000 hectares of cultivable land, arable land (including fallow) accounts for 80 per cent., tree and shrub plantations 17 per cent., meadows 3 per cent. About a quarter of the total surface of the country is covered with forest and particularly scrub, which has a very low yield in building wood. The rest is mountain country, which is sometimes used as pasture (mainly for goats).

Cereals are Greece's principal farm produce, for they occupy more than half of all the arable land. Wheat has made the most noteworthy progress ; output has tripled in some 20 years, and this rise has been due, particularly since the Second World War, to a greater yield per acre and not to an increase in the area planted. Consequently Greece now meets three-quarters of her needs in wheat and all her needs in the less important cereals (maize, barley, oats, rye). Apart from technical improvements the more efficient wheat-growing by the peasants has been due to the Government's action, since 1927, in purchasing the crop through the farmers' co-operatives ; the price paid is 50-70 per cent. above world market levels, and reached 200 per cent. during the depression in agricultural prices before the war.

Besides cereals Greece also produces a fair quantity of rice. Before the war rice planting was limited by malaria ; more recently it has been extended, both by the reclamation and use of salt marshes and by the elimination of malaria with the aid of D.D.T. As a result the rice crop has been increased in five years from 6,000 tons (the maximum before the war) to 75,000 tons ; internal needs can now be met despite increased consumption, and some rice can even be exported. Potatoes are also now produced in much greater quantities than formerly ; the crop has risen, and consumption with it, from 150,000 to 450,000 tons a year. Cotton planting also extends throughout the country and the annual crop has risen from 45,000 to 80,000 tons ; the needs of Greek industry can now be met, and some 10,000 tons of excellent quality fibre are exported. Lastly, the production of olive oil is also growing steadily, thanks to better methods of cultivation and above all to the systematic destruction of the olive fly (*dacus olae*).

The production of tobacco and of dried fruits, on the other hand, is declining because of export difficulties. The tobacco crop has fallen from 60,000 to 50,000 tons ; that of currants and sultanas has dropped still more sharply, from 180,000 to 110,000 tons. Despite this, tobacco and dried fruits are still Greece's most important exports, representing 60 per cent. of the total (as against 70 per cent. before the war) and a value of 60 million dollars in 1951 and 73 million in 1952. Other fruit growing has made progress since the war ; in particular, the output of citrus fruit has almost tripled. However, there are serious export difficulties, and consequently the greater part of the fruit remains in the country, where it is consumed by all classes of the population at very reasonable prices.

It should not be forgotten that during the war Greece's agricultural output fell by about half ; but in recent years it has usually exceeded the pre-war level (although in 1952 there was a 4.3 per cent. fall in value as compared with 1951). The same cannot be said of livestock production. Here it has not yet been possible to return to pre-war standards, since a great deal of the stock was destroyed or lost, and recovery requires a long period ; however, output in 1952 showed a 6 per cent. increase over the preceding year. Greece is now obliged to pay 35 million to 40 million dollars a year to cover its need for meat, milk, cheese, raw hides and wool. Whereas the output of stock for breeding, meat, milk, etc., increases slowly but steadily, that of draught animals (horses and oxen) is declining, for animals are being replaced on a large scale by tractors and motor vehicles.

### *Fishing*

Fishing has always been another important source of food. The annual catch has risen from 35,000 tons before the war to 43,000 tons at present. However, the equipment of Greece's fishing fleet has expanded to an extent which makes the eastern Mediterranean—relatively poor in fish—an insufficient source of supply, and fishermen are now turning to the Atlantic banks. Sponge fishing provides an additional livelihood for Greek seamen.

### *Industry*

Greek industry did not suffer as much as agriculture during the Occupation. Output fell by more than 50 per cent., but plant and equipment was on the whole left intact. Consequently the subsequent rise has been rapid, and industrial production now exceeds the pre-war level by 25 per cent. Its gross value in 1951

was 600 million dollars, but there has since been a slight fall. However, the net yield of industrial production is only a third of that amount, since the remainder goes on materials (raw or partly processed), fuel and depreciation. Industry in Greece falls into three main branches—textiles, food and chemicals—and a number of minor ones—tanning, metal trades, wood, building materials, cigarette manufacture, the tobacco-leaf industry (in which a large number of persons are employed) and paper. Almost the whole output of Greek industry is consumed inside the country, but some cement, resin, essence of turpentine, olive kernel oil and chemical products are exported, totalling 6.4 per cent. of the value of all exports in 1951 and 5.3 per cent. in 1952. Greek industry obtains from within the country 75 per cent. of the raw materials it requires. The quality of its products has improved greatly since the war.

