

UNIVERSITY OF CALIFORNIA SAN DIEGO

State Expansion and Economic Integration: A Transnational History of Oriental Tobacco in  
Greece and Germany (1880-1941)

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in

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by

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Chair

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## TABLE OF CONTENTS

Signature Page .....	iii
Table of Contents .....	iv
List of Abbreviations .....	v
Glossary of Terms .....	vii
Note on Transliteration and Translation .....	x
Acknowledgements .....	xi
Vita .....	xiii
Abstract of the Dissertation .....	xiv
I. Introduction .....	1
II. Historiographical Review .....	18
III. Greek Ottoman Businessmen in Germany and the Creation of a New Market .....	35
IV. Interwar Étatism and Oriental Tobacco .....	90
V. Agricultural Production .....	133
VI. Primary Purchasing .....	197
VII. Commercial Processing .....	219
VIII. Export Trade .....	248
IX. Conclusions .....	284
Appendix A: Tables .....	292
Appendix B: Graphs .....	351
Appendix C: Illustrations .....	386
Appendix D: Maps .....	399
References .....	404

## LIST OF ABBREVIATIONS

- ABG: Agricultural Bank of Greece (Αγροτική Τράπεζα της Ελλάδος)
- AS Trieste: Archivio di Stato Trieste (Trieste State Archive)
- ASCSA-Genn.: American School of Classical Studies at Athens, Gennadius Library
- ATC: American Tobacco Company
- BArch: Bundesarchiv Berlin-Lichterfelde (Federal Archive Berlin-Lichterfelde)
- BAT: British American Tobacco
- BIA: Business Interest Association
- BoG: Bank of Greece (Τράπεζα της Ελλάδος)
- DHAFM: Diplomatic and Historical Archive of the Foreign Ministry (Διπλωματικό και Ιστορικό Αρχείο Υπουργείου Εξωτερικών)
- GAK Drama: General State Archives (Γενικά Αρχεία του Κράτους) Drama
- GCC: Global Commodity Chain
- GCIA: German Cigarette Industry Association (Verband der deutschen Zigarettens-Industrie)
- GLA: Generallandesarchiv (General State Archive)
- GVC: Global Value Chain
- HIS: Hamburger Institut für Sozialforschung (Institute for Social Research, Hamburg)
- HSA Dresden: Hauptstaatsarchiv Dresden (Central State Archive Dresden)
- IAM: Historical Archives of Macedonia (Ιστορικά Αρχεία Μακεδονίας)
- IAPIOP: Historical Archives of the Piraeus Group Cultural Foundation (Ιστορικά Αρχεία Πολιτιστικού Ιδρύματος Ομίλου Πειραιώς)
- KKE: Communist Party of Greece (Κομμουνιστικό Κόμμα της Ελλάδος)
- LA Berlin: Landesarchiv Berlin (State Archive Berlin)
- LoC: Library of Congress
- NBG: National Bank of Greece (Εθνική Τράπεζα της Ελλάδος)
- NDA: No data available
- PAAA: Politisches Archiv des Auswärtigen Amts (Political Archive of the German Foreign Service)
- RSC: Refugee Settlement Commission
- SA Dresden: Stadtarchiv Dresden (Dresden Municipal Archive)

SSA Leipzig: Sächsisches Staatsarchiv Leipzig (Saxonian State Archive, Leipzig)  
SEKAP: Συνεταιριστική Εταιρία Καπνού (Cooperativist Tobacco Company)  
SEKE: Συνεταιριστική Ένωση Καπνοπαραγωγών Ελλάδος (Cooperativist Tobacco Producers' Union of Greece)  
TAK: Ταμεία Ασφάλισης Καπνεργατών (Tobacco Worker Insurance Funds)  
TM Kavala: Tobacco Museum of Kavala  
TMFG: Tobacco Merchant Federation of Greece (Καπνεμπορική Ομοσπονδία της Ελλάδος)  
TPPE: Tobacco primary processing equipment  
TRI: Tobacco Research Institute (Καπνολογικό Ινστιτούτο)  
VAT: Verband zur Abwehr des Tabaktrustes (Association for the Defense against the Tobacco Trust)  
Zitag: Zigarettentabakeinkaufsgesellschaft

## GLOSSARY OF TERMS

*A posteriori* opportunistic behavior: In economics, this term often refers to behavior that a party engages in, after agreeing on a contract, with the purpose of exploiting points in which the contract might not be sufficiently clear or detailed. Such behavior is often at the expense of another party included in the same contract.

Banderole: Method of taxing goods, usually tobacco products and alcoholic beverages. The manufacturer purchases stickers that are placed on the package in order to certify that the commodity has been correctly taxed.

Commercial processing: Stage in the industrial transformation of tobacco leaves. It takes place after the leaves have already undergone primary processing (see “Primary processing”). The packages produced at the stage of primary processing are opened and taken apart. The leaves are classified in different categories according to a varying range of criteria, and repackaged in a way that preserves them for a longer period of time. There are multiple methods of commercial processing.

Value chain: My use of this term fits into the definition of commodity chain that Hopkins & Wallerstein propose: “a network of labour and production processes whose end result is a finished commodity.”<sup>1</sup> I use the term “value chain” instead of “commodity chain” in order to better convey the importance of auxiliary services of different kinds (finance, marketing, research), which do not directly contribute to the material transformation of the commodity. The three components of a value chain are input-output structure, territoriality and governance structure (see “Input-output structure,” “Territoriality” and “Governance structure”).

Community: Since 1912, the smallest administrative division possible in rural Greece.

*Dexēs* (pl. *Dexēdes*): In the commercial processing of tobacco (see “Commercial processing”), the worker in charge of classifying the leaves. The *dexēs* was usually a man. He received a higher wage than the other members of the group, who would just arrange the leaves of the same category to form a bale. These workers were known as *pastaltzēdes*. Each *dexēs* was assisted by one to three *pastaltzēdes*.

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<sup>1</sup> Hopkins & Wallerstein, “Commodity Chains in the World-Economy,” 159.

*Drang nach Südosten*: From the early twentieth century onwards, this term has referred to the intensification of Germany's economic, cultural, and diplomatic interactions with southeastern Europe.

Foreign direct investment: Strategy for the internationalization of a firm. The firm purchases either productive infrastructure, either stock in firms in a different country.

Governance structure: Power relationships between economic actors (firms, workers, regulatory bodies, consumers, etc.), which determine the allocation of resources and profits within the value chain.

Input-output structure: Products and services that are combined to produce a commodity, and bring it to its final consumer.

Key actor: Within the governance structure (see "Governance structure"), an actor (firms, workers, regulatory bodies, consumers, etc.) that is able to exert considerable power over other actors, i.e. shape other actors' decision-making. The literature on value chains often uses the term "key firm," but I use "key actor" in order to include entities other than firms that can also exert power within the governance structure.

Monopsony: Market characterized by the presence of one firm that buys either all, or almost all products available.

New Lands: Territories that Greece annexed between 1912 and 1920: Epirus, Macedonia, western Thrace.

Old Greece: Greece's territories before 1912.

*Pastaltzēs* (pl. *pastaltzedēs*): See "*Dexēs*."

Primary Processing: Drying and packaging of tobacco leaves soon after harvesting. In the case of Oriental tobacco, this process would usually take place at the peasant family's house. There are multiple methods of primary processing.

Primary purchase: Purchase by a merchant of tobacco leaves directly from the producer, as opposed as from another merchant.

Stakeholder: Individual or group of individuals that has an interest in the correct functioning of an organization. Such organization can be a concrete institution, a market, or a



whole industry. In the case of the Oriental tobacco value chain, producers, workers, businessmen, regulatory agencies, scientists and consumers are some of the main stakeholders.

**Territoriality:** Spatial distribution of the value-adding activities that form a value chain. See “value chain.”

*Tonga:* Method of commercial processing where tobacco leaves of different qualities are placed together in the same bale. Unlike with other methods, the inspection of the product is not easy after the packaging has been completed, since the whole bale is wrapped. Compared with other methods that were popular in the interwar period, the *tonga* was less labor intensive, and did not preserve the quality of the tobacco leaves as effectively. From the point of view of the tobacco merchant, its main advantage was its lower cost.

**Transaction costs:** In economics, the term refers to the cost involved in searching for a good, negotiating the transaction (price, time and conditions of delivery, etc.), and ensuring that the transaction takes place as expected. One typical form of reducing transaction costs is internalizing transactions through vertical integration (see “Vertical integration”). Regulations imposed by a third party can also help reduce transaction costs.

**Upgrading:** Improvement of the position of an actor, or group of actors, within a value chain (see “Value chain”). According to Humphrey and Schmitz, there are three types of upgrades: process upgrades (working more efficiently), product upgrades (making goods of higher value), and functional upgrades (entering new functions within the value chain).<sup>2</sup>

**Vertical integration:** The process by which a firm expands its activities either upstream the value chain (i.e. closer to the production of raw materials), or downstream, i.e. closer to the final consumer. A manufacturer of cigarettes, for instance, can buy land and grow its own raw material, or open stores to sell directly to the final consumer, without the need to intermediaries. See “value chain.”

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2 Humphrey & Schmitz, “How Does Insertion in Global Value Chains...?”

## NOTE ON TRANSLITERATION AND TRANSLATION

In this text, the reader will find a variety of Greek words, mainly names of persons and places, as well as common nouns. In the cases when I encountered the name of a Greek person in a non-Greek (usually German) text, I have reproduced the name as it appeared, since it is already written in Latin script. In the case of individuals mentioned in Greek sources, I have followed the transliteration guidelines of the Library of Congress. Some family names appear in both Greek and German sources. In those cases, I have assumed that the Latin-script version in the German source was the preferred form of transliteration that those families preferred. I have therefore used the German version throughout the text. For the names of places, I have used the ones that are most common today in English (e.g. Salonika, Istanbul). For the places that do not have a common English name (e.g. the village of Chryssa), I have also used the LoC guidelines. In verbatim quotations of primary sources, I have reproduced place names as they appear in the source. If the name by which the place is known today has changed, as is the case with Pravi (today Eleftheroupoli), I provide a footnote for clarification.

I have limited the use of common nouns in Greek to what I consider strictly necessary, as I prefer translation as the by-default option. Whenever a word central to the narrative has no translation in English, such as in the case of technical terms related to tobacco packaging, I have transliterated from Greek as well, again using the LoC's guidelines. The titles of referenced works, as well as the name of their authors, appear in the original Greek script. So do the words for which I provide an English translation as soon as they appear in the text.

All direct quotes from primary sources that appear in English are my own translations.

## ACKNOWLEDGEMENTS

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Multiple parts of this dissertation saw the light first as conference and seminar papers. The chance to present these parts to a scholarly audience, but also just the pressure of having to meet a deadline and get the paper written, contributed greatly to the completion of this project. I am therefore thankful for the work of the organizers of the conference *Doing Business across Borders* at the Hagley Library and Museum; of Dimitris Stamatopoulos in organizing *Balkan Worlds III: Power Networks in the Imperial and Post-Imperial Balkans* at the University of Macedonia; of Maria Georgopoulou in organizing the work-in-progress seminar series at the Gennadius Library. To this list also belong the scholarly associations in whose conferences and

seminar series I presented: European Business History Association, Modern Greek Studies Association, and Greek Economic History Association.

I am particularly grateful to Winfried Müller for hosting me as a DAAD fellow at the Technical University of Dresden. Presenting at the *Kolloquium* that his chair organizes, especially at the early stage in which my project still was at the time, was a very valuable experience. Last, but not least, I would like to thank the faculty of UC San Diego with whom I have had the chance to work. Here I include both the committee members and all the professors with whom I have taken courses as a graduate student. They all have contributed in one way or another to either the conception of this project, or its materialization into a text, or both. My advisor Thomas Gallant deserves a special mention. Without his input, I would have probably been unable to assemble all the ideas and pieces of evidence gathered throughout years of research into a coherent narrative.

The usual disclaimer about errors applies.

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## ABSTRACT OF THE DISSERTATION

State Expansion and Economic Integration: A Transnational History of Oriental Tobacco in Greece and Germany (1880-1941)

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This dissertation analyzes the changes that the tobacco trade between southeastern Europe and Germany underwent from the late nineteenth century, until the beginning of World War II. Such changes affected the distribution of economic activities across geographic space, the types of actors involved in these activities, and the labor processes that were necessary at each node of the commercial chain. I argue that these developments were concrete manifestations of two broader, inter-related historical processes that took place in the 1920s and 1930s: the expansion of Greek state authorities into new areas of economic life, and the integration of Greece into a trading bloc with Germany at its center. I also argue that these historical processes had far-reaching effects on the lives of Greek peasants, urban workers, and

merchants, as well as on the relationship between the Greek state and its population. By focusing on a specific transnational commodity, this dissertation adds to our understanding of how the processes of economic integration and internal expansion of state power manifest themselves in the material and spatial dimensions of production and trade.

The evidence presented here has been drawn from archival material produced by banks, state agencies, and tobacco companies. There are also abundant references to Greek legislation, as well as published sources such as press articles and journals specialized in the tobacco industry. The evidence has been weaved into a coherent narrative through the use of conceptual tools drawn from the literature on commodity chains and value chains.

# I.

## Introduction

On December 1, 1896, tobacco merchant Demetrius Sofiano was fined 20 marks for illegally selling carpets in Dresden. He was registered with the local authorities as a tobacco merchant, not as a carpet seller.<sup>3</sup> For a small-time businessman like Sofiano, who specialized in tobacco from the Ottoman empire, it was probably difficult to resist the temptation of buying carpets on one of his trips, and selling them in the Saxonian capital. Only a few years later, tobacco merchant Zachos Athanasios Zachos (sic) received a fine for the same violation, in the same city.<sup>4</sup> In 1936, i.e. forty years after Sofiano's unpleasant interaction with Dresden's authorities, a high-ranking executive of Germany's largest cigarette manufacturing concern, the Reemtsma group, traveled to Greece. His purpose was to discuss the details of an agreement regarding the delivery of Greek tobacco to Germany. His interlocutor was Emmanuel Tsouderos, director of Greece's central bank, the Bank of Greece.<sup>5</sup>

Between 1896 and 1936, tobacco trade between the eastern Mediterranean and Germany had undergone considerable change. Until the Balkan Wars (1912-13), the Ottoman empire had been by far the most important exporter of the region's characteristic tobacco variety, Oriental tobacco. After the Kingdom of Greece's annexation of Macedonia and western Thrace, the small state took over the first position in the ranking of Oriental tobacco exporters, followed by Turkey and Bulgaria. Before World War I, most Oriental tobacco arrived in Germany through the Trieste-Dresden railway route (Map 1.01), imported by merchants like Sofiano and Zachos. In contrast, by 1936 the Reemtsma group had become the largest absorber of this raw material.

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3 Inspektion des v. Stadtbezirks to Gewerbeamt, 1896, 2.3.9 Gewerbeamt A, Bürger- u. Gewerbeakten, folder S.10846, item 7, SA Dresden

4 Inspektion des v. Stadtbezirks to Gewerbeamt, 1899, 2.3.9. Gewerbeamt A, Bürger- u. Gewerbeakten, folder Z.0059, items 4-5, SA Dresden

5 Memorandum betr. die am 29 Oktober, 31. Oktober und 2 November 1936 bei der Banque de Grece in Athen geführten Besprechungen über den Drachmenbedarf der Firma H. F. und Ph. F. Reemtsma in Altona - Bahrenfeld, 1936, A3 Emmanouil Tsouderos Papers, item S1Y2F116T3, BoG.



Reemtsma would source its tobacco leaves directly from the eastern Mediterranean, not from middlemen established in Germany. The size of Reemtsma's business in an export commodity of vital importance for the Greek, Turkish, and Bulgarian economies gave its executives access to corridors of power that Sofiano and Zachos most probably never imagined.

In 1936, Kurd Wenkel and the leadership of the Bank of Greece negotiated the conditions under which the Bank would facilitate Reemtsma's access to Greek currency. The German concern needed drachmas to finance its purchasing program for the following season.<sup>6</sup> Receiving special treatment from the Bank of Greece was no small matter in the 1930s. At that time, governments systematically used the tap of foreign exchange to manipulate import and export flows. From the point of view of Greece's policy makers, making sure that Reemtsma would buy large amounts of tobacco every year was a matter of the highest priority. No other market actor would buy comparable quantities of Greece's most important export commodity.

In this dissertation, I analyze the changes that the tobacco trade between southeastern Europe and Germany underwent from the late nineteenth century, until the beginning of World War II. To be more specific, I discuss Ottoman-German trade in the pre-WWI period, and Greek-German trade in the interwar years. The changes that I study affected the distribution of economic activities across geographic space, the types of actors involved in these activities, and the labor processes that were necessary at each node of the commercial chain. I argue that these developments were concrete manifestations of two broader, inter-related historical processes that took place in the 1920s and 1930s: the expansion of Greek state authorities into new areas of economic life, and the integration of Greece into a trading bloc with Germany at its center. I also argue that these historical processes had far-reaching effects on the lives of Greek peasants,

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<sup>6</sup> Memorandum betr. die am 29 Oktober, 31. Oktober und 2 November 1936 bei der Banque de Grece in Athen geführten Besprechungen über den Drachmenbedarf der Firma H. F. und Ph. F. Reemtsma in Altona - Bahrenfeld, A3 Emmanouil Tsouderos Papers, item S1Y2F116T3, BoG.

urban workers, and merchants, as well as on the relationship between the Greek state and its population.

The internal expansion of Greece's state power and the emergence of a German trading bloc in southeastern Europe during the interwar period are by no means novel subjects of historical inquiry. However, we still lack a detailed picture of how these two developments were connected to each other. We also know little about their concrete manifestations in the materiality and geography of work. By focusing on a transnational commodity, this study fills these gaps in our knowledge. Following Oriental tobacco from the point of agricultural production to its purchase by cigarette manufacturers will reveal what economic integration and state formation looked like for those who produced, advertised, studied, traded, and regulated this commodity. For hundreds of thousands of peasants in northern Greece, for instance, requesting a permit to grow tobacco was virtually the only reason why they would interact with state officials on a yearly basis. For the urban workers in charge of processing and packaging the leaves for export, the rise of Germany as the largest consumer of Greek tobacco caused changes in the labor process that ultimately resulted in the loss of many jobs and the deskilling of the remaining ones. The affected workers turned to the state, demanding welfare programs that could alleviate their economic plight. At the same time, new economic activities in the areas of scientific research and advertising appeared as a result of the evolution of the international tobacco market.

In this dissertation, I provide an integrated analysis of different stages of the long process that ultimately results in the production of a cigarette. In doing so, I pay special attention to the economic actors that were relevant at each stage of the process, regardless of whether they are located in the exporting or importing country. This exercise in transnational history looks closely at the largest exporter and importer of Oriental tobacco in the interwar period. Such perspective

allows this dissertation to be in in dialog with three bodies of historical literature. The first one is the historiography on commodities, to which this study contributes with a case study. The second one is the economic historiography on Greece, and specifically its tobacco industry. Despite the important position of Oriental tobacco within the Greek economy for much of the twentieth century, historians have focused on very few themes related to it, mainly labor conflict and the impact of the industry on the urban landscape. The third body of literature is the historiography on the intensification of Germany's economic, cultural, and diplomatic interactions with southeastern Europe in the interwar period. German historians often refer to this phenomenon as *Drang nach Südosten*.<sup>7</sup>

In chapter 2, I will review the historiographies within which my study fits. I will also discuss in further detail the gaps in the existing historical knowledge that I hope to fill. In the remainder of this introductory chapter, I provide some necessary background information about what Oriental tobacco is, and how it has factored in the economic histories of the eastern Mediterranean and Germany. I then justify the chronological, geographic, and thematic scope of the dissertation. I conclude the chapter with an explanation of the theoretical choices that have informed this research project.

### **What is Oriental Tobacco?**

The plant that we refer to as tobacco belongs to the genus *Nicotiana*. Within that genus, there are approximately seventy species. The two species that are commonly grown for commercial purposes are *Nicotiana tabacum* and *Nicotiana rustica*.<sup>8</sup> Within each species there are countless varieties, each with different properties. Differences stem from the genetic stock of the plant, as well as soil and climate conditions. Furthermore, the techniques that the farmer uses

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<sup>7</sup> An example of the scholarship that uses this term is Freytag, *Deutschlands »Drang nach Südosten«*. The term can be translated into English as *yearning for the southeast*, or *thrust toward the southeast*.

<sup>8</sup> Hanafin & Clancy, "History of Tobacco Production and Use," 2-4.

to produce, dry, and package his tobacco add more layers of complexity to the formation of its properties. The characteristics of each tobacco variety determine its suitability for different forms of consumption, whether as cigars, cigarettes, pipe tobacco, snuff tobacco, or chew tobacco.

Among the various subtypes of *Nicotiana tabacum*, we encounter one known as Oriental tobacco. Within this category fall a number of tobacco varieties that grow in the eastern Mediterranean. In comparison with American and European varieties, Oriental tobacco has a mild taste, which results from its low nicotine content and its richness in fats, sugars and resin.<sup>9</sup> The Ottoman Empire was the only significant exporter of Oriental tobacco until the early twentieth century. In the interwar period, most of the world's production of Oriental tobacco was concentrated in Turkey, Bulgaria, and Greece. Of these three countries, Greece had both the largest production, and the largest share of the international Oriental tobacco market. That is no longer the case. Today the Republic of Turkey is the uncontested leader in Oriental tobacco production and exports.<sup>10</sup> Germany would not become a significant importer of Oriental tobacco until late in the nineteenth century. However, in the interwar period it became the largest consumer of this variety. Today an important percentage of all the cigarettes sold around the world, including Germany, only contain a small amount of Oriental tobacco, mixed with other varieties. In interwar Germany, in contrast, cigarettes were made almost exclusively of Oriental tobacco.

The consumption of tobacco started to spread in the Ottoman empire in the seventeenth century.<sup>11</sup> By the eighteenth century, long before the popularization of the mass-produced cigarette, tobacco was among the commodities exported from Macedonia to Europe and north Africa. According to Svorōnos, the most common destinations were Italy, Egypt and, to a lesser

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<sup>9</sup> Assaël, *Der Orienttabak*, 25-27.

<sup>10</sup> Gültekin Karakaş, "Market-Oriented Transformation of Tobacco," 75.

<sup>11</sup> Quataert, "Introduction," 4.

extent, Marseille.<sup>12</sup> In the late nineteenth and early twentieth centuries, Oriental tobacco played a pivotal role in the transition from subsistence polyculture to export-oriented monoculture in many rural areas of the Ottoman empire, and later on in those of Turkey, Bulgaria, and Greece. Tobacco trade thereby facilitated the integration of the region into the capitalist world-system, and mediated a series of social and political transformations at the national level. In the interwar period, multiple aspects of the economic policies of Greece, Turkey, and Bulgaria were deeply influenced by the imperative to secure export markets for Oriental tobacco, protect the income of tobacco producers, and optimize the collection of taxes on the crop.

At the other end of the commercial chain were the cigarette industries of multiple countries, most notably of Germany and, in second place, the United States. The German cigarette industry had a unique relationship with Oriental tobacco. German manufacturers depended on tobacco imported from the eastern Mediterranean. Since the late nineteenth century, German smokers of cigarettes preferred the flavor of Oriental tobacco to that of varieties more popular in most European countries. This circumstance made geopolitical changes in the eastern Mediterranean particularly relevant for the development of the German cigarette industry. In the interwar period, the German demand for Oriental tobacco would acquire salient diplomatic dimensions. The German government took advantage of the southeastern European need to export Oriental tobacco in order to open up export markets to German manufactures.

### **Scope of the Study**

Having presented the commodity on which this historical study will focus, it is time to justify the dissertation's chronological, geographic, and thematic scope. By looking at Oriental tobacco and the economic activities related to it, I explore the expansion of state authority in Greece and the economic integration of Greece into a Germanocentric trading bloc. The ultimate

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<sup>12</sup> Σβωρώνος, *Το εμπόριο της Θεσσαλονίκης*, 209-301.

goal is to explain how workers, peasants, and businessmen experienced these processes. There are good reasons to consider Oriental tobacco the right commodity for this endeavor. Oriental tobacco was Greece's most important export commodity in the interwar period. Therefore, the vitality of Oriental tobacco trade factored in broader political and economic issues in the country. Especially in the northern regions of Macedonia and western Thrace, tobacco exports were the engine of many local economies. Hence the focus of this dissertation on those regions. Areas such as Thessaly or the district of Agrinio, where tobacco was part of a comparatively more diversified economy and was destined in a larger proportion for domestic consumption, receive less attention.

At the other end of the commercial chain, the German cigarette industry was the largest consumer of Greek tobacco in the 1920s and 1930s. The territorial losses imposed on Germany at Versailles brought about a reorientation of Germany's geopolitical and commercial agendas. Southeastern Europe would gain importance as a source of raw materials for the German economy, and as a sales market for its manufactures. The international economic downturn of the 1930s accelerated the integration of this region with the German economy through a series of bilateral trade agreements between Germany on the one hand, and individual southeastern European countries on the other. In the cases of Greece, Bulgaria, and Turkey, Germany's purchasing of large quantities of Oriental tobacco was an important element of the new arrangements. Greece's dependency on the German demand for Oriental tobacco would shape the political and economic landscape in which policy makers and economic actors would operate. As far as Germany is concerned, I will pay special attention to Dresden and Hamburg, the two most important urban centers in the geography of the German cigarette industry.

Both Greece's étatist turn in the realm of economic policy and the country's integration into a German trading bloc took place in the interwar period. However, since Oriental tobacco

trade towards Germany had already taken off in the last decades of the Ottoman empire's existence, the period covered in this study starts in 1880. It is around that time that the first Greek Ottoman-owned cigarette factories opened in Dresden. The development of cigarette manufacturing in the city was accompanied by the establishment of multiple Greek Ottoman leaf trading firms until World War I. At that time, the areas that eventually became Greece's tobacco-exporting regions were still Ottoman territory. Greek Ottoman entrepreneurs made Dresden the center of the German cigarette industry, and Europe's most important Oriental tobacco market. After World War I, the existence of Greek Ottoman networks in the pre-WWI period would influence Greece's approach to the promotion of its tobacco overseas. In this sense, the Greek case differs from those of Turkey and Bulgaria, which had to create distribution networks for their tobacco almost from scratch.

Chapter 3 narrates the development of Ottoman-German tobacco trade from the late nineteenth century through World War I. It also tells the story of the ruptures caused by the war, and the establishment of a planned war economy in Germany. Chapters 4 through 8 focus on the evolution of tobacco production and trade between Greece and Germany. Chapter 4 presents a general picture of the evolution of the German and Greek economies and economic policies in the interwar period, paying special attention to the place of tobacco in them. Chapters 5 through 8 then analyze specific stages in the commercial chain, starting from agricultural production (chapter 5) and ending with the absorption of the tobacco by the German cigarette industry (chapter 8). I cover each stage separately for the sake of clarity, but I also make an effort to explain how developments in one stage influenced other those in other stages. For instance, the way in which merchants bought tobacco from the peasants (discussed in chapter 6) was influenced by the participation of the Agricultural Bank of Greece in the financing of agricultural production (discussed in chapter 5).

Since I am particularly interested in how the Oriental tobacco trade connected the Greek and German economies and societies, I have only approached cigarette manufacturing and consumption in Germany as explanatory variables. They do not feature in this dissertation as objects of historical interrogation.<sup>13</sup> Granted, these two aspects of the commercial chain also underwent significant changes in the interwar period. However, such changes were not related specifically to the tobacco imported from Greece. Whatever Greek actors might do with regard to tobacco trade towards Germany was of limited importance in terms of what, or how much, Germans would smoke. The commodity was also imported from Turkey and Bulgaria in large amounts. In the stages of the commercial chain that I do study, both Greek and German actors exerted significant influence in the interwar period.

The study ends in 1941, the year when Greece entered World War II. First the Axis occupation and then the postwar settlement reshaped the commercial chain to an extent that it became an object suitable for a different research project. The flooding of the western German market with American cigarettes, the exclusion of East Germany from the commercial flows coming from Greece, and the effects of the Marshall plan on Greek and German economic policy are some of the factors that one would have to take into account in that hypothetical project.

### **Theoretical Considerations**

The reconstruction and interpretation of how the production, transformation, and commercialization of tobacco changed over time has required the use of a variety of primary sources. Throughout the dissertation, the reader will encounter references to archival material produced by banks, state agencies, and tobacco companies. There are also abundant references to Greek legislation, as well as published sources, such as press articles and journals specialized in

<sup>13</sup> These topics have been covered in a variety of works. On the Nazi policies that targeted smoking, see Proctor, *The Nazi War on Cancer*. For a history of cigarette production and advertising in Germany, see Weisser, *Cigaretten-Reclame*. An analysis of tobacco consumption in Germany through the lens of cultural history can be found in Reichard, “Die Zeit der Zigarette.”



the tobacco industry. My choice of these sources has been primarily defined by what is available in archives, libraries, and online repositories. As a historian who is skeptical of the ideal of *letting sources speak for themselves*, I think of the process of selecting, reading, interpreting, and reporting on historical sources as a succession of theoretical choices, whether conscious or not. For this study, I have drawn a series of concepts from the from the so-called chains literature.

The conceptual tools proposed in the chains literature have allowed me to interrogate the sources, interpret the evidence contained in them, and weave such evidence into a coherent narrative. I do not claim, however, to have applied these theoretical constructs in a systematic fashion. I do not intend to formulate generalizable, testable theses about abstract notions such as trade, commodities, or economic policy. Instead, I use theory as a set of boxes in which to classify the fragmentary, unsystematic, at times even ambiguous information contained in the sources. Later in this chapter, I flesh out how I have operationalized the concepts that I have drawn from the chains literature. Before I do that, I now turn to discussing the value of commodities as objects of historical inquiry. This preliminary theoretical reflection is worthwhile for the purposes of framing the scope of the dissertation.

This dissertation is not a systematic application of Marxian theory. However, Marx' insight into the nature of commodities and their circulation has inspired my choice of tobacco as the thread that brings all the stories and actors in this dissertation together. In the first chapter of *Capital*, vol. 1, Marx defines a commodity as “an external object, a thing which through its qualities satisfies human needs of whatever kind.”<sup>14</sup> Commodities are also the embodiment of labor. They allow human beings to exchange labor by exchanging its concrete products. When commodities are exchanged, the transaction itself has the appearance of being determined by the properties of the commodities, when in fact “[i]t is nothing but the definite social relation

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<sup>14</sup> Marx, *Capital*, vol. 1, 125.

between men themselves which assumes here ... the fantastic form of a relationship between things.”<sup>15</sup> Marx criticized “bourgeois economists” for fetishizing commodities, i.e. for paying attention to the relationship between material things. Commodity fetishization, Marx argued, led economists to disregard the social relations that determined the processes of production and exchange in the first place. Marx charged that, since bourgeois economists studied commodities in their finished form, they were unable to explain, for instance, the formation of a commodity’s exchange-value, let alone understand how capital functions.<sup>16</sup>

Marx’ reflection about the nature of the commodity has important implications for the historian of commodities. To begin with, one is forced to ask whether the very effort of writing the history of a commodity constitutes an act of fetishization. After all, the relevant challenge for a political economist, Marx would say, is not to discuss the commodity itself, but the social relations that it mediates. On the basis of this premise, then, a historian wanting to produce relevant scholarship should attempt to explain how such relations changed over time. Otherwise he is at risk of producing a story of little more than antiquarian interest. At the same time, however, looking at the material dimensions of production and exchange is necessary if we are to reconstruct, and explain, the intangible social relations that surround commodities. This is a problem that anthropologists, who look at concrete artifacts and actions in search for abstract cultural meaning, are well aware of. Appadurai discusses the need to engage in a certain extent of commodity fetishization as follows:

Even if our own approach to things is conditioned necessarily by the view that things have no meanings apart from those that human transactions, attributions and motivations endow them with, the anthropological problem is that this formal truth does not illuminate the concrete, historical circulation of things. For that we have to follow the things themselves, for their meanings are inscribed in their forms, their uses, their trajectories. It is only through the analysis of these trajectories that we can interpret the human transactions and calculations that

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<sup>15</sup> Marx, 165.

<sup>16</sup> Marx, 169-177.

enliven things. Thus, even though from a *theoretical* point of view human actors encode things with significance, from a *methodological* point of view it is the things-in-motion that illuminate their human and social context. No social analysis of things (whether the analyst is an economist, an art historian, or an anthropologist) can avoid a minimum level of what might be called methodological fetishism.<sup>17</sup>

Like the anthropologist, the historian of commodities has to remain within the realm of the concrete and tangible as he weaves historical evidence into a legible narrative. If he does not, he can become a theorist too detached from the actual historical record. The historian can study the social relations behind the production and exchange of a commodity by looking at the commodity itself, and its related labor processes. In the case of this dissertation, finding out where tobacco was grown and processed, and what procedures and equipment were used in such tasks, will expand what we know about the relationships between state authorities, workers, merchants, peasants, and financial institutions.

After establishing that the task of a historian of commodities is to reconstruct diachronic changes in human relations mediated by a commodity, it is necessary to decide which historical actors, and which relations should take priority as objects of inquiry. There are many different interactions that take place in order for a commodity to be produced, traded and consumed. A broad range of labor processes, auxiliary services (finance, accounting, advertising, intra-firm communication, etc.), and governance structures (corporate governance, state regulations, moral economy, etc.) are at play.<sup>18</sup> One could add even more auxiliary processes, such as labor reproduction, or the maintenance of equipment. If one tries to study all the relations involved in the vast field of interactions that result in a commodity, one might end up writing a history of almost everything. This would equate to writing a superficial and anecdotal historical account. The object of study, i.e. the set of relations studied, needs to be narrowed down, and its

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17 Appadurai, "Commodities and the Politics of Value," 77. Emphasis in the original.

18 Gereffi, "Buyer-Driven Global Commodity Chains," 96-97; Rabach & Kim, "Where Is the Chain?," 123-45.

boundaries justified. For this purpose, some of the theoretical insights contained in the chains literature are of great use.

In an article published in 2005, Bair used the term *chains literature* to refer to three inter-related, yet somewhat distinct bodies of scholarship.<sup>19</sup> What these bodies of scholarship have in common is a focus on the distribution of economic activities across geographic space, in the context of an increasingly globalized capitalist mode of production. More specifically, they focus on the unequal distribution of power and profits among the different economic actors involved in the production and commercialization of a given commodity. Before I turn to the specific concepts that have informed my historical study, I consider it necessary to briefly discuss contributions and shortcomings of the three types of chains literature.

The first body of scholarship that falls into the chains literature category is the historical sociology inspired by world-systems theory. World-systems theory tries to explain how capitalism became a global phenomenon, and how its existence is maintained by assigning different economic roles to different parts of the world. For instance, in the period when manufacturing yielded high returns, the core areas of the world-system would specialize in industrial production, while peripheral areas would provide raw materials and function as sales markets for the core's industrial output. Out of this literature comes the notion of a "commodity chain," which Hopkins & Wallerstein defined as "a network of labour and production processes whose end result is a finished commodity."<sup>20</sup> From the point of view of world-systems theory, what matters is how such processes are distributed across space, and how they create, and sustain economic inequality.

Inspired by the theoretical insights of the world-systems literature, the Global Commodity Chain literature appeared in the 1990s with Gary Gereffi as its most influential

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19 Bair, "Global Capitalism and Commodity Chains." 153-154, 166.

20 Hopkins & Wallerstein. "Commodity Chains in the World-Economy," 159.

proponent. The core of Gereffi's work focuses on commodity chains that had become global, and were driving industrial development in Asia towards the end of the twentieth century. He coined the term Global Commodity Chain (GCC), and further nuanced the more general definition that Hopkins and Wallerstein had originally formulated. In two seminal works that appeared in 1994 and 1995, Gereffi identified the following four main components of a GCC:

1. Input-output structure: The combination of products and services produce a commodity, and bring it to its final consumer
2. Territoriality: Distribution of the input-output structure across geographic space
3. Governance structure: Power relationships between firms, which determine the allocation of resources and profits within the chain
4. Institutional framework: Political environment that regulates the chain from the outside, at the local, national, and international levels.<sup>21</sup>

Of these four components, the one that has attracted the most interest from scholars of GCCs is the third one.<sup>22</sup> In relationship to governance structures, Gereffi himself, but also Gibbon and others, assigned particular importance to the notion of key firms. These are companies holding enough power to determine the range of functions that others can perform within the chain, and to raise entry barriers for firms willing to enter it.<sup>23</sup> Unlike the world-systems literature, the GCC literature is policy-oriented. It aims at identifying opportunities for firms in developing countries to improve their capacity to capture profits within GCCs. Such improvement is generally referred to as "upgrading" in the literature.<sup>24</sup>

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21 Gereffi, "Buyer-Driven Global Commodity Chains;" Gereffi, "Global Production Systems."

22 Fold & Larsen, "Key Concepts and Core Issues," 27.

23 Gibbon, "Upgrading Primary Production," 345–63.

24 Studies focusing on the possibility of firm upgrading in developing countries are Gibbon, "Upgrading Primary Production," as well as Humphrey & Schmitz, "How Does Insertion in Global Value Chains...?"

Approximately ten years after Gereffi's foundational publications, the conceptual framework of the GCC literature was further refined into what we currently call the Global Value Chain (GVC) approach.<sup>25</sup> The latter has informed the third body of chains literature. Although the GCC and GVC approaches are very similar, the latter differs from the former in that it focuses almost exclusively in interactions between firms, disregarding larger political, cultural, and social structures in which such interactions are embedded. The GVC approach also proposes a more nuanced understanding of governance structures, one less decisively defined by key actors than in the GCC paradigm. The GVC approach draws from transaction cost economics to describe how key firms establish their domination over other firms. The GVC approach is influenced by the literature on international business management. Its practitioners aspire to inform business strategies as well as state policy.<sup>26</sup> The GVC framework has gained considerable currency within transnational organizations that push for market-based development in the third world through global economic integration (e.g. the World Bank, the OECD, and the European Union), as well as NGOs that promote fair trade.<sup>27</sup>

As commentators, both sympathetic and critical, have pointed out, the GCC and GVC literatures have, for the most part, disregarded the institutional framework. This was the fourth item in Gereffi's list of components of a GCC. Bair is critical of this omission, as she thinks of the political and legal framework in which chains exist as constitutive, not external components of such chains. She specifically refers to inter-class relations, political figures and their agendas, national politics, and international economic institutions (e.g. NAFTA, the EU, the International Coffee Agreement).<sup>28</sup> Fernández and Selwin have voiced even harsher criticism, as they think of the GVC literature as a mechanism to legitimize and perpetuate the oppression of the third world.

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25 Gereffi, Humphrey and Sturgeon, "The Governance of Global Value Chains".

26 Bair, "Global Capitalism and Commodity Chains," 154.

27 Fernández, "Global Value Chains;" Bair, "Global Capitalism and Commodity Chains, 160-161.

28 Bair, "Global Capitalism and Commodity Chains," 167-172.

According to Fernández, the focus on firm-level upgrading, combined with the utter disregard for political, financial, and cultural consideration obscures the only mechanisms that could empower the weakest participants in the globalized economy.<sup>29</sup> Selwyn goes as far as to propose a terminological and conceptual shift from Global Value Chains to Global Poverty Chains.<sup>30</sup> Fold and Larssen, much more sympathetic in their criticism, have pointed out that the first two components in Gereffi's list, i.e. input-output structure and territoriality, are understudied. These two components of the chain often appear as background information in studies focusing on governance structures.<sup>31</sup>

These are the main tenets and shortcomings of the chains literature's three constitutive bodies of scholarship (world-systems, GCCs, and GVCs). Now the question is how the theoretical constructs informing them can serve the purposes of my study. Gereffi's formulation of the main components of a GCC is useful, despite the fact that the GCC literature has focused on governance structures circumscribed to inter-firm power relations. The period covered in this dissertation (1880 to 1941) predates the recent decades of accelerated global economic integration that interest most GCC and GVC scholars. However, the production, commercialization, and industrial transformation of Oriental tobacco in the period that I study certainly constituted a chain with all the components in Gereffi's GCC paradigm: input-output structure, territoriality, governance structures, and institutional framework.

For analytical purposes, in this dissertation I conflate the third and fourth components (governance structure and institutional framework) into a single one (governance structure). The main reason for not distinguishing between the two is that private firms can sometimes play an active role in the political process. Moreover, in the case of Oriental tobacco trade in the interwar

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29 Fernández, "Global Value Chains," 217, 219-225.

30 Selwyn, "Global Value Chains or Global Poverty Chains?"

31 Fold & Larsen, "Key Concepts and Core Issues," 27-28.

period, the state often engaged in business activities. In the 1930s, for instance, the Greek government bought up unsold tobacco stocks, and exported them in order to help the peasant population. One of the main findings of my research with regard to Oriental tobacco is that changes in one of the three components of the value chain were often related to changes in the other components. For instance, the emergence of Reemtsma as the key firm within the governance structure of Greek-German tobacco trade influenced the input-output structure, as well as the spatial distribution (territoriality) of multiple value-adding processes.

Throughout this dissertation, I use the term “value chain.” I decided to drop the word “global” for the obvious reason that only a small portion of the globe was involved in it. I prefer to use the word *value* rather than *commodity*, since I take immaterial services into account, such as advertising or political advocacy, that do not fit into the category of commodity production in a strict sense. Finally, the notion of upgrading, central to the GCC and GVC frameworks, features prominently in this study, especially with regard to agricultural production. The efforts, both by the state and private parties, to make specific economic activities more profitable, and the extent of the success of such efforts, is an important part of the history that I present in this dissertation.



## II. Historiographical Review

My study fits into three growing bodies of historical research: the history of commodities, Greek economic history, and the scholarship on Germany's economic and diplomatic relations with southeastern Europe. In this chapter, I describe the state of these three strands of scholarship, highlighting both their accomplishments and shortcomings, and explaining the specific contributions that the dissertation makes to each one of them.

### History of Commodities

In the last two decades, the field of historical research commonly referred to as the history of commodities has grown rapidly. Sidney Mintz's 1985 book *Sweetness and Power* was a foundational work in this body of scholarship.<sup>32</sup> Mintz's history of sugar showed that the consumption habits of the European metropole had multiple effects on the lives of sugar producers in the slave colonies.<sup>33</sup> The book has inspired countless commodity histories, especially over the last two decades. In a very general sense, a commodity history consists of the study of one specific commodity (e.g. tobacco, indigo, or cotton), and the changes that its production, commercialization, and consumption undergo over time. The term *commodity history* is therefore broad enough to encompass a range of disparate historical studies.

One of the possible distinctions in the field of commodity history is based on the commodity's function within the historical narrative. In some works, the production, commercialization, and consumption of the commodity feature as dependent variables that the historian is trying to explain. One such example is Goodman's *Tobacco in History: The Cultures of Dependence*.<sup>34</sup> Goodman's main concern is to explain why tobacco has become such a widely

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<sup>32</sup> Morris, "Chocolate, Coffee and Commodity History."

<sup>33</sup> Mintz, *Sweetness and Power*.

<sup>34</sup> Goodman, *Tobacco in History*.

consumed commodity. In contrast, there are other works in which the commodity functions as an interpretive lens through which one observes the social transformations that usually interest historians (state formation, economic progress, social stratification, political conflict, and so on). An example of this approach is Teresita Levy's *Puerto Ricans in the Empire: Tobacco Growers and U.S. Colonialism*. Levy explores the interaction between Puerto Ricans, and the political authorities that exerted US American colonial power. She pays special attention to the question of how much agency Puerto Ricans retained under colonial rule.<sup>35</sup> Much like Levy's book, this dissertation is an attempt to explore social realities through the lens of a commodity. As I explained in the introductory chapter, I am interested in analyzing the expansion of state authority in northern Greece in the interwar period and the economic integration of Germany and southeastern Europe between roughly 1880 and 1941.

Another relevant distinction to be made within the historiography on commodities is between works that fall within the broader category of global history, and those that focus on either a specific state, or a section thereof. Global histories of commodities explore how the production, commercialization, and consumption of commodities has connected people living in different parts of the world. These works usually have a broad geographic scope. However, they are not global histories in the sense of aspiring to planetary totality. As Conrad has pointed out, the term *global history* does not refer to a specific scale of analysis. It is rather an approach that "presumes, and explicitly reflects on, some form of global integration."<sup>36</sup> In other words, global histories are attempts to account for increasing degrees of inter-connectedness between different parts of the world. Recent examples of global commodity histories are Beckert's book on cotton and Frankopan's on silk.<sup>37</sup>

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35 Levy, *Puerto Ricans in the Empire*.

36 Conrad, *What Is Global History?*

37 Beckert, *Empire of Cotton*; Frankopan, *The Silk Roads*.

The second type of commodity history, which I call state-bound, approaches the commodity and the people involved in its production, commercialization, and consumption within a single state. The scope of some of these studies coincides with the geographic limits of a state, whereas in other cases the focus is on a specific region within a state. Examples of commodity histories of tobacco that fall within this category are Neuburger's on Bulgaria, Levy's on Puerto Rico, and Batman's on the Ottoman Empire.<sup>38</sup> Examples of works focusing on tobacco in specific regions are Swanson's book on the Piedmont South, and Uchida's on Alsace.<sup>39</sup>

Granted, actors and processes that connect the societies under study to the broader world do feature in some of these histories. Neuburger discusses, for instance, how Bulgarian irredentism was in part actualized in the project of exploiting the tobacco-producing region of western Thrace, under Greek suzerainty since 1920. Another example is Batman's framing of tobacco smuggling in the Ottoman Empire within the broader framework of the control that western powers exerted over the Ottoman state's finances. These works, however, treat transnational actors and historical processes as structural givens. The reality that exists beyond the borders of the state is not the object of investigation. Such reality rarely appears to be subjected to the agency of the main characters in the story.

A feature that most state-bound commodity histories of tobacco share is that they use this particular commodity as an entry point into the relationship between the state and its population. This should not surprise us, given the volume of state revenue that tobacco has yielded in different historical contexts. Uchida explores the conflict-riven relationship between the French fiscal authorities and the population of Strasbourg in the seventeenth and eighteenth centuries.<sup>40</sup>

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38 Neuburger, *Balkan Smoke*; Batman, *Tobacco Smuggling in the Black Sea*; Levy, *Puerto Ricans in the Empire*.

39 Swanson, *A Golden Weed*; Uchida, *Le tabac en Alsace*.

40 Uchida.

Batman presents the phenomenon of tobacco smuggling as a conflict between the Ottoman state and population on the one hand, and the foreign-owned monopoly on the other.<sup>41</sup> Neuburger looks, through the lens of tobacco, at the assimilation campaigns targeting Muslim peasants in the southern part of the country, as well as the state-led promotion of tourism in the 1960s.<sup>42</sup>

Like the aforementioned state-bound commodity histories of tobacco and many others, my dissertation contributes to a better understanding of the interaction between state institutions and people. At the same time, the dissertation also looks at processes of growing inter-connectedness of the type that interests global historians. Mine is, however, neither a state-bound, nor a global history of tobacco. I have opted for a transnational approach, based on the specificities of the research questions that I am posing, and of the historical context around them.

Conrad defines transnational history as follows:

[Transnational history] focuses on the fluid and interwoven dimensions of the historical process, studying societies in the context of the entanglements that have shaped them, and to which they have contributed in turn. To what extent did processes that transcended state borders impact social dynamics? In addressing such issues, transnational history gives particular attention to the role of mobility, circulation, and transfers. Albeit not unrelated, transnational differs from international, in that it not only explores a country's foreign relations, for instance diplomacy or foreign trade, but also examines the extent to which societies were penetrated and shaped by external forces. There is also a particular interest in transnational organizations—NGOs, companies, transnational public spheres—that are not limited to state actors and not bound by state borders.<sup>43</sup>

The approach that Conrad describes is the most appropriate for this study for three reasons. First, because the history of any economic activity in the late nineteenth and twentieth has to take state policy into account. The two states that feature most prominently in this dissertation (Germany and Greece) played important roles in the historical processes that I interrogate. Second, a study of Greece's integration into a German economic bloc through means other than outright coercion

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41 Batman, *Tobacco Smuggling in the Black Sea*, ch. 3.

42 Neuburger, *Balkan Smoke*, ch. 6 and 7.

43 Conrad, *What is Global History?*, 44-45.

has to consider what Conrad refers to as “transnational organizations ... that are not limited to state actors and not bound by state borders.” In this particular case, such actors are companies, merchant networks, and scientists. Their role in the narrative is to illuminate the process of the integration of southeastern Europe into a German sphere of influence. Third, Oriental-type tobacco grew in a very specific part of the globe, while one single country was by far its largest consumer. It was not a global commodity, and it competed only partially with other tobacco varieties grown elsewhere. Given the segmented nature of tobacco trade around the world, especially in the context of rising barriers to international trade in the interwar period, a transnational approach can be more productive than a global one.

The combination of a transnational approach and a thematic focus on a particular commodity is by now a well-established form of historical research and writing. In one of the few comprehensive attempts made so far to theorize the field (or rather the approach) of transnational history, Saunier has pointed at commodities as a productive area of historical inquiry. He makes reference to natural resources, not commodities in general. His reflections, however, can also apply to agricultural goods.

... natural resources have been the reason for the development of a number of human activities and institutions, many of which had to work around or against the demarcation of polities and societies ... Starting from diamonds, or gold, or from some other natural resource and the different stages of its exploitation and usage, opens up a variety of entanglements authorised or contrived by the resource's existence and attractiveness. A set of insights which the specialised study of capitalistic arrangements, trade patterns or migration alone would not deliver.<sup>44</sup>

Oriental tobacco could only grow successfully in a relatively small part of the world. We can therefore think of it as a natural resource of sorts even though, unlike diamonds or gold, tobacco is not hidden in the ground, waiting to be extracted. Saunier's proposition that studying quintessentially transnational economic phenomena such as “capitalistic arrangements, trade

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44 Saunier, *Transnational History*, 52.

patterns or migration” is not enough to understand the “entanglements” between different societies is substantiated by some of the commodity histories that I have already mentioned. Beckert’s work on cotton, for instance, allows for new insight into how capitalism became a global phenomenon.<sup>45</sup> Neuburger’s on tobacco provides important information about Bulgarian-Soviet relations, and about Bulgarian interaction with the capitalist world during the Cold War.<sup>46</sup> Aggregate data about trade, investment and migration would tell us something about these transnational phenomena, but they would probably leave much of the story untold. This dissertation is therefore one among many other attempts to uncover new forms of transnational “entanglement” through the study of a concrete commodity.

