

This forced Truman, in July 1946, to order the establishment of the National Intelligence Authority and the Central Intelligence Group as mechanism for the coordination of intelligence. Both organizations, however, lacked the personnel and resources to make any contribution in the formation of the Truman Doctrine. The problem of intelligence coordination was finally addressed by the creation of the central Intelligence Agency in July 1947.

In Greece, intelligence activity between 1945-1947 was directed by a policy committee consisting of the ambassador, counsellor, economic counselor, cultural, military and naval attaches, who submitted reports and evaluations to their respective agencies in Washington.²³ By February 1947, the administration was receiving alarming reports not only from this group but also from the head of the American Economic Mission and the American representative on the United Nations Commission of Investigation indicating the imminent collapse of Greece. This was followed on the 21st of February with the British declaration that they could not sustain their support of Greece and Turkey.

The response of the Truman administration was to react to an imminent crisis with little consideration for the long-term implications of American involvement in Greece. In fact, the programme of assistance designed to support Greece and Turkey was put together on Saturday the 22nd of February by a group in the State Department and approved by the administration on the 26th of February.²⁴

The absence of comprehensive and integrated analysis of the problems in Greece left the administration with little alternative other than to perceive this situation as part of a general threat posed by the Soviet Union to the security of the United States. The crisis in Greece, however, represented a symptom of a greater problem requiring massive intervention to protect American interests in south eastern Europe and the Near East. The failure of intelligence during this period also served as one of the prime catalysts for the creation of the Central Intelligence Agency.

²³Lawrence S. Witner, *American Intervention in Greece, 1943-1949* (New York 1982), p. 150.

²⁴Bruce R. Kuniholm, *The Origins of the Cold War in the Near East: Great Power Conflict and Diplomacy in Iran, Turkey, and Greece* (Princeton N. J. 1980), pp. 404-06.

Approaches to the Early Post-War Greek Economy: A Survey

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STUDIES OF THE POSTWAR MODEL OF DEVELOPMENT OF THE Greek economy tend to emphasize the "historical peculiarities" of the accumulation process which differentiate it from typical processes in developed capitalist countries, as well as from experiences of fragmented economies in Third World countries. Naturally, the origin of these "peculiarities" can be traced to the early postwar period, the late 1940s and early 1950s. This approach has been followed in the case of politics but not in the case of economics. Most studies, conventional and radical alike, have used the mid-1950s as their point of departure and focus mainly upon the significant transformations of the 1960s. The preceding period is, in fact, ignored.

Conventional approaches to economic events in the 1940s and early 1950s tend to emphasize the political and economic constraints that prevented the "stabilization" and rapid "reconstruction" of the economy. These approaches suggest that, under conditions of Civil War, the establishment of economic functions would be a very slow process. A phase of development would follow only as the free market system gradually became integrated into the international economy. The "Markezinis reform" of 1953 is usually considered the point of departure of the developmental phase of the postwar economy. At that point the monetary, fiscal, and other mechanisms of the state had been re-established, and the framework of the international economic relations of the country had been formulated. The system had gained the required degree of internal "stability" and external "openness," which allows the mechanisms of free trade and competition to mobilize the economic resources and to efficiently allocate them.

Radical thinking has not systematically addressed this period. The political regime of "restricted democracy," with institutionalized forms

of "anti-communism" which prevailed in the 1950s and 1960s, had a negative impact on social analysis in general, and even more so on radical perspectives. Academic institutions functioned under tight "ideological" control, while the intellectual movement that originated in the resistance and was associated with the EAM could not be sustained. Emigration and imprisonment became the available alternatives, both preventing the continuation of the movement. It is only since the early 1970s that a new generation of radical intellectuals started producing insightful social and economic studies, however, focused mainly on the later rather than the earlier postwar period.

The most common conceptualization of the economy of the earlier period relies heavily on the conventional approach and it is very well summarized by Freris. Developments in the economy are classified into three successive stages.¹ The first was the brief period of reconstruction with emphasis on reestablishing faith in the monetary system and national currency. It coincided with the period of the British intervention in Greece and included the monetary reform of November 1944, the Varvaressos experiment of June 1945, and the British-Greek Agreement of January 1946. The second stage was characterized by the attempts made at a systematic and long-term restructuring of the economy with a shift towards industrialization. It was initiated by the report of the Porter Mission in Greece in early 1947 and it was pursued by the American Economic Missions during the next two years. However, the 4-year plan drafted in 1948, as part of the European Recovery Program, was never to be implemented as the U.S. and the Greek government became far keener to deal with the threat from the left than develop their efforts at industrialization. The third stage was initiated by the 1953 devaluation which signified that a policy of opening up the economy to international trade was to be pursued. Any thought on a plan of domestic industrialization had to be abandoned and the continuing dependence of the economy on U.S. aid diminished the chances that the Greek government was to follow policies of which the U.S. might have disapproved.

The conventional approach tends to emphasize the "inevitability" of the actual course of events. The main line of argument is that, under the prevailing political and economic conditions, the available options in terms of economic policy were limited. The emergency conditions created by the civil war, the military and political priorities of the foreign agents and the inability of the internal agents to design and implement economic plans made necessary the shift of emphasis to short-term economic policies aiming at the stabilization and rehabilitation of the

¹ A. Freris, *The Greek Economy in the 20th Century* (London, 1986).

economy. Development was not on the "agenda" during the 1940s; it had to be postponed until a later period, when certain political and economic pre-conditions could be established.

Two groups of studies draw heavily on this line of argument. The first group dissociates the political from the economic element, and uses conventional economic analysis to explain economic trends and patterns. It also evaluates economic policy measures. Delivanis-Cleveland and Candilis emphasize economic policy as the determining factor and focus on the analysis of conditions that influenced the policy process and diverted it from the recommendations of standard economic theory. These two studies cover different aspects of economic policy and different periods. The former examines the question of monetary stabilization until 1947. The latter gives a full account of the "stabilization" phase until 1953 and the "development" phase thereafter. The first part of this paper discusses these two studies and attempts to reveal the limitations of conventional economic analysis as an analytical framework for the economy of the period.

The second group of studies² does not subscribe to any well specified theoretical model. The studies provide an account of both economic and political events without systematic analysis. McNeil and Sweet-Escott share some common preconceived assumptions about the characteristics of the external and internal agents involved in the economic processes. External agents (British and American) are identified as adopting "rational," "efficient" and modernizing policies. However, the implementation of these policies was obstructed by "traditional" Greek socio-economic structures which intensified "inefficiency," "incompetence," and "corruption." The whole process of interaction generated conflicts and made shifts and rearrangements in the policies of the external agents necessary. Most explanatory variables are derived from this conceptual framework of a conflict between "modern" and "traditional" elements. Munkman follows a similar line of argument in attempting to analyze the successes and failures of American economic policy, as well as the criteria that should be used in this evaluation and the lessons that should be drawn from the Greek experiment. The second part of this paper examines this group of studies.

