

## **Doing Business in Macedonia: Greek Problems in British Perspective (1912-1921)**

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### **Summary**

British financial concerns in Greek Macedonia in the aftermath of the Balkan Wars were four: (a) the status of the port and the city of Salonica after the partition of its hinterland and under the Greek law (b) the regular conduct of trade (c) the sufficient provisioning of the allied expeditionary forces (from the fall of 1915) under the auspices of the Greek Provisional Government of Eleftherios Venizelos, and (d) business assignments, not necessarily related directly to the war effort. None of these cares was an isolated target nor were they the consequent stages of a single plan. They were just aspects of a global financial interest aiming to restore British influence in the region and also to safeguard the spoils of victory against Bulgaria. Through rough times eventually interest failed to take the shape of British investments. Moreover the inability of the Greek state to provide sufficiently for the development of the Macedonian economy and the integration of its society fed back to diplomatic confrontations with its neighbours.

### **Zusammenfassung**

Nach dem Ende der Balkankriege konzentrierten sich die britischen wirtschaftlichen Interessen im Bereich des griechischen Makedonien im wesentlichen auf vier Punkte: 1. den Status des Hafens und der Stadt Thessaloniki nach der Teilung seines Hinterlandes 2. die regelmässige Durchführung des Handels 3. die ausreichende Versorgung der verbündeten Expeditionskräfte (nach dem Herbst des Jahres 1915) 4. die Handelsverträge, die nicht immer direkt mit den Kriegsleistungen verbunden waren. Die oben genannten Punkte bildeten weder ein isoliertes Ziel noch waren es aufeinanderfolgende Etappen eines umfassenden Planes. Es waren lediglich Aspekte eines globalen wirtschaftlichen Interesses mit dem Ziel, den britischen Einfluss in der Gegend wiederherzustellen und gleichzeitig die Folgen des Sieges der Verbündeten gegen Bulgarien zu sichern. Unter den schwierigen Umständen hat dieses Interesse nicht die Form britischer Kapitalanlagen annehmen können; darüber hinaus führte die Unfähigkeit des griechischen Staates hinlanglich und effizient für die Entwicklung der makedonischen Wirtschaft und die Integration der makedonischen Gesellschaft Sorge zu tragen zu diplomatischen Konfrontationen mit den balkanischen Nachbarländern.

The assimilation of littoral Macedonia into the Greek state after the Balkan Wars (1912-13) was by no means a smooth process. Much interest has been paid to the 1920s and 1930s, when the mass influx of the Asia Minor and Caucasus refugees in that region deeply affected economy, society, and politics, thus making the task of integration even harder. But the 1910s, i.e. the period before the refugee settlement, is certainly one of the less well known chapters of contemporary Macedonian history. A recent bibliographical approach has argued that, for various reasons, the Macedonian front -both sides of it- has not been studied sufficiently by historians, of course with the notable exception of war veterans.<sup>2</sup> The region itself with its society and economy has captured even less interest and this was not only due to special concern for high diplomacy, wars and the Greek national schism between the followers of King Constantine and Premier Venizelos. It was also a matter of sources. Greek consular correspondence from Macedonia stopped in 1912 while prefects' reports for the following years are not available. European consuls and Foreign Ministry bureaucrats, on the other hand, amidst on-going warfare, had little time to adjust their services to the rapid reformation of Balkan borders between 1912 and 1919. Therefore consular reports from Macedonia, at least until 1920, are far from being in perfect order and make ambassadorial correspondence much more appealing and easy to handle.

Relative disorder in the Foreign Office archival series does not mean absence of British concern for pre-1920 Macedonia. Quite the opposite. This was a region where Britain had long standing economic interests rather than short-term strategic and diplomatic troubles. It is not the purpose of this paper to deal with the latter, i.e. with the British intervention in Greek World War I diplomacy or with the Macedonian Front. Actually after 1913 and especially during the Great War the Foreign Ministry was becoming increasingly aware that trade and business in Greek Macedonia were the prerequisites for a successful conduct of foreign policy. The close and constant inspection of the ports and the hinterland undertaken by the British gives us the chance to watch Macedonian affairs in the 1910s from a different angle. This paper seeks to prove that through the alternative point of view -the British financial interests- we can detect more clearly the early origins of considerable political interwar problems: namely that the failure of the Greek state to provide sufficiently and promptly for the development of the Macedonian economy and the integration of the Macedonian society fed back to diplomatic confrontations.

Roughly speaking British financial concerns in Greek Macedonia in the aftermath of the Balkan Wars were four: (a) the status of the port and the city of Salonica after the partition of its hinterland (b) the regular conduct of trade (c) the sufficient provisioning of the allied expeditionary forces (from the fall of 1915) under the auspices of the Greek Ententist Provisional Government of Eleftherios Venizelos, and (d) business assignments, not necessarily related directly to the war effort. None of these concerns was an isolated target nor were they sequential stages of a masterplan. They were simply aspects of a global financial interest, which through rough times eventually failed to take the shape of British investments.

In 1913 merchants in Salonica, who had already been affected by the Turco-Italian War, came to a state of panic: tobacco works in Bulgarian held Eastern Macedonia had ceased since the operation of the Regie monopoly and the Ottoman Public Debt Administration was still pending.<sup>3</sup> Even mail communication with Cavalla had ceased.<sup>4</sup> The Customs House in Salonica had been occupied by the Greek Army and only perishable goods and food supplies could find their way into the city.<sup>5</sup> The partition of the hinterland also raised some serious legal problems. A clause in all trade contracts in Macedonia mentioned the Commercial Tribunal of Salonica as the only suitable court to decide in case of any dispute. If Balkan governments did not take any provision, merchants separated by the new borders would then have to rely on each others' word of honour. But honour was in short supply in wartime and creditors could not afford lawyers in order to claim various small amounts from petty-retailers in still Ottoman-held Epirus, or in Serbian-held Kossovo and Monastiri (present Bitola), even in Novi Pazaar, Albania, or elsewhere.<sup>6</sup> To make things even worse the banks had called in all their advances to merchants and restricted their credit. As business carried on on overdraft, the total collapse of the market was prevented only due to a moratorium and to the increased urban consumption, as armies and civilians were being packed into Salonica.<sup>7</sup>

Though encouraged in many ways, the British were reluctant to intervene and even refrained from expressing opinion on such legal matters "until the future of Salonica is decided", as Foreign Minister Grey put it.<sup>8</sup> Nor were they willing to support the Austrian internationalisation of the city, as the Jewish mercantile community would have wished.<sup>9</sup> Sir Edward Grey refused to take this matter to the London conference and his Ambassador in Constantinople strongly discouraged another joint Jewish, Turkish and Vlach plan promoting the autonomy of Salonica and its hinterland.<sup>10</sup> Not even the cries of British firms complaining in early 1914 of the destruction of their property -tobacco warehouses had been put to torch in Serres- seemed to have had any effect.<sup>11</sup> The same was true for the complaints of steam-ship companies which were obliged to pay health dues in Salonica -now a port of Greece- as well as in Pireaus, against the tradition of paying such dues only in one port of each state.<sup>12</sup>

Such complaints, both official and private, were not bound to stop soon. In mid December 1913 the Greek Ambassador in London informed the Foreign Office that capitulations were no longer standing. To make the verdict sound more pleasant he politely announced that his government would "...give proof of the largest spirit of tolerance in all questions involving foreign material interests".<sup>13</sup> In fact the Greeks maintained that in all the annexed territories the capitulations had been abolished ipso facto while Grey thought that this new territorial arrangement was a "departure from the Treaty of Berlin"; therefore it had to be

ratified by the Powers.<sup>14</sup> He was not the only one to worry; probably similar views shared Ottoman bond holders all around Europe. A few days later, January 1, 1914, the Greek government, in spite of strong reaction, started to reduce the income of the Public Debt Administration (P.D.A.) by taking charge of the spirit, tobacco and salt tax-collection. The salt warehouse in Salonica was officially sealed on February 21, thus leaving the P.D.A. with practically no income.<sup>15</sup> The status of the railway lines, built and managed by European companies, was also an additional cause of attrition. Though in Vienna and Paris it was rumoured that, in spite of German objections, Greece was going to accept a joint Greek, Austrian, and French administration, Foreign Minister Georgios Streit announced that his government was not in favour of nationalising the lines but it was going to turn them into a Greek private company.<sup>16</sup> Serbian proposals for a wide free trade zone with its own customs' house were also turned down, although transit trade to that country had been severely hindered due to use of railway stock by the military authorities, resulting in huge sums being paid for storage dues.<sup>17</sup>

Meanwhile private complaints were piling up in the British consulate in Salonica. In early January, when it was announced that the custom tariff was to be increased from 11 to 15 per cent, merchants hurried to increase their stock but also to mediate for British pressure in order to secure a concession for goods which had been ordered in advance but, due to the insufficient storage in the Customs House, were to be cleared after the introduction of the new tariff.<sup>18</sup> The strongest complaints were put forth by leather importers, since the tariff for waxed splits rose to 75 per cent and for box sides to 40 per cent. A commercial agent of a British firm in Liverpool put the issue rather bluntly in a letter to the firm's head office:

"This is of course a harsh and entirely prohibitive duty in order to protect a few miserable tan yards in Older Greece and I believe the matter should be strongly taken up at once by the British Gov. through H.M. Amb. in Athens. A combined action of the principal leather exporters in England and an energetic protest through the British Foreign Office ought to result in the repeal or serious amendment of the present law, inasmuch as Greece and all the Balkan states in general owe so much to the Great Powers and are on the point of borrowing huge sums of money".<sup>19</sup>

Tobacco companies in Cavalla -half of which incorporated as British firms- were no less worried for their profits, when a new tax of one per cent (the French word octroi is used) was levied upon all goods coming by sea and was expected to expand to those coming by land; this would include tobacco arriving at Cavalla for manipulation and export. The firms petitioned the Greek government to reconsider on the ground that octroi ought not to be levied on goods intended solely for export and not for local consumption.<sup>20</sup> Things worsened when in April 1914 tobacco workers in Cavalla went on strike en mass -the figure 30,000 is mentioned- to be followed soon by their colleagues in Salonica, Drama, Eleftheropolis (then Pravi), and Serres.<sup>21</sup> Furthermore, the emigration of hundreds of Muslim families from the Greek-Bulgarian border regions was expected to affect tobacco business as well.<sup>22</sup> The least the British could do was to ask all cargoes on their way to Greek ports in Macedonia to be exempted from the new tariffs; but even this request was to no avail.<sup>23</sup> Under the circumstances firms started to open branch offices in other Balkan states or even to leave permanently. Some went to Turkey, which was willing to accept their stock from Macedonia duty free. Others waited "in the hope of fresh political changes of Macedonian autonomy".<sup>24</sup>

Merchants and retailers had easier access to consuls and alternative ways to channel their complaints but were not the only to suffer in those hectic days. During the same period, late 1913 early 1914, some British reports pointed to the suffering of minorities and refugees, though not with an intention to encourage intervention.<sup>25</sup> In such reports the deportation and the imprisonment of Bulgarian activists was mentioned as early as November 1913, i.e. shortly after the end of the Greek-Bulgarian (or Second Balkan) War. Moreover, Bulgarian was prohibited in church rituals and Exarchism, i.e. attachment to the Bulgarian Schismatic Church, was not recognised as a religious dogma. Some Bulgarian who had fled during the 1912-13 wars from the region of Kilkis asked permission to return but was refused. The Bulgarian Catholic Bishop complained to Venizelos for the pressure which had been exercised to proselytise his flock to the Orthodox dogma. Bulgarian emigration by steamers to Alexandropolis (then Dede-Agatch) was prolonged until late March 1914, the emigrants

delaying in the hope that Bulgaria would counter attack and free them.<sup>26</sup> In April, the British Consul wrote "...almost all those who wished to go have gone. Those who remain have either conformed to the Patriarchate or are living as best as they can as Exarchists".<sup>27</sup> The condition of the Muslim population under the Greek regime was also of some interest. The British acting vice-Consul in Cavalla believed that the concern of the government to secure the welfare of the Muslims was real but some local officials and the Christian peasants who wanted to extract revenge for their sufferings did not share Venizelos views.<sup>28</sup>

Of course the British were aware that Greeks in Eastern and Western Thrace, under the rule of Ottomans and Bulgarians respectively, were not having good time either.<sup>29</sup> From the outbreak of the First Balkan War until the end of May 1914, 38,000 Greeks had left Bulgarian-controlled Western Thrace, 162,000 Bulgarian-controlled Eastern Macedonia, 4,398 Serbian Macedonia, 4,660 the Caucasus (though these were soon to return)<sup>30</sup>, 9,024 Asia Minor, making a total of 293,081 Greek immigrants. At the same time 41,834 Muslims had left Macedonia for Turkey proper (11,000 of them in transit from Bulgarian Macedonia).<sup>31</sup> It was a tough time for minorities and perhaps it was the British acting Consul-General in Salonica, James Morgan, who expressed the situation in the best way:

"Each Balkan people is, within its own boundaries, persecuting the adherents of its neighbours, and each is endeavouring to obtain its own justification before the world, the sympathy of Europe for itself, and European condemnation of its neighbours, by loudly calling attention to its neighbours' acts and by concealing its own".<sup>32</sup>

Certainly it was by no means a pleasant situation that Venizelos encountered in his spring tour in Serres, Drama, Naousa and Veroia. Even the pro-Romanian Vlach petitioned, in vain, for an autonomous church, education, and exemption from military service. Numerous demands were also submitted (no doubt by Jews) asking for the conversion of Salonica into a free port. To this demand Venizelos countered the offer of a free trade zone, which he had rejected the previous year. Morgan observed that if a free zone was to be decided soon enough then part of the trade could be retained, "but the idea of a free town being impossible the commercial decay is inevitable".<sup>33</sup>

The outbreak of World War I in August 1914 completely altered the British perspective. Until the invitation and arrival of allied troops in Macedonia in October 1915 war had been sensed only indirectly in Salonica. The British Consul had to report in time on the feelings of the local population for Entente and the Central Powers,<sup>34</sup> but no other sign of major concern was apparent. In fact it was in mid November 1914 that British tobacco firms in Macedonia asked the Consulate whether they could carry on trading with Austria and Hungary.<sup>35</sup> Some problems for Salonica exporters appeared only when Italy banned skin and hides transit trade to Austria.<sup>36</sup> Others used the new situation to their advantage: in January 1915 it was reported and confirmed that sugar was smuggled in blockaded Turkey through the port of Salonica.<sup>37</sup>

Things deteriorated a lot after October 1915 and the laissez faire policy was soon ended. A report in November mentioned that the town was "chock a block" with various groups of refugees from Serbia plus the French and British troops, the Greeks being obstructive while food and accommodation prices had already rocketed sky-high.<sup>38</sup> Securing food supplies for both the Army and the population proved a major, though predictable, problem until the end of the war.<sup>39</sup> And it was not a problem of Salonica exclusively. After the invasion of Eastern Macedonia by the Bulgarian Army (May 1916) the shortage in food supplies became noticeable in Cavalla, which lost its hinterland overnight. British were willing to cease the sea blockade and alleviate the distress of the population (reported as pro-Entente) but were reluctant to communicate with the royalist (i.e. pro-German) local authorities.<sup>40</sup> Few days later the city was handed over to Bulgaria and its population, very much like all the inhabitants of Eastern Macedonia, was destined to spend two years suffering from hunger and humiliation.<sup>41</sup> Those who could escape crossing the river Strymon congregated in Salonica.<sup>42</sup>

The devastating fire in Salonica -in August 1917- made things even more complicated. Fire-stricken Jews had certainly much louder voice and better connection than refugees from Cavalla. Some of them, feeling that Salonica was finished commercially, considered emigration to Tunis, where the French were offering some facilities. Such an offer made the British Consul wonder whether he should encourage Jewish emigration to Britain or Egypt instead.<sup>43</sup>

By early September it was already rumoured that the burnt sector of the city was to be expropriated without any cash compensation. Jews believed that this was part of a malicious plan to accelerate their departure but the British did not share their views. They were aware that during the re-planning and the reconstruction of the city "there would be grand pickings for intelligent Greeks (and possibly French) out of the execution of this scheme"; for example the expansion of the port and the sea front to the White Tower allegedly according to French wishes. But the British still believed that a compromise was possible between the state and the property owners<sup>44</sup> and refrained from officially getting involved in the issue although they - together with the French and the Italians- were officially asked to do so by Jewish Associations in Europe.<sup>45</sup>

Was it indifference? It could be argued that it was not a matter of high priority. During 1917 endless negotiations were going on about the Entente loan to the Provisional Government, the income of the monopolies, the transfer of capital from Athens, the effects of French currency circulating in the market against British wishes, or even the shortage of grain and the prospect of military occupation of Thessaly by the allies plus various Serbian demands, to mention only a few of the problems.<sup>46</sup> But on the other hand British diplomacy had spent so much energy on trivial matters.<sup>47</sup> Surely for the British who dominated the diplomatic scene it was not the right moment to exercise additional pressure in order to produce a solution against Greek wishes to what was, at least for the time being, a rather indifferent matter.<sup>48</sup>

Besides, apart from politics, there were other interesting things for the British to pursue in Greek Macedonia; mining business for example in Vavdos and Gerakini (in Chalkidiki) was one option, if any of the deserters were convinced to work in exchange for exemption from their army duties.<sup>49</sup> On another instance, in March 1917, a certain Mr Slade addressed letters to the Foreign Office trying to obtain the government's support to form an Anglo-French company to take over the port of Salonica, then in the hands of a French company. The British Consul's view that it was not the right moment and the Foreign Office discouraged Mr Slade though without disappointing him completely.<sup>50</sup> In 1918 Granville himself suggested that the reconstruction of Salonica should be assigned to British and to the Ionian Bank.<sup>51</sup> As a scholar has shown all these plans, the reconstruction of Salonica included, and many other private initiatives were parts of a blueprint for an offensive economic policy in Greece and the intensive exploitation/ development of Macedonia in particular. The measures put forth were expected to maximise British influence in Greece, neutralise German and French commercial strongholds, and secure access to food resources during war and peace.<sup>52</sup>

In fact major works were not discussed seriously until the fall of 1918, when Venizelos went to Paris. At the Ritz Hotel the Greek Premier invited the British to discuss the regulation and drainage works in the Strymon river and valley (Eastern Greek Macedonia), the hydraulic works in lake Vegoritis (then Ostrovo) in Western Macedonia, water supply and sewage of Salonica as well as the irrigation works in Thessaly, the water supply of Athens, and the works of the sea-port of Pireaus. Meanwhile in the summer of 1918 an Anglo-Greek syndicate in Salonica<sup>53</sup> had already taken over some important projects like the construction of houses (public and private), the production of building material, and the water supply of the city.<sup>54</sup> In late December 1918 the Greek Prime Minister, anxious to start a major construction, hurried to assign to a British firm (Messrs Price Wills) the Drama-Cavalla railway line project. In March 1919 a technical advisor arrived in Eastern Macedonia and was followed soon by a group of experts. The study was completed in January 1920, was submitted in May and remained shelved ever after.<sup>55</sup>

With the notable exception of some works in Salonica, misery had affected most ambitious projects and works in Macedonia even before the fall of Venizelos. The government had failed to neutralise the reaction of property owners and cope with the problems of fire-stricken Salonica. The reconstruction work in Eastern Macedonia, which had been taken over by Mr Mawson Junior was interrupted for lack of funds leaving the plains full of huts instead of the promised houses. For the same reason roads inherited by the allied armies were rapidly falling apart. No new industrial or mining development had occurred due to the lack of public confidence. The work of a British Timber and Trading Company in Mt Vermion was unlikely to continue. Tobacco production was inferior to pre-war levels, since cultivators had not yet returned to land, cattle was lacking, and strikes were frequent. Although there was no shortage

of capital people were reluctant to invest in land since no final decision had been taken about expropriation. The Customs House in Salonica was still occupied by allied military equipment and transit trade was seriously threatened.<sup>56</sup> Neither did the project (proposed by a Greek Financial Syndicate) for the exploitation of all water power in the regions of Edessa, Naousa, Veroia, and the Aliakmon river materialise.<sup>57</sup> By British standards, with the exception of Western Macedonia and Chalkidiki, all other parts were in a mess.

Were the British exaggerating or even pessimistic? As a matter of fact they certainly did not approve the way things were handled in Greek Macedonia. There were doubts about the course and the implementation of land expropriation. There were fears that all Venizelist estates would not be expropriated while their opponents would be mad to see their properties sacrificed to the benefit of the Venizelist clientele. There were doubts whether refugees from the Caucasus would manage to survive malaria, and support agricultural production. The idea of a state monopoly, which was to import food into Greece on American credit, was questionable, because any monopoly manipulated by Athens was bound to disregard Macedonian local needs and interests.<sup>58</sup> They were critics of the continuation of Martial Law as a measure against workers' unrest but also concern for the sufferings of the bourgeoisie due to the high cost of living. But most of all the Greeks were blamed for being so bad administrators. They were not as bad as the Turks, but at least the latter would leave the higher direction of various sectors in foreign hands.<sup>59</sup>

In general this approach does not seem extremely unrealistic. More astonishing in the same report is the strong feeling of Macedonian localism that even the I.M.R.O.<sup>60</sup> activists would be jealous of. Some comments were surprisingly bitter:

"...There can be no doubt that Salonica is sacrificed to the Pireaus. The financial and commercial interests of the Pireaus exercise a powerful influence over the government. They have the advantage of being at the elbow of the central authorities and the Macedonians are far from the centre of favours. This Pireaus clique has not scrupled to subordinate the interests of Greater Greece, the realisation of a race's long-cherished dreams, to a narrow and short sighted policy which aims at concentrating Greek commerce at the gates of the Capital... ,he Macedonians are so discontented with this disastrous Athenian control of their affairs that they would probably welcome any change of regime in the hope of alleviation. Since the Greek occupation they have been almost continually under a Venizelist administration and their experience has not been fortunate. They are unable to realise the rule of any other political party would be as bad, if not worse. The prestige of the dethroned Monarch, the "Liberator" of Salonica is still great... I have little doubt that a plebiscite to-day in Macedonia, if effected with real guarantees of impartiality and immunity, would show a considerable majority in favour of the ex-King... Perhaps a couple of generations would suffice to produce a class of trained officials who would be able to cope adequately, if not brilliantly with the problem of a great emporium like this. But meanwhile Salonica may be commercially dead or no longer Greek".<sup>61</sup>

These were the words of Mr Smart, the British Consul, and not of Ivan Michailov or Alexander Protogerov, his contemporary Bulgarian Macedonian activists. Of course these were personal views, strongly influenced, as one can easily guess, by the misfortunes or the anger of the people Smart met every day in his office or in the city. But it needs more to justify such a concern for the economic prosperity of Macedonia and Salonica.

As presented in this paper Britain kept a relatively low profile in Macedonia until the First World War; this was by no means a region of primary commercial importance for the Empire and it was reasonable to watch and wait "until the future is decided". Consuls reported at length the financial repercussion of the Balkan Wars and were certainly not amused at all by Greek initiatives which had destroyed the age-old semi-colonial status and had cancelled the capitulations. But still trade was not the major concern of the Foreign Office. The Macedonian Front changed this attitude. Under the Ententist Provisional Government military questions, politics, economy, social life, welfare policy, minority rights, monetary issues, public works, state and private interests all became a tangle, a Macedonian salad with the British, if not part of

it, at least stirring and tasting it from time to time. Moreover the Great War tied up the British and Greek interests in Macedonia and restored the former to the top of Balkan trade.

Smart was aware that this was a transition period. The British had managed to recover sooner than their traditional competitors in the region but the "continent" was bound to take back its position no matter what. Since their real financial interests in Macedonia were doubtful there was no need to worry in advance or to worry at all. But for the sake of long term political interests this policy of calculated indifference had to change. Smart hoped that Venizelos was going to win the 1920 elections against all odds with the assistance of some nasty tricks; Britain would then continue to support Greek interests at the Aegean littoral. In this context he suggested that the right way to consolidate the Greek presence in Macedonia and stop "the vigorous Slav populations of the interior" was to restore Salonica its natural function as outlet of the Balkans. Such restoration implied European intervention not financial, but political to keep the wheels of commerce rolling: namely the establishment of a free port in Salonica under European technical control and the imposition of a similar administration over the Macedonian railways. Britain and France would have to take the lead but Italy and Serbia should also be allowed, to participate, wrote Smart, and, when the time was ripe, Bulgaria as well. Such measures, he judged, were the most effective to stop the "Slav flood" which was inevitable to follow the decline of Salonica. And then all British war efforts would be cancelled. This is why Smart was so angry with the Greek government in Athens.

In some aspects he was right<sup>62</sup> but in general he proved a false prophet. It was only a year after the war. He was still too sentimental about the importance of British active presence in Macedonia, too optimistic about the forced revival of the semi-colonial status,<sup>63</sup> and too confident about British ruling abilities. Although he had foreseen Venizelos defeat he could not have anticipated the Asia Minor disaster, the exchange of population, the change of British policy towards Greece, the shift in the balance of power in Europe, and the great economic depression. Nobody could. But as the war effort had made him and his colleagues more sensitive to the interaction between diplomacy and trade he produced some useful thoughts about the future course of the Macedonian Question: Slav revisionism and Yugoslav expectations could be neutralised only by a policy which would provide urgently for the social integration and the economic development of Greek Macedonia. The settlement of the Asia Minor refugees necessitated agricultural reform and the promotion of extensive hydraulic works. In a way the intensification of Macedonian economy was forced upon Greece by a series of events and progress came sooner and quicker than Smart had expected. Still a lot of the misfortunes that Greece suffered in Macedonia until the late 1940s had their real origin in local economic deficiencies and social isolation rather than in demography and diplomacy as some historians have implied.

### **Notes**

1. I am grateful to Dr George Kazamias for his useful comments in matters of style and language. A brief version of this paper was presented at the conference organised by the British Council and the Institute for Balkan Studies in Thessaloniki in November 1997.
2. Loukianos Chasiotis, "Makedoniko Metopo, 1915-1918. Mia proti istoriografiki prosengisi" [The Macedonian Front, 1915-1918: First Historiographical Approach], *Valkanika Symmeikta*, 8 (1996), 168-180.
3. Public Records Office, Foreign Office (F.O. hereafter) 371/1782, Young to Bax-Ironside, Philippopolis, 7 March 1913, f.437.
4. F.O. 371/1784, Morgan to Lowther, Cavalla, 20 Jan. 1913, No.100.
5. F.O. 371/1805, Lamb to F.O., Salonica, 22 March 1913, No 8 commercial.
6. F.O. 371/1777, Speakman to Grey, Manchester, 18 Jan. 1913; F.O. 371/1799, Note communicated by the French Embassy, London, 7 March 1913, f.164. Greek courts of Law were inaugurated in Salonica on 30 December 1912. All personnel was imported from Older Greece; see F.O. 371/1784, Lamb to Lowther, Salonica, 31 Dec. 1912, No 182.
7. Parliamentary Papers: Accounts & Papers, vol.73 (1914-16), 21.

8. F.O. 371/1799, Grey to Cambon, London, 20 March 1913, f.165.
9. Cf. Rena Molho, "The Jewish Community of Salonika and its incorporation into the Greek State", *Middle Eastern Studies*, 24/4 (1988), 392-393. Kostas Skordylis, "Valkanikoi Polemoi kai Evraiko Zitima" [The Balkan Wars and the Jewish Question], *Istor*, 9 (1996), 129-150.
10. Skordylis, "op.cit.", 140, 146; F.O. 371/1794, Lowther to Grew, Constantinople, 18 Feb. 1913, No 96.
11. See F.O. 286/580, Morgan to F.O., Salonica, 19 Jan. 1914 and the annexes.
12. F.O. 368/998, Morgan to Elliot, Salonica, 24 Dec. 1913, f.162.
13. F.O. 421/286, Gennadius to Grey, London, 15 Dec.1913, f.169.
14. F.O. 421/289, Grey to Bertie, London, 9 Jan. 1914, ff.23-24.
15. F.O. 286/580, Morgan to Mallet, Salonica, 6 Feb. 1914, No 7; 23 Feb. 1914, No 11.
16. F.O. 421/289, Bunsen to Grey, Vienna, 25 Jan. 1914, f.68.
17. F.O. 368/999, Elliot to Grey, Athens, 3 Apr. 1914, ff.87-88.
18. F.O. 286/580, Morgan to Elliot, Salonica, 22 Jan. 1914, No 2.
19. F.O. 368/998, Agent in Salonica to Messrs Henry Boston & Sons Ltd (Liverpool), Salonica, 13 Jan. 1914, ff.46-48.
20. F.O. 286/580, Morgan to F.O., Salonica, 19 Feb. 1914, ff.330-331.
21. They claimed higher wages and less hours of daily work (10 in the summer and 8 in winter). Only Muslim female workers went to work but they were stopped by their Jewish colleagues. Bargaining with the employers proceeded slowly since both sides expected the intervention of the Government.
22. F.O. 286/580, Morgan to F.O., Salonica, 14 Apr. 1914, No 13; 22 Apr. 1914, No.26. For the tobacco workers' strike see Kendro Marxistikon Meleton, *I sosialistiki organosi Federation Thessalonikis 1909-1918* [The Socialist Organisation Federation of Salonica 1909-1918] (Athens, 1989), pp.143-165.
23. F.O. 368/998, Elliot to Grey, Athens, 13 May 1914, ff.99-100.
24. F.O. 286/580, Morgan to Mallet, Salonica, 26 Jan. 1914, No 4.
25. A scholar has shown that during the 1920s British concern for the Balkans and the Macedonian Question in particular was related to their commitment to stabilising the region; a policy, however, which was incompatible with the strict protection of minority rights in this region. The same could be argued for the 1910s as well, at least after the Balkan Wars; see Patrick B.Finney, "An Evil for All Concerned: Great Britain and Minority Protection after 1919", *Journal of Contemporary History*, 30 (1995), 533-551.
26. F.O. 421/286, Morgan to Mallet, Salonica, 29 Nov. 1913, ff.146-148; F.O. 286/580, Morgan to Mallet, Salonica, 13 Jan. 1914, No 1; 3 Feb. 1914, No 5; 21 March 1914, No 17. Cf. Iakovos D. Michailidis, "Slavophonoi metanastes kai prosfyges apo ti Makedonia kai ti Dytiki Thraki (1912-1930)" [Slav-speaking Emigrants and Refugees from Macedonia and Western Thrace] (Ph.D. diss. Thessaloniki, 1996), pp.32-41.
27. F.O. 286/580, Morgan to F.O., Salonica, 29 Apr. 1914 No.28.
28. F.O. 286/580, Morgan to F.O., Salonica, 22 Apr. 1914 No.26. Cf. Report of M.Naoum, Greek Minister at Sophia, specially deputed by the Hellenic Government to visit the Macedonian provinces and enquire into the Condition of the Mussulmans (Communicated by M.Gennadius), July 16, 1914 in F.O. 421/291, ff.13-16.
29. F.O. 421/286, Telegram from the Greek Foreign Ministry, 30 Nov. 1913, ff.145-146; F.O. 421/290, Mallet to Grey, Constantinople, 20 May 1914, f.68.
30. F.O. 286/580, Morgan to Mallet, Salonica, 1 May 1914.

31. F.O. 421/291 A.Naoum to Foreign Minister, Athens, 8/21 June 1914, ff.13-16. Cf. Artemi Xanthopoulou-Kyriakou, "The Migration of Pontic Greeks from the Russian Caucasus to Macedonia (1912-1914)", *Balkan Studies*, 37/2 (1996), 271-288.
32. F.O. 286/580, Morgan to Mallet, Salonica, 29 Apr.1914, No 29.
33. F.O. 371/1799, Morgan to Mallet, Salonica, 19 May 1914, No 36, ff.7-8.
34. Greeks in Salonica were considered steadfastly Ententist and Turks anti-Entent. The Turkish *Yeni Asr* was the last newspaper in Salonica to support Germany until October 1914. See F.O. 286/581, Morgan to Elliot, Salonica, 7 Oct. 1914, No 41; 17 Oct. 1914, No 44.
35. F.O. 286/581, Morgan to Elliot, Salonica, 18 Nov. 1914, No 52.
36. F.O. 286/581, Morgan to Elliot, Salonica, 30 Dec. 1914, No 60.
37. F.O. 382/27, Bax-Ironside to Athens, Bucharest, Nish, and Dede-Agatch, Sofia, 12 Jan. 1915, No 2; F.O. to Elliot, London, 16 Jan. 1915, No 5 commercial.
38. War Office (W.O. hereafter) 158/755, Summary of Situation at Salonica on 16 Nov. 1915, f.59. Cf. Evangelos A.Chekimoglou, *Thessaloniki: toyrkokratia kai mesopolemos* [Salonica under the Turks and during the Interwar Period] (Thessaloniki, 1997), p.362.
39. W.O. 158/758, Fitchgerald to Le Roy Lewis, London, 15 Dec. 1915. For major schemes for the intensification of Greek agriculture see Lito Apostolakou, "Vretaniki oikonomiki politiki stin Ellada: Metastrofi i palindromisi? I periptosi tis Makedonias 1917-1918" [British Economic Policy in Greece: Turn Back or Retrogression? The Case of Macedonia], *Istor*, 4 (1992), pp.105-111. For the Army provisioning question in the context of British and French intervention into Greece see Yannis Mourellos, *L'intervantion de la Grece dans la Grande Guerre* (Athens, 1983), pp.43-101.
40. F.O. 286/593, Knox to Elliot, Cavalla, 5 July 1916 No 5; 21 July 1916, No 7.
41. F.O. 371/3159, Rapport sur la situation a Cavalla durant et apres l'occupation Bulgare, copy.
42. In January 1917 some 38,000 refugees were reported in the city trying desperately to secure accommodation against the will of house owners. The latter, to avoid compulsory requisition used to make fictitious contracts with soldiers, thus putting military and police authorities into endless disputes. See F.O. 286/623, Politis to Granville, Salonica, 6/19 Jan. 1917, No 10099.
43. F.O. 286/612, Wratislaw to Crackanthorpe, Salonica, 25 Aug. 1917, No 93.
44. F.O. 368/1755, Wratislaw to Crackanthorpe, Salonica, 9 Sept. 1917, ff.63r-v.
45. F.O. 368/2137, Lucien Wolf (Foreign Affairs Committee of the Anglo-Jewish Association) to Oliphant, London, 27 Sept. 1917, f.66; F.O. 368/1755, Wellesley to Wolf, London, 11 Oct. 1917; Angeliki Sfika-Theodosiou, "The Italian Presence on the Balkan Front (1915-1918)", *Balkan Studies*, 36/1 (1995), 78-80; Yannis G.Mourellos, "I prosorini kyvernisi tis Thessalonikis kai oi scheseis tis me tous symmachous" [The Provisional Government of Salonica and its Relations with the Allies], *Mnimon*, 8 (1980), 163. See also the study by Marc Levene, *War, Jews and the New Europe: The Diplomacy of Lucien Wolf 1914-1919* (Oxford, 1992).
46. F.O. 286/624, Zalocostas to Elliot, Athens, 9/22 Jan. 1917, No 57; Elliot to Zalocostas, Salamis, 5 March 1917; Crackanthorpe to F.O., Salonica, Apr.(?), 1917, No 667; F.O. 286/619, Elliot to Granville, Athens, 31 March 1917 Nos 326 & 329; 6 Apr. 1917, No 352. F.O. 368/1753, Granville to Balfour, Salonica, 28 Apr. 1917, No 12 commercial; F.O. 286/620, Elliot to Granville, Athens, 23 May 1917. For the financial issues see: N.Petsalis-Diomidis, "Difficulties Encountered by the Provisional Government of Salonica in Financing its Military Expenditure", *Greece and Great Britain during World War I* (Thessaloniki, 1985), pp.99-130; Nikos Pandelakis, *Symmachikes Pistoseis: Kratos kai Ethniki Trapeza 1917-1928* [Allied Credit: the State and the National Bank, 1917-1928]

(Athens, 1988), pp.110-123; Evangelos A.Chekimoglou, "Ena nomisma gia dyo kyverniseis: Oikonomika provlimata tis triandrias" [One Currency for two Governments: Financial Problems of the Triumvirate], O Eleftherios Venizelos sti Thessaloniki [E.Venizelos in Salonica] (Thessaloniki, 1994), pp.75-90 and by the same author Trapezes kai Thessaloniki, 1900-1936 [Banks and Salonica, 1900-1936] (Thessaloniki, 1987), pp.94-103.

47. For example they succeeded in convincing the Greek Provisional Government that cigarettes should be exempted from the excise tax in order not to engage the navy in transporting from home duty-free cigarette loads for the army. This was achieved in spite of Greek losses of revenue and the risk of contraband.
48. F.O. 286/619, Negrepontis to Granville, Salonica, 27/9 Jan. 1917, No 3996/1295 & 14/27 Feb. 1917, No 10713; Milne to Granville, Salonica, 3 Feb. 1917 & 16 Feb. 1917.
49. F.O. 286/621, Clarke to Granville, Salonica, 15 Jan. 1917. Cf. Apostolakou, "op.cit.", 107.
50. F.O. 368/1753, Wellesley to Bertie, London, 31 March 1917, ff.219-220.
51. Apostolakou, "op.cit.", 112.
52. Apostolakou, "op.cit.", 89-114.
53. It consisted of the most influential Venizelist families of Zannas, Benakis, Deltas, Charilaos, Papageorgiou, Maltou; in fact it was a clan since all families were related to each other. Cf. F.O. 371/6094, Fintana to Comptrolle General, Dept. of Overseas Trade (London), Salonica, 31 March 1921, ff.124-127.
54. Apostolakou, "op.cit.", p.112 note 96.
55. F.O. 371/ 6090, c7999/1918/19, Contract for Harbour Works at Pireaus, London, 19 Apr. 1921 ff.44-62.
56. F.O. 371/3607, Smart to Granville, Salonica, 25 March 1920, No 18, confidential, ff.270-294. Cf. Mark Mazower, Greece and the Interwar Economic Crisis (Oxford, 1991), pp.51-53.
57. F.O. 371/4643, enclosure No 3 in quarterly report for April and June 1920, ff.183-184.
58. The British suggested the use of Balkan resources instead, even if Greeks would have to succumb to Serbian demands.
59. F.O. 371/3607, Smart to Granville, Salonica, 25 March 1920, No 18, confidential, ff.270-294.
60. The Internal Macedonian Revolutionary Organisation, the chief advocate of an autonomous Bulgarian Macedonian state.
61. See note 59.
62. In 1921 for example the expropriation project was blocked by some landlord deputies (see F.O. 371/6097, Granville to Marquess Curzon, Athens, 9 Aug. 1921 ff.2-3) while transit trade with Serbia had not been regularised yet (see F.O. 371/6097, Arthur Deacon (The Levant Company Ltd), Belgrade 17 Aug. 1921, ff.13-14
63. Even the settlement of British farmers from colonies was put forward as a measure to increase agricultural production in Greek Macedonia but also commercial ties and influence (Lito Apostolakou, "op.cit.", 89-114). British were probably the only ingredient the Macedonian salad was missing at the time.