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POST-WORLD WAR II GREEK EMIGRATION  
CAUSES AND EFFECTS

by 6791

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A MASTER'S REPORT

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requirements for the degree

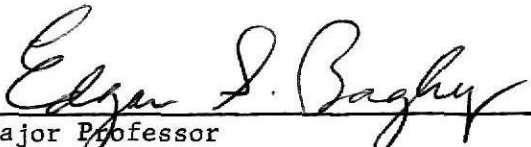
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## INTRODUCTION

Emigration is a social as well as an economic phenomenon, and it must be studied as such. If we try to separate the problem and study it partially, then it is very probable that we will reach wrong and perhaps misleading conclusions. However, in this study the emphasis will be placed entirely on the economic aspects of Greek emigration in relation to the effort of Greece to develop and reach the standards of living of the more developed countries. We would accept the conclusions reached in studies concerning the sociological aspects of migration made by the Athens Centre of Social Sciences which indicate that migration has created serious social problems in the Greek society and generally is socially undesirable and is forced only by economic reasons.<sup>1</sup> But then these studies are comparing the conditions before and after emigration. The question, however, is what the conditions would be, had people remained in Greece and lived with the causes that made them decide to emigrate. Potential emigrants consider alternatives and presumably choose that alternative which is best for them. The decision to emigrate must, therefore, involve a higher degree of satisfaction than the alternatives. Of course, this decision involves also some costs; costs to the individual and his family, and to Greece as a country. We can assume that the individual by his decision to emigrate has valued his gains higher than his costs. What is left to us, is to consider the possible gains and costs to the country as a whole.

The Greek people, through their government, are trying to fulfill certain goals among which are rapid economic growth and full employment. It

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<sup>1</sup>Michael Goutos, "The Need for a Social Policy of Emigration", Koinoniologiki Skepsi, Vol. I, No. I, January 1966, pp. 112-116; reprinted in Essays on Greek Migration, Social Sciences Centre, Athens, 1967, pp. 55-57.

is important to note that 'full employment' implies full employment within the country. In other words, people want secured jobs and adequate living conditions in Greece for all those willing to work. That would curtail the incentives to leave for most of the potential emigrants. It is here where the sociological studies are helpful telling us that people would rather work and live in their own country instead of seeking a job elsewhere. Obviously, the country failed to meet the expectations of its people with respect to this goal. Emigration did take place and continues. How did this affect the country? What will the consequences be if emigration continues?

As far as the economic aspects of that emigration are concerned, there are arguments for and against it. From Table I, which shows the flow of emigrants for the years 1955-1967, it could be argued that the problem does not exist anymore. In a way, this is true. The flow of emigrants has indeed decreased to very low levels. For the present, the "pool" of unemployed labor is exhausted. However, the workers who emigrated earlier are planning to come back as soon as they accumulate a small amount of savings. A study carried out by the Athens Centre of Social Studies indicates that "96.2 percent of the Greek workers in Germany intend to return to their country within five years at most, and that 70 percent of them plan to return within a couple of years."<sup>1</sup> It is natural to expect that emigration will start again--or continue in much larger numbers--if these returning emigrants find similar conditions to those that

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<sup>1</sup>Ibid., p. 58.

TABLE 1

EMIGRATION FROM GREECE DURING THE YEARS 1955-1967 BY MAJOR AGE GROUPS  
AND EXCESS OF BIRTHS OVER DEATHS. ABSOLUTE NUMBERS  
AND RATES OF EMIGRATION PER 1,000 POPULATION

Years	Excess of Births	Total	0-14	15-44	45+	15-44	Per 1,000 Pop.
1955	99,482	29,787	4,062	22,933	2,792	77.0	3.74
1956	98,746	35,349	4,861	27,061	3,427	76.6	4.40
1957	94,276	30,428	3,659	24,766	2,003	81.4	3.76
1958	97,199	24,521	3,446	18,978	2,097	77.4	3.00
1959	99,347	23,684	2,744	18,941	1,999	80.0	2.87
1960	96,676	47,768	3,627	41,387	2,754	86.6	5.74
1961	86,761	58,837	3,704	52,251	2,882	88.8	7.01
1962	85,604	84,054	4,128	76,010	3,916	90.4	9.95
1963	81,436	100,072	5,752	89,273	5,047	89.2	11.80
1964	83,681	105,569	6,322	93,599	5,648	88.7	12.40
1965	84,179	117,167	9,486	99,976	7,705	85.3	13.70
1966	86,701	86,896	9,394	70,113	7,389	80.7	10.09
1967	90,864	42,730	7,764	30,397	4,569	71.1	4.90

Source: Statistical Yearbook of Greece, 1968, p. 37.

forced them to leave.<sup>1</sup> These returning emigrants may prove to be even more difficult to "keep" at home, if that were what Greece needed. A job with a relatively good income may just not be enough. These emigrants have been exposed to certain institutions, such as social security benefits for example, that are not as well developed in Greece as they are in more developed countries. If these working hands were needed by the time they come back, then emigration could prove to be a serious problem to the rapid economic growth of the country. An attempt to solve the problem needs to attack the roots of the problem and not the symptoms. In other words, if policy-makers merely pass a law forbidding emigration, this is not to be considered as a solution to the problem. Instead, if they could find ways to provide adequate employment, incomes and proper living conditions for all who are seeking jobs in Greece and thereby reduce the incentive to emigrate, then the problem could be considered to have been adequately solved.