Recent studies do not consider the course of events as inevitable. Amen³ and Wittner⁴ examine developments in Greece as a case study

² W. H. McNeil, *The Greek Dilemma, War and Aftermath* (New York, 1947); idem, *American Aid to Greece: A Report of the First Ten Years* (New York, 1958); B. Sweet-Escott, *Greece: A Political and Economic Survey 1939-1955* (London, 1954); C. A. Munkman, *American Aid to Greece: A Report of the First Ten Years* (New York, 1958).

³ M. Amen, *American Foreign Policy in Greece, 1944-1949. Economic, Military and Institutional Aspects* (Frankfurt am Main, 1978).

⁴ L. Wittner, *American Intervention in Greece 1943-1949* (New York, 1982).

of U.S. foreign policy in the early postwar period. They focus on the analysis of the behavior of U.S. agencies, the way that decisions were reached, the role of global and national parameters, and how they were articulated with internal processes in Greece. Amen⁵ emphasizes the policy shifts of the U.S. in Greece (militarization of aid, shift to political-military goals). He attempts to substantiate the argument that it was the "local" agent (the American Embassy and Economic Mission) that conceived the need for new priorities and influenced the "central" agents. Moreover, the Greek case had a broader impact upon the design and practice of U.S. foreign policy. Wittner⁶ is less concerned with the role of the "local" agents. Changes in global policies of the U.S. and the eclipse of advocates of the New Deal in U.S. politics account for the gradual dissociation of the Americans from "developmental" goals in Greece. This also implied a shift of emphasis towards stabilization of the economy at a point close to the pre-war level of production. The third part of the paper will discuss these two studies in some detail.

The foreign policy perspective added obvious new elements to the study of the period. However, it failed to take into consideration significant parameters derived from the internal dynamics of the Greek socio-economic formation. This is a necessary step in order to evaluate the effectiveness of policies, designed and implemented by "external" agents, and to interpret specific policy shifts brought about by the "resistance" of local agents. This type of resistance to particular stabilization policies, and the slow process of reconstruction and development, can hardly be examined without an investigation of the preexisting socio-economic structure, and the mechanisms of its reproduction.

In recent years, a group of studies⁷ shifts the focus of research towards the internal dynamics of the Greek economy. These works, despite differences in conclusions, are in favor of new theoretical formulations involving the notions of state and class, and the establishment of a framework integrating political and economic parameters. They tend to view "reconstruction" not as a process of re-establishing pre-war patterns, but rather as representing drastic changes in class structure and the institutional framework of the Greek economy. The 1940s become an open research subject which can produce new insights in comprehending the postwar model of development. The final part

⁵ Amen, *American Foreign Policy*.

⁶ Wittner, *American Intervention*.

⁷ C. Tsoucalas, "Ideological Impact of the Civil War," in J. Iatrides (ed.), *Greece in the 1940s. A Nation in Crisis* (Hanover and London, 1981); K. Vergopoulos, "The Emergence of New Bourgeoisie, 1944-1952," *ibid.*; S. Thomadakis, "Black Markets, Inflation and Force in the Economy of Occupied Greece," Iatrides, *Greece in the 1940s*; idem, "Stabilization Development and Government Economic Authority," unpublished paper presented at the Conference on the Greek Civil War (Copenhagen, June 1987).

of the paper presents the major points of the methodological shift advocated by these studies and discusses their main conclusions.

1. *The Limits of Conventional Economic Analysis*

Delivanis and Cleveland⁸ and Candilis⁹ focus on issues of economic policy. The former cover the period from liberation in October 1944 to the arrival of the American economic mission in 1947. The latter covers a longer period until the early 60s and, as the title of his book implies, the period until 1953 is characterized by "efforts for stability," whereas the subsequent period is viewed as one of "efforts for development."

The two studies follow a similar methodology. They present successive reforms in economic and monetary affairs and evaluate them in relation to an "ideal" model of stabilization policy. They present the main factors constraining the implementation of the "ideal," both political and economic, model and reveal the available options. The actual policy followed is then critically evaluated within a framework of "second-best" solutions.

The "ideal" model is derived, in the case of Delivanis-Cleveland, from the orthodox monetary theory of the time and the standard monetary and fiscal techniques of the macro-economic management of the economy. In the case of Candilis, whose work is more descriptive than theoretical, there is an implicit bias in favor of policies of selective but limited intervention in the operation of the market mechanism.

Both studies focus primarily on issues of "stabilization" rather than "development." The latter is assumed to be a natural consequence of an economy that has re-established functions of a free market, and the consequent optimal allocation of factors of production. Economic agents are assumed to function according to "rational" economic criteria and the primary preoccupation of the state is to establish the framework in which private initiative can develop.

Economic policy is considered to be a critical factor. The successful or unsuccessful development of an economy depends primarily on whether the appropriate economic policies are implemented. The design and implementation of such policies, however, depends on non-economic parameters. The lack of political stability in the 1940s and the social polarization of Greek society were the main constraints to the application of the proper economic policies.

Candilis best summarizes this approach in his evaluation of the

⁸ D. Delivanis and W. Cleveland, *Greek Monetary Developments 1939-1948* (Bloomington, 1949).

⁹ W. Candilis, *The Economy of Greece 1944-1964. Efforts for Stability and Development* (New York, 1968).

1944-1952 period¹⁰ by identifying the state of the economy as a "hybrid economy," characterized by unending political strife, scarcity of productive resources and disorganized public services. The prevailing atmosphere apparently caused the postponement of economic decisions related to development. Moreover, what little capital was available for long-term investment was wasted by being distributed through a variety of government agencies, contributing to "red tape" and the constant friction between opposing socio-political groups. Thus, according to Candilis, Greece suffered from its incapacity to exploit the available resources, this incapacity being primarily the result of the inconsistency and volatility of economic policies.

Delivanis and Cleveland perceive the question of "stability" in a similar way.¹¹ The "gold policy," i.e. the free sale of sovereigns on the exchange market, is viewed as an effective counter-inflationary policy measure, which can keep the sovereign rate of exchange stabilized. Yet, it constitutes a short-term measure, as definite monetary stabilization requires increasing the level of domestic production and balancing the budget. Such processes, however, cannot be accomplished as long as the civil war continues to prevent the economic rehabilitation of the country.

We can now summarize the main elements of this approach:

Non-economic factors (civil war, unsettled political climate, frequent cabinet changes) constitute the main constraints on the design and implementation of "vigorous" economic policies for stabilization and development. The end of the civil war was considered to be the main pre-condition for the successful stabilization of the economy.

The main economic problem could only partly be accounted for by scarcity of resources. Predominantly, it was one of developing proper economic policies and re-establishing the necessary mechanisms that would mobilize the internal resources of the economy.

In conditions of a war-damaged economy, there was a permanent contradiction between the reconstitution of basic production and distribution networks, which required government planning, and the operation of free markets.

The "stabilization" of the economy was assumed to depend on three problems which had to be tackled at the same time. These

were the balancing of the budget through the regeneration of normal fiscal processes (tax collection, etc.), the balancing of international payments (regeneration of exports, foreign loans, and foreign aid), and the stabilization of currency through monetary reform.