There is no heavy industry in Greece, although the country is very rich in iron, bauxite and magnesium. Greece has no coal except lignite, which has been widely employed since the war. Manganese, chromium, barytes, lead, silver, corundum, nickel and other minerals are also mined. Almost all these are exported (580,000 tons in 1951, 760,000 tons in 1952); but the value is comparatively small—only 7 million dollars in 1951 and 10.5 million in 1952.

### *Shipping*

Since the resources of the country are so restricted many people turn to the sea for a livelihood. Before the war the merchant fleet flying the Greek flag included 600 steam vessels with a total tonnage of nearly 2 million: war losses reduced it to only a quarter of this, and though the tonnage has since risen the 1939-level has not yet been attained. Apart from vessels flying the Greek flag many cargo vessels and tankers belonging to Greek nationals are registered under foreign flags—those of Panama, Honduras, Liberia, the United States, the United Kingdom, etc. There are about 600 of these vessels, and their total tonnage is estimated at over 6 million. Thus the tonnage of all Greek merchant ships together exceeds 7 million—a total inferior only to that of the British and United States merchant fleets—without counting the ships now building which belong to Greeks (over 2 million tons). Most of these shipowners live abroad, and their ships, as well as most of those flying the Greek flag, cross and recross the oceans with hardly a visit to Greek ports. However, their crews are mostly composed of Greeks, who send money regularly to their families in Greece. Thus Greece holds the first place among the countries of the world as regards attachment to the sea, whether this is

measured by the ratio between population and total tonnage or between population and the number of persons who follow the seafaring profession.

### NATIONAL INCOME AND EXPENDITURE

The progress made in all the above branches of the Greek economy has led to a rise in the national income, which was estimated at nearly 2,000 million dollars in 1951 as against 1,710 million in 1950; but there appears to have been no further increase in 1952. The biggest item in this total is provided by agriculture and stock-raising (about 40 per cent.); industry and handicrafts come next (20 per cent.), followed by commerce, the public services, transport, professional work, etc.

It is calculated that the national income increased by 5 per cent. per annum, on an average, during the peaceful pre-war period 1924-40; it decreased by 50 per cent. during the war and the Occupation but has since resumed its regular rate of increase despite the difficult conditions which the country has had to face. Five per cent. is a big annual increase (the average registered in the United States in the same period was only 3 per cent.); but it should be noted that the population of Greece rises annually by 1.5 per cent., so that the increase in income per head does not exceed 3.5 per cent. However, the national income has doubled in about 20 years if the war period is left out of account.

The income per head of the population was at the official exchange rates 215 dollars in 1950 and 250 in 1951, but if regard is had to the relative purchasing power of the drachma and the dollar the figures must be reduced to 150 dollars (1950) and 153.5 dollars (1951). This average income certainly appears very low if compared with that of the North American and most European countries, though greater than the average in almost all the countries of Asia and Africa. However, comparisons of this kind between industrialised States and those with a semi-isolated rural economy are somewhat unreliable: in the latter the value of farm goods consumed by the producers themselves is counted at its current wholesale price on the spot, and such activities as home baking, jam making, washing and sewing are not included in the national income, as they are in the industrialised countries.

As regards the distribution of the national income, it is estimated that a million manual workers, office employees and civil servants earn, on an average, 650 dollars a year each, while a million farming families have an average annual income of 775 dollars each, so that an agricultural worker earns about half as much as a city worker. Side by side with these modest incomes,

however, a large minority of the people enjoy incomes which permit them to keep up a high standard of living. This difference in income is accentuated by the fact that the poorest families are as a rule larger than the richest. As regards the rural population, which is the great majority, an inquiry has shown that only 30 per cent. of the peasants have incomes large enough to meet their needs throughout the year; 34 per cent. have enough for eight months out of the 12; the income of the remainder (36 per cent.) is sufficient for half the year only. It is true that governmental social policy has the effect of redistributing about 15 per cent. of the national income to the poorer classes; but graduated direct taxation, intended to eliminate the surplus income of the richer people, has not hitherto been very effective.

The collapse of Greece's economy during the war and the Communist threat induced the United States to come to the aid of the Greek Government so that it might meet immediate needs and make good the budgetary deficit. Even before the Marshall Plan the United States Government, on the decision of President Truman, made available a sum in dollars which sufficed to cover about half the public expenditure in 1946 and 1947. Greece subsequently benefited under the Marshall Plan on the same footing as other European countries. In all, American aid has amounted to 1,056 million dollars. Unfortunately most of this money had to be spent not on the reconstruction of Greece but on meeting the emergency created by the Communist rebellion. More recently the credits for European economic recovery were replaced by the Mutual Assistance Organisation, and American aid was reduced to the financing of only part of Greece's military expenses; it amounted to about 18 per cent. of the total budget for the fiscal year 1951/52. The receipts from local sources in that year amounted to 377 million dollars; they are estimated at 404 million for the year 1952/53. Of the latter 25 per cent. is to come from direct taxation, 50 per cent. from indirect taxes (customs and excise duties) and the remainder from other sources (monopolies, stamp duty, etc.). This taxation represents in all some 23.6 per cent. of the national income, as against 22.7 per cent. before the war.

An analysis of public expenditure shows that about half of the total goes on civil servants' salaries, pay for members of the armed forces, and pensions (the latter have risen enormously owing to the very large number of persons disabled in the war); 9 per cent. is devoted to production and export bonuses or consumption and transport subsidies; 7 per cent. to social charges and 4.5 per cent. to public works. Only one-half per cent. of total public expenditure goes to the national debt (which took as much as 25 per cent. before the war), payments on the pre-war debt having been suspended until 1954.

At present the heaviest budget item is military expenses, which make up 30 per cent. of the total. Add to this 10 per cent. for the police forces and a further amount for war pensions, and the resulting figure is half of all public expenditure. This is a heavy charge on the Greek taxpayer (it represents about 9 per cent. of the gross national income, at market prices), and is a hindrance to reconstruction. As already stated, part of the expense is paid out of American aid ; but this falls off each year, whereas Greece's military burdens have increased as a result of her subscribing to the Atlantic Pact.

To sum up, it may be said that budgetary receipts cover Greece's ordinary administrative and military expenses ; but the supplementary budget, which is intended to provide for reconstruction and re-equipment, can cover only a very small and insufficient proportion of the sums which the Greek economy either needs at once or will need for its development. It is no coincidence that aggregate capital investment in Greece, public and private, is equal to the amounts received from abroad—the amount available at home for this purpose is very small. Total capital investment amounted in 1951 to 15 per cent. of all public and private consumption, but has since fallen owing to the reduction in aid from the United States. This reduction has involved very serious social disadvantages. Besides the national budget there are municipal and local budgets amounting to 25 million dollars, of which 8 million are State subsidies. The remaining 17 million are the equivalent of 4 per cent. of the national budget. Total taxation per head of the population is thus 52 dollars. But it is the burden of indirect taxation that weighs most heavily on the poorer classes.

### UNEMPLOYMENT

The increase in unemployment is due—apart from the natural rise in the population by about 100,000 a year—to the restrictions placed on emigration, the spread of mechanisation, and the more widespread employment of women (the number working in 1947 was 31.2 per cent. of the number of men, as against 18.2 per cent. in 1930).

The number of urban wage earners and salaried employees in Greece is estimated at some 700,000 ; there is a big discrepancy, however, between the manpower supply and demand in the towns, since 20-25 per cent. of the available manpower is unemployed, and unemployment has increased considerably since 1951. This situation can only be remedied by industrial expansion. At present a large proportion of the population lacking other employment turns to non-productive tertiary activities which cannot be fully



justified in a country where primary and secondary activities are insufficiently developed. Moreover, the shortage of land causes partial unemployment among the rural population, which is on an average occupied during half the working year only. The cost is reflected in the price of the agricultural products on which farmers and labourers alike are dependent for a livelihood. Furthermore, the young men and women, with no fields to till, tend to migrate to the cities in the hope of finding some job or other, and this increases urban unemployment.

The chief action taken to meet the situation described above is as follows: (1) the organisation of public employment offices, which attempt to find jobs for the unemployed (they placed 40,203 persons in 1952); (2) the establishment of the Labour Welfare Institution, which arranges public works, and particularly road construction, through local boards. This institution is financed through the national budget, in which sums of about 3.5 million dollars were allotted to it in the years 1950/51 and 1951/52; but the credit has been cut by half for the current year. Such amounts are not sufficient to meet the grievous problem of unemployment, particularly since the suspension of the Act passed last year, under which industrial undertakings were prohibited from dismissing personnel without previous authorisation by the Ministry of Labour. Unemployment relief was introduced throughout the country in 1945 (it had previously applied, since 1927, only to the seasonal unemployment of tobacco workers). Last year this relief was integrated into the social insurance system. Persons who become unemployed after not less than 18 months' work receive an allowance corresponding to 60 per cent. of the wage of an unskilled labourer. The total number of daily allowances paid in 1952 was 5,948,304, as against 2,003,803 in 1951, and the aggregate amount was some 5,300,000 dollars (1,600,000 in 1951). The average duration of each allowance in 1952 was 142 days (140 in 1951) and the allowance itself was equivalent to 87 U.S. cents.

#### SOCIAL INSURANCE

As regards social insurance in Greece, separate funds for persons engaged in specific occupations were established first of all—for instance, the Miners' Fund in 1882 and the Seamen's Fund in 1884. General insurance for all wage earners and salaried employees was not introduced until 1938. This scheme covers sickness, maternity, invalidity, industrial accidents, old age and death (survivors' benefit). Agricultural workers are for the most part excluded.

There are 192 insurance funds for separate occupations, 104 of them supplementing the general scheme; the total number of

persons insured thereunder rose from 699,397 in 1950 to 798,117 in 1951 and 912,155 in 1952 (including 255,133 under supplementary funds). The aggregate receipts of these funds in 1952 were 108 million dollars, of which 35.2 per cent. were derived from the insured persons' contributions, 56.2 per cent. from employers' contributions, 4.6 per cent. from taxation of various kinds, and 3.1 per cent. from the property of the funds. Aggregate expenditure amounted to 82 million dollars (46.2 per cent. on pensions, 29.9 per cent. on sickness benefit and 9.2 per cent. on unemployment allowances).

By far the most important institution, however, is the Social Insurance Institution, which handles the insurance of all groups of workers except civil servants; 425,000 persons were insured under it in 1952, including 140,250 women. The Institution provides old-age insurance (average pension 30.2 dollars a month), invalidity insurance (30.7 dollars) and survivors' insurance (20.8 dollars).

Since industry is concentrated in the big towns and agriculture is not included in social insurance, Athens, Piraeus and their suburbs account for 74 per cent. of the social insurance budget, Salonica 12 per cent. and the remainder of the country only 14 per cent.

#### CURRENCY PRICES AND WAGES

The war and the Occupation had a deplorable effect on Greece's currency. The "new drachma" introduced immediately after the Liberation was given an internal value of 50,000 million of the drachmas issued during the Occupation, and a foreign value of 2 U.S. cents. But this drachma also lost most of its value owing to the country's political and economic difficulties. At last it was stabilised officially at 15,000 to the dollar, and this rate was maintained from September 1949 until April 1953, with the aid of such palliatives as exchange bonuses first of all and subsequently export bonuses, taxes on non-essential commodities, etc. The last devaluation decided by the Government reduced the drachma to half its previous value, so that it now stands at 30,000 to the dollar; this is about 25 per cent. below its real purchasing power, the probable object being to raise the price of Greek goods inside the country and to reduce their price on foreign markets so as to encourage exports.

These successive devaluations of the currency have caused a steady rise in the cost of living. The index rose from 306 (1938 = 100) at the end of 1950 to 345 at the end of 1951 and 363 at the end of 1952. The increase has of course been more striking since the last devaluation, but the cost of living has not yet approached the real value of goods in terms of dollars, first of all because there is a time lag and secondly because the Government has taken care

to place on the market large quantities of foodstuffs purchased before the devaluation, in order to counteract the rise in prices.

The minimum daily wage of a worker was fixed before the last devaluation at 25,000 drachmas, plus 8 per cent. in the form of various statutory bonuses (1.80 dollars for men, 1.45 for women and 65 cents for apprentices). The wages of skilled workers, and particularly craftsmen, are considerably higher; they frequently receive three or four times the basic rate for an eight-hour day. Seasonal agricultural workers are also better paid, and usually receive their food also. The increase in the cost of living cannot fail to have an undesirable effect on the budgets of working-class families and on the standard of living of salaried employees and civil servants, whose rates of pay have remained unchanged since the devaluation. The major part of a family's income (55-65 per cent.) is spent on food, despite the small number of calories consumed (the average is not more than 2,500 per person).

But the most alarming fact of all is that the price increase has not been uniform for all goods. Home agricultural products remain at much lower levels than industrial products. The gap even tends to widen from year to year, and has caused a chronic crisis in Greek farming. At the end of 1952, for instance, the agricultural price index stood at under 400, whereas the index for industrial products required by farmers was in excess of 500. To face this situation the Government has been obliged—

(1) to exempt agricultural products from all taxation, except of course for the big estates which are subject to additional income tax;

(2) to finance (through the Agricultural Bank) co-operative organisations for the stocking of certain products which can easily be stored (wheat, barley, cotton, oil, silk, dried fruit, etc.);

(3) to allow an export bonus on certain products of agriculture (fresh and dried fruit, silk in cocoons, broom straw, etc.) for such time as the drachma was kept at an exchange rate inferior to its real purchasing power on foreign markets;

(4) for tobacco it was necessary to allow a double bonus, on production and at the export stage, in order to counteract the effect of the chronic depression in this trade, on which over 100,000 small holders and farmers are entirely dependent.

At present most of the income and consequently most of the wealth of the country is concentrated in the big cities and particularly in the neighbourhood of Athens, which pays 75 per cent. of the direct taxation. The other cities (Salonica, Patras, Volos,

Calamata) pay 8 per cent., and the remainder of the country only 16 per cent, although it includes 80 per cent. of the population. This is an anomaly from which the social life of the whole country suffers.

### THE BALANCE OF PAYMENTS

The most thorny problem for Greek economy, however, is that of the balance of payments. Before the war Greek exports were already insufficient to pay for more than 70 per cent. of imports, and a considerable annual deficit remained. Most of this was made up by remittances from nationals living abroad, seamen's pay cheques, the return of Greek capital formerly invested in foreign countries and other "invisible" income. Nowadays the major part of these resources has been eliminated by the exchange controls set up in most countries, bans on migration and the establishment of Greek shipowners abroad.

An analysis of payments shows that purchase and freight of merchandise amounted in 1951 to 435 million dollars out of a total of 477 million, and 283 million out of 336 million in 1952. Exports of Greek goods brought in only 102 million dollars in 1951 and 115 million in 1952; these figures were the highest reached since the war, but represent respectively only 23 and 35 per cent. of imports. Remittances by seamen and Greeks living abroad, together with invisible receipts from such sources as private assets in foreign countries, amounted to 84 million dollars in 1952 (69 million in 1951), or 25 per cent. of the credit side of the balance of payments. The rest is made up by German and Italian reparations (26 million dollars in 1952) and direct or indirect American aid (100 million dollars). Extraordinary receipts from abroad thus still make up about one-third of all payments received: but these sources of foreign exchange fall off considerably each year and will probably cease altogether in the near future.

Over the past year the deficit on the balance of trade has been reduced to 168.3 million dollars, as against a deficit for the previous year of 333 million and similar deficits in earlier years. On analysis this reduction shows, first, that there has been a 156.9 million dollar drop in imports (from 431.6 million in 1951 to 274.7 million in 1952) and, secondly, that exports have increased, though on a far smaller scale, to a value of 115 million dollars—a rise of 12.7 million over the figure of 102.3 million for 1951. This sudden drop in the amount of currency earmarked for imports in 1952, which is the main reason for the improvement in the terms of trade, affects both capital and consumer goods. Three things should be remembered. First, Greek exports are mainly luxury goods, such as tobacco, fruit, wine, olive oil and so on, which importer

countries are liable to restrict, if not actually replace with other products. Greek imports, on the other hand, are normally goods which are essential to the population. Secondly, Greece largely imports from hard-currency countries, particularly the United States, whereas its exports usually find their way to soft-currency countries such as Austria, France, Germany, Italy and the United Kingdom. Thirdly, it is indispensable to the maintenance of the country's economic and financial stability that Greece should receive a normal and uninterrupted flow of the staple import goods which the country either does not produce at all or only produces in insufficient quantities. It must be borne in mind that an excessive cut in imports is liable to cause another shortage of consumer goods such as Greece experienced during the Occupation and may also lead to a shortage of the products needed to increase the country's productivity. But for Greece to be able to import on such a scale as to satisfy the real needs of her economy—unless, of course, she receives sufficient financial aid to cover the deficit in her foreign payments—she must also increase her revenue by receipts from exports and other credit items. However, no solution can as yet be seen to the problem which will arise when the extraordinary sources of foreign currency are cut still further or, as some have forecast, are completely stopped. Greece will still have to import a considerable proportion of its food, raw materials, petroleum and coal as well as the supplies it needs for the reconstruction and industrialisation of the country.

We have given a brief outline of Greek production, its progress, difficulties and possibilities. To see it in its proper perspective, however, it is necessary to have some idea of the state of Greece immediately after the war was over. The country was in a tragic situation. People lived mostly on the food supplied by the International Red Cross and later by U.N.R.R.A. There were no inland communications left, for all the ports, bridges, trucks, locomotives and cars had been deliberately destroyed by the retreating enemy. In addition about 100,000 houses had been demolished and famine and the resistance claimed hundreds of thousands of victims. Money was practically non-existent, and the capital of banks and social and economic institutions was therefore rendered valueless. Everything was in ruins except the spirit of the country, which emerged from the trial as never before, stronger, more resolute and full of enterprise. Soon after, however, the Communist rebellion led to further ruin and spread anarchy and discord among the people. All that is now over, but it has left its traces even so. Most of the ruins have been cleared, but the blue sky of the country is overcast with the threatening clouds of economic problems.

## DEVELOPMENT POSSIBILITIES

The development of our natural resources, which was begun in extremely unfavourable circumstances, both politically and economically, has now been slowed down by lack of capital and will have to be resolutely tackled. During the first years of the Marshall Plan Greece was living under a wartime economy, which meant that half the American aid was absorbed by military expenditure and the aftermath of war. Reconstruction has necessarily been limited to essential work, which in no way suffices to solve the country's economic problems. The only answer to them is further investment, which is indispensable if productivity is to be increased and the country is to reach a level of economic activity at which its labour reserves can be absorbed and the nation can reasonably pay its way.

The country's rich mineral deposits could provide the raw material for heavy industry if water power were harnessed by the construction of barrages and other works for the production of electricity at low cost. Work of this kind, however, requires considerable capital, which explains why all that has been done so far is to harness the small waterfalls of the Ladhon in the Peloponese, the Vodas in Macedonia and the Louros in Epirus. Even so, these falls, together with the lignite produced at Aliveri in Euboea, will soon be producing 1,000 million kWh. of electricity as against the 600 million kWh. at present produced and used in Greece. For lack of capital, however, nothing has been done to exploit the far more important falls of the Acheloos and Aliakmon, although they could provide the country with nearly 3,000 million kWh. of electricity. The same is true of the lignite deposits at Ptolemais in Macedonia, which are the largest in Greece and could cover the peak periods of electricity consumption during droughts.

The electrification of the country could also facilitate the reorganisation of small craftsmen's workshops along more rational lines. These workshops are still of great importance for the Greek economy since they provide employment for a large proportion of the population and contribute almost as much as industry to the national income. If the country were electrified it could improve its terms of trade by dispensing with fuel imports, which represent an outlay of about 50 million dollars every year. Furthermore the use of electricity in country districts could provide the power and water necessary for more intensive cultivation and make life much easier in the villages. It should be remembered that many of the dwellings which were destroyed or seriously damaged during the war and during the Communist rebellion still have to be rebuilt,

that a considerable number of refugees are still living in the barracks in which they were temporarily housed in 1943 and that many workers are accommodated in the towns in impossible conditions.

Greece is a poor country ; not having enough goods to sell, it has exported its population to all countries of the world. With the end of liberalism and the sudden rise of nationalism, however, the country has found itself obliged to attribute more importance to the development of its resources. The population has made great efforts, and considerable progress has been achieved. Lack of capital, however, is hampering productivity, whereas the requirements of the population are increasing not only as a result of its rapid expansion but also because of its legitimate and very marked tendency to adapt itself to a higher standard of living ; that standard cannot, however, be maintained without an improvement in the country's present economic situation.

*(Translated from the French.)*

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