With regard to the existing historiography on tobacco, the main contribution of this dissertation is that it will add to the body of knowledge that is necessary for a truly global history of the commodity. To this date, the only attempt at a global history of tobacco is Jordan Goodman’s *Tobacco in History*. By and large, the book disregards the eastern Mediterranean and southeastern Europe. To be completely fair to Goodman, the secondary material available to him at the time when he wrote the book (published in 1993) did not make it easy to integrate this part of the world into his analysis. Let us take chapter 8 of his book as an example of how this omission matters. The chapter analyzes the expansion of tobacco cultivation outside the United States after 1800. Goodman tells us that the driving forces behind this expansion were colonialism in the case of Africa and the Dutch Indies, and domestic demand in the case of tobacco grown in Asia. This claim would have been nuanced had Goodman taken into account the Ottoman empire. Neither was the Ottoman empire colonized, nor was its expanded tobacco production mainly oriented towards domestic consumption. Furthermore, in Turkey, Bulgaria,

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45 Beckert, *Empire of Cotton*.

46 Neuburger, *Balkan Smoke*.

and Greece, export-oriented tobacco production continued growing under the suzerainty of nation-states well into the twentieth century.

The historiography on tobacco that is available to us today can support a global history of tobacco production and consumption more comprehensive than Goodman's monograph, which is a very valuable contribution despite its shortcomings. However, there is still work to be done before anyone can write such global history. This is especially the case if someone decided, unlike Goodman, to use the global history approach to interrogate the social relations rather than the commodity itself. For such an endeavor to succeed, building up the available empirical knowledge about specific cases, as I do with this study, remains a necessary task.

Thus far I have discussed two criteria according to which one can classify the histories of commodities: 1) whether the commodity and its related economic activities are treated as the main dependent variable, or as an entry point into social transformations, and 2) the geographic scope of the inquiry. A third criterion is the section of the value chain that a study addresses. Whereas some works focus on a specific node, others attempt to historicize the whole chain. Most histories, of course, are located somewhere between these two poles.

Works focusing mainly on agricultural production are for instance, the aforementioned books by Levy and Swanson.<sup>47</sup> On the consumer culture that developed around smoking, there is Hilton's work on the British case, and Romaniello and Starks' edited volume on Russia.<sup>48</sup> The advertising and visual culture associated with the cigarette has also been the object of multiple works, such as those by Haritatos and Giakoumakis on Greece, Tinkler on Britain, or a recent multi-author volume on Germany.<sup>49</sup> Some of these works leave questions related to production

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47 Levy, *Puerto Ricans in the Empire*; Swanson, *A Golden Weed*.

48 Hilton, *Smoking in British Popular Culture*; Romaniello & Tricia Starks, eds. *Tobacco in Russian History and Culture*.

49 Haritatos & Giakoumakis *A History of the Greek Cigarette*; Tinkler, *Smoke Signals*; Schürmann et al., *Die Welt in einer Zigarettenschachtel*.

virtually untouched, and are therefore referred to as histories of consumption rather than histories of commodities. However, we can consider them histories of commodities in the sense that they study social structures through the lens of an economic activity related to one single commodity.

Works that look at multiple nodes within the tobacco value chain, including agricultural production, cigarette manufacturing, advertising, and consumption include Neuburger's monograph on Bulgaria, and Shechter's on Egypt.<sup>50</sup> My study belongs to this second category, since it looks at four different nodes along the value chain. It does not, however, include a discussion of consumption and cigarette advertising, except for treating those nodes as structural factors, mainly in chapter 8.

### **Greek Economic History**

What aspects of Greek and German history can a study of tobacco illuminate? Let me begin with Greece. Reconstructing how the production and commercialization of tobacco evolved allows us to observe the shift from a nineteenth-century *laissez faire* type of political economy to the more étatist approach of the interwar period. It also provides an entry point into the history of how former Ottoman land and population were integrated into the nation-state, after the dramatic geopolitical changes of the 1912-1922 period. This territorial and demographic expansion is closely related to the emergence of an urban-led, development-oriented political agenda. With regard to the economic history of the Greeks outside of Greece, the history of the tobacco merchants who settled in Germany provides a late, understudied example of a commercial diaspora community linking the eastern Mediterranean with Central Europe.

The bodies of historiography that have addressed these different aspects of Greek economic history are unequally developed. One relatively well-studied topic is the commercial networks that connected the eastern Mediterranean with Europe in the early modern and modern

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<sup>50</sup> Neuburger, *Balkan Smoke*; Shechter, *Smoking, Culture and Economy in the Middle East*.



periods. We have a number of case studies about the Greek merchant communities in, to name a few cities, Trieste, Livorno, Manchester, Alexandria, Cairo, and Odessa.<sup>51</sup> A number of scholars have gone a step further in the systematization of the information available on these communities, and come up with different typologies and periodizations based on origin and structure.<sup>52</sup> None of these texts aiming at synthesis and generalization take the tobacco merchant community of Dresden into account. Probably the main reason for such omission is the limitations of secondary literature on this community, which consists of only one book chapter in German.<sup>53</sup>

The scant attention that has been given to the Greeks of Dresden is quite unfortunate, as this community presents interesting particularities when we compare it with the better studied cases mentioned above. These merchants were probably the only Greek diasporic community in Europe to engage in manufacturing, not just trade. Furthermore, compared with the other Greek communities that often come to mind when one thinks about the Greek commercial diaspora, the Dresden community was established only in the late nineteenth century. Its ephemeral character (it only existed for roughly fifty years) also makes it an uncommon example. I discuss the rise and fall of Greek tobacco merchants in Germany, and especially in Dresden, in chapters three and eight. These chapters constitute a contribution to the history of Greek entrepreneurship and of trade between the eastern Mediterranean and Central Europe more generally.

Chapter three is the only one that does not focus on the interwar period. Chapters four to eight frame the history of tobacco within the broader developments of increasing state

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51 Κατσιαρδή-Hering, *Η ελληνική παροικία της Τεργέστης (1751-1830)*; Βλάμη, *Το φιορίνι, το σιτάρι και η Οδός του Κήπου*; Χατζιωάννου, “Νέες προσεγγίσεις στη μελέτη των εμπορικών δικτύων”; Kitroeff, *The Greeks in Egypt*. Herlihy, “Greek Merchants in Odessa.”

52 Hassiotis, “Modern Greek Diaspora;” Katsiardi-Hering, “The Greek Diaspora: Its Geography and Typology;” Pepelasis Minoglou, “Toward a Typology of Greek Diaspora Entrepreneurship;” Harlaftis, “Mapping the Greek Maritime Diaspora.”

53 Imscher, “Die Griechenkolonie in Dresden.”

interventionism in the 1920s and 1930s, a topic that has been of considerable interest for historians of Greece. With few exceptions, the works that analyze the Greek economy in the interwar years have adopted one of two perspectives. The first approach is to describe state policy *as formulated*, i.e. paying little, if any, attention to its actual implementation and contestation on the ground. This is the case, for instance, of Tzokas' and Agriantoni's contributions on Eleftherios Venizelos' economic policy, and Sakellaropoulos' on economic policy more generally in the 1922-1990 period.<sup>54</sup> These works explore the intent and rationale behind a variety of policies initiated by Venizelist governments, but do not tell us much about what happened once the decrees and laws were passed. The second dominant perspective combines a formal description of economic policy with a discussion of macroeconomic outcomes (industrial and agricultural output, employment, etc.). To this category belong the works by Christodoulakis and Tsoulfidis.<sup>55</sup> The most recent and comprehensive monograph on the history of Greece's rural economy in the interwar period presents a combination of these two perspectives.<sup>56</sup>

The scarcity of analysis of what happened from the perspective of economic actors has left an important gap in our understanding of the Greek economy in the interwar years. We should keep in mind that the 1920s and 1930s were decades of extreme political instability in Greece. Only one government between the end of World War I and the establishment of Metaxas' dictatorship was able to complete its four-year term. It was Venizelos' from 1928 to 1932. Coups and parliamentary deadlocks bogged down the political process, while the fragility of public finances posed serious challenges to the implementation of development-oriented policies. Under these circumstances, it is imperative to look at what was actually done, whether

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54 Τζόκας, *Ο Ελευθέριος Βενιζέλος*; Agriantoni, "Venizelos and Economic Policy;" Σακελλαρόπουλος, "Κράτος και οικονομία στην Ελλάδα."

55 Christodoulakis, "Currency Crisis and Collapse;" Tsoulfidis, "From Economic Prosperity to Depression."

56 Πετμεζάς, *Προλεγόμενα*.

in terms of agricultural policy, labor legislation, or the promotion of foreign trade. By focusing on one of the most important sectors of the Greek economy, my analysis contributes to filling this gap in the literature.

One monograph that has already used tobacco as an entry point into broader political questions affecting Greece in the interwar years is Evangelos Prontzas' *Economic Protectionism and Balkan Cooperation: Oriental Tobacco in the Interwar Period* (my translation of the Greek title).<sup>57</sup> Prontzas discusses the expansion of agricultural credit to the tobacco sector, as well as the short-lived diplomatic attempt to coordinate the production and export of Greek, Turkish, and Bulgarian tobacco. The book is extremely informative, and brings to light previously underexploited source material, much of which is kept at the archive of the National Bank of Greece. Prontzas frames tobacco policy quite convincingly in the context of the challenge posed by the task of integrating the new populations and territories into the national economy. Unfortunately, he overemphasizes the relevance of the failed attempt at collective action between the three tobacco-exporting states, and he does not address the issue of whether, or how, tobacco policy affected economic life in Greece. In this dissertation project, I have used Prontzas' work as inspiration for the formulation of the research questions regarding the penetration of the Greek countryside by state agencies like the Agricultural Bank of Greece, and the experts charged with the task of modernizing agricultural production.<sup>58</sup>

One last important aspect of Greece's economic history in the interwar period to which this dissertation speaks is the issue of labor conflict. Like many other European countries, interwar Greece experienced high levels of political unrest and repression caused by a combination of factors: the human and material cost of World War I, the impoverishment caused

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<sup>57</sup> Πρόντζας, *Οικονομικός προστατευτισμός και Βαλκανική συνεργασία*.

<sup>58</sup> On the growing importance of the agricultural expert as a profession in interwar Greece, see Παναγιωτόπουλος, *Γεωργική εκπαίδευση και ανάπτυξη*; Παναγιωτόπουλος & Σωτηρόπουλος. "Ειδικοί διανοούμενοι και θύλακες χειραφέτησης;" Ploumidis "Peasantist Nationalism in Inter-War Greece."

by the Great Depression, and Communism's promise of, depending on whose perspective, social emancipation or civilizational collapse. The tobacco industry was the most conflict-riven sector of the Greek economy, presenting the highest levels of Communist militancy among urban workers. Fountanopoulos, Dangas, Liakos, and Kordatos have discussed multiple instances of labor unrest in the tobacco industry.<sup>59</sup> However, they have failed to explain how the changing structure of the international tobacco market created a specific landscape of threats and incentives for labor mobilization to occur. This is a lacuna in the literature that I address in chapter 7.

### **Germany and Southeastern Europe**

Because of its far-reaching geopolitical and economic implications, Germany's relationship to southeastern Europe writ large (i.e. including the Anatolian peninsula) was the subject of academic inquiry at the time it was happening. In other words, the writing about German interests in the region started already before such interests became part of the past that historians study. In 1916, for instance, German Orientalist and geographer Hugo Grothe made reference to Germany's *Drang nach Südosten* in a book that discussed the opportunities that "Turkish Asia" offered to the German economy.<sup>60</sup> Grothe made the case that the cultural penetration of Turkey would serve the purposes of increased economic interaction and mutual enrichment. In the interwar period, the German interest in strengthening economic and cultural ties with southeastern Europe became more intense after the winners of World War I stripped Germany of its colonies.

Germany's colonial aspirations did not come to an end in Versailles, as evinced by the existence of a well-organized colonial lobby that pushed for the revitalization of the German

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<sup>59</sup> Λιάκος, *Εργασία και πολιτική*, 418-439; Φουντανόπουλος, *Εργασία και εργατικό κίνημα*; Dankas, *Recherches*; Κορδάτος, *Ιστορία του ελληνικού εργατικού κινήματος*, ch. 10 and ch. 15.

<sup>60</sup> Grothe, *Türkisch Asien*.

colonial project throughout the interwar period.<sup>61</sup> Even though colonial dreams remained a visible component of politics and culture in interwar Germany, the pressing need to redefine its place in a post-Versailles world allowed room for new propositions to gain traction. A sizable German academic literature, descriptive as well as prescriptive, on Germany's economic, diplomatic, and cultural relations with Europe's southeastern periphery through peaceful means developed at visible pace in the 1930s.<sup>62</sup> For these authors, southeastern Europe bore the promise of helping Germany regain its economic vigor and cultural prestige. It was at this time when the terms *Drang nach Südosten* and *Mittleuropa* (middle Europe) entered the French and English academic jargons. Much like the today well-known German word *Anschluß*, these terms were always used in relation to German expansionism.<sup>63</sup> After World War II, German historians would not engage with this aspect of the interwar period systematically until the 1970s, with the exception of an article that appeared in 1955.<sup>64</sup>

A series of studies that appeared in the 1970s linked Germany's diplomatic maneuvering in southeastern Europe during the interwar period with the increasing economic leverage that the country wielded vis-à-vis the states in the region.<sup>65</sup> Unlike the economies of other Western powers, the German one had little to offer in the form of direct investment or loans to the southeastern European governments. It could offer, however, a large sales market for raw materials and foodstuffs, which became indispensable to those states in the 1930s. According to Schröder, Nazi diplomatic successes in the region, such as the weakening of the French-sponsored Little Entente, were possible because Yugoslavia and Romania could not do without

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61 Pedersen, *The Guardians*, 194-196; Baranowski, *Nazi Empire*, 147-148. For a discussion of colonial discourse in interwar German culture, see Krobb & Martin, *Weimar Colonialism*; Schilling, *Postcolonial Germany*.

62 A few among the many works making up this body of scholarship are Gross, *Südosteuropa: Bau und Entwicklung*; Krugmann, *Südosteuropa und Grossdeutschland*.

63 Wendt, "England und der Drang nach Südosten," 484.

64 Treue, "Das Dritte Reich und die Westmächte."

65 Poulain, "Deutschlands Drang nach Südosten;" Schröder, "Deutsche Südosteuropapolitik;" Schröder, "Südosteuropa als Informal Empire;" Wendt, "England und der Drang nach Südosten."

exporting to Germany.<sup>66</sup> Greece, despite its dependence on the German market, especially for tobacco, and the pro-German stance of dictator Iōannēs Metaxas, is conspicuously absent in the literature from the 1970s. A series of works would partially fill this gap in the 1990s and early 2000s.

Roland Schönfeld was the first historian to address the intensification of Greek-German trade in the interwar period. He proposed that Greece's incapacity to absorb sufficient imports of German manufacturers to compensate for tobacco exports was a liability for Greece, in the context of the clearing system that regulated bilateral trade.<sup>67</sup> Unfortunately, Schönfeld paints an inaccurate picture of the role that tobacco played in Greece's foreign trade. He makes references to a tobacco monopoly that never existed and to exports to Turkey, which was a competing producer, rather than a buyer, of Oriental tobacco.<sup>68</sup> Only a few years later, Barlas wrote about the German economic influence in the Balkans in the interwar period.<sup>69</sup> His excessive reliance on British sources from the 1930s, however, lead him to overemphasize the theme of German exploitation, without paying much attention to the opportunities that the German engagement with the region opened up for indigenous groups.

Mogens Pelt's monograph *Tobacco, Arms, and Politics* constitutes a more systematic study of Greek-German relations, and of the political implications of trade in the two most relevant goods that Greece and Germany exchanged. Greece sold tobacco to Germany in exchange for military equipment.<sup>70</sup> Pelt shows that the abolition of parliamentary democracy in Greece in August of 1936 was related to a pending deal between the two governments. Iōannēs Metaxas, who was already the Prime Minister at the time, preferred to establish a dictatorship,

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66 Schröder, "Südosteuropa als Informal Empire."

67 Schönfeld, "Wirtschaftliche Kooperation."

68 Schönfeld, 126.

69 Barlas, "German Economic Domination."

70 Pelt, *Tobacco, Arms, and Politics*.

rather than let the vagaries of electoral politics endanger the deal.<sup>71</sup> Velliadēs' *Metaxas-Hitler*, a diplomatic history of interwar Greek-German relations, has also identified trade with the Central European power as an important factor in Greece's geopolitical predicament.<sup>72</sup>

In recent years, historians have revisited the German *Drang nach Südosten* of the interwar period, uncovering dimensions of it that go beyond the volume of international trade, and the competing security interests of the European powers. Two monographs penned respectively by Gross and Freytag, as well as a multi-author volume edited by Sachse, have explored the academic and business interest associations that furthered the German engagement with southeastern Europe.<sup>73</sup> The ultimate goal of such engagement was the strengthening of not only Germany's economy, but also of its international cultural appeal. Gross explores, for instance, the German-sponsored development programs in the region, such as the support for soy production in Romania, Yugoslavia, and Bulgaria.<sup>74</sup> Not less important are a number of articles and book chapters on the cultural and educational exchanges between Germany and multiple countries in the region, as well as on the work of German researchers interested in southeastern Europe's agricultural capabilities.<sup>75</sup> Finally, recent works by Greek historians have explored the reception of German notions of eugenics and racial hygiene. They show that German economic and scientific influence in Greece was not just a process of intellectual transfer, but also one of interpretation and creative adaptation.<sup>76</sup>

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71 Pelt elaborates on some of these findings in a later text: Pelt, "The Establishment and Development of the Metaxas Dictatorship."

72 Βελλιάδης, *Μεταξάς - Χίτλερ*.

73 Gross, *Export Empire*; Freytag, *Deutschlands Drang nach Südosten*; Sachse, *Mitteleuropa und Südosteuropa als Planungsraum*.

74 Gross, *Export Empire*, ch. 7.

75 Stein, "Deutsch-bulgarischen Beziehungen;" Zarifi, "Planning a Modern Colonization;" Zarifi, "Using Natural Sciences for Cultural Expansion."

76 Kokkinos & Karasarinis, "Tracing Eugenics;" Κόκκινος & Καρασαρίνης, "Μεταμορφώσεις του ευγονικού λόγου;" Τρουμπέτα, "Η επίδραση της φυλετικής υγιεινής."

This dissertation contributes in multiple ways to the existing knowledge about the connections between Germany and southeastern Europe in the interwar period. Most importantly, it shows how the rise of Germany, and specifically the cigarette manufacturer Reemtsma as the largest consumer of Greek tobacco, featured in the expansion of state power into the tobacco sector in Greece. Furthermore, the dissertation presents multiple instances in which the *Drang nach Südosten* functioned as a two-way process, in which not only German scientists, businessmen and policy makers acted upon the tobacco sector in Greece, but also Greeks engaged the German cigarette manufacturers and consumers. They did so as researchers and publicists with an interest in fostering German demand for Greek tobacco.

German historians have only recently started to explore the transnational connections of the German cigarette industry. The two most important works on Reemtsma are written from the perspective of business history. They focus on what put Reemtsma ahead of its competitors, against the background of the dramatic political and economic developments of interwar Germany.<sup>77</sup> The first attempt to “transnationalize” the history of the industry was a monograph on Reemtsma’s activities on the occupied Crimean peninsula during World War II.<sup>78</sup> In the last few years, a number of works have looked at the Orientalist imagery that the German cigarette industry used in its advertising strategies. In a less systematic fashion, these works have also touched upon the participation of Ottoman entrepreneurs in the sector.<sup>79</sup> In doing so, they have set some of the necessary foundations for a truly transnational understanding of the history of the German cigarette. The research that I am presenting in this dissertation will also, I hope, contribute to the materialization of such history.

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77 Jacobs, *Rauch und Macht*; Lindner, *Die Reemtsmas*.

78 Roth & Abraham, *Reemtsma auf der Krim*.

79 Moennig, “Ossendampers, Tabakhändler und Bolschewiken;” Rahner & Schürmann, “Die deutsche Orientzigarette;” Schürmann et al. *Die Welt in einer Zigarettenschachtel*; Steinberg, “Mohammed aus Sachsen.”



Germany's cigarette manufacturing was transnational in terms of the geography of its supply chain, as well as in terms of its foreign (mainly American) competition. Studying the evolution of Greek-German tobacco trade over time will not only allow us to better understand this industry as a nexus of economic activities that took actors and goods across state borders. This dissertation on tobacco trade adds to our understanding of German-SE European relations in a period that was pivotal for the global economy. It was also a crucial period with regard to the expansion of state institutions in Greece, a country that depended on tobacco exports for its internal stability, political as well as economic. In interwar Greece, all social and questions related to the tobacco industry, such as urban unemployment or the state's limited capacity to support peasant incomes, were affected in one way or another by developments taking place in Germany.

In the second half of the nineteenth century, trade in Oriental tobacco to Germany was driven by the desire of Greek Ottoman merchants to open up new markets. In the interwar period, Oriental tobacco trade would become the object of intense competition between social groups holding stakes in the value chain. It also became a site of competition between states seeking to strengthen their national economies by increasing their tobacco exports. In order to understand the magnitude of this shift, as well as its implications, it is necessary to take a look at how Oriental tobacco trade was first established, and how its foundational stage came to an end as a result of the Great War. This is the subject of the next chapter.

### III.

## **Greek Ottoman Businessmen in Germany and the Creation of a New Market**

In Germany, cigarettes became a popular item of mass consumption towards the end of the nineteenth century. As German smokers turned away from the cigar and the pipe, the demand for tobacco leaves in the cigarette industry increased. One particular feature of the German cigarette industry was the important role that Ottoman entrepreneurs played in it. They were the suppliers of raw material, and, in some cases, some ambitious men also opened their own cigarette factories in cities like Dresden, Hamburg, and Munich.

In this chapter, I tell the story of the emergence and growth of the German cigarette industry, paying special attention to the functions that Ottoman, and in particular Greek Ottoman, businessmen played in it. I explain further how World War I brought this foundational period of the industry to an end, ushering in a new era in which Ottoman merchants became subordinated to other market actors. Although large cigarette manufacturers and regulatory agencies came to play a more prominent role in the interwar period, part of the legacy of the Greek Ottoman merchants remained: unlike their British, American, French, Spanish, or Swiss counterparts, German smokers overwhelmingly preferred cigarettes made of Oriental tobacco.

### **Emergence and Growth of the German Cigarette Industry**

Tobacco consumption and cultivation in Germany started in the seventeenth century.<sup>80</sup> The first cigar factory in the German lands opened in 1788 in Hamburg. During the nineteenth century, the cigar became a sign of distinction in contrast to the pipe, which used cheaper tobacco varieties. Cigar factories proliferated in Hamburg and Bremen in the early nineteenth century. The establishment of the Zollverein put Hannover, Hamburg, and Bremen at a

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<sup>80</sup> Hobein, *Vom Tabaktrinken und Rauchschlürfen*, 18-22.

disadvantage given their exclusion from the customs union. This provided an opportunity for other areas of the German lands, such as Saxony and Westphalia, to emerge as relevant places in the geography of the German cigar industry.

It would take some time for the cigarette to replace the cigar as the most popular tobacco product. It did so only during the 1910s, i.e. approximately fifty years after the first cigarette factories opened in Germany (Table 3.01). Since the cigarette was already quite popular outside of Germany, it was the country's most cosmopolitan cities where the demand for this product was highest. Hence the comparatively early success of the cigarette in Berlin, Munich, and Dresden. Small firms, whose owners were often Russian or Ottoman, pioneered the production of cigarettes. These firms would often sell their goods directly to the final consumers. Skilled labor was in some cases imported from the Ottoman empire and Russia.<sup>81</sup>

Although the size of cigarette manufacturing firms started to grow in the 1880s, the labor process remained largely manual. Unlike in the United States, there was no takeover of the sector by large firms that outmaneuvered the rest through the adoption of mechanized production.<sup>82</sup> On the eve of World War I, Germany's twelve largest factories combined produced less than half of the country's cigarettes.<sup>83</sup> Small manufacturing operations remained the norm. At the turn of the twentieth century, one city rose as the center of the German cigarette industry. Dresden, the capital of Saxony, was home to more manufacturers than any other city.

Dresden's competitive advantage lied in its geographic position.<sup>84</sup> The city was well connected to the supply markets of southeastern Europe via Vienna and Trieste, and to the German markets via the Elbe River. Unlike cigars, cigarettes were made mainly of Oriental tobacco. Hence the importance of the connection to the supply market. The tobacco would be

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81 Blaich, *Trustkampf*, 21-34.

82 *Ibid.*

83 Pietschmann, "Verschiebungen in der Art des Tabakkonsums," 12.

84 Blaich, *Trustkampf*, 21-34.

unloaded at the port of Trieste and then carried over land to Vienna, where it was transshipped to Dresden. Although more expensive, this route was faster than the maritime-only alternatives to Hamburg or Bremen.<sup>85</sup> Reducing the exposure of tobacco bales to humidity was quite important, since moisture increased the risk of tobacco leaves deteriorating. This circumstance put a premium on shorter transportation and storage times.<sup>86</sup>

Joseph Huppmann opened Dresden's first cigarette factory in 1862, as a branch of his St. Petersburg-based company Laferme. Huppmann wanted to take advantage of the Trieste-Vienna-Dresden connection, and gain easier access to the Italian market.<sup>87</sup> Other factories opened in Dresden during the following decade. By 1877, 53% of Germany's cigarette production was in Dresden. In 1888, 21 out of a total of 33 German cigarette factories were located in the city by the Elbe river.<sup>88</sup> In 1906, around 11,800 people worked in cigarette manufacturing in Germany, 5,300 of them in Dresden.<sup>89</sup>

In addition to its importance as an industrial center, the city also became an important market for tobacco leaves. It was the main hub for the Oriental tobacco trade not only in Germany, but also in Europe.<sup>90</sup> Cigarette manufacturers from other parts of Germany, Europe, and even the United States would buy their raw material there.<sup>91</sup> Merchant firms from the Ottoman empire played an important role in this economic activity, as they imported the goods, and actively promoted their absorption by the growing cigarette industry. By pursuing their own economic success, these merchants became agents of economic integration between southeastern Europe and Germany, profiting from, and further stimulating, trade in Oriental tobacco.

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85 Reintzsch, *Geschichte der Dresdner Zigarettensindustrie*, 5-7; Imhoff, *Handel in Orientalischem Rohtabak*, 45; Pietschmann, "Verschiebungen in der Art des Tabakkonsums," 11.

86 Reintzsch, 5-7; Imhoff, 45.

87 Steinberg, "Mohammed aus Sachsen;" Richter, "Zigaretten-Rohtabak in Deutschland," 2-3.

88 Reintzsch, *Geschichte der Dresdner Zigarettensindustrie*, 5-7.

89 Steinberg, "Mohammed aus Sachsen," 191.

90 Reintzsch, 5-7.

91 Imhoff, 45.

As we will see in the chapters covering the interwar period, the strong preference that German smokers had for Oriental tobacco would make Germany the most important consumer of this commodity. Such a strong preference for the Oriental variety deserves some discussion, as it was unparalleled in other countries. Before turning to that matter, however, a brief look at the history of the cigarette made of Oriental tobacco is necessary. Such history takes us beyond the confines of Germany and on to the southern shore of the Mediterranean.

The late nineteenth century witnessed the popularization of cigarettes made of Oriental tobacco, spurred by the development of the Egyptian cigarette industry. Egyptian (also called Turkish) cigarettes were exported in considerable quantities not only to Germany (the largest importer of Egyptian cigarettes between 1903 and 1914), but also to Britain, other European countries, and the United States. In its heyday, the Egyptian industry relied on tobacco from Greece and the Ottoman empire for making its famous cigarettes. The most important firms producing cigarettes in Egypt belonged to Greek businessmen, until American interests bought out these companies later in the twentieth century.<sup>92</sup> Important names within the Egyptian cigarette industry were Dimitrino, Gianaclis, Melachrino, Mantzaris, Cortesi, Eleftheriou, Anargyros, Vafiadis, and Kyriacou.<sup>93</sup>

The success of the imported Egyptian cigarette attracted the interest of aspiring European manufacturers. Many of them started to include significant amounts of Oriental tobacco in the blends that went into their cigarettes. These manufacturers benefited greatly from sharp increases in the tariffs on imported cigarettes. In fact, they were able to displace the Egyptian cigarette, which could not compete in the face of such high tariffs. Britain raised its cigarette tariffs in 1904.<sup>94</sup> In the specific case of Germany, the tariff reform of 1906 marked the beginning of the

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92 Shechter, *Smoking, Culture and Economy in the Middle East*, ch. 6.

93 Shechter, ch. 3.

94 Shechter, 59-64.

decline of Egyptian cigarettes (Graph 3.01), and facilitated in the triumph of the Egyptian-style cigarette made in Germany.<sup>95</sup> The tariff increase affected all imported cigarettes, but especially the most expensive ones, i.e. the Egyptian. Overall cigarette imports into Germany returned to their 1905 levels short before World War I, but they did so because cheap cigarettes from Austria-Hungary were still able to compete on the German market (Graph 3.01). Meanwhile, the Egyptian cigarette became a luxury item. Whereas an Egyptian cigarette was twice as expensive as an Austro-Hungarian one in 1905, by 1913 it was five times more expensive (Graph 3.02).

While the overall value of imported cigarettes shrank after 1906, the volume of Oriental tobacco leaf imports grew after the tariff increase (see Graph 3.03). The reason is simple: protectionist barriers stimulated the production of cigarettes in Germany. Before World War I, Oriental tobacco represented a small fraction of overall tobacco imports. Cigars and pipe tobacco were made of other varieties. It is noteworthy, however, that imports of Oriental tobacco grew disproportionately in the 1906-1913 period when compared to overall tobacco imports. Whereas Oriental tobacco imports experienced a 176% increase, in the case of non-Oriental varieties the increase was only 32%. This difference in relative growth becomes even more remarkable if, instead of 1906, we take 1895 as the starting point for the comparison. Oriental tobacco imports were fourteen times higher in 1913 than in 1895. Imports of all the other varieties combined increased by less than 50%. These numbers indicate that Germans smoked more as time went by, but also that they were more likely to smoke Oriental tobacco as the cigarette became more popular.

The roaring popularity of the Egyptian-style cigarette was not just a matter of preferring one flavor of tobacco over others. The cigarette industry mobilized imagery related to the Orient in order to highlight the prestigious provenience of its raw materials, thereby constructing an

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<sup>95</sup> For a discussion of other effects of the 1906 tariff reform on the German cigarette industry, see König, *Entstehung und Wirkungsweise*, 226-232.

association of the cigarette with Oriental luxury. The imagery that German manufacturers tapped into included camels, pharaohs, dark-skinned men, mosques, and sexualized Oriental women. Such imagery can be found in the advertising material that many manufacturers conspicuously produced, as well as on the cigarette packages. Even the names of some of Dresden's most famous brands made reference to the Orient: *Sulima*, *Arabis*, *Salem Aleikum*, *Minaret*, *Türkisch Extra*.<sup>96</sup> Today Dresden's urban landscape still reminds us of the aesthetic connection between the cigarette and the Orient. With its characteristic dome and minarets, the design of the Yenidze cigarette factory evokes the image of a mosque (Illust. 3.01). At the time, factories themselves could function as advertising material, as evinced by their widespread depiction on the packaging of their products and on company letterheads. The Yenidze factory appears on the package of *Salem Gold*, one of the brands produced there before World War I (Illust. 3.02).

The dependency of the German cigarette industry on Oriental tobacco had two relatively discrete, yet closely related dimensions. One was aesthetic, while the other was material. The first one was the industry's investment in constructing tobacco as Oriental luxury. German smokers came to associate the addictive pleasure of smoking with a particular flavor and imagery that evoked the Orient. We should keep in mind that the flavor of Oriental tobacco was recognizable to the cigarette connoisseur. By the material dimension of the German dependency on Oriental tobacco, I refer to the need to ensure a sufficient supply of Oriental tobacco at a satisfactory price. Since German manufacturers lacked direct access to the supply markets, the function of the Ottoman merchants within the value chain was highly important. Their capacity to supply enough tobacco at a reasonable price would come under threat first in the early years of the twentieth century and then again during World War I. The origin of the threat was competition with American tobacco companies.

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<sup>96</sup> Steinberg, "Mohammed aus Sachsen," 199-201.

The price of Oriental tobacco imported into Germany increased sharply in 1902 as a result of American commercial capital entering the Ottoman market (see Graph 3.04). This increase was particularly dangerous for a German cigarette industry that, because of intense intra-German competition based on price dumping, operated with very thin profit margins. The fact that the American Tobacco Co. (ATC) appeared on the German stage and bought some factories at this time did not help either. Large increases in the price of raw materials and, even worse, an American takeover of the supply market would be a serious blow to the German industry, impairing its ability to compete with the American giant, even at home. An industry-wide agreement to reduce the amount of Oriental tobacco in everyone's cigarettes was not an option. Such a move would have entailed the risk of foreign-made cigarettes flooding the German market, whether as legal imports or as smuggled goods.

Price dumping became a problem acute enough in the German cigarette industry for all large and medium-sized manufacturers to form the Dresden-based German Cigarette Industry Association (Verband der deutschen Zigarettten-Industrie, hereinafter GCIA) in 1905. This organization had the double purpose of putting an end to price dumping, and organizing collective action against the feared takeover of the German market by American capital.<sup>97</sup>

By the early twentieth century, the ATC had already taken up an important share of the American cigarette market. After securing a dominant position at home, the firm started to implement a strategy of foreign direct investment that would soon bear fruit. In 1902, i.e. soon after entering the British market, ATC merged with the Imperial Tobacco Company to form the British American Tobacco Company (BAT).<sup>98</sup> BAT continued ATC's strategy of expansion through foreign direct investment, soon acquiring cigarette companies in east Asia, India, Latin

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<sup>97</sup> König, *Entstehung und Wirkungsweise*, 219-225.

<sup>98</sup> Cox, *The Global Cigarette*, ch. 1.



America, and continental Europe.<sup>99</sup> In Germany, ATC purchased Georg J. Jasmatzi Co., one of Dresden's largest cigarette manufacturers, shortly before the merger that gave birth to BAT.<sup>100</sup> BAT expanded its presence in the country by purchasing more German cigarette factories. By the end of 1912, the BAT group was producing around 23% of all German cigarettes in terms of volume and 27% in terms of value.<sup>101</sup> The concern about a possible takeover of the German cigarette market by BAT and its subsidiary companies, as well as the collective response that ensued, has become known as the *Trustkampf* ("struggle against the Trust").

A number of German tobacco business and labor organizations went a step further in the organizational effort to confront the American threat. They formed the Association for the Defense against the Tobacco Trust (Verband zur Abwehr des Tabaktrustes, VAT in its German acronym).<sup>102</sup> Among other activities, VAT published the periodical *Antitrust-Wehr*.<sup>103</sup> The organization also started a campaign that consisted of labeling cigarettes made by companies not belonging to the BAT group as *trustfrei* (lit. *Trust free*).<sup>104</sup> VAT successfully lobbied the military authorities to ban the sale of BAT brands in military barracks.<sup>105</sup> In addition, a number of tobacco businessmen committed themselves by contract to not sell their companies to BAT.<sup>106</sup> Anti-trust press articles and even the correspondence between cigarette manufacturers and the public authorities sometimes contained vociferously patriotic undertones. The language in these sources depicts German cigarette manufacturing as a weak, young industry posing a heroic resistance against the attacks of a much more powerful enemy. The industry's contribution to the German

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99 Cox, ch. 2, 4-5.

100 Cox, 112-113.

101 Blaich, *Trustkampf*, 70-84

102 *Ibid.*

103 *Ibid.*

104 In 1929, a cigarette-manufacturing firm went as far as including the word "Trustfrei" in its official name on the public registry (Zigarettenfabrik "Trustfrei" Teimur Mehtieff). Company registry, 1929, 11045 AG Dresden; file 1375; items 413-414, HSA Dresden.

105 Cox, *The Global Cigarette*, ch. 2.

106 Pamphlet sent to Dr. Graf Vitzthum v. Eckstädt, 1915, 10736 Ministerium des Innern; folder 7125, items 82-86, HSA Dresden.

economy as a source of employment and tax revenue was also invoked in order to make the cigarette industry's interest stand for Germany's national interest ("nationalwirtschaftliche und nationalpolitische Interesse des Deutschen Reiches" in a particular instance).<sup>107</sup>

The collective effort to stop the expansion of BAT in Germany did not succeed, if one is to judge from the fact that the Anglo-American giant continued buying other companies. There were German businessmen who discreetly approached BAT offering to sell their companies, in some cases because they saw the Anglo-American takeover as inevitable.<sup>108</sup> The BAT group did not only threaten to take over the German cigarette market through foreign direct investment, but also by controlling the supply of Oriental tobacco. This international dimension of the *Trustkampf* would continue to affect the development of the German cigarette industry even during World War I, after BAT lost ownership of all its German subsidiaries in the context of the wartime economic policy.

Ensuring a sufficient supply of Oriental tobacco had been a concern for the German cigarette industry even before the appearance of American capital in the Ottoman tobacco market in 1902. Difficulties existed already in the late nineteenth century. They were related to the Ottoman government's desire to increase the flow of money into its coffers. In 1883, under the pressure of its creditors, the financially weak Ottoman government had granted the Régie Cointeressee des Tabacs de l'Empire Ottoman the exclusive right to commercialize tobacco on the domestic market.<sup>109</sup> Tobacco exports, however, remained a free economic activity, open to the participation of private entrepreneurs, both Ottoman and foreign.<sup>110</sup> This state of affairs was

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107 Report "Deutschlands Interesse daran, daß der Tabakhandel in der Türkei nicht monopolisiert, daß hinsichtlich des Rohtabakhandels Freizügigkeit, wie bisher, beibehalten wird und daß die Türkische Tabakregie nicht an den amerikanischen Tabaktrust übergeht," 1910, R/901 Auswärtiges Amt, folder 13458, item 14, BArch.

108 Correspondence between multiple cigarette manufacturing firms and Jarmatzi AG, 1901-1914, 11773 Jarmatzi, folder 199, HSA Dresden.

109 Quataert, *Social Disintegration and Popular Resistance*, 13-18.

110 Quataert, 18-40.

not optimal from the vantage point of the Ottoman government. A good part of the Régie's profits went directly into the pockets of the empire's creditors. With regard to exports, the empire had limited autonomy in defining its own tariff policy.

Despite the constraints imposed upon the Ottoman government by treaty, there were cases, when the Ottoman empire, a sovereign state and not a colony after all, would make things difficult for exporters. The German Consulate General in Istanbul addressed Chancellor von Caprivi in 1893 in this regard. The letter referred to the the Ottoman government's interference as follows:

Your Excellence is aware of the many complaints by German tobacco importers with regard to the difficulties that the Turkish Régie is posing to tobacco exports from Turkey, whenever they are not carried out by the Régie itself.<sup>111</sup>

The Ottoman empire was treaty bound to allow complete freedom to export tobacco. However, the Consulate's letter continued, the Régie was using the pretext of fighting tobacco smuggling to Egypt to impose unreasonable hurdles on those who wanted to export tobacco to Germany. Such measures included the requirement to pay a deposit which would later be returned to the merchant, once he proved that the tobacco had indeed been turned into cigarettes in Germany. The excuse was to prevent merchants from taking advantage of Ottoman tariffs. Tobacco exported to Egypt paid higher custom tariffs than the one exported to Germany and other European countries. Therefore, according to the Ottoman authorities, there was the risk of tobacco being re-exported to Egypt without the Ottoman treasury receiving appropriate compensation.<sup>112</sup> Things went far enough for the German Consulate in Istanbul to raise the issue with the Chancellor when a British consortium registered the stock company Turkey Regie Export Co. This company signed a contract with the Ottoman Régie granting the former a monopoly over the export of cigarettes and cut tobacco (i.e. tobacco used mainly for pipes). In

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<sup>111</sup> Consular report, 1893, R/901 Auswärtiges Amt, folder 13457, item 2, BArch.

<sup>112</sup> Consular report, 1893, R/901 Auswärtiges Amt, folder 13457, items 2-7, BArch.

addition to constituting a treaty violation, the Consulate argued, such a move could set a precedent for the eventual monopolization of the export of tobacco leaves.<sup>113</sup>

The German concerns about the hurdles that the Ottoman Empire was posing to the free export of tobacco appeared again in 1898. The newspaper *Konstantinopler Handelsblatt* reported that the Ottoman authorities had changed the procedure for the return of the deposit that merchants paid at the point of export. Since Germany did not have a monopolized cigarette industry like other European countries did, it was difficult for German manufacturers (or their tobacco suppliers for that matter), to produce documentary evidence of the industrial transformation of imported tobacco. Doing so would entail disruptive delays in the commercial chain. For that reason, the Ottoman authorities had until then accepted the certificates issued at the moment of unloading the tobacco in Germany. Turkish officials, the newspaper complained, were no longer making this exception. This administrative nuisance could endanger the vitality of an otherwise flourishing Ottoman-German tobacco trade.<sup>114</sup> In the event, the volume of tobacco trade kept growing nonetheless (Graph 3.03).

Concerns about the tobacco supply resurfaced when American tobacco companies became an important presence in the Ottoman market in 1902. Until then, their activities in the region had been quite modest in scope.<sup>115</sup> A German consular report on Smyrna's commercial activity in the 1902-1905 period informed about this development as follows:

Until 1902, the development of tobacco production in this area and its export were quite stable and uneventful ... The huge fluctuations in the last four years are the immediate consequence of the intervention of the American tobacco trust. After buying the New York cigarette factory Anarghyros and the large Dresden factory Jasmatzi, the trust set about securing the whole production of Oriental cigarette tobacco. In 1902, its representatives and specialists appeared in Smyrna,

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113 *Ibid.*

114 Newspaper clipping, 1898, R/901 Auswärtiges Amt, folder 13457, item 37, BArch.

115 On the increase in American interest in Ottoman tobacco, see Field, "Trade, Skills, and Sympathy," 9.

as well as in all the other Turkish tobacco centers. They opened an agency, made important purchases at high prices, and placed orders for the next year.<sup>116</sup>

The effect of the American entrance into the Ottoman market in 1902 was two consecutive years of high price increases (Graph 3.04). The increase becomes even more remarkable when compared with the evolution of prices in the other tobacco varieties. Between 1904 and 1907, prices fell again, as a result of the overproduction that the high American demand of years 1902 and 1903 had spurred. The large 1903 harvest, which came up for sale in 1904, did not find enough buyers until, late in the season, the American trust stepped in and bought large quantities of tobacco at a low price from the frightened Ottoman peasants.<sup>117</sup>

The German concerns about a possible Anglo-American takeover of the Oriental tobacco market became particularly acute in 1910, as the Ottoman parliament discussed what the future of the tobacco monopoly should be. The original 30-year-long contract between the Ottoman government and the Régie would soon need to be renegotiated.<sup>118</sup> The GCIA explained in a letter to the German Foreign Service that an Ottoman parliamentary committee had recently issued a report recommending the abolition of the Régie's monopoly, and the liberalization of tobacco agriculture and trade. Under the proposed plan, the state would secure its revenue through a banderole system. The banderole is a method for taxing goods where the manufacturer purchases stickers from the authorities and places them on the sealed package. The sticker certifies that the good has been correctly taxed. Today it is still a common method for taxing cigarettes and alcoholic beverages in many countries. The GCIA considered such a system unworkable in the Ottoman empire, given the absence of a sufficient, reliable civil service that could enforce it. The organization also suspected that the proposition was the result of American machinations. The

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116 Consular report, 1906, R/901 Auswärtiges Amt, folder 53745, items 77-78, BArch.

117 Consular report, 1906, R/901 Auswärtiges Amt, folder 53745, items 77-78, BArch.

118 "The original agreement between the Ottoman State and the company was for 30 years ... In 1913 the contract was extended for an additional 15 years period [sic]." Bakalis, "Tobacco Networks in the Aegean Islands," 57.

report suggested that American interests were influencing the parliamentary commission in charge of the affair. The GCIA feared that a liberalized domestic tobacco market in the Ottoman empire would allow the Trust to “eliminate any sort of competition or, at least, force it into irrelevance thanks to its enormous capital, just like it has done previously in China, Japan ... India, and many other states.”<sup>119</sup>

The GCIA also acknowledged the discontent among the Ottoman population with regard to the Régie, and assured that there would be popular support for the liberalization of the tobacco market. Should the Ottoman parliament realize that the banderole system was not a good option for the country, it might consider not renewing the contract with the Régie, and putting the monopoly in the hands of the Trust instead. Such a move would be an even worse scenario for the German interests. The GCIA expressed its suspicion that the Americans might be behind a press campaign to discredit the Régie among the Ottoman public.

The concerns that the GCIA harbored were not only shared with German state authorities. The organization also voiced them in its broader public campaign against the Anglo-American Trust in Germany. It accused the conglomerate of having ruined many American producers, thereby causing public disorder and violence on the countryside. Now it could be the turn of the Ottoman peasants, whose income would decrease should the Americans achieve monopsonistic power over the Oriental tobacco market.<sup>120</sup>

Later that year, the German embassy in Istanbul confirmed that there was an American offer on the table for the monopolization of the Ottoman domestic market.<sup>121</sup> The embassy

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119 GCIA to Auswärtiges Amt, 1910, R/901 Auswärtiges Amt, folder 13458, item 5, BArch.

120 Report “Deutschlands Interesse daran, daß der Tabakhandel in der Türkei nicht monopolisiert, daß hinsichtlich des Rohabakhandels Freizügigkeit, wie bisher, beibehalten wird und daß die Türkische Tabakregie nicht an den amerikanischen Tabaktrust übergeht,” 1910, R/901 Auswärtiges Amt, folder 13458, item 14, BArch.

121 German Consulate in Istanbul to Auswärtiges Amt, 1910, R/901 Auswärtiges Amt, folder 13458, item 36, BArch.

interpreted the offer as an attempt to create a choke point in the supply of raw material to the cigarette industries of the countries that imported Ottoman tobacco. The goal could not be, the German diplomatic authorities believed, to supply the English and American industries, since these two countries only imported relatively small amounts of this variety. The ultimate goal was, they suspected, to take over Europe's cigarette markets.<sup>122</sup>

The historical record makes clear that the concerns of the German cigarette industry for its supply market was related to BAT's expansion into the sales market for cigarettes in Germany. The German cigarette industry was younger, smaller, and more fragmented. Therefore, it could not muster as much capital as its American and British counterparts. Unlike the British American Tobacco Company, it could not aspire to opening large buying agencies in the Ottoman empire, let alone taking control of a state-wide monopoly. Instead, German manufacturers relied on two channels for the supply of their raw material. The first one was a series of independent tobacco merchants who took upon themselves the risk of purchasing tobacco and bringing it to Germany. The second, used to a lesser extent, were merchants commissioned *ad hoc* to make specific purchases in the Ottoman empire. In both cases, most of these merchants were Greek Ottomans. The sustainability of familial enterprises of these merchants was of vital importance if German manufacturers were to stay in business. Nowhere does the crucial role of these merchants become more visible than at the center of Germany's cigarette industry.

### **Greek Ottoman Merchants in Dresden**

Greek Ottomans performed a variety of activities within Dresden's cigarette industry, not just that of providers of raw material. Some of them established their own cigarette factories. A

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<sup>122</sup> German Consulate in Istanbul to Auswärtiges Amt, 1910, R/901 Auswärtiges Amt, folder 13458, item 38, BArch.

case in point is Georg Jasmatzi. He arrived from Istanbul in 1868 and initially worked as a skilled laborer for Laferme, Dresden's first cigarette factory. In the 1880s, he left Laferme and started his own firm, the third cigarette factory to open in the city.<sup>123</sup> Jean Vouris, another Greek who also opened a factory in Dresden in the the 1880s, had ties to Russia, much like the owner of the Laferme factory. Like Huppmann, Vouris was already operating in St. Petersburg.<sup>124</sup>

Before World War I, we also encounter Greeks working as entry-level cigarette workers (*Zigarettenarbeiter*), such as Jani Costi and Michael Jacovidez.<sup>125</sup> They could also work as tobacco cutters (*Tabakschneider*), a more skilled position within the division of labor.<sup>126</sup> Cutters were in charge of cutting the tobacco leaves into small pieces that would then be used to make cigarettes.<sup>127</sup> Tobacco cutters could either run their own business, i.e. buy the tobacco leaves and sell them to cigarette factories once cut, or be employed at cigarette factories.<sup>128</sup> Although most tobacco cutters in Dresden were not Greek, there are the documented cases of Constantin Stavridi and Efti Demitri.<sup>129</sup> Some Greeks worked as *Tabakmeister*, i.e. as the person in charge of making the mixes of different varieties of tobacco that would go into the cigarette. This was a position of great responsibility, as it required a considerable amount of expertise, as well as the capacity to find the right type of tobacco at an affordable price on the market. Georg Jasmatzi

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123 Reintzsch, *Geschichte der Dresdner Zigarettenindustrie*, 7.

124 *Adreßbuch Dresden*, 1878, p. I/I/421.

125 *Adreßbuch Dresden*, 1910, pp. I/391 and III/159.

126 In 1903, a regular cigarette worker in Berlin would make on average between 800 and 850 Mark a year if he was male, and between 750 and 800 if she was female. In contrast, a tobacco cutter (who was male in most cases, at least in Dresden) would make an average of 1650 Mark. Statistisches Amt der Stadt Berlin.