The lack of necessary pre-conditions for the attainment of coordinated policies on all three fronts restricted the availability of policy options, and made necessary the introduction of the "gold policy" as the main instrument for keeping inflation and the economy under some control.

Delivanis and Cleveland emphasize the last point. Under conditions where demand exceeded supply, the economic system was caught in a typical inflationary trap, with a permanent tendency for inflation to reinforce itself. The reinforcement of inflation was due to: the continued expansion of the note circulation; the continuous depreciation of the new drachma currency in relation to gold; and the existence of disproportionately high wage and salary rates not justified by the level of reconstruction of the productive capacity of the economy.

In their evaluation of the three main monetary reforms — the reform of November 1944, the reform of Varvaressos in June 1945, and the British-Greek agreement of January 1946 — Delivanis and Cleveland assess positively the first and the third on the grounds that they were the best among limited available options. The reform of Varvaressos is criticized as a highly regulatory system, which failed to recognize the crucial role of gold, and which overestimated the capabilities of the administrative machinery of the state. Arguing that there is a strong interrelation between monetary and fiscal reform, they maintain that successful monetary reform cannot be achieved unless budget equilibrium is established and maintained, but budget equilibrium requires *de facto* provisional currency reform. After the failure of the Varvaressos reforms, the stabilization of the currency by means of gold sales became an instrument of policy which, according to Delivanis-Cleveland, was the most appropriate one. Its application during the year following the British-Greek agreement of January 1946 resulted in the containment of strong inflationary pressures.

Candilis also identifies the gold policy as an effective instrument of monetary policy, which became an absolute necessity under the specific conditions of "psychological inflation." By examining a longer period, he is able to use the additional evidence provided by the policies of the American Economic Missions. The initial opposition to gold policy by the American Mission to Aid Greece (AMAG) in mid-1947

¹⁰Ibid. p. 68.

¹¹Delivanis and Cleveland, *Greek Monetary Developments*, p. 172.

was to be abandoned during the second half of the year, as the economy moved again toward conditions of a new round of hyperinflation. The reintroduction of the gold policy during early 1948 proved the effectiveness of and the necessity for that specific policy.

Approaches which draw heavily on conventional economic analysis have many limitations. One criticism involves the way in which political and social factors are included in the analytical framework. A second criticism focuses on the way in which the economy itself is modelled and analyzed.

The dominant conflicts which surfaced in the 1940s revolved around fundamental principles of economic and social organization. The political rise of the left challenged the dominant capitalist relations of production. Alternative notions of economic strategy, development goals, internal organization, and external relations were expressed by the two major political camps. The dominant political contradiction extended to alternative visions about economic reconstruction. Any strategy of reconstruction had to meet specific social and political preconditions. It required a degree of social compliance by various classes and forms of resolution of social conflicts and political structures that facilitated the integration of diverse social elements. In effect, the polarization of society and explicit political conflict meant that economic reconstruction had to be based on fragile social alliances, and subsequently on the extensive use of coercive practices in both the economic and political processes.

The efforts at post-war stabilization and reconstruction of the economy were undertaken against a background not only of a shattered economy, but also of emergence of new economic structures and of disintegration of the state mechanisms. They required the rebuilding of the mechanisms of economic policy, and the re-establishment of the linkages between the state and the economy. "Stabilization" and "reconstruction" became, in that respect, social and political issues, since each particular path that could be chosen for their attainment required a different set of policies and social alliances. To the extent that alternative options were mutually exclusive, the economic process itself became an area of strong political and social conflict.

The studies which use conventional economic analysis fail to capture the real social dynamics of the economic process. The use of analytical tools and concepts, derived from a "technical" or "neutral" "economic science," which may be useful under conditions of a normally-functioning economic system in which non-economic parameters are expressed in institutionalized forms of mediation and consolidation, becomes most inadequate under conditions of a disarticulated economy which is facing an open socio-political crisis. The relation be-

tween economic and non-economic parameters is a major issue under those conditions and any approach which does not recognize it is bound to have severe limitations.

The second type of limitation concerns modelling of the economy itself. Neither Cleveland-Delivanis nor Candilis are able to indicate the linkages between monetary developments and the productive system, and totally neglect the issue of income distribution. By focusing on typical monetary variables (sovereign rate, note issue, cost of living), they simply identify the movement of monetary factors and evaluate the various policy measures within this restricted perspective.

With respect to the gold policy, for example, they offer a positive evaluation based on the fact that monetary developments were viewed at an independent level of analysis where the effects of this policy on inflation furnished the central criterion. The same policy, however, had an obvious and very important effect on production. Gold became the only form of investment which protected capital from devaluation. At the same time, it allowed all types of capitalists (industrialists, merchants, etc.) to develop speculative activities. Under these conditions, investment in gold became competitive with investment in production, and production itself became entangled in the speculative activity of capital in general. The internal dynamics of production, trade, and income distribution, and the relations of monetary and non-monetary spheres require more elaborate analytical approaches which take into consideration the specific characteristics of the early post-war Greek economy.

2. *The Early Political and Economic Surveys*

In the late 1940s and 50s, studies published by direct "participants in the crisis" provided a general account of the major political and economic developments in Greece. McNeil¹² and Munkman produced the first surveys of the period. These studies were directed at a general rather than a specialized audience. They included general background information on Greece and covered the most significant events and trends. Their emphasis was placed on the sequence of events and the description of patterns, rather than their interpretation. These early studies do not conform to any specific theoretical model. Their explanatory variables are derived in a non-systematic way from the empirical evidence or from initial assumptions or value judgments.

These studies cover various subjects. The activities of the United Nations Relief and Rehabilitation Administration (UNRRA) and the early attempts at stabilization (Varvaressos, British-Greek agreement)

¹²McNeil, *Greek Dilemma*; *idem*, *Greece*.

are discussed in the earlier work by McNeil. The American aid program is the central topic in the later work by McNeil and in Munkman. Sweet-Escott covers the whole period from 1944 to 1953 and discusses the policies pursued by the successive British and U.S. Economic Missions and the stabilization policies of the early 1950s, including the Markezinis reform.

The major contribution of these studies is that they draw heavily on contemporary empirical evidence and manage to provide a good account of the main trends and patterns. Their main limitation is the absence of a coherent methodological framework, as it becomes evident in their inadequate explanatory ability. A typical example is the following quotation from Sweet-Escott:

One of Greece's principal dangers in the last few years has been a tendency to think, that because it is in the interest of the West that the country should not suffer another economic collapse, then it is up to the West not only to provide the money but also to see that it is spent in the right way — in fact not only to finance but actually to run the national economy. The Americans, like the British, have dealt patiently with this attitude, and have resisted the temptation to assume this responsibility, even where there has been clear evidence of corruption and inefficiency in the use which the Greeks have made of the money they have received from abroad to keep them going. But from the middle of 1950 onwards, there have been plain signs of American impatience at the failure of the Greeks in many respects to do the things which were in their power to help themselves.¹³

Most of the interpretations offered by these studies under examination here follow the logic of Sweet-Escott's argument. Cultural differences, civil war, war devastation, the corruption of politicians, administrative inefficiencies of the Greek state, the absence of a "work ethic," and the general attitudes of the Greek people, are the main parameters used to explain the successive failures of economic stabilization policies, the abandonment of the industrialization plans and the limited effect of the aid program.

