

7

METROPOLIS AND CAPITALISM: NOTES ON THE METROPOLITAN
DEVELOPMENT IN GREECE

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abstract

The aim of this paper is to contribute to the understanding of metropolitan economy as a center of capitalist accumulation and development. Through the analysis of capitalist and metropolitan development in Greece we try to identify the role of spatial concentration in socioeconomic processes which support capitalist development.

Before we proceed to our principal subject of analysis we consider it necessary to define, at least empirically, the concept metropolis in order to make possible the quantitative distinction of metropolitan systems and spaces from urban ones.

The term "metropolis" or "metropolitan area" has been employed by authors of the ecological school (like N.S.B. Grass, R.D. Mackenzie, A. Hawley, L. Schore) to designate urban centers which exercise control over surrounding areas. These centers are - in organizational terms - a highly specialized mosaic of subareas tied together into a new functional unity and are characterized by the predominance of secondary and tertiary sectors. The term has also been used by the U.S. Census Bureau for the 1950 Census. The Standard Metropolitan Area (renamed the Standard Metropolitan Statistical Area in 1960) was defined as a whole county containing a central city of 50,000 or more people (100,000 for the principal S.M.S.A's), plus any adjacent counties that appeared to be integrated to the central city (according certain criteria about non-agricultural work and population density). (Glab C.N., A.T. Brown 1967)

In both cases the general concept adopted was of an integrated economic unity with a large volume of daily travel and communications between the

central city and the outlying parts of the area. Involved also in the concept of metropolis are complex changes in function and structure within the city, decentralisation of numerous activities, separation of activities and functional specialisation of the various centers. We must also notice that there is no general agreement as to the minimum population and other characteristics which a place must have in order to be considered as metropolitan area. (Mayer H.C. 1974)

In this paper the term metropolis is attributed to urban concentrations which assume :

- Grass' conception of "metropolitan dominance" over the surrounding area,
 - Schore's consideration that the metropolitan area cannot be profitably conceived of as "a simple two parts arrangement of center and ring" but as a multilinked territorial system where the large centers are marked by functional diversity while the smaller places tend to be narrowly specialised,
 - a population size over 100,000, which is used in various countries in order to define the principal urban centers, and less than 10 per cent agricultural occupation at a given census. (1)
- The above set of criteria usually determine the principal urban poles of socio-economic activity in a country, poles which are also marked by a complex and diversified internal structure. But their ecological character resides in an internal process of integration which makes them independent from their geographical environment.

1. Metropolis and capitalism

In classical economic analysis the concentration process is explained through the economic advantages offered by the metropolitan environment to the individual firm. One can find in the writings of Hoover,

(1). The Institut of International Studies at the University of California applied uniform criteria to areas containing more than 100,000 inhabitants and defined boundaries for some 720 areas in the world. The proportion of population engaged in agriculture is proposed by the United Nations as indice of the rural characteristics of the agglomeration.

Losch and Isard detailed studies on the economy of location and urbanisation. E.N. Hoover, for example, classifies the factors of concentration in economies of scale (concentration of production of one firm in one point), external economies (concentration of a great number of firms), in economies of agglomeration (relation to market).

In the marxist literature the development of metropolitan centers and the formation of national metropolitan systems is considered as a function of the development of capitalist mode of production and particularly of : capital movement for profit, class struggle and technological progress (Harvey D. 1978, Castells E. 1973).

Capital movement for profit is closely related to the choice of investment and location. Location decisions and investment decisions must be considered unified because every location decision involves a prior decision to invest in fixed capital and every investment decision a subsequent decision to locate or modify physical plant (Walker R. , M. Storper 1981). The choice for metropolitan concentration of investments-locations of commodity production is guided by the logic of the rate of profit and appropriate general conditions of production and is followed by the so called "tertiary" or "service" functions which refer to circulation (finance, trade, transport, advertising), management and reproduction of labour power (schools, hospitals, social services).

But a complete understanding of the process requires an appreciation of the role of class struggle within the complex geographical structure of the modern metropolis. Manufactures originally located their factories inside the cities in order to take advantage of the urban environment that helped to give them the upper hand in disputes with their workers, who were isolated from their potential allies in other classes. By the end of the century, however, working class militants in cities had grown so powerful that, even without significant allies from the middle class, they began to win battles with the factory owners. The manufacturers therefore started to built their plants on the outskirts of cities (labour conflict had begun to intensify in the downtown central-city districts), and the suburbanisation process which characterises the metropolitan areas began (Tabb W., L.Savers 1978).

The spatial concentration process is based also on technological progress of means of production, communication and transport which permitted the concentration of production and reproduction in limited space and their integration into a new functional unity.

Capital movement, class struggle and technological innovation are articulated within the accumulation process, which constitutes the principal framework of capitalist practice. David Gordon (1978) in an article on capitalist development and the history of American cities, argues that three principal urban forms have characterized urban development in America, each corresponding to a determinate stage of capital accumulation: the commercial city, the industrial city and the corporate city corresponding to commercial, industrial and monopoly stages of capital accumulation.

Although the marxist approaches to urbanisation and metropolitan formation are not coherent, the authors within this epistemological tradition accept the priority (in terms of determination) of the social relations of production and forces of production over the urban environment which is considered as a simple social product. In other words in these approaches the structural relations of production prevail over their environment and conjuncture.

In another tradition of urban sociology, very much involved with the study of metropolitan areas, the ecological Chicago school, we find the opposite assumption, the priority of metropolitan environment and conjuncture over the forms of social life and practices. The metropolitan area is considered as the independent variable which generates new social relations, values, needs and practices. This urban environment produces alienation and anti-social behaviour but also it embraces creativity and innovation of a new social organisation. For the authors of the ecological school the concept of the metropolis has the same explanatory function as the concept of the mode of production for the marxists (Hastaglou V. 1981).

While the classical economic analysis and the marxist approaches explain the formation of the metropolitan environment in relation to the socio-

economic structure, the Chicago ecological school puts forward the former as a cause of new relations and structures, a "new social and economic entity" according to the words of Mackenzie. This aspect of urbanisation and metropolization, its contribution to development of socio-economic processes and -why not- of capitalism, although not unknown to marxist approaches (Lojkin J. 1972, Marx K. 1969) has received less attention. (2) On this question we concentrate our analysis.

2. Metropolitan and capitalist development in Greece

The end of the transitional period to the capitalist mode of production, which is placed between 1880 and 1920, is marked by the extension of the Greek frontiers and the liberation of Thessaloniki, during the balkan wars (1913-1913), and by the arrival of 1.2 million refugees from Asia-Minor in 1922 after the defeat of the Greek army. Then Greece follows the path of capitalist growth.

The main periods of capitalist development in Greece from the end of the transitional phase around 1920 up to present days are the following:

- 1920-1940, interwar period of industrialisation
- 1941-1949, occupation and civil war
- 1950-1972, post-war period of accelerated development

(2). Marx Correlates, in book I of Capital, division of labour, population and urbanisation. He writes "just as a certain number of simultaneously employed labourers are the material pre-requisites for the vision of labour in manufacture so are the number and density of the population, a necessary condition for the division of labour in society. Nevertheless, this density is more or less relative. A relatively thinly populated country, with well-developed means of communication, has a denser population than a more nomadously populated country, with badly-developed means of communication; and in this sense Northern States of the American Union, for instance, are more thickly populated than India."

The major characteristics of the interwar period (1920-1940) are the rapid growth of industry, the refugee inflow from Asia-Minor, and the agrarian reform and redistribution of land. The refugee inflow speeded up capitalist development. New cultures were introduced in agriculture, commerce was revitalised, new skilled labour was introduced in industry. The analysis of the available statistical information shows that at the time of the world crisis at 1920 and 1929-1932, the rate of growth permitted Greece to redouble its national income in 13 years and its industrial production in 11 years. We must notice that in 1938 the industrial production represented 17.5% of the Net National Product, a percentage which arrived at 22.6% in 1970. The annual rates of growth of industrial production are estimated at 2.7% during 1928-1934 (the period of the world economic crisis) and at 6.6% during 1935-1938 (Vernicos N. 1975). The following table illustrates this growth process through the increase in the number of manufacturing establishments.

Table 1

Manufacturing establishments in Greece 1900-1951

Year	Number of establishments
1900	400
1909	1213
1917	2213
1920	33853
1930	65404
1940	65806
1951	66465

Source: adapted from Leontidou-Emanuel L. 1981

The development of capitalist productive structure of the country was interrupted by the second World War, the German occupation and the civil war. The level of economic activity (industrial production, GNP) of 1938-1939 was again reached at 1952.

The post-war transformation of the Greek social formation can be sum-

erized in:

- the economic recovery and restoration of the pre-wars levels (1950-1953) ,
- the stabilisation of the traditional economic structure and social formation (1953-1962). The role of the American Aid Mission was decisive in the orientation of efforts towards the revival of agriculture and the provision of basic infrastructure facilities which resulted in the creation of a narrow industrial base and an increasing dependence upon external flows for financing of trade deficits,
- the rapid industrial growth and extended capital accumulation (1963-1972). This process has been shaped by three major phenomena: the association with EEC in 1962 immediately after the termination of American Aid, the massive invasion of foreign investment capital, and the massive internal and external migratory flows of rural population. The country begins to participate actively in the evolution of the world capitalist system (Vernicos N. 1975, Kafkalas G. 1981).