Statistisches Amt der Stadt Berlin, *Lohnermittlungen und Haushaltrechnungen*, 20.

127 Tobacco businessmen Aladar Ottai gives us an idea of how important the function of the tobacco cutter was in his discussion of the early twentieth-century cigarette industry in Bulgaria: "The cutting was handled ... by specialists so that the tobacco would not go under the knife either too humid or too dry; so that the leaves do not get pressed too hard, and the knife be very sharp. Otherwise the oils would be pressed out of the tobacco, which would give it a bitter taste." Ottai, *Geschichte der orientalischen Tabakkultur*, 12.

128 An example of one such independent firm is mentioned in Letter to the Zitag, 1916, R/1501

Reichsministerium des Innern, folder 118822, items 138-139, BArch.

129 *Adressbuch Dresden*, 1910, pp. I/121 and I/901.



worked as a *Tabakmeister* for Laferme before starting his own business.<sup>130</sup> Achillea Costi worked as a *Tabakmeister* in Dresden as well in the 1910s.<sup>131</sup>

These documented cases of Greeks participating in Dresden's cigarette industry show us the variety of functions that they could perform within the commodity chain. However, we should keep in mind that they were a minority if one takes into consideration the demographics of the industry as a whole. According to the Dresden guide of 1910, in the city there were hundreds of cigarette workers, mostly women with German names. There were also numerous tobacco cutters, mostly men with German names. Most owners of cigarette factories were also men with German names.<sup>132</sup> Where we do see a numerically significant number of Greeks is in the Oriental tobacco leaf trade. This had been the case since the early days of the city's cigarette industry. According to a 1933 report from the Dresden-based Arnhold Bank,

the first storing of [Oriental] tobacco [in Dresden] ... took place in 1870 on account of a Greek tobacco merchant, after the opening in 1864 of Dresden's first cigarette factory 'La Ferme.' He was Kyprianos Emfietzoglou, whose heir and successor today is the company Emfietzoglou Bros., based in Kavala.<sup>133</sup>

The Emfietzoglous quickly became one of the most important Oriental tobacco trading houses in Dresden, while the number of registered Greek Ottoman tobacco merchants steadily increased until World War I. Greek Ottomans dominated the market thanks to their familial connections and their knowledge of the supply market. Especially until World War I, these firms constituted yet another example of what Stoianovich termed "the conquering Balkan Orthodox merchant." In his discussion about the commercial integration of the Balkans and western Europe during the eighteenth century, Stoianovich tells us that

European traders' ignorance of market conditions in the Balkans ... gave Balkan merchants and peddlers the opportunity to obtain control of most of the overland

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130 Schäfer, *Familienunternehmen und Unternehmerfamilien*, 72.

131 *Adressbuch Dresden*, 1910, I/114.

132 *Adressbuch Dresden*, 1910, I/4 – I/1063.

133 Cited in Σκλιός, "Ιστορική επισκόπησι (sic)," 43.

carrying trade, part of the maritime carrying trade, and virtually the entire commerce of the Balkan interior.<sup>134</sup>

The case of tobacco merchants in the late nineteenth and early twentieth centuries fits well Stoianovich's characterization. The story of how these merchant houses inserted themselves into Dresden's economy and society, and how they responded to the changes taking place in their environment, gives us a perspective from below on the process of economic integration between the eastern Mediterranean and Germany.

The source material about the activities of these merchants prior to World War I is scarce. For the most part, it is limited to three types of sources. The first is official records, such as *Adreßbücher*, and entries in company registries. The latter are kept at the Central State Archive of Saxony and Dresden's Municipal Archive. Unfortunately, the records of Dresden's Commercial Office (Gewerbeamt) after 1900 were lost the most part during during the Allies' attack on Dresden in World War II. The second category of relevant documents is the material related to the debates about economic policy during World War I. Discussions about how to guarantee the supply of Oriental tobacco for the cigarette industry often made reference to the state of the market immediately before the beginning of the war. Such sources are available at the aforementioned Central State Archive of Saxony and the Federal Archive in Berlin-Lichterfelde. Finally, there are a variety of sources from the interwar period onwards in which tobacco merchants talk about their business activities in the pre-war period.

Unfortunately we have almost no documentation produced by the tobacco merchant firms themselves before World War I. Instead, we have either records produced and kept by the German authorities, or *a posteriori* accounts, produced in a context different than that of the pre-WWI period. There is also documentation produced by cigarette manufacturers and banks financing tobacco merchants, but for the most part they are from the interwar period. The

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<sup>134</sup> Stoianovich, "The Conquering Balkan Orthodox Merchant," 263.

available sources do not tell us much about the internal workings of pre-WWI tobacco trading firms or the volume of their business. Neither do they reveal many details about the daily lives of the tobacco merchants, or how they saw themselves in the world in general, or as part of German society in particular. The only exception is the creation of a legally recognized community in Dresden, for which we do have some documentation. The sources at our disposal contain, however, other forms of useful information. They allow us to reconstruct some of the interactions between the tobacco merchants and the local and national authorities. They also tell us about the position of these firms within the broader business landscape of the cigarette industry.

As I have already pointed out, the functions of cigarette manufacturer and retailer often overlapped in one single firm in the early stages of the German cigarette industry. Since cigarettes were made by hand, the activity did not require large investments in manufacturing facilities. Manufacturers often sold their product in their own store, but could also engage in door-to-door sales.<sup>135</sup> The distinction between shops specialized in tobacco products and cigarette factories would come later. In the early twentieth century there were still artisans producing handmade cigarettes. Pietschmann gives us a vivid description of how such artisans worked:

Their [i.e. that of specialized tobacco stores] actual origins are in the workshop-like firms. Originally it was cigar and cigarette manufacturers who started working on their own account, rented a small store, and offered their own manufactures for sale. Every now and then one still sees such retailers who produce their own goods in their shop windows in Berlin, and even more in Munich, most likely wearing a Turkish fez on their heads in order to attract the attention of the passers-by.<sup>136</sup>

In the early twentieth century, the cigarette still had to compete with other forms of tobacco consumption, even though it had already displaced the cigar in terms of sales. Germany produced

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<sup>135</sup> Blaich, *Trustkampf*, 20-21

<sup>136</sup> Pietschmann, "Verschiebungen in der Art des Tabakkonsums," 25. Note, once again, the use of Oriental imagery for the purpose of selling cigarettes.

12.1 billion cigarettes in 1913, but 7.4 billion cigars that same year was not a negligible amount.<sup>137</sup> In addition, tobacco consumers had the the pipe, and the self-made cigarette as options, as well as the much less popular chewing tobacco. Many manufacturers/sellers of tobacco products were therefore not always specialized in one single product for a good part of the nineteenth century. Dresden's *Adreßbuch* for 1880 lists manufacturers Sulima, L'Esperance and Laferme as "tobacco and cigarette factories."<sup>138</sup> "Tobacco" in this context refers to pipe tobacco as well as tobacco for self-made cigarettes. Konopacki appears described as a manufacturer of cigars, cigarettes and tobacco.<sup>139</sup>

As cigarette manufacturing firms became bigger and more specialized, and as their products became standardized and branded, the demand for a reliable supply of raw material in large quantities increased. The tobacco mixes that went into cigarettes contained expensive varieties valued for their properties (flavor, combustibility, weight), as well as cheaper varieties that reduced the overall production cost.<sup>140</sup> A successful tobacco merchant would therefore have to be someone with enough expertise to recognize the potential profitability of different varieties of tobacco. Tobacco from different eastern Mediterranean villages, even from different producers in the same village, could vary in terms of quality. Different harvests also yielded different qualities.<sup>141</sup> Not even all the leaves in a single plant had the same value. The upper, smaller leaves were considered of higher quality than those closer to the ground.<sup>142</sup>

The specialized knowledge that the Ottoman merchants possessed about a plant that grew far away from Central Europe allowed them to thrive in Dresden. With regard to the timing of

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137 Pietschmann, 18.

138 *Adreßbuch Dresden*, 1880, p. II//VI/189.

139 *Ibid.*

140 The properties that cigarette manufacturers sought in Oriental tobacco leaves are discussed in Nestoroff, *Die Orient-Tabake*, vol. 1, 52-55.

141 Nestoroff, 60-61.

142 Freysoldt, *Buch vom Rohtabak*, 79.

their arrival onto Dresden's economic landscape, it is noteworthy that it roughly coincides with the establishment of the Ottoman tobacco monopoly in 1883. Shechter has pointed out that the Egyptian cigarette industry flourished as a result of the establishment of the monopoly. Since British-occupied Egypt was not under the monopoly, cigarette manufacturers of Greek ethnicity relocated to Egypt and opened factories there.<sup>143</sup> The case of the tobacco merchants that came to Dresden is probably similar.

After 1885, there was an increase in the presence of Greek-Ottoman tobacco merchants in Germany, and particularly in Dresden. In 1890 there were two registered tobacco leaf merchants of Greek ethnicity: Cyprian P. Enfizioglou (we also encounter the spelling "Enfietzoglou"), and the firm Pervana und Co., which was co-owned by P. A. Pervana and Panayotte Jean Zirini from Smyrna.<sup>144</sup> Only five years later, in 1895, there were six such firms.<sup>145</sup> The number kept increasing until World War I. By 1913, out of 61 tobacco trading firms in Dresden, there were 24 either owned by a Greek, or in which a Greek was one of the business partners (Table 3.02). In addition, there were two Ottoman Muslim firms, and one Armenian. In Table 3.02, I have assigned the trait "Oriental participation" to those firms whose name indicates that the owner, or at least one of the co-owners, was of Greek, Turkish, or Armenian origin. I use the term *Oriental* despite its complex connotations in academia today. It was often used in German in this period to refer to the people from the eastern Mediterranean, regardless of whether they were Greek, Sephardi, Armenian, Muslim, or from any other ethno-religious group.<sup>146</sup>

There were some Greek Ottoman tobacco merchants in Hamburg as well, but their number was much smaller, both in absolute terms and in relation to the total of tobacco merchant

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143 Shechter, *Smoking, Culture and Economy in the Middle East*, 31-36.

144 *Adreßbuch Dresden*, 1890, p. II/VIII/424. Company registry, 1886, 11045 AG Dresden, file 1277, items 205-207, HSA Dresden.

145 *Adreßbuch Dresden*, 1895.

146 Chatziioannou has commented on a similar use of the words *Orient* and *Oriental* in a British source from the 1870s in Chatziioannou, "Mediterranean Pathways."

firms in the city. This smaller presence is not surprising given the lesser weight of Hamburg's Oriental tobacco trade. It would increase at the expense of that of Dresden's in the interwar period, as I will discuss in chapter 8. In 1900, in Hamburg there were nineteen firms listed as importers of tobacco, of which only one had a Greek name (Serdaroglou).<sup>147</sup> In 1910, there were two more Greek names (Dedeoglou and Hadjisawa) and one Armenian (Tomassian).<sup>148</sup> In 1913, Hamburg hosted seven Greek firms, one Sephardic, and one Armenian (Table 3.03). Bremen, another important city in the geography of the German tobacco industry, was specialized in cigar manufacturing. In the mid-nineteenth century, it had become the port of entry for tobacco from the Americas, which was used largely for cigars, not cigarettes.<sup>149</sup> In 1910 there were only two cigarette manufacturers in Bremen. Out of 150 tobacco trading firms, none were Greek.<sup>150</sup> In the period under discussion, speaking of Germany's Oriental tobacco market meant speaking of Dresden.

We do not have quantitative data for this period about the volume of tobacco imported by any particular Dresden-based merchant. However, the centrality of Greek Ottoman firms in Oriental tobacco trade was even greater than the available numbers (24 out of 61 firms in 1913) might suggest at first sight. The listings that appear on the *Adreßbuch* make no distinctions between firms dealing in Oriental tobacco and other varieties. Cigar manufacturers, of which there were many, also needed to be supplied with raw material. Some of the German firms that appear as tobacco merchants on Table 3.02, such as Emil Moerbe, had been active in the cigar industry in the 1870s.<sup>151</sup> This suggests that they might have continued trading in non-Oriental tobacco (i.e. cigar and/or pipe tobacco) later on. In addition, there were tobacco trading firms

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147 *Adreßbuch Hamburg*, 1900, p. 435-V.

148 *Adreßbuch Hamburg*, 1910, p. 387-III.

149 Jacob & Dworok, "Tabak: Eine globalhistorische Einführung," 26-28.

150 *Bremer Adreßbuch*, 1910, 1148-1149 and 1169.

151 *Adreßbuch Dresden*, 1870, p. II/VI/190.

that did not have the capacity to import Oriental tobacco themselves. Instead, they would buy consignments of tobacco from importers, and then break them up into smaller lots. These second, and sometimes third-hand traders would then sell their lots to small cigarette manufacturers.<sup>152</sup> Since there is no evidence of independent German tobacco merchants operating in the eastern Mediterranean in this period, one can assume that the German firms of Dresden, if dealing in Oriental tobacco, sourced their tobacco from Greek Ottoman merchants.<sup>153</sup>

The centrality of Greek Ottoman merchant firms within Dresden's tobacco market becomes particularly visible when we look at their location in the urban landscape. The most valued place in Dresden for a tobacco firm to be located was near the tobacco warehouses in the Wilsdruffer Vorstadt area (Map 3.01). We encounter a high concentration of tobacco trading firms on the streets near the customs facilities by the Elbe river: Devrientstraße, kleine Packhofstraße and Ostra-Allee. Bulgarian merchant Marko Nestoroff referred to the latter street in 1928 as the "business center of Oriental tobacco trade" ("Geschäftszentrum des Orient-Tabak-Handels").<sup>154</sup> Tobacco merchants and cigarette manufacturers kept large amounts of tobacco in the bonded warehouses located in this area, which is why it was convenient for a merchant to have his office nearby. In an advertisement that appeared on a 1909 tourist guide of Dresden, the reader is told about Laferme's tobacco stock being stored there.<sup>155</sup>

Tobacco transactions often involved visits to the warehouse to inspect the goods. The merchant would sometimes mail samples of his goods to potential buyers as well.<sup>156</sup> A look at the addresses of the tobacco trading firms registered in Dresden in 1913 reveals that there were 40

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152 Junge, "Die ausländischen Rohtabake," 147-148.

153 None of the non-Oriental firms listed in Hamburg or Dresden in 1913 appear on *Annuaire Oriental*, 1913.

154 Nestoroff, *Die Orient-Tabake*, vol. 1, 241.

155 Kummer & Schumann, *Dresden und das Elbgelände*, 153.

156 Multiple references to commercial practices of this sort appear in the folder 388 of collection 13131 Deutsche Bank, Filiale Dresden, HSA Dresden. Also in folder 749 of collection 13118 Allgemeine Deutsche Credit Anstalt, Dresden (ADCA), HSA Dresden.

firms with their offices located near the bond warehouses. I consider a firm to be located near the warehouses if its address is within the neighborhood of Wilsdruffer Vorstadt. Of those 40 firms, 20 appear on the records as having a Greek owner or business partner (Table 3.02). This means that most Oriental firms were located in the area. This spatial arrangement would change in the interwar period, as I will discuss in chapter 8.

The prevalence of Greek Ottoman firms in Germany's Oriental tobacco trade raises the question of how they established and sustained their position on the market. After all, German merchants proved quite capable of thriving in the trade with other staple commodities in this period, including tobacco from Latin America. Dehne tells us the following about German merchants in that part of the world:

[b]y 1900, German merchant houses controlled many of the goods shipped to and from South America ... Furthermore, firms managed and owned by Germans overwhelmingly dominated trade in commodities, including coffee, wool, and grain, the exports of which had propelled South America's vaunted economic expansion since the 1880s.<sup>157</sup>

In 1907, British Consul O'Sullivan-Beare in Bahia, Brazil commented on how "[t]he export trade of tobacco from Bahia is controlled by a number of German firms, who exhibit much enterprise in connection with that business."<sup>158</sup> Firms based in Bremen and Hamburg achieved a dominant position as purchasers of tobacco from the Dominican Republic, Colombia and the Brazilian region of Bahia in the mid-nineteenth century.<sup>159</sup>

The answer to the question of why German merchants could not penetrate the Ottoman supply market in the way that they did in Latin America partially lies in the fact that the Ottoman empire had not been colonized. Furthermore, the presence of commercial networks of Ottoman Christians in many of Europe's commercial hubs predated the emergence of large-scale tobacco

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157 Dehne, "Business as Usual," 518-519.

158 Cited in Dehne, 519.

159 Baud, "German Trade in the Caribbean," 83; Harrison, "The Evolution of the Colombian Tobacco Trade," 169; Baud & Koonings, "A lavoura dos pobres," 320.



trade. This important difference has two implications: First, in the nineteenth century there were no plantations employing unfree labor. Second, no monopoly on tobacco exports was ever introduced in the way that Spaniards had done in their colonies. The Ottoman tobacco monopoly, we should bear in mind, only had jurisdiction over the domestic market, not exports. This particularity is in sharp contrast with those markets where German firms did achieve a strong position, such as those of the Dominican Republic, Colombia or Brazil.

Independent Colombia inherited a colonial monopoly that was eventually abolished in 1850. However, as Harrison points out, “the areas of production [and] also the European markets were developed under the guidance of the state-managed tobacco monopoly and were only later turned over to private individuals for exploitation.”<sup>160</sup> In order to make policing easier, the monopoly had consolidated tobacco production in the region of Ambalema. After the abolition of the monopoly, big landowners (*hacendados*) were able to “interpose themselves between the cultivators and all commercial activity”<sup>161</sup> much like the monopoly had previously done.

Through a system of advances in overpriced kind and exacting high interests, the *hacendados* could force the producers to sell the tobacco to them at a fixed price. These notables could prevent the farmers from selling directly to roving buyers through vigilante law. They also used their connections to the authorities to employ people classified as vagrants as free labor.<sup>162</sup> The rise of the firm Montoya Sáenz y Cía. in the second half of the nineteenth century further consolidated the Colombian supply market. The company achieved an almost monopolistic position in the transportation and sale of Ambalema tobacco within Colombia.<sup>163</sup> These circumstances made it easy for European, especially German and British companies, to access Colombian markets. We encounter a similar situation in Bahia, Brazil. The abolition of slavery

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160 Harrison, “The Evolution of the Colombian Tobacco Trade,” 164

161 Harrison, 172.

162 Harrison, 172-173.

163 Montaña, *El tabaco, monocultivo y dependencia*, 11-16.

and the shift towards sharecropping arrangements did not cut the ties between the agricultural laborers and the big landowners. The latter still performed the function of delivering the tobacco to the German merchants who would ship the crop to Bremen and Hamburg.<sup>164</sup>

The international trade in Dominican tobacco, like its Colombian and Brazilian counterparts, was largely dependent on the German markets as well.<sup>165</sup> In the Cibao region, which produced most Dominican tobacco, an independent peasantry had emerged after the slave revolt in Saint-Domingue. However, since the export trade of tobacco had been controlled by the Spanish monopoly, the structure of the market was ready for Hanseatic merchants to replace it once abolished. “Dominican intermediaries organized the purchase of the harvest and German merchants established themselves in Puerto Plata.”<sup>166</sup> The German merchants developed an oligopolistic system in which they were able to undersell the Dominicans who tried to find alternative sales markets. The Germans also controlled the information about the situation of the market in Bremen and Hamburg, as well as the flow of credit needed by the Dominican merchants who connected them to the producers.<sup>167</sup>

Compared with these Latin American countries, the tobacco-producing regions of the Ottoman empire did not present a pattern of highly concentrated land ownership. The only relatively large estates in the Ottoman context, known as *chiflik*, did not resemble the postcolonial arrangements of other tobacco regions. With regard to the *chifliks*, Lampe & Jackson tell us the following:

By the eighteenth century the typical *chiflik* in the Bulgarian, Greek, and Macedonian lands appears to have been little more than the 60-120 dönöm, or 15-20 acres, that the ten to twenty families in a small village could cultivate by this initial standard. The only holdings large enough to bear some comparison with contemporary Prussian or Polish estates of several thousand acres were

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164 Baud & Koonings, “A lavoura dos pobres,” 319-320.

165 Baud, “German Trade in the Caribbean,” 86.

166 Baud, 87.

167 Baud, 86-98.

collections of 100-200 separate and unconsolidated *chiflik* villages held by a handful of the most powerful *ayan* in the eastern Macedonian and western Bulgarian lands.<sup>168</sup>

In the late Ottoman period, most peasants made a living on the basis of sharecropping agreements with Muslim landlords. However, unlike in Latin America, these landlords did not increase their landholdings to develop them into highly commercialized operations. In addition, industrial, financial and merchant capital was unable to buy land from them because of “the semifeudal and ill-defined system of land tenure in the Macedonian hinterland.”<sup>169</sup> This was in part due to the Ottoman government’s interest in preserving its fiscal base, i.e. the small peasantry, from the incursion of foreign capital.<sup>170</sup> In this political-economic context, the merchants, not the landlords, would link the sharecropper with the international markets.

The existing historiography has discussed extensively the important role that Greek commercial networks played in the trade between the Ottoman Empire and Europe. “The Ottoman reluctance to deal with infidel European traders in the imperial capital”<sup>171</sup> in the early modern period encouraged Europeans to resort to non-Muslim Ottoman intermediaries when conducting business in the Ottoman empire. Jews and Christians (mainly Armenians and Greeks) benefited from these arrangements.<sup>172</sup> The port cities of Smyrna, Istanbul and Salonika, through which most Ottoman trade was conducted, were home to thriving communities of Greek merchants. By the eighteenth century, Greeks dominated much of the Mediterranean trade.<sup>173</sup>

As a result of the territorial gains that the Habsburg and Russian empires made at the expense of the Ottoman state, a series of economic policies opened up commercial opportunities for the Greeks. The Habsburg empire encouraged the establishment of Greek merchants in the

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168 Lampe & Jackson, *Balkan Economic History*, 35.

169 Lampe & Jackson, 282.

170 Pamuk, *The Ottoman Empire and European Capitalism*, 53.

171 Lampe & Jackson, *Balkan Economic History*, 31.

172 *Ibid.*

173 Harlaftis, “Mapping the Greek Maritime Diaspora,” 151-153.

port of Trieste, while Russia created the conditions for the settlement of Greek communities in port cities on the Black Sea coast.<sup>174</sup> By the time when the German cigarette industry became big enough to absorb a large supply of Oriental tobacco, Greek commercial networks had already been connecting Ottoman supply and European sales markets for a long time. In the Saxonian cities of Chemnitz and Leipzig, for instance, Greek cotton merchants had been supplying the textile industry with raw material already in the eighteenth century.<sup>175</sup>

The skills that an Oriental tobacco merchant needed went beyond the knowledge of local languages. The merchant had to navigate a supply market in which property rights and the enforceability of contracts were not always guaranteed. In the absence of a developed banking system that could finance small agricultural operations, the merchants would make advances to the tobacco producers at a high interest in exchange for the right to purchase the tobacco once harvested.<sup>176</sup> In a talk at the chapter of the Rotary Club in Bulgaria in 1933, tobacco businessman Aladar Ottai discussed the history of Oriental tobacco trade, in which he himself had been an active participant. He had been the director of a number of tobacco firms since 1900 in Haskovo, Plovdiv, Sofia, and Kavala. He said the following about the perils of tobacco trade around the turn of the twentieth century:

Since the Balkan Wars, the romanticism has disappeared from the history of the Oriental tobaccos, and with it its two main components: the gold and the brigands.

...

Paper money was unknown. One would pay for everything in gold and silver coins... Every tobacco firm, depending on its importance, would have a number of *kavass* (guards) whose arming would have been authorized by the *kaimakam* (vice governor)... Such precaution was also necessary since, in the interior of what then was Turkey,<sup>177</sup> and specially around Kavala, armed brigands 'guarded'

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174 *Ibid.*

175 Anagnostopoulos, "Geschichte einer griechischen Kolonie," 11-19.

176 Ziogas, *Der Tabak in der griechischen Volkswirtschaft*, 39-40.

177 The author is referring to the Ottoman Empire as *Turkey* (*Türkei* in the German original). More specifically, the author is making reference to the territories lost by the Ottoman Empire in the Balkan Wars.

the roads that led to Pravischta,<sup>178</sup> Drama and Sarischaban,<sup>179</sup> who would unburden them from any unnecessary gold.<sup>180</sup>

Economic historians agree in that the amount of paper money in circulation in the late Ottoman Empire was quite small. Its use was limited mainly to the Istanbul area and for large transactions.<sup>181</sup> Ottai's description of tobacco purchases in the rural areas of the Ottoman Empire and Bulgaria in the early twentieth century seems to confirm these findings. His discussion of brigandage also fits well into the picture that historians have drawn of this phenomenon. Brigands made the journey through the countryside dangerous for the merchant, but they could also be employed as guards. Ottai tells us the following about a notorious brigand from the time:

In the years 1895-1898 there was, among others, a famous Albanian brigand by the name of Abeddin, the invincible uncrowned ruler of the highways and gorges around Kavala. ... Mr. Wix, ... director of the firm M. L. Herzog in Kavala, petitioned Abeddin's pardon and so he became Mr. Wix's bodyguard and the leader of all of the firm's *kavass*.<sup>182</sup>

Historians of brigandage have found a correlation between the rise of this activity in rural areas and the development of commercial agriculture. The brigands occupied an ambiguous position, straddling between the roles of criminal, protector, and sometimes even law enforcer depending on the circumstances.<sup>183</sup> Since traveling the tobacco-producing areas could be a dangerous enterprise, merchants needed good knowledge of the local society and personal connections. These were useful not only for the purposes of staying safe. A merchant also needed a series of intermediaries in the rural areas in order to find the goods that he wanted. Even more importantly, personal relationships and control over market information at the local level were relevant factors in the very process of price formation.<sup>184</sup>

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178 Today known as Eleftheroupoli.

179 Today known as Chryssoupoli.

180 Ottai, *Geschichte der orientalischen Tabakkultur*, 6-7.

181 Pamuk, "Money in the Ottoman Empire," 972; Tunçer, "The Black Swan of the Golden Periphery," 18.

182 Ottai, *Geschichte der orientalischen Tabakkultur*, 7.

183 Gallant, "Brigandage, Piracy, Capitalism."

184 Ottai, *Geschichte der orientalischen Tabakkultur*, 7.

Wilhelm Riekes, a German merchant who worked for a series of cigarette manufacturers in the 1910s making tobacco purchases in Bulgaria, advised the state company in charge of providing the German cigarette industry with tobacco during World War I. As I will later discuss, the disruptions caused by the war had pushed up the prices considerably. He suggested how the state company should act in order to push the prices down:

If I want to cool down the market, I send three agents to the different coffee houses where the buyers gather and offer tobacco through these three agents, say 200,000 kilos at a price of 35 Mark. The following day, another one shows up and offers 34 Mark, 32 Mark, 30 Mark etc. With small quantities they cool down the market. All the tobacco merchants will get together and say ‘We want to form a cartel. We do not want to pay more than 10 Leva.’ The farmer will not know what the price is. But one keeps making offers. The farmer keeps hearing about these prices and you get the tobacco at the prices that you want.<sup>185</sup>

Ottai’s account of his own commercial activities also provides us with information about how a merchant could reduce the level of uncertainty in his commercial dealings. In the absence of formal contracts, communal mechanisms of trust preservation were necessary.

Whenever a producer wanted to trick a merchant by hiding the bad part of his produce during the visit, his neighbors would betray him to prevent that one producer from harming the whole village’s reputation.<sup>186</sup>

It is safe to assume that, in order for commercial interactions to function in the way that Riekes and Ottai describe them, the merchant needed a network of contacts reliable enough to be able to control the circulation of market information. In the small markets of these rural communities, these contacts could send market signals through the right channels with some degree of credibility. The risk involved in principal-agent relationships was reduced through kinship and familial ties, as well as through the merchant house’s embeddedness in the communities. The sources available at Dresden’s Municipal Archive show that the Greek Ottoman tobacco merchants operating in the city around the turn of the century came from tobacco-producing

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185 Minutes of Zitag governing board meeting, 1917, R/8855 Zigaretteneinkaufs GmbH., folder 9-1/2, item H-46, BArch.

186 Ottai, *Geschichte der orientalischen Tabakkultur*, 11.

areas (Macedonia and the Black Sea Coast), unless they came from the imperial capital Istanbul. The places of birth recorded in their company registries include Samsun, Maroneia, Kavala and Siatista (Table 3.04).

Greek tobacco merchants relied on familial connections for the provision of capital and goods. There are several cases of brothers running a business together, sometimes after inheriting it from their father. Such is the case of the Enfiezioglous. Cyprian Prodromos Enfiezioglou registered himself as a tobacco merchant in Dresden in 1886. After his death in 1899, his sons Alexander and Achilles took over the family business.<sup>187</sup> Brothers Alcibiades and Constantin Seraidaris also ran a tobacco import house together in Dresden between 1898 and 1903.<sup>188</sup> Fils Deirmendjoglou was owned by brothers Jean Apostolou and Anastasse Apostolou Deirmendjoglou between 1891 and 1913.<sup>189</sup>

Maria-Christina Chatziioannou has referred to eighteenth and nineteenth century Greek Ottoman merchant houses as “a partnership between brothers or cousins,” whose expansion “was achieved through the migration of family members to major port cities, while financial resources increased through pre-banking practices.”<sup>190</sup> These traits by and large apply to the tobacco merchants that operated in Dresden. Achilles Enfiezioglou decided to resume his commercial operations in 1923, after having discontinued them during World War I. He was able to do so thanks to a loan of two million Mark from his uncle Demosthenes Muratti from Manchester.<sup>191</sup> The Pervanas provide another example of multiple generations of the same family collaborating. Panayotte Anhel Pervana and his son Jean Basile Pervana were in charge of two separate firms

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187 Company registry, 1866, 11045 AG Dresden; file 1276, items 731-733, HSA Dresden.

188 Company registry, 1898, 2.3.9 Gewerbeamt A, Bürger- u. Gewerbeakten; folder S.9915, items 1-2, SA Dresden.

189 Company registry, 1891, 11045 AG Dresden, file 1283, items 67-69, HSA Dresden.

190 Chatziioannou, “Creating the Pre-Industrial Ottoman-Greek,” 324.

191 Polizeidirektion to Gewerbeamt, 1923, 2.3.9 Gewerbeamt A, Bürger- u. Gewerbeakten, folder E.1470, item 6, SA Dresden.

according to the public records. Once the father died in 1915, his three sons, of whom two were based in Dresden and one in Volos, Greece, became the owners of his business.<sup>192</sup>

Another relevant feature of these firms was their tendency towards fragmentation after a few years of operation. Such was the case of the Enfiezioglou brothers, who parted ways after nine years running their deceased father's business together.<sup>193</sup> The Seraidaris brothers Alcibiades and Constantine formed a society for three years (1900-1903),<sup>194</sup> before the former went on to work for the British American Tobacco group.<sup>195</sup> Sometimes merchants would work together for a few years and then leave to work with other merchants. Such was case of Thrasybule Zerbini, who collaborated with the Zirini brothers between 1891 and 1902, and then went to work with the aforementioned Pervanas for about seven years.<sup>196</sup> In 1909, Zerbini registered his own tobacco firm with himself as the only owner.<sup>197</sup>

These temporary arrangements fit into Pepelasis Minoglou's category "trader's coalition," in which merchants would make *ad hoc* agreements that could solve problems related to agency and transaction costs, while allowing long-term flexibility.<sup>198</sup> Members in these coalitions were often related through blood, marriage, or place of origin. The literature on family businesses has pointed at economic uncertainty, poor property rights, low trust of outsiders, low technological requirements, and high information costs as features that often characterize markets in which family firms thrive.<sup>199</sup> The supply markets for Oriental tobacco certainly

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192 Company registry, 1894, 2.3.9 Gewerbeamt A, Bürger- u. Gewerbeakten, folder P.1019, items 1-3, SA Dresden.

193 Achilles Cyprian Enfiezioglou to Gewerbeamt, 1923, 2.3.9 Gewerbeamt A, Bürger- u. Gewerbeakten, folder E.1470, items 3-4, SA Dresden.

194 Company registry, 1900, 11045 AG Dresden, folder 1291, item 8672, HSA Dresden.

195 Manuscript of report "Die Zigarettentabakeinkaufsgesellschaft im Dienste der deutschen Kriegswirtschaft," approx. 1917-1920, R/8855, Zigarettentabakeinkaufs GmbH, folder 3, BArch.

196 Company registry, 1891, 1045 AG Dresden, folder 1282, item 862, HSA Dresden. In the same folder, Company registry, 1891, items 853-855.

197 Company registry, 1909, 11045 AG Dresden, folder 1315, item 12024, HSA Dresden.

198 Pepelasis Minoglou, "Toward a Typology of Greek Diaspora," 181.

199 Pollak, "A Transaction Cost Approach." Colli & Rose, "Family Business," 196-197.



presented those features. In combination with the pre-existence of a Greek Ottoman commercial culture linking the Mediterranean and European markets, the nature of the market was conducive to the success of these firms.

The flexibility of the Greek Ottoman merchant firm becomes even more evident when we consider that they would be in search of commercial opportunities regardless of whether they were related to Oriental tobacco. They could be competitive in the markets for other products from the Ottoman empire as well, again because of their knowledge of, and connections with, the supply markets. Pursuing one-time deals in other commodities, however, could sometimes be at odds with the law, since one had to register himself as a businessman in a specific trade in order to operate legally. Zachos Athanasios Zachos, one of the fined merchants with whom I started chapter 1, is a good example. According to his own statement to the police, he had bought the carpets that he was fined for from his cousins in Kozani, a small town in Ottoman Macedonia.<sup>200</sup> Another example is Basile P. Zirini, a merchant whose main activity was the tobacco trade, but who was known to trade in olive oil from Smyrna as well.<sup>201</sup>

Jones has discussed the move toward upstream vertical integration that British trading companies made in the decades leading up to World War I. The booming trade in commodities, and the experience gathered through trade provided an incentive to diversify into the production of raw materials in order to reduce transaction costs.<sup>202</sup> In this regard, the Greek Ottoman firms trading in Oriental tobacco present an interesting contrast. These firms, or rather these merchant coalitions, did not acquire land in the Ottoman empire to produce their own tobacco. Instead, some of them strengthened their ties to cigarette manufacturing. Such is the case of the Seraidaris

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200 Correspondence between Inspektion des v. Stadtbezirks, Zachos A. Zachos, and Gewerbeamt, 1900, 2.3.9 Gewerbeamt A, Bürger- u. Gewerbeakten, folder Z.0059, items 4-7, SA Dresden.

201 Correspondence between Basile P. Zirini's attorney and Ministerium der auswärtigen Angelegenheiten, 1913, 10717 Ministerium der auswärtigen Angelegenheiten, folder 7018, items 130-135, HSA Dresden.

202 Jones, *Merchants to Multinationals*, 251.

brothers. Alcibiades became the director of Jasmatzi AG's manufacturing facility after the company was bought out by the British American Tobacco Company.<sup>203</sup> Tobacco merchant Zachos Athanasios Zachos acquired ownership of the Jean Fotion Cigarette Factory in 1915, but remained involved in the trade in raw material.<sup>204</sup> In his published memoirs, Greek tobacco businessman Evangelos Papastratos mentions the marriage of Hannover-based cigarette manufacturer Angeli Konstantinou's daughter with tobacco merchant Miltos Synnefias.<sup>205</sup>

The fact that these Greek Ottoman networks crossed the trade/manufacturing division shows us that long-distance trade in staple goods was not the only way in which Greeks contributed to the economic integration of Central Europe and the Ottoman Empire. Their competitive advantage based on their personal and business networks allowed them to carve a niche for themselves in a growing industry. The most obvious implication of this feature of the German cigarette industry is that Oriental tobacco was the most valued variety among consumers. The preference that German smokers showed for Oriental tobacco, more prevalent than in Britain, the US or France, could not have been sustained had it not been for these merchants. In other contexts, either colonial markets or domestic production were the origin of the raw material. The important role that these merchants played, as we will see later in this chapter, also influenced Germany's policy with regard to tobacco during World War I.

The communal life of Dresden's Greek Ottoman merchants presents some of the traits that the literature on diaspora Greek communities has identified. Chatziioannou has characterized the Greek language and Orthodox Christianity as "the cohesive elements for the Greek

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203 Manuscript of report "Die Zigarettentabakeinkaufsgesellschaft im Dienste der deutschen Kriegswirtschaft," aprox. 1917-1920, R/8855, Zigarettentabakeinkaufs GmbH, folder 3, BArch.

204 Company registry, 1915, 11045 AG Dresden, folder 1329, items 387-388, HSA Dresden; Generalanzeiger für den Zigarren-, Zigaretten- und Tabakhandel, July 1917, 10736 Ministerium des Innern; folder, item 88, HSA Dresden.

205 Παπαστράτος, *Η δουλειά κι ο κόπος της*, 128-129.

migrants.”<sup>206</sup> In a study of the Greek merchant communities of Victorian England, she points out that “[m]ost Greek immigrants were involved with their business affairs, attending their religious services and nurturing their national pride, mainly through their support of Greek language and culture.”<sup>207</sup> In this regard, the Greek Ottoman merchants of Dresden were no exception. They were interested in fostering communal ties through religious and charitable activities.

In June of 1906, they registered the Greek Orthodox Association (Griechischer Orthodoxer Verein) with the triple purpose of “preserving the conviviality and Greek language;” “assisting and supporting poor compatriots,” and “creating a Greek community and building a church in Dresden.”<sup>208</sup> The Saxonian authorities found the latter goal of the Association problematic. More specifically, the Royal Saxonian Ministry of Religious Affairs considered that the organization was planning to perform religious activities, and therefore needed express permission from the state. Another option, according to the Ministry, would be to make arrangements with the Russian Orthodox Church that already existed in Dresden in order to conduct religious services.<sup>209</sup>

The authorities were concerned about a possible “disturbance of the religious peace” (“Störung des konfessionellen Friedens”). Recognizing Dresden’s Greeks as a religious community would mean acknowledging their separation from the numerically stronger, older community in Leipzig, to which all adherents of the Greek Orthodox faith living in Saxony officially belonged.<sup>210</sup> The community in Leipzig had ties with the Greek state, and had been supervised by the Greek consul in Leipzig since 1859.<sup>211</sup> In the event, an amendment to the

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206 Chatziioannou, “Greek Merchants in Victorian England,” 49.

207 *Ibid.*

208 Polizeidirektion Dresden to Königliche Kreishauptmannschaft Dresden, 1906, 10747 Kreishauptmannschaft Dresden, folder 332, item 1, HSA Dresden.

209 Königlich Sächsisches Ministerium des Kultus to Kreishauptmannschaft Dresden, 1906, 10747 Kreishauptmannschaft Dresden, folder 332, item 5, HSA Dresden.

210 Polizeidirektion Dresden to Königliche Kreishauptmannschaft Dresden, 1906, 10747 Kreishauptmannschaft Dresden, folder 332, item 3, HSA Dresden.

211 Peter Pappageorg to Ministerium der auswärtigen Angelegenheiten, 1909, 10717 Ministerium der

bylaws of the Dresden organization solved the issue a few months later. The organization's third stated purpose would be the collection of funds for the creation, and maintenance, of a formally registered religious community. The revised bylaws specified that the religious community would only come into legal existence at a later point, after securing the necessary permits.<sup>212</sup>

In the absence of a Greek Orthodox temple, the Greeks of Dresden made use of the Russian church that still exists today on Dresden's Fritz Löffler Street<sup>213</sup> in the Südvorstadt area. There is no documentary evidence of services conducted in Greek before World War I. Unfortunately, most of the material stored in the archive of the Greek community of Leipzig was destroyed during World War II.<sup>214</sup> There are references, however, to the Greeks making use of the Russian church in correspondence from the 1920s regarding Dresden's Russian Orthodox community.<sup>215</sup> It is therefore safe to assume that the Greeks had some sort of relationship with the church already before World War I. There are other examples of interdenominational, intra-Orthodox interaction of this kind in this period.

Chatziioannou has made reference to Armenians and Greeks sharing the same church in Manchester in the first half of the nineteenth century, before the Armenians were able to organize their own services. Greeks and Serbs also shared the same building in Trieste before 1869, when the latter built their own church.<sup>216</sup> The case of Dresden provides yet another example of Orthodox Christians of different diaspora communities sharing a church as a temporary arrangement. In this case, however, the more recently arrived, numerically smaller community (i.e. the Greeks) would never bring the construction of their church to fruition.<sup>217</sup>

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auswärtigen Angelegenheiten, folder 9192, items 3-4, HSA Dresden.

212 Königlich Sächsisches Ministerium des Kultus to Kreishauptmannschaft Dresden, 1907, 10747 Kreishauptmannschaft Dresden, folder 332, item 12, HSA Dresden.

213 At the time, the street was called Reichsstraße.

214 Suppé, "In Sachsen auf Heimatboden," 14.

215 Rat zu Dresden to Kreishauptmannschaft Dresden, 1924, 11125 Ministerium des Kultus und öffentlichen Unterrichts, folder 21547, HSA Dresden.

216 Chatziioannou, "Greek Merchants in Victorian England," 53.

217 According to official statistics, there were 1022 Russian citizens living in Dresden in 1902, whereas

The destiny of Dresden's Greek Orthodox community was tied to that of the tobacco market. All the chairmen and vice-chairmen of the Greek Orthodox Association between 1907 and 1928 (the years for which there are data) were tobacco merchants.<sup>218</sup> The archives of the Russian church of Dresden still keep a list, dated in 1932, of the addresses of multiple Greek residents of Dresden. The church was in financial distress, and had initiated a fund raising campaign that targeted, among other, Dresden's Greek Orthodox residents<sup>219</sup>. All the names on the list are of people involved in the tobacco industry, whether as leaf merchants or cigarette manufacturers.

World War II and the subsequent establishment of the German Democratic Republic brought about the end of Greek tobacco trade, and of virtually all Greek presence in Dresden. The other great war of the twentieth century, World War I, also had a negative effect on the vitality of Greek-German tobacco trade, and in particular on Dresden's merchants. Such negative effect was not irreversible, since tobacco trade would resume in the interwar period. However, the disruptions that the Great War caused in the supply of Oriental tobacco in Germany had far-reaching implications. They marked the beginning of the end of the uncontested domination of Greek Ottoman trading firms on this market.

### **The Decade of War (1912-1922)**

Between 1912 and 1922, three wars disrupted the Oriental tobacco trade: the Balkan Wars (1912-1913), World War I (1914-1918), and the Greco-Turkish War of 1919-1922. These conflicts brought about a series of irreversible changes in the trade's territoriality and governance structure. Firms that had once been able to access Ottoman and German markets came under

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Ottoman and Greek citizens amounted to 100 and 27 respectively. *Zeitschrift des Königlich Sächsischen Statistischen Bureaus*, 1902, 99.

218 Association registry, 1907, 11045 AG Dresden, folder 1393, item 107, HSA Dresden.

219 List of names, 1932, Archive of the Russian Church of Dresden. I would like to thank deacon Roman Bannack for bringing this document to my attention.

suspicion because of the ethnicity of their owners. Political jurisdictions over tobacco-producing regions changed as state borders were redrawn, while demographic changes redistributed the availability of urban workers and peasants.

The business environment that would emerge in the 1920s would be less favorable to the Oriental merchants, as large cigarette manufacturers would become capable of sourcing their raw material directly from the eastern Mediterranean. That is the subject of later chapters. In the remaining part of this chapter, I examine the immediate effects of the decade of war on the Oriental tobacco trade between the Ottoman empire and Germany, and how Greek Ottoman merchants were affected. The war turned many Germans, both combatants and civilians, into smokers. At the same time, the supply of raw material for the cigarette industry faced obvious difficulties as a result of the armed conflict. Cigarette production experienced a much faster growth than leaf imports (Graphs 3.05 and 3.06). Therefore, it became increasingly difficult for manufacturers to secure enough raw material to keep up with the growing demand for cigarettes. In the context of the German wartime economy, during World War I, this meant that the state would have to step in where there once had been Ottoman merchants conducting trade in a very unregulated environment.

The Balkan Wars (1912-13) resulted in the Ottoman empire losing its best tobacco-producing regions, Macedonia and western Thrace, to the Kingdom of Greece. Disruptions in tobacco trade had already started before the war, against the background of ethnic tensions between Christians and Muslims. Greek Ottoman tobacco merchants were already facing difficulties in 1910. That year, the German diplomatic authorities had to intervene in order to protect the interest of German cigarette manufacturers whose tobacco was in Greek hands on Ottoman territory, and consequently was in danger of being requisitioned or stolen.

In July 1910, cigarette manufacturer Carl Emil Oswald Jäger requested that the Saxonian Foreign Ministry intercede in favor of Constantin Papadopoli. Jäger and Laferme factory owner Baron Sergius Huppmann von Valbella had bought tobacco from Papadopoli. The goods were stored in the small Macedonia town of Gevgelija.<sup>220</sup> According to Jäger's letter, the local authorities were "boycotting" (*boykottieren*) the tobacco, but no further details were provided about exactly what such boycott consisted of. In the event, the German consulate convinced the provincial authorities of the *vilayet* of Salonika to order local officials to treat the tobacco as German property. This intervention solved the problem.<sup>221</sup>

That same month, Curt Swiencicki was also worried about his tobacco. Swiencicki had a tobacco import company in Dresden and he relied on Greek Ottoman agents to acquire the supplies that he needed. He was concerned that the warehouses of his commissioned buyer Harissiades in Kavala and Eleftheroupoli might be attacked, or that the tobacco that he had agreed to buy from certain farmers might be stolen or damaged. Swiencicki requested that the German consulate address the Ottoman authorities for the sake of preventing future complications. The German consulate fulfilled Swiencicki's request, and reassured him that everything was in order.<sup>222</sup>

Basile P. Zirini's attorney addressed the Saxonian Foreign Ministry and the national-level Foreign Service with a similar issue in 1913, when the Balkan Wars were already underway. Some paperwork was required in order to ascertain Zirini's citizenship. His name, unlike those of Swiencicki or Jäger, sounded Greek. The Dresden Chamber of Commerce issued a letter

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220 Today the town belongs to the Republic of Macedonia.

221 Correspondence between Carl Emil Oswald Jäger, Ministerium der auswärtigen Angelegenheiten, and German consulate in Salonika, 1910, 10717 Ministerium der auswärtigen Angelegenheiten, folder 7018, items 102-116, HSA Dresden.

222 Correspondence between Curt Swiencicki, Ministerium der auswärtigen Angelegenheiten, and German consulate in Salonika, 1910, 10717 Ministerium der auswärtigen Angelegenheiten, folder 7018, items 117-123, HSA Dresden.

confirming that Basile Zirini had Saxonian citizenship (*Staatsangehörigkeit*); that he was one of the city's most prominent tobacco merchants; and that he enjoyed a good reputation. The German diplomatic legation did intercede in his favor in order to protect his goods, but the paper trail does not reveal whether they suffered any damage in the event.<sup>223</sup>

These incidents involving Zirini, Harissiades, and Papadopoli in the years leading up to the outbreak of World War I pale in comparison to the disruption caused by the Great War. The reason for such difference is not just the larger scale of the conflict. Before 1914, Germany was not at war and, most importantly, there were no suspicions that non-Germans might hurt the German economy. Furthermore, Greece was not yet participating in a war on the Entente's side, i.e. against Germany. Even though most Greek Ottoman tobacco merchants were Ottoman citizens, the decade of war would turn them into Greeks, without the additional demonym "Ottoman" or "Turkish." The tobacco merchants got caught between a German cigarette industry that saw an opportunity to use state resources to bypass the middlemen and an increasingly hostile environment for Greeks in the Ottoman empire.

A number of Greek Ottoman merchants and their relatives (who were also often their agents, suppliers or business partners) were drafted into the Ottoman army. Christian businessmen in the Empire had traditionally taken advantage of an exemption from military service, paying a special tax in exchange. Such practice came to an end with the Balkan Wars, when non-Muslims were drafted into the Ottoman armed forces. Tobacco merchant Bernard Otto Ritter pointed out the new state of affairs when he addressed high-rank Saxonian official Morgenstern in 1916. He explained that Dresden's tobacco trade could be badly hurt if the important Greek Ottoman merchants based in the Saxonian capital were drafted. These merchants were registered as residents of the district around Istanbul, which made them liable to

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<sup>223</sup> Correspondence between Basile P. Zirini's attorney and Ministerium der auswärtigen Angelegenheiten, 1913, 10717 Ministerium der auswärtigen Angelegenheiten, folder 7018, items 130-135, HSA Dresden.



conscription according to an Ottoman newspaper provided by tobacco merchant Prodromos Madjaroglou.<sup>224</sup>

During the war, the Saxonian authorities became advocates for the interests of Ottoman tobacco merchants, often upon request of the Dresden Chamber of Commerce. The case of the Ottoman citizens residing in Dresden who could be subject to military conscription exemplifies such support. In late 1916, the Ottoman consulate in Dresden summoned the city's Ottoman citizens under 38 years of age for a medical exam that would determine their fitness for military service.<sup>225</sup> The Saxonian Foreign and Interior ministries looked into the matter and, after a few weeks, the three merchants who were still in Dresden were declared unfit. The rest of the merchants had left the city by then.<sup>226</sup>

The issue of those merchants who were in the Ottoman Empire during the war would prove more difficult to solve. They were affected by the deportations of Christians from Samsun into the interior of Anatolia. Such was the fate of Achilles Anastassiadi and of Temistokles Xydias, who were in charge of buying tobacco in Samsun for the Dresden-based firm Anastassiadi & Fils.<sup>227</sup> Prodromos N. Madjaroglou's firm was also affected by the deportation of his father Nicolaus Madjaroglou and Demosthenes Lazarides. According to a letter penned by Prodromos Madjaroglou himself, these were two among many other tobacco merchants who had been deported.<sup>228</sup> The representatives of Deirmendjoglou Fils and Deirmendjoglou Co. (Dresden), as well as those of Anastasi Deirmendjoglou (Hamburg) were also expelled from

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224 Bernhard Otto Ritter to Regierungsrat Morgenstern, 1916, 10736 Ministerium des Innern, folder 7084, items 1-4, HSA Dresden.