A more detailed examination of these studies substantiates the previous general remarks. McNeil (1947) provides a general political survey of the inter-war period, the years of occupation, and the first two years after liberation. Political instability, the continuous changes of government personnel, widespread speculation by the business

of government personnel, widespread speculation by the business classes, the slow reconstruction of the transport system, and shortages of raw materials are presented as the causes of continuing economic instability and slow recovery until mid-1945. The massive imports of food by ML and UNRRA prevented starvation; however, the activities of UNRRA regarding rehabilitation were not sufficient to regenerate industrial production. On the other hand, agriculture showed some improvement in 1946. The main point of McNeil's discussion is that the exclusive dependence of the Greek government on the supply of food and raw materials offered by UNRRA, prevented the organization of alternative supply networks, and created great delays in the rehabilitation process. The Varvaressos program was led to failure because of massive opposition by the industrial and merchant classes and, after a certain point, because of opposition from the Left which pressed for higher wages.

Sweet-Escott¹⁴ discusses both politics and economic and financial matters in two separate parts of his book. In the second part he distinguishes the phases of British and American intervention in Greece. He then goes on to discuss the topics of production, trade, and finance. The UNRRA program is presented in detail. It is pointed out that by the end of the program's time horizon, the UNRRA had completed its plan by 90%. Sweet-Escott reveals the confrontations which erupted between the UNRRA and the Greek government about control of the distribution network and about pricing of food supplies. The Greek government's insistence on controlling the network, and following a uniform price policy, resulted in program malfunctions. Favoritism and black market speculation (particularly on raw materials) were negative phenomena which destroyed program success. Nevertheless, the UNRRA's relief activities were a major factor in the prevention of starvation.

The Varvaressos program, according to Sweet-Escott, failed due to administrative incompetence and uncertainty about the British commitment to Greece, created by the election of a Labor government. The Anglo-Greek agreement and the policies of 1946 created a temporary and relative stability; however, this proved short-lived as the continuing budget and trade deficits reproduced the causes of instability. Sweet-Escott proceeds to discuss the U.S. Aid program on the basis mostly of evidence and views of Economic Cooperation Administration (ECA) officials which were submitted to Congress in annual reports. As a new element, he identifies the ability of the American Economic Mission to look ahead and plan a long-term assault upon the economic weak-

¹³B. Sweet-Escott, *Greece: A Political and Economic Survey, 1939-1953* (London,

¹⁴*Greece.*

nesses of the country. The four-year plan drafted constituted a significant elaboration of the economic "problem" of Greece and of its "solution." Yet the plan had to be abandoned as the war against the guerillas held up reconstruction until well into the four-year period for which Marshall Aid was due to run. Difficulties in financing the plan and the change in the attitude of the Americans towards the economic reconstruction of Europe induced by the outbreak of hostilities in Korea, led to its final abandonment. By the early 1950s the emphasis of U.S. policy was on rearmament, and the winding up of the ECA mission and the transfer of its responsibility to the Mutual Security Agency (MSA) underlined the new priorities.

McNeil's second work¹⁵ focuses on sociological aspects (the country and the people, the villages and towns, public life, prospects for social stability) and devotes one chapter to the American Aid program. McNeil's shift of emphasis reflects the new realities of Greece in the mid-1950s. The end of the civil war and the emergence of the Right as the dominant political force left no "open" issues on the political agenda. "Economic" development and "improvement of the standards of living" would take years to come about and would be the result of a slow and gradual process. There were no contentious issues of economic strategy anymore. From an analytical point of view, the social element became, therefore, very central. Social attitudes, cultural expressions, forms of local organization, and social responses to a variety of issues became the best indicators of "things to come." Nevertheless, the sociological account provided in this study failed to capture the inherent instability of the new social formation, which would emerge openly in the late 1950s and early 1960s.

McNeil's discussion of the U.S. Aid program follows a very conventional pattern, crediting the success of the program (infrastructure, relief) to the competence of foreign agents, and assigning failures (stabilization and development) to the speculative attitude of industrialists and merchants, the "spend-thrift habits" of the government, and their successive refusals to implement the recommendations of the American Economic Mission.

The U.S. Aid program is also the main subject of the book by Munkman.¹⁶ He presents in detail each section of the program: agriculture, power, industry, health, transport, administration, education, training, and productivity. Munkman's overall assessment is that aid finally stabilized the Greek economy to its 1939 level. The effectiveness of the aid program is discussed in relation to the administrative

¹⁵ McNeil, *Greece*.

¹⁶ Munkman, *American Aid to Greece*.

structure of the American and Greek agencies involved and the quality of their personnel. He finally proposes the continuation of aid programs around the world based on the "moral responsibilities" of the U.S., but makes clear at the same time that such programs should be disassociated from political and military preoccupations and should be administered by independent economic missions.

A few final remarks on this group of studies are in order. As already stated, their major problem involves a lack of a coherent theoretical framework. Written in a period when analytical categories had strong ideological connotations, these studies followed the conventional thinking of the time. They viewed the historical process as the outcome of the practices of various social agents and groups, each one of them having its own objectives. The interaction, conflicts, and forms of conflict-resolution determined the final outcome. The second element in this type of conceptualization of history is the identification and classification of the agents according to some notion of "progress" or "social development," which is defined exogenously.

In the specific instance, the classification of agents is effected through an external/internal and a modern/traditional dichotomy. Thus, the notions of "Greek people," "governments," "economic classes," "British" and "American," "Left" and "Right" became the predominant analytical concepts, and their classification as "progressive" or not was derived from a notion of "progress" explicitly defined as the emergence of a capitalist democratic socio-economic formation similar to the one in developed capitalist countries.

A principal methodological problem posed by this approach is that the practices of various agents is also subject to explanation and requires additional parameters which determine the objectives of the agents and the way they interact with one another. It requires a definition and analysis of the socio-economic formation itself. In addition, the analytical categories used do not, as they should, reveal not only contradictions in ideological and political forms but also in relation to basic socio-economic determinants, as well as in terms of the interaction between the spheres of "economy" and "ideology."

3. *The Foreign Policy Perspective*

Amen¹⁷ and Wittner¹⁸ have produced two studies which attempt fresh interpretations of the formulation and implementation of U.S. foreign policy in Greece. Both studies use the official records of various agencies extensively. Both studies seek to interrelate economic, political

¹⁷ Amen, *American Foreign Policy*.

¹⁸ Wittner, *American Intervention*.

and military parameters.

These two studies also exhibit important differences in terms of theory and methodology. Wittner appears less concerned with the use of a specific theoretical framework or with the contribution that the Greek case study could make to an understanding of broader shifts in post war U.S. foreign policy. Amen, on the other hand, makes reference to a theoretical formulation, and uses the Greek case study as an interpretative tool for understanding the broader changes in post war U.S. policy.