Parallel to the development of capitalism is the formation of the national metropolitan system. From the statistical data of the period 1920-1971 we conclude that the Greek metropolitan system during this period is constituted by two poles: Greater Athens (city of Athens and city of Piraeus) and the agglomeration of Thessaloniki. Tables 2 and 3 show the evolution of population and employment structure of these cities.

Table 2

Population of Gr. Athens and Thessaloniki 1920-1971 (in thousand inh.)

Year	Gr. Athens	Thessaloniki
1920	453	174
1928	802	251
1940	1124	278
1951	1379	279
1961	1853	378
1971	2530	557

Sources: Leontidou L. 1981, Komninos N. 1981

Table 3
Employment by economic sector in Gr. Athens and Thessaloniki, (Z)

Year	Gr. Athens			Thessaloniki		
	Primary	Second.	Tertiary	Primary	Second.	Tertiary
1900	9.78	31.42	46.07			
1928	2.97	34.20	49.96			
1951	3.80	35.84	51.86	10.28	33.56	45.50
1961	1.83	38.30	53.04	3.17	41.77	46.92
1971	1.13	42.00	52.63	2.87	44.07	51.24

Sources: Leontidou L. 1981, Komninos N. 1981

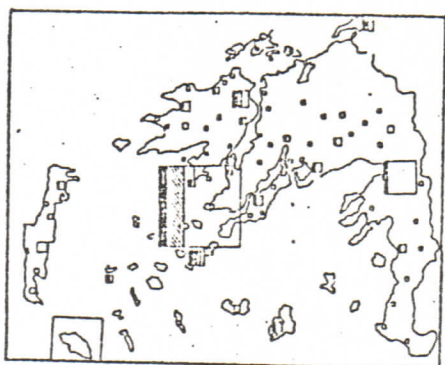
The evolution of population and employment as well as particular studies on the urban history of Athens and Thessaloniki (Leontidou 1981, Morkof 1974, Papagiannopoulos 1982) stress that they were transformed in to metropolitan centers before 1920 and 1950 respectively.

Thus it seems that before each stage of capitalist development we have a prior transformation of the metropolitan system: the transformation of the Athenian metropolitan center before the interwar period of industrialisation and the emergence of a second pole before the period of accelerated development 1950-1972. This particular relationship between metropolitan and capitalist development asks for further investigation.

In order to analyse the interdependence between metropolitan and capitalist development and particularly in order to evaluate the contribution of the former to the latter we intend to examine some key issues of the transformation of the economic structure, such as labour division, foreign investment and accumulation.

Usually the accumulation process is related to the transformation of productive activities (mainly the growth of industry and construction) and division of labour. In the case of Greece, the industrial accumu-

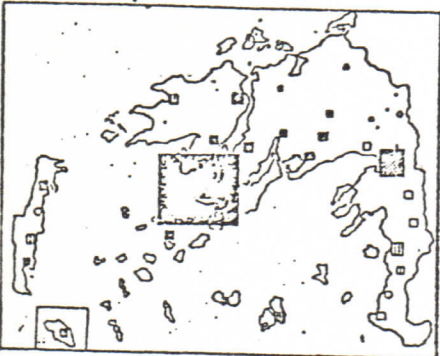
tation and the rise of industry originated from Athens and Piraeus. Of 137 new factories established in Greece during 1910-1921, 20 were established in Athens and 37 in Piraeus. By 1920, Greater Athens represents 12.65% of the Greek population and 27.36% of employment in the secondary sector (Leonidou L. 1981: 97). During the next period of industrial development 1920-1940, new factories locate mainly in Athens and Thessaloniki. Map 1 and Map 2 illustrate the geographical distribution of S.A. from 1833 to 1969. The same trends characterise all this period: the industrial accumulation is realised mainly in the two metropolitan poles.



Map 1
Headquartes of S.A. founded between
1833 and 1933

- S.A. founded during 1833-1881
- S.A. founded during 1882-1918
- S.A. founded during 1919-1939

source: Burgel G. 1976, map 7



Map 2
Distribution of Industrial S.A. (1969)

- Thessaloniki 20-30% of total industries
- Gr. Athens 40-50% of total industries

source: Burgel G. 1976, map 2

These empirical observations are in agreement with E. Mandel's considerations that industrial capital was localized and concentrated in a relative small number of complexes, surrounded by a ring of agrarian regions which functioned as sources for the supply of raw materials and foodstuffs, as markets for industrial consumer goods and as reserves of cheap labour - power (Mandel 1976: 71).

The industrialisation process is followed by the transformation of the sectoral division of labour. The new employment structure assumes the general characteristics of capitalist development, in the sense of reduction of primary employment and increase of labour in secondary and tertiary sectors. In the above transformation the contribution of the metropolitan economy is decisive. Table 4 shows the transformation of employment structure in Greece, Gr. Athens and Thessaloniki.

Table 4

Employment evolution: Greece, Gr. Athens, Thessaloniki 1920-1971 (sectorial distribution)

Year	Greece			Gr. Athens			Thessaloniki		
	Prim.	Sec.	Tert.	Prim.	Sec.	Tert.	Prim.	Sec.	Tert.
1920	70.0	13.1	17.0	9.78	31.4	46.1			
1928	68.3	14.7	17.0	2.97	34.2	49.9			
1951	57.1	15.1	21.8	3.80	35.8	51.9	10.3	33.6	45.5
1961	53.8	19.2	23.6	1.83	38.3	53.1	3.2	41.8	46.9
1971	40.4	25.3	32.0	1.13	42.0	52.6	2.9	44.1	51.2

Sources: Dimitriadis E. 1978, Komninos N. 1981, Leonidou L. 1981, Verinicos N. 1973

Through the radical changes in the employment structure of metropolitan centers a sizeable working class had emerged in early twentieth century Athens. Later, through the increasing participation of refugees in industry and the industrial growth of Thessaloniki, the metropolitan centers constitute the principal pools of productive labour supply. At 1951 about 50% of total productive wage earners live in Gr. Athens and Thessaloniki. In this sense the metropolitan economy becomes the center

of surplus-value production.

The capitalist development of Greece was based to a great extent on the inflow of foreign capital. With the economic growth which began after the arrival of refugees from Asia-Minor, the foreign investments presented an important acceleration. During the 1900s 1.200 million golden francs flow to the country and are invested in infrastructure, irrigation projects, water supply, transports etc. A new period of inflow of foreign capital began after 1953, with the introduction of the law 2687/53 concerning the protection of foreign investment. During 1953-1969 investments of 1200 million dollars were approved. Their geographical distribution is presented in map 3. The Greater Athens Area and the agglomeration of Thessaloniki absorbed about 65% of the total amount. The metropolitan areas form the principal space of foreign investment.

Map 3

Foreign investment
1953-1969 (from \$1180
million were located
\$1020)

- Headquarters in Athens
- Headquarters in province

Source: Burgel G.
1976, map 14.

3. Metropolis as "threshold" of capitalist development

The preceding analysis of the Greek case can be useful in understanding the general pattern of interdependence between capitalist and metropolitan development.

The capitalist development and the consequent transformation of a social formation is realized through a number of socio-economic processes such as primary accumulation, formation of a value-productive working class, capital investment, constitution of interior markets and consumption increase, technological innovation, augmentation of productivity etc. The combination of these development-supporting processes permit the capitalist class to increase the volume of value and surplus value by employing more labour power and by increasing the rate of exploitation. In general, the movement of capitalist development can be represented by the historical transformation of cycles of production and circulation and extended schemes of reproduction. In this sense the theory of capitalist development becomes the theory of historical transformation of extended reproduction and accumulation.

If we now wish to refer to the spatial dimensions of development we must notice that development-supporting processes occur in particular spaces or in particular conjunctures.

We have seen that the formation of a working class is mainly realized in the metropolitan environment. This new division of labour is attributed to the concentration of production and physical, political and ideological pressures on individuals which push them to participate continuously in the productive process. We must remember that the concentration of means of production is not followed automatically by the constitution of a labour-power market. Particular cultural and political conditions are necessary to integrate peasants in capitalist production (Rey P.P. 1971). It is important that the concentration of all these necessary conditions in the metropolitan environment permitted the constitution of a labour-power market.

We have also seen that productive investment is concentrated in

metropolitan space where in parallel, capitalist forms of production (S.A.) flourish. The causality for these phenomena must be sought in the level of metropolitan productivity, in the reduction of costs of capital circulation, in the presence of general conditions of production which first of all make production and circulation possible (Kominos N. 1982).

By these specific reasons and forces which make possible the emergence of a sizeable working class in the metropolitan environment and drive productive capital to locate in the same place, the major conditions of extensive accumulation are fulfilled and the metropolitan economy becomes a serious agent of value and surplus value production. Later on at the stage of intensive accumulation, the labour-power which is already concentrated in the metropolis, through the increase of mass-consumption (individual and collective), establishes the "virtuous" circle of intensive accumulation. So an important value-productive system is developed in the metropolitan space based on labour power, socialisation of production, productive investment and mass-consumption.

Thus it seems that, if we put together all development-supporting processes and all conditions of their realization, inevitably we arrive at a form of concentrated economy around centers of accumulation of a certain size. This necessity of capitalist development to concentrate spatially labour power and consumption, and to base value production on spatial concentration of the means of production, circulation and consumption, could justify the characterisation of the metropolis as the "crucible" of capitalist development.

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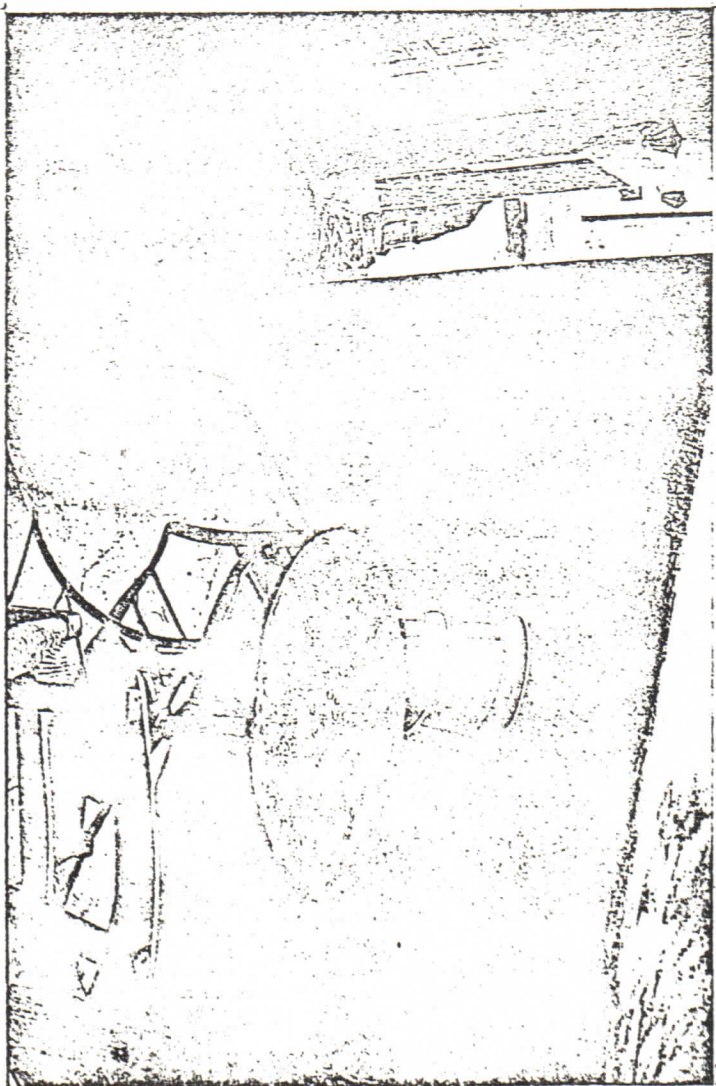
CONTENTS

Preface

List of contributors

1. Capital restructuring and the advantages of backwardness in peripheral regions
Peter Maskall
2. International labour migration and uneven regional development in contemporary Portugal
Jim R. Lewis and Allan M. Williams
3. Uneven regional development and industrial restructuring: the Italian pattern in the 70's
Gioacchino Garofoli
4. Small-scale agricultural production and regional development in the EEC
Frank Hansen
5. The international electronics industry and regional development in Britain
Kevin Morgan and Andrew Sayer
6. Decentralisation of production in peripheral regions: the case of Thraki in Northern Greece
Eleni Andrikopoulou, Grigoris Kafkalas, A.-Ph. Lagopoulos
7. Metropolis and capitalism: notes on the metropolitan development in Greece
Nicos Komninos
8. Industrial restructuring and the relocation of manufacturing employment in postwar Athens
Lila Leontidou-Dimitriou
9. The contemporary restructuring of regional development: politics, periodicity and the production of space
Edvard W. Soja
10. The epistemology of space. A marxist approach
Alexandros-Panagiotis Lagopoulos
11. Integration and unequal development: towards an understanding of the impact of economic integration in the economics of Ireland and Southern Italy
Michael Dunford and Diane Perrons
12. Sur les fordismes périphériques de l'Europe du sud
Alain Lipietz

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