225 Bernhard Otto Ritter to Regierungsrat Morgenstern, 1916, 10736 Ministerium des Innern, folder 7084, item 7, HSA Dresden.

226 Ministerium der auswärtigen Angelegenheiten to Ministerium des Innern, 1917, 10736 Ministerium des Innern, folder 7084, Items 33, HSA Dresden.

227 Dresden Chamber of Commerce to Ministerium des Innern, 1917, 10736 Ministerium des Innern, folder 7084, items 29-31, HSA Dresden.

228 Prodromos N. Madjaroglou to Ministerium des Innern, 1917, 10736 Ministerium des Innern, folder 7084, items 24-25, HSA Dresden.

Samsun. The Liquidating Commission for Armenian (sic) Property closed their tobacco warehouses down and gave the key to the German consul.<sup>229</sup>

The Dresden Chamber of Commerce became concerned that the inability of these merchants to perform their usual business would leave multiple cigarette factories with no raw material to work with. For instance, the tobacco that the firm Anastassiadi & Fils was supposed to deliver to Dresden had already been harvested, but it would have to be processed and packaged soon in order to prevent it from deteriorating over time.<sup>230</sup> Upon request of the Dresden Chamber of Commerce, the German Foreign Service managed to get Achilles Anastassiadi and Themistokles Xydias to return to Samsun in September 1917.<sup>231</sup> Unfortunately, the sources contain little information regarding the fate of the representatives of the Madjaroglous and Deirmendjoglous. The tobacco merchants did not only face difficulties in Samsun. In Smyrna, Zirini's tobacco, which he had bought for Berlin cigarette manufacturer Garbáty Cigarettenfabrik, was requisitioned.<sup>232</sup>

It is impossible to tell to what extent the Ottoman authorities were deporting Christian tobacco merchants from Samsun as part of the broader policy of mass deportations of Armenians and Greeks, or whether they were taking special care in targeting merchants. After all, merchants were not the only ones being deported. It is important to note, however, that the Ottoman Minister of War, Ismail Enver Pasha, had expressed in May of 1916 an interest in Turkifying German-Ottoman trade. German Military attaché in the Ottoman Empire, General von Lossow, telegraphed the following message from Sivas on May 9, 1916:

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229 Reichsamt des Innern to Ministerium des Innern, 1917, 10736 Ministerium des Innern, folder 7084, item 17, HSA Dresden.

230 Dresden Chamber of Commerce to Ministerium des Innern, 1917, 10736 Ministerium des Innern, folder 7084, items 14-16, HSA Dresden.

231 Correspondence between Dresden Chamber of Commerce, Ministerium des Innern, and Auswärtiges Amt, 1917, 10736 Ministerium des Innern, folder 7084, items 56-59, HSA Dresden.

232 Garbáty Cigarettenfabrik to Zitag, 1918, A Rep. 250-04-09 Garbáty Cigarettenfabrik, folder 187, LA Berlin.

Before the trip, Enver Pasha talked to me once again about the expansion of commercial relations between Germany and Turkey ... Enver kept going back to this topic before the trip. His idea is that we take over all the trade from the Entente powers and, by providing guidance, etc. increase Turkey's production in all areas. In this way, the Turks would like to cut the mediation of Armenians, Greeks and Jews. The exchanges would therefore take place between German and Ottoman merchants, and producers. We could take over the whole trade in tobacco, fruits, olive oil, wool, cotton, silk and carpets, and deliver in return everything that Turkey needs. According to Enver Pasha, the move should be initiated and promoted as much as possible during the war ... After the war everything will become more difficult. My opinion is that this plan should be pursued by all means.<sup>233</sup>

The Ottoman empire was not the only place where Greek merchants were finding it increasingly difficult to conduct business. In Bulgaria, the situation was not much better. Much like in the case with other agricultural and animal products, Greeks had traditionally dominated tobacco trade in nineteenth-century Bulgaria. Two prominent names were Dimitri Madras and Dimitur Stavrides, although there were also Armenians (Tomassian), and Turks. Once Bulgaria and Greece laid territorial claims over Ottoman Macedonia and Thrace at the turn of the twentieth century, the question of who profited from the cultivation of, and trade in, Bulgarian tobacco acquired a nationalist dimension. Plovdiv was at the time Bulgaria's most important urban center of tobacco trade. The once thriving Greek population of Plovdiv began to decline numerically and economically after the annexation of the city by Bulgaria in 1885. The decline accelerated after a series of violent episodes in 1906.<sup>234</sup> Although the focus of this discussion is the tobacco merchants of Greek ethnicity operating in Germany, it is worth noting that tobacco trade in general, not only Greek firms, was being affected by the "nationalization" of the Balkans already before World War I. In the northern Bulgarian districts of Silistra and Tutrakan, tobacco

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233 German Military Plenipotentiary in Pera to Generalstab Sektion Politik Berlin für Kriegsministerium, 1916, R/901 Auswärtiges Amt, folder 6643, items 9-10, BArch.

234 Neuburger, *Balkan Smoke*, ch. 2.

production decreased between 1905 and 1908, due in part to the emigration of Turkish peasants.<sup>235</sup>

Something similar happened in the areas around Xanthi and Komotini, which Bulgaria annexed during the Balkan Wars, only to lose them to Greece in 1920. Under Bulgarian rule, non-Bulgarian sectors of the population left the region and were replaced by Bulgarians.<sup>236</sup> Dresden-based merchant Alexander Enfiezoglou was affected by this new state of affairs. In 1914, his lawyer complained to the German diplomatic authorities (he had acquired German citizenship) about the harassment that his agent Michalopoulos was facing in Xanthi. Even though the Bulgarian police already knew that Michalopoulos' business in Xanthi was trading in tobacco, Enfiezoglou's lawyer explained, they would keep asking him what he was doing there. The lawyer also made reference to the expulsion of merchants of Greek nationality from the area in recent years, and expressed his concern that Michalopoulos might be forced to leave Xanthi, leaving his tobacco exposed to theft.<sup>237</sup>

During World War I, when Bulgaria occupied the port-city of Kavala and its surrounding area, things got worse for Greek tobacco merchants. Some of them were arrested and deported under the suspicion of espionage.<sup>238</sup> Wilhelm Kouett, director of Eckstein & Söhne, one of Dresden's cigarette factories, reported to the Reich's Ministry of the Interior that, according to information that he had received from Bulgaria, Galizian tobacco merchant Kiazim Emin was getting help from Bulgarian officials to have his Greek competitors deported from the occupied areas.<sup>239</sup> From the Bulgarian point of view, as much as from that of Ottoman officials, the war

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235 Consular report, 1908, R/901 Auswärtiges Amt, folder 5251, BArch.

236 *Daily Consular and Trade Reports*, 17 (1914), issue 256, 530.

237 Attorney of Alexander Enfiezoglou to Auswärtiges Amt, R/901 Auswärtiges Amt, folder 5237, items 17-18, BArch.

238 Wilhelm Kouett to Reichsamt des Innern, 1917, 10736 Ministerium des Innern, folder 7153, items 5-10, HSA Dresden.

239 *Ibid.* On Kiazim Emin, see Rahner & Schürmann, "Die deutsche Orientzigarette," 138.

was an opportunity to change the ethnic composition of tobacco production, processing, and trade. Additionally, from the point of view of some German firms, the war would provide a chance to cut out the Greek middleman and integrate upstream. Such was the case of Hamburg-based tobacco-trading firm Oettinger and Berlin-based cigarette manufacturer Garbáty, who by late 1917 had bought large amounts of tobacco in Bulgaria.<sup>240</sup>

In the part of Greece that had not been occupied by Bulgaria, i.e. in most of the country, Greek merchants were, of course, not harassed for being Greek. Like Bulgaria, Greece had annexed important tobacco-producing areas during the Balkan Wars. However, this did not mean that Greek tobacco would easily reach the German markets. After Italy declared war on Austria-Hungary in May 1915, cargoes under the name of German nationals headed toward Trieste became subject to confiscation. During the first two years of the Great War, the British government had allowed the shipping of non-banned goods (which included tobacco) through Rotterdam as long as they did so under a neutral flag. As the war progressed, the Allies imposed more restrictions on trade through the Netherlands, making it difficult to bring tobacco to Germany over that route as well. The routes connecting the Balkans with Central Europe could not funnel enough tobacco into the German cigarette factories either. Canals and wagons were often needed for military purposes, and sometimes transportation simply became impossible because of contingencies related to the war in Serbia and Galizia.<sup>241</sup>

Tobacco shipments from Greece were virtually blocked; those from the Ottoman empire were facing great obstacles, and Bulgaria's increased production could not make up for the lost supply. In addition, even in Bulgaria the scarcity of tobacco had attracted many speculators who pushed prices further up.<sup>242</sup> The German industry could simply not get enough tobacco at a good

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240 Wilhelm Kouett to Regierungsrat Flach, 1917, 10736 Ministerium des Innern, folder 7153, items 22-31, HSA Dresden.

241 Richter, "Zigaretten-Rohtabak in Deutschland," 19-21, 41.

242 Minutes of meeting of Zitag's supervisory board, 1917, 10736 Ministerium des Innern, folder 7153, items

price to satisfy the growing demand for cigarettes. Given the German smoker's fondness of Oriental tobacco, manufacturers could not just switch to cheaper varieties of tobacco or increase retail prices. Doing so entailed the risk of losing the German market to the British American Tobacco Company. The danger of BAT finally monopolizing the international supply of Oriental tobacco became, at least for some German cigarette manufacturers, more present than ever during World War I. The possibility of Anglo-American cigarettes flooding the German market emerged repeatedly in the conversations among members of the tobacco industry and political officials during, and shortly after, World War I.<sup>243</sup>

In addition to the concerns that German cigarette manufacturers had about the future of their industry, the challenge of supplying the country with tobacco at a low price had an important macroeconomic implication that the authorities could not ignore. High tobacco prices meant a large outward flow of German currency, which would lose value as a result. Furthermore, the German authorities categorized cigarettes as a basic necessity for both the army and the general population. Smoking was widely believed, after all, to help cope with hunger and thirst in circumstances of scarcity.<sup>244</sup> Tobacco purchases would have to be incorporated into the German war economy.

Including a sector of the economy in the nation-wide effort to win the war meant that a central agency would be in charge of coordinating it. In the case of Oriental tobacco trade, the agency would be the Zigarettentabakeinkaufsgesellschaft (Cigarette Tobacco Purchasing Company), commonly referred to in its abbreviated form "Zitag," established in late 1915. The

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70-78, HSA Dresden; Ottai, *Geschichte der orientalischen Tabakkultur*, ch. 5.

243 Multiple cigarette manufacturers to Ministerium des Innern, 1916, 10736 Ministerium des Innern, folder 7126 items 108-117, HSA Dresden; Minutes of Zitag workgroup meeting, 7/30/1919, R/8855 Zigarettentabakeinkaufs GmbH, folder 9-2/2, BArch; Circular letter from Zitag, 10/29/1919, A Rep. 250-04-09 Garbáty Cigarettenfabrik, folder 167, LA Berlin.

244 Zitag to Reichsamt des Innern, 1916, R/1501 Reichsministerium des Innern, folder 118822, items 55-56, BArch.

company's lifetime would extend into the first years of the interwar period. Its policies would have far-reaching consequences for the future of the industry in general, and of the Greek Ottoman tobacco merchants in particular.

Already before the Zitag's inception, it was intensely debated whose interests should be represented in it. The company was a state-endorsed institution, but it was funded and managed by private parties holding stakes in the tobacco trade and cigarette industry. These were the banks providing the society's capital; tobacco merchants, and cigarette manufacturers of different sizes. The interests of the manufacturers were divided between those with the capacity to commission their own agents to buy in the eastern Mediterranean, and those who lacked such capacity. In addition, there were the conflicting interests of political elites at the central and provincial levels: Prussia, Saxony, Hamburg, Bremen. Everyone expected the Zitag to pursue Germany's best interest. It was commonplace that this meant getting enough tobacco at a good price for cigarette manufacturers of all sizes, bypassing excessive intermediaries and speculators, and having the tobacco delivered in a timely manner. However, within political and business circles there was disagreement on how exactly the Zitag was to achieve such goals, as well as what individuals were best suited to design and execute the right strategies.

Public discussions about the imminent formation of a state-chartered company to administer the supply of cigarette tobacco began in early December of 1915. The company was the matter of intense debate among industry stakeholders from the very beginning. The Association for the Defense against the Tobacco Trust voiced its concern about the likely choice of Ernst Gütschow and Jacob Mandelbaum as managers of the company. Since Gütschow was an important shareholder and executive of Jasmatzki AG, the Association saw him as a member of the Trust camp. Cigarette manufacturer Mandelbaum was not a much better option from the Association's point of view. It was a well-known fact within the industry that he had violated an

anti-trust contract at the height of the campaign against the British American Tobacco Co. The Association feared that, as competent as these men might be in their trade, having them in charge of the country's Oriental tobacco purchases might be the beginning of the end of the German cigarette industry. The concern was that these men might act in favor of the Anglo-American giant, and cut off German manufacturers from the supply market.<sup>245</sup>

The same concerns applied to Greiert, who was expected to become a member of the supervisory board. The Association accused him of having done business in secret with the Trust in the past as well.<sup>246</sup> The association voiced these concerns in the general press, and transmitted them directly to Saxonian politicians. The Dresden Chamber of Commerce shared the same concerns as the Association, and addressed them accordingly to Saxony's political representatives as well.<sup>247</sup> In addition to the issue of whether Gütschow, Mandelbaum and Greiert would serve Germany's interests if appointed as managers, there was a regional dimension in the debates around the composition of the Zitag's leadership.

In Saxony, politicians, cigarette manufacturers, and tobacco merchants shared the fear that the Zitag could disadvantage Dresden's cigarette industry, in favor of other parts of Germany. At the beginning, they opposed the establishment of the Zitag *tout court*.<sup>248</sup> Once it became clear that the German government would go ahead with the plan and create the company, they asked for more representation for Dresden. Echoing the requests of manufacturers and merchants, the representatives of the Saxonian government in Berlin were quite vocal in their demand for a larger participation of Dresden-based manufacturers and tobacco merchants in the

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245 Pamphlet sent to Dr. Graf Vitzthum v. Eckstädt, 1915, 10736 Ministerium des Innern, folder 7125, items 82-86, HSA Dresden.

246 *Ibid.*

247 Dresden Chamber of Commerce to Ministerium des Innern, 10736 Ministerium des Innern, folder 7125, items 271-276, HSA Dresden.

248 Richter, "Zigaretten-Rohtabak in Deutschland," 26.



Zitag's executive and supervisory boards, in addition to removing those found to have had connections to the Anglo-American trust.<sup>249</sup>

The Zitag was eventually incorporated in the same month of December 1915. A banking consortium formed by Deutsche Bank, Dresdner Bank, and Direction der Disconto-Gesellschaft provided the necessary capital. The German government guaranteed a 5% return on the investment. Director of Eckstein und Söhne Wilhelm Kouett would represent Dresden's tobacco industry on the Zitag's supervisory board. So would Julius Geck, owner of the small manufacturing firm Juwel and president of an association of mostly small and medium manufacturers. The third representative of Dresden's tobacco sector would be leaf merchant Cyprian Enfietzoglou.<sup>250</sup> Despite the inclusion of these Dresden businessmen on the Zitag's governing body, in Saxonian political and business circles the sense of being disadvantaged by the Zitag did not subside. Concerns of this kind came up multiple times in the political debates around the Zitag and its activities.<sup>251</sup>

The strategy that the Zitag implemented initially was to monopolize Oriental tobacco imports, and to open an office in Sofia in order to purchase tobacco, thereby skipping intermediary importers. Unfortunately, as long as everyone on the Bulgarian market knew that the Germans were in urgent need for tobacco, it would be difficult to find large amounts of raw material at favorable prices. By the time that the Zitag initiated its operations, the Bulgarian press had announced the creation of the company quite widely.<sup>252</sup>

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249 Ministerium des Innern to Reichsamt des Innern, 1915, 10736 Ministerium des Innern, folder 7125, items 100-105, HSA Dresden.

250 Reichsamt des Innern to von Sichart, 1915, 10736 Ministerium des Innern, folder 7125, item 94, HSA Dresden. Julius Geck was the owner of small cigarette manufacturing firm Juwel in Dresden (Company registry, 1903, 11045 AG Dresden, folder 1301, item 10219, HSA Dresden).

251 Wagner to Ministerium des Innern, 1916, 10736 Ministerium des Innern, folder 7138, items 26-33, HSA Dresden; Dresden Chamber of Commerce to Ministerium des Innern, 1916, 10736 Ministerium des Innern, folder 7138, items 34 and 39-46, HSA Dresden;

252 Eibes to Morgenstern, 1916, 10736 Ministerium des Innern, 7126 Kriegs-Tabakeinkaufs-Zentrale in Berlin, items 102-107, HSA Dresden.

A complaint co-signed by many of Germany's largest manufacturers came in mere months after the creation of the Zitag. They warned that the monopoly might not only fail to provide tobacco at a good price. In the long run, it might cripple the capacity of the German industry to source its own tobacco by putting the knowledgeable eastern Mediterranean merchants out of business. Their exclusion was equivalent, according to the letter, to handing the whole supply market to the Anglo-Americans. The manufacturers went on to explain that these merchants had been the only ones able to prevent a complete takeover by the Trust in the past. Thanks to their personal connections based on "the patriarchal conditions of the Orient" ("patriarchalische Verhältnisse im Orient"), they had access to tobacco that no one else had. This system could only work as long as market information was scattered and fragmented enough for these merchants to take advantage of their knowledge. All this was at risk, the manufacturers concluded, because of the Zitag's policies.<sup>253</sup>

In view of the Zitag's initial failure to keep tobacco prices down, and the backlash received from an important part of the industry, the office in Sofia was closed down, and a new course of action was taken. The Zitag would force every firm importing tobacco into Germany to sell part of its goods to the company at a maximum of 5% above the costs incurred by the importer. The leaf merchants deeply disliked the new policy, since it forced them to choose between two bad options. One was to produce receipts for all the costs that they had incurred (suppliers, brokers, transportation, leaf packaging, etc.). That was a bad option because merchants were wary of sharing the market knowledge that made them competitive in the first place. Providing receipts of their expenses meant making their knowledge public. The second bad option was to not declare all their expenses, and content themselves with selling part of their tobacco below the market price. A considerable number of merchants decided to do neither.

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<sup>253</sup> Multiple cigarette manufacturers to Ministerium des Innern, 1916, 10736 Ministerium des Innern, folder 7126, items 108-117, HSA Dresden.

They either left Germany, or withdrew from the market temporarily. This circumstance exacerbated the tobacco shortage.<sup>254</sup>

By April 1916, i.e. roughly four months after the creation of the Zitag, the Bundesrat was again discussing how to organize Oriental tobacco imports in the context of the wartime economy.<sup>255</sup> Dresden's most prominent Ottoman merchants had by then formed the core of the newly established Association of German Cigarette Tobacco Merchants (Verband deutscher Zigarettentabakhändler). Of its thirty members as of December 13, 1916 fourteen were Greek, while two were Armenian, and one Turkish. All of the executives in the Association were Ottoman.<sup>256</sup> The new round of parliamentary discussions allowed the grievances of Dresden's manufacturers and merchants to be heard through the mediation of the Saxonian representatives. They requested that the Zitag help Dresden's merchants perform their usual function, but to no avail. Their calls for increased merchant participation in the supply of Oriental tobacco were answered with arguments that highlighted the fact that these merchants were not German.

Saxonian representative von Sichart warned the Bundesrat that the Zitag threatened Dresden's position as Europe's main hub for Oriental tobacco trade, much to the detriment of the German cigarette industry in general. To this warning, senior Reich official Pilger responded by reading out loud the non-German-sounding names of many merchants based in Dresden, adding that one should not care so much about merchants who, after all, were not German. The Germanness of these merchants, which the Saxonian Foreign Ministry and the Dresden Chamber of Commerce had successfully used as an argument for their diplomatic support in previous years, was now being questioned in the Bundesrat.<sup>257</sup> In another instance, a Saxonian

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254 Richter, "Zigaretten-Rohtabak in Deutschland," 29-31.

255 Morgenstern to Ministerium des Innern, 1916, 10736 Ministerium des Innern, folder 7138, items 1-2, HSA Dresden;

256 Verband deutscher Zigarettentabakhändler to Ministerium des Innern, 1915, 10736 Ministerium des Innern, folder 7126, items 88-91, HSA Dresden.

257 Von Sichart to Ministerium des Innern, 1916, 10736 Ministerium des Innern, folder 7138, items 11-25,

manufacturer asked Baron von Michel, Bavarian cigarette manufacturer and member of the Zitag's executive board, why Dresden's specialized merchants were not being asked to advise the Zitag. Von Michel's answer was that "Dresden's filthy and un-German tobacco Orientals cannot hold a candle to Bremen's fine tobacco firms."<sup>258</sup>

The Saxonian calls for increased participation of merchants and the industry in the capital of the Zitag, whose only stock holders were the aforementioned consortium of banks, did not bear any fruit. The fight, however, was not over. The Ottoman-dominated merchant association from Dresden formed a common front with its Hamburg and Bremen counterparts: the Verein der am Zigarettentabak-Handel beteiligten Firmen (Hamburg), and the Verband der am Handel mit Zigarettentabak beteiligten Firmen (Bremen). They jointly demanded to participate in the capital of the Zitag as well as its decision-making mechanisms. Despite their effort and the support of the Saxonian representation in the Bundesrat, they had no success.<sup>259</sup>

Much to the merchants' frustration, the Zitag would go in the exact opposite direction. A decree issued in October 1917 established that the company would requisition all tobacco already located in Germany at a price that a committee would set on a case-by-case basis. In order to prevent further price increases, no tobacco purchases would be allowed until all the firms that owned reserves in Bulgaria and Turkey brought them into the country. Merchants would have to request a special permit to travel to either Bulgaria or Turkey. In response to this new round of restrictions, many of them left Germany for greener pastures.<sup>260</sup>

In a last attempt to open up some business opportunities for themselves, the merchants from Hamburg and Bremen, who were ethnic Germans for the most part, appealed to the German

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HSA Dresden.

258 Wagner to Ministerium des Innern, 1916, 10736 Ministerium des Innern, folder 7138, items 26-33, HSA Dresden.

259 Saxonian plenipotentiary in Bundesrat to Reichsamt des Innern, 1916, R/1501 Reichsministerium des Innern, folder 118822, item 58, BArch.

260 Richter, "Zigaretten-Rohtabak in Deutschland," 49-57.

Ministry of Economy. Their letters highlighted their own Germanness as an argument in favor of allowing them to buy tobacco. It made a clear distinction between the “Orientals” and the “purely German firms” (“rein deutsche Unternehmungen”). The main argument was that it was unfair to exclude them from tobacco trade after so many years competing with Orientals who did not pay taxes in Germany. The Ministry answered that there would be chances for these merchants to operate, although it was not clear yet how.<sup>261</sup> The end of the war was months away. The Bulgarian capitulation in September 1918, and the general economic disruption of the last months of the conflict would tie the hands of the Zitag.<sup>262</sup>

By the end of World War I, the percentage of non-Oriental tobacco contained in German cigarettes had gone from approximately 10% to over 30%, while the prices of Oriental tobacco had soared. However, it is difficult to tell whether the Zitag succeeded or not in its purpose to keep tobacco prices low. We do not know what would have happened had the Zitag not existed. Furthermore, one needs to take into account the difficult circumstances in which the company operated. What we do know, however, is that many of Dresden’s Greek Ottoman tobacco merchants decided to leave Germany during the war, while others withdrew from the market. After the war, large cigarette manufacturers would displace these merchants as key actors in Germany’s tobacco trade. These manufacturers could organize their own purchases in the eastern Mediterranean, sometimes in collaboration with German tobacco trading companies, some of which were based in Hamburg and Bremen. We also know that the Greek Ottoman merchants were not able to have the Zitag protect their interests despite their own collective effort, and the support that they received from Saxonian politicians.

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261 Hamburg Chamber of Commerce to Reichswirtschaftsamt, 1918, 10736 Ministerium des Innern, folder 7156, items 50-53, HSA Dresden.

262 Richter, “Zigaretten-Rohtabak in Deutschland,” 59-60.

The groups that benefited from the Zitag's activities were, at least, the cigarette manufacturers that were represented in the company's governing bodies, as well as the merchants commissioned with the purchasing and packaging of tobacco in Bulgaria and the Ottoman empire. With only one exception, these merchants were German and were either based, or had ties with, Hamburg or Berlin. The exception was a Bulgarian based in Dresden. The debates around the composition and the policies of the Zitag make abundantly clear that the non-Germanness of the Greek Ottomans was an effective argument for legitimizing their exclusion from the war economy.

The literature on World War I has identified the economic assets of those labeled enemy aliens as the target of wartime policies in multiple countries involved in the war. In such context, property rights that had seemed sacrosanct before the war were often violated.<sup>263</sup> The case of the "Oriental" tobacco merchants in Germany does not fully fall into the category of enemy aliens for two reasons: First, the Ottoman Empire was an ally of Germany during the war, although Greek Ottomans were undergoing a process of "de-Ottomanization" or nationalization, and would soon become Greek nationals for all practical purposes. Second, the intangible nature of their most valuable business assets (i.e. access to market information and personal networks) sustained considerable damage without any direct intervention from the German government. Despite these differences, it seems clear that the merchants' non-Germanness played against their interests as soon as the economy of a country at war had to be nationalized based on ethnic criteria.

### **Conclusions: From Key Actors to Foreign Suspects**

In this chapter, I have accounted for the success of Dresden's Greek Ottoman tobacco merchants in establishing a thriving Oriental tobacco market in Dresden in the 1880-1914 period.

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<sup>263</sup> Caglioti, "Aliens and Internal Enemies."

These merchants became the main source of raw material for Germany's growing cigarette industry. In this formative stage, entry barriers were higher in the trading of raw material than in the manufacturing of cigarettes. In this sense, Ottoman merchants were key actors within the value chain. They had access to market information that cigarette manufacturers were unable to get. As I discuss in later chapters, this competitive advantage of the Ottoman merchants would disappear in the interwar period, with far-reaching consequences for the whole value chain.

Before World War I, there were two main factors shaping the territoriality of the Oriental tobacco value chain in Germany. The first one was tariffs, which favored the development of domestic cigarette production, at the expense of the Greek firms that exported Oriental cigarettes from Egypt. The second factor was proximity to commercial routes connecting the site of manufacturing to sales markets for cigarettes and supply markets for raw material. The combination of these two factors favored the emergence of Dresden as a site of Oriental tobacco trade and cigarette manufacturing. It was safer, and faster, to transport tobacco bales to Dresden than it was to Hamburg or Bremen.

That tariffs play an important role in determining where businesses decide to locate their operations is a well-known fact among historians and economists. In this sense, state power was an important component in the governance structure of the Oriental tobacco value chain. In a context of extreme economic étatism during World War I, the political representatives and cigarette manufacturers of Saxony supported the interest of the Greek Ottoman tobacco merchants. In contrast, firms in Hamburg and Bremen saw a chance to carve a niche for themselves, with the help of a state that had the last word over the strategies that the Zitag would pursue. Once Oriental tobacco trade became a matter of national concern, the German or foreign character of a group of firms became a trait that determined its political leverage. The case of Oriental tobacco in wartime Germany forces us to take into account the importance of ethno-

national differences and access to state power whenever we study the governance structure of a value chain, especially in contexts of heightened political tension.

The partial re-liberalization of tobacco trade in the interwar period would not mean a return to the prewar circumstances. Tobacco trade between the eastern Mediterranean and Germany had changed irreversibly. Dresden lost some of its weight as Germany's center of tobacco trade, to the benefit of Hamburg. Dresden's Ottomans were no longer Ottomans, but Greeks (for the most part), Bulgarians, and Turks. As such, they would only have access to the supply markets of what had become their "national homelands." Furthermore, in the mid 1920s, large German manufacturers became able to buy their raw material directly from the eastern Mediterranean, thereby encroaching on the market niche that was available to these merchants. For reasons that I will explain shortly, merchants would no longer be able to monopolize the market information that had once made them key actors in the value chain. All those changes, and what they meant for the populations that depended on Oriental tobacco for a living, are the matter of chapters 5 to 8. Before I turn to those developments, chapter 4 discusses the economic policies and institutions that appeared Greece and Germany in the interwar period, and how Oriental tobacco featured in relation to them.



## IV.

### Interwar Étatism and Oriental Tobacco

In Greece as well as in Germany, the role of the state in economic life gained importance in the interwar period. In this sense, these two countries were part of a broader trend towards economic étatism in Europe. The experience of World War I, the runaway inflation in its immediate aftermath, and the economic downturn of the 1930s set the stage for a significant change in the international economic order. From the *laissez faire* attitude that had dominated economic policy in many countries during the nineteenth century, there was a shift towards more protectionism and autarkic aspirations. Trading blocs, exchange controls, import quotas, and high tariffs replaced the gold standard and most-favored nation agreements between states.<sup>264</sup>

The effects of the interwar étatist turn had far-reaching effects on all countries and markets. Tobacco trade was no exception. The value chain that started with a peasant cultivating tobacco in the eastern Mediterranean and ended with a German smoker lighting up a cigarette underwent noticeable changes in the interwar years. The Ottoman tobacco merchants that had once dominated the trade in raw material for the German cigarette industry were unable to regain their position after World War I. Not only did they lose much of their share in the sales market, but they were also replaced as the main source of credit for the agricultural production of tobacco. Economic actors along the whole commodity chain (peasants, urban workers, policy makers, etc.) felt the effects of this shift on the structure of the market. A number of changes took place in the three main components present in a value chain: input-output structure, territoriality, and governance structure. That all of these three components were affected simultaneously is not surprising, as changes in one of them is very likely to trigger changes in another one. New technologies, for instance, often alter power relations between actors.

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<sup>264</sup> Berend, *Economic History of Twentieth-Century Europe*, 42-76.

Likewise, the emergence of new key actors in the power structure can cause a rearrangement of how, and where, labor processes take place.

Greek state institutions and an increasingly large, consolidated German cigarette industry emerged as the most influential factors in the structure of the Oriental tobacco market. Greece's politically sensitive tobacco question (*καπνικό ζήτημα*) created the incentives for other actors to organize themselves as political subjects (unions, business interest associations, etc.). The fact that Germany, and specifically the cigarette manufacturing giant Reemtsma, became the largest buyer of Greek tobacco defined the range of political and economic opportunities available to these actors.

Correlated to the new power structure within the chain was the emergence of a series of new services. Such services included scientific research, statistical data processing, international promotion, and public advocacy. The result was that the tobacco trade would continue, and in fact grow, during the turbulent years of the interwar period, although in a very different institutional context. At the spatial level, the most obvious development in this period was that new lands became dedicated to tobacco cultivation. In addition, the political, financial, and commercial centers in the geography of Oriental tobacco changed. Just to mention the most obvious one, Athens became the site of political advocacy and decision-making that would affect tobacco production in areas that had been Ottoman territory until 1912. Also, the growth of the Reemtsma group boosted the relevance of Hamburg as a hub for Oriental tobacco trade at the expense of Dresden.

In subsequent chapters, I discuss the changes that the Oriental tobacco value chain underwent by looking at specific points within it: agricultural production, primary purchasing, commercial processing, and international commercialization. In order to frame the discussion, I dedicate this chapter to presenting the most influential institutions, all of which appeared in the

interwar period, by framing their emergence within the broader context of the economic histories of Greece and Germany. First, I discuss the evolution of the economies of these two countries separately, focusing how the tobacco industry featured in the larger economic landscape. Then I turn to a discussion of each one of the relevant new institutions that shaped the value chain.

### **Greece: The New Lands and the Tobacco Question**

The concrete actualization of state interventionism differed from one country to the next. In Greece, we find important continuities in the economic policies implemented after a decade of war (1912-1922) and those of the last prewar years. The main reason for such continuity is that the leading figure in Greece's politics since 1909 had been Eleftherios Venizelos, leader of the Liberal Party. Granted, the Venizelist camp was not in power uninterruptedly throughout the interwar period. It lost elections to, and alternated in power with, the conservative monarchists multiple times, until the establishment of Metaxas' dictatorship in 1936. However, with the exception of the issue of land reform, which I address later on in this chapter, economic affairs were not at the core of the conflict between Venizelists and monarchists. Constitutional matters, foreign policy and competition for state resources were.<sup>265</sup> In the early 1920s, the land reform became a *fait accompli* and would stop being an important part of the otherwise deep political chasm between both camps.

After the sweeping changes that resulted from the military coup of Goudi in 1909, Venizelos became Greece's prime minister, winning landslide electoral victories in 1910 and 1911. His electoral base was a mixture of urban professionals and capitalists, as well as urban workers. The latter found appeal in the prospect of more protective labor laws and state-endorsed union rights. Soon after his election, Venizelos introduced a broad range of long overdue reforms. Fiscal reform revitalized state finances and put Greece on better footing with access to

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<sup>265</sup> Mazower, *Greece and the Inter-War Crisis*, 1-18.

the international credit market. He passed labor legislation improving working conditions, helped establish worker unions as well as agricultural co-operatives, and took the first steps towards the creation of a national health insurance system.<sup>266</sup>

Since its birth as an independent state, the Kingdom of Greece's most pressing economic question had been whether the arable land should be redistributed among the peasants and, if so, at what pace, and with how much compensation for its previous owners. This issue was not solved before World War I, despite the depth of the Venizelist reforms.<sup>267</sup> After Greece's defeat in the Greco-Turkish war, the arrival of 1.2 million refugees created the conditions for land reform to become not just feasible, but urgent. Its implementation was the first of the two turning points for the Greek economy in the interwar period. The limits of the economic model that it created were tested at the second turning point, i.e. when the crisis of the 1930s depressed agricultural prices.

The Greek land reform of the 1920s was one of the most radical instances of land redistribution in European history. The political force behind it, however, was not an agrarian movement fueled by the peasants' aspiration to own the land that they tilled. Instead, the reform was a bourgeois project. It grew out of the political competition between the large landowners, commonly referred to in Greek as *tsiflikades*, and urban capitalists during the nineteenth century. The latter group had an interest in undermining the control that the *tsiflikades* had over the supply of foodstuffs. Such control resulted in a higher cost of reproduction for a scarce urban labor force. Furthermore, turning hundreds of thousands of sharecroppers into small landholders would facilitate the penetration of rural markets by urban merchant capital.<sup>268</sup>

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266 Gallant, *Modern Greece*, 171-173.

267 Gallant, 77-79 and 136-139.

268 Βεργόπουλος, *Τό αγροτικό ζήτημα*, 140-158.

The political triumph of the urban bourgeoisie that supported Venizelos from 1910 onward provided the political momentum for the breaking up of large landholdings. A series of reforms prepared the ground for the redistribution of land already before World War I. A constitutional amendment in 1911 enabled the state to expropriate land for reasons of public benefit. Law 3856/1911 prohibited the eviction of tenant farmers. Soon after the annexation of the New Lands that resulted from the Balkan Wars, one of the first political measures was a ban on the transfer of real estate. The purpose was to prevent capitalists from buying large swaths of land.<sup>269</sup>

The upheaval of World War I and the humanitarian crisis of the population exchange created the practical conditions for the land reform to truly get off the ground. During the first years of World War I, the issue of whether Greece should participate in the conflict caused a deep division between Venizelos and the monarchy. The Venizelists were in favor of entering the war on the side of the Entente. They saw in the war a chance to further expand Greece's borders or, at least, to prevent Greece's neighbors from pushing its borders back. In contrast, the Germanophile monarchy wanted Greece to remain neutral.

Divisions over the war issue brought Greece to the brink of civil war. They also brought about what is known as the National Schism (*Εθνικός Διχασμός*), a protracted political conflict over control of the state apparatus that would haunt Greek politics throughout the interwar period. In the short term, with the war still ongoing, Venizelos joined an alternative government in Salonika, thereby defying the legitimacy of the monarchic government in Athens. It was in this context that the Venizelist government passed the law of 1917 enacting the agrarian reform. Its implementation, however, would have to wait until 1922.

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<sup>269</sup> Agriantoni, "Venizelos and Economic Policy," 288.

The Greek defeat in the Greco-Turkish War and the resulting population exchange with Turkey provided the opportunity for what one could call an exercise of demographic engineering. The regions of Macedonia and western Thrace, which had recently become part of Greece, were scarcely populated. The fact that these territories were home to ethnically heterogeneous populations provided neighboring countries with arguments to challenge Greece's claim over its New Lands. Bulgaria had occupied parts of what now were the New Lands in World War I, and would do the same again in World War II. The settlement of Asia Minor Greeks in the northern provinces would allow the Greek state to create the demographic facts that would cement its territorial claims. In addition, a larger population would facilitate the exploitation of the New Lands' idle economic resources.<sup>270</sup>

By the mid-1920s, eastern Macedonia and western Thrace had received hundreds of thousands of families from what had by then become the Turkish Republic. Each family was granted a small plot of land or, if they were less fortunate, a number of even smaller, scattered plots. The New Lands produced the largest amounts and highest qualities of Oriental tobacco. Therefore, the new economic reality that resulted from the population exchange and the agrarian reform would have deep-reaching implications in the Oriental tobacco value chain. This will become particularly apparent in the discussion of tobacco production and primary processing in chapter 5.

Just a few years after the settlement of the Asia Minor refugees, the international crisis of the 1930s revealed the weaknesses of the economic model based on familial agriculture and small landholdings. The economic downturn provided the political and intellectual impulse that étatism needed to take root among Greek elites. Until then, despite the depth of the Venizelist reforms, the political establishment by and large had remained true to the principles of economic

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<sup>270</sup> For a detailed study of the settlement of Asia Minor Greeks in Macedonia, see Kontogiorgi, *Population Exchange*.

liberalism. In the 1930s, both policy makers and the increasingly professionalized milieu of academic economists turned away from classical liberal economics towards more pro-interventionist positions. The shift had to do with the weakening of the external engines on which the Greek economy had until then relied.<sup>271</sup> Foreign investment, emigrant remittances, and government loans could no longer provide the basis for the country's economic growth.<sup>272</sup> In addition, the population exchange with Turkey created the urgent need to integrate a large number of people into the national economy. Giving people some land is one thing, but it is another to create the conditions for their participation in the economy in the long run. The economic challenges of the interwar period, and the political responses to them, would require a larger state apparatus.

The international economic downturn that started with the crash of 1929 began to be felt in Greece in full force only in 1931. The effects of the crisis shaped the implementation of Greek agricultural reform and economic policy more generally. A drop in the international demand for agricultural products reduced Greece's capacity to attract foreign currency through the export of a few non-basic agricultural commodities, mainly tobacco and, to a lesser extent, currants and cotton. In the case of tobacco, excessive production had already started to push prices down in 1928.<sup>273</sup> The German government's restriction on the availability of sterling for imports further reduced the inflow of hard currency into the Greek economy. Emigrant remittances also decreased, as did the state's capacity to resort to foreign loans to balance its budget. In March of 1932, the implementation of drastic measures aimed at waving the storm began. Within the next few months, Greece abandoned the gold standard, allowing the drachma to free float. The state put foreign exchange controls in place, defaulted on its debt payments, increased tariffs,

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271 Ψαλιδόπουλος, *Η κρίση του 1929 και οι Έλληνες οικονομολόγοι*, 422.

272 Mazower, *Greece and the Inter-War Crisis*, *passim*.

273 Mazower, 86-88.

established import quotas, and signed a series of bilateral clearing agreements with foreign governments.<sup>274</sup> Clearing agreements made it possible to conduct bilateral trade (e.g. between Germany and Greece, or between Sweden and Greece) without having to resort to the exchange of currency. The Greek-German clearing agreement of 1932, as we shall see shortly, would have far-reaching consequences for the Oriental tobacco value chain.

As the interwar period advanced, the state undertook a series of public works aimed at optimizing the country's agricultural resources. Such projects were funded in part by the money that would have otherwise gone to paying down the sovereign debt.<sup>275</sup> Industrial output increased under the protection of high tariffs, although it remained a small percentage of the Greek GDP (10%).<sup>276</sup> Unions secured a better implementation of the eight-hour workday and the right to collective bargaining. Furthermore, a social security program (Ινστιτούτο Κοινωνικών Ασφαλίσεων) started operating in 1937.<sup>277</sup> Despite these apparently positive developments, the impact of the crisis, and the response adopted by the successive Greek administrations left many unsatisfied. Urban unemployment, an increasing cost of living unmatched by wages, agricultural over-indebtedness, and a political arena disrupted by coups and parliamentary deadlocks were problems that became exacerbated in the 1930s.<sup>278</sup>

The most important challenges that the Greek economy faced in the interwar period were, in one way or another, related to the political economy of tobacco. Just to name the most obvious ones, such challenges included the crisis of international demand for agricultural products, the structural unemployment that ravaged many of Greece's urban centers, the financial frailty of the newly settled refugees, the scarcity of arable land, and the disarray of public finances. Whatever

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274 Tsoulfidis, "From Economic Prosperity to Depression," 16.

275 Tsoulfidis, 19.

276 Tsoulfidis, 30.

277 Tsoulfidis, 19.

278 Mazower, *Greece and the Inter-War Crisis*, *passim*.



hopes Greece had to overcome these difficulties, the solution would have to include an optimization of tobacco production and commercialization.

In the economy that the Greek establishment envisioned, tobacco was from the beginning expected to play an important role as a source of employment and foreign currency. Securing large export quotas for tobacco, for instance, became one of Greece's goals in foreign policy. At the same time, Greece's overdependency on this crop was considered a liability. Chryssos Evelpidēs and D. Filaretos, two rising stars among Greece's economists at the time, saw in tobacco an engine that could pull the Greek economy out of the crisis if helped with the right policies. Evelpidēs in particular proposed that tobacco producers diversify the range of goods that they grew, to the extent that their small plots allowed it.<sup>279</sup> The problem of overspecialization in tobacco production was particularly acute among the Asia Minor refugees settled in the rural areas of eastern Macedonia and Thrace. Their plots of land were so small that they were economically viable only if they grew tobacco. No other crop offered such high profit margins.

Tobacco had already featured prominently on the economic agenda before the 1930s, but the crisis exacerbated the urgency of the issues related to it. The pressing need to export enough tobacco at satisfactory prices led the state to make its presence felt in new areas of economic activity. A wide range of stakeholders agreed that the survival of Greek tobacco in an uncertain international environment would require an improvement in the quality of the product, as well as reducing production costs and facilitating its absorption in international markets through promotion and trade agreements. This agenda is in stark contrast with the government's prewar approach to tobacco, which had been limited to taxation. The range of activities that would now become areas of policy included the funding of economic and agricultural research, facilitating

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<sup>279</sup> Ψαλιδόπουλος, *Η κρίση του 1929 και οι Έλληνες οικονομολόγοι*, 422-424; “Η ανά καπνού σταθεροποίησης των ελληνικών οικονομικών,” *Δελτίον καπνού*, October 1932.

credit to tobacco producers, the regulation of industrial relations, and participation in international fairs to promote Greek tobacco.

The politicization of the tobacco market, which manifested itself in the form of the much discussed tobacco question, would stimulate the participation of multiple groups in the political process through unions, agricultural co-operatives, and business associations. Most importantly, the participation of the state in the economy created a number of unmet expectations that could fuel a rejection of the liberal democratic order. In other words, the tobacco question would be an important factor in the collapse of democracy in interwar Greece.

In the 1920s and 30s, tobacco packers were the most combative sector of the Greek working class, both in terms of frequency of strikes, and number of people involved in them.<sup>280</sup> When Iōannēs Metaxas abolished parliamentary democracy on August 4, 1936, he did so one day ahead of a general strike called after a series of violent strikes in the tobacco industry. Today we give little credibility to Metaxas' claim that he abolished democracy in order to save Greece from Communism. The Greek Communists were simply too few and the party in too much disarray to pose a credible threat to the established order. In contrast, the tobacco question did play a central role in contemporary political developments. Metaxas and the government of Nazi Germany had reached an agreement involving the sale of German military equipment to Greece in exchange for substantial purchases of Greek tobacco. The possibility that a subsequently elected government might backtrack on the agreement was a strong incentive for the complete abolition of parliamentary democracy.<sup>281</sup>

Interwar tobacco policies did not only open up new areas of political discourse and activity. They also created economic opportunities for some. Members of the pre-existing business networks that had operated in the pre-WWI tobacco trade would take advantage of the

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<sup>280</sup> Φουντανόπουλος, *Εργασία και εργατικό κίνημα*.

<sup>281</sup> Pelt, "Establishment and Development of the Metaxas Dictatorship," 152-155.

new fields of activity that appeared. State institutions could now, for instance, hire a tobacco expert in order to implement policy. The government could also grant a Greek cigarette manufacturer operating in Germany easier access to credit in return for having his factory's tobacco sourced from Greece. The prior existence of these merchant networks shaped how the Greek state approached tobacco policy. Turkey and Bulgaria, the other two exporters of Oriental tobacco, took a different approach precisely because they lacked the trading networks that Greece had inherited from the previous period.

Agricultural policy in Greece would acquire a more systematic character after World War II. Regarding the extent to which the Greek state managed economic life in postwar rural Greece, Sakellariopoulos has pointed out that

The extent and depth of the role played by the [Greek] state in the rural economy is truly impressive. No dimension of the process of reproduction remained outside the suffocating embrace of the state.<sup>282</sup>

The seeds for such an extent of state interventionism were sown in the interwar period. A look at the case of tobacco reveals that private actors both in Greece and abroad shaped the specific form state interventionism took. It also reveals the *ad hoc* nature of many of the measures, which were able to only partially stem the tide of a market that was moving towards cheaper raw materials. In this sense, the German cigarette industry became a crucial factor in the design of policies, as it was the largest market for Oriental tobacco. Germany's importance would increase especially with the development of a system of clearing agreements that would regulate its foreign trade in the 1930s.

### **Germany: Crisis, Rearmament, and *Drang nach Südosten***

Let us now turn to the country that would become Greece's most important trading partner in the interwar period. As a result of its defeat in World War I, Germany lost significant

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<sup>282</sup> Σακελλαρόπουλος, "Η μεταπολεμική αγροτική πολιτική," 223.

territories, as well as strategic sources of energy and raw materials. In addition, the imposition of war reparations and the political choices made with regard to their payment crippled public finances. Germany suffered three rounds of high inflation. First, during World War I, as the government printed money and borrowed to finance the war effort. Second, immediately after the end of the war. The third and most spectacular round of 1922-23 resulted from the French occupation of the Ruhr, a response to the German non-compliance regarding the reparations. The German campaign of resistance against the occupation was financed with the money printing press, which caused inflation.<sup>283</sup> After 1924 the German economy benefited from the Dawes Plan for monetary stabilization, the strengthening of corporatist mechanisms of inter-class conflict resolution, the rationalization of competition through cartelization, and innovations in the management of large firms.<sup>284</sup> Despite these improvements, structural unemployment and low investment remained acute problem throughout the Weimar period, even in the years of growth of 1925 and 1927-28.<sup>285</sup>

The crisis of the 1930s caused economic distress of large proportions in Germany. The growth of the 1924-1929 period had run on large inflows of short-term credit which made the payment of reparations possible.<sup>286</sup> The financial bust of 1929 dried up the sources of credit from the United States and Britain.<sup>287</sup> The German state's response was a combination of austerity and forced deflation, as well as a new round of étatist expansion into economic life.<sup>288</sup> The Weimar government attempted to tackle rising unemployment and falling rural incomes by buying up

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283 Peukert, *The Weimar Republic*, 59-64.

284 Hardach, *Wirtschaftsgeschichte Deutschlands*, 22-64; Maier, *Recasting Bourgeois Europe*.

285 Peukert, *The Weimar Republic*, 115-123.

286 Ritschl, "Reparations, Deficits, and Debt Default," 110.

287 Berend, *Economic History of Twentieth-Century Europe*, 62-63.

288 Ritschl, "Reparations, Deficits, and Debt Default," 111; Hardach, *Wirtschaftsgeschichte Deutschlands*, 65-96.

agricultural surpluses, raising barriers to foreign trade, and intervening in the production of bread. After the rise of Hitler in 1933, interventionism continued to increase.<sup>289</sup>

The goals of rearmament and economic autarky would be the *Leitmotif* driving Nazi economic policy. In order to achieve those goals, the German economic model shifted away from a still relatively liberal market system towards more regulated consumption, investment, and labor markets. The Nazi administration raised taxes, capped salaries, and severely limited the circulation foreign exchange, just to mention a few measures.<sup>290</sup> Under the Nazis, the German state apparatus became a mechanism to direct Germany's economic capabilities at the service of an imperialist agenda. It is important, however, to note that there were some continuities between the Weimar and Nazi periods in the area of economic policy. Foreign exchange controls aimed at shaping import and export flows, for instance, had already started in the Weimar Republic. In this sense, Nazi minister Hjalmar Schacht's New Plan, which included the fully centralized rationing of foreign currency, was a step further in a pre-existing trend.<sup>291</sup>

The dramatic economic shifts of this period had a significant impact on the German cigarette industry. Such an impact was not just of the kind that one would expect in consumer product manufacturing in times of low aggregate purchasing power. Fiscal and regulatory policies targeted this industry specifically for three reasons. First, because cigarettes were an important source of tax revenue. Second, because mechanization and firm consolidation were rendering this industry very volatile as a source of employment. Third, because the cigarette industry, being a formidable absorber of raw material from the eastern Mediterranean, could be leveraged for diplomatic purposes. Germany could, and in fact did, take advantage of the fact that Turkey, Bulgaria, and Greece were seeking to secure export markets for their tobacco.

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289 Hardach, 65-96.

290 *Ibid.*

291 Petersson, *Anarchie und Weltrecht*, 329. On the factors that led Germany to resort to foreign exchange controls in response to the Great Depression, see Eichengreen & Irwin, "Slide to Protectionism."

