

THE RISE AND FALL OF INDUSTRIAL ACTIVITY OF PIRAEUS

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1. Introduction

This paper aims to trace the different mechanisms that were responsible for the development and structural changes of Piraeus during the period of industrialization and de-industrialization of the city. In Piraeus, as in other European cities of the 19th century, contributing to the growth of local prosperity was considered to be an honour¹. In the 20th century financial incentives and values were still used as the basic criteria for the choice of the agents appointed for the private and the public sector. The common goal of the "native of Piraeus", even if they lived in another city or country, was always the prestige and dominance of the city. The role of the Municipalities was decisive when they could act autonomously, but very often municipal and public initiatives lacked efficiency due to the intervention of the local press and the private sector in decision making.

Since 1970, the evolution of economic activity in the broader area of Piraeus, can be attributed more to the sectoral composition of the local economy- differences in the industry mix- than to specific local characteristics².

We use three spatial quantitative techniques³ for methodological purposes. Initially we use shift share analysis in order to estimate separately the effect of the overall evolution of economic activity, the effects of industry mix and the aggregate effects of the various specific to location factors. The second technique

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1. See M. Hietala, (1987), 72, 357, 398, 405.

2. The data which have been used have been compiled from *Greek Financial Directory* which is published yearly by ICAP. More precisely this directory includes all legal entities of the S.A. and Ltd form which have been active in the current financial year.

3. See L. Anselin, (1988), A. D. Cliff and J. K. Ord (1981), A. Papadaskalopoulos, (2000), M. Tiefelsdorf, (2000).

is the estimation of the Moran-I correlation coefficient. According to the results of this coefficient we determine the existence of spatial effects. Finally, we estimate a spatial regression model in order to calculate the contribution of industry mix and locationally specific characteristics to economic evolution.

2. The birth and evolution of Piraeus

In 1834 the capital of Greece was transferred to Athens. The following year the city of Piraeus was founded by a royal edict and the construction of the Athens-Piraeus road began⁴. The new road facilitated transportation, giving many financial benefits to Piraeus and rendering its port the most important of the newly founded Greek State. Meanwhile, Piraeus was developing rapidly and gaining advantage over its rival cities (Syros and Patras). The first urban function of Piraeus was commercial, which led to the financial and demographic development of the city. Thus, small industries started, supplying the market with ropes for ships and all kinds of glass. Most of them were not only covering the necessities for consumer goods, but were also building the materials for the increased needs of the citizens and the mobile population.

In 1844, Lucas Rallis' modern silk factory was founded in the city⁵. Until the end of the 1850s, industries were located in the centre of the city with only two exceptions. The rapid growth of the manufacturing branch in the city forced the government to expand the town plan in 1864 and to define the expansion of the building zone towards the north. Soon the city changed dramatically as in the northwest a settlement was built that was separated in two by the Athens-Piraeus railway in 1869. On the one side lived the poorer workers and on the other side, next to the shops and service providers, lived the rich.⁶ Later this settlement was divided into three areas by the new railway⁷. During the last 50 years of the 19th century, most of the new factories were founded and built in the industrial zone of the city. The settlement expanded northeast and by royal edict so did the town-planning diagram towards the location of the factories. At the beginning of the 20th century every industry outside the industrial zone became part of it. As a result the

4. See about the first settlers and the foundation of the city, Yiannis Hatjimanolakis (1999), 13-30. See also information on the economic and social history of the city of that period, V. Tsokopoulos, (1984).

5. L. Rallis, was Mayor of Piraeus and member of the national committee for the improvement of the Greek industry. See, N. Kalamitsis, (1960), 12-13.

6. For the economic and urban history of Piraeus, see A. Pardali-Lainou, (1990) and on the industrial location, city plans and city development, M. Kotea, (1997).

7. See for details, Ch. Agriantoni, (1999), N. Kalamitsis, *op. cit.* 49-52; M. Kotea, *op. cit.* 69, 127, 204 and A. Pardali-Lainou, *op. cit.* 93.

industrial zone expanded along the Athens-Piraeus road⁸. Until the economic crisis of 1883⁹, production and the employment rate had increased in the dominating industries. During the last decade of the 19th century, industry in Piraeus overcame the crisis and the economy started to flourish again. Nevertheless, the structure of industry changed due to the construction of small steam-driven industries that were in need of intermediate products. Two important factors helped the recovery and stabilization of industry. The first was the expansion of the railway network towards the Peloponnisos and the other was the construction of the Corinth canal (ships with destinations in the East and the Black Sea were passing through the harbour of Piraeus)¹⁰. The rapid development of Piraeus' harbour led to the establishment of shipyards in order to meet the increased demand.

Until the Balkan wars, some factories were created in the city while others were settled near the port.¹¹ At the same time factories producing consumer goods were also established towards the capital in N. Faliro/ Athens. In 1903 the Greek Electrical System Corporation of Thomson-Houston established the first electrical plant. In the greater area of Athens and Piraeus, cement factories, breweries, tobacco factories and in general factories for constructing materials were founded. In the beginning of the 20th century, when industry was starting to flourish, Piraeus Street was the location of many factories¹².

At the beginning of the second decade of the 20th century, 13 cylinder-mills were located in Piraeus, from a total of 43 that were scattered in the ports of Greece. The chemical industry was another profitable branch and the soap industry developed mainly after the import of salt for industrial use. Most of the glass factories were installed in the greater area of Piraeus¹³.

8. A. Pardali-Lainou, *op. cit.* 130 and M. Kotea, *op. cit.* 64-65, 69-79 131 and 146-147.

9. C. Hatziosif, *op. cit.* 330. The crisis was due according to the local press to the lack of capital and experience of the local entrepreneurs, see *Sfaira*, 2364, 6-6-1889.

10. N. Kalamitsis, *op. cit.*, 53-54 and 58-59.

11. Some of them were the joint-stock companies of chemical products and fertilisers (Drapetsona 1909) and the company of cements and colour paints "Piraeus SA".

12. See, A. Pardali-Lainou, *op. cit.*, 100-103, 131; N. Kalamitsis, *op. cit.* 68-69 and Ch. Agriantoni, (1999), 174.

13. The numerous refugees who settled in the city in 1922 contributed a lot to the economic life of Piraeus. Even though they were the source of many urban problems, they were also cheap labour and helped industrial development. During the 1930s, small businesses of the previous decade closed down. The result was concentration of the industry. The refugees put their experience into practice and created new production methods, thus increasing the productivity of Greek industry. The increased supply of labour led to the reduction of wages and the cost of production and, as a result, a profit boost for many companies. Furthermore, the demand for labour had been covered. The shortage of labour in previous years led in the underemployment of machinery in many textile factories. In addition, the demand for consumer goods increased because of the arrival of the refugees. See Th. Sakellariopoulos, *op. cit.*, 49-52, 55-56; A. Pardali-

During the First World War the industry of Piraeus developed noticeably and it was still the largest industrial city of the whole country.

After the disaster of Asia Minor in 1922, many refugees settled in Piraeus and introduced their ways of making new products¹⁴.

3. The actors in the industrial development of Piraeus in the 19th century until the mid war period

The local community, the Mayor and the Council of the city made efforts for the development of the area¹⁵. A large number of businessmen took advantage of the city's important position and natural docks. Usually, businessmen proclaimed the needs of their branch to the local authorities. Thus, in October 1877, the first partnership of textile mills was founded, under the leadership of the manufacturer T. Retsinas. The partnership closed down after 3 years. During that period efforts were made to deter the competition and increase the potential benefits that could be received by the Mayor and the Greek government¹⁶. In 1885, after the failure of the partnership, T. Retsinas organized the Commercial and Industrial Union "Piraeus". Until the end of the crisis this union was not very active in defending the interests of the merchants and the industrialists of the area¹⁷. During the decade of 1890 a large number of small businesses was created, thus changing the structure of the industry and resulting in the creation of craft guilds, which tried to promote and advance the interests of their branches through cooperation.

Government protection influenced directly the economy of the city and maintained its declining functions. Examples of such decisions are the reformation of the taxation system in 1885 for the protection of the textile industry, the laws of 1891-1892-1897 for shipyards and permanent docks etc¹⁸.

The role of the local press was important; according to the newspaper *Sfaira*: "the printed press of Piraeus was not only a positive effect on any decision and function of the city but also a significant support for the businessmen". Considering the fact that this was an era with limited mass media, the printed press was the only way to inform people and express public opinion. In addition, the press informed people what was happening in the world and by providing statistical evidence allowed competition between cities. Sometimes this

14. See, Th. Sakellaropoulos, (1991), 53-54 and 107-114.

15. Merchants and manufacturers were part of the council and could affect any decision that would be taken.

16. See, N. Kalamitsis, *op. cit.*, 16-18; *Pronoia*, 3295, 25-1-1894 and *Sfaira*, 1899.

17 See, C. Hatziosif (1993), 329-1930 and *Sfaira*, 2364, 6-6-1889.

18. *Sfaira*, 4838, 2-5-1998 and 4765, 3-2-1998.

competition led to the use of new technological advantages. New technology was a necessity for local development. The creation of a permanent dock near the port of Piraeus was an example of a long-term effort. The technical network of the city was another field that required the attention of the city council because of its impact on the economic development of the area. The city council also provided social services and budgeted for the social infrastructure of the city¹⁹.

Finally the active participation of the citizens in significant matters was considered very important²⁰. After the revolution of 1909, the strengthening of Piraeus industry was significant and at the same time the modernization of the legislation took place. The protective policy, the expansion of the transport network and the reform of the public sector are some of the reasons leading to the stable course of Piraeus' industry²¹.

4. The slogan of the mid war period: interventionism, self-sufficiency and protectionism

The law of 2948/1922 expressed the spirit of protectionism of that period and during the following year the Stock Market of Merchandise in Piraeus started to operate. Although production was going up, neither domestic demand nor exports of un-competitive Greek products had increased. To avoid the crisis some companies merged, as the textile companies of Piraeus did in the previous century. In 1923 the new tariff system was voted and in 1926 it was enforced for the first time²². In the 1930's many laws for the adjustment of exchange problems and for the protection of industry were voted. The main objective was to achieve self-

19. The municipality during the 19th century supported technical training. In 1895, Othonas Rousopoulos established the "Industrial and Commercial Academy" in order to help the improvement of the industry in Athens and Piraeus. Not until the 20th century did the Greek State realize the importance of technical training. See , N. Kalamitsis, *op. cit.* 18-19,64-65 and 71; A. Pardali- Lainou , *op. cit.* 130 and L. Sapounaki Dracaki (1986) 387-415.

20. *Sfaira*, 478,25-2-1986 and 2364, 6-6-1889.

21. In 1909 the national committee for fuel was given motivation for the construction of SEMI-DIESEL machines. The machines would use impure coal oil and the construction should be done in Piraeus.

22. The law was about "the advancement of industry and workshops". In other words, it provided motivation for the expansion and enlargement of industry. Next year a number of representative edicts were voted. These were about "expropriation of fields and real estate in order to be used by industry for expansion". The same year the *Committee of Industrial Study* was founded. It included a member from Piraeus Chamber. The purpose was self-sufficiency and in order to achieve this, laws imposed limits to imports. Investments took place in Greek industry due to the protection and motivation policy. But even though production was going up, neither domestic demand nor the exports of non-competitive Greek products increased. See Sakellaropoulos, *op. cit.* 109, and N. Kalamitsis, *op. cit.* 78.

sufficiency and in order to achieve that, laws imposed limits to imports. Investments took place in Greek industry due to the protection and motivation policy.

A negative development for the mills factories of Piraeus was the reduction of the tax on flour, in comparison to wheat, which also led to turnover in reduction of the branch. But the greatest setback for the industry was the new law of transit in private warehouses, on behalf of the Greek government. Due to the unstable currency and the economic situation, some products were sold at a price that could not cover the cost of production. This law was finally abolished in 1930 affecting mostly the textile factories.

The Greek State also tried special measures to prevent the collapse of specific industries. For example, the management of the Alexopoulos company was given to its creditors. At the same time, the state provided guarantees in order for the Fertilizers Company to receive a loan²³. In 1935 (lasting until the 1960s) the government instituted feasibility licenses in industry to fight off illegitimate competition and so the state interfered with direct measures in investments. It was obvious that Greek consumers preferred imported industrial products even after the emancipation of imported merchandise in 1953. Poor quality of Greek products was the main reason. The government's policy of protection led to lack of competition and poor quality²⁴.

5. Post war efforts for the development of the economy of the city

Bombardments during the Second World War led to the decay of the town. The urgent contribution of the merchants and industrialists led to reconstruction. The first works started by private initiative. The destroyed harbour depots were rebuilt and as a result, the harbour was operating again²⁵. The year 1953 was the end of the period of reconstruction of the Hellenic economy. It was then that the economy was stabilized and society too was politically stable. Also, the institutional pattern for industry was established (Royal Ordinance 2687/53). However the results of the new economic policy were not yet noticeable in Piraeus. Some industries had already been relocated to other regions in Greece, such as the pasta and flour industries, while others such as machine shops were underemployed. A lot of traders of the town were seated in Athens where all the

23. N. Kalamitsis, *op. cit.* 84-86.

24. See Sakellaropoulos, *op.cit.* 111-114 and N. Kalamitsis, *op. cit.* 93.

25. See the letter of the president of EVEP in the bulletin of the association of the native people from Piraeus (Syndesmos Gigenon Peireoton), *Piraki Anagennisis*, 2, (April 1956), 10-11 (in Greek).

terrestrial lines were gathered. Furthermore, no businessman dared to invest in cabarets or nightclubs²⁶.

Under such circumstances, the regeneration of Piraeus commenced and there were efforts to create a new atmosphere in town through the revival of Civic Pride publications, whose authors were introducing liberal ideas, were trying to support the local conscience and provide solutions which would eventually lead to national economic development.

The syndesmos Gigenon Peireoton started the title "Peiraiki Anagennisis" in 1955, in order to succeed in: " ...economic salvation and praise for the labor drudgery and pro- drudgery in our town and for the regeneration of Piraeus in order to become a prestigious metropolis" ²⁷.

The president of the association suggested that either the state should build hotels, or loans should be given to civilians by the banks, so that hotel units could be easily built.

The association (Syndesmos Gigenon Pireoton) announced its plans for the patriotic company, named "Patriotiki Peiraiki A.E.", which would set out to build the hotel. Participation in the company was great and direct, especially from capitalists from the Diaspora, but only for *patriotic reasons* ²⁸.

According to the expectations of the people, the creation of a contemporarily equipped Free Mercantilist and Industrialist Zone, was a necessary measure for the development of the economy; provided that bureaucracy and time consuming systems would not influence the carriage of the goods, and the harbour from different services. Finally, the protective measures for provincial industry should be extended to Piraeus²⁹.

6. The transformation of an industrial economy to a service economy

The expansion of industry was based mainly on intermediate and capital branches of production during the 1960's. During the crisis period- which started in 1973 and intensified after the second oil crisis in 1978- the economy was basically supported by traditional branches of light industry and building material³⁰. The deindustrialization in Europe affected dramatically the economy

26. See *Foni tou Piraios*, 10-9-1953 in A. Pardali- Lainou, *op. cit.* 215.

27. N. Kalamitsis, *op. cit.* 9-10,20.

28. *Peiraiki Anagennisis*, 1 (Sept.-Oct. 1955), 7, 12-15, 23-24.

29. *Peiraiki Anagennisis*, 2, *op. cit.*, 14-15, 22-23.

30. See K. Vaitos and T. Giannitsis, (1992), 33-61; C. Hatziosif, *op. cit.* 287-218, see also about Piraeus for that period A. Pardali-Lainou, *op. cit.* 226-233, 487-491.

of Piraeus. The greater share of the number of businesses and jobs could be found in the transportation sector and the sub-branch of shipyards in Piraeus. The number of small-size businesses and industrial businesses was reduced as well as the number of jobs (this occurred almost in all production branches). The same situation continued during the decade of 1980 in the municipality of Piraeus. In addition, the shipyards in Piraeus were affected by the global crisis in navigation. Space limitation in Piraeus was the reason for the expansion of "the industrial influence range". Industry was relocated westwards while some factories remained as islands in the residential centre of the town.

The first main feature of economic activity in the broader Piraeus area is the large increase in the numbers of firms and the structural change of industry mix. More precisely, a 29% increase in the overall economic activity (measured in numbers of operating firms) was observed during the period 1970-1995, as shown in Table 1.

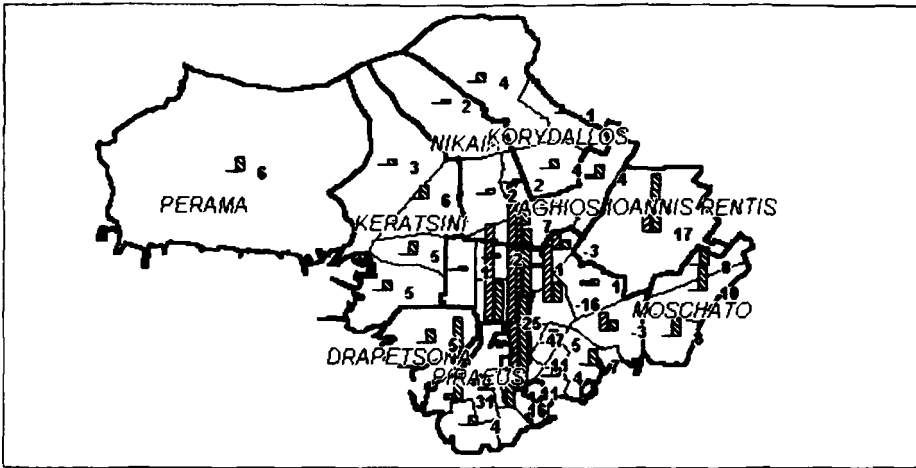
Table 1. Evolution of Economic activity

Industry	1970		1995	
	Number of firms	%	Number of firms	%
Manufacture	80	30.0%	57	16.5%
Commerce	70	26.0%	71	20.5%
Services	23	8.6%	45	13.0%
Shipping	95	35.4%	172	50.0
Total	268		345	

Source: ICAP Greek Financial Directory 1970, 1971, 1995

The second main feature is the spatial spread of economic activity. This is more clearly depicted in Map 1, which shows the change in the number of firms which started up in each zip code of the area. In the map the left-hand bar depicts the number of firms in 1970, the right-hand column in 1995, and the number is the difference in the number of the firms between 1995 and 1970.

Map 1
Overall economic activity of Piraeus 1970 – 1995



Source: ICAP Greek Financial Directory 1970, 1971, 1995

In general, as we move outwards from the centre of the city we observe the appearance of firms which did not exist in 1970.

The Moran-I spatial correlation coefficient confirms the above results. It has a statistical significant positive value, which is interpreted as an indication of spatial heterogeneity of the evolution of economic activity.

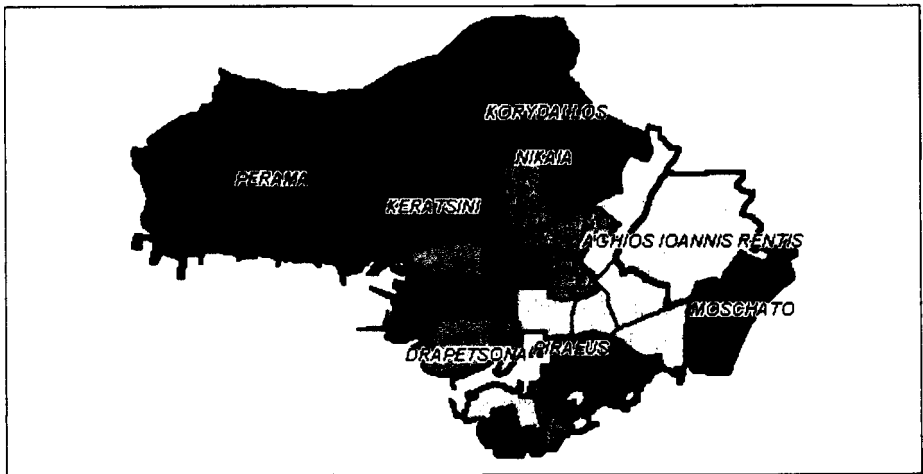
It is important to mention the different ways in which local communities reacted to economic development and structural changes. The various neighborhoods of the city reacted differently according to their initial conditions, namely their initial industry mix and their specific local characteristics. In the 1970–1995 period manufacture and commerce declined – in 1970 the share of manufacturing and commerce firms was 56% while in 1995 it had fallen to 37%. On the other hand commerce and shipping filled the gap. The rise of services and shipping has boosted the flourishing local economy.

The decline of the city halted, not because of tourism but because of shipping, a sector that is very sensitive to international crises. Between 1968–1971, ships under the Greek flag increased by 80%. Despite the fact that –according to Burgel– the contribution of shipping to the Greek economy has not been evaluated properly, Piraeus became a shipping centre and many Greek and foreign shipping companies situated themselves in newly built multi-storey offices especially on Miauli Street. The city was witnessing a new situation with many different consequences. Ship owners intended to turn Piraeus into a modern global shipping center and they used the City as an example. Thus, measures were taken that gave

tax reductions, cheap loans and motives to shipping companies for installation. In addition, there were improvements in the infrastructural services, which were necessary for the shipping branch. There were also measures to support the shipping insurance market, the funding of shipping companies and the ship repairing industry. In particular, there were improvements in telecommunications that amplified the comparative advantage of hiring ships on the local market. The advantage had been created by the difference of time between countries. The result was the development of Piraeus as a notable shipping centre³¹. After 1970, Piraeus regained the importance that it had had before the war in terms of the location of shipping companies. During the decades of 1980 and 1990, old shipowners moved their headquarters back to Piraeus. The new shipowners who had never left Greece also established their central offices in Piraeus³².

But it must be noted that the shift in economic activity has no spatial characteristics. The Moran – I correlation coefficient is not statistically significant. This result is an indication that local economies cannot influence the structural characteristics of the economy by their own means. Economic evolution is determined by the sectoral effects of the aggregate economy.

Map 2
Piraeus industry mix effect 1970 -1995
(Industry mix component)



Source: ICAP Greek Financial Directory 1970, 1971, 1995

31. See G. Burgel, 131-136.

32. See G. Harlaftis, *op.cit.* 131-169; G. Harlaftis, *op.cit.* 262-265, 284-286. See also more details for Greek Shipowners in G. Harlaftis, (1993) and on the location of the Shipowners offices in Piraeus see G. Harlaftis, (1996).

Map 2 depicts the fact that the industry mix is not spatially oriented. The extent of the phenomenon (the change in the number of firms) depends on the initial industry mix. Therefore, the centre of Piraeus seems to suffer from the change of industry mix while the peripheral areas are less affected. This is due to the limited expansion of economic activity in the 1970s. As a result, the effects of industry-mix form three groups. The first group consists of the peripheral areas which are characterized by small effects (either positive or negative). The second group consists of the central neighborhoods of Piraeus with high positive effects and the third consists of the central neighborhoods with large negative effects.

The locally specific features can also be measured quantitatively. It is worth saying that locally specific features behave in the opposite direction in neighborhoods that have positive industry mix effects.

Map 3
Piraeus local differential effect 1970 -1995
(Local differential component)



Source: ICAP Greek Financial Directory 1970, 1971, 1995

Map 3 depicts the state of local economies as far as locally specific features are concerned. By direct observation of map we can say that flourishing or declining local economies are grouped together and the transition from one group to the other is gradual. Dark shades describe positive local features while light shades represent areas with negative local characteristics.

The shade is darker in areas with strong local advantages, as far as their

economic effects are concerned, while as the shade gets lighter the local economy is characterized by local disadvantages. This observation is supported by the Moran I spatial correlation coefficient which has a statistically significant positive value

Up to this point, the results of each analysis have been examined separately. The combined effects of industry mix and local characteristics are now studied with the help of a spatial regression. The estimated regression is the following:

$$OC = 2.2000 + 1.0028IM + 0.7503LS$$

where: OC: Overall change in economic activity

IM: Industry Mix

LS: Locally specific features

All coefficients are statistically significant. The constant coefficient means that overall economic development creates 2.2 firms per neighborhood in the time period under study. Moreover, the coefficient of industry mix statistically is equal to one. Economic interpretation of this fact is that any change in industry mix is permanent. On the other hand, the coefficient of locally specific features is statistically less than one. Thus, any change in the quality of local economies causes effects which have a finite time – horizon: they cannot last forever.

7. Conclusion

After examining the history of Piraeus we conclude that its development was promoted by a desire to emphasize the uniqueness of the city. Rivalry with some other city also loomed in every effort aiming at structural change or at the development of some already existing activity. The existing competition between Piraeus and its rivals-other cities with the same dominant urban function (Manchester, Syros, Athens, Milan, London, etc.)-encouraged the development of the city through its attempts to either copy or improve the existing techniques.

Another finding is that so long as the society was closed, the interests of Piraeus coincided with those of the newly established urban class, which lived within the narrow limits of the city³³. However, even with the upper class's turn towards Athens and participation in the decision-making centres, local patriotism continued to dominate as a motive (and perhaps as a pretext) for the growth or the rebirth of the city.

A third finding is that most initiatives and pressures were usually the result of private-sector decision making, initially by the businessmen themselves, and

33. See V. Tsokopoulos, (1985), 245-249.

subsequently by the circles they participated in, that is, the Municipality, local and national committees and professional unions and, by the end of the 19th century, the Government, Parliament, the Chambers, etc.

A fourth finding is that municipal interference played an important role only when the institutions allowed the municipalities some autonomy. The growth of Piraeus and its success as the largest centre in Greece, after 1888, were attributed to its high-principled municipal administration. In contrast, the decline of Syros, according to the local newspaper "The Sun," was due to the city's misfortune in its election of local rulers³⁴. Although the newly established state had adopted a centralized system of government during the 19th century, the relatively well-off municipalities had quite a few areas of authority. Along with indirect municipal taxation the municipalities had the ability to exercise some protective policies (with the variation of tariffs on some imported items). When the state became organized and gradually assumed the areas of authority that its new role necessitated, the municipalities lost their relative independence. At the beginning of the 20th century the municipality of Piraeus was characterized as the wealthiest municipality of the State, and it exercised nearly the same functions as a small state³⁵. In the 20th century most of the activities that had been carried out by the municipalities in the previous century were transferred to the State and at the same time the local customs authorities were abolished. At the end of the 20th century, with the change in the system of local self-administration in Greece and the adoption of greater autonomy in the municipalities, the potential for the participation of the municipalities in local development was evident again. The basic reason for this achievement was the financing of the urban municipalities through community appropriations.

One last finding is the effect that the special character of the municipality of Piraeus had on the city's economy due to its location and particularly to its proximity with the capital, which initially was a benefit but which later contributed to its decline. During the 19th century, although Athens tried to absorb Piraeus and to make it appear as a part of its broader region, the two cities functioned as counterparts. Athens was an administrative city in which the service-providing enterprises were concentrated and Piraeus was its seaport but also the country's largest industrial centre, which initially supplied the increasing needs of the market in the capital. The customs authorities, which due to the municipal taxes operated between Athens and Piraeus, hampered the location of industries in the area of

34. *Sfaira*, 4781, 25-2-1898.

35. G. N. Alexakis, (1906).

Kifissos on the Piraeus side. The distance separating the two cities and their surrounding areas became almost negligible, due to the improvement of the traffic system and the overall improvement of the means of mass transport, all of which caused Piraeus to lose its comparative advantage as port city. Thus the factories began to be relocated in the region of the capital, which on the one hand was integrated as far as taxation was concerned, while on the other hand, was near the market of Athens that could absorb its products. A land-planning study carried out in 1918 showed that the autonomy of Piraeus was coming to an end with an emphasis on creating one unified urban totality. The Capital Administration Organization, which was later created as a sort of Supermunicipality in order to reconcile the various municipal and community activities (initially this applied only to Athens, but later this was reconsidered and Piraeus was included along with the entire region starting at Piraeus and reaching Ekali, Aigaleo and Glyfada), considered Athens and Piraeus as one unified urban totality and the port of Piraeus as the port of the region. As long as the port was traditional, the Port Commission, with the mayor as the president, carried out the port's administration. Essentially, then, the municipality of Piraeus had control. After the revolution of 1909 there was a general effort towards modernization that set the framework for changes in the public sector. Consequently, in 1911 the Port Commission was broadened to include the participation of the city's productive classes in the administration of the port. From 1930 onwards, the port began to be characterized as national and an independent organization, and the Port Authority of Piraeus (OLP) was created for its management. The choice of the place where industry would be located and relocated, and more generally the socioeconomic division of the urban area, was influenced not only by the enormous urban development of the area of the capital, but also after a time by the operation of the two national highways.³⁶ The misfortune for Piraeus in the period after the war was that, without belonging to the Municipality of Athens, its proximity to the capital meant that it could not take advantage at least of the measures that were taken to support provincial industry.

The evolution of economic activity in the broader area of Piraeus verifies the hypothesis that as time goes by the importance of locally specific features such as civic pride, personal interest and efforts for the home-town fade and their place is taken by the evolution of the nationwide economy. We may say according to our analysis that the influences of sectoral changes affect the local economy

36. A. Pardali-Lainou, *op.cit.*, 203-220, 251-389, 445-453.

permanently while the locally specific features have limited effects on the area. The main feature of the period 1977-1995 is the shift of economic activity towards the service sector. This is the most crucial factor which determined the economic shape of the city. A second feature is the migration of the traditional manufacturing and commercial firms from the city. Finally, during the period under consideration manufacture and commerce declined while services and shipping flourished.

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