In his introduction, Amen, states that the purpose of his study is to analyze American economic activities as an aspect of Greek-American relations and to determine the extent to which these relations can be explained by America's domestic and international economic interests which gave rise to its practice of democratic capitalism in the early post-World War II period.

More specifically, Amen's study uses a theoretical framework which emphasizes the economic interpretation of American foreign policy. Yet, he states that after isolating the economic variable he came to the conclusion that even a preliminary explanation must take into account data generated by other variables. The incompleteness of the economic factor derives from the interdependence of political and military objectives with economic goals.

Amen's main thesis is that in the Greek case the predominant change in American foreign policy is the transformation of the military factor from method to objective, advancing "the goals of American foreign relations beyond Wilsonian liberal capitalist international and the ideology of political economy."¹⁹ He structures his analysis around the following concepts:

a. Wilsonian politics, which was the dominant element in U.S. foreign policy until the end of the Second World War, is defined as "an established world order marked by Open Door trade and Great Power cooperation manifested in an ordered world of international capitalist commercial relations."²⁰ This was opposed to the traditional imperialism characterized by European-centered power through a system of alliances, military preparedness and Great Power rivalry for colonies and spheres of influence throughout the world.

b. Colonialism refers to "the uninvited, foreign intervention and control of a nation's public policy making and implementation pro-

cesses, resulting in de facto operation of a controlled nation's internal value allocation and goal setting processes by non-members of the nation in order to attain the foreign nation's goals."²¹

c. Neo-imperialism refers "to informal and usually technical intervention by a foreign nation into another nation's internal policy-making processes to attain the foreign nation's economic objectives."²²

Amen indicates that the economic-imperialist approach of the U.S. towards Greece in 1945 and 1946 was gradually replaced by colonial methods, departing completely from traditional "Wilsonian politics." Military involvement and the militarization of economic aid were the most obvious indications of this transformation.

Its participation in both ML and UNRRA during 1945, provided the United States with an opportunity to become unilaterally involved in Greek recovery. It rejected both joint efforts with the British, already while Roosevelt was president, and international means, after Truman became President, in attempts to reconstruct Greek capitalism, while affirming its interest in having some influence over Greek recovery. Furthermore, in contributing to both programs, the U.S. emphasized a "technical" approach, initiated by Roosevelt, to Greek recovery and officially refused to connect economic programs to internal military and political problems. American economic interests in Greece until the summer of 1946 were expressed primarily through the issuance of reconstruction loans and advice. The Administration continued to convey a "technical" attitude to Greek loans and to resort to a new imperialist method of demanding that certain conditions be met as prerequisites for further loans.

As the independent American aid role developed, international and allied programs diminished and the American advisory role in Greece moved towards control over internal policies, which resembled American colonial practices in the Western Hemisphere before the late 1920s. The extension of aid increasingly depended on the adoption of specific economic policies and was also accompanied by political demands (composition of coalition governments, amnesty policies, holding of elections). During the same period, these developments overlapped with the abandonment of cooperation with the Soviet Union by the Truman Administration and the failure of international and allied programs.

The Truman Doctrine and the establishment of AMAG in Greece

¹⁹M. Amen, *American Foreign Policy*, p. xix.

²⁰*Ibid.* p. 7.

²¹*Ibid.* p. 9.

²²*Ibid.*

were, therefore, the logical derivations of the processes that had gradually developed during 1946. The instructions given to AMAG by the Administration included two goals: the maintenance of the military and internal security of Greece, and the creation of a self-supporting economy through the implementation of measures for economic recovery and reconstruction. The gradual change of emphasis from the economic to the military becomes the main subject of Amen's work.

Of crucial importance was, in his view, the fact that Washington, by endorsing the colonial methods of control, gave its personnel inside Greece the power to assume decision-making authority. This authority was subsequently used to alter U.S. objectives in Greece by transforming colonial methods into goals. The analysis of the use of aid during the first year reveals that, by the end of 1947, the economic goals set by AMAG were mostly relief-oriented and anti-inflationary rather than reconstructive in character. The militarization of aid started as early as the end of 1947 and was expressed primarily by the establishment of the Joint U.S. Military Advisory and Planning Group (JUSMAPG). The establishment of an autonomous military mission in Greece, which had the power to advance its objectives independently of the other American personnel in Greece, allowed the gradual shift towards the primacy of military objectives.

By December 1948, Washington had endorsed, according to Amen, the view that there was inevitable competition between military and economic objectives and that the former would be given priority. Thus Greece became the case, where the traditional Wilsonian internationalism that typified U.S. foreign policy, became militarized as a result of a combination of factors: Truman's rise to the presidency, the definition of Soviet post-war goals as a threat, the practice of colonialism and the resorting to military methods. Greece was the case where all these factors, leading to a military goal, met.

Summarizing Amen's main argument, the following points should be emphasized:

U.S. policy was transformed immediately after the war from Wilsonian to colonial practices. This process coincided with the change of presidency from Roosevelt to Truman.

Greece became an area both affected by this transformation and also affecting its unfolding at the "center."

Although U.S. intervention in Greece took place under Wilsonian principles giving great autonomy to the locally based agencies, these same agencies militarized the aid program, impressing Washington with the need for a policy shift.

A combination of international and national factors made Greece a harbinger of "things to come": the political reinforcement of the military in Washington, re-armament, Cold War, Mutual Defence, and the permanent war mentality.

Amen's work is very illuminating but it also has certain limitations. The weakest point seems to be the explanation of a policy shift towards militarization through the initiative of "local" agents. Amen mentions two factors: the adoption of a colonial practice, and the introduction of military personnel into the mission. How these two factors determined the militarization process is not, however, adequately explained. Did these two factors lead to reconstruction and economic development being abandoned as early as 1947? Can this question be discussed without some reference to and analysis of the internal political and economic parameters? Amen seems to be aware of this limitation. As he states, his study is only concerned with the actions of and interactions between Americans. An adequate analysis of the subject would have to bring in at least the action of social and political forces in Greece and the role of the British.²³

Wittner's²⁴ survey of political and economic processes during this period is a significant improvement upon earlier work. His analysis reveals important factors, and integrates available information with new evidence. Most of his analysis focuses on political and military aspects. He devotes one chapter to the economic aid program,²⁵ where he attempts to substantiate his main conclusion that the aid program had little impact on the Greek economy. As he emphasizes, massive American funds and the overall direction of Greek economic affairs did prevent a total collapse. Nevertheless, American aid and supervision did little to reconstruct the foundations of the Greek economy, to support significant economic growth, or to promote the general welfare. Instead, by turning to the familiar nostrums of free enterprise economics, "American officials accomplished little beyond fortifying the privileged position of the Greek upper class within a context of economic underdevelopment."²⁶

Although Porter, who was head of the American Economic Mission in 1947, realized that "no reconstruction and development can spring from the soil of political intrigue, corruption and exploitation," and that the "disintegration of the Greek economy followed logically

²³Ibid. p. 11.

²⁴Wittner, *American Intervention*.

²⁵Ibid. chapter 6.

²⁶Ibid. p. 190.

from the shortsightedness and greed of the Athens oligarchy, his successors in AMAG and ECA did not share the egalitarian concern, he expressed."²⁷ They also did not subscribe to the view that "recovery only to the pre-war level of industrial activity would be inadequate if Greece is to become reasonably self-sufficient."²⁸ The new personnel tended to devise more conservative solutions to the Greek dilemma than those envisaged by Porter. Their social background and the changing political mood in the U.S. (which was moving away from a New Deal ideology) are mentioned as important factors.

The stabilization policies recommended by ECA moved away from the original ones of the Porter Report (increase of direct taxation, price controls, etc.) towards more conservative policies, such as a strict income policy, increases in indirect taxes and abolition of various kinds of subsidies, devaluation of the drachma, and, most importantly, a return to the gold policy. Only in foreign trade did the newer policies resemble the ones recommended by Porter.

The ECA four-year plan and its abandonment typified the final shift of policy. Wittner gives extensive evidence of the opposition in 1949 by Grady and McGhee to the plan for industrial development which proposed a goal of economic viability by 1952. He quotes a statement by McGhee "that it might be desirable to reduce the doses of American aid to Greece, so that the Greek standard of living would gradually be brought down to a level which the economy of the country could support." This process "would have to be carried out gradually and very carefully to avoid violent or unfavorable political reaction and would have to be accompanied by large-scale emigration."²⁹

Even if American officials were determined to transform the Greek economy, their commitment to a military victory constrained them. Thus during 1948 and 1949 the civil war became the priority and obvious explanation for lack of economic accomplishment. "With the civil war at an end, however, American officials were inclined to regard the economic situation with less urgency."³⁰

The main limitations of Wittner's approach are an overemphasis on the "external" factor and the lack of a systematic framework for analyzing historical events and processes. A shift toward a conservative U.S. policy with respect to the Greek economy cannot be explained as the result of "neglecting" the long-term prospects of their economy. As it will be indicated in the next section, the 1947-1953 period is

characterized by the systematic institutional buildup and establishment of durable linkages between the state and the economy as part of a long-term economic strategy which aims to place Greece within the framework of the Western European economy. An understanding of U.S. policy can gain new insights from the study of Greek domestic socio-economic processes and conflicts during the 1947-1953 period.

A Methodological Shift and Alternative Theoretical Formulations

A well-known collection of papers on Greece in the 1940s³¹ included several considerations which introduced new methodological elements in the analysis of the socio-economic processes of the period.

Svoronos (1981) offered an overview of the central research question and argued that most of the existing approaches tend to over-emphasize the foreign factor in the historical process. Internal developments are usually conceived of as the outcome of world rivalries and as policies designed and enforced by external agents (British, American, Soviet, etc.). Greece is conceived as a "passive" testing ground of world politics. Svoronos was highly critical of this view. Although he recognized that foreign intervention in Greece during the 1940s was both direct and brutal, he called for a major shift towards the study of analysis of internal socio-economic structures.

The basic argument is simple. While the study of external parameters is very significant in determining the policies and practices to be followed by the foreign agents, the application of such policies is mediated by internal structures, which may or may not become "active" factors in the whole process. In any case, any conclusions must be the result of analysis rather than an initial assumption. The study of the evolution of internal socio-economic structures must become an indispensable part of the analysis.

Tsoucalas,³² Thomadakis,³³ and Vergopoulos³⁴ focus on various aspects of the internal dynamics of the Greek socio-economic formation, in an attempt to provide more adequate interpretations in the spirit of Svoronos' observations. There is a search for more coherent theoretical formulations and new analytical parameters. Existing evidence is reevaluated, and new areas of research are outlined.

Tsoucalas³⁵ examines issues of ideology and in particular the way in which the Civil War influenced the ideologies that prevailed in Greek

²⁷Ibid. p. 169.

²⁸Ibid. p. 170.

²⁹Quoted by Wittner, p. 186.

³⁰Ibid. p. 189.

³¹*Greece in the 1940s.*

³²Tsoucalas, "Ideological Impact."

³³Thomadakis, "Black Markets"; idem, "Stabilization."

³⁴Vergopoulos, "Emergence."

³⁵Tsoucalas, "Ideological Impact."

society until the early 1970s. The 1940s were a period of transformation. Pre-war structures ceased to exist. The authoritarian system of power that was built up during the civil war to serve "emergency" conditions was successfully adapted to the post-civil war era, and became a permanent element of the political structure. At the same time, even under "emergency" conditions, it co-existed with a parliamentary system which remained in place until 1967: The contradictory and unifying aspects of these two dominant features of the postwar political structure are the main analytical tools in the examination of ideological trends.

In discussing significant transformations during the 1940s, Tsoucalas identified three new elements:

- a. Changes in the composition of the local bourgeoisie.
- b. New functions and an expansion of the role of the State.
- c. Redistribution of political power among the dominant social groups.

The first change involves the collapse during the occupation of the traditional commercial and industrial bourgeoisie that had developed during the inter-war years, when the decline of world trade and other factors facilitated internal processes of accumulation and a certain degree of industrialization. Social initiative in the early postwar period was taken over by a new bourgeoisie, consisting of speculators and black marketeers, that emerged from the occupation with significant wealth, and were eager to consolidate their economic power under the new conditions. This bourgeoisie found the continuation of economic and political instability more profitable, as it guaranteed the flow of foreign aid and speculative activities. With only small inclination to productive investments, the business class resisted state regulations and stabilization policies.

The second element in Tsoucalas' analysis refers to the expansion of the activities and functions of the State in the early postwar period. A new military establishment developed to cope with the civil war. New economic functions emerged for the management of aid funds. Most importantly, an increasing percentage of the population, as well as a broader spectrum of economic activities, became directly dependent on the State. The expansion of the armed forces, the 700,000 refugees, the doubling of the number of civil servants, and the increase in the number of the unemployed, resulted in the dependence of as much as 20% of the non-rural population on the state budget. In addition, control by the state of an increasing share of national income, and its direct

influence on many economic activities, provided the state with powerful new instruments for the attainment of political control and consensus. The development of "clientelistic" political networks, and the establishment of a system of discrimination according to "ideological" criteria that became typical of postwar Greek society, had as a strong foundation the expanded role of the state.

The third transformation identified by Tsoucalas refers to the gradual shift of political power from liberal forces to the most conservative ones. This was part of a broader shift of power from the "official" democratic regime to the authoritarian coercive mechanisms that developed during the civil war. In effect, the liberal forces became political "allies" in a system of "controlled democracy" with, however, little influence on the real centers of power.

Some of these transformations are also taken up in the analysis by Vergopoulos.³⁶ He elaborates on the notion of the "new" bourgeoisie, the role of the state and the new forms of articulation between the national socio-economic formation and the international economic order. The last point refers to the new international economic system that was established under U. S. hegemony and which constituted a major transformation in the international setting.

The U. S. promoted international trade and established certain institutions for its management (IMF, GATT, etc.). The U. S.-sponsored system differed from traditional imperialism in a number of ways. Most importantly, instead of the highly concentrated structure of the imperialist system, it generated decentralized forms of management, co-ordination, decision-making and implementation at both the economic and political levels. The constituent parts of the new system (national economies, business establishments) had to function within a given framework but in an autonomous way.

Internal political stability in the peripheral countries was to be attained by applying a strategy of developing stable middle-classes. The national state became responsible for the implementation of this strategy, which emphasized the industrialization of peripheral economies and their parallel integration into the world market. The feasibility of the strategy, however, was still in question in the case of Greece as the "new" bourgeoisie was not inclined to productive investment and had few organizational abilities.

As a result, the implementation of the strategy was only partially successful in Greece, according to Vergopoulos. Despite the remarkable economic growth during the 1950s and 1960s, the economy lacked endogenous development-oriented processes and remained sensitive to

³⁶Vergopoulos, "Emergence."

cyclical instability generated by both internal and external factors. The new classes remained weak and deformed, and political "stability" was based on a very sensitive balance in the relation between the state and the middle classes. The co-existence of authoritarian political practices and a democratic regime underlined the contradictory relation between the state and the middle classes.

The new perspective that the previous studies introduced has many analytical advantages and forces a reevaluation of the period. In effect, they opened up a new research domain, which focuses on the study of the internal dynamics of the socio-economic formation and the interrelation and linkages between internal and external processes.

The conclusions drawn by these studies are of course debatable. Basic analytical tools such as the notion of a "new" bourgeoisie, the relation between class and state, the role of the middle classes and the strategy of the new hegemonic power — the U.S.A. — can be questioned theoretically and lack the support of significant empirical evidence.

The most questionable concept is that of the "new" bourgeoisie. Thomadakis,³⁷ in an elaborate analysis of the economy of the occupation period, identifies the phenomenon of the massive redistribution of "wealth," but indicates that the most affected groups were the middle classes in the urban centers. At the same time he finds no evidence of a socially distinct social group that could be distinguished from a traditional bourgeoisie.

Postwar developments also raise questions about this concept. For example, the system of imports introduced by AMAG was based on quotas issued to prewar importers. The shipping industry followed a similar development. Industrial loans in the 1948-1949 period were distributed to 23 large-scale establishments that were dominant in the pre-war Greek industry. The social origins of the dominant class in the early postwar period may be quite different than those implied by the notion of a "new bourgeoisie."

The crucial role presumably assigned to a middle class in postwar U. S. policy is also debatable. Until 1953, there is strong evidence to suggest that the U. S. economic missions in Greece were concerned with the stabilization of the economy and the reconstruction of large-scale capitalist production. They paid little if any attention to the regeneration of the middle classes. The Porter Report, the organizational structure, the policies and the practices of the U. S. economic missions indicate that while the question of integration in the world market and industrialization were serious issues, they could only be undertaken through the operation of large-scale capitalist production involving na-

tional and, after a certain point, foreign capital.

The most recent work by Thomadakis³⁸ overcomes many of the limitations of the previous studies and presents a more coherent theoretical framework. Through an elaborate treatment of historical evidence, the abstract analytical categories of state and class are transformed to historically specific concepts and, in addition, certain new concepts are introduced. The internal dynamics of the socio-economic formation and the relations between the economic and political processes are re-examined within this improved analytical framework, leading in many cases to a different set of conclusions and opening up new research areas.

A major contribution of this work is the way in which it conceives the relation between the economic and political processes. In most studies, examined in this survey, economic and political parameters were treated as if they were two unrelated sets of factors or as if the one constituted a set of constraints upon the other. Thomadakis introduces two useful concepts, those of "social crisis" and "economic authority," which reconstitute the whole analytical framework and allow this relation to be examined within a dynamic, instead of static context.

"Social crisis" is used as an alternative conceptual formulation to the predominant one, which identified the civil war as the outcome of a political-military rivalry between two contending political factions. Instead, the civil war is viewed as a manifested expression of class conflict which "drew its meaning from conflicting visions about the fundamental arrangement of Greece's postwar social order."³⁹ The organization of the economy and the structure of economic power were of central importance to the two alternative ideological visions of postwar Greek society and even more so the execution of either of two opposing economic rehabilitation projects required different forms of "compliance by the various social classes." Economic, social and political aspects were therefore highly interrelated in the alternative ideological formulations and in the ongoing political polarization. In addition, prevailing conditions in the immediate post-liberation period were characterized by a disintegrated state and government authority. During the occupation, the authority of the government and of state institutions was shattered and part of these functions were taken over by the economic and social organizations that had developed at the grassroots level. Political polarization was not therefore simply identified in terms of ideological semantics, but had as its background real social experiences.

³⁸"Stabilization."

³⁹*Ibid.* p. 2.

³⁷Thomadakis, "Black Markets."

At the economic level, Thomadakis traces the major transformations that took place during the occupation period and reveals that it was not only the economy but also the "economic authority" of the state that had disintegrated. After production that had to be restored, the economic institutions of society also had to be rehabilitated. Furthermore, in the vacuum left by the disintegration of the "official" economy, two parallel and competing production and distribution systems had sprung, namely a black market and a rationing system. Having antithetical means and ends, their operation carried strong ideological and political connotations.

The concept of "social crisis" captures the broader framework of the ideological conflict in relation to the specific historical conditions prevailing at the time. Civil war was one among the various forms that the conflict could take and constitutes in itself an issue requiring adequate interpretation. Yet, unlike previous studies where the emphasis was exclusively on the political parameters of the internal and world situation, here we are allowed to examine it in relation to the economic parameters. The rehabilitation and stabilization of the economy and even more so its long-term developmental prospects were part of the ongoing conflict. The choice of particular policies influenced directly the political options left for consolidation, integration, or suppression of the conflict. Conversely, bias in favor of specific political outcomes determined the spectrum of economic and social policies that could be implemented.

Having established an analytical framework and having identified major patterns inherited from the occupation period, Thomadakis goes on to examine three issues that are central to economic developments during the post-liberation period. The first issue involves the long-term development of the Greek economy. During the 1940s industrialization and the question of an economic strategy were central to the ideological conflict and a permanent point of reference for all principal political agents. Foreign intervention was strongly associated with the establishment of a long-term perspective on the economic and political stability of the country and generated a variety of "plans" that were expected to be implemented with the use of aid resources. The second issue refers to the economic authority of the government. The period until the end of the civil war is seen as an era of "institutional formation" establishing durable links between the state and the economy. The third issue involves the stabilization of the economy and attempts to confront this issue in relation to the previous two.

A detailed discussion of these three issues reveals objective interrelations among the requirements for reorganizing the productive system, rebuilding the economic institutions, and stabilizing the

economy. Internal contradictions in these three areas, related to their broader social and political preconditions, define a background for the interpretation of specific economic policies implemented by foreign economic missions and the Greek government, as well as of the various conflicts between them.

The question of reorganization of productive arrangements is treated as one of transforming "wealth" into productive capital, the "capacity to work" into productive labor, and public funds into social capital.⁴⁰ Such a task was not a "technical" one. It was strongly dependent on a long-term vision of the postwar Greek economy, to the extent a rebuilding of prewar economic structures was considered by most agents as inadequate. More particularly, the task of reorganization was dependent on formulating a coherent national plan that would embrace the mechanisms of harnessing and allocating resources on the basis of clear priorities, technical feasibility and a long-term perspective. In effect, it required the convergence of the goals and practices of the dominant economic classes, the state and the foreign agent. The Greek bourgeoisie, which traditionally was not inclined to productive investment, viewed the time of crisis as also a time of opportunity. It favored the continuous expansion of aid funds and the absence of controls and regulations which would hinder profitable speculation. The state, which was expected to function as a highly efficient administrative machinery, was in almost total disintegration and its past history was one of limited intervention into the economy. The foreign agent was interested in minimizing resources to be transferred and in securing their efficient use. In fact, it found it necessary to provide also the administrative machinery for managing these resources. Overall, postwar economic development required significant social transformations and a high degree of social compliance by most economic classes. To the extent such developments endangered the interests of the local bourgeoisie, it was inclined to support a military solution to the political conflict and an economic strategy that would not alter inherited social structures.

These inherent contradictions in the development effort were perpetuated by political developments. The "first round" of the civil war was followed by an attempt to rebuild state institutions on the principle of excluding the influence of the Left. Delays in the administrative unification of the country, attacks on all forms of social organization and especially the labor movement, and the emphasis on rebuilding the military and security mechanisms of the state were all manifestations of a polarizing strategy that involved excluding the Left.⁴¹ This pro-

⁴⁰Ibid. p. 18.

⁴¹Ibid. p. 38.

cess resulted in the social alienation of labor and restricted the spectrum of available options in terms of both long- and short-term economic policies.

Stabilization became the only available alternative and, in contrast to development, it was a narrower economic objective requiring only the compliance of the indigenous bourgeoisie. However, even this much simpler goal proved to be a very difficult one to achieve and it was not until the early 1950s that the economy was finally stabilized. The stabilization policies favored by the indigenous bourgeoisie kept controls and regulations by the state at a minimum, required the unrestricted finance by aid funds of imports, prescribed the gold policy as the principal anti-inflationary measure and stressed indirect taxes as the main source of revenues for the state budget. Such policies were met with little enthusiasm by the foreign economic missions which favored the implementation of an economic reform program that would restrict speculative activities and allow aid resources to be used in an efficient way, while at the same time keeping inflationary pressures under control.

The establishment of the Currency Committee by the British and of the Foreign Trade Administration by the Americans represented their attempt to control and regulate two important sources of speculative activity, bank credit and imported commodities. The conflict over stabilization remained, however, unresolved until the post-civil war period. Successive attempts to impose stabilization policies were to be followed by a return to the less demanding policy of gold and increased imports. The Varvaressos reform in 1945 was followed by the liberal policies of the Greek-British Agreement of 1946. The reform program of AMAG in 1947 was followed by the consolidation policies of ECA in Greece in 1948 and 1949. The systematic transfer of reconstruction funds to the current imports program was only one among many indications that stabilization and development of the economy under prevailing socio-political conditions were mutually exclusive aims.

Thomadakis' final attempt is to explain the historical antinomy that characterized the behavior of the indigenous bourgeoisie. The historical record indicates that there was a strong rationale behind this antinomy. The Greek bourgeoisie had not distinguished itself in the past for great industrial initiatives. The period of occupation offered opportunities for quick enrichment by speculation. In the postwar period, it had to protect its accumulated wealth and expand it by taking advantage of the political and economic instability that secured a massive transfer of external resources and their unequal distribution. The transformation of gains from old and new opportunities into gold allowed wealth to take the form of international values not threatened by inflation

It also protected this wealth from being taxed by the state and avoided the social stigma that enrichment by speculation carried. The long-term aims of the indigenous bourgeoisie included the institutionalization of a mechanism of foreign aid and the institutionalization of internal mechanisms that would accommodate the predominant features of an "emergency" economy.

5. *Some Concluding Remarks*

Economic developments in Greece during the early post-war period have excited, until recently, little interest. Conventional economic studies⁴² identified unfavorable political conditions as the main factor that prevented the formulation and implementation of rigorous economic policies and, in effect, extended the period of economic instability. The consideration of the crucial economic issues of the post-war economy had to be postponed and it was not until the 1950s that a serious approach to the question of economic development was attempted. The early political and economic surveys⁴³ also emphasized the subordination of economic to political developments during the 1940s. The course of economic events was more or less "inevitable," as political and military priorities imposed by the civil war on all agents involved, left little space for economic transformations. Yet, the limited effectiveness of the policies pursued by the foreign agents and the small impact of the aid package on the Greek economy was the result of the additional constraints generated by "traditional" internal socio-economic structures and their resistance to "modernization" practices initiated by the foreign agents.

New and interesting perspectives were introduced by studies that focused on the analysis of U.S. foreign policy towards Greece.⁴⁴ These studies revealed the gradual shift of U.S. policy towards political and military priorities and towards conservative social and economic policies. As a result, the initial ambitious developmental plans which were expected to be accompanied by major social transformations were abandoned. The massive aid program accomplished little beyond fortifying the privileged position of the Greek upper class within a context of economic underdevelopment. With the civil war over, the U.S. quickly shifted its focus to new areas of conflict, leaving the Greek economy with more or less the same structural problems as before the arrival of U.S. economic missions.

⁴² Delivanis-Cleveland, *Greek Monetary Developments*; Candilis, *Economy of Greece*.

⁴³ McNeil, *Greek Dilemma*; idem, *Greece*; Munkman, *American Aid*; Sweet-Escott, *Greece*.

⁴⁴ Amen, *American Foreign Policy*; Wittner, *American Intervention*.

A major reevaluation of the period was initiated by a group of studies which stressed the unsatisfactory state of research and advocated a shift of the analytical focus towards the internal dynamics of socio-economic processes.⁴⁵ Thus, there was an effort to establish a coherent analytical framework incorporating economic, political and social parameters that would allow a more adequate interpretation of principal developments during this period and would relate them to a broader historical perspective. The main thesis developed is that the 1940s was a period of transformation and consolidation of new structures with a lasting impact on the post-war development of the Greek economy. With class, state, and accumulation as their main analytical categories, these studies attempt to trace the social and economic transformations that occurred during the occupation period.⁴⁶ Having identified the specific historical class conjuncture and its relation to the economy, the discussion shifts to an analysis of the short- and long-term objectives and interests of the dominant classes. Several contradictions are identified between various objectives, as well as between internal and foreign agents. In addition, such processes were strongly influenced by a newly emerging setting of international economic and political relations. Economic policies that were actually followed and the institutional buildup that characterized this period are consequently examined in relation to the interaction of inherited internal structures and emerging international ones. In the most elaborate formulation of this perspective,⁴⁷ previous conclusions are very strongly challenged and a new research agenda is set.

⁴⁵Iatrides, *Greece in the 1940s*.

⁴⁶Tsoucalas, "Ideological Impact"; Thomadakis, "Black Markets"; Vergopoulos, "Emergence."

⁴⁷Thomadakis, "Stabilization."

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