As I discussed in chapter 3, the cigarette had already started to replace the cigar as the most popular form of tobacco consumption in Germany in the last two decades before World War I. Cigars are a more labor-intensive commodity than the cigarette. Furthermore, cigarettes were made of imported tobacco, whereas the cigar industry absorbed the domestic tobacco production. Therefore, this shift in consumer preferences meant the loss of jobs in the cigar industry and agriculture at a rate that employment in cigarette manufacturing could not compensate for. In order to slow down, and take advantage of, this shift, the German government started levying a special tax on cigarettes in the early twentieth century.<sup>292</sup> After World War I, the cigarette had become even more popular, and the state was in even more need for tax revenues. The special tax was increased.<sup>293</sup> To get an idea of the importance of taxes on tobacco in the 1920s, suffice it to say that in 1927 the receipts for tobacco taxes amounted to 794 million Mark. Taxes on sugar, beer and spirits combined were only slightly higher (approx. 820 million Mark).<sup>294</sup>

Taxation had an important effect on the structure of the German cigarette industry. Cigarette taxes were levied from manufacturers through a *banderole* system. Firms were allowed to not pay for the *banderoles* until six months later after the purchase. In the high-inflation context of the 1920s, there was an incentive for manufacturers to buy many *banderoles*, and wait for inflation to favor them at the time of payment. Because manufacturers would rather own *banderoles* and cigarettes than money, they would produce too many cigarettes. By the time that they had to pay for the *banderoles*, they would rush to sell their goods at any price. This circumstance was specially damaging for small manufacturers, many of whom went out of business in this period.<sup>295</sup>

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292 Pietschmann, "Verschiebungen in der Art des Tabakkonsums," 40-41.

293 Pietschmann, 45-47.

294 *Ibid.*

295 König, *Entstehung und Wirkungsweise*, 232-233.

During World War I, the German authorities had sought to prevent the closure of manufacturing firms in order to curb excessive unemployment. To that end, they forced the cigarette industry to set production quotas to protect small and medium-sized manufacturers. The abolition of these quotas in 1923 was yet another blow to small firms.<sup>296</sup> The cigarette industry underwent a rapid process of consolidation, with large firms buying smaller ones until two groups alone, Reemtsma and Haus Neuerburg, came to represent around 75% of this economic sector within a few years.<sup>297</sup> In 1925, many small manufacturers were also hurt by the introduction of a tax on stored tobacco leaves. Without prior notice, all tobacco stored in cigarette factories was subjected to a 9 Mark levy per kilogram. Before the collection of this special levy, the rumor of an upcoming increase in taxes had led many small firms to buy large amounts of tobacco. This turned out to be a bad decision. There is reason to believe that Reemtsma had privileged information in this regard, and that it moved its tobacco stock outside of its cigarette factories in order to dodge the special levy.<sup>298</sup>

Tax policy facilitated the consolidation of the German tobacco industry, which in turn created the conditions for Reemtsma to emerge as a key actor in the international Oriental tobacco market. Small manufacturers, however, never disappeared completely. One reason is that, with the exception of the most difficult years of the crisis, the cigarette market kept growing at a pace that allowed for newcomers to enter the industry. The other reason, of a more political nature, was that the Nazi government, seeking to curb mass unemployment, reinstated the quotas that kept small manufacturers in business. By reducing excessive competition, the authorities also expected the industry's spending in advertising and special offers to decrease.<sup>299</sup>

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296 König, 234-237.

297 “Η κίνησης εις το εξωτερικών,” *Δελτίον Γραφείου Προστασίας Ελληνικού Καπνού Καβάλλας*, May 1929.

298 Jacobs, “Zwischen Intuition und Experiment,” 163.

299 “Η καπνική κατάσταση εν Γερμανία,” *Δελτίον καπνού*, September 1933; “Καπνικόν συνέδριον εν Γερμανία,” *Δελτίον Καπνού*, November 1936.

From the mid-1920s until the outbreak of World War II, the German cigarette industry would be dominated by a few large manufacturers, while state policy perpetuated the existence of small-scale manufacturing as a viable business model in the 1930s. Because of the importance of the German cigarette industry as a consumer of Oriental tobacco, these two features of its structure would shape the Oriental tobacco value chain decisively. It set a series of constraints and opportunities that provided the background for political and business decisions in Greece, Bulgaria, and Turkey. On the one hand, stakeholders in those countries had to attract the business of the largest manufacturers. On the other, there was still room for the independent merchant of the prewar period to operate successfully as a provider of raw material for small manufacturers. A third factor that shaped Oriental tobacco trade was the increasing German interest in turning southeastern Europe into a sales market for German manufactures.

The Peace of Versailles stripped Germany of its colonial dominions. During Gustav Stresemann's tenure as foreign minister (1923-1929), the foreign policy of the Central European power focused on accession to the League of Nations, securing a rapprochement with France and Britain by accepting Germany's western border, and gaining some leverage for a future renegotiation of the eastern one. Germany never saw its colonies reinstated, nor was it put in charge of a mandate. However, Germany's participation in the League of Nations allowed it to keep the mandates accessible to German economic interests.<sup>300</sup> Stresemann intended to use Germany's economic muscle to enhance its international influence and prestige. This he partially achieved after the economic stabilization of 1924.<sup>301</sup>

Colonial aspirations remained alive in the memory, culture and political discourse of the Weimar Republic.<sup>302</sup> However, the fact that the German colonial empire had come to an abrupt

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300 Pedersen, *The Guardians*, 195-203.

301 Peukert, *The Weimar Republic*, 198.

302 For a discussion of how colonialism shaped political discourse in interwar Germany, see Klotz, "The Weimar Republic;" Grosse, "What Does German Colonialism Have to Do with National Socialism?" On the



end allowed room for economic imperialism to become an increasingly attractive alternative, even with regard to regions that had always been formally free from colonial domination. A number of German economists, businessmen, and policy makers came to see the strengthening of commercial ties with southeastern Europe as a way to overcome the need for export markets and raw materials, and for diplomatic influence on the geopolitical front. Before World War I, there were already proponents of some form of what we would call today soft power and economic imperialism, as opposed to military force, as a means to increase Germany's international prestige and power. However, the Treaty of Versailles had to render other alternatives less viable for this idea to become more popular.<sup>303</sup>

In the 1920s and 30s, in addition to the usual mechanism of trade treaties, a network of academics, publicists, and business organizations helped Germany's export industries overcome the challenges involved in conducting business in southeastern Europe. Such challenges could be linguistic, legal, or cultural.<sup>304</sup> New sources of information, such as journals, fairs, and cultural associations reduced the cost of finding business opportunities and staying updated on market developments.<sup>305</sup> German trade with southeastern Europe increased considerably in the 1920s, and it continued to do so at a faster pace in the 1930s.<sup>306</sup> An important factor contributing to such acceleration was a series of bilateral clearing agreements signed between Germany and each southeastern European country. These clearing agreements were designed as a mechanism to circumvent the difficulties posed by exchange controls.

A clearing agreement involved two parties from two different countries. Each party would have a bank account in the other country. Whenever one of the parties bought goods from

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continued presence of colonial themes in interwar Germany's book market, educational system and entertainment, see Krobb, "Doch das orientalische ist es ja eben," Schilling, *Postcolonial Germany*, ch. 1-3.

303 Gross, *Export Empire*, 13.

304 Gross, 16.

305 Gross, *passim*.

306 Morys & Ivanov, "The Emergence of a European Region," 406.

the other one, the buying party would deposit money in the account that the seller had in the buyer's country. The seller would then withdraw money from the account that the buyer had in the seller's country. This way, only goods would cross borders, but not money. The advantage of this system was that the buyer would not need to have foreign currency at hand in order to import goods. This was important in a context of foreign exchange controls. The most obvious downside was that, once one party had sold goods to the other one, the money was locked in an overseas account, and could only be used to purchase goods from that country. Hence the intensifying effect that the clearing agreements, usually signed between the central bank of Germany and that of another country, had on bilateral trade. Whenever a German cigarette manufacturer bought tobacco from Greece, the money on the German account of the Bank of Greece could only be used by a Greek firm willing to import goods from Germany.

The German cigarette industry depended on the eastern European markets for the supply of raw material, as we have seen. The expansion of the cigarette market and the incentive for bilateral trade between Germany and its partners resulted, in the interwar period, in an increase in the flow of tobacco to Germany from Bulgaria, Turkey, and Greece. These three southeastern European economies became increasingly dependent on the German economy's capacity to absorb tobacco surpluses. The livelihood of their peasants, urban workers, and trading firms depended on it.

Thus far I have discussed the turn towards more interventionist economic policies in Greece and Germany. I have also discussed how tobacco was connected to larger economic issues in this period, such as unemployment in Germany, or the scarcity of arable land in Greece's northern provinces. In the interwar period, a series of new institutions appeared with the purpose of influencing the development of the tobacco industries of these two countries. Such institutions resulted from a new *étatist* turn in economic policy, but also from the need that

stakeholders had to defend their interests vis-à-vis the state and other stakeholders. It is to these institutions that we turn now.

### **Tobacco Merchant Federation of Greece**

During the 1920s, Greece witnessed the proliferation of tobacco merchant associations and their organization under the nation-wide umbrella of the Tobacco Merchant Federation of Greece (Καπνεμπορική Ομοσπονδία της Ελλάδος, hereinafter the TMFG). Many of the proposals in the realm of tobacco policy put forth by prominent members of the TMFG, such as Secretary General Achilleas Mantzarēs, came to fruition during this period. The organization exerted considerable influence in the political process. A brief discussion of how tobacco merchants came to have a unified voice in Greece is necessary for us to understand how this specific group of stakeholders became able to shape the governing structure of the value chain.

In the mid 1920s, the Oriental tobacco market was changing rapidly. In many ways, the economic and political context was no longer the same as it had been before the wars of the 1910s and 1920s. Most importantly, the Ottoman empire had disappeared. Its tobacco producing regions, as we have seen, had been split between Greece and Turkey. As a result, many commercial networks and trade routes had to be rearranged. Merchants who had once been Ottoman subjects of Greek ethnicity, such as the Anastassiadis or the Gavriēloglous, had now become Greek citizens.<sup>307</sup> From now on, they would buy tobacco from the territories within the Greek state. They would also have to compete with cheaper tobacco from Bulgaria and Turkey. The production of tobacco in what now had become northern Greece was significantly disrupted by the population exchange with Turkey. The prewar merchant's knowledge of the supply

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<sup>307</sup> Nikolaos Anastassiadi had been a prominent merchant of Ottoman Macedonian tobacco in Dresden before World War I (Verband deutscher Zigarettentabakhändler to Ministerium des Innern, 1915, 10736 Ministerium des Innern, folder 7126, items 88-91, HSA Dresden). Members of the Anastassiadi family remained involved in tobacco trade and cigarette manufacturing throughout the interwar period (Deutsche Bank internal correspondence, 1938, 13131 Deutsche Bank, Filiale Dresden, folder 1226). Information about the Gavriēloglous is available in Bibliographical note, registry no. 28/2010, file 31766, TM Kavala.

market lost much value as a result. Many seasoned tobacco producers had had to leave their homes. In addition, selling tobacco in the European markets had become more difficult as a result of the upheaval that the war caused, as well as the political instability of the first interwar years.

Outside of Greece, the weakness of many currencies had reduced the number of solvent buyers in Germany, Austria, Russia, Romania, and Yugoslavia. At the same time, firms with access to large amounts of capital were replacing Greek exporters. The Tobacco Merchant Association of Macedonia and Thrace complained in a 1925 report that 80% of tobacco exports from Greece were already in the hands of fifteen such firms, in which Greek capital had limited participation. Without mentioning their names, the Association listed the nationalities of those firms: five American, two French, two British, three Dutch, one Swiss, one Italian, and one Belgian.<sup>308</sup> The absence of German firms from the list is noteworthy, especially considering the increasing importance of Reemtsma's purchases on the Greek market. The reason for such absence is that Reemtsma was not opening buying offices in the eastern Mediterranean. Instead, it made its acquisitions through a series of nominally independent agents. I will discuss Reemtsma's growing prominence as a market-shaping actor later in this chapter. For the time being, suffice it to say that Greek tobacco merchants saw their market share shrink in the mid-1920s.

Another big challenge for merchants at this time was the usual one when we talk about tobacco: taxation. In Greece, since 1918, tobacco leaves had been taxed at 10% on the basis of the price paid to the farmer. In 1922, the tax rate went up to 14%. In addition, and depending on the area, there were additional local taxes.<sup>309</sup> There were also consumer taxes calculated on the

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308 German consulate in Salonika to Auswärtiges Amt, 1925, R Auswärtiges Amt des Deutschen Reiches, folder 242106, items 181-182, PAAA.

309 Ιωαννίδης, *Το καπνικό στην Καβάλα*, 183-188.

basis of the weight of the tobacco consumed domestically. Consumer taxes, however, are less relevant for the purposes of this discussion on the export trade. Taxation was one of the main bones of contention between tobacco trading firms and the Greek state throughout the interwar period. Whenever Greek tobacco encountered difficulties in foreign markets, the merchant associations would blame taxes, which were higher in Greece than in Turkey and Bulgaria. They also blamed excessive labor costs in the form of wages and welfare programs.<sup>310</sup>

Since the 1910s, the urban workers in charge of sorting and packaging the tobacco leaves before their export had gradually become an organized political bloc capable of exacting concessions from the state. In 1914, the tobacco workers of northern Greece forced their employers to sign the first large-scale union contract in the country's history.<sup>311</sup> In the Thessalian city of Volos, which was already part of the Greek state before 1912, tobacco workers had been the protagonists of successful strikes during the first decade of the twentieth century as well.<sup>312</sup> Throughout the 1920s and 1930s, there would be more victories for workers, embodied in favorable legislation and union contracts. A noteworthy success for tobacco workers came in 1922 when, after a series of strikes, the state passed law 2869/1922. The law banned the export of tobacco leaves unless they had undergone the required sorting and packaging on Greek soil. The passing of this legislation, which was intended to save local jobs, was a wake up call for Greek businessmen. It became clear to some of them that they could only successfully address the challenges posed by foreign competition, the labor movement collective action. In 1924, they created the TMFG.<sup>313</sup>

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310 Dankas, *Recherches*, 745.

311 Avdela, "Classe, éthnicité et genre."

312 Ιωαννίδης, *Το καπνικό στην Καβάλα*, 76.

313 Report "Η δράσις της κατά το πρώτον έτος της ιδρύσεώς της," 1925, registry no. 26/2006, item 1692, TM Kavala.

The establishment of this nation-wide federation was a logical development after the creation of regional tobacco business associations all over Greece in the previous years. The initiative to create a nation-wide organization came from merchants based in Athens. This fact is in itself a sign of how the political geography of eastern Mediterranean tobacco was changing. By far the largest amount of Greek tobacco destined for export grew in the northern provinces of Macedonia and Thrace, which had recently become Greek territory. However, the new political and financial center to which these regions now looked was the Greek capital city. The TMFG brought together merchants from both Old Greece (i.e. the territories that belonged to the Greek state before the Balkan Wars), and the New Lands. A national tobacco lobby of sorts had been born. Big decisions involving Greek tobacco were to be made in Athens.

Theorist of business interest associations (BIAs) Luca LanzaLaco has identified two ways in which nation-wide BIAs come into being. He uses the term *diffusion* to refer to the process by which a number of infra-national (i.e. regional or local) organizations appear, and eventually coalesce to form a national organization. A nation-wide BIA can also emerge through a process of penetration, in which one organization expands its area of activities to new places. It can do so by creating new, autonomous organizations, or subsidiaries of itself.<sup>314</sup> The case of the TMFG falls between these two categories. As the word *federation* suggests, pre-existing regional organizations integrated themselves in it. Such was the case of the tobacco merchant associations of Kavala, Volos, Agrinio, Salonika or Athens-Piraeus.<sup>315</sup> New organizations such as the Tobacco Merchant Associations of Serres or Mitylene were established after the creation of the TMFG, and quickly became members.<sup>316</sup>

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314 LanzaLaco, "Business Interest Associations," 300.

315 Report "Η δράσις της κατά το πρώτον έτος της ιδρύσεώς της," 1925, registry no. 26/2006, item 1692, TM Kavala.

316 Report "Η δράσις της κατά το έτος 1925-1926," 1926, registry no. 26/2006, item 1693, TM Kavala; Bylaws of the Tobacco Merchant Association of Serres, 1928, registry no. 26/2006, item 5653, TM Kavala.

The co-existence of both a nation-wide and regional BIAs in the Greek tobacco leaf trading sector makes sense if we take into account the co-existence of a central state with an interventionist stance and diverse regional realities. Whereas some regions produced tobacco for export, others produced for the domestic market. Taxes levied at the local level also varied, as did the the structure of regional and local credit markets. The level of militancy of urban workers also varied from one part of the country to the next, with northern Greece having the most conflictive industrial relations in the country. With regard to the concrete goals of the TMFG, and still following Lanzalaco's terminology, the organization falls between the categories of employers' association (EA) and trade association (TA). While EAs are a mechanism for businesses to increase their leverage vis-à-vis their employees whenever bargaining for union contracts or state regulations, TAs are intended to increase their members' sales.<sup>317</sup> The agenda of the TMFG included both types of activities. On the domestic front, its initial purpose was to advocate for lower taxes, as well as favorable mediation by the state vis-à-vis unions.<sup>318</sup> It also pursued the goal of reducing the cost of market information for its members. At the international level, the organization aimed at expanding export markets for Greek tobacco.

For the agenda of the TMFG to come to fruition, the development of new state agencies would be necessary. The government would also have to become involved in the management of such agencies. In this sense, the articulation of a tobacco merchants' movement in interwar Greece was not just a response to the expansion of state power in the form of taxes and regulations. It was also an attempt to actively shape, and further expand, the allocation of state resources for the management of tobacco-related issues. The success of the TMFG on this front is undeniable. Within its first year of existence, the organization secured representation in an

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317 Lanzalaco, "Business Interest Associations," 294-295.

318 Report "Η δράσις της κατά το πρώτον έτος της ιδρύσεώς της," 1925, registry no. 26/2006, item 1692, TM Kavala.

important governmental advisory body, the High Council for Commerce and Industry (Ανώτατο Συμβούλιο Εμπορίου και Βιομηχανίας).<sup>319</sup> A few years later, its Secretary General was given a seat at the board of the Agricultural Bank of Greece and, after 1937, at the High Economic Council (Ανώτατο Οικονομικό Συμβούλιο).<sup>320</sup> Another important achievement in first year of existence of the TMFG was playing a decisive role in the establishment of the Offices for the Protection of Greek Tobacco.

### **Offices for the Protection of Greek Tobacco**

The Offices for the Protection of Greek Tobacco (Γραφεία Προστασίας Ελληνικού Καπνού, hereinafter the Tobacco Offices) constituted the first important step towards the institutionalization of state-led upgrading in the tobacco sector. Here I use the term *upgrading* as it is used in the literature on Global Commodity Chains: “to make better products, make them more efficiently, or move into more skilled activities.”<sup>321</sup> The decree that incorporated the Tobacco Offices during the Pangalos dictatorship was later ratified under Venizelos’ elected government through law 3534 of 1928.<sup>322</sup>

The three Tobacco Offices were under the purview of the Ministry for the National Economy. They were located in Volos, Salonika and Kavala. Their stated purpose was the “protection and promotion of the interests of tobacco producers, merchants and industrialists.”<sup>323</sup> To that end, the councils that governed the Tobacco Offices brought together representatives of Greece’s tobacco producers, merchants, and cigarette manufacturers.<sup>324</sup> On paper, these agencies were established as an arena in which different stakeholders within the tobacco industry would

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319 *Ibid.*

320 Minutes of governing board meeting, 7/11/1930, Αρχείο ΑΤΕ, Σειρά Πρακτικά Διοικητικού Συμβουλίου, ΙΑΠΙΟΡ; Ανώτατον Οικονομικόν Συμβούλιον, *Η ελληνική οικονομία κατά το έτος 1936*, p. III.

321 Humphrey & Schmitz, “How Does Insertion in Global Value Chains...?”

322 Law 3564/1928.

323 Law 3564/1928, art. 1.

324 *Ibid.*



negotiate their interests, and promote the industry as a whole. In practice, however, tobacco merchants were able to shape the agenda of the Tobacco Offices much more effectively than any other stakeholder. In fact, the TMFG was able to influence their constitution from the very beginning. The leadership of the TMFG reported the following to the membership in its first annual report:

Modified and supplemented as much as possible according to the objections and opinions of the [TMFG], a legislative decree has been prepared and is soon to be published. It establishes the Offices for the Protection of Tobacco as well as their central council, within which the tobacco merchants will have an important and active role.<sup>325</sup>

The Offices were expected to function as a mechanism for the input of specialized knowledge into different nodes within the value chain. In order to do so, it was necessary to collect up-to-date information about tobacco production, industrial transformation, and trade. The law required all local political authorities, agricultural co-operatives, companies, and individuals to provide the Tobacco Offices with whatever information they might request with regard to tobacco.<sup>326</sup> The rational upgrading of the Greek tobacco industry involved an unprecedented penetration of state authority into economic activities, but also a redefinition of the function of knowledge within the value chain. From the point of view of state policy, knowledge was no longer an asset in the hands of a single economic actor that competed in the market. It was a common good at the service of the national economy.

Besides assigning the role of information collector and policy adviser to the Tobacco Offices, the law that incorporated them was quite vague as to what their exact functions should be. It also left it up to each Tobacco Office's bylaws to determine the election process for its governing council. A look at the case of the Tobacco Office of Kavala (Table 4.01) reveals that

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325 Report "Η δράσις της κατά το πρώτον έτος της ιδρύσεώς της," 1925, registry no. 26/2006, item 1692, TM Kavala.

326 Law 3564/1928, art. 13.

urban workers only had any sort of representation in the first years, and later none at all. Tobacco merchants and representatives of the agricultural cooperatives soon occupied all the positions of responsibility. Even though peasants were, in appearance, well represented in the Tobacco Offices, they did not have as much of a say as the merchants. To begin with, the representatives of tobacco peasant cooperatives were sometimes in league with the merchants, as denounced by Liberal MP Leonidas Iasonidēs in 1929.<sup>327</sup> At the Agrarian Congress of Langadas in 1930, some delegates added their voices, decrying the Tobacco Offices as nothing more than a tool of the tobacco merchants.<sup>328</sup>

I will return later on to the issue of the weakness of peasant organizations in interwar Greece. How the activities of the Tobacco Offices reflected the agenda of tobacco merchant associations will become evident when we discuss the changes in the commodity chain (in chapter 5 through 8). For the purposes of this general overview, suffice it to say that, although the Tobacco Offices were designed to be the voices of the Greek tobacco industry as a whole, the merchants had the upper hand in determining their agendas.

Each office consisted of two departments: one dedicated to matters related to the commercialization of tobacco, and another one to purely agricultural matters. The agricultural departments of the three offices undertook the task of upgrading tobacco production. Their most ambitious project was the establishment of an institute that would address the needs of the industry, especially at the level of agricultural production, through rigorous scientific research. This new agency was the Tobacco Research Institute of Greece (Καπνολογικό Ινστιτούτο της Ελλάδος, hereinafter TRI).

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327 “Η καπνική κρίσις & τα υποδεικνυόμενα μέτρα,” *Μακεδονία*, December 8, 1929.

328 “Η τρίτη ημέρα του καπνοπαραγωγικού συνεδρίου,” *Μακεδονία*, January 29, 1930.

## **Tobacco Research Institute of Greece**

The TRI started operating in Drama in 1930.<sup>329</sup> It functioned as the scientific arm of the Tobacco Offices. The complaints about the delay in its opening, voiced by contemporary commentators on the tobacco question, like Bakalbasēs and Mantzarēs, indicate that there was considerable hope in the possibilities that the new institute could open up.<sup>330</sup>

The TRI's main facilities were erected on a plot of land that had previously been property of the Refugee Settlement Commission (RSC).<sup>331</sup> Getting the project off the ground took longer than the leadership of the Tobacco Offices had originally expected. The purchases of material for the construction of a greenhouse and the laboratory equipment, imported from France and Germany, did not take place until 1934.<sup>332</sup> In the first years of its existence, the Institute was not able to carry out as much research as its first director Dēmētrios Argyroudēs would have liked. He had been trained at the Research Institute of the Italian Tobacco Monopoly in Scafati, Italy, probably the most prestigious research center in the field at the time.<sup>333</sup>

By 1935, i.e. five years after the official opening of the TRI, Argyroudēs described to the Greek executive the harsh reality of his underfunded institute. The main building had yet to be completed, although some facilities (warehouses, drying barns, and seedbeds) were already in place. Of the three experimental stations that the Institute set up in Xanthi, Katerini, and Karditsa, only the latter had the basic facilities and experimental fields. Opening the planned facilities in Agrinio, Samos or western Macedonia, all of which were important areas for tobacco production, was out of the question. Furthermore, the staff's salaries were in arrears. The money

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329 Πασχαλίδης, *Το εν Δράμα Καπνολογικόν Ινστιτούτον*, 13.

330 Μπακαλμπάσης, *Γενική Εισήγησις*, 5-11. Μάντζαρης, *Τα καπνά μας*, 137-138.

331 Πασχαλίδης, *Το εν Δράμα Καπνολογικόν Ινστιτούτον*, 13.

332 Argyroudēs to League of Offices for the Protection of Greek Tobacco, 1934, 262 Διοικ. 18.01 Αρχείο του Καπνολογικού Ινστιτούτου Νομού Δράμας, folder 1, GAK Drama.

333 President of League of Offices for the Protection of Greek Tobacco to Goudas, Lytsikas, et al., 1928, 262 Διοικ. 18.01 Αρχείο του Καπνολογικού Ινστιτούτου Νομού Δράμας, folder 1, GAK Drama.

that the Greek state had been allocating on an irregular basis for five years was just not enough.<sup>334</sup>

Despite the scarcity of financial resources, the TRI was able to carry out a variety of research activities in the interwar period, and served as an advisory body for the Tobacco Offices and other institutions. The most relevant areas of research, which I will discuss in further detail in chapters 5 and 7, were the development of new tobacco varieties, processing and packaging techniques, and the use of fertilizers. We should think of the emergence of the TRI as part of a broader development of agricultural research in Greece and abroad in this period.

In Greece, government programs aimed at upgrading agricultural production had been initiated soon after independence and expanded throughout the nineteenth century. However, none of them remained active for long, or was sufficiently endowed to have a real impact on Greek agriculture. In the interwar period, a number of new institutes appeared under the aegis of the Ministry of Agriculture, which itself had not come into existence as an independent ministry until 1917. In addition to the TRI, there were the Institute for Plant Improvement (est. 1925, later called the Cereal Institute), the Currant Institute (1928), the Center for the Improvement of Wheat Production (1931), and the Cotton Institute (1931).<sup>335</sup> Despite this proliferation of research institutes, the TRI occupies a distinguished place in the history of agricultural research in Greece if we consider the level of its output and its continuity over time. An extremely reduced version of it was still operational at the time that I conducted archival research for this dissertation in Drama in 2015. Its future, however, was uncertain in the context of the austerity measures that the Greek government and its creditors were imposing on the country's research infrastructure.

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334 Argyroudēs to Minister of Agriculture, 1935, registry no. 26/2006, item 18941, TM Kavala.

335 Παναγιωτόπουλος, *Αγροτικό Κόμμα Ελλάδος*, 34-35.

By the late 1930s, the initial scarcity of funding had been somewhat alleviated, and the institute started to engage in scientific exchanges with the international community of tobacco researchers. The organizers of the First International Tobacco Congress in Sofia in 1938, for example, requested that the institute send a delegation.<sup>336</sup> Some of the Institute's publications made it into the libraries of tobacco research institutes from other countries. Such is the case of the report "Experiments in Tobacco Processing"<sup>337</sup> from 1935. A copy of the report is today part of the archival collection of the now disappeared Tobacco Research Institute of the German Empire (Tabakforschungsinstitut für das deutsche Reich).<sup>338</sup>

The German counterpart to the TRI would show special interest in the Oriental varieties of the eastern Mediterranean as we shall see in the next chapter. In the case of Germany, we should also place tobacco-related scientific research in the broader context of the country's economic needs as defined by its political establishment. In the 1930s, then, agricultural research, and in particular the development of more productive plant varieties, was quite high on the scientific agenda of a political elite bent on achieving higher levels of economic autarky.<sup>339</sup>

### **Agricultural Bank of Greece**

One of the main obstacles impairing the optimization of Greece's productive forces in general, and of tobacco production in particular, was the lack of sufficient agricultural credit in the country. Whereas creating a knowledge base for the upgrading of tobacco production was the task of the Tobacco Offices and their Tobacco Research Institute, financing agricultural development would require an overhaul of Greece's banking system. In this context, the

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336 Angelini to Argyroudēs, 1938, 262 Διοικ. 18.01 Αρχείο του Καπνολογικού Ινστιτούτου Νομού Δράμας, folder 1373, GAK Drama.

337 Ανδρεάδης, "Πειράματα επεξεργασίας επί του καπνού."

338 Kept in 576 Landesanstalt für Pflanzenbau und Tabakforschung, folder 25, GLA Karlsruhe.

339 Heim, *Autarkie und Ostexpansion*; Heim, *Kalorien, Kautschuk, Karrieren*.

establishment of the Agricultural Bank of Greece (Αγροτική Τράπεζα της Ελλάδος, hereinafter ABG) was a major watershed in the history of the Mediterranean country's rural economy.

In 1927, Alexandros Zaimēs' government of national unity attempted to establish a bank specializing in agricultural investments. The attempt failed mainly because of the political leverage of the National Bank of Greece (Εθνική Τράπεζα της Ελλάδος, hereinafter NBG), which stood to lose its privileged position in the Greek rural economy.<sup>340</sup> Since the mid-nineteenth century, successive agreements between the NBG and the Greek government had granted the bank the privilege of issuing Greece's currency. In exchange, the bank had to meet certain requirements with regard to the allocation of credit. Such requirements included a minimum of investment in agricultural production. Unfortunately, the demand for credit on the Greek countryside was never sufficiently covered without the involvement of moneylenders, from whom peasants would often borrow at usury rates. The situation remained essentially the same until the interwar period, despite the increase in the number of banks active in Greece from the late nineteenth century onward.<sup>341</sup>

Between 1915 and 1929, the NBG held the issuing privilege in the New Lands (Macedonia, Thrace, Epirus), in exchange for lending a specific amount of money to the rural population at a 5% interest rate.<sup>342</sup> The reordering of the Greek banking system in the 1930s would put an end to this last period of NBG's unchallenged reign. Such reordering included the establishment of the Bank of Greece as the nation-wide bank of issue, and of the ABG as the privileged lender of the Greek rural population. Multiple voices had proposed the foundation of a specialized agricultural bank in the first third of the twentieth century. The best known one was social-democratic intellectual and politician Alexandros Papanastasiou.<sup>343</sup> In the context of the

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340 Κωστής, *Αγροτική οικονομία και Γεωργική Τράπεζα*.

341 Brégianni, "Banking System and Agricultural Co-Operatives, 51-52.

342 Πρόντζας, *Οικονομικός προστατευτισμός και Βαλκανική συνεργασία*, 135-139.

343 Πρόντζας, 140-150. Papanastasiou (1876-1936) was a member of the Venizelist camp who promoted the

population exchange, the League of Nations set the condition of a far-reaching banking reform for the release of funds needed to settle the Asia Minor refugees. This external imposition made the new bank politically possible. Law 4332 of 1929 brought ABG into existence.<sup>344</sup>

The hundreds of thousands of peasants recently settled as part of the agricultural reforms had limited property rights over their newly acquired land. This limitation made it impossible for them to use their land as collateral for loans. For that reason, access to credit was even more problematic in this part of the country, which was specialized in tobacco production. The New Lands, where the resettled population was concentrated, were the areas where the ABG would take over a larger section of the credit market away from the hands of private moneylenders. By 1936, private money lending still represented around 50% of all agricultural loans in Greece. In Macedonia and Thrace, the ABG had been able to reduce the figure to about 25%, while in Old Greece the average was 75%.<sup>345</sup> The ABG was never able to monopolize the supply of credit completely, but it had considerable impact on the areas that produced the best, and most, Oriental tobacco: Thrace and Macedonia.

The ABG did much more than increasing the supply of banking capital on the Greek countryside. It also became a very important mechanism for the formulation, and implementation, of agricultural policy. Its agronomists conducted studies of the economic conditions of Greece's rural communities. First and foremost, their function was to act as the expert eyes of a bank that had to penetrate even the most remote areas of northern Greece. The body of published work that these agronomists produced, in addition, shaped public discourse and political decision-making through publications and expert advice.

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agricultural reform, the strengthening of agricultural cooperatives, and the abolition of the Greek monarchy. He served as Prime Minister in two occasions, but only for a few months each time. Under Venizelos, he served as governor of the Ionian Islands, and was palced at the head of multiple ministries. For a collection of studies on his politics and personal trajectory, see Αναστασιάδης *et al.* *Αλέξανδρος Παπαναστασίου*.

<sup>344</sup> Πρόντζας, 140-150.

<sup>345</sup> Φραγκιάδης, *Ελληνική οικονομία*, 146.

The Greek government could regulate the functioning of the Agricultural Bank much more tightly than had been the case with the NBG, which unlike the ABG was a private commercial bank. This important aspect of the ABG's constitution allowed policy makers to make access to credit contingent upon the fulfillment of specific regulatory requirements. The ABG's role as a policy-enforcing agency would have far-reaching consequences for the agricultural production of tobacco.

### **Greece's Agricultural Cooperatives**

The ground-level mechanism for the implementation of agricultural policy and for the integration of Greece's agricultural surplus into the flow of capital and goods were the agricultural cooperatives. They proliferated during the interwar period. These institutions were in charge of reducing the cost of managing the ABG's credit flows, popularizing the best practices formulated by the Tobacco Offices and the TRI, and facilitating the enforcement of the regulations passed by the Ministry of Agriculture.

When agricultural cooperatives first appeared on the stage in 1914, they did so as part of a broader project, led by urban capital and their political representatives, of integrating the countryside with the urban economy.<sup>346</sup> In this sense, the state-led establishment of cooperatives was part of the preparation for the land reform that I discussed earlier in this chapter. The Venizelist government passed law 609/1914, which regulated the establishment and functioning of cooperatives. In a general sense, their purpose, as the Venizelist elites envisioned it, was to act as mediators in the allocation and repayment of agricultural credit between the financial sector (at first the NBG, and the ABG after 1930) and the rural population.<sup>347</sup>

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346 Brégianni, "Banking System and Agricultural Co-Operatives, 49-50.

347 Brégianni, 51-52.



Agricultural cooperatives proliferated in the context of the settlement of the refugees from Asia Minor. The League of Nations administered their settlement through the RSC, and with the help of international capital. From 1930 onward, the recently established ABG and the cooperatives would remain interlocked centerpieces of the country's agricultural policy. The former would be the source of credit, and the latter would distribute it and facilitate its repayment.<sup>348</sup> The main function of most cooperatives was to facilitate the financialization of the rural economy. That was no easy task, as the experience from the nineteenth and early twentieth centuries had shown. For urban capitalists, it was difficult to assess the creditworthiness of countless small-scale productive units, and then ensure that the loan would actually fund the activities that the parties had agreed on. The traditional way of overcoming these obstacles was resorting to intermediate moneylenders. They had better knowledge of local conditions, and found it easier to make profitable use of repossessed property, usually the delinquent borrower's harvest.<sup>349</sup> Agricultural cooperatives constituted an alternative, since they could help banks reduce their borrowing costs by gathering information and enforcing contracts.

The most common type of agricultural cooperative in Greece since the passing of law 609/1914 was the credit cooperative (Table 4.02). Other types of cooperative, such as those aimed at pooling labor or equipment, or at the joint marketing of agricultural products, were comparatively scarce. They were more common in other branches of the agricultural economy, mainly in the production and marketing of grapes and wine (Tables 4.03 through 4.05). Credit cooperatives were particularly prevalent in the New Lands (Epirus, Macedonia, and Thrace). In Macedonia and Thrace, over 90% of all agricultural cooperatives registered in 1936 were credit cooperatives. These were the highest percentages in the country (Tables 4.06 and 4.07). The data

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348 Brégianni, 53-54.

349 Φραγκιάδης, *Ελληνική οικονομία*, 53-61.

suggest a possible correlation between the stronger presence of the ABG in these regions and the proliferation of credit cooperatives.

For the administrators of the ABG, the expansion of the *cooperativist ideology* (*συνεταιριστική ιδεολογία*) was a necessary step towards a more financially sound rural society. Such soundness would result not just from the fact that the affiliated peasants would get better economic outcomes, but also because participation in a cooperative would contribute to their moral and political uplifting. Cooperative members would come to see themselves as bearers of the collective responsibility of developing the national economy. ABG employees were often instructed to spread the cooperativist ideology and the habit of saving money.<sup>350</sup> In order to encourage peasants to join cooperatives, the bank systematically offered lower interest rates and waived fees to their members.<sup>351</sup>

In some areas, cooperatives helped spread the use of innovations such as better tobacco seeds.<sup>352</sup> There is also evidence of an initiative, undertaken by the Union of Agricultural Cooperatives of Rhodope, Thrace, to process tobacco leaves so that they would be ready for sale to cigarette manufacturers. Internalizing this stage of processing, usually carried out in urban centers, could have increased the profits of the union's members. In the event, however, the initiative did not come to fruition.<sup>353</sup> For the most part, tobacco producers would join forces in order to access credit in better conditions and little more.

In the realm of high-brow economic thought, there were different opinions about what range of activities in which agricultural cooperatives should participate. Some proponents of the cooperativist movement were ambitious enough to see in them the potential to bypass

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350 Circular letters, 2/24/31, 5/17/30, 5/8/30, 11/12/30, Αρχείο ΑΤΕ, Σειρά Εγκύκλιοι και Διαταγαί, ΙΑΠΙΟΡ.

351 Circular letters, 1/9/37, 9/28/33, Αρχείο ΑΤΕ, Σειρά Εγκύκλιοι και Διαταγαί, ΙΑΠΙΟΡ.

352 The example of a co-operative in the village of Agios Athanasios near Drama is documented in President of cooperative "Ο Φάρος" to TRI Director, 1938, 262 Διοικ. 18.01 Αρχείο του Καπνολογικού Ινστιτούτου Νομού Δράμας, folder 1236, GAK Drama.

353 Κλήμη, *Οι συνεταιρισμοί στην Ελλάδα*, vol. 3, 117.

intermediaries in the commercial chain, i.e. as a way to increase the profit margins for peasants. Agricultural economist Evelpidēs argued in his book *The Agricultural Crisis in Greece* (*Η γεωργική κρίσις εν Ελλάδι*) for the involvement of cooperatives in the development of small-scale industries in rural areas.<sup>354</sup> In contrast, TMFG Secretary General Mantzarēs wrote that cooperatives should stay away from any activities besides helping growers finance tobacco production. He advised specifically against joint marketing.<sup>355</sup> Mantzarēs did see value, however, in cooperatives as collectors of information about tobacco production that would in turn provide the foundation for better policy.<sup>356</sup> At the other end of the ideological spectrum, there were ardent proponents of cooperativism involved in the establishment, in 1923, of the Agrarian Party of Greece. They hoped to turn the peasant class into an autonomous political subject,<sup>357</sup> and saw great potential in cooperatives as spaces for politicization.

In interwar Greece, cooperativism, and agrarianism in general for that matter, did not develop to the extent that they did in Bulgaria or Romania, whether in terms of membership or independence from other political forces.<sup>358</sup> Greek cooperatives nevertheless were an important component of the political constellation of the Greek countryside, especially when it comes to the governance structure of the Oriental tobacco value chain. The days when the merchant would provide advances to the tobacco-producing family were not completely gone. However, the peasant had become something more than an economic actor bound to his family and local community. He and his family (as the literature of the time would speak of rural productive units) were now part of a population whose potential had to be developed for the sake of the national economy. The peasant's level of indebtedness, the way in which he worked, what he

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354 Ψαλιδόπουλος, *Η κρίση του 1929 και οι Έλληνες οικονομολόγοι*, 423.

355 This was the view of Achilleas Mantzarēs, an organic intellectual of sorts within the lobby of tobacco businessmen, as expressed in Μάντζαρης, *Τα καπνά μας*, 159.

356 Report “Η δράσις της κατά το έτος 1925-1926,” 1926, registry no. 26/2006, item 1693, TM Kavala.

357 Παναγιωτόπουλος, *Αγροτικό Κόμμα Ελλάδος*, 50-51.

358 Mouzelis, “Greek and Bulgarian Peasants,” 25-26.

produced, and in what amounts, were now matters requiring the intervention of experts of different kinds. With the possible exception of electoral patronage, cooperatives were the most important catalyst of the state's economic and political penetration of the countryside, however unsystematic such penetration might have been in the interwar period. According to Panagiōtopoulos, the cooperatives and the ABG were responsible for the appearance in the provincial areas of a rural intellectual elite of sorts, a

human capital theretofore unknown [...] made up of merchants; state administrators, civil servants, agronomists, engineers, bank employees, cooperative bureaucrats, accountants, lawyers, etc. Such human capital [...] became a sort of social and intellectual elite.<sup>359</sup>

In addition to technical know-how, cooperatives provided a forum, however limited, for the politicization of the Greek peasantry in general, and of tobacco producers in particular. Despite the absence of a large-scale, vocal agrarian movement, and despite the fact that they were often led by non-peasants, cooperatives were able to assert some of the concerns that this section of the population had. That the expressions of such concerns did not include a call for either radical political change, or a large-scale redistribution of resources, does not make the phenomenon any less worth of historical scrutiny.

At times, the concerns of tobacco peasants could be about how well represented peasant interests were in regulatory bodies. Cooperativist representatives voiced such views, for instance, at the 5th Tobacco Producers' Congress in Salonika in 1930. A number of delegates demanded that the ABG and the Tobacco Offices be governed by peasants.<sup>360</sup> As I show in chapter 6, when the Greek government decided to buy up large amounts of unsold tobacco and directly manage its sale to trading firms, many cooperatives called for an implementation of the policy that would benefit their constituencies. Cooperatives might have been a way for the state and urban capital

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<sup>359</sup> Παναγιωτόπουλος, *Γεωργική εκπαίδευση και ανάπτυξη*, 30.

<sup>360</sup> "Έλιξαν αι εργασίαι του καπνοπαραγωγικού," *Μακεδονία*, January 30, 1930.

to manage the rural population. However, as is often the case, once the state demanded more from its population, it had to face a population that had started to also demand more from the state.

### **Germany's Cartelized Cigarette Industry**

Since Oriental tobacco was an export-oriented crop, it is not surprising that changes in the power structure within foreign markets would have repercussions along the whole value chain. Stakeholders in Greece acted within a structure of opportunities and constraints that was, to a large extent, defined by the international demand for tobacco. A look, then, at the dramatic reshaping of the German cigarette industry during the interwar period is essential.

World War I and the turn of many governments towards economic protectionism in its aftermath had serious debilitating effects on international trade. In the 1920s, the amount of goods imported into Germany had yet to reach the levels of the 1910-1913 period.<sup>361</sup> In this regard, tobacco is an exceptional case. The war had, in fact, turned many Germans into smokers. The amount of tobacco imported into Germany was larger in most years during the interwar period than it had been in 1913. After 1933, moreover, it never went below the 1913 levels (Graph 4.01). If we look at imports from the countries specializing in Oriental tobacco (Greece, Turkey, and Bulgaria), we encounter an even more consistent upward trend. Oriental tobacco increased as a share of overall tobacco imports throughout this period. After 1936, the share went above 50% (Graph 4.02). Cigarette production showed an upward trend in the first years of the interwar period (Table 4.08). The consumption of cigarettes decreased during the crisis of the early 1930s, but grew overall in the interwar decades (Graph 4.03). The amount of cigarettes taxed yearly in Germany went from 29.4 billion in 1930 to 61.8 in 1939.<sup>362</sup> The growth of the

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361 Hardach, *Wirtschaftsgeschichte Deutschlands*, 9-14

362 Heilmann, "Entwicklungstendenzen," Annex.

cigarette industry was not a specifically German development. The cigarette grew in popularity in many other countries as well. Specific to the German case were the structural changes that the industry underwent, especially the rise of the Reemtsma group as a key actor. The innovative strategies that the Hamburg-based cigarette manufacturer implemented to acquire its raw material from the eastern Mediterranean put it ahead of its competitors during the 1920s. In addition, as was the case in other German industries, cigarette manufacturing underwent a process of cartelization.

As I discussed previously, in chapter 3, Germany's cigarette industry presented, already before World War I, a series of particularities when compared to its European and American counterparts. The cigarette industries of numerous European countries such as France, Sweden, Italy, or Poland were under the control of state monopolies. The British and American markets were dominated by a few large manufacturers. In contrast, the German industry consisted of a large number of cigarette manufacturers of a wide range of sizes. To source their raw material, German manufacturers usually relied on tobacco merchants, most often of Greek Ottoman extraction. The merchants would import the goods at their own risk, and then market them in Germany. These merchants were often referred to in Greek as *free merchants* (*ελεύθεροι έμποροι*), and in German with the collective noun phrase *free trade* (*freier Handel*). Throughout my study, I refer to them as free merchants in order to distinguish them from those who acted as commissioned agents executing orders placed by other firms. Unlike the free merchants, these agents had the absorption of their goods guaranteed *a priori*.

In 1920, Reemtsma started making its own purchases in the eastern Mediterranean, thereby circumventing the free merchants operating in Germany. David Schnur, the company's top tobacco expert, would travel to the region himself, pick the varieties from the areas that interested him, and then have the Trieste-based firm of Herman Spierer process, package, and

transport the tobacco to Reemtsma's factories in Germany.<sup>363</sup> This policy, which Reemtsma would adapt according to the changing circumstances, would factor decisively in the company's success during the 1920s and 1930s. Financing large purchases became difficult for German companies in the mid-1920s because of the volatility of the country's currency. In 1925, Reemtsma made an arrangement with cigarette manufacturers Jasmatzi and Yenidze to make joint purchases through the Dutch company Caland. Using Dutch florins, whose value was more stable than the German Mark, and making direct purchases would give the group an advantage over other German buyers.<sup>364</sup> In 1929, after taking over a number of poorly performing competitors, Reemtsma controlled half of the German cigarette market<sup>365</sup>. By 1935, the firm had taken up 60% of the cigarette market.<sup>366</sup> Throughout the 1930s, the company's sheer size would allow it to participate in lucrative operations through both private and state clearing agreements.

The literature on the interwar German relations with southeastern Europe has correctly highlighted the macro-economic and diplomatic importance of the bilateral clearing agreements that Germany signed with multiple countries in the region.<sup>367</sup> It has not mentioned, however, that Reemtsma occupied a privileged position in this commercial regime. Reemtsma was one of the only two privately owned firms that negotiated clearing agreements with the Greek government. The other one was the much smaller Dresden cigarette manufacturer Greiling AG, which was owned by Greeks. With only those two exceptions, Greece only signed clearing agreements with state tobacco monopolies and foreign governments.

On August 16, 1932 the Greek and German central banks signed a clearing agreement that did not modify the two separate, pre-existing private agreements that Reemtsma and

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363 Jacobs, *Rauch und Macht*, 74-75; Lindner, *Die Reemtsmas*, 34-35.

364 Lindner.

365 Lindner, 50-59.

366 Lindner, 148.

367 See, for instance, Morys & Ivanov, "Emergence of a European Region;" Gross, *Export Empire*.

Greiling had signed with the Greek Ministry for the National Economy.<sup>368</sup> Reemtsma's size allowed it to take advantage of the clearing system, as it made it possible to overcome bureaucratic hurdles. The main disadvantage of the clearing system of payments lied in that it was, as Gross puts it, "cumbersome and frequently ineffective in matching buyers and sellers. The byzantine regulations imposed serious costs and created massive impediments in the flow of information."<sup>369</sup> This allowed big firms with the capacity to mobilize large bureaucratic resources to gain a competitive edge over smaller businesses.

Reemtsma was the only cigarette company able to operate with amounts of tobacco that could make up for high-value shipments of German manufactures. Clearing agreements were mutually beneficial as long as the value of the goods traded in one direction remained similar to that of the goods traded in the opposite one. For that reason, a transaction that was paired with another compensating transaction was more likely to be acceptable to both the German and the Greek governments. Whenever Reemtsma wanted to buy a large shipment of tobacco, a German bank would find a German exporter willing to sell its goods in Greece, and have a Greek bank find a buyer. Reemtsma would then easily import the raw material that it needed.<sup>370</sup> The company could therefore benefit from its own private clearing agreements, but also operate through the centralized clearing agreements signed by the Reichsbank.

In and of itself, the capacity to source raw materials in better conditions than one's competitors is a well-known source of competitive advantage. In the specific case of the German cigarette industry during the interwar period, however, this was a particularly important area for inter-firm competition. The industry's turn towards cartelization had excluded other playing fields from competition and profit maximization. Before World War I, German cigarette

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368 Βαρβερόπουλος, *Ο μονοπωλιακός χαρακτήρ*, 53-54.

369 Gross, *Export Empire*, 198.

370 Kiehl to Hermann Reemtsma, 1935 and 1936, R/8119F Deutsche Bank, folder 4747, BArch.



manufacturers had already engaged in collective action. Their goals had been lower taxation, avoiding price dumping, and, as I discussed in chapter 3, neutralizing the Anglo-American threat.<sup>371</sup> The scarcity of raw material and the need to cater to a growing market during World War I pushed manufacturers toward the distribution of market shares. The measure was intended to guarantee the survival of medium and small-sized firms. Manufacturers selling more cigarettes than it had been agreed on had to pay a fine.<sup>372</sup> In the interwar period, there were new initiatives for the creation of cigarette cartels. In 1929, four companies collectively owning 90% of the cigarette market formed a voluntary alliance. The companies were Reemtsma, which by then had cornered 50% of the market, Garbaty (10%), Haus Neuerburg (30%), and Greiling (10%).<sup>373</sup> From 1934 onward, a reformed cartel co-ordinated manufacturers owning 96% of the market. The cartel, officially known as the Economic Association of the Cigarette Industry (*Wirtschaftliche Vereinigung der Zigarettensindustrie*), represented an effort by the cigarette industry to cartelize itself before being forced to do so by the Nazi government. In the event, the cartel did become compulsory for all cigarette companies.<sup>374</sup>

In a general sense, the purpose of cartels in interwar Germany was to moderate what was perceived as extreme competition, which could hurt the German economy by reducing profits and destroying jobs. The cigarette cartel set sale prices and market shares. The literature on cartels indicates that, while they moderate competition, they do not remove it entirely. Instead, cartelization limits the areas within which firms can compete.<sup>375</sup> In this case, cigarette manufacturers could increase neither sales nor prices in order to maximize their profits. The only

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371 König, *Entstehung und Wirkungsweise*, 211-225.

372 König, 232-233.

373 Lindner, *Die Reemtsmas*, 56-59.

374 Lindner, 124.

375 Fear, "Cartels," 283.

way to do so was by reducing production costs, of which raw material was an important component.

The literature on business cartels has found a positive correlation between horizontal cartelization and upstream vertical integration.<sup>376</sup> The case of Reemtsma seems to confirm such correlation. The firm increased its presence on the eastern Mediterranean supply markets in the 1930s. As I show later in chapters 6 through 8, Reemtsma's position as a key actor in the Greek market would have important implications for Greek tobacco trading firms, urban workers, and peasants.

### **Conclusions: New Institutions for New Challenges**

In this chapter, I have analyzed the place of the Oriental tobacco value chain in the broader context of the Greek and German economies during the Interwar period. In Greece, the need to integrate new territories and populations into the national economy created the incentives for the establishment of new institutions such as the ABG, and numerous agricultural cooperatives. Greece's tobacco merchants were able to constitute themselves as a vocal political actor, thereby influencing the agendas of the Tobacco Offices and the TRI. With regard to Germany, the takeover of much of its market by Reemtsma, the cartelization of the cigarette industry, and the government-led instrumentalization of foreign trade for diplomatic purposes were the main developments within the value chain. All these elements of the governance structure would constitute the background against which economic and political actors would interact in the interwar period.

In the remainder of my study, I turn to a node-by-node discussion of the evolution of the value chain, starting with the agricultural production of tobacco and ending with its export to Germany. This more micro-level discussion will emphasize the changing territoriality, input-

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<sup>376</sup> *Ibid.*

output structure, and governance structure of the value chain. The analysis of the value chain will illuminate how state interventionism and transnational economic integration manifested themselves in the concreteness of tobacco production, industrial transformation, and trade.

Many of the developments that I discuss next would come to a halt during the two wars of the 1940s (World War II and the Greek Civil War) and then continue in the second half of the twentieth century. That is the case, for instance, of the introduction of American tobacco varieties in Greece, which started in the 1930s. Their popularization would continue in the late 1950s, within a different institutional context. In contrast, some of the institutions that appeared in the interwar period, such as the ABG or the Tobacco Offices, continued operating under the Axis occupation as well as in the postwar period. In one form or another, they remained in existence until quite recently. The financially sound parts of the ABG were purchased by Piraeus Bank in 2012.<sup>377</sup> The Tobacco Offices were fused into the National Tobacco Agency (Εθνικός Οργανισμός Καπνού) after World War II. The Agency existed until its dismantling in the late 1990s, as part of a series of privatizations and closing down of state agencies carried out under the government of Kōnstantinos Sēmītēs.<sup>378</sup>

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377 Bank of Greece, “Absorption by Piraeus Bank of the sound part of the Agricultural Bank of Greece.”

378 “Επεκτείνεται η κατεδάφιση των δημόσιων υπηρεσιών,” *Ριζοσπάστης*, July 14, 1998, <https://www.rizospastis.gr/story.do?id=3733520>; “Θα μεταταγούν οι υπάλληλοι,” *Τα Νέα*, November 1, 1997, <http://www.tanea.gr/1997/11/01/economy/tha-metatagoun-oi-ypalliloi/>.

## V. **Agricultural Production**

Before World War I, a peasant growing tobacco in Thrace or eastern Macedonia had no obligations vis-à-vis the state other than obtaining a cultivation permit and paying taxes. In fact, the permit itself was just a mechanism to facilitate the taxation of tobacco. The peasant would turn to the tobacco merchant for credit, and negotiate the terms of the sale as a matter between two private parties. Once the Asia Minor refugees were settled in northern Greece and started producing tobacco on their small plots, things began to change. By the mid-1920s, the risk of overproduction looked quite real, especially as the currencies of several European countries of export lost value. Tobacco producers would have to comply with regulations that determined whether they could grow tobacco, and if so, how much, where, and how.

State intervention was not only a matter of limiting tobacco production, but also of promoting its optimization. The cultivation of tobacco, as is the case with most agricultural products, requires the mobilization of, at least, the following elements: land; labor; consumables such as seed, water, and fertilizers; equipment, and technical knowledge. It often also requires access to money to buy, hire, or rent whichever of these things might not be readily available. Furthermore, most peasant families had to resort to credit to sustain themselves until the monetization of the harvest. In the interwar period, every one of these components became the object of some form of state policy. Whether in Old Greece, or the areas that would become the New Lands after 1912, the hand of the state would start reaching much further into economic life in the 1920s. The Tobacco Offices, the TRI, the ABG, and the agricultural cooperatives would play central roles in informing the content of these policies, as well as their enforcement.

Successive Greek governments, the TMFG and, later on, the leadership of the ABG agreed by and large on what was needed for an optimization of tobacco production. By

optimization I specifically mean preventing overproduction, but also reducing production costs for peasants and to liberate resources for the production of other crops. These goals were to be achieved by 1) limiting cultivation to the areas that produced the best tobacco qualities; 2) popularizing the use of better strains of seeds, whether because of their compatibility with the soil of a specific area, or their market potential; 3) upgrading the infrastructure and know-how available to peasants, and 4) reducing borrowing costs by improving the peasants' access to credit.

The degree to which these initiatives came to fruition varies considerably. State authorities struggled to enforce limitations on where tobacco production was allowed. Forcing peasant communities to police themselves for this purpose was no easy task. In contrast, the TRI succeeded in the development of improved tobacco strains. This success of Greece's agricultural scientists could have contributed to diversifying the range of tobacco varieties produced in Greece, had it not been for the economic and social collapse that World War II caused.

From the point of view of the peasant, making improvements in equipment, technical knowledge, or fertilizers involved investing money and labor while facing a high degree of uncertainty. Innovation in agriculture often entails the risk of a harvest not turning out to be as good as expected. Such failure could cause important losses to peasants who already were in a financially precarious situation. Most of them lived on borrowed money for a good part of the year. They lacked easy access to additional capital and were highly dependent on the outcome of the next crop. In the case of the recently arrived refugees, who had received only the basic means for their subsistence (housing, seed, tools), the capacity to upgrade equipment and production processes was even more limited than for the rest of the rural population.

The legislation that enacted the agrarian reform precluded the possibility of aspiring entrepreneurs taking over large swaths of land. It did not allow the recipients of redistributed

land to sell their new properties freely, nor use it as a guarantee to access credit. Given these constraints, optimizing tobacco production would require the allocation of state resources. Starting in the 1920s, the state undertook a series of initiatives to incentivize, and sometimes even force, peasants to upgrade their productive activities. By upgrades I mean, following Humphrey and Schmitz, process upgrades (working more efficiently, i.e. organizing tasks better, or using more advanced technology), product upgrades (making goods of higher value), and functional upgrades (entering new functions within the value chain).<sup>379</sup> The initiatives that the Greek state and its related institutions (Tobacco Offices, ABG, TRI) undertook to upgrade familial tobacco farming became particularly visible in Macedonia and Thrace. Tobacco would no longer just be a profitable export commodity, but also a piece within the broader system of Greece's national economy. It became the object of policy making and scientific study.

The changes that took place at the stage of tobacco cultivation need to be understood in the broader context of the evolution of Greek agriculture in the interwar period. Historians of Greece's interwar agricultural policy agree that state interventionism reached unprecedented levels in this period. However, there are slight differences in what they identify as the overarching rationale behind such interventionism. Petmezas argues that the ultimate goal was to “support the social balance and incomes on the countryside,”<sup>380</sup> whereas Panagiōtopoulos proposes that the “basic priority of economic policy was to increase agricultural production, and to achieve autarky.”<sup>381</sup> Vergopoulos, in one of the foundational books in the field, interpreted Greek interwar economic policy, in particular the agricultural reform, as a process of subjection of the countryside to urban capital.<sup>382</sup> Generally speaking, these theses are not mutually

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379 Humphrey & Schmitz, “How Does Insertion in Global Value Chains...?,” 1020.

380 Πετμεζάς, *Προλεγόμενα*, 19.

381 Παναγιωτόπουλος, *Αγροτικό Κόμμα Ελλάδος*, 34.

382 Βεργόπουλος, *Τό αγροτικό ζήτημα*, 144-157.

exclusive, and by and large represent the consensus among historians with regard to Greece's agricultural policy in this period.

The policies implemented in the tobacco sector indicate that promoting autarky and maintaining a social order based on family farming were indeed high-order goals in agricultural policy. However, Vergopoulos' claim that the overarching logic of agricultural policy was to subject agricultural production to urban capital is slightly problematic. As I show in this chapter, the ABG, and the governments that ultimately dictated its lending practices, actively discouraged peasants from borrowing from commercial banks. In this sense, the category *urban capital* is too broad, to the point that it is of little analytical use.

The goal of autarky necessarily involved increasing wheat production in order to limit Greece's long-standing reliance on imports. Allocating more land to the production of foodstuffs would require shrinking the acreage dedicated to export-oriented commodities such as currants, tobacco, or cotton. In particular, the overproduction of tobacco in this period was perceived by much of the Greek establishment as a liability in case of a sudden decline in international demand, as happened in the late twenties and early thirties. Increasing tobacco production was only a goal in the areas that produced high-value varieties. Even in those regions, the ABG's agronomists were interested in the development of sources of supplementary income for the peasant families.

A discussion of tobacco production in Greece has to take into account the high degree of diversity that one encounters on the Greek countryside. Climate and soil conditions vary between regions. In addition, different regions presented different fiscal and landholding arrangements at the time of their incorporation into the Kingdom of Greece. For these reasons, tobacco production, like so many other economic activities, was unevenly distributed across space. In the interwar period, one could encounter tobacco growing in virtually all Greek provinces, although

in regions like Crete or Epirus it was a negligible portion of the overall agricultural output. The regions of eastern Macedonia and Thrace are the most relevant for the purposes of understanding how the Oriental tobacco trade between Greece and Germany changed during the interwar period. Therefore, they are the focus of this chapter. Both Greek policy makers interested in optimizing their country's economic capabilities, and German cigarette manufacturers in search for raw materials, directed their attention mainly to what had recently become Greece's New Lands. The importance of Macedonia and Thrace within the geography of Greek tobacco becomes apparent when we look at the percentage of tobacco production and exports that they represented throughout the interwar period (Tables 5.01 to 5.03). The higher quality of Macedonian and Thracian tobaccos explains why their contribution in terms of value is consistently higher than in terms of weight.

The relative importance of tobacco within the local economies of Macedonia and Thrace was also larger than in other parts of Greece. This becomes apparent when we compare the value of the tobacco produced each year to the overall value of agricultural production (Table 5.04). The high-quality varieties that grew in these regions were exported in much higher proportion than those of other relatively important tobacco-producing regions, whose product would more often be destined for domestic consumption. Such was the case, for instance, of the Agrinio area located in the prefecture of Aetolia-Acarmania. Much of its production consisted of the variety known as *tsebeli for domestic consumption* (*τσεμπέλι εσωτερικού*).<sup>383</sup> Likewise, the most characteristic varieties from Thessaly and Phthiotis, known in the early twentieth century as black tobaccos (*καρατουτούν*, a term of Turkish origin), were also for domestic consumption.<sup>384</sup>

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383 Agrinio branch to board of directors, 1930, GRHAEB\_A1 Αρχείο Εμπορικής Τράπεζας, folder S1Y3F169, item 4, Alpha Bank.

384 Δημητριάδου, *Ο καπνός*, 5, 21-26.



Because of the importance of tobacco exports from northern Greece, the history of how the state intervened in the production of tobacco is also the history of the institutional penetration of the Macedonian and Thracian countryside. I now turn to how the different components of agricultural production (land, equipment, seeds, technology, and labor) were affected by changing economic and political circumstances.

## **Land**

The most obvious component of agricultural production is land. The question of how much, and which, land Greek peasants should dedicate to tobacco production became an important one in the interwar period. The late nineteenth and early twentieth centuries were a period of expansion of tobacco production. Starting in the 1920s, the Greek state, concerned about overproduction and the reputation of Greek tobacco in international markets, started implementing measures that limited the areas in which one could grow it. As the interwar period advanced, such measures became increasingly restrictive.

Already before the annexation of the New Lands in the Balkan Wars, the crop had started to take root in the economy of Old Greece. In the small Greek kingdom, as in the Ottoman empire, tobacco cultivation had been expanding at a noticeable pace since the late nineteenth century. The annexation of Thessaly in 1881 turned Greece into an exporter of tobacco, especially after the signing in 1884 of the Greek-Egyptian Convention on Tobacco. The agreement made Egyptian tariffs on Greek tobacco lower than the ones imposed on its Ottoman counterpart.<sup>385</sup> A Greek handbook for tobacco growers published in 1904 noted that the crop had already become an important export commodity. Given the rapid expansion of the crop, the handbook also predicted that the crop would become a central component in the economies of

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<sup>385</sup> Gallant, *Edinburgh History of the Greeks*, 235.

Thessaly, Acarnania, and Phthiotis among other areas.<sup>386</sup> Egypt's cigarette industry was the largest consumer of Greek tobacco in the pre-WWI period. In the decade leading up to the war, Germany was the third largest importer. The Netherlands and Austria were important markets as well (Table 05.05).

We lack official statistical data on how much tobacco was produced in Greece before 1911, or how much land was dedicated to the crop. However, on the basis of available data on foreign trade, one can infer the growth of Greek tobacco production in the late nineteenth and early twentieth centuries (Graph 5.01). Old Greece's export-oriented varieties were known as *sari* and *myrodatos*.<sup>387</sup> They grew mainly in Thessaly.<sup>388</sup> The *myrodatos* type was indigenous to Ottoman Macedonia, but its international prestige stimulated its expansion into Greek territory in the late nineteenth century.<sup>389</sup> Not only tobacco seed, but also cultivation and processing methods were imported from the Ottoman empire in this period.<sup>390</sup>

Despite the increasing importance of tobacco exports, much of Greece's tobacco production before World War I was for domestic consumption. Its varieties were less valued in foreign markets than those that grew in Macedonia, Thrace or the Black Sea coast, all of which were Ottoman territory. Tobacco was still far from replacing currants as the first export commodity in the Greek economy. According to the Greek press, the country produced 6.41 tons of tobacco leaf in 1903. Of these, 3.78 tons were either varieties for domestic consumption, or discarded leaves of otherwise exportable varieties.<sup>391</sup> Unfortunately, since we lack of official statistical data for agricultural production before 1911, we cannot compare export figures with overall production in a systematic way.

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386 Δημητριάδου, *Ο καπνός*, 3.

387 Δημητριάδου, 21-26.

388 Δημητριάδου, 3.

389 Δημητριάδου, 21-26.

390 Δημητριάδου, 4.

391 Δημητριάδου, 5.

The Ottoman areas that would become Greece's most important tobacco-producing regions, i.e. eastern Macedonia and western Thrace, also witnessed the development of tobacco cultivation in the years leading up to their annexation in 1912. From the late nineteenth century until its collapse after World War I, the Ottoman empire saw its exports of agricultural products increase. Between 1878 and 1913, the value of the empire's overall exports doubled.<sup>392</sup> Although it never went beyond 10%,<sup>393</sup> tobacco's share in the value of overall exports remained stable throughout the last decades of the empire's existence.<sup>394</sup> It grew mainly in the areas most integrated with international markets through railways and ports: Macedonia, Thrace, and western Anatolia.<sup>395</sup> The area around Samsun on the Black Sea coast is the proverbial exception to the rule. It was an important tobacco region although, as Pamuk has pointed out, it was less well connected to international markets.<sup>396</sup>

Since the methods used in tobacco production remained largely unchanged throughout this period, an increase in output could result only from the expansion of land dedicated to this crop. German and American consular sources from the early twentieth century comment on such expansion in the Trebisond and Samsun areas.<sup>397</sup> Production in the area around Kavala also increased in the late Ottoman period.<sup>398</sup> The expansion of tobacco cultivation that was already underway in Macedonia and Thrace before World War I would accelerate in the 1920s under Greek suzerainty. One reason for such acceleration was, as we have seen, the growing number of smokers in different parts of the world. Other reasons are related to features and events specific to the supply market of Greece's New Lands. As a result of the population exchange between

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392 Pamuk, *The Ottoman Empire and European Capitalism*, 85.

393 Pamuk, "The Ottoman Empire in the Great Depression," 111.

394 Pamuk, *The Ottoman empire and European capitalism*, 85.

395 Pamuk, *The Ottoman Empire and European Capitalism*, 99-103.

396 *Ibid.*

397 Report of the German consulate in Samsun 1906, R/901 Auswärtiges Amt, folder 6719, items 1-3, BArch.

398 Stergiopoulos, "Tobacco Cultivation and Trade in Kavalla," 98.

Greece and Turkey, these areas became more densely populated than ever. Of the roughly 1.2 million refugees that arrived from Asia Minor, the Greek state and the League of Nations' RSC settled around 700,000 in Macedonia.<sup>399</sup>

In northern Greece, the settled refugees expanded the amount of land used for tobacco production spectacularly.<sup>400</sup> Graph 5.02 shows the expansion of the crop in Greece between 1922, when the population exchange took place, and 1929, when the international economic downturn began. While Macedonia and Thrace were not the only regions where tobacco cultivation increased, they are unique in that they were the only regions where cultivation expanded every single year, regardless of market fluctuations. The increase in the density of population resulting from the settlement created the conditions for a more intensive exploitation of the available land. According to Dankas, the refugees settled in Macedonia cultivated 93.73 square km with tobacco in 1923/24, and 330.96 square km in 1927/28, i.e. just few years after their arrival.<sup>401</sup> In fact, refugees grew two-thirds of the Greek tobacco crop of 1926.<sup>402</sup> The Aegean Islands and Central Greece also experienced a noteworthy expansion of tobacco cultivation. However, the increase in these regions seems less spectacular if we take into consideration the available data for the years before 1922. The population exchange had less of an effect on the production of tobacco in these other two regions.

Some Asia Minor Greeks had experience in tobacco production, but many of them did not. The decision to grow this specific crop had to do mainly with the resources that were available to them, and not so much with previous experience. The reduced size of plots of land that the RSC had given to the refugees made high profitability per hectare the number one priority. Other concerns, such as exposure to international prices, or whether one would be able

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399 Kontogiorgi, *Population Exchange*, 308.

400 Kontogiorgi, 309.

401 Dankas, *Recherches*, 213.

402 Kritikos, "Agricultural Settlement of Refugees," 333.

to eat his own crop in case of necessity (which one can do with grains) were of lesser importance. The RSC was well aware of tobacco's high profit margins. There were two main criteria that the Commission followed when allocating plots of land to the refugees. The first one was the size of the family. The second was the productive capabilities of the soil. In the regions that were suitable for tobacco cultivation, the plots were divided into many small pieces, and distributed among as many families as possible. In other words, the high profitability of tobacco contributed to the high fragmentation of land ownership in the New Lands. Kritikos provides the following example of this phenomenon:

For instance, in the fertile valley of the Maritsa River in Western Thrace, where the predominant crop was tobacco, the allotments did not exceed fifteen stremma (about 3.7 acres). In Western Macedonia the family share of lands for cereal cultivation varied between twenty and sixty stremma, with an average of thirty-five stremma.<sup>403</sup>

The allocation of small plots of land in areas suited for tobacco cultivation gave good results only for a number of years. Once international tobacco prices fell, however, the livelihood of countless small landholders became threatened. A serious overproduction problem started when the price of Greek tobacco decreased in the late 1920s, and worsened with the global economic downturn of the 1930s (Graph 5.03). Furthermore, as Turkey and Bulgaria expanded their capacity to produce similar tobacco at lower prices, Greek peasants found it increasingly difficult to sell their crop at a sufficient price. By the latter I mean a price that could cover production costs and provide a living income. A comparison of the average prices that German and Swiss importers paid for the tobacco from the three producing countries (Tables 5.06 and 5.07) shows that tobacco from Greece was more expensive, with few exceptions: Germany paid less for Greek tobacco than for its counterparts in 1925 and 1937.

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403 Kritikos, 329.

According to the official statistics, tobacco prices started to fall earlier in some departments than in others. In some it happened in 1928, in others in 1929. There are also differences regarding when prices started to recover. In some departments it was in 1933, and in others in 1934, or 1935 (Graph 5.04). The same applies to the reduction of hectares dedicated to tobacco cultivation, which was a consequence of the lowered profitability of the crop (Graph 5.05). It is nevertheless clear that, between 1928 and 1932, both prices and the amount of land resources dedicated to tobacco dropped virtually across the board. Alleviating the impact of the crisis of tobacco exports and tackling overproduction once prices returned to an upward trend would be no easy task. The crux of the matter was regulating the amount of land that peasants planted with tobacco. Peasants in northern Greece had little option but to engage in the most profitable activity that was possible in their region. Furthermore, banks and private moneylenders were only too willing to finance them at lucrative interest rates whenever they expected high prices for the following season.

As if the shortage of land and overpopulation of Greece's tobacco regions were not enough, in the 1920s banks also helped set the stage for the crisis of overproduction that would start towards the end of the decade. Greek commercial banks decisively entered the credit market for tobacco production in the New Lands. As I have discussed in chapter 3, tobacco producers had largely relied on private moneylenders in the late nineteenth and early twentieth centuries, although the Ottoman monopoly would also grant some advances to farmers.<sup>404</sup> The disruptions that the decade of war brought about, the collapse of the Ottoman state and the reordering of borders and populations dissolved many of the personal relationships that sustained the flow of credit between tobacco merchants and peasants. A number of Greek banks, specifically the National Bank of Greece, the Bank of Athens, and the Ionian Bank saw an opportunity in the

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404 Αλτσιτζόγλου, *Οι γιακάδες και ο κάμπος*, 138-140.

credit bottleneck.<sup>405</sup> These banks contributed to the over-extension of tobacco production that would become evident in the period of low prices between between 1928 and 1934. When banks became more reluctant to lend directly to tobacco farmers, the latter had to resort again to high-interest loans from money lenders and merchants, who had access to cheaper capital in the towns.<sup>406</sup>

In order to tackle the issue of overproduction, successive administrations devised policies aimed at limiting tobacco cultivation to the areas that produced the best qualities. The goal was to reduce the chances of too much tobacco remaining unsold, as well as to protect the good name of the product in international markets. Passed under one of Venizelos' administrations, law 4660 of 1930 prohibited the planting of tobacco on "marshy and unsuitable soil," "unsuitable" meaning in practice soils with too much humidity.<sup>407</sup> Law 4660 and the successive legislation that elaborated upon it became an important mechanism for the regulation of economic life on the Greek countryside. Its implementation brought together local-level political representatives and a growing milieu of technocrats for the purpose of classifying and ordering arable land. The existing literature has identified these regulations as part of Greece's tobacco policy.<sup>408</sup> However, the questions of whether they were actually enforced, and what such enforcement tells us about socio-economic relations on the Greek countryside, has thus far remained unanswered.

Law 4660 established that local committees were to decide whether a tract of land was suitable for tobacco. These committees would be made up of presidents of the communities (*κοινοότητες*), as well as representatives of the agricultural co-operatives, elected by the local tobacco producers. A committee would make a proposal specifying which areas it considered

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405 Αλτσιτζόγλου, 138-147.

406 *Ibid.*

407 Law 4660/1930. Mazower makes reference to this law in *Greece and the Inter-War Crisis*, 115-126.

408 Πετμεζάς, *Προλεγόμενα*, 229; Mazower, *Greece and the Inter-War Crisis*, 115-126.

unsuitable for tobacco production. It would then submit the proposal to the Tobacco Offices.<sup>409</sup>

The designation of an area as unsuitable meant that no farmer in that area would receive the required yearly cultivation permit.

The communities had come into existence officially in 1912 by virtue of law 4057<sup>410</sup>, also passed by Venizelos. In the areas that mainly grew tobacco, the bureaucratic requirements for its production was the axis around which interaction between the rural population and the communities revolved. In his study on the Xanthi area, located within the department of Rhodope, Thrace, agronomist Phaidōn Altsitzoglou lamented that

peasants had [...] become used to considering this institution [the community] the last level of state bureaucracy, something foreign to the mass of the rural population, aimed at serving them only during the periods of issuing permits for tobacco cultivation and possession. The rest of the time, they perceived the community either as a new form of store, where they would go every month to buy cigarette paper,<sup>411</sup> or as an office that just issued certificates required to get a loan from the Agricultural Bank.<sup>412</sup>

The design of the committees, made up of community presidents and members the agricultural co-operatives, allowed room for rampant corruption. After all, tobacco remained the most profitable crop. It was in the interest of both tobacco producers and those living close to them to have tobacco grown in their areas, even at the expense of the overall quality of Greek tobacco. The Tobacco Offices and the Ministry of Agriculture had the last word in declaring an area suitable or unsuitable. In theory, they could, whatever the community might recommend, base their final verdict on further research.<sup>413</sup> In practice, however, the community president held considerable power in the process. Since the community president had the authority to issue tobacco cultivation permits, he could allow cultivation on areas declared unsuitable. The result

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409 Law 4660/1930, art. 2-3,

410 Law 4057/1912.

411 Cigarette paper was under a state monopoly in Greece. Tobacco producers had access to cheaper cigarette paper under certain conditions.

412 Αλτσιτζόγλου, *Οι γιακάδες και ο κάμπος*, 93.

413 Law 4660/1930 art. 3



was the imperfect implementation of these regulations.<sup>414</sup> The fact that both communal and cooperative presidents had been voted into their posts by the same peasants who applied for permits probably incentivized excessive leniency. In the internal correspondence of the ABG, one encounters references to widespread malpractice. In the mid-1930s, when the Greek government initiated a more serious push for the correct implementation of the rules, community presidents became more systematically scrutinized.<sup>415</sup>

In addition to deliberately opportunistic behavior, there were limitations in the know-how of those who staffed the committees. Strictly speaking, using the humidity of the soil as the sole criterion to determine its suitability was a suboptimal solution. There were other relevant parameters related to chemical composition and climatic conditions. Unfortunately, peasants, especially the inexperienced newcomers into the tobacco regions, could not easily make accurate assessments based on these less self-evident factors. That was the reason why humidity remained the only effective criterion.<sup>416</sup> The concerns that the representative of the Ministry of Agriculture in Thrace N. Kanassis expressed in this regard at a conference in 1937 suggest that the results were not always satisfactory:

[T]he classification of unsuitable soil by the local committees, in terms of their description and their evaluation, was made incorrectly in many areas because of insufficient experience and ignorance, and sometimes even on purpose.<sup>417</sup>

In 1936, mere months after the proclamation of Metaxas' 4th of August Regime, new legislation changed the composition of the evaluating committees. The goal was to make it easier to limit tobacco production to the most suitable areas. From then on, only employees of the Tobacco Offices, as well as civil servants from the tax offices and the Ministry of Agriculture would take

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414 Circular letter, 4/16/32, Αρχείο ΑΤΕ, Σειρά Εγκύκλιοι και Διαταγαί, ΙΑΠΙΟΡ.

415 Circular letter, 2/19/36, Αρχείο ΑΤΕ, Σειρά Εγκύκλιοι και Διαταγαί, ΙΑΠΙΟΡ.

416 Ministry of Agriculture to Directorates of Agriculture, 1950, Διοικ. 18.01 Αρχείο του Καπνολογικού Ινστιτούτου Νομού Δράμας, folder 1028, GAK Drama.

417 Κανάσης, "Επί του καπνοπαραγωγικού."

part in the committees.<sup>418</sup> Peasants and their representatives were therefore excluded from the process. In addition, the Agricultural Bank was instructed to consult with the agencies represented in the committees before granting loans for tobacco production, regardless of whether the applicant possessed a permit. The bank would have to double check whether the applicant's land had been declared suitable.<sup>419</sup>

Metaxas' illiberal regime was the one that truly enforced the limitations on tobacco production with some consistency. However, the more strict enforcement of the regulations was not a direct result of the abolition of parliamentary democracy in Greece. It was rather a technocratic response to the recovery of export prices in 1935 (Graph 5.03). There were concerns that the price recovery would draw too many new producers into the market, and that those already producing tobacco might neglect other supplementary crops in order to grow this one single product. To a certain extent, that is exactly what happened despite the more strict enforcement.

The amount of land used for tobacco production reached its lowest point in 1932 (Graphs 5.06 to 5.14). It then started to grow again in most districts, although in many cases prices either remained low or kept falling. The phenomenon of tobacco cultivation expanding following a price increase the previous year had been observed, at a lesser scale than in 1936, in some departments in 1933, after a slight upturn of prices in 1932. In 1936, after a year of high average prices, there was a sharp expansion of production in many districts, accompanied by a fall in prices that same year. Finally, in 1938 the data do suggest some degree of success of the policies limiting tobacco cultivation. In multiple districts, and in Greece as a whole, the prices of 1937 had been higher than in 1936, but still the amount of land used for tobacco production shrunk in 1938.

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418 Law 176/1936, art. 2; Law 355/1936 art. 1.

419 Circular letter, 12/31/36, Αρχείο ΑΤΕ, Σειρά Εγκύκλιοι και Διαταγαί, ΙΑΠΙΟΡ.

Overproduction was not only a problem because falling demand would exert downward pressure on prices and reduce the value of the large stocks of unsold tobacco. Unlike in economies of scale, the family farm could not increase production beyond a certain point without incurring higher marginal production costs per unit. The reason is simple: they would have to hire hands from outside the family and, most importantly, pay them in cash. In his 1936 book on peasant indebtedness, ABG Director Stavros Makrakēs described the situation quite clearly.

Referring to why tobacco producers in Macedonia were disproportionately in debt, he wrote:

There is a higher proportion of debt in the tobacco areas of Macedonia. This is caused, on the one hand, by the higher standard of living that one observes in the regions where products such as tobacco, grapes, etc. are grown. On the other, it is caused by the fact that, during the period of high prices, many producers, often led by private capitalists,<sup>420</sup> turned into agricultural entrepreneurs, i.e. they started to cultivate surfaces much larger than the capabilities of a peasant family. Therefore, they needed to rent land and hire wage laborers from outside the family in order to produce and process the tobacco, which meant that they borrowed considerable capital from banks and private lenders at high interest. The fall in the price of their tobaccos left them very exposed to their creditors.<sup>421</sup>

In a context of highly fragmented land ownership and uncertain property rights, peasants could hardly make any investments that would reduce production costs in the long run. Hence the Ministry of Agriculture and the ABG's interest in regulating the behavior of peasant families in order to keep per unit production costs as low as possible. Ideally, a family would grow only as much tobacco as it could cultivate and produce using its own labor. One of the tools that the Greek government would deploy in order to prevent excessive fluctuations in land use was the supply of agricultural credit. Here the role of the ABG can hardly be overstated.

In 1932, prompted by the Venizelist government, the central offices of the ABG instructed its provincial branches to grant loans only to peasants who met two requirements besides the one regarding the suitability of the soil: they should have grown tobacco already

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420 The author uses the term “ιδιώτας κεφαλαιούχους” in opposition to formal banks.

421 Μακράκης, *Τα αγροτικά χρέη*, 14-15.

during the two previous seasons and they should only cultivate land for which the labor of their nuclear family would suffice.<sup>422</sup> The policy had been designed on the heels of the aforementioned slight increase in tobacco prices that year. After the even much larger price increase of 1935, similar measures were implemented.

In February 1936, months before the time of the year when tobacco producers would turn to the ABG for credit to finance the new season's crop, the bank's central offices informed its provincial branches of the measures that it wanted them to take. The ABG had agreed with the Ministry of Agriculture and the Tobacco Offices to work towards preventing the excessive expansion of tobacco production. To that end, it would only grant loans to those peasants who had already planted tobacco the previous year, with a maximum increase of 10% in the cultivated land.<sup>423</sup> Unfortunately for Greek policy makers, limiting the amount that the ABG would lend for tobacco production could only go so far as a deterrent to overproduction. The peasants could still turn to other sources of credit: commercial banks and private moneylenders.

The ABG could partially reduce competition from other banks through bilateral agreements and government intervention. For instance, in 1933 it entered a binding agreement with the National Bank of Greece so that the latter would not lend any money for tobacco production that year.<sup>424</sup> In 1936, the Ministry of Agriculture bargained with the Association of Greek Banks so that they would reduce the amount of credit allocated for tobacco production that season.<sup>425</sup> Since contracts and state regulations of this kind could not do away with competition from all banks completely, the ABG had to resort to more subtle strategies to discourage peasants from turning to other sources of credit. The bank's branches were instructed,

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422 Circular letter, 4/16/32, Αρχείο ΑΤΕ, Σειρά Εγκύκλιοι και Διαταγαί, ΙΑΠΙΟΡ.

423 Circular letter from ABG's central offices, 1936, Konstantinos Karavidas papers, box 43, folder 2, ASCSA-Genn.

424 Circular letter, 5/24/33, Αρχείο ΑΤΕ, Σειρά Εγκύκλιοι και Διαταγαί, ΙΑΠΙΟΡ.

425 Circular letter from ABG's central offices, 1936, Konstantinos Karavidas papers, box 43, folder 2, ASCSA-Genn.

for instance, to threaten peasants with not granting them any more credit in the future should they ever accept a loan from another source. Furthermore, the branches should threaten the peasant with immediately enforcing the ABG's legally protected right of first claim on his assets as soon as he decided to turn to a different bank. Under normal circumstances, the ABG would systematically pass debt from previous years onto new loans, and allow some leeway for late payers.<sup>426</sup> The threat of treating a peasant more heavy-handedly in future years could, therefore, function as a deterrent.

In addition to intimidating peasants with such measures if they decided to turn to alternative sources of credit, ABG branches also resorted to awareness raising campaigns in order to discourage excessive production. ABG officials would approach priests and ask them to make their parishes aware of the risk, both for the individual and the common interest, of producing more tobacco than was allowed. Similar strategies included public lectures in collaboration with village councils and co-operatives, the distribution of leaflets, and posting bills in public spaces.<sup>427</sup>

There is only limited evidence of the success of all these measures in the period under discussion, as I have already pointed out. Only in 1938, i.e. in the last year of the interwar period for which comprehensive data are available, do we observe a reduction of tobacco cultivation in combination with an upward trend of tobacco prices (Graphs 5.06 to 5.14). For that year, reports agronomist Phaidōn Altsitzoglou, the Ministry of Agriculture had set a limit of 93.2 sq km for the Xanthi area.<sup>428</sup> The goal was achieved. The amount of land used for tobacco in the whole department of Rhodope that year fell short of 90 sq km.<sup>429</sup> In contrast to this success, after the

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426 Circular letter, 10/10/33, Αρχείο ΑΤΕ, Σειρά Εγκύκλιοι και Διαταγαί, ΙΑΠΙΟΡ; Circular letter from ABG's central offices, 1936, Konstantinos Karavidas papers, box 43, folder 2, ASCSA-Genn.

427 Circular letter from ABG's central offices, 1936, Konstantinos Karavidas papers, box 43, folder 2, ASCSA-Genn.

428 Αλτσιτζόγλου, *Οι γιακάδες και ο κάμπος*, 234.

429 *Γεωργική και κτηνοτροφική στατιστική της Ελλάδος*, 1938, 73.

high prices paid for the 1935 crop, the Greek government had failed to effectively limit production. That year, it ordered that peasants not be allowed to cultivate more land than they had the previous season. Only in exceptional cases would some of them be allowed to grow more, up to an additional 10%. The data show that in 1936 the amount of land dedicated to tobacco production in Greece increased by more than 30%, with remarkable increases in Kozani (over 100%) and Salonika-Kilkis (64%) (Graphs 5.11 and 5.13).

It is not possible to generalize about the extent to which the policy of limiting tobacco production succeeded. We do not know how much credit from moneylenders went into tobacco production, or how much tobacco was produced outside the purview of the ABG. Furthermore, whether restricting production to the most suitable areas resulted in better quality is also unclear. We only have anecdotal, fragmentary information about quality. Looking at the prices that the tobacco reached on the market is of little help, given the heterogeneity in qualities and prices across regions, even between villages, not to mention the impossibility of knowing how tobacco performed in the market when illegally grown or traded.<sup>430</sup> Finally, factors such as the impact of environmental variables (weather, plagues of tobacco parasites), or the harvests in Turkey and Bulgaria influenced the competitiveness of Greek tobacco regardless of how well implemented the policies of the Greek government might have been.

In spite of the blind spots that exist in the available data, there is an interesting historical implication in the difficulties faced by the ABG in enforcing restrictions on tobacco cultivation. The existing literature has interpreted the peasants' resort to alternative sources of credit as, at best, a sign of the insufficient capitalization of the rural economy in general, and of the ABG in particular.<sup>431</sup> At worst, the continuing prevalence of short-term, high-interest credit in Greece's

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<sup>430</sup> The practice of declaring a lower sale price to the authorities is described in Circular letter, 2/18/32, Αρχείο ΑΤΕ, Σειρά Εγκύκλιοι και Διαταγές, ΙΑΠΙΟΡ.

<sup>431</sup> Πετμεζάς, *Προλεγόμενα*, 119.

rural economy has been interpreted as proof of a state-led attempt to perpetuate the extraction of agricultural surplus by the urban classes, without ever enabling the peasants to get out of poverty.<sup>432</sup> I contend that the fact that peasants could grow tobacco against the express will of the ABG and the Ministry of Agriculture should add some nuance to these interpretations. Thousands of peasants retained some agency in the face of increased étatism. They were able to circumvent restrictions and secure credit, despite high interests and increasingly tight regulations.

### **Seed**

One of the most complex components of tobacco production is the selection of the right type of seed. Some varieties were more profitable than others. However, the transfer of tobacco varieties of high market value to new areas for their cultivation was no straightforward task. In addition to the labor of a dexterous peasant, producing tobacco of good quality required a successful combination of the right seed with the right soil and climatic conditions. A peasant buying seedlings from even a few villages away could end up with unsatisfactory results because the conditions on his property were different from those of the seedling's place of origin.<sup>433</sup>

In terms of the governance of the tobacco value chain in Greece, the issue of what tobacco varieties should grow, and where, is one of the most revealing examples of how Greek étatism evolved in the interwar period. In 1928, i.e. two years before the establishment of the Tobacco Research Institute, the Tobacco Office of Volos was distributing seeds of varieties that were new to its area of jurisdiction (Thessaly, Phthiotis), at no cost to the peasants. The seeds were drawn from some of the most prestigious areas in Macedonia, Thrace and the Black Sea coast. The list of places of origin includes Drama, Xanthi, Prosotsani, Trabzon, Bafra, and

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432 Βεργόπουλος, *Τό αγροτικό ζήτημα*, 158-160.

433 Lecture by D. Argyroudēs, 1953, 262 Διοικ. 18.01 Αρχείο του Καπνολογικού Ινστιτούτου Νομού Δράμας, folder 1028, GAK Drama.

Samsun.<sup>434</sup> At that time, there were no legal constraints on the agricultural production of tobacco. Cultivation permits only served fiscal purposes. In contrast, as I have already discussed with regard to the quantity and quality of land for tobacco production, in the second half of the 1930s there was a more command-based approach. By virtue of law 1520/1938, the Metaxas government granted the Tobacco Research Institute and the Tobacco Offices the authority to specify, even at the village level, which tobacco varieties peasants could grow legally.<sup>435</sup>

The most significant purely market-driven innovation in terms tobacco varieties in this period had Reemtsma as its initiator. One of the problems that the firm faced in the mid-1920s was securing a sufficiently homogeneous supply of raw material from Greece that would ensure the uniformity of large amounts of cigarettes. Central Macedonia, and in particular the Salonika district, produced a wide range of sub-types of Oriental tobacco as a result of the population shifts of the 1910s and 1920s. Many newcomers had brought seed from elsewhere, which they had crossed with local varieties. David Schnur, Reemtsma's buying program director and designer of the firm's tobacco mixes, addressed this issue in collaboration with tobacco trading firm Hermann Spierer. They promoted the cultivation of a reduced number of tobacco varieties in the area of Central Macedonia, thereby turning it into one of the company's main supply markets within Greece.<sup>436</sup>

The research-based development of profitable tobacco seed strains that would flourish in combination with the right soil, climate, and technical parameters was one of the central tasks of the TRI. To that end, it carried out experiments in its stations in Karditsa, Xanthi, Preveza, Ioannina, and Katerini (Map 5.01). The Institute experimented with varieties that were foreign to

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434 Σπυρόπουλος, *Ο καπνός*, 6-7.

435 Law 1520/1938, art. 1-2.

436 Manuscript "Der Rohtabak" by Kurt E. Heldern, PFR Reemtsma, Philipp F. / Reemtsma Cigarettenfabriken, folder 115/52, p. 4, HIS.



the eastern Mediterranean, brought from Cuba, Sumatra, and Japan.<sup>437</sup> For the most part, however, the stations conducted research on the optimization of Oriental tobacco seeds. The most consistent effort to adapt foreign varieties to the Greek environment involved experiments with Virginia tobacco. Many saw the popularization of this American type as an unstoppable development worldwide. In 1933, the Institute built a facility equipped specifically for this variety.<sup>438</sup> Unlike their Oriental counterparts, Virginia types are dried through artificial heat instead of exposure to the sun.

The crisis of the 1930s and the downward pressure that it put on Oriental tobacco prices made scientists and policy makers in Greece realize that over-specialization in a few tobacco varieties involved serious risks. Diversifying into new types of tobacco was seen by many as a possible way to reduce exposure to market volatility. When inquired in 1937 by the Ministry of Agriculture about the potential that Virginia tobaccos had for the Greek economy, TRI Director Dēmētrios Argyroudēs was clear about the need to foster its production. Otherwise, Britain would remain an irrelevant market for Greek tobacco. He also pointed out that even those countries that almost exclusively consumed Oriental varieties (Germany, Sweden, Poland) were investing in the domestic production of Virginia.<sup>439</sup>

We should keep in mind that smoking is an act of consumption strongly influenced by advertising as well as by the force of habit. The reason why Britons liked to smoke Virginia cigarettes while Germans liked Oriental tobacco was simple: the consumer preference that had once been shaped by what was available in the market had been reinforced over decades of advertising. The cigarette industry had spent handsome amounts of money to present specific properties and proveniences of tobacco as attributes of quality. However, in the long term,

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437 Πασχαλίδης, *Το εν Δράμα Καπνολογικόν Ινστιτούτον*, 14-15.

438 Τρακοσοπούλου-Ζήμου, “Το Ελληνικό Ινστιτούτο Καπνού,” 1425.

439 Argyroudēs to Ministry of Agriculture, 1937, 262 Διοικ. 18.01 Αρχείο του Καπνολογικού Ινστιτούτου Νομού Δράμας, folder 956, GAK Drama.

smokers of Oriental cigarettes could, as in fact they did after World War II in Germany, turn into smokers of American tobacco. Some Greek businessmen were concerned about this possibility in the 1930s, as Argyroudēs explained:

[T]he concerns of some Greek tobacco merchants are perhaps not unjustified with regard to the possible need, in the near future, to adapt Greece's tobacco production to a gradually emerging new situation, by replacing at least some of our lower varieties (there is no discussion regarding the fine varieties of eastern Macedonia and Thrace), with Virginia varieties.<sup>440</sup>

Experimenting with Virginia varieties had been part of the TRI's activities since its first years of existence. From 1937 onward, the Institute would undertake an ambitious research program with experiments in the areas of Katerini, Agrinio, and Ioannina. Although Argyroudēs was optimistic about the potential of Virginia-type tobacco, he was aware of the obstacles for its widespread adoption in Greece. Since peasants were unable to re-invest large sums in their own enterprises, the Ministry of Agriculture and the ABG would have to finance the construction of wood-fueled drying barns across the Greek geography. In addition, it was uncertain whether Greek Virginia types would be able to enter an international market dominated by American companies. As far as the experimental program was concerned, at least, the results would soon be quite encouraging.

In 1939, the TRI reported to the Ministry of Agriculture that it had been able to successfully grow Virginia tobacco. The harvest in Katerini had been particularly good in terms of quality. According to the British experts that the British American Tobacco Co. Had sent to assist the TRI, the Katerini tobaccos were of better quality than the varieties that grew in Southern Rhodesia and India, and similar to the medium-grade Virginia tobaccos from the United States.<sup>441</sup> This success attracted the interest of, at least, two private investors willing to

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440 TRI to League of Offices for the Protection of Greek Tobacco, 1937, 262 Διοικ. 18.01 Αρχείο του Καπνολογικού Ινστιτούτου Νομού Δράμας, folder 956, GAK Drama.

441 D. Argyroudēs to Ministry of the Economy, 1941, 262 Διοικ. 18.01 Αρχείο του Καπνολογικού Ινστιτούτου Νομού Δράμας, folder 957, GAK Drama.

undertake the production of Virginia tobacco on their own account. One was Jacob Saporta, a Jewish tobacco merchant from Volos who worked for the Commercial Company. The other one was the Anonymous Company for the Exploitation of the Bakraina Estate.<sup>442</sup>

When the two interested firms filed their respective requests to the Greek government for permission to grow Virginia tobacco, they promised to invest in the construction of the drying barns needed for the curing process. They also made an express commitment to export the product on their own account. The TRI would provide technical assistance. Saporta and the Anonymous Company stated their willingness to plant over 100 and 50 hectares respectively.<sup>443</sup> These figures are quite ambitious if one compares them with a peasant family, who would often cultivate 1 to 1.5 hectares.

Unfortunately, World War II and the Civil War would interrupt these experimental activities, although some production still took place during the war. Mere months into the Axis occupation, the Austro-Hellenic Company, a subsidiary firm of the Austrian tobacco monopoly (by then German after the *Anschluss*), made an attempt to monopolize the exploitation of this crop in Greece. It formally offered a contract to Greece's collaborationist government, by virtue of which no other entity would get permission to grow this tobacco type on Greek soil. Furthermore, the agreement would put the whole staff and facilities of the TRI at the service of the company. Unfortunately, the sources do not tell us anything about the outcome of this negotiation.<sup>444</sup> For the period that spans between February of 1943 and the end of the Axis Occupation, there is little documentation regarding the Tobacco Research Institute.

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442 *Ibid.* Volos was the birthplace of Jacques Saporta, associate and probably relative of Jacob Saporta, according to Diploma, 1962, registry no. 2/2004, item 1664, TM Kavala.

443 Decision by the Ministry of the Economy, 1942, 262 Διοικ. 18.01 Αρχείο του Καπνολογικού Ινστιτούτου Νομού Δράμας, folder 957, GAK Drama. In the same folder, Ministry of the Economy to D. Argyroudēs, 1941.

444 Chatzēmichalēs to Ministry of the Economy, 1941, 262 Διοικ. 18.01 Αρχείο του Καπνολογικού Ινστιτούτου Νομού Δράμας, folder 956, GAK Drama.

The real takeoff of the cultivation of American varieties in Greece would have to wait until after the war, when foreign development aid would flow into Greece in large amounts, and economic life went back to normal. Not until 1958 did the Greek government announce a new experimental program for Virginia tobacco. The location selected for the experiments was the Thessalian village of Lazarina.<sup>445</sup> That was the village where Jacob Saporta had tried his hand at the crop about twenty years earlier.

The achievements of the Tobacco Research Institute and the aforementioned private actors arrived too late for Greece to reduce its dependency on German demand for Oriental tobacco before the beginning of World War II. In 1938 and 1939, negotiations between the British and Greek governments regarding a possible increase of British imports failed precisely because the only viable tobacco export from Greece was still the Oriental type. The interest of the Greek government in opening up new export markets is self-evident. That of the British government was related to its concerns about Greece's increasing economic dependency on Germany's demand for tobacco. Such dependence threatened to undermine Britain's geopolitical leverage in the eastern Mediterranean region.<sup>446</sup> The British cigarette industry, however, was not interested in buying much more Oriental tobacco. Its customers were used, unlike the Germans, to smoking cigarettes made mainly of American varieties.<sup>447</sup>

The promise of a flourishing export market to Britain based on Virginia tobacco never came to fruition. However, these diversifying efforts reveal a willingness to adapt the Greek productive capabilities to a changing international tobacco market. The Ministry of Agriculture, the scientists who worked at the TRI, and some tobacco firms responded to the crisis of Oriental tobacco with innovation and risk-taking. If the case of Virginia tobacco is not a success story of

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445 "Μικραί γεωργικαί ειδήσεις," *Μακεδονία*, January 28, 1958.

446 Wendt, "England und der Drang nach Südosten."

447 Pelt, *Tobacco, Arms, and Politics*, 214-221.

the caliber of the Australian and American wheat varieties introduced in Greece in this period with great results, it is mainly because of the war.<sup>448</sup> A comparison of the Greek efforts to diversify into Virginia varieties with the Bulgarian case provides an example of how the pre-existence of Greek commercial networks that were well connected to the sales markets in Europe shaped tobacco policy in interwar Greece. In this period, Bulgaria was also making its own inroads into the new commodity, although by following a different path. Instead of a government-led project that would then attract domestic investors who could place the product in foreign markets, the driving force in Bulgaria were German firms that had integrated vertically into the production of raw material.

Martin Brinkman AG, a Bremen-based firm that was Europe's largest producer of pipe tobacco, started directly growing Virginia tobacco in the area around the town of Karlovo. An important incentive for this move was the restrictions that the interwar German government had placed on the availability of foreign currency for imports from the United States, where the firm had previously sourced its tobacco.<sup>449</sup> By 1940, with the war already ongoing, Martin Brinkman AG was producing Virginia tobaccos in Germany, Bulgaria, Hungary and Poland.<sup>450</sup> Hamburg-based firm Schweighöfer was also growing Virginia tobacco in Bulgaria, although in smaller amounts than Martin Brinkman (150 vs. 400 tons per year).<sup>451</sup>

Both Bulgaria and Greece signed clearing agreements with Germany in the 1930s, which in both cases led to increased bilateral trade. Germany became the most important trading partner for both southeastern European countries, whose economies heavily depended on Oriental

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448 Kontogiorgi, *Population Exchange*, 304.

449 Greek Consulate in Plovdiv to TRI, 1941, 262 Διοικ. 18.01 Αρχείο του Καπνολογικού Ινστιτούτου Νομού Δράμας, folder 957, GAK Drama.

450 Letter to Gruppe deutscher Kolonialwirtschaftlicher Unternehmen, 1940, 576 Landesanstalt für Pflanzenbau und Tabakforschung, folder 1, GLA Karlsruhe.

451 Greek Consulate in Plovdiv to TRI, 1941, 262 Διοικ. 18.01 Αρχείο του Καπνολογικού Ινστιτούτου Νομού Δράμας, folder 957, GAK Drama.

tobacco exports. However, the ways in which Virginia production developed in both countries were different. The reason for such difference is related to the fact that Greek merchants had a strong presence in the foreign tobacco leaf markets, and that purchasing agricultural land in Greece was virtually impossible for foreign companies. I present further differences between Greece and Bulgaria, also related to this heritage from the pre-WWI period, in chapter eight. In that chapter, I analyze the promotion of tobacco exports in foreign markets.

In Germany, the other end of the commodity chain, the cigarette industry faced difficulties in the supply of Oriental tobacco during the turbulent years of war (1912-1922), and the subsequent years of inflation. There were concerns about the industry's capacity to secure a reliable flow of raw material. Tobacco businessman and senator F. C. Biermann presented the problem in quite simple terms when discussing his business plans with director Kiehl of the Deutsche Bank in 1922:

It is widely known that one of the biggest problems for the German cigarette industry is that insufficient, and very expensive tobacco arrives into Germany. The current devastation in Asia Minor, Thrace, etc. will for a long time interrupt tobacco trade from those areas, or at least make it much more expensive.<sup>452</sup>

Finding alternative raw materials was not easy for German manufacturers. Germany's indigenous varieties were cheap, but only suitable for pipes and cigars, not cigarettes. No part of the world besides the eastern Mediterranean produced Oriental tobacco. One possible solution, since direct ownership of large amounts of land in the region was not an option, was to expand Oriental tobacco cultivation to new areas. The most consistent efforts on German soil took place in Baden, the country's tobacco-producing region *par excellence*. The Baden Chamber of Agriculture, in collaboration with the German Association of Tobacco Growers (Deutscher

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452 Biermann to Kiehl, 1922, R/8119F Deutsche Bank, folder 8622, item 129, BAArch.

Tabakbauverband), made their first attempts in an experimental station in Forchheim in the late 1910s.<sup>453</sup>

The Tabakbauverband's initiative faced two obstacles. The first one was the limited availability of farmers willing to experiment with Oriental tobacco. Local producers saw little incentive in a more labor-intensive variety for which the reward was uncertain. In addition, there seemed to be environmental constraints. Even when the plants grew successfully, the strains would degenerate after two generations.<sup>454</sup> In order to continue with the experiments, the aforementioned Chamber and Association requested that the Ministry of Food and Agriculture send them seeds from Bulgaria, Turkey, and Greece. The Ministry forwarded the request to the Foreign Service.<sup>455</sup> The German embassy in Athens sent the requested seeds, recommending to have some Greek tobacco producers come to Germany to show the local farmers how to work with that type of tobacco.<sup>456</sup> The experiments did not succeed.

The efforts of these two organizations acquired a more systematic character after the establishment of the Tobacco Research Institute of the German Reich (Tabakforschungsinstitut für das deutsche Reich) in Forchheim in 1927. The Institute's main goals were the improvement of fertilizers and drying techniques for the optimization of tobacco production. In addition, it intended to develop new profitable varieties for their production in Germany.<sup>457</sup> Oriental tobacco, on which the cigarette industry depended, featured quite high on the agenda.

This larger-scale, state-funded effort to grow eastern Mediterranean varieties in Germany should come as no surprise if we consider the broader context of agricultural experimentation in

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453 Deutscher Landwirtschaftsrat to Reichsministerium für Ernährung und Landwirtschaft, 1921, R Auswärtiges Amt des Deutschen Reiches, folder 242106, item 23, PAAA.

454 *Ibid.*

455 *Ibid.*

456 German Embassy in Athens to Auswärtiges Amt, 1921, R Auswärtiges Amt des Deutschen Reiches, folder 88864, item 285, PAAA.

457 Schweiger & Burkart, *Rauchzeichen*, 26-27.

this period. The existing literature has shown that the political priority of increasing the country's autarky in the interwar period stimulated an increase in research activity aimed at developing better plants, and expanding the cultivation of the existing ones to new areas.<sup>458</sup> The German efforts to reduce the dependency of the domestic cigarette industry on imported Oriental tobacco fits into this rationale.<sup>459</sup> Unfortunately, the Institute also failed to develop strains of Oriental tobacco that could be viable on German soil. Growing Oriental tobacco successfully was not just a matter of finding the right seeds, but also of matching them with the right soil and climatic conditions. These could not be reproduced in Germany. After years of experimentation, the initiative was abandoned.<sup>460</sup>

In addition to the Institute's attempts, German private actors also entertained the idea of producing Oriental tobacco in new areas. German firms had successfully grown tobacco of other sorts on the basis of the colonial plantation model in Cameroon before World War I. Two examples are the Bremen-based firms Tabakbaugesellschaft "Bakossi" and the Tabakbau- und Pflanzungs-Gesellschaft "Kamerun."<sup>461</sup> The end of Germany's colonial empire did not bring about the end of German entrepreneurship in Africa.<sup>462</sup> Herman Rimpler, for instance, sent a letter to the Institute from Iringa (in Tanganyika, today Tanzania) in 1928. He asked for, and received, different types of tobacco seeds, including Oriental varieties, with which he intended to experiment in the area.<sup>463</sup> There is also evidence of the director of the Institute, Dr. König, sending Oriental seeds to Brazil for experiments to be carried out by German colonists

(*Kolonisten*) in 1933. By 1940, however, König was quite skeptical about the possibility of

458 See, for instance, Heim, *Autarkie und Ostexpansion*; Heim, *Kalorien, Kautschuk, Karrieren*.

459 Schweiger & Burkart, *Rauchzeichen*, 26-27.

460 There are records of experiment results involving Kavala varieties as late as 1935 in 576 Landesanstalt für Pflanzenbau und Tabakforschung, folder 233, GLA Karlsruhe.

461 Documentation related to the activities of these firms is kept in R/8119F Deutsche Bank, folder 8622, BArch.

462 Pedersen, *The Guardians*, 196.

463 Rimpler to Tabak-Forschungs-Institut, 1928, 576 Landesanstalt für Pflanzenbau und Tabakforschung, folder 1, GLA Karlsruhe.



making Oriental tobacco a viable crop outside its area of origin. When asked in 1940 by the Group of German Colonial Enterprises (Gruppe deutscher Kolonialwirtschaftlicher Unternehmen) about the potential of East Africa for its exploitation by the German tobacco industries, he explicitly discouraged any attempts regarding Oriental tobacco:

I do not recommend the cultivation of Oriental tobacco in East Africa. To date, all attempts with such purpose have failed. In fact, experience has shown that Oriental tobacco, unlike American Virginia tobaccos, cannot just be transplanted.<sup>464</sup>

All attempts to diversify the source of raw material for the German cigarette industry failed. During World War II, Oriental tobacco would again get a chance to flourish on new soil, this time in the Ukraine, under the supervision of the German occupation authorities and Reemtsma.<sup>465</sup> In the interwar period, however, there seemed to be no alternatives to the eastern Mediterranean. The strong preference that German smokers had for the flavor of Oriental tobacco precluded the option of using imperfect substitutes such as the Virginia types, at least for the time being. If a manufacturer stopped using Oriental tobacco, he risked losing buyers to his competitors. The occupation of Germany by the Allies, and the flooding of the German market with American cigarettes through the Marshall Plan and smuggling, would eventually cause a dramatic change in consumer preferences.<sup>466</sup> Until then, German smokers remained addicted to Oriental tobacco, while the industry depended on the eastern Mediterranean supply markets.

### **Equipment and Consumables**

In addition to the right combination of land and seeds, successful agricultural production requires the use of equipment such as ploughs, working animals, as well as consumables such as water and fertilizers. In the case of tobacco, a crop that requires drying and packaging before its

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464 König to Gruppe deutscher Kolonialwirtschaftlicher Unternehmen, 1940, 576 Landesanstalt für Pflanzenbau und Tabakforschung, folder 1, GLA Karlsruhe.

465 Pictures of Oriental tobacco production in occupied Ukraine are available in PFR Reemtsma, Philipp F. / Reemtsma Cigarettenfabriken, folder 401/B-01, HIS.

466 Elliot, "Smoking for Taxes."

sale to a merchant, the necessary equipment often includes drying racks and storage room. In the 1930s, a number of institutions became involved in efforts to upgrade the means of production available to peasants, whether in the form of private or public property. The ABG, the Tobacco Offices, the Ministry of Agriculture's Agricultural Services (Γεωργικές Υπηρεσίες) that operated at the provincial level, and the agricultural co-operatives participated to varying degrees in such efforts. They often did so in collaboration with each other. The TRI produced the scientific knowledge that the Offices would then try to implement on the ground. The ABG provided the financial means, while the staff of the co-operatives disseminated guidelines among the peasants, and acted as the eyes on the ground for the other agencies.

The literature on interwar Greece's economic history has discussed a series of large scale infrastructural projects undertaken in this period. Such initiatives included road construction, irrigation works, and the opening up of new arable area through the draining of lands.<sup>467</sup> The complex issue of equipment upgrading at the level of the family farm has received less attention despite its historical interest. A look at the available source material reveals the limited capacity of the model of familial small landholding to boost the country's productive capabilities without government intervention. It also reveals the limits of the economic integration of the newly settled population in northern Greece. Such limitations were related to the insufficient funds that the Greek government made available for the implementation of its own policies. They also had to do with the reality of an agrarian landscape more densely populated than ever, where resources such as water and organic fertilizers had become scarce.

The peasant family could only finance the most basic levels of consumption through loans. The newly settled peasants were particularly vulnerable to excessive indebtedness. They remained in debt for decades until they paid off the lien on the land that they had been granted.

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<sup>467</sup> Kontogiorgi, *Population Exchange*, 265-296; Πετμεζάς, *Προλεγόμενα*, 178.

As long as they had limited property rights over their land, they could not use it as collateral. In this context, mid and long-term investments were beyond the reach of most peasant families. The Tobacco Office of Salonika was crystal clear in this regard when, in 1926, it addressed the government to explain that tobacco producers could not invest in drying barns, fertilizers, or storage room. The Tobacco Office pointed out that many peasants were well aware of the benefit that they would obtain from such investment, but they could not afford it. The credit that was available to them was simply not enough.<sup>468</sup> At that time, the government's most important tool for the capitalization of the Greek countryside was the agreements that it signed with the National Bank of Greece. From 1929 onward, addressing the undercapitalization of the Greek countryside was, as I discussed in the previous chapter, the ABG's *raison d'être*.

The refugee resettlement project in northern Greece succeeded in creating a Greek Orthodox majority in the New Lands. It also enabled an enormous increase of the country's agricultural output. Most importantly, it allowed hundreds of thousands of newcomers to make a living when the possibility of a large scale humanitarian crisis looked very real. However, the type of economic growth that emerged in the New Lands was not self-sustaining without periodic debt relief for the peasants. Venizelos, for example, granted a five-year moratorium on private loans to farmers in 1931. Metaxas did the same in 1937, but only for twelve months.<sup>469</sup> Finally, the Colonels' Junta wrote off all peasant debt in 1968.<sup>470</sup> Despite debt relief and other forms of state intervention, after World War II emigration from Greece's northern provinces to Athens and richer European countries (mainly Germany) acquired large proportions.

The experts working at the TRI, the ABG, and the Ministry of Agriculture were aware of the fact that innovation, whether technological or regulatory, was always a balancing act when it

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468 "Αι πιστώσαι της τραπέζης προς τους καπνοπαραγωγούς," *Μακεδονία*, December 4, 1926.

469 Ploumidis, "Agrarian Politics in Interwar Greece," 85.

470 Pasmazoglou, "The Greek Economy since 1967," 82.

came to tobacco. They had to take multiple criteria into account. In the first place, the quality of the product had to remain a priority to safeguard international competitiveness. At the same time, Greece's price disadvantage vis-à-vis Bulgaria and Turkey precluded upgrades that might involve a substantial increase in per unit production costs. In the long run, higher production costs meant perpetuating the vicious cycle of high prices preventing tobacco from being absorbed by the market, which would in turn sink peasants into more debt. The peasants would then be at the mercy of moneylenders, whose profit margin would have to be added to the production costs of the next harvest. In order to prevent excessive increases in production costs, the right incentives had to be in place for peasants to adopt new practices and equipment within their financial reach. Furthermore, there was always the risk of peasants engaging in opportunistic behavior to take advantage of newly available resources without putting them to their intended use.

The initiatives that the Tobacco Offices took to popularize the use of seedbeds and fertilizers, and the government regulations on the packaging of tobacco leaves exemplify the challenges involved in the upgrading of tobacco production in Greece. Unfortunately for the historian, one cannot measure with accuracy the extent to which these initiatives succeeded in upgrading the technological and skill base of Greece's tobacco production. Most of the existing source material consists of published reports from the institutions whose mission was to promote such upgrades. The annual reports from the ABG and the Tobacco Offices often have a celebratory tone that highlights their achievements despite difficult economic conjunctures and limited funding. To the extent that it is possible, in this section I quantify the actual impact of their contribution. When that is not possible, I present the available qualitative evidence.

The first step in the production of Oriental tobacco is the construction of a suitable seedbed. One contaminated with parasites, insufficiently watered, or excessively exposed to bad

weather might result in too many seedlings not making it to the field where they will develop into a fully grown tobacco plant. The alternative to producing one's own seedlings was purchasing them from another peasant. This happened often whenever bad weather or plagues destroyed a peasant's own. The problem with this alternative was higher production costs and the risk of getting suboptimal seedlings. The buyer would only get the seedlings discarded by another peasant. Furthermore, the strain of seed that grew well on the seller's land might not be the most suitable for the buyer's property.<sup>471</sup> For these reasons, helping peasants upgrade their seedbeds, and spreading good practices related to their use, were high on the agenda of the Tobacco Offices and the TRI.

After a series of experiments, the TRI concluded that two types of warm seedbeds were the most suitable for the Greek countryside. Warm seedbeds differ from cold seedbeds in that the former have trenches or walls of some sort around them. The first type of seedbed that the TRI approved of was a semi-permanent wooden structure covered with tulle (Illust. 5.01).<sup>472</sup> The second type was a permanent structure with walls made of concrete, and covered with multiple layers of cotton cloth.<sup>473</sup> Depending on the region, the TRI recommended one type or the other. For the most part, Greek peasants were used to other kinds of seedbeds. In the Xanthi area, for instance, it was common to simply cover the seedlings with heather plants (Illust. 5.02). A widespread adoption of the seedbeds proposed by the TRI would require some initiative from above. Despite the efforts of the TRI and the Tobacco Offices, there was little progress on the seedbed front. In a 1936 report, the Tobacco Office of Kavala explained the following:

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471 Presentation by D. Argyroudēs at Provincial Conference on Agricultural Implements in Kavala, 1953, 262 Διοικ. 18.01 Αρχείο του Καπνολογικού Ινστιτούτου Νομού Δράμας, folder 1028, GAK Drama.

472 “Τα πεπραγμένα του Γραφείου Προστασίας Ελληνικού Καπνού Καβάλλας κατά το έτος 1938-1939,” in *Δελτίον καπνού*, June 1939.

473 *Ibid.*

With regard to the seedbed issue, although our Office has engaged it seriously in the past, we cannot say that we are close to solving it. The matter is still in trial stage.

As it is well known, in the mountainous areas within the jurisdiction of our Office, tobacco producers have to spend extraordinary sums to purchase seedlings from other areas, neighboring or not... Therefore, in the current planting season..., in the villages located in the mountainous areas, where the little faith of the peasant in the efficiency of warm seedbeds, together with his economic deprivation prevent him from building such seedbeds, we will continue the systematic construction of model warm seedbeds covered with thick cloth, as well as the efforts to raise awareness of their suitability.<sup>474</sup>

The Tobacco Office of Kavala did indeed continue promoting the use of seedbeds until World War II. It did so, however, at a very modest scale. In the 1938/39 season, it built twelve semi-permanent seedbeds, and seven permanent ones in eastern Macedonia and Thrace. The seedbeds were built within the properties of peasants considered *progressive*, or *forward-looking* (*προοδευτικοί*).<sup>475</sup> Nineteen seedbeds in one year is not particularly impressive figure if we take into account that there were tens of thousands of tobacco producers within the jurisdiction of the Tobacco Office of Kavala, which encompassed eastern Macedonia and western Thrace (Table 5.08). These model seedbeds, however, might have motivated other peasants to build their own. Since the means for large the widespread construction of seedbeds were beyond the reach of the Tobacco Offices, the hope was to let peasants see for themselves the benefits of this innovation through an example from their own village. In the event, the overall result by the end of the interwar period does not come up as particularly impressive. In 1939, bad weather conditions destroyed enough seedbeds to have a noticeable impact on the overall size of the harvest.<sup>476</sup> Had the seedbeds been of the more resilient types proposed by the TRI, the damage would have been more limited.

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474 “Πρόγραμμα δράσεως του Γραφείου προστασίας Ελληνικού Καπνού Καβάλλας,” in *Δελτίον καπνού*, April 1936.

475 “Τα πεπραγμένα του Γραφείου Προστασίας Ελληνικού Καπνού Καβάλλας κατά το έτος 1938-1939,” in *Δελτίον καπνού*, June 1939.

476 Αγροτική Τράπεζα της Ελλάδος, *Απολογισμός του έτους 1939*, 8.

The efforts to popularize good practices related to the use of seedbeds were more successful. During the seedling stage, a tobacco plant was vulnerable to diseases and parasites that could later proliferate and spread to other nearby plants. In the months during which the peasants would grow and transplant their seedlings, it was common for the Tobacco Offices to send their employees with pesticides to tackle plagues in the seedbeds no cost for the peasants.<sup>477</sup> These campaigns served as examples that popularized practices such as the disinfection of seeds before planting them, or the preventive use of pesticides.<sup>478</sup>

An aspect of crucial importance in this early stage of the value chain is access to water. If the seedbed was not close to a source of water, having it transported, often with the use of a rented animal, could add considerably to the overall production cost. In order to save money, some peasants would water their seedbeds insufficiently, a decision that could have very negative consequences for the later development of the plant. With these considerations in mind, the ABG financed the construction of communal facilities aimed at bringing water to the seedbeds of all the peasants in a community. The ABG granted loans for projects of this type in the communities of Doxato (3.5 million drachmas), Proti (1.3 mill.), Prosotsani (2 mill.), and Diomidia (380,000).<sup>479</sup>

In addition to pesticides and water, the efficient production of tobacco often required the use of fertilizers. The intensive, repeated use of land for agricultural production results inevitably in the depletion of the soil's productive capabilities. Therefore, farmers need to periodically replenish their fields with nutrients. Soil depletion was a particularly acute problem in the parts of Macedonia and Thrace that relied heavily on tobacco production. Compared to other crops,

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477 See, for instance, "Τα πεπραγμένα του Γραφείου Προστασίας Ελληνικού Καπνού Καβάλλας κατά το έτος 1938-1939," in *Δελτίον καπνού*, June 1939; "Αι προκαταρκτικά δια την καπνοκαλλιέργειαν εργασίαι εν Αν. Μακεδονία και Θράκη" in *Δελτίον καπνού*, April 1935; "Το καπνικόν 1932," in *Δελτίον καπνού*, March 1933.

478 "Το καπνικόν 1932," in *Δελτίον καπνού*, March 1933.

479 Αγροτική Τράπεζα της Ελλάδος, *Απολογισμός του έτους 1936*, 38-39. Also *Απολογισμός του έτους 1935*, 56.

tobacco required significant amounts of fertilizer, both while still a seedling in the seedbed, and later on the field where it matured.<sup>480</sup> The settlement of the refugees and the intensification of land use resulted, as I have already discussed, in an increase in land fragmentation and heavy reliance on monoculture. Supplemental animal husbandry declined as an economic activity, and many tobacco producers lacked the animals that could produce dung. According Secretary General of the Association of Tobacco Merchants of Macedonia and Thrace N. Sklias, the issue of fertilizers was one of the highest priorities for the increase of productivity in Macedonia and Thrace. However, the state of the research at the time did not yet allow for a set of guidelines for choosing the right type of fertilizer in each specific circumstance.<sup>481</sup>

Chemical fertilizers were a suboptimal solution in the case of tobacco. They worked correctly only if there was enough rainwater. Even with enough water, they gave worse results than organic fertilizers. Much to the agronomists' frustration, tobacco producers were willing to buy chemical fertilizers from tobacco merchants, while banks were eager to finance such transactions. The use of chemical fertilizers increased in the 1920s, and early 1930s. The result was more debt and higher production costs in exchange for suboptimal fertilizer. Producers often did not even know which chemical fertilizer was best for their land and would buy whatever the merchant offered them.<sup>482</sup>

The Greek authorities decided to tackle the issue of fertilizers in 1937. Representatives of the Ministry of Agriculture, the ABG, and the TRI zeroed in on a list of chemical fertilizers that would be allowed in different parts of Thrace. For TRI Director Argyroudēs, this was not enough. At a conference that same year, he argued for the promotion of intra-regional dung trade. Macedonia and Thrace had more than enough animals to produce the organic fertilizers

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480 Αλτσιτζόγλου, *Οι γιακάδες και ο κάμπος*, 171.

481 Καπνική Σύσκεψις Καβάλλας, 85-86.

482 Αλτσιτζόγλου, *Οι γιακάδες και ο κάμπος*, 171-172.



that tobacco peasants required. The problem was that such animals were not concentrated in the mountainous areas that produced tobacco, but on the plains. Credit and transportation arrangements would be necessary, Argyroudēs explained, to motivate the inhabitants of the plains to collect, store, and sell the dung that their animals produced. In addition, he argued, the state should grant a monopoly over loans for tobacco fertilizers to the ABG. Otherwise, commercial banks would continue stimulating the market of inadequate chemical substitutes.<sup>483</sup>

It is impossible for the historian to judge whether the use of fertilizers and pesticides resulted in an increase in land productivity in interwar Greece. We have data on how much tobacco was produced, and on how much land peasants stated that they were going to use to grow tobacco at the time when they requested their cultivation permits. When we divide the amount of tobacco produced by the amount of land, we see that productivity was low in the years of low tobacco prices (Graph 5.15). This probably indicates that peasants stated that they were going to grow more land than would be the case eventually, once they started to see signs of low prices for the following harvest. Regardless of whether this guess is accurate, it is misguided to think that larger harvests would have necessarily been a positive outcome, even if we could find a positive correlation between fertilizer use and land productivity.

When it comes to tobacco, more is not always better. Overly fertilized soils often resulted in excessively developed tobacco leaves with thick veins and suboptimal flavor.<sup>484</sup> Hence the emphasis of Argyroudēs and others on popularizing the right type of fertilizer, not just any fertilizer. The 1938 harvest, for instance, was small in quantity because of the dry weather, but good in quality.<sup>485</sup> Weather conditions, as well as plant diseases and parasites, were major factors affecting both productivity and quality. Their effects could trump whatever positive effects

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483 Αργυρούδης, “Επί του καπνοπαραγωγικού.”

484 “Η χρήση χημικών λιπασμάτων εις την καλλιέργειαν του καπνού” in *Δελτίον καπνού*, March 1936.

485 Αγροτική Τράπεζα της Ελλάδος, *Απολογισμός του έτους 1938*, 6.

fertilizers might have. The history of the attempts made by the ABG and the TRI to promote the optimal use of fertilizers, however, is revealing in that it exemplifies how the participation of commercial banks in the rural economy of Greece was an obstacle for the complete rationalization that the experts proposed. Argyroudēs, as well as the administrators and agronomists of the ABG certainly interpreted the situation in this way.

As important as seedbeds, fertilizers, and water are for the optimal production of tobacco, state interventionism became most visible in the area of primary processing. In agriculture, the term primary processing refers to value-adding procedures performed upon a product as preparation for its storage, and/or further processing downstream the value chain.<sup>486</sup> In the specific case of Oriental tobacco, primary processing consists of drying the leaves in the sun, and possibly packaging them to prevent deterioration during storage and transportation. In Greek and German, the primary processing of tobacco is referred to as *rural*, or *village processing* (*χωρική επεξεργασία*, and *Dorfmanipulation* respectively). From 1925 onward, Greek governments passed multiple pieces of legislation regulating this activity.

The amount of regulations, resources, and surveillance aimed at ensuring that Greek peasants would process their tobacco correctly sets this node apart from all others along the value chain. At the time when the first regulations appeared, the primary processing of Oriental tobacco followed a series of local customs, and could vary according to individual preferences. In its most simple form, producers would just string the leaves to form garlands, which they would then hang in the sun for several days. Once sufficiently dry, the tobacco strings would be stored away from the sunlight until the time of their sale. The peasants could either sell the garlands, or pile them and form a package called *armethodema*. The buyer would transport the tobacco to an urban center for the next stage of processing. This second round of processing,

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<sup>486</sup> Fellows, *Value from Village Processing*, 1-2.

which I will discuss later on, was usually referred to as *commercial processing* (*εμπορική επεξεργασία, Handelsmanipulation*), or simply *processing* (*επεξεργασία, Manipulation*). For the sake of clarity, throughout my study I use the terms primary processing and commercial processing.

The amount of time that would pass between harvesting the tobacco and its collection by a buyer was always unknown to the peasant. Tobacco garlands could easily deteriorate while stored or transported. Imbalances in humidity or temperature, or friction with the floor and other objects could damage them. The peasant could prevent damage of this sort by breaking up the garlands, separating the leaves into different categories based on size and quality, and packaging them in a more elaborate fashion.

The Greek government passed a decree in July 1925 prohibiting the transportation of tobacco that had not undergone primary processing according to the specific methods listed in the statute. In the regions of Macedonia and Thrace, the list did not include the *armathodema* method described above, in which leaves remained in the form of garlands. Only the more labor and capital-intensive methods *bachi-bagli*, *kefalodemeno* and *pastalia-basma* were listed.<sup>487</sup> Starting in 1929, Macedonian and Thracian peasants would not be allowed to even sign sale contracts unless their tobacco was already correctly processed.<sup>488</sup> For the rest of Greece, the law continued to allow the *armathodema* method, but not the sale of loose garlands. The purpose of these regulations was to improve the quality of the Greek tobacco and to help peasants increase their income.

The processing methods that the law required allowed the peasant to do two things. First, the higher quality of his product would make it possible for him to ask for a higher price.

Second, increased durability gave the peasant more time to negotiate with potential buyers. Since

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487 Decree “Περί επεξεργασίας του καπνού.”

488 Decree “Περί κυρώσεως του από 11 Ιουλίου 1925 Ν. Δ.”

he did not need to worry about his product getting damaged while in storage, he was able to wait for the next one. There were advantages for the buyer as well. The merchant could buy a better product, and assess its quality more easily. The content of the packages would be more homogeneous, and the leaves were arranged in a way that made a quick visual examination easier.

In the 1930s, most Greek stakeholders coincided in that a widespread enforcement of the rules on primary processing was desirable, but only under certain circumstances. Representatives of the government, agricultural co-operatives, merchants, and agronomists voiced this opinion. They did so at a variety of venues, such as The Fifth Tobacco Producers' Congress, celebrated in Salonika in 1930, or the smaller-scale Agrarian Congress of Langadas the following year.<sup>489</sup> They agreed that more financial support for the peasants was still necessary. In addition to material resources, there was a need for effective supervision for the regulations to work. The resolutions of the Salonika congress unambiguously called for such enforcement.<sup>490</sup> An incomplete implementation, i.e. allowing some to not perform the primary processing as established by law, would create problems for those who did follow the rules.

If a peasant risked being undersold by someone else who had not packaged his tobacco, he would be at a disadvantage. By the time that that the law-abiding peasant finished the primary processing, it might be too late because the other peasants might have sold their unpackaged tobacco already and demand would have decreased. The same applies to the intermediary tobacco merchants who bought the tobacco, and then resold it to a larger company. If someone could get away with supplying the larger company with unpackaged tobacco, the others would

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489 “Οι εισιγήσεις επί όλων των καπνικών ζητημάτων,” *Μακεδονία*, January 28, 1930; “Η Β΄ ημέρα του αγροτικού συνεδρίου Λαγκαδά,” *Μακεδονία*, November 2, 1931

490 “Έλιξαν αι εργασίαι του καπνοπαραγωγικού,” *Μακεδονία*, January 30, 1930.

be missing on business opportunities. As a result, the incentive not to carry out the packaging would increase for too many stakeholders for a generalized change to become viable.

Merchant and peasant representatives agreed on what needed to be done to ensure a widespread upgrading of primary processing: providing better infrastructure and know-how to peasants; improving their access to mid-term loans to finance upgrades, and a less lenient treatment of non-compliers. On paper, the Greek state had put all necessary mechanisms in place. The construction of infrastructure for tobacco processing qualified as an activity that could be financed by the ABG.<sup>491</sup> Also, the Greek executive approved a credit line for the Tobacco Offices to hire skilled workers, who would help the peasants in perform the primary processing correctly.<sup>492</sup>

Despite all these apparently attractive features, there is no evidence of more elaborate forms of primary processing becoming common practice to any significant extent before the establishment of Metaxas' dictatorship in 1936. Such change would result from the outright coercion of peasants, and once the interests of the German cigarette industry were accommodated into the body of regulations. But before turning to that particular form of implementation, let us analyze why so little progress was made between 1925 and 1938.

One important obstacle for the implementation of the regulations on primary processing was labor costs. Carrying out the additional processing correctly often required hiring wage workers from outside the family unit. In the case of the inexperienced producers who had recently arrived as refugees, there was also a lack of know-how. Before World War I, it had been common for tobacco merchants to send skilled urban workers to assist peasants in the primary packaging of their product.<sup>493</sup> The demographic reordering of the region after the population

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491 Circular letter, 2/15/30, Αρχείο ΑΤΕ, Σειρά Εγκύκλιοι και Διαταγαί, ΙΑΠΙΟΡ.

492 “Αι αποφάσεις του Υπουργ. Συμβουλίου δια τα φλέγοντα μακεδονικά ζητήματα,” *Μακεδονία*, December 12, 1930.

493 Δημητριάδου, *Ο Καπνός*, 61-62.

exchange disrupted past practices, while many peasant families could hardly afford hiring skilled workers themselves. The more elaborate the method of primary processing, the more hands were necessary.

In addition to the scarcity of know-how among the newcomers, there was the problem of insufficient equipment. In 1930, i.e. five years after the first piece of legislation on primary processing had been passed, a parliamentary committee reported that the rules were not being enforced. According to the committee's report, the homes of many tobacco producers were unsuitable for tobacco processing. They lacked the barns needed to dry it properly.<sup>494</sup> Peasants often had to hang the leaves on the walls and roofs of their homes, which gave sub-optimal results.<sup>495</sup> Packaging incorrectly dried leaves could cause serious deterioration later on.

Most peasant houses also lacked enough space to correctly store the tobacco. This was specially important, since the spatial arrangement of the tobacco allowed for the regulation of its humidity levels. Increasing or reducing the separation between packages controlled the air circulation. The more air, the more humidity the package released.<sup>496</sup> Maintaining the temperature at suitable levels was also difficult if the storage area failed to meet certain standards. Furthermore, peasants without enough storage room would keep their tobacco in the same space where they cooked their food, slept, or kept their animals. In such spaces, tobacco could absorb unwanted smells. The practice also involved health risks for the peasants.<sup>497</sup>

The 1930 parliamentary report called for the strict enforcement of the rules on primary processing without further delay, as well as for an increase in the financial support given to peasants for the upgrading of their homes. The report made reference to the pre-fabricated

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494 Μπακαλμπάσης, *Γενική Εισήγησης*, 6-9.

495 Σπυρόπουλος, *Ο καπνός*, 25-26.

496 Δημητριάδου, *Ο Καπνός*, 61.

497 Tobacco Office of Kavala to League of Offices for the Protection of Greek Tobacco, 1936, 262 Διοικ. 18.01 Αρχείο του Καπνολογικού Ινστιτούτου Νομού Δράμας, folder 1700, GAK Drama.

housing units that German firm DEHATEGE had provided to Asia Minor refugees under the aegis of the RSC. These small huts were particularly unsuited for the necessary upgrades.<sup>498</sup> The contrast between the inadequate DEHATEGE huts and the houses of tobacco producers that existed already before the population exchange is quite striking. In Thrace, where Muslims had not been subjected to forced relocation, one could find much more suitable facilities.

The typical home of a Muslim family in the *tobacco villages* (*καπνοχώρια*) in the district of Xanthi had an upper floor with room to store tobacco in the humid winter days. On the lower floor, the walls of the main storage room had two rows of shelves. The lower shelf was placed at a height of 10 cm above the floor to avoid the contact of the tobacco packages with humidity and dirt. Outside the house there was a roofed structure for the drying of tobacco leaves before their further classification and packaging (Illust. 5.02). There would also be a room for tobacco processing, which could be separated from, or the same as, the space where wage workers would sleep in the periods of intense work. Such periods corresponded to the transplanting of seedlings, the harvest, and the primary processing of the leaves.<sup>499</sup>

Most resettled peasants could not afford facilities of this sort without substantial financial assistance. This had already become apparent to policy makers soon after the legislation on primary production was passed. In 1926, the Tobacco Offices addressed the government, complaining that the NBG was not allocating enough credit for tobacco production, let alone for equipment upgrades.<sup>500</sup> After the establishment of ABG, the situation improved, but credit remained insufficient to an extent that trumped the possibility of a widespread upgrading of primary processing.

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498 Μπακαλμπάσης, *Γενική Εισήγησης*, 6-9.

499 Αλτσιτζόγλου, *Οι γιακάδες και ο κάμπος*, 59-60.

500 “Αι πιστώσαι της τραπέζης προς τους καπνοπαραγωγούς,” *Μακεδονία*, December 4, 1926.

The ABG granted three types of loans: short term, mid term and long term. The purpose of the short-term loans was to finance agriculture on a season-by-season basis. In the case of tobacco, the peasant would borrow before planting his land, and then again after the harvest, using his crop as collateral until the time of the sale. Mid and long-term loans were supposed to finance investment in equipment upgrades such as tobacco drying barns, storage space, work animals, or wells.<sup>501</sup> Mid-term loans had to be paid back within five years, whereas the long-term ones were all loans of any duration of more than five years.<sup>502</sup> Based on the available data, we cannot quantify with accuracy how much money the ABG allocated to the construction of facilities for the primary processing of tobacco, or how many of such facilities were actually erected. What we can do is extrapolate on the basis of the quantitative data that we do have and make an educated guess.

The yearly reports published by the ABG contain some data about the mid and long-term loans that the bank granted. The data tell us how much money the ABG lent as loans of this type, and how much of that money was allocated for the construction of tobacco drying barns and cloth for covering the tobacco during the drying process (Table 5.09). For the sake of simplicity, I refer to this equipment as TPPE (Tobacco Primary Processing Equipment). The total amounts approved for loans was usually larger than the amounts eventually granted in a given year. Some approved loans never came to fruition for a variety of reasons of bureaucratic nature. Only in 1939 do we see more money granted than had been approved, which can be explained by the remnant of money approved in previous years.

In 1937, the Xanthi branch of the ABG lent 982,000 drachmas for the construction of TPPE, divided among 109 loan recipients.<sup>503</sup> This means that, on average, each one of those

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501 Αγροτική Τράπεζα της Ελλάδος, *Απολογισμός του έτους 1935*, 39.

502 Circular letter, 2/15/30, Αρχείο ΑΤΕ, Σειρά Εγκύκλιοι και Διαταγαί, ΙΑΠΙΟΡ.

503 Αλτσιτζόγλου, *Οι γακάδες και ο κάμπος*, 154.



loans was for an amount of 9,009 drachmas. In combination with the data on mid and long term loans, this average amount allows me to estimate how many loans were granted nation-wide in the 1930s for the construction of TPPE (Table 5.10). I have taken the average of 9,009, adjusted to inflation based on the CPI published yearly by the Greek authorities, as a plausible value for the whole series. I then use that value to divide the amount granted in a year for TPPE construction nation-wide, and estimate how many loans of that type were granted. Since I do not have complete data for some years, I also have to estimate the overall amounts granted for TPPE. I do so by assuming that the percentage of all the money approved for mid and long term loans in 1936 that was allocated for TPPE construction was the same in all the previous years. The result of these estimates is that the ABG granted approximately 5,565 loans for TPPE construction in the interwar period, of which approximately 4,504 (around 80%) were granted between 1937 and 1939, i.e towards the end of the interwar period, during the Metaxas dictatorship.

The estimate of 5,565 loans is probably too optimistic. In the first years of the ABG's existence, the incomplete enforcement of the regulations on tobacco processing received less attention within political circles. In fact, as late as 1936 the Tobacco Office of Kavala had to ask the TRI which types of TPPE were suitable for its jurisdiction.<sup>504</sup> Circular letters sent in 1939 by the Ministry of Agriculture to all offices involved in tobacco-related policy reveal that, before the 1938 harvest, there had not been much zeal in the enforcement of regulations on primary processing.<sup>505</sup> It is therefore reasonable to think that my estimates for the number of loans in the first years of the series are too high (Table 5.10). Be that as it may, even if we consider the figure of 5,565 loans somewhat realistic, we must conclude that the large majority of Greece's

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504 Tobacco Office of Kavala to TRI, 1936, 262 Διοικ. 18.01 Αρχείο του Καπνολογικού Ινστιτούτου Νομού Δράμας, folder 1700, GAK Drama.

505 Circular letters from the Ministry of Agriculture, 1939, 262 Διοικ. 18.01 Αρχείο του Καπνολογικού Ινστιτούτου Νομού Δράμας, folder 1296, GAK Drama.

approximately 150,000 tobacco producers (Table 5.08) did not receive support from the ABG for the construction of tobacco processing facilities.

The generalized insufficiency of TPPE did not come to an end until after World War II. Soon after the war, a committee of experts charged with the study of the tobacco question repeated the recommendations that multiple stakeholders and their representatives had already voiced in the 1930s in this regard: the peasants needed financial assistance to build tobacco processing facilities.<sup>506</sup> As late as 1959, there were important tobacco-producing areas, such as the village of Sappes in the Thracian department of Rhodope, where the ABG was only starting to finance storage space for tobacco.<sup>507</sup> However incomplete the available quantitative information might be, it is necessary to take it into account in order to not let the celebratory tone of the ABG's annual reports misguide us. The report on the activities carried out in 1935, for instance, tells us the following:

[Mid and long-term] loans for the construction of facilities were made in the amount of 3,833,476 drachmas, an increase from the 2,225,700 drachmas of 1934. [...] Loans were granted mainly for the construction of tobacco drying barns in eastern Macedonia, and stables in Thessaly. The support for drying barns improved significantly the financial footing of the producers, as well as the quality of the tobacco.<sup>508</sup>

That the ABG was not lending enough money for upgrades in the form of mid and long-term loans was a complain that many public figures made, including the head of the Ministry of Agriculture's Agricultural Service in Drama N. Kanasis in 1937.<sup>509</sup> The insufficiency of the facilities of many peasants for the correct processing of their tobacco is historically relevant for a number of reasons. It constitutes an example of how policy makers made demands on the rural

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506 Secretary general of the Tobacco Merchant Federation of Greece Achilleas Mantzarēs had already made recommendations along these lines in 1928 (Μάντζαρης, *Τα καπνά μας*, 152-161). Representatives of agricultural co-operatives brought up the issue at the 5th Tobacco Producers Congress of 1930 in Salonika ("Η χθεσινή Β'. μέρα του συνεδρίου," *Μακεδονία* January 28, 1930).

507 "Σάππαι. Καπναποθήκαι εις την περιφέρειαν," *Δελτίον Αγροτικής Τραπεζής*, Jan/Feb 1959.

508 Αγροτική Τράπεζα της Ελλάδος, *Απολογισμός του έτους 1935*, 40.

509 Κανάσης, "Επί του καπνοπαραγωγικού."

population that were unrealistic if we consider the means available. The result was the exposure of peasants to possible fines for not complying with the existing regulations. Furthermore, this insufficiency allows us to nuance claims about the success of Greece's agricultural policies in this period. Granted, a large number of refugees were integrated into the rural economy and the political process, while the increased production of grains helped Greece become more self-sufficient with regard to basic foodstuffs.<sup>510</sup> In terms of tobacco, however, the reforms aimed at improving the quality and durability of the product fell short of the expectations of policy makers.

Despite the material constraints discussed thus far, a new push for a systematic implementation of the regulations on primary processing came soon after the establishment of Metaxas' dictatorship in 1936. Internal correspondence of the ABG shows the Greek government's increasing willingness to instrumentalize credit as a mechanism to force peasants to fulfill their legal obligation. Every year, a tobacco producer would borrow twice from the bank. He used the first loan to finance the cost of planting tobacco on the field, and his family's living expenses until the time of the harvest. At that point, he would borrow for a second time, using his crop as collateral. He then used the new loan to finance the processing of his product, and the family's consumption until the date of the sale. This second loan would be released to the peasant in two installments.<sup>511</sup> In September of 1936, the central headquarters of the ABG instructed the local branches to make the beginning of the processing of tobacco a condition for the release of the second installment.<sup>512</sup> After another circular letter from October 1939, the policy became tougher: only a third of the total sum was to be released upfront. The remaining

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510 Kritikos, "Agricultural Settlement of Refugees. Mazower, *Greece and the Inter-War Crisis*, ch. 9.

511 Circular letter, 10/10/1933, Αρχείο ΑΤΕ, Σειρά Εγκύκλιοι και Διαταγαί, ΙΑΠΙΟΡ.

512 Circular letter, 9/10/1936, Αρχείο ΑΤΕ, Σειρά Εγκύκλιοι και Διαταγαί, ΙΑΠΙΟΡ.

two thirds would be released not upon the beginning of primary processing, but after its completion.<sup>513</sup>

Like the ABG's credit policies, the legislation on primary processing became tougher under Metaxas. Since 1927, the existing regulations had been neither fully implemented nor reformed by subsequent legislation. In 1938, law 1193 tightened the requirements regarding primary processing. The law regulated, in considerable detail, how, and by which date, each variety of tobacco from each region had to be processed; the maximum size of each type of package, and the date after which no more tobacco could be sold to the merchants. Most importantly, the law specified that tobacco leaves had to be divided into three different categories, depending on their quality. The first two categories, called *maxouli* and *refouzi*, were suitable for sale. The third one was considered unsuitable for trade, and had to be destroyed under the supervision of a state official. The law mandated fines and prison sentences for noncomplying peasants and buyers, as well as for negligent state officials in charge of the supervision. The law also gave multiple offices the authority to conduct inspections, and to report on peasants that would not meet the mandated deadlines.<sup>514</sup>

Even though the crux of law 1193 was to require peasants to package the *maxouli* and *refouzi* leaves separately, there was an interesting exception clause. If the tobacco was sold early in the season, i.e. by November 25, the peasant could sell it in the *seira-pastal* format. This method of processing did not require the distinction between *maxouli* and *refouzi*. Without a doubt, the legislator included this escape clause with the German cigarette industry in mind. According to a 1937 letter from TRI researcher Thalēs Andreadēs, and a number of participants in a tobacco conference that year, the German industry preferred the *seira-pastal* method.

Further downstream the value chain, this type of primary processing made the cheapest forms of

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<sup>513</sup> Circular letter, 10/21/39, Αρχείο ΑΤΕ, Σειρά Εγκύκλιοι και Διαταγές, ΙΑΠΙΟΡ.

<sup>514</sup> Law 1193/1938.

commercial processing easier. The Germans would buy packages containing a variety of qualities anyway. Therefore, having the peasants refine their classification at the stage of primary processing was of no particular use to them. In contrast, American firms preferred a product with a higher degree of quality and homogeneity.<sup>515</sup>

By allowing the *seira-pastal* method under certain circumstances, the Greek government intended to strike a balance between two conflicting priorities. On the one hand, there was the need to cater to the German preference for cheaply processed tobacco. On the other, it was necessary to safeguard the quality of the product in the long run, and give peasants a stronger footing to negotiate sale prices at times of low international demand. In other words, the Greek dependency on tobacco exports to Germany limited the extent to which policy makers could favor quality and peasant incomes at the expense of overall processing costs.

To fully understand the socio-political forces that gave shape to tobacco policies in this period, it is not enough to simply look at the legislation passed under Metaxas. After all, similar legislation had been in place for thirteen years by 1938. One also needs to examine the unequal distribution of the costs involved in the enforcement of these policies. Widespread enforcement started in 1938, supported by closer surveillance and punishment of peasants. A dossier of legal and administrative documentation related to the requirement on primary processing kept at the archive of the TRI is quite revealing in this regard.<sup>516</sup>

The dossier was put together by the Ministry of Economy as a guide for the use of all state offices involved in the enforcement of regulations on tobacco. It contained the relevant legislation, the introductory reports to the bills that resulted in such legislation, as well as circular letters regarding its concrete implementation. The documentation does not make any references

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515 Andreadēs to League of Offices for the Protection of Greek Tobacco, 1937, 262 Διοικ. 18.01 Αρχείο του Καπνολογικού Ινστιτούτου Νομού Δράμας, folder 1700, GAK Drama.

516 Dossier kept in 262 Διοικ. 18.01 Αρχείο του Καπνολογικού Ινστιτούτου Νομού Δράμας, folder 1296, GAK Drama.

to the insufficient equipment available to peasants. Instead, non-compliance is explained on the grounds of the peasants' purported ignorance, or unwillingness, to carry out the primary processing as required by law. A circular letter from November 6, 1939 explained how the government would increase compliance, using the following language:

Since, as it became apparent during the first application of the law, a considerable number of peasants did not sufficiently understand their duty in regard to this new requirement, there is the need to inform them over and over, and in all sorts of ways, that the fate of a measure of such importance cannot be left to the mercy of their caprice. Instead, the State, with its understanding of the real general interest of the tobacco producing class and of the sector, will enforce compliance upon violators through legal means.<sup>517</sup>

Interestingly enough, at least twice during 1939, high-rank government officials ordered the regulatory agencies not to enforce the penalties that the law mandated for buyers. There would be neither fines, nor requisition of the goods. Only peasants were to be punished. Merchants were to be reported only if there was proof that they had promised a peasant to pay his fine for non-compliance. Even in such cases, however, the available evidence would be sent to the Ministry of Economy for further review. No office should undertake punitive action against the merchant without express instructions from above.<sup>518</sup> A measure that had been on the agenda for over a decade and had enjoyed the support of the representatives of all stakeholders in the tobacco industry was finally in effect. In theory, peasants stood to gain from the new state of affairs. However, in the absence of sufficient material support, the peasants were the ones who had to carry all the cost of its implementation at the risk of being punished.

The existing historiography on Greek tobacco has not paid much attention to the problematic issue of primary processing. Dankas' monumental work on the labor and political struggles of tobacco workers and peasants only describes what primary processing consisted of,

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517 Circular Letter from the Ministry of Agriculture, 1939, 262 Διοικ. 18.01 Αρχείο του Καπνολογικού Ινστιτούτου Νομού Δράμας, folder 1296, GAK Drama.

518 Telegram and circular letter from Apostolidis to Tobacco Tax Offices, 1939, 262 Διοικ. 18.01 Αρχείο του Καπνολογικού Ινστιτούτου Νομού Δράμας, folder 1296, GAK Drama.

but nothing more.<sup>519</sup> To be fair, the period covered in his study ends in 1928, i.e. before the shortcomings of the regulations and their implementation became apparent. Labrianidis does make reference to the imposition from above of elaborate forms of primary processing upon peasants, but he simply assumes away its implementation. He claims that the tobacco merchants were the instigators of this legislation, with the purpose of increasing the share of the overall production costs borne by the peasants.<sup>520</sup> As I have showed here, peasant organizations were in favor of the regulations provided that they were accompanied with sufficient support for upgrades. Furthermore, there were differences between trading firms regarding what type of primary processing they preferred.

The only historian who has dedicated any discussion to the issue of enforcement is Petmezas. He has pointed out the fact that the implementation of these policies was no simple matter, but he just explains that the reason why it was incomplete was that it went against the common practices of many merchants, especially the Greek merchants that worked independently.<sup>521</sup> I have shown that it was rather the material constraints that posed an important obstacle to the enforcement of the regulations. Furthermore, the historical record reveals that the way in which the policies did get implemented towards the end of the period was not influenced by the priorities of the independent free merchants. It was influenced by the preferences of the German cigarette industry, at least if we are to judge from the exemptions allowed by the 1938 legislation. As I explained in the previous chapter, speaking of the German cigarette industry in the 1930s is speaking mainly of Reemtsma. The formally independent, yet *de facto* dependent, merchants that provided Reemtsma with raw material were the most interested in the simple forms of primary processing.

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<sup>519</sup> Dankas, *Recherches*, 50.

<sup>520</sup> Labrianidis, "Industrial Location in Capitalist Societies," 156.

<sup>521</sup> Πετμεζάς, *Προλεγόμενα*, 229.

## **Rural Labor**

Economic activities require the right combination of natural resources, capital, and labor. In the case of tobacco production, speaking of labor means speaking about the rural population that tilled the land. As I have already mentioned, many tobacco farmers in interwar Macedonia and Thrace were recent arrivals from Turkey with no previous experience with the crop. Knowledgeable tobacco peasants who had been classified as Bulgarians or Turks had left their places or residence, causing a loss of agricultural know-how.<sup>522</sup> The newcomers could not automatically compensate for such loss. Many would have to learn by doing. ABG agronomist Phaidōn Altsitzoglou noticed the skill differential between different groups of refugees when he studied the region around Xanthi. He observed that one group of refugees who had come from the province of Aydin had become good tobacco producers, thanks to the fact that they had already been acquainted with the crop in their place of origin. Another group, who had settled nearby and arrived from Bursa, had no previous experience, and became less than effective tobacco producers.<sup>523</sup>

The peasant population of Greece was organized in communities and familial arrangements of different kinds. The structural diversity that one could encounter in rural settlements and households was related to the equally diverse set of economic activities that took place on the Greek countryside. It was also related to the diverse geographic origins of populations that migrated into, or within Greece, at different times in the previous decades.<sup>524</sup> The place of tobacco in a familial economy could range from representing the main source of income throughout multiple generations, to being just an occasional supplemental crop whenever the peasants anticipated high prices.

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522 Αλτσιτζόγλου, *Οι γιακάδες και ο κάμπος*, 231-234.

523 Αλτσιτζόγλου, 48, 84.

524 Καραβίδα, *Αγροτικά*.



In the interwar period, the agricultural policies targeting tobacco production privileged the economically self-sufficient nuclear family as the by-default model household. The centrality of the familial model does not appear explicitly stated in the sources, which often refer to the tobacco producer (*καπνοπαραγωγός*) as both an economic subject, and an object of policy. If mentioned at all, the family appears on the background, as an economic asset available to the peasant. However, credit policies, cultural campaigns, as well as restrictions on the allocation of land for tobacco production reinforced the prevalence of the nuclear family model. The ideal family would not just present a specific structure, but also direct its efforts toward economic self-sufficiency through the diversification of land use, moderate spending, and the habit of making bank deposits.

Ideally, the labor power of the family should suffice to produce, harvest, and process the tobacco without resorting to wage labor sources from outside the family. The more work was carried out without the need of cash payments, the lower production costs would be. It was therefore imperative to discourage peasants from planting more tobacco than a family could handle on their own, especially if that involved renting additional land. Like wages, rent payments increased production costs. These considerations shaped the views of agronomists and policy makers from this period. D. Argyroudēs, for instance, argued for the adoption of practices that reduced the family's dependence on hired labor. He recommended not to plant all the tobacco seeds on the same day. Planting a part of the seedbed, and then waiting a few days before planting the next part would prevent all seedlings from maturing at the same time. This way, there would be no need to hire workers to transplant all seedlings in a timely manner.<sup>525</sup> I. Mantzikos, a high-ranking staff member of the Ministry of Agriculture in the district of

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<sup>525</sup> Αργυρούδης, “Επί του καπνοπαραγωγικού.”

Rhodope, called for outright state intervention to limit how much land a family could plant with tobacco.<sup>526</sup>

The ABG's lending policies were explicitly aimed at promoting the familial model of tobacco production. In 1932, at the height of the overproduction crisis, the bank's headquarters instructed the branches to grant loans only to the "systematic cultivators, to the dedicated, hard-working peasants who engage themselves and their families in the cultivation of tobacco;" not to those who practice tobacco cultivation "as an enterprise" ("ως επιχείρησιν"), or those who would cultivate too much land.<sup>527</sup> From the point of view of the ABG, the self-sufficient family was more than just the building brick of a well-functioning rural economy, or the most efficient form of organizing tobacco production. Such a family also made it easier to manage the credit flow. The existence of a go-to head of the family was a practical necessity when it came to financing tobacco through loans.

Tobacco was, by far, the crop that received the largest amount of ABG credit in the form of loans collateralized with a year's harvest. For instance, in 1935 and 1936, tobacco absorbed 67.19% and 74.47% of all collateralized short-term loans respectively.<sup>528</sup> The pawned tobacco would not be stored on the bank's premises until the peasant returned the loan, as was the common practice with other crops. Instead, the peasant would keep the tobacco while the bank only kept documentation attesting to its claim to the tobacco in case of default. This policy allowed the peasant to carry out the primary processing, and receive visits from interested merchants. In the first years of the ABG's existence, one common way for peasants to trick the bank into granting more credit than strictly necessary was to divide the tobacco crop among different family members. That way, one single family would get more than one loan. The

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526 Μαντζίκος, "Επί του καπνοπαραγωγικού."

527 Circular letter, 4/16/32, Αρχείο ΑΤΕ, Σειρά Εγκύκλιοι και Διαταγαί, ΙΑΠΙΟΡ.

528 Αγροτική Τράπεζα της Ελλάδος, *Απολογισμός του έτους 1936*, 23.

Ministry of Agriculture addressed this problem by restricting the right to apply for collateralized loans of this kind to heads of family only.<sup>529</sup>

Another trick common among the customers of the ABG was to have a different member of the family request the cultivation permit each year. That way, the harvest of a year could not be requisitioned by the bank to pay off the previous year's, i.e. another family member's, debt. The Ministry tried to tackle this problem by instructing the communities to only issue cultivation permits to heads of families. The bank continued to experience difficulties despite this legal stipulation, since community presidents would sometimes issue permits to other family members as well.<sup>530</sup> As long as the community presidents owed their position to the same people who applied for tobacco permits, regulations of this kind were difficult to enforce.<sup>531</sup>

The Metaxas regime inscribed the familial mode of tobacco production in the law. First in Thrace with law 706/1937,<sup>532</sup> and then for the whole country with law 981/1937,<sup>533</sup> the Greek authorities established that only those who had grown tobacco the previous year with their own work, and that of their family members would be allowed to plant tobacco in the new season. Families that had not grown tobacco in 1937, but had done so for a minimum number of years since 1932, would also be allowed. Those willing to grow tobacco by only providing the capital to hire workers would be able to do so under very specific circumstances: they should have planted tobacco the previous year, and also for four of the five years between 1931 and 1936. They should own the land to be planted, and have the right facilities for growing, processing, and storing the tobacco. This measure excluded many urban capitalists from renting land to plant tobacco on at times of high prices.

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529 Circular letter, 12/10/32, Αρχείο ΑΤΕ, Σειρά Εγκύκλιοι και Διαταγαί, ΙΑΠΙΟΡ.

530 Circular letter, 5/30/35, Αρχείο ΑΤΕ, Σειρά Εγκύκλιοι και Διαταγαί, ΙΑΠΙΟΡ.

531 This conflict of interests was pointed out by D. Sēmaiopoulos, the highest ranking official of the Tobacco Tax Offices (Εφορίες Καπνού) in 1937 (*Καπνική Σύσκεψις Καβάλλας*, 96).

532 Law 706/1937.

533 Law 981/1937.

Preventing town dwellers and peasants not systematically involved in tobacco production to do so occasionally as “entrepreneurs” (“επιχειρηματίες”), as they would be called, was not only a matter of doing away with one layer of production costs. From the point of view of policy makers, it was also necessary in order to push agricultural wages down. Whenever town dwellers decided to move into tobacco production as absentee landlords, the demand for wage laborers would increase. Higher wages would hurt the peasant families that hired workers in the three periods of the year that required additional hands.<sup>534</sup> Those were the time when seedlings were transplanted from the seedbed to the field, the time of harvest, and the period of primary processing. The peasants would have to pay more to produce tobacco, and also compete with the tobacco that capitalists would put in the market. Multiple agrarian organizations demanded in 1937 that the “entrepreneurial” production of tobacco be completely banned.<sup>535</sup> In the event, the legislation passed later that year did not go as far. However, judging from the decrease in land cultivated with tobacco in 1938 after a year of good prices (Graph 5.06), we can say that the restrictions did have some effect.

Tobacco’s high production costs were not the only factor that could undermine the viability of the family-centered model. The other one was underemployment. Using most of one’s small plot of land to grow tobacco meant that the family’s labor power remained idle for long periods every year. One way to reduce exposure to low tobacco prices was to diversify a family’s sources of income. This was the position held by experts and policy makers such as Argyroudēs, and representative of the Ministry of Agriculture in Rhodope Iōannēs Mantzikos.<sup>536</sup> Unfortunately, the options were quite limited in Macedonia and Thrace. The increased

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534 Αλτσιτζόγλου, *Οι γιακάδες και ο κάμπος*, 254-259.

535 These organizations were the Unions of Agricultural Cooperatives of Kavala and Pangaio, and the Chamber of Agriculture of Kavala. *Καπνική Σύσκεψις Καβάλλας*, 107-112.

536 Lecture by D. Argyroudēs, 1953, 262 Διοικ. 18.01 Αρχείο του Καπνολογικού Ινστιτούτου Νομού Δράμας, folder 1028, GAK Drama; Μαντζίκος, “Επί του καπνοπαραγωγικού.”

demographic pressure over the northern Greek countryside reduced the opportunities for transhumant animal husbandry, timber cutting, or employment as wage laborers. Because of the small size of most plots, there was also limited capacity to grow additional crops on the margins of one's land.

Some peasants would find seasonal employment in the urban centers where tobacco underwent commercial processing before its export, although these opportunities had also become more scarce.<sup>537</sup> The jobs in that node of the value chain were under threat, as I explain in chapter 7. Interestingly enough, many of the “entrepreneurs” that would occasionally grow tobacco in times of high prices were urban tobacco workers who would also seek a supplement to their often meager, insecure income. The case of tobacco exemplifies two features that historian Antōnēs Liakos has identified as characteristic of Greece's social structure in the nineteenth and early twentieth centuries: the blurry line between urban and rural population, and seasonal migration in search of work.<sup>538</sup>

Seasonal migration flows of the type described above were seriously altered by the arrival of the refugees. There was a surplus of labor both in the towns and on the countryside, while the demographic safety valve of emigration to America had been virtually eliminated since 1921.<sup>539</sup> We encounter one example of the effects of increased demographic pressure in the redistribution of land resources in the villages of the Prōtos Giakas area, Rhodope. Before the arrival of the refugees, there was some wheat production in all the villages. In many of them, the partition of land and its allocation for refugee settlement put an end to wheat production. All the refugees preferred to grow tobacco in their small plots. In fact, when tobacco prices were high in

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537 Καπνική Σύσκεψις Καβάλλας, 209-215.

538 Liakos, “Formation of the Greek Working Class.”

539 Mazower, *Greece and the Inter-War Crisis*, 19-41.

the first years after their settlement, the refugees uprooted the fruit trees and vineyards that existed there before their arrival.<sup>540</sup>

In his study on the rural economy of the Xanthi area, agronomist Phaidōn Altsitzoglou argued that only a substantial increase in land productivity would solve the monoculture problem. He proposed that peasants receive more support from the ABG in order to prepare their soil better, using fertilizers, ploughing, and water. More productivity would mean more capacity to liberate part of one's land for other crops.<sup>541</sup> A manual published by Metaxas' fascist National Youth Organization (Εθνική Οργάνωσις Νεολαίας) on Greece's agriculture proposed that tobacco producers grow vegetables and wheat, and breed animals in order to reduce their dependence on the cash generated by their tobacco crop.<sup>542</sup>

One of the initiatives that the ABG undertook to help tobacco peasants diversify their sources of income was to promote the production of tobacco seed oil. By the mid-1920s, the Tobacco Offices and some agricultural cooperatives had become aware of the suitability of such oil for soap manufacturing.<sup>543</sup> In 1936, the ABG, the Ministry of Agriculture, and the Seed Oil Industry Association (Σύνδεσμος Σπορελαιοβιομηχάνων) started a program through which the ABG purchased approximately 375 tons directly from the peasants' homes. Since the peasants would normally discard the seed, the ABG had to take on the task of educating them about its market potential. According to the bank's yearly report, "[t]he most important part of this affair is that it aroused the interest of women and children, and the weak in general. In the harvesting of tobacco seed they saw a great way to fill their pockets."<sup>544</sup>

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540 Αλτσιτζόγλου, *Οι γιακάδες και ο κάμπος*, 248-254.

541 Αλτσιτζόγλου, 483-485.

542 Εθνική Οργάνωσις Νεολαίας, *Η Γεωργία στην Ελλάδα*, 12.

543 "Η Έν. Γ. Συνεταιρισμών και ο καπνόσπορος," *Μακεδονία*, October 6, 1929'' "Ο κ. Σπυρίδης εις το Γ. Π. Καπνού," *Μακεδονία*, September 17, 1929.

544 Αγροτική Τράπεζα της Ελλάδος, *Απολογισμός του έτους 1936*, 39.

Tobacco seed oil production eventually developed to some extent in Greece, and in fact helped alleviate to a limited degree the catastrophic shortage of food that the country suffered under the Axis occupation.<sup>545</sup> Nevertheless, by itself this new economic activity could not solve the underemployment problem on the Greek countryside in the interwar period. The destruction caused by World War II and the Civil War made things even worse. In the early 1950s, a report penned by a series of authorities in the field (the heads of the TRI, the ABG, and of the newly created National Tobacco Agency among them) pointed at underemployment and limited access to alternative sources of income as one of the main problems that tobacco producers still faced.<sup>546</sup>

From the point of view of the experts and decision makers in charge of interwar Greece's agricultural policy, solving the tobacco question was not only a matter of improving the peasants' access to credit, upgrading their equipment, or regulating how they worked. They also considered that the peasant way of life needed significant cultural and ethical improvement. In the sources, we encounter multiple references to profligate spending, and to selfish, opportunistic behavior that disregarded the common good. The peasants' uplifting from poverty would require their enlightenment with regard to the need to save money, and from coming to see themselves as components of a wider, national economy.

A term that one often encounters in the sources is the *spirit of saving* (*αποταμιευτικό πνεύμα*). A less awkward translation of the term into English could be *disposition toward saving*. The ABG's central offices repeatedly encouraged its local branches to spread the disposition toward saving among peasants, rallying the support of cooperative leaders, priests, and school teachers if necessary. The months when the merchants would make their purchases were

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545 Cooperative of Employees of Tobacco Trading Firms to Autonomous Provisioning Service of Macedonia, 1942, ADM003 Αρχείο Αυτόνομης Υπηρεσίας Επισιτισμού Μακεδονίας, items 48 and 49. IAM.

546 Report for Mr. Zolōtas, 262 Διοικ. 18.01 Αρχείο του Καπνολογικού Ινστιτούτου Νομού Δράμας, folder 948, GAK Drama.

considered the best time for campaigns of this sort.<sup>547</sup> The perceived need for peasants to get into the habit of saving in the form of bank deposits was not limited to tobacco producers. However they were considered a particularly problematic population. Representative of the Ministry of Agriculture in Drama N. Kanasis accused tobacco producers of making short-sighted, irresponsible use of the credit that ABG made available to them. He spoke of the “peasant’s psychology” as conducive to spending all the money available at any given time, without any willingness to plan for the future.<sup>548</sup> Agronomist Altsitzoglou spoke of the need to spread “the spirit of good home management and saving” as a necessary step towards solving the problem of excessive indebtedness in the tobacco villages of Rhodope.<sup>549</sup>

That the analysis of experts and state officials made of the economic predicament of tobacco producers included cultural-psychological explanations should not surprise us. Blaming the poor has been a common way to explain poverty in a variety of contexts. From our own vantage point, it is difficult to assess the extent to which tobacco producers had a propensity for saving or spending. We do know, however, that purchasing additional land or animals were forms of saving that did not fit the ABG’s agenda. Be that as it may, such saving mechanisms became less readily available as the demographic pressure on northern Greece’s countryside increased.<sup>550</sup> Furthermore, we could speculate whether peasants thought of acts of apparent conspicuous consumption such as expensive weddings, which Altsitzoglou denounced as a waste of money, as forms of investment in social capital. Marriage in interwar rural Greece was a matter of great economic importance. In the tobacco villages around Xanthi, weddings often took place soon after the monetization of the year’s crop. That villagers would spend their money in

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547 Circular letters, 5/8/30 and 11/12/30, Αρχείο ΑΤΕ, Σειρά Εγκύκλιοι και Διαταγαί, ΙΑΠΙΟΡ.

548 Κανάσης, “Επί του καπνοπαραγωγικού.”

549 Αλτσιτζόγλου, *Οι γιακάδες και ο κάμπος*, pp. θ-ι.

550 Αλτσιτζόγλου, *Οι γιακάδες και ο κάμπος*, 135.



expensive weddings right after getting their hands on it left Altsitzoglou somewhat disappointed.<sup>551</sup>

Setting aside the question of how much money tobacco producers actually spent or saved, it is interesting to note that the process of internal expansion of state institutions into the agricultural production of tobacco had a cultural component. Not only were peasants to apply specific methods and use their labor in specific ways for their own good. They were also expected to learn how to manage their finances, and understand that their own financial uplifting was connected to that of the nation. That is, at least, what we gather upon examination of the language used within state agencies. Minister of Agriculture A. Apostolidis, for instance, wrote in 1938 the following about the enforcement by state officials of the regulations on primary processing:

[T]he educational role of the officials of the Tobacco Tax Offices ... is of no little importance. Officials must therefore seek to get in close contact with the tobacco producers, and educate them so that they understand the greatness of these measures, as well as the direct economic interest that producers have [...]. The prestige and the appeal that tobacco officials have already achieved among the tobacco producers [...] must be used to convince the latter of the benefit that will result, without a doubt, from this new [policy] for themselves, as well as for the State, and our National Economy.<sup>552</sup>

### **Conclusions: State-Led Upgrading with Insufficient Capital**

The history of the agricultural production of Oriental tobacco in northern Greece is one of peasants turning to this particular crop in the absence of viable occupational alternatives. It is also one of government offices struggling to incentivize upgrades in the absence of private investment. The Tobacco Offices and the TRI were able to increase the amount of technical knowledge available to policy makers and peasants. Unfortunately, the ABG failed to provide enough credit for the upgrades that these offices proposed, as in the case of drying barns and

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551 Αλτσιτζόγλου, 44-45.

552 Circular letter from the Minister of Agriculture Apostolidis to Tobacco Tax Offices, 1938, 262 Διοικ. 18.01 Αρχείο του Καπνολογικού Ινστιτούτου Νομού Δράμας, folder 1296, GAK Drama.

warm seedbeds. It also failed to monopolize the agricultural credit market. The continued participation of commercial banks and private moneylenders, in combination with an ineffective system of cultivation permits, often made it possible for peasants to grow tobacco at will, regardless of any efforts made by the state to limit overproduction.

The ABG attempted to incentivize compliance with the regulations on primary processing by making it a condition for accessing credit. Such attempts were also trumped by the existence of alternative sources of credit. Only after 1937 do we see a more strict enforcement of the regulations on primary processing and tobacco cultivation. The latter was achieved through the surveillance and punishment of non-complying peasants, in combination with exceptions regarding the *seira-pastal* method. Such exceptions, granted to accommodate the German cigarette industry, exemplify how dependency on German demand limited the viability of product upgrades that could have improved the quality of Greek tobacco, as well as its shelf life while in the hands of the peasant.

The policy of capping tobacco cultivation after a year of high prices was effective only in 1938, after the Metaxas government explicitly banned “entrepreneurs” from growing tobacco. Much like in the case of primary processing, the new restrictive and punitive measures were not accompanied with substantial assistance so that the peasants could either diversify their sources of income (functional upgrading), or build the facilities needed for more elaborate forms of primary processing (process upgrading).

Despite all the shortcomings and partial successes that I have described in this chapter, the know-how that Greece’s growing specialized personnel (TRI scientists, agronomists and commercial advisers of the Tobacco Offices and the ABG) produced and disseminated would not go to waste indefinitely. After World War II, new institutions such as the National Tobacco Agency, the nation-wide tobacco cooperative SEKE, or state-owned cigarette manufacturer

SEKAP would not appear in a vacuum. The increased availability of state resources would allow for the implementation of upgrades that had first been proposed in the interwar years. In the shorter term, by the time that Greece entered World War II, the regulation, financing, and supervision of tobacco production had already become a nexus between a financially precarious peasant population, and a state apparatus aimed at turning them into the protagonist of Greece's economic recovery.

## VI. Primary Purchasing

The term primary purchase refers to the acquisition of agricultural products directly from the producer. In the case of Oriental tobacco, as I briefly discussed in chapter 3, merchants would visit the peasants' premises and buy the tobacco on site. The basic procedures that buyers followed in the interwar period did not differ much from the pre-WWI years. Tobacco merchants and their agents continued to take advantage of the financially weakest peasants to "open" the market. They also continued manipulating market information in order to push prices down. What did change substantially in the interwar period was the institutional environment in which these transactions took place.

Despite the continuities that we observe in terms of product search and contract negotiation, in the interwar period three important changes took place in this node of the value chain. First, a series of large foreign firms, most notably the German cigarette industry and several state monopolies, changed their strategies for sourcing raw material. Instead of buying tobacco that was already in the hands of merchants and ready for long-distance transportation, they started to contract their buying programs with firms that would then source the tobacco in the primary market. Second, the Greek government set a regulatory framework around primary purchasing with the goal of reducing transaction costs. Third, the crisis of the early 1930s left large amounts of unsold tobacco in the hands of Greek peasants, which the state would have to buy in an unprecedented interventionist move. This decision made the state the target of claims formulated by increasingly vocal stakeholders: the agricultural co-operatives, labor unions, and business organizations.

In the Ottoman empire and pre-WWI Greece, the primary purchasing of tobacco destined for export was a matter between private parties, as long as everyone paid his taxes. By the end of

the interwar period, Greek state authorities would intervene in multiple ways in the interaction between the peasant and a merchant who, unlike in earlier times, was now likely to be operating the commissioned agent of a large firm.

### **Old Practices, New Framework**

As I mentioned in chapter 4, a 1925 report from the Tobacco Merchant Association of Macedonia and Thrace stated that 80% of tobacco exports from Greece were already in the hands of fifteen foreign firms, in which Greek capital had limited participation. These companies, some of which were state monopolies, would send their own employees to buy tobacco in the villages. Others would either make their purchases in the secondary markets of cities like Kavala, Drama, or Salonika, or place orders with formally free merchants that would then make the necessary primary purchases. There were also firms that resorted to a combination of these strategies during the buying season. For instance, American exporter Glenn Tobacco engaged in direct purchases on the primary market, but there are also records of both sales and purchases on secondary markets made by this company in Greece.<sup>553</sup> Judging from the news about the developments of the tobacco market that appeared in the periodicals of the Tobacco Offices, it is not possible to make clear-cut distinctions between the types of companies that were active in this market. The data do not allow us to figure out the number of intermediaries that were involved in the commodity chain either, nor the degree of independence that these intermediaries had. One merchant could, in the same season, make purchases on his own account and also fulfill orders from another company.

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553 There are references to primary purchases in the Xanthi area in “Η καπνική κίνησης εις την περιφέρειαν Ξάνθης κατά το 1928,” *Δελτίον του Γραφείου Προστασίας Ελληνικού Καπνού Καβάλλας*, March 1929. Secondary purchases are documented in “Καπνεμπορική κίνησης,” *Δελτίον του Γραφείου Προστασίας Ελληνικού Καπνού Καβάλλας*, December 1926; “Καπνεμπορική κίνησης,” *Δελτίον του Γραφείου Προστασίας Ελληνικού Καπνού Καβάλλας*, July 1927. Finally, there is a reference to negotiations for secondary purchases in Komotini in “Καπνεμπορική κίνησης,” *Δελτίον του Γραφείου Προστασίας Ελληνικού Καπνού Καβάλλας*, August 1927.

We lack comprehensive quantitative data on how much tobacco was being bought and sold and by whom. However, based on the available qualitative evidence, it is clear that the share of the market dominated by free merchants trading on their own account was in decline. A parliamentary committee that studied the state of the Greek tobacco market reported in 1930 the following about such decline:

The tobacco merchants that were active until recently are going out of business and ... their only options are to either become employed by the growing cigarette industry, or to work at the level of agricultural production, the economic organization of which can provide them with profitable activity as technical consultants.<sup>554</sup>

The cigarette industry was indeed growing both at home and abroad, as was the range of managerial and consulting positions related to tobacco policy in Greece. Let us, however, stay focused on the international leaf market for now. A very important factor in the displacement of these merchants was the increasing concentration of the German cigarette industry. As I have already mentioned, in the interwar period Germany was the largest consumer of tobacco exported from Greece (Graph 6.01), Turkey, and Bulgaria.<sup>555</sup> By 1929, only two groups combined, Reemtsma and Haus Neuerburg, had cornered over 70% of the German cigarette market.<sup>556</sup> Most importantly, these firms started making large-scale contracts with suppliers that would then buy large amounts of tobacco on the manufacturers' account.

Haus Neuerburg, which represented approximately 25% of the sales market in Germany, appointed Greek merchant Grēgorios Grēgoriadēs as purchasing representative for the eastern Mediterranean.<sup>557</sup> Reemtsma started working with Swiss tobacco trading firm Hermann Spierer in 1922.<sup>558</sup> Some years later, Reemtsma switched to Hamburg-based Jewish merchant

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554 Μπακαλμπάσης, *Γενική Εισήγησις*, 12.

555 In 1937, Germany absorbed 45.5% of Bulgaria's tobacco exports, and 41.% of Turkey's. Wendt, "England und der Drang nach Südosten," 499-500.

556 "Η κίνησις εις το εξωτερικόν," *Δελτίον Γραφείου Προστασίας Ελληνικού Καπνού Καβάλλας*, May 1929.

557 "Καπνεμπορική κίνησις," *Δελτίον Γραφείου Προστασίας Ελληνικού Καπνού Καβάλλας*, May 1929.

558 Jacobs, *Rauch und Macht*, 74-75.

Zellermeyer as its main supplier.<sup>559</sup> In 1935, Zellermeyer was still representing Reemtsma on the Greek market.<sup>560</sup> When the suppression of Jews in the German economy made it impossible for Zellermeyer to continue operating, Greek merchant Stylianos Voivodas replaced him.<sup>561</sup>

The tobacco monopolies of Austria, Czechoslovakia, Romania, Italy, Poland, France, and Sweden started making purchases in the urban markets of northern Greece in this period. There is no evidence, however, of direct primary purchases. Instead, the monopolies would send representatives to purchase tobacco ready to be exported, or publish a call for offers specifying how much tobacco they wanted from each type and quality.<sup>562</sup>

Part of the reason why a new institutional framework became necessary for the correct functioning of primary purchasing was the weakening of the pre-WWI system of rural credit. Before the expansion of formal banking and state authority into this node of the value chain, merchants would use monetary advances and communally enforced norms to exert control over the primary market. Merchant Aladar Ottai, whom we encountered in chapter 3, explained in his lecture at the Rotary Club in Sofia that there were no written contracts involved. He described communal mechanisms of trust preservation as follows:

This trust extended itself throughout the country's tobacco-producing areas. Whenever a producer wanted to trick a merchant by hiding the bad part of his produce during the visit, his neighbors would betray him to prevent that one producer from harming the whole village's reputation.<sup>563</sup>

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559 There are multiple mentions of purchases made by Zellermeyer from merchant N. Kougioumtzoglou between August and October of 1930 on Reemtsma's account. They appear on the front page of *Δελτίον του Γραφείου Προστασίας Ελληνικού Καπνού Καβάλλας*, August 1930; September 1930, and October 1930.

560 A large purchase made by Zellermeyer is recorded in Ministerial Act "Περί πωλήσεως καπνών εις Σ. Λ. Τσελλερμάγιερ."

561 Letter to Special Court for Collaborators, 1945, JUS-013 Ειδικό Δικαστήριο Δοσιλόγων, folder 871, item 8, IAM.

562 Examples of these practices appear in "Καπνεμπορική κίνησις," *Δελτίον του Γραφείου Προστασίας Ελληνικού Καπνού Καβάλλας*, October 1930; "Διάφορα ζητήματα," *Δελτίον καπνού*, December 1932; "Καπνοπαραγωγική κίνησις," *Δελτίον καπνού*, January 1936.

563 Ottai, *Geschichte der orientalischen Tabakkultur*, 11.

Monetary advances gave merchants the right to make the first offer to a peasant after the harvesting and primary processing of the tobacco. In the absence of written documents, the peasant's need to maintain a good reputation made it easier for the merchant to enforce his right to buy the tobacco for which he had given an advance. Furthermore, this informal control mechanism allowed him to buy at a lower price. Altsitzoglou explains that there was an unwritten rule according to which the peasant should offer his tobacco at a lower price to the merchant that had given him the advance. If he refused to do so, the other merchants would find out. No one would ever again give that peasant the advance that he needed to sustain himself and his family until the time of the sale.<sup>564</sup>

The sources that I have examined offer no explanation as to why these enforcement mechanisms, often referred to simply as trust, became less effective in the interwar period. There is, however, consistency among the sources written by merchants in pointing out the erosion of these communal ties. For instance, in his ambitiously broad study of the state of Greece's tobacco market, published in 1928, first TMFG Secretary General Achilleas Mantzarēs stated the following about the need to regulate primary purchases through legislation:

Another important question requiring urgent regulation is the relationship between producer and merchant during the purchasing of tobacco. Until recently, such relations have been regulated by the mutual trust between the parties, which unfortunately is no longer such as to constitute the norm upon which to the sale of tobacco can continue to be based. Many issues come up ... which seriously harm both producers and traders, and contribute to a lack of the necessary trust and honest co-operation between the two classes.<sup>565</sup>

According to the aforementioned merchant Aladar Ottai, the trust between peasants and merchants was lost after the Balkan Wars because of the proliferation of profiteers on the tobacco market. Whenever demand was high, they would offer exorbitant sums to the peasants, and convince them to sell tobacco for which someone else had already made an advance. When

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<sup>564</sup> Αλτσιτζόγλου, *Οι γιακάδες και ο κάμπος*, 335-340.

<sup>565</sup> Μάντζαρης, *Τα καπνά μας*, 157.



demand was low, they would first make an advance. Later, at the time of picking up the tobacco, they would discard unreasonable amounts of it, claiming that it was in bad condition. Peasants would also engage in opportunistic behavior at times of high demand. If they felt that they had been mistreated the previous year, they could put stones, dirt, or dung inside the tobacco bales and, if the merchant refused to buy all of it, they would keep the advance and sell the tobacco to someone else.<sup>566</sup> Unfortunately, neither Ottai nor anyone else explains why opportunistic behavior became pervasive after the Balkan Wars.

A plausible explanation for the increasing uncertainty in the tobacco market is that the recent demographic shifts, and the overall growth of tobacco trade was bringing together new market actors who might not engage in repeated transactions in the future. In that context, there is less of an incentive to protect one's reputation, let alone that of one's neighbors. Regardless of the causes, mediation in cases of "differences between producers and merchants," as this problem is often referred to in the sources, was one important field of activity for the Tobacco Offices.

One of the first innovations that the Tobacco Offices promoted after their establishment was the use of written contracts. They started doing so in 1928 by proposing a bill that was eventually passed as law 4672 of 1930.<sup>567</sup> The law required that, for a primary purchase of tobacco to be valid, both parties had to fill out, and sign two copies of a contract. In addition to the amount of tobacco and its price, the contract should specify the tobacco variety, the method of primary processing, the amount advanced to the seller, and the deadline for picking up the goods. The goal was to prevent disagreements between buyers and sellers that might pose obstacles to the absorption of Greek tobacco by the market, and the normal circulation of credit.

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<sup>566</sup> Ottai, *Geschichte der orientalischen Tabakkultur*, 11.

<sup>567</sup> Law 4672/1930. On the role of the Tobacco Offices as promoter of the law, see *Καπνική σύσκεψις*, 151-156.

The law also established a simplified judicial procedure for sorting out whatever conflict continued to arise between buyers and sellers despite the new regulations.

In the absence of the traditional informal mechanisms of contract enforcement, both the buyer and the seller were exposed to *a posteriori* opportunistic behavior by the other party. As the Salonika Tobacco Office explained in its bulletin, the peasant could sell his tobacco to another merchant and not return the advance. This could, in turn, motivate the first merchant to turn to other peasants that had already sold their tobacco, offer them more money, and so on.<sup>568</sup> The consequences would be disproportionately high prices at times of high demand, as well as countless lawsuits. Peasants were also exposed to serious risks if the merchant failed to comply with the terms agreed on. In fact, they were the most vulnerable side given their chronically precarious financial situation. The standards set in law 4672 should have taken care of most of these problems, but they did not.

Since the passing of law 4672, the Tobacco Offices and the ABG had to repeatedly remind tobacco producers and merchants that the law required two copies of the contract, and that one copy had to remain in the hands of the peasant. The merchants would often keep both copies of the contract, which *de facto* gave them the right to cancel the transaction at a later point.<sup>569</sup> They could also put pressure on the usually illiterate peasant to sign incomplete contracts, sometimes even blank forms. This also allowed the merchant to claim that the contract was invalid later on.<sup>570</sup> By then, the buying season could already be over, leaving the peasant unable to find another buyer.

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568 “Ρύθμισις και κατοχύρωσις των αγοραπωλησιών καπνού,” *Δελτίον Καπνού*, October 1928.

569 Circular letter, 12/18/34, Αρχείο ΑΤΕ, Σειρά Εγκύκλιοι και Διαταγαί, ΙΑΠΙΟΡ.

570 *Ibid.* Also see presentation by Lambros, director of the Kavala Office, at a tobacco congress in Kavala in 1937. *Καπνική Σύσκεψις Καβάλλας*, 151-156.

Throughout the 1930s, the Tobacco Offices and the ABG insisted on the need for both sides to comply with the procedure that the law established.<sup>571</sup> Furthermore, in order to tackle the difficulties that arose from the prevalent illiteracy among peasants, these agencies also recommended that either the village's mayor, a priest, or a school teacher be present at the time that the parties signed the contract.<sup>572</sup> Malpractice related to the written contract was so widespread that the Seventh Tobacco Producers' Congress of 1934 called for harsh sentences for merchants that failed to give the completed form to the peasant.<sup>573</sup>

Unfortunately, even in cases when the contracts met all the legal requirements, the peasants were still exposed to a merchant's opportunistic behavior. There were multiple calls for increasing the legal protection of peasants, notably from the Tobacco Offices' governing council, and the Director of the Tobacco Tax Offices (Efories Kapnou) D. Sēmaiopoulos.<sup>574</sup> They made the case for not allowing the option to set an undefined deadline for picking up the tobacco bales, and to force the parties to set a deadline within three months after signing the contract. The merchants could make the peasants wait for long periods of time before showing up to complete the transaction.<sup>575</sup> This could force the peasant, who was often saddled with growing interest payments, to accept a lower price than had been agreed upon originally. The proponents of increased peasant protection argued for allowing only peasants to declare a contract void based on technicalities. This would take an important mechanism of market manipulation away from the merchants' hands. The Tobacco Offices also requested that three copies of the contract,

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571 E.g. Circular letter, 12/18/34, Αρχείο ΑΤΕ, Σειρά Εγκύκλιοι και Διαταγαί, ΙΑΠΙΟΡ. Also "Ειδήσεις," *Δελτίον του Γραφείου Προστασίας Ελληνικού Καπνού Καβάλλας*, February 1930.

572 Circular letter, 12/18/34, Αρχείο ΑΤΕ, Σειρά Εγκύκλιοι και Διαταγαί, ΙΑΠΙΟΡ.

573 Proposal for the Creation of a Tobacco Agency, 1934, Α1S28Y1 Καπνός, folder 13, item 2/21, NBG.

574 "Διάφορα ζητήματα," *Δελτίον καπνού*, 21-22; Σημαιόπουλος, "Επί του καπνεμπορικού."

575 See speech by Tsiapakidis, representative of the tobacco producers of Drama at a tobacco congress in Kavala in 1937. *Καπνική Σύσκεψις Καβάλλας*, 170-174.

instead of just two, be produced. The third copy should be submitted to the ABG so that a well-trained employee could protect the peasant from abuse.

Unfortunately, none of these proposals came to fruition, and peasants remained at the mercy of multiple forms of *a posteriori* opportunistic behavior. However, law 4672 did establish some guarantees, at least when correctly enforced. The Tobacco Offices continued arbitrating conflicts of the types described above throughout the 1930s.<sup>576</sup> In addition, the Agricultural Bank played an important role in spreading the word among peasants that they had certain rights under the law when engaging in transactions with tobacco merchants. This kind of bureaucratic intrusion was not particularly welcome by merchant associations, which were able to curb it whenever it went beyond certain limits.

Whenever the tobacco was pawned with the ABG, the transfer of ownership from the peasant to the merchant required the written approval of an ABG employee. In 1932, the TMFG complained to the ABG's central offices that the employees of some of the bank's branches were objecting to purchase and sale contracts brought before them if the sale price was below the current market price. The bank's central headquarters soon instructed the branches to stop intervening in such fashion. The ABG employees were to simply process the transaction and transfer the title of property over the tobacco to its new owner. They were to object only if the sale price could not cover the peasant's debt to the bank, or if something indicated collusion by both parties to declare a lower price with the purpose of tax evasion.<sup>577</sup> One thing was facilitating the development of an impersonal, yet well-functioning tobacco market. Another thing, less acceptable in the institutional context of interwar Greece, was intervening directly in the market to increase the peasants' leverage vis-à-vis the merchants.

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<sup>576</sup> Καπνική Σύσκεψις Καβάλλας, 151-156.

<sup>577</sup> Circular letter, 5/8/32, Αρχείο ΑΤΕ, Σειρά Εγκύκλιοι και Διαταγαί, ΙΑΠΙΟΡ.

The TMFG continued advocating throughout the interwar period to restrict the capacity of the employees of the ABG to take the peasant's side when processing a primary purchase. The bank's employees were initially required to block any transactions where the price would not cover the peasant's debt to the bank. However, the Federation managed to make this rule more flexible and to insert itself in the decision making process. Whenever a price was too low to cover the debt, ABG employees would have to contact the Federation and ask whether the price was consistent with current market conditions. If the Federation said that that was the case, the employee would have to move forward with the transaction.<sup>578</sup> Most probably, an ABG employee who refused to move forward with a transaction where the price would leave the peasant's debt unpaid had the bank's interest in mind, not necessarily the peasant's. Or maybe he did care about the peasant getting a higher price. We can only speculate. Whatever the case might be, the fact is that, at least in an indirect way, such refusal could have sometimes helped the peasant in negotiations over price. As we have seen, the TMFG was not willing to accept that.

Considering the limited scope and incomplete implementation of Law 4672, it is safe to conclude that the bureaucratization of primary purchasing in the 1930s did not offer a great deal of protection to the peasants. However, public debates about these regulations reveal an emerging need, from the point of view of all market actors, to create an institutional framework to facilitate transactions in an increasingly impersonal, fluid market. This development did not take place only in Greece. A brochure advertising Bulgarian tobacco in German, published in 1936, explained that the Bulgarian government had passed legislation in 1931 to reduce disagreements between peasants and merchants.<sup>579</sup>

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578 Circular letters, 2/25/32 and 1/31/39, Αρχείο ΑΤΕ, Σειρά Εγκύκλιοι και Διαταγές, ΙΑΠΙΟΡ.

579 Bulgarische Landwirtschaft- und Genossenschaftsbank. *Die Bulgarischen Tabake*.

## **The State as Market Actor**

The calamities that befell Greek tobacco in the 1930s could not be addressed by simply regulating the interaction between buyers and sellers. The international economic downturn depressed the demand for tobacco to such an extent that large unsold stocks remained in the hands of the peasants and the free merchants.<sup>580</sup> After 1930, direct intervention in the market by peasant cooperatives and the state became necessary in order to alleviate the problem.

The large cigarette manufacturers in the countries of export, faced with decreasing sales and capital shortages, reduced their purchases of raw material, and tapped into their reserves.<sup>581</sup> The export price of Greek tobacco decreased every year between 1930 and 1934 (Graph 5.03). As a result, the exporters who had unsold tobacco from the 1930 harvest or older in his possession were in trouble. The prices fell so sharply that it became impossible to sell that tobacco without suffering important losses. In addition, there were mounting storage and interest costs and, even worse, the risk of the goods deteriorating over time. The situation was particularly risky for those peasants who did not know how to package their tobacco in a way that guaranteed its long-term durability.

As I explained in chapter 4, peasant cooperatives in interwar Greece, and especially in the tobacco-producing regions of Macedonia and Thrace, were for the most part specialized in the management of credit flows between the ABG and the peasant population. Before the crisis, some cooperatives had made occasional attempts at collective marketing, at times when there were unsold tobaccos toward the end of the season. In 1927, for instance, this is what a cooperative did in Karlovasi.<sup>582</sup> Very few cooperatives, however, made consistent efforts of this

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580 “Τα καπνά μας και η καπνική πολιτική,” *Δελτίον καπνού*, September 1933.

581 “Καπνοπαραγωγική κίνησις,” *Δελτίον καπνού*, March 1933.

582 “Αγοραί επί καπνών εσοδείας 1926,” *Δελτίον του Γραφείου Προστασίας Ελληνικού Καπνού Καβάλλας*, February 1927. We find other two examples two years later in Thrace (“Καπνά προς πώλησιν,” *Δελτίον του Γραφείου Προστασίας Ελληνικού Καπνού Καβάλλας*, October 1929).

kind on a regular basis. One of such cases was the Union of Tobacco Producers of Chryssa<sup>583</sup> (Illust. 6.01). However, in the face of the crisis of low demand that affected the harvest of 1930, many peasants saw themselves forced to share resources in order to package and store their tobacco, and hopefully sell it if an opportunity came around.

Unfortunately, most agricultural cooperatives lacked sufficient capital, facilities, know-how, and contacts in the markets to solve the problem of the unsold tobaccos. Primary processing could only maintain the properties of tobacco for a maximum of a few months. Under normal circumstances, the merchant would take the tobacco to an urban center, store it, and have it processed a second time by wage workers in what was known as commercial processing. Despite their many shortcomings, the cooperatives would have to perform those tasks. The results were not particularly impressive. By 1935, the cooperatives still had unsold tobaccos from 1930 and before. Much of it had been lost due to improper handling, while clumsy marketing practices had sent, at least according to merchant Geōrgios Lampros, dispiriting signals to potential buyers.<sup>584</sup>

In the event, agricultural cooperatives did not replace tobacco trading firms, not even after the recovery of international demand for Greek tobacco after 1935. However, the attempts to reduce the impact of the international economic crisis on the rural population that depended on tobacco are not free of historical implications. After World War II, some of the personalities involved in the cooperativist movement in the interwar period pushed for the creation of a nation-wide cooperative called the Cooperativist Tobacco Producers' Union of Greece (Συνεταιριστική Ένωση Καπνοπαραγωγών Ελλάδος, SEKE in its Greek acronym). The most notorious members of this agrarianist milieu that cut their political teeth during the tobacco crisis

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583 This village is today called Chryssa.

584 “Η δια των συνεταιρισμών συγκέντρωσις καπνών προς επεξεργασίαν,” *Δελτίον καπνού*, February 1935.

were cooperativist leaders Dēmētrēs Petalōtēs and Alexandros Baltatzēs.<sup>585</sup> The former became SEKE's first president, while the latter served as Minister of Agriculture under Giorgos Papandreou in the 1960s. SEKE would directly export tobacco, and produce cigarettes for domestic consumption through the Cooperativist Tobacco Company (Συνεταιριστική Εταιρία Καπνού, better known by the Greek acronym SEKAP). Today the company still exists as a privately-owned firm, property of the multinational conglomerate Japan Tobacco.<sup>586</sup>

The direct participation of the state in the purchasing, commercial processing, and marketing of unsold tobaccos had even more far-reaching effects than the work done by the cooperatives, at least in the short run. An *ad hoc* state agency called the Central Committee for Tobacco Purchasing and Administration (Κεντρική Επιτροπή Αγοράς και Διαχειρίσεως Καπνών, hereinafter the Central Committee) was able, unlike the cooperatives, to export large quantities of tobacco. Moreover, the activities of the Central Committee accelerated a trend that already existed in the commodity chain: the displacement of independent tobacco merchants by large firms. Since such development is related to the node of export trade rather than that of primary purchasing, I discuss it in chapter 8. I now turn to a discussion of how the state becoming *de facto* a nation-wide tobacco trading firm enabled tobacco producers and urban workers to express their economic distress as political demands, and even as outright rejection of the political *status quo*.

A decree from September 23, 1931 established the Central Committee with the goal of solving the problem of the unsold tobaccos from 1930 and from older harvests. The Central Committee would be in charge of a program to buy, process, store, and eventually sell the

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585 *Η συνεταιριστική προσπάθεια διά τον ελληνικόν καπνόν.*

586 “Greek Tobacco Company SEKAP Passes to Japan Tobacco Ownership,” *The National Herald*, March 17, 2018, <https://www.thenationalherald.com/194092/greek-tobacco-company-sekap-passes-to-japan-tobacco-ownership/>.



tobacco.<sup>587</sup> At the head of the Central Committee was vice-director of the National Bank of Greece Alexandros Koryzēs. The bank enjoyed such privilege because it had funded the project with a loan of 200 million drachmas.<sup>588</sup> There were also a representative of the Agricultural Bank of Greece (Geōrgios Trakakēs), representatives of multiple ministries (Geōrgios Mantzavinος, Iōannēs Karamanos and Ch. Theodoropoulos), and one representative of the tobacco producers. The latter position was originally occupied by the aforementioned Alexandros Baltatzēs, and later by Lazaros Intzesisoglou, also a cooperativist leader.<sup>589</sup>

Miltiadēs Deirmendjoglou was put in charge of executing the Central Committee’s buying program, as well as the commercial processing of the tobacco. He was an experienced merchant who was down on his luck as a result of the tobacco crisis.<sup>590</sup> He came from a family that had been selling tobacco in Germany since at least 1891.<sup>591</sup> Right before his appointment by the Central Committee, he had served as a technical advisor to the Kavala Tobacco Office.<sup>592</sup> Other merchants that worked with the Central Committee as technical advisors at different times,

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587 Decree “Περί εξαγοράς εμπορευσίμων καπνών.”

588 Report on the activities of the Central Committee for Tobacco Purchasing and Administration, 1938, A1S35Y35 Κεντρική Επιτροπή Εξαγοράς και Διαχείρισης Καπνών, folder 8, items 5 and 6, NBG.

589 Council of Ministries Office to Minister of Agriculture, 1931, A1S28Y1 Καπνός, folder 7, NBG.

590 Minutes of Central Committee’s 33rd meeting, 1936, A1S28Y1 Καπνός, folder 19, item 25/109, NBG.

591 Johann Apostolos Deirmendjoglou, born in Samsoun in 1864, registered a tobacco trading firm in Dresden in 1891 (Company registry, 1891, 2.3.9 Gewerbeamt A, Bürger- u. Gewerbeakten, folder D.0480, SA Dresden). The firm had branches in Drama, Xanthi, Samsoun and Smyrna, and remained in existence until World War I (Company registry, 1891, 11045 AG Dresden, folder 1283, items 67-69, HSA Dresden). In the interwar period, Achilleas A. Deirmendjoglou was also active as a tobacco merchant in Dresden (Company registry, 1934, 11045 AG Dresden, folder 1384, item 23023). Lazaros Deirmendjoglou operated in Greece (Ministerial Act “Περί εγκρίσεως πωλήσεως καπνών”).

592 Meeting minutes, 1931, 262 Διοικ. 18.01 Αρχείο του Καπνολογικού Ινστιτούτου Νομού Δράμας, folder 4, GAK Drama.

and with different levels of responsibility, were Achilleas Ataktidēs,<sup>593</sup> Vasileios Deirmendjoglou,<sup>594</sup> Aristeidēs Pialoglou,<sup>595</sup> Iōannēs Zirini,<sup>596</sup> and N. Kougioumtzoglou.<sup>597</sup>

By the end of 1931, the Central Committee's agents had started buying tobacco from the peasants of northern Greece. The original idea was to buy tobacco from Macedonia and Thrace on the grounds that these regions were particularly vulnerable to the tobacco crisis, and that radical ideas might take root among the impoverished population. In the words of Iōannēs Karamanos, the highest-ranking politician within the Central Committee,

By relieving the peasants and workers, we would put an end to the social danger that was growing mainly in the districts of northern Greece. Such danger resulted from the almost exclusive dedication of these districts to tobacco production, the large and cohesive masses of tobacco workers, and the intensified propaganda carried out by anarchist elements.<sup>598</sup>

The Central Committee opened offices in Kavala, Salonika, Drama, Xanthi, Serres, and Komotini. As its activities became known, there were calls for the expansion of its activities to more areas of Greece. When the Ministry of Agriculture requested that the Central Committee reduce its purchases in northern Greece to start buying tobaccos from Old Greece and the islands, Karamanos dismissed the proposition as unrealistic. There was too much risk, he argued, of social discontent getting out of control in the tobacco villages of northern Greece. Upsetting the peasants whose last hope was to sell their tobacco to the state would involve, in Karamanos'

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593 Ataktidis also served in the 1930s as president of the Kavala Tobacco Office, and of the Association of Greek Tobacco Merchants in Kavala (Ataktidis to Central Committee, 1933, A1S28Y1 Καπνός, folder 17, items 49/168 and 48/169, NBG). He appears as the head of the Kavala branch of the Central Committee in NBG (Roster of Central Committee officials, 1932, A1S28Y1 Καπνός, folder 7, NBG).

594 Vasileios Deirmendjoglou served at the Drama branch of the Central Committee (Roster of Central Committee officials, 1932, A1S28Y1 Καπνός, folder 7, NBG).

595 Aristeidēs Pialoglou appears as a member of the Central Committee in Minutes of Central Committee meeting, 1935, A1S28Y1 Καπνός, folder 19, item 19/55, NBG.

596 Iōannēs Zirini appears as a member of the Central Committee in Minutes of Central Committee meeting, 1934, A1S28Y1 Καπνός, folder 19, item 3/4, NBG.

597 N. Kougioumtzoglou replaced Miltiades Deirmendjoglou in the last months of the Central Committee's activities (Minutes of Central Committee's 37th meