

Some help to the people and to the markets: Greek agricultural cooperatives as an institutional intervention (1914-1936)

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I. Introduction

In order to depict the rupture concerning the new organisation of agricultural sector in 1914, it is useful to describe the wider plan of agricultural credit during the XIX^e century. Actually, the distinction of various phases in the exercise of agricultural credit demonstrates the rural sector's increasing importance at the national economy. Thus, during the XIX^e century the agricultural credit was exercised by the National Bank of Greece: nevertheless, it must be noted that the allocation of short-term agricultural loans was guaranteed by *lettre de change*.

In spite the fact that the Constitutional Law of the National Bank (30-4-1841) included in its banking activities the agricultural credit, the amounts conceded by this banking organization to agricultural loans were not considerable, as in 1867 they reached the amount of 2 024 625 drachmas¹. Although in 1900 the loans allocated to agriculture come up to 18 902 061 drachmas, the financing of the rural sector remained restricted. It must be added that the allocation of agricultural credits were destined for the financing of the raisin's culture, in a proportion reaching the 50% of the total amount. This fact indicates that the Greek agricultural economy was viewed in the framework of monoculture. As we remark, for this whole period the domain of agricultural credit was attached to the banking system, and especially to the National Bank which was its central pole, with little intervention by the Greek State. As a result, considering the fact that agricultural credit is little lucrative for the banking activity, this specialised sector remained underdeveloped during the whole period under examination².

¹ Cf. Thanassis Kalafatis, «Politique bancaire et crédit agricole en Grèce (1861-1901)», *Proceedings of the Conference «Economies méditerranéennes. Equilibres et intercommunications. XIII^e – XIX^e siècles»*, Athens: NCSR, 1986, vol. 2, p. 407.

² For a further analysis of the subject see C. Bregianni, B. Patronis, «Apo ti thesmiki apousis ston filelephthero prostateftismo kai ton paremvatiko aftharchismo. I metamorfoseis tis agrotikis pistis apo ta teli tou 19ou eona os to 1940 [From the institutional absence to the liberal protectionism and the interventionist authoritarianism: the metamorphoses of agricultural credit from the end of 19th century to 1940]», C.D. Rom, *Proceedings of the Conference in Stathis Damianakos Conference «Rural Society and*

Consequently, the exercise of agricultural credit by the National Bank was unable to reduce the usurious loans, which –according to the relative economic literature of the interwar period- were devastating the Greek agricultural economy until at least the ‘20s. The rural conditions were remarked by the institutional organs of the National Bank itself, as it was noted that until the year 1915 agriculture was affected by usurious loans³. Therefore, a complexity between the official and unofficial forms of agricultural credit is noted: for a better understanding of this complication, we must take into consideration the fact that often the cultivation loans were allocated to bourgeois, which –using the false identity of farmers- benefited the lower agricultural interest of 6%. Subsequently, they led these amounts to farmers on usurious interest⁴.

We can remark that the perception of agricultural economy during the 19th century coincides with the application of State’s economic liberalism, which means that the central Greek mechanisms are the lesser involved in the planning of different economic activities while the State’s economic role is been reduced on its financial

economy», ed. Th. Kassimis, Athens: Agronomic University of Athens, Panteion University, French School of Athens, 2005

³ Ethniki Trapeza Ellados [National Bank of Greece], *O tokos ton kalliergitikon chorigiseon* [The interest of cultivation loans], Athens, 1925, p. 5.

⁴ A. D. Sideris, *I georgiki politiki tis Ellados kata tin lixasan ekatontaetian* [The agricultural politics during the previous 100 years] 1833-1933, Athens, Papadogiannis, 1934, p. 92.

aspect and on the efforts of numismatic regulations as well as at the adjustment of the national debt.

II. An institutional reorganization

A new conception of the rural economy arises in the beginning of the 20th century, as agriculture since that moment is considered as a part of national market. In Greece the first decades of the 20th century are decisive for the geographical formation of national market, as the frontiers of the Greek State are almost expanded to the contemporary ones. On the other hand, during this period the social and economic transformations which will incite the subsequent modernising efforts of the Liberal Party and which will lead to the consolidation of capitalist mechanisms are formulated. The definitive turn into western development's models corresponds to the political attempts concerning State's economic and social reorganisation. This attempt was undertaken by the bourgeoisie, as it was clearly demonstrated by the military and social Goudi movement in 1909, that was opposing to the established and royal State's character⁵. As a result of Goudi movement, the

⁵ For the Goudi movement see H. Gardikas-Katsiadakis, "Venizelos Advent in Greek Politics, 1909-1912", in P. Kitromilidis (ed.), *Eleftherios Venizelos. The Trials of Statesmanship*, Edinburgh : Edinburgh University Press, 2006, pp. 87-114.

entrance of the liberal Eleftherios Venizelos at the political scene personalised the new political orientations of the Greek society. In the years following the Balkan Wars (1912-1914), the impetus of a rising elite in the overall transformation of the country's productive structures led to a new consensus on the management of agriculture and the necessity of financing.⁶

This new perception of agriculture made obvious the need for a new administrative model: the allocation of agricultural credits was soon associated to the rural cooperatives. In this way, a bilateral relation between cooperatives and agricultural credit was created. For a better understanding of this interaction, it could be useful an analysis of the cooperative's institutional framework.

The first vertical links between official mechanisms of financing and agricultural population were forged by the Cooperatives Act legislated in December 1914. It is significant that in the preamble to this Act it was deemed necessary to refer to the extensive usury which ravaged the agricultural sector. The cooperatives, whose statutory charters were approved by the Ministry of National Economy (and later by the Ministry of Agriculture), were considered as unions of commercial character with a reserve fund equal to their cooperative shares. The members were mutually responsible, both

⁶ See Emmanuel Tsoudéros, *Le Relèvement Economique de la Grèce*, intr. Charles Gide, Paris, Nancy: Berger-Lervault 1919, p. 123.

financially and legally, for the administration of the cooperative. The most significant result of the Cooperatives Act was that cooperatives could be persecuted for non-payment of loans taken out collectively, but their individual members were no longer threatened with arrest.

At the beginning of 1915 the National Bank of Greece (*Ethniki Trapeza Ellados*, hereafter NBG) undertook the legal obligation to double agricultural credits, in exchange for maintaining its issuing privilege and expanding it into the newly acquired provinces of Epiros and Aegean Macedonia.⁷ In this conjuncture, the Cooperatives Act introduced a new institutional concept for Greek banking: the concept of collective responsibility of borrowers towards the bank⁸. Henceforth, short-term loans with personal guarantee were

⁷ Contract between the State and NBG, signed on 6 December 1914 and ratified by law of 20 February 1915. As is clear from the Greek bibliography, the National Bank was very early on the chief organ for implementing state economic policy see Margarita Dritsas, “National Integration and Economic Change in Greece during the Twentieth century”, in: Teichova, Alice/Matis Herbert/Pátek Jaroslav (eds.), *Economic Change and the National Question in Twentieth-century Europe*, Cambridge: Cambridge University Press 2000, pp. 196-228, here: 202. See also, in the same article, pp. 205-211, a reference to the policy of social and economic integration into the national territory of the New Provinces, Aegean Macedonia and Epirus, in 1912, as well as the earlier addition of Thessaly (1881).

⁸ Dimitrios Kalitsounakis, economist and researcher of cooperatives, characterises mutual responsibility of borrowers towards the bank as a product of the French thought aimed at eliminating the failings of private economy. D. Kalitsounakis, *Peri synetairismon kai idios en Elladi. Theoria kai praxis* [On Cooperatives and Especially in Greece, Theory and Practice], vol. I. *Istoria ke theoria tou syneterismou* [The History and Theory of Cooperatives, Athens: Eleftheroudakis and Bart, 1924, p. 46.

granted mostly to cooperatives and their unions.⁹ The terms of this new contractual agreement illustrate the hierarchical and monopolist character of the Greek banking system at the beginning of the 20th century, and comprise the first steps towards creating a centralized network to control the diffusion of agricultural credit.

In a broad outline of the evolution of cooperatives in Greece, quantitative elements reflect the degree of their incorporation into the NBG's network. During the period 1915-1922, an average of 242 cooperatives was founded annually, indicating a strong need for a better management model¹⁰ in the agricultural economy. During the 1920's, the number of cooperatives multiplied as a result of agricultural reform. This increase was only partly due to a law (later repealed) forcing refugees from territories of the former Ottoman Empire and formerly landless, native peasants to form compulsory cooperatives for collective land-ownership and management in the expropriated large

⁹ For the procedure followed by the Bank, see: Istoriko Archeio Ethnikis Trapezas Ellados [Historical Archives of the National Bank of Greece, hereafter *HANBG*], archival series: Direction of Agricultural Credit, 1926-1938. See also ETE, *Kodix ton egyklion ke eidikon diatagon mechri 31 December 1927* [Codex of Circulars and Special Acts to December 31, 1927], Athens: NBG, ⁵1928.

¹⁰ Quantitative data on cooperatives was extracted from the following studies: Babis Alivizatos, *La réforme agraire en Grèce au point de vue économique et sociale*, Paris: Librairie du Recueil Sirey 1932, pp. 276-277, Georghios Trakakis, *I Synetairistiki organossis en Elladi kai I Ethniki Trapeza* [Cooperative Organization in Greece and the National Bank], Athens, 1925, p. 27, Chryssos Evelpides, *Systima ellinikis agrotikis politikis*, [System of Greek Agricultural Policy], vol. 2, *To agrotikon programma* [The Agricultural Programme], Athens, 1923, p.133.

landowning where they were resettled. The interwar transformation of the agricultural sector, however, was mainly due to the interconnection between cooperatives and agricultural reform¹¹, since this increased the need for financing and enlarged the scope for state intervention. Although, the Greek agricultural reform must be seen in the view of the reforms implemented by the Balkan States in the '20s.

The preponderance of credit cooperatives (in 1927 they accounted for 3392 out of a total of 4431 agricultural cooperatives) indicates the growing links between cooperatives and state sources of agricultural credit. In the same year, cooperatives absorbed roughly two thirds of the total agricultural credits issued by the NBG, while the interest rate on loans granted to cooperatives was 2-3% lower than that charged to individual farmers.¹² Thus, as in other European countries¹³, access to agricultural credit

¹¹ C. Brégianni, « Réforme agraire et monétisation de l'économie rurale en Grèce (de la fin du XIXe siècle à la Deuxième Guerre Mondiale) », Atelier " La réforme agraire au futur et au passé", Université de Paris Ouest Nanterre, Paris, 24 septembre 2010

¹² For more details on the issue of credit by the National Bank of Greece see: Alivizatos, *La réforme agraire en Grèce ...op. cit*, p. 279, Georghios Trakakis, *I Ethniki Trapeza kai I agrotiki pistis* [The National Bank and Agricultural Credit], Athens, 1923 and Xenophon Zolotas, *Agrotiki politiki* [Agricultural Policy], Athens: Tzakas/Dellagrammatikas, 1934.

¹³ As a practical model, the concept of the collective responsibility of borrowers towards banks originated in France. For the cooperative organization of agricultural credit in that country see: André Gueslin, *Les Origines du Crédit Agricole, 1840-1914*, Nancy: Annales de l'Est publiées par l'Université de Nancy II, 1978, pp. 162-169 and Michel Augé-Laribé, *Syndicats et Coopératives Agricoles*, Paris, 1926.

(as a parastatal institution in the wider interwar modernization) was enlarged through the intervention of cooperative structure.

For a better understanding of this schema, it must be noted that the great majority of the agricultural credits was directed to short term loans which de facto could not assist to the reconstruction of agricultural sector. In spite of that fact, an important increase of the global amounts allocated by the National Bank as agricultural credits is remarked during the 1920s. Until 1921 the total agricultural credits didn't annually passed the extreme limit of 80.000.00 drachms –which is noted in 1920-, while in the beginning of the period (1915) only 4.685.000 drachms were allocated as agricultural credits. At the end of the period (1929) this amounts increased to 1.613.333.642 drachmas¹⁴. If we take into account the important devaluation of drachma in 1922, we may conclude that at the end of this period the amounts globally used by the National Bank for the exercise of agricultural credit during the years 1915-1929 were increased five times. The completion of agricultural reform and its immediate requirement for financing during the 20s, but

¹⁴ C. Bregianni, «Syneteristika diktya sti diaxeirisi tis agrotikis pistis. Outopia, ideologiki kataskevi I ergaleio politikis? [Cooperative networks at the agricultural credit administration (1914-1940). Utopia, ideological construction or instrument of politics?]], *Proceedings of the Conference «Greek rural society and economy during the Venizelos's period»*, Athens, Agronomic University of Athens/ National Research Institute «Eleftherios Venizelos», Athens, Ellinika Grammata, 2007, p. 89-110, here 92-100.

also the fall of agricultural incomes observed during the same period, must be considered among the reasons for agricultural credit's proliferation.

From the Bank's data, we observe also that credit cooperatives absorbed only the 4,8% of the total credits directed to agriculture in 1915, while in 1929 participated in more than 75%¹⁵ of the total credits. It is also a factor that indicates the perception of cooperative movement as an intermediary between banking functions and the rural population. In fact, credit cooperatives enlarged the banking activity as it was now possible to a large majority of farmers to obtain credits. At the same time, cooperative organization offered to the Bank the minimum standards for the security of its investments. For these reasons, the National Bank attempted to transform rural cooperatives into an unofficial but main branch of its network as far as the cooperatives also consisted a network for credit's proliferation. Obviously, the banking and cooperative network coincided and this interface maintained the absolute predominance of banking mechanisms.

The role of the NBG in the diffusion of a cooperative ideology in rural areas was clearly an integral part of state agricultural policy, and the bank's centralized mechanisms, that were consequently developed as funds for agricultural credit, were

¹⁵ C. Bregianni, B. Patronis, "Apo ti thesmiki apousia ston filelephthero prostateftismo kai ton paremvatiko aftharchismo... op. cit.

increased for the implementation of agricultural reform. For the Bank, the control and surveillance of cooperatives had to be part of its activity, and consequently it was opposing to their surveillance exercised by Ministry of Agriculture.

So, the rural cooperatives were also understood as an instrument for social and political pressure upon the rural population. On this purpose the cooperatives were used in the case of the creation of a specialised Rural Bank, which was considered by the National Bank as an antagonist organisation. Let us take a brief look at the facts: In October 1927 a protocol was signed by the State and the National Bank, concerning the creation of the Rural Bank. The political initiative was taken by Alexandros Papanastassiou, at the moment Minister of Agriculture, who is considered as the initiator of social-democratic thought in Greece and who was also responsible for the creation of the First Greek Republic in 1924. In spite the fact that the Protocol was signed by the BNG, its administrators were opposite to the creation of the Rural Bank as they considered it as State's intervention at banking domain, which could be extended at other activities, more lucrative than agricultural credit. These fears of the NBG were in fact real, because after a short time the banking reform withdrew the privilege of banknotes issuing from the National Bank and created the central Bank of Greece (1928). Thus, the reactions of the NBG in question of the Rural Bank's creation were immediate: the

managers of the NBG's Direction of Agricultural Credit organized a passive defense, requesting from the local superior employees to spread out at the rural population the oppositions of the National Bank to the creation of the Rural Bank declaring that the specialized branch of agricultural credit cannot function as an independent banking sector¹⁶.

It must be noted that NBG was looking for the complicity of rural population, as it is proven by the large number of telegrams sent by rural cooperatives and farmers, declaring their opposition to the creation of the Rural Bank¹⁷. Grosso modo, the archival documents coming from the NGB, demonstrate that cooperatives supported the contradiction of the Bank against the efforts of Alexandos Papanastassiou. This alliance manifests the reciprocity between cooperatives and NBG, a fact that refers to the conservative character of Greek cooperatism and to its use as an intermediary institution. Doubtless, it was the National Bank which provoked the reactions of cooperatives against

¹⁶ See HABNG, archival series: Rural Bank, Dossier 1, Preliminary Protocol, conventions, publications, reactions of the National Bank of Greece, 1927-1928, Confidential Circular of 23 August 1927.

¹⁷ See HABNG, archival series: Rural Bank, Dossier 2, Correspondence about the Rural Bank, 1927-1928.

the Rural Bank, since it had demanded their public expression a propos to this affair¹⁸. This interaction provides evidence for the political character of cooperatism, as far as the question about their control and surveillance took the form of a real political conflict. Consequently, even if the cooperatives were confronted by their institutional law as modernising mechanisms, their correlation with the banking system turn them into an instrument of conservatism.

III. Banking' system rationalization and Agricultural Cooperatives

The cooperative mentality promoted by the State created links between agriculture and banking, which required further specialization in banking operations. In 1929, banking reform by the Liberal government of Eleftherios Venizelos led to the foundation of the Agricultural Bank of Greece (*Agrotiki Trapeza Ellados*, hereafter ABG), which replaced the National Bank as the main source of agricultural credit and

¹⁸ See HABNG, archival series: Rural Bank, Dossier 1, Preliminary Protocol, conventions, publications, reactions of the National Bank of Greece, 1927-1928, Confidential Circular of the 5th January 1928.

undertook its overall administration.¹⁹ The ABG acquired a pivotal role in the diffusion of official agricultural credit, and its activities were part of the overall transformation of the agricultural sector in Greece.

Apart from the function of providing credit, which will be examined below, one of the ABG's declared goals was the dissemination of the cooperative ideology amongst farmers.²⁰ According to its founding statute, the ABG was responsible for the overall supervision of agricultural cooperatives, a function that it carried out through the Cooperative Department located at its central branch in Athens. Among the Department's first priorities was the foundation of new cooperatives and liquidation of older inactive ones. These functions were performed by Cooperative Supervisors in the bank's local branches. The branches compiled detailed reports on the progress of this work²¹ - including efforts to liquidate the inactive cooperatives and to systematically infuse cooperative organizations with propaganda designed to create a "cooperative spirit" in

¹⁹ For the foundation of ABG see Catherine Brégianni, *Les Banques, l'Agriculture et l'Etat. Stratégies de crédit et politique agraire en Grèce de 1861 à 1940*, Lille: Septentrion 2002, pp. 180-206, with relevant bibliography and archival sources.

²⁰ Statute Laws of the ABG 4332/1929, article 16.

²¹ The particular administrative mechanisms, as well as the information flow from the provinces to the central bank branch in Athens, is recorded in the cases of cooperatives in Thessaly. See: Istoriko Archeio Agrotikis Trapezas Ellados [Historical Archives of the Agricultural Bank of Greece, hereafter HAABG], archival series: Agency in Volos, Dossier 11: Statutes of cooperatives in Pelion, (1928-1939) & HAABG, archival series: Agency in Volos, Dossier 4: Cooperatives Data in the area of Volos (1930-1938).

rural areas.²² The tone of the reports indicates that one of the bank's principal objectives was to broaden the activities of agricultural cooperatives, which means to promote their productive functions, and to put an end to their exclusive function as credit recipients.

However, despite these declarations, in the early 1930's the reality was somewhat different. From statistical data provided by the ABG, one can see that the cooperative movement achieved a relative mass following, incorporating 260,635 heads of rural families in 1933²³ –out of a total of 1,475,600 actively employed in farming, stockbreeding and fishing²⁴ in 1928. However, the data for this period also show that by 1933 the average membership of agricultural cooperatives remained stable at 69.7. This lack of members limited their possibility to obtain more credits or to multiply their activities. Moreover, despite official declarations, credit cooperatives continued to constitute the vast majority of agricultural cooperatives. In 1933 these amounted to 3150

²² For this procedure see: Agrotiki Trapéza tis Ellados, *Apologismos tou étous 1930* [ABG's Report for the Year 1930], Athens: ABG 1931, pp. 64-65 and Agrotiki Trapéza tis Ellados, *Apologismos tou étous 1933* [ABG's Report for the Year 1933], Athens: ABG 1934, p. 23; see also: Agrotiki Trapeza tis Ellados, *Egiklios pros tous agrotas tis Ellados, tous Syneterismous ke tas enosseis apton* [Circular of the Agricultural Bank to Peasants, Their Cooperatives and the Unions of Cooperatives], Athens: ABG 1929.

²³ See: Deltion ATE, 2 (1937), Nr. 2, p. 103 and Deltion ATE [ABG's Bulletin], 4 (1939), Nr. 3, pp. 303-304.

²⁴ For more details on the Greek rural population of the period, see: Babis Alivizatos, *I Agrotiki Ellas kai I exelixis tis* [Rural Greece and its Development], Athens, 1939 [reprint from the ABG's Bulletin, 4 (1939)].

credit cooperatives with 208,516 members. Comparative data for the period up to December 1935 lists 3809 cooperatives with 256,014 members, of which 3044 were credit cooperatives with 195,585 members.²⁵ As a result, the strength of the mass movement that emerged in the agricultural sector during 1929-1935²⁶, was severely constrained by its almost exclusive function as a credit recipient. Finally, despite the Bank's initial goal of promoting agricultural production through cooperative networks, archival evidence reveals the inability of banking mechanisms to support the direct supply of agricultural products from cooperative farms to local or Athenian markets.²⁷

An examination of the quantitative data reveals the Bank's allocation of credit through cooperative forms. It should be noted that the lending policy towards cooperatives concerned short-term loans and loans with agricultural consignments as

²⁵ The fragmentation of cooperatives, especially credit cooperatives, is evident in data from the next statistical research carried out by the ABG in 1936 and later quantitative data, see Aristeidis N. Klimis, *Oi synetairismi stin Ellada, 1935-1945. I synetairistiki zoi kata eti-themata-topous*, [Cooperatives in Greece 1935-1945. Cooperative Life by Year-Issues-Places], Athens 1991, vol. 3, p. 48.

²⁶ For further details see: Brégianni, *Les Banques, l'Agriculture et l'Etat...*, pp. 79-89.

²⁷ See for example: HAABG, archival series: Agency in Volos, Dossier 35: Cooperative of the village of Promyrion Sypiada (1931-1937), Report of the Cooperative to the Central Branch of the ABG in Athens, 6 September 1931, HAABG, archival series: Agency in Volos, Dossier 4: Cooperative Data in the area of Volos, (1930-1938), document of the ABG's Agency in Trikala to Cooperative Supervisor at the Agency in Volos, 17 June 1932 & Report of the Agency in Karditsa to the central branch of the ABG in Athens, 27. June 1932. All three cases record the inability of bank employees to commercially market the products of the cooperatives.

collateral, while long-term loans (with an investment objective) were granted mainly to individual farmers. ABG data on its lending policy up to the end of 1935 indicates that the largest percentage of loans was granted to cooperative farmers, the overwhelming majority with agricultural consignments as collateral. In contrast, loans for cultivation were gradually reduced – though they continued to far outnumber loans granted to individuals. Thus, while in 1930 cooperatives absorbed two thirds of loans granted on personal security, by 1935 this proportion had a tendency to level out (table 1)²⁸. The failure of political ambitions regarding the modernizing role that cooperatives could play in the agricultural sector partly explains the downward trend of short-term loans issued through cooperatives.²⁹ However, one should also take into account the effects of the Great Depression in Greece, which hit as early as 1930, and initially took the form of a severe agricultural crisis³⁰. Not surprisingly, the early 1930's saw an urgent need to

²⁸ For a further elaboration on the subject see C. Bregianni, “La utopia rural de un régime autoritario. La politica cooperativista durante la dictadura de Metaxas (Grecia, 1936-1940) », *Historia Agraria*, 42 (2007), p. 327-351.

²⁹ For data on ABG loaning policy during the period 1931-1935 see: Diefthinsis Syneterismon tis ATE [AGB's Cooperative Department], “Stoixeia epi ton Elladi leitourgounton syneterismon” [Characteristics of Greek cooperatives], *Deltion ATE*, 1 (1936), Nr. 5, pp. 565-566 and data from the annual reports of the ABG.

³⁰ According to Chryssos Evelpides, the crisis of the 1930's was not only agricultural, but affected all sectors of production, since peasants comprised the vast majority of consumers of industrial products,

finance individual farmers in order to help them survive and consequently access to sources of credit for these farmers continued to grow. The financing of cooperatives, however, remained a primary concern of both banking mechanisms and state agricultural policy during this period.

Although the Cooperative Act of December 1914 had envisaged a more autonomous entity, the cooperative institution was gradually transformed into a centralized structure for administration and control of the agricultural sector.³¹ Modernization, through gradual funding, agricultural reform and consolidation of smallholdings, attempted to form a broad social consensus, but cooperatives could not succeed as an alternative social organization within this framework.³² The cooperative movement in Greece was imposed by the state from above and consequently had little in common with the concept of the mutual society promoted by utopian theorists of the 19th

see: Chryssos Evelpides, "I georghiki krissis, idia en Elladi" [The Rural Crisis, Especially in Greece], *Archion Ikonikon ke Kinonikon Epistimon*, 11 (1931), pp. 145-204.

³¹ See Minos Gerakaris, «Kratos ke syneterismoï» [The State and Cooperatives], *Deltion ATE*, 1 (1936), Nr. 1, pp. 7-23, here: 8-9. According to the article, post 1914 legislation influenced the less interventionist aspects of the original jurisprudence, a fact that nonetheless also indicates increased state interest in cooperatives.

³² Henry Desroch, *Le projet Coopératif. Son Utopie, sa Pratique, ses Appareils et ses Réseaux, ses espérances et ses déconvenues*, Paris: Éditions ouvrières 1976, p. 286.

century – although there was a tendency among agrarians to remain faithful to these earlier western models.

In this general outline of agricultural modernization, the effect of the Great Depression of the 1930's was to redefine the goals of Greek agricultural policy, forcing the liberal government of Eleftherios Venizelos to take additional protectionist measures. Among these was the creation of public organizations to protect the production of certain agricultural products (initially currants, followed by grain and cotton), the imposition of tariffs and the control of imports. In order to protect the balance of trade and counter potential food shortages³³, farmers were encouraged early on to increase agricultural production and avoid monoculture of commercial products (tobacco, oil, currants). In addition, an alternative system of intensive cultivation was initiated for monoculture (including grain)³⁴, which would require greater funding and a more efficient distribution

³³ See research published in the political and economic journal *Ergasia*, in 1933, titled “Before Famine Knocks on our Country’s Door”. Later, the country’s Supreme Economic Council [Anotaton Ikonomikon Symvoulion, hereafter *AOS*] would deal with the issue of the nation’s requirements in food-stuffs, emphasising the fact that an overwhelming proportion of grain consumed was imported. See *AOS, Epi tou provlimatos tis diatrofis en Elladi* [On the question of the Requirements in Food-Stuffs in Greece], Athens: National Printing Office 1938, p. 109.

³⁴ See the observations of Georghios Kyriakos, who later became the Minister of Agriculture. Kyriakos records the ineffectiveness created by grain’s monoculture in the conditions of Greek agriculture.

of the labor force by the smallholder majority. Protectionism in the agricultural sector was therefore shaped by the state intervention that began in 1929, in a phase that predated the General Metaxas dictatorship. It encompassed the Agricultural Bank's policy³⁵, the increase of agricultural loans through cooperatives and their role as a tool for implementing state policy as well as their gradual transformation into a centralized institution. It is evident that by the beginning of the 1930's, the protection of the agricultural sector was already an integral part of the Greek expression of economic nationalism³⁶: in April 1932 the drachma was taken off the gold standard and returned to

See Georghios Kyriakos, "Ekthesis peri tis georgikis politikis" [Report on Agricultural Policy], in: *Praktika tis Akadimias Athinon* [Academy of Greece, Proceedings] 8 (1933), pp. 303-304.

³⁵ Thus, according to the governor of the ABG, Andreas Labropoulos, who was appointed to this position in 1935, but retained it during the Metaxas regime, the foundation of the Bank was not only a necessary condition for the implementation of the country's agricultural policy, but necessary for boosting the national economy, see Andreas Labropoulos, "I georkiki politiki tou Kratous ke i ATE" [The Agricultural Policy of the State and the BAG], *Deltion ATE*, 1 (1936), Nr. 1, p. 1-2. For the transformation of the state's economic role see Evangelos Prontzas, *Ikonimikos ethnikismos. Dokimio sti neoelliniki istoria* [Economic Nationalism. A Study for Modern Greek History], Thessalonica: University Studio Press 1999.

³⁶ The distinction between protectionism and economic nationalism was also apparent to the political protagonists of the period. See the parliamentary speeches of Eleftherios Venizelos as well as the definition of Al. Papanastasiou for degrees of the phenomenon: "...protectionist measures are not generally nationalist in character...Usually only in exceptional circumstances of national political crisis and the rise of strong national fanaticism does one take measures of a nationalistic character, implemented either by the State or by individuals in order to boycott foreign products...", see: Alexandros Papanastasiou, *The Nationalism*, Athens: Charissis 1992, p. 14, [1st edition in *Epitheorissis ton koinomikon ke ikonimikon episthmon*, September- December 1916].

a regime of forced circulation, while a strong legal framework was set up for the protection of the national currency.³⁷

Table 1. Short term credits during the period 1930-1935 (in drachmas)

Year	To Individual farmers	To cooperative members	Total
1930	259.442.738,85	638.055.651,35	897.498.390,2
1931	322.431.119	609.896.245,1	932.327.364,1
1932	316.246.535,65	519.160.560,5	835.407.095,70
1933	314.201.619,2	568.908.966,45	883.110.585,65
1934	347.939.246,65	540.183.155,05	888.122.401,70
	464.904.799,25	645.929.233,7	1.110.8

³⁷ See Act 5.422, On the Deferment of the Bank of Greece's Obligation to Exchange Banknotes and on Regulations on Currency Exchanges, Official Gazette Nr. 133, 26 April 1932; Decree of May 5, 1932, "On the Temporary Adjustment of Public Debt"; Decree "On the Exchange to Drachmas of Debts in Foreign Currency or Exchange", Official Gazette Nr. 244, 29 July 1932.

935			34.032,95
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Source : Agricultural Bank of Greece, Reports of the years 1930-1935, Athens, 1931-1936.

IV. Conclusions

As we remarked, the proliferation of agricultural credit cooperatives has created in the Greek rural territory an intermediary mechanism between the banking system and the farmers. This almost exclusive credit function led to the restricted character of Greek cooperatism and –consequently- to its restricted social impact. On the other hand, its dependence from the banking mechanisms indicated, also, the conservative form of the institution, despite the modernizing expectations of its Greek initiators and theorists. For these reasons rural cooperatives were turned to instruments for the application of State's agricultural policy, while their financial support followed occasionally the principles of the central economic policy. Consequently, the historical approach of Greek cooperatives reflects the increasing impact of economic protectionism on the Greek political and social scene.