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<sup>1</sup>Emigrants do not leave because they want to, but because they have to. It is a matter of life or starvation, not only for them but for their families too. As a rule, the man will go to work abroad and his family will be waiting for his return. Both will face a new kind of life for the first time. He will spend some years of his life under the most inhumane conditions. The nature of his work, along with the overtime, may ruin his health. Moreover, as an emigrant he will constitute a "marginal element" in these countries from a social point of view. Psychologically, he is isolated. As a result he will follow his predecessors and become a member of the society of the Greeks in this foreign country. This tendency for "in-grouping" is well known, especially among the Greeks, and frustration is a common characteristic of it. Living under such conditions, his main thought is to return home as soon as possible.

Even if Greece were not economically capable of controlling the outflow of people, something should be done for those who come back, seeking a job and proper living conditions in their own country.

As a further introductory note, it should be added that emigration in Greece has also aroused concern with respect to the national security of the country. Although we will not consider this any further, it should be mentioned that the areas most affected by emigration have been the regions close to the borders. Probably this would not be a problem if Greece's neighbors were considered as "friendly."



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To begin with, we could classify the causes of emigration, from an economic point of view, into two broad categories. The first would include the "push-factor" forces, and the second the "pull-factor" forces. Each complements the other. In the first, we could mention economic stagnation, unemployment, agrarian underemployment and, perhaps over population in some areas, as forces that were pushing people to leave the country and seek employment elsewhere. In the second, the attractive prospects in the receiving country, along with its need for working hands, constituted a magnetic pole for the poor but ambitious Greek.<sup>1</sup>

Michael Goutos suggests that Greek emigration can be divided into three characteristic periods:

- a) the wave of emigration before the year 1900 (mainly between 1890 and 1900) which was not well organized and was directed principally towards Mediterranean countries, coastal areas of the Black Sea, Egypt, etc.;
- b) the emigration wave that started after the year 1900, as a result of economic stagnation and a relative demographic pressure. This began with a large scale overseas wave of emigration, almost exclusively directed towards the U.S.A. In a few years, 300,000 Greeks crossed the Atlantic;
- c) the last remarkable wave of emigration which started after the end of World War II, and particularly after 1955, and which is directed towards western Germany. Unlike the other emigration movements, this wave directed to Germany is characterized by its organized structure, the selection of workers and the formal obligations entailed.<sup>2</sup>

The post World War II wave of migration from Greece began in 1954. The number of emigrants reached its peak in 1965. After 1965, the number of emigrants decreased year by year. Table 1 shows the emigration from Greece during the years 1955 to 1967, by major age groups, the excess of

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<sup>1</sup>Goutos, op. cit., p. 56.

<sup>2</sup>Ibid.

births over deaths, and the absolute numbers and rates of emigration per 1,000 population. The table shows that most of the emigrants were young (age 15-44). For the years 1963-1966 it can be seen that total emigration exceed the natural increase of population.

This wave of emigration was considered serious for Greece. In 1959, migration to Germany began. Table 2 shows the number of emigrants attracted by Germany and other important receiving countries for the years 1959-1967. In total, from 1955 to 1968, 787 thousand people left Greece to find work abroad. Families were separated; abandoned children were left to the parents' next of kin; social problems were rising. Greece faced the possibility of becoming a country populated by old people and babies.

For a country as small as Greece, with a total population of 8.4 million and a labor force of 3.6 million (1961 census) this leakage of people represented more than 20 percent of its manpower. The volume of this emigration as well as emigration itself was not an instantaneous response to the domestic situation. It was rather the outcome of years and years of frustration. That is why it is appropriate, I think, to consider briefly the pre-World War II period and its emigration, specifically the period after the turn of the century.

#### EMIGRATION 1900-1940

From 1900 to 1920, 402 thousand Greeks emigrated abroad. According to H. P. Fairchild, these people were "above the average mark" from a biological, psychological and mental point of view.<sup>1</sup> Of these people, more than 80 percent were men, and belonged to the age group between 15 and 44 years. At

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<sup>1</sup>H. P. Fairchild, Greek Immigration to the United States, Yale University Press, 1911, p. 86.

TABLE 2  
GREEK EMIGRATION TO GERMANY AND OTHER  
MAJOR COUNTRIES 1959-1967

Year	Germany	U.S.A.	Canada	Australia
1959	2,479	---- <sup>a</sup>	----	----
1960	23,364	----	----	----
1961	36,606	3,471	3,913	7,965
1962	47,559	----	----	----
1963	58,009	----	----	----
1964	65,130	----	----	----
1965	80,569	2,782	5,543	18,551
1966	45,494	12,193	6,267	13,070
1967	9,730	11,778	5,752	7,891

<sup>a</sup>Information not available.

Source: Statistical Yearbook of Greece, 1962, 1966, 1967, 1968.

this time, Greece was expanding from a territorial point of view--new opportunities were opening. How can we explain that the country was being deserted by its most "dynamic" elements?

The period, 1900-1920, was characterized by intolerable poverty in all agricultural areas in Greece. This was essentially the result of two factors: (1) the existence of a feudal-type of agricultural property; and (2) the inefficiency of the state with respect to the farmer's problems.<sup>1</sup> Under these conditions it is quite natural to find that the emigrants were drawn almost exclusively from the agricultural sector. The loss of those people meant more than a smaller labor force. As Vassilis Filias, a Greek economist, put it, "This situation was followed by a compression of the average cultural and administrative levels in the Greek province, owing to the fact that those who had emigrated were, precisely, those who could become the agents of change and renewal and could provide local leadership."<sup>2</sup>

During this period, the United States received the best elements of Greek emigrants. The following waves were characterized as less active and less hard working individuals. However, this was not regarded by the country of reception as being very important, since the emigrants were employed in the hardest and heaviest jobs; jobs with no special prestige; jobs that were not good enough for the "American by birth."<sup>3</sup>

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<sup>1</sup>Vassilis J. Filias, "Emigration--Its Causes and Effects," Synchrona Themata, No. 20, March-April 1966, pp. 194-210, reprinted in Essays on Greek Migration, Social Sciences Centre, Athens, 1967, p. 12.

<sup>2</sup>Ibid.

<sup>3</sup>Fairchild, op. cit., pp. 114, 117, 237.

The following table shows the emigration from Greece to the United States during the period 1900 to 1920.

TABLE 3

## GREEK EMIGRATION TO THE U.S.A. 1900-1920

Year	Number of Emigrants to U.S.
1900-1905 . . . . .	49,962
1906-1910 . . . . .	117,557
1911-1915 . . . . .	118,916
1916-1920 . . . . .	65,285

Source: Statistical Yearbook of Greece, 1968, p. 37.

All of those emigrants did not remain forever in the U.S.A. The Balkan Wars, the annexation of new territories, and the first phase of the campaign in Asia Minor provided new hopes for the Greeks abroad, and many of them came back to try their luck again in their mother country. Between the years 1908 and 1921, 55 percent of the emigrants of this period returned home.<sup>1</sup> But then the disaster of Asia Minor brought back to Greece 1,200,000 people--refugees--who were added to the native Greek population, which at that time amounted to slightly more than 5 million.

The forces pushing the people to emigrate went back in action. However, the American Act on "quotas" of 1922 reduced considerably the number of Greek immigrants. This, along with the Great Depression, slowed down the flow of expatriation. Moreover, many Greek emigrants returned home from the United States during the years of the Depression. But it is interesting to note that more than 70 percent of these people returned again to the U.S. as soon as the American economy had started to gain its normal level.

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<sup>1</sup>Filias, op. cit., p. 13.

At the same time, some changes that took place in the Greek economic structure helped to alter the nature of emigration--it turned to internal migration. The expansion of markets due to the influx of the 1.2 million refugees from Asia Minor, along with the increased activity of the Administration and the foundation of a first industrial sub-structure, were the causes of redistribution of the Greek population from a rural to an urban type of living. In 1940, 47 percent of the total population was urban, in contrast with 27 percent of this same population in 1920. At the same time, some improvements were being made in the agricultural sector with the help of the newly established Agricultural Bank of Greece. On the other hand, the cities were not developing as industrial bases, but rather as consumption centers. The outcome was that although new opportunities for tertiary or intermediary employment were created, the problem of employment as a whole was not solved.

The period from 1940 to 1944 is of no particular interest from the point of view of emigration, other than the very rapid growth of the cities of Athens and Salonica. From a demographic point of view, the war years were characterized by a sharp decline of births and an abrupt increase of the crude death rate. In four years, 400 thousand people were lost and the country faced for the first time the fact of an absolute decline of her population; although the real increase of the population (births minus deaths minus emigrants) was never high. On the other hand, "military operation and the resistance created a new dynamic, psychological climate in Greek areas, the level of expectations for the average man rose steeply, the traditionally implanted social models and standards were shaken and reviewed in the turmoil of war."<sup>1</sup>

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<sup>1</sup>Ibid., p. 17.

## POST-WORLD WAR II EMIGRATION

When the war ended, none of the expectations held by the Greek people became realities. The first post-war years showed that there had been no serious structural changes in the Greek society and economy at all. This, among other reasons, helped the civil war (1946-1949) to expand and, as a consequence, to divide the people to the point that, even today, the fear of a similar development is ever present. As a result of the civil war, large numbers of farmers were forced to take refuge in the cities, and, mainly in Athens. All this led a prominent specialist and researcher in the problem of emigration, N. J. Polyzos, to state in 1947, that "a wave of emigration unparalleled in the past experience is to be expected; it will affect all the social strata of our country, unless serious structural changes and social and economic changes take place."<sup>1</sup> And he was right.

During the post-war years, Greece achieved rates of growth of national and per capita income equaled by few others during that period. It has been estimated that the annual compound rate of growth of the Gross Domestic Product of Greece for the period 1952-1966 was 6.0 percent.<sup>2</sup> But the same source reveals that Labor Productivity was growing at a rate of 5.2 percent, so employment opportunities were not growing rapidly. The Greek economy did not achieve full employment level. But at the same time the economies of western Europe were facing a double shortage. First, they were operating under full employment conditions and; second, their own workers had turned to professions which, apart from providing higher incomes,

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<sup>1</sup>N. J. Polyzos, L'Emigration Grecque, Sirey, 1947, p. 53, cited by Filias, op. cit., p. 13.

<sup>2</sup>Economic Survey of Europe, U. N. Statistic Department, 1967.



provided them with greater comfort and higher social status. Belgium was the first country to reach the "limit," and consequently appeared as the first "buyer" in the Greek labor market--a market which had "reserves" of unused and underemployed manpower.

It is reasonable to think of Greece as a developing country. As such, the agricultural sector has an important role in her economic life. As noted earlier, changes in this sector had occurred, and what is more important, the land had been more equally distributed.<sup>1</sup> But demographic pressure on the land increased due to the expanding population. This type of situation could be expected to lead to agrarian underemployment and/or emigration. The migration from agriculture would be mainly internal if the rates of growth of the non-agricultural sectors were high enough to absorb the unemployed from the agricultural sector. That was not the case. The big cities were the first receivers of the unemployed.

Some were lucky when they moved to the city. It has been estimated that between 1951 and 1961, 47 percent of the newcomers were able to find jobs in trade professions, transportation and general services. In addition to that, 7 percent were employed in "non-specified" jobs. In total, only 55 percent of these inland emigrants were employed, and all of them in the tertiary sector of the economy. The industrial sector could not absorb them because during this period it did not develop fast enough to employ additional people over and above those it was employing in 1951. Actually, the census of 1951 showed that 450 thousand persons (14.2 percent of the economically active population) were employed in industry and handicrafts,

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<sup>1</sup>It should be noted that of the total area of the country, only 29.5 percent is arable land.

in comparison with the 1961 figure which showed that 484 thousand (13.2 percent of the active population) were employed in the same activities.

The rest of the people who left agriculture were not fortunate enough to find jobs. Many of these people left the country. They left because they could not find work in the cities and because they were quite well informed about existing conditions abroad. As earlier stated, this period was characterized by its organized structure. Agents were there to lure the unemployed. The procedure was not an overwhelming problem anymore. A few months of language lessons and the "promised land" was ready to accept the immigrants.

The cities were growing very rapidly, but not on a healthy basis. The desire of the people to reach the standard of living of the more developed countries kept consumption high, at the expense of developing industry, which required savings. Savings were not available from the domestic economy. We mentioned earlier that the annual compound rate of growth of the National Income was 6.0 percent for the period 1952-1966. For the same period the rate of growth of consumption was 5.0 percent yearly. The margin between these two rates, although it allowed high percentage growth of savings, in absolute terms it was restrictive for the development of the country. Savings were required.

From the above discussion it would be reasonable to assume that emigration was the result of high unemployment. In other words, the unemployed who could not find a job in Greece would try the labor markets of foreign countries. However, this is not what many Greek economists think. They claim that part of the emigrants belonged to the working population that were lured by the higher wages offered in other countries. The prospect of 'making

lots of money' in a few years and come back home with a 'significant amount of savings' was their cause of emigration. They also claim that these emigrants were skilled men and their loss pulled down the domestic production. In the words of one Greek economist "...during these last two years a new category of emigrants has appeared. These are the emigrants whose departure and consequent loss make economic development in Greece problematic, if not impossible altogether. These emigrants are the trained workers and technicians who earn quite a good salary in Greece, but who earn even more abroad, thus being able to form a capital of their own."<sup>1</sup> If this is true, then the task of evaluating gains and costs for Greece becomes even more complicated. Before looking into this, we can infer that the basic reasons behind that wave of emigration were poverty, unemployment, uncertainty about the future and wage differentials.

Now we can look in some detail at the economic advantages and disadvantages to Greece of the emigration. From the economic point of view, the first comparison between gains and losses has to be with respect to the output. As C. P. Kindleberger puts it, "The movement of labor abroad does not purely and simply stimulate economic growth. There are losses, economic as well as social and political. One possible source is the loss of output, to be set off against in emigrants' remittances and reduced consumption."<sup>2</sup> Whether there is an actual loss of output or not depends on whether or not the emigrants were previously participating in the production process. If we

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<sup>1</sup>Vassilis Filias, "The Emigration of Greek Workers to Western Germany and Its Consequences," Koinoniologiki Skepsi, Vol. I, No. I, January, 1966, pp. 117-124, reprinted in Essays on Greek Migration, Social Science Centre, Athens, 1967, pp. 131-132.

<sup>2</sup>C. P. Kindleberger, Europe's Post-War Growth, Harvard University Press, 1967, p. 89.

accept that part of them who were indeed employed then we could expect some loss of output. In any way, these people before leaving were consuming. So we can say that the production of consumer goods was reduced (at least for the domestic market). Savings could be realized. Now whether these savings were used for capital formation and/or how productively were invested, remains to be seen. We will come back to this point after we consider first another undisputable source of savings, namely the remittances of the emigrants.

Whatever the case might have been, the emigrants' remittances for Greece represented a higher return to labor that could be previously earned. In his new job, the emigrant was used with larger amounts of capital and thus his productivity was raised enough to provide him with an income that would allow saving to take place. In most cases, these savings would be sent home as remittances. As a rule, these remittances would be sent for a special purpose, such as to purchase an apartment, a house, a farm or a fishing boat. By their very nature, these remittances have a higher than normal marginal and average propensity to be saved and at the same time their use raises some questions about their productivity. Considering now both sources of savings together, i.e., savings from the reduced consumption and the remittances<sup>1</sup> some doubts may be raised with respect to their importance to the economic growth of Greece. Kindleberger recognized this, saying

"The savings may be invested in ways which contribute very little to economic growth. This does not refer to the proximate investment by the emigrant in an existing farm, house, or store, since if he purchases an existing asset, what counts is the use made of the funds by the seller. But if new capital is formed in lines of low productivity--house construction as a whole or building new fishing boats in an already over-fished area--the contribution of remittances to growth is small."<sup>2</sup>

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<sup>1</sup>It is appropriate to consider them together because the strong family ties that exist in the Greek society usually lead to common savings for all the members of the immediate family.

<sup>2</sup>Kindleberger, op. cit., pp. 93-94.

The question is not if these remittances helped the Greek economy at all but how much did they contribute to its stability and growth.

It is enough to take a look at the Greek Balance of Payments to realize that without the support of invisible funds (about a quarter of which are due to transfers made by emigrants) the Greek monetary equilibrium, as well as the process of Greek development, would have been disrupted long ago.

If we chose to consider, as an example, the Balance of Trade in 1964, we would find a deficit of about \$520 million. This deficit was partly met by some \$350 million representing the surplus of the invisible funds balance. The rest of the deficit, of about \$170 million, was met by foreign assistance and foreign capital for which the Greek government had to ask. These figures do not tell us much unless we take a close look, and then we would see that the value of imports was \$831 million, of which only \$181 million represented capital goods. The imports went to satisfy the needs of the domestic market consumption. From these imports, \$136 million was the value of luxury items. If we add to this the figure \$32 million for payments of travel currency, we have \$168 million for payments of imported luxury items and for foreign travel. This amount exceeds already the collections from emigrant transfers.

From the above discussion it is evident that the transfers from emigrants undoubtedly helped the Greek economy by adding to "savings." The problem is, however, that these savings were not used productively; they were used largely to finance consumption. As long as this wasting of resources persists, Greece will be adding years to the time needed to economically match the "developed" countries. As P. Merlopoulos said, "This

excessive consumption orgy may possibly be admissible in other countries, but in Greece it is an insupportable challenge."<sup>1</sup>

We should also cite two other favorable effects. First, many unemployed and underemployed had found jobs, and thus provided their families with income. These people by choosing to migrate could live now above the subsistence level. This step was not an easy one for a Greek. Cultural reasons have kept the mobility of the Greek labor force relatively low. We can assume with certainty that his decision to leave the country involved great pains. The fact, however, that the decision was finally made, indicates that the benefits from being employed, even in a foreign country, were more than enough to compensate for whatever the costs of this decision were. It is also important to note that the emigrant, in deciding to leave his country temporarily, did not only consider the short-run economic advantages of being employed with an income but he also projected in the long-run the possible benefits that could be derived from saving while working abroad. Possibly the psychological content of being economically independent in the future accounted heavily in his decision. His situation can be compared with the years a student spends in educating himself in school.

Another favorable effect of emigration is doubtful. Some people argue that since the majority of emigrants are planning to return to Greece within five years "ad maximum", Greece could profit from the exploitation of their skills obtained in the more developed countries. The question, however, is, "Was any such skill gained while they were abroad?" This is a matter

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<sup>1</sup>P. Merlopoulos, "Emigration in Greece During the Post-War Years," *Nea Oikonomia*, No. 12, December 1965, pp. 979-984; reprinted in Essays on Greek Migration, Social Sciences Centre, Athens, 1967, p. 44.

which calls for closer attention. Some people who have studied the problem, as P. Merlopoulos, call it a "fairy tale." In his study, Merlopoulos argues that

In these countries the principle of division of labor which prevails in their factories makes it impossible for emigrants to become technically trained; they are being turned into automatons and machine implements, while if they are employed in building, they use knowledge which they have already acquired or which they could gain in their own country as well.<sup>1</sup>

The truth must lie somewhere between these views. My belief is that although not much skill is being obtained, the returned emigrants will have learned how to work under discipline, which would seem extremely important for the healthy operation of any business, and which is lacking in the nature of the Greek people. It is my opinion that the returned emigrants will contribute to the better organization of Greek businesses.

As one more favorable effect of the emigration, we could mention Charles P. Kindleberger's view, which is that emigration has benefited Greece by urging entrepreneurs to rationalize.<sup>2</sup> The entrepreneurs facing a full employment situation had to find ways of utilizing labor in better and more productive ways. The new plans required more investment and this was an improvement on two scores: the increase in the capital/labor ratio and the improvement in the quality of the capital, since new technology was imported. The increased productivity of the workers helped their incomes to rise. These changes would probably have taken place only in later periods if emigration had not put a threat to the entrepreneurs.

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<sup>1</sup>Ibid., p. 48.

<sup>2</sup>Kindleberger, op. cit. p. 103.



It is also interesting to see how emigration, not only Greek, affected the receiving countries in the post-war years.

Many times when people refer to the development of the western European countries after World War II, they call it "post-war miracle." Some have attributed it to the advantages of the capitalist system, some to the inherited qualities of the people, and some to the willingness of these people to come back in the economic growth race and again be among the world's leading nations. Whatever the reason behind this extraordinary development, we cannot neglect the fact that western Europe has employed over twenty million foreign workers from neighboring central European and Mediterranean countries during the last twenty-five years. Thanks to these people (emigrants and refugees) salaries have been maintained lower than otherwise (and at a level far below the U.S. level) which enabled these countries to proceed fast with the post-war reconstruction, without facing the problem of inflation in the second post-war period. Thanks to these same people, the domestic markets of the western European countries have become wider, as well as their own foreign market, since the transfers of the emigrants are spent mainly on imported products from western Europe. This is not all emigration has contributed to the post-war miracle. Low salaries mean high profits to the firms and high profits mean more investment. This investment attracts more immigrants, and the cycle starts again.

It is evident that countries of emigration have contributed to the western European economic "miracle." It is not surprising that one-fourth of the total labor force of Switzerland are foreigners, while the Belgian mines have become a real Tower of Babel. Migration in general, involves costs for both countries; the 'home' and the receiving country. Only that



in the latter, the benefits from immigration are perhaps more apparent.

Some of the outstanding students of migration agree on that. Kindleberger states "...Cheaper labor fed economic growth by holding down wages, relatively at least, and maintaining high rates of profit, investment, and expansion."<sup>1</sup>

Brinley Thomas summarizes the benefits of the receiving country saying that "The various ways in which an inflow of migrants may benefit the economy of a country can be reduced to a few elements: ...the impact on the labor market, the supply of first-class brains, the utilization of natural resources, the quality of enterprise, capital formation and real income per capita."<sup>2</sup> And finally Oscar Handlin concludes, "That immigrants made positive contributions to their receiving countries was almost platitudinous. The mere fact that these movements of population were tolerated and in many instances even encouraged, was a prior indication that their hosts considered their services valuable."<sup>3</sup>

This completes the discussion of economically favorable effects of emigration. Now we consider the unfavorable effects.<sup>4</sup> From Table 1, we

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<sup>1</sup>C. P. Kindleberger, "Mass Migration, Then and Now," Foreign Affairs, Vol. 43, No. 4, July, 1965, p. 647.

<sup>2</sup>Brinley Thomas, "The Economic Aspect," The Positive Contribution by Immigrants, UNESCO, 1955, p. 166.

<sup>3</sup>Oscar Handlin, "Conclusion", The Positive Contribution by Immigrants, UNESCO, 1955, p. 189.

<sup>4</sup>In a study made by Professor A. T. Angelopoulos, he states that, "If the workers that have gone abroad during the past eight years were being used in a productive way in this country (that is, if the necessary conditions for employment were available in Greece), the Greek national income would have increased by 5 billion dollars during the last five-year period. This would have meant that the national income would be double the actual figure." "The Anatomy of Emigration in Greece," Nea Oikonomia, No. 4-5 (232-233, April-May, 1966, pp. 298-302; reprinted in Essays on Greek Migration, Social Sciences Centre, Athens, 1967, pp. 3-4.

can see that more than 80 percent of the emigrants belong to the age group 15 to 44. This means that the bulk of emigrants was constituted by the young and healthier members of the Greek labor force. At that time, these people (or most of them) were not employed and thus there was no significant output lost. Also, taking into account the fact that most emigrants plan to return within a few years, this manpower will be available again if needed. However, if one takes a pessimistic view with respect to how soon Greece will be able to employ these people then they can be considered permanently 'lost'. If not for anything else, the damage was done on the distribution and composition of the Greek population. If we consider the fact that most of the emigrants came from certain, economically more depressed, regions of the country, then the picture of desertion of these areas, which already has appeared, will be magnified in the future. Considering the low mobility of the Greek people, it is doubtful if new people will be attracted to those areas even if the government undertakes investment projects for these particular areas.

With respect to the composition of the population the immediate effect was a distortion of the age and sex proportions in the Greek society. The typical emigrant was male and young, which means that the relative proportions of female, older people and babies were increased. Apart the immediate problems that were created by this, a possibly drastic decline in the population growth can be expected through the next generation period which may be a time when Greece will need mostly young and capable workers. It is highly improbable that Greece will then be able to attract back any of the people she lost in the past. This argument should be viewed mainly with respect to the demographic situation and not necessarily with the sociological impact

of emigration, since the opposite--people remaining unemployed in the country--could have created worse results.

A point which is very often brought up as an unfavorable effect to Greece is the loss of the investment that the country has made on these workers. It has been calculated that approximately \$6,000 have been invested by the Greek economy for the education and living expenses for each workman. Or an investment of more than \$4.5 billion has been 'exported' and is working temporarily for foreign economies. The matter of the fact, however, is that this investment would not be working in Greece in the first place, since these people were mostly unemployed. On the other hand, the remittances that emigrants send back home represent a higher return to this investment than could be otherwise earned in Greece. Apart from that, there are more funds now available for other purposes than financing the consumption of these individuals. Proper use of these funds along with the remittances could prove to be of crucial importance for the further development of Greece. With respect to this point, Kindleberger says, "The young people exist and we need to apply to them not 'real cost' but 'opportunity cost' analysis. What is the most effective use to make of existing labor, to employ it abroad or leave it unemployed at home; or, if there are job opportunities at home, to employ it at home with a small amount of capital or abroad with more?"<sup>1</sup>

At the present stage of economic development in Greece, there is an urgent need for the industrial sector to grow. Investment is required. To provide investment, savings and foreign exchange are indispensable. A

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<sup>1</sup>C. P. Kindleberger, Europe's Post-War Growth, op. cit., p. 99.

major source of savings and foreign exchange is the agricultural sector. But with the existing technological conditions in Greece, a plan to increase substantially the agricultural output would require a very large increase in the demand for working hands. The nature of the land as well as the quality of the products in many cases makes the replacement of labor by capital impossible.<sup>1</sup> As a matter of fact, the agrarian policy of the State is to replace the "extensive cultivations" (cereals, etc.) by "intensive cultivations" (tobacco, cotton, etc.) which require increased number of working hands that are not available. Also, in connection to this, it should be mentioned that the 'terms of trade' may deteriorate for Greece. This will be the result of higher wages, especially in the agricultural sector where most Greek exports are coming from. From this standpoint the loss of the manpower has put additional constraints in the process of development.

Finally there is one more point to be made and that concerns a relatively small number of emigrants who nevertheless could be very productive and of great importance to the future of Greece. These are the scientists. People with university degrees, professionals who decided to work in other countries because of the inadequate facilities and poorer living standards that exist in Greece. True, these people in general were not previously employed in their own country. So the output was not reduced. But for them the opportunities existed and more important their skills were needed. They were mostly those who had the opportunity to study in a foreign university and as such they were supported for that period, with valuable to Greece foreign exchange.

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<sup>1</sup>Filias, "Emigration--Its Causes and Effects," op. cit., p. 29.

And as a rule, these are not the kind of emigrants who send money back home (possibly because they may belong to the wealthier families in Greece) and so they could be considered as a net cost to their country.

Given the distance that separates the Greek economy from those of Western Europe and the rates of growth with which these economies are growing, in the words of C. P. Kindleberger, "...it is difficult to calculate what Greek-European sectoral relationship would be sufficient to cut off the flow from the city abroad or initiate the return of emigrants."<sup>1</sup>

#### ECONOMIC BENEFITS VERSUS SOCIAL COSTS

As we mentioned in the beginning of this study, Greece has experienced emigration for more than a century. Emigration is nothing new for her. However, economic development and industrialization is new, and all potential factors, within the boundaries of the Greek culture, need to be utilized in order to help Greece to achieve her goal for the well being of her people. Manpower is essential to the economic development. A shortage of working hands in the future may slow down dangerously this process or even bring it to a halt. What I am afraid of is that emigration may continue (at lower levels, of course) after a full employment level is achieved, for the mere reason of the wage differential existing between Greece and more developed countries. This "new wave" of emigration, may prove to be quite serious for the development of Greece since it may attract people with skills necessary to her economy. In a small scale, this has already happened.

If we now ask the question "Was emigration a 'good' thing for Greece or not?", it is not easy to give a definite answer. Economically, it seems from the overall comparison of the favorable versus the unfavorable effects that emigration accelerated the rate of economic growth of Greece. If

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<sup>1</sup>C. P. Kindleberger, Europe's Post-War Growth, op. cit., pp. 106-107.

Greece had made better use of the remittances and the savings that occurred, then the results would have been even better. As we said earlier, however, emigration involved some social costs to the Greek people, which ideally could have been omitted if employment conditions were adequate in the country. People would be happier if they had the same opportunities in their own country. As an individual, the emigrant chose to leave after considering, on a private basis, the economic benefits versus the social costs of his decision. We should not forget that man is both an economic as well as a social being, and considering him as such, the Greek government should formulate policies to satisfy both of his qualities. In the present case, there is no contradiction in a policy which would increase the economic benefits to the individual in his country. Automatically, the social costs would be reduced. There is no need to say that such a policy involves itself many sacrifices and it is easier said than done. But it is the only policy that would make Greece a healthy and economically independent nation. Now that emigration is nearly over, and the people will soon start returning home, I think Greece has a major responsibility to her populace and to History not to neglect the chance that these same people will leave their country again if the employment conditions there are unacceptable. At this point we may add the warning C. P. Kindleberger made saying, "This, then, is the danger--that the mass migrant of today will become a man without a country, one who has left one life and finds that he cannot stay where he is and cannot go home again."<sup>1</sup> Furthermore, the returning emigrants can help the development of their own country if they can be employed productively.

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<sup>1</sup>C. P. Kindleberger, "Mass Migration, Then and Now," op. cit., p. 658.

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POST-WORLD WAR II GREEK EMIGRATION  
CAUSES AND EFFECTS

by

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AN ABSTRACT OF A MASTER'S REPORT

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This study seeks to examine the economic aspects of the Post World War II Greek emigration and in particular the effects of this emigration on Greece's effort to develop and reach the standards of living of the more economically advanced Western European countries.

During the period 1955 to 1968, more than 20 percent of the Greek labor force (census 1961) emigrated to the industrialized and rapidly growing Western European countries. In this light, the economic advantages to these countries from the participation of immigrants, in general, in their economic process are also briefly analyzed.

Greece, during the post-war years, achieved high rates of growth of national and per capita income. However, the rate at which Labor Productivity was growing did not allow for significant changes in the employment opportunities in the country. The failure of the industrial sector to expand fast enough to absorb the unemployed and underemployed from the agricultural sector was due to the lack of savings, since at the same time consumption was growing at rates which did not permit savings to reach a level at which unemployment could be reduced significantly. From this point of view, Greece failed to fulfill the goals of her people.

It was found that the reasons behind this mass movement of Greek labor were entirely economic; specifically poverty, unemployment, uncertainty about the future, and wage differentials between Greece and the receiving countries. It was also found that the costs of this emigration to Greece were mainly social and demographic. The fact that the bulk of emigrants was previously unemployed explains the absence of any serious economic loss. On the other hand, the benefits to the Greek economy were substantial in terms of savings, remittances and entrepreneurial rationalization. Acquired skills by the emigrants may also prove to be helpful in

the future to the Greek economy, in case these emigrants return to Greece, as their intentions were found to be.

Finally, an overall comparison of the favorable versus the unfavorable effects to Greece from this emigration is attempted at the end of this study. As far as the economic aspects are concerned, it seems that it was to the benefit of Greece. However, such a statement about the general welfare of the country could not be made with certainty because of the intangible social costs involved in this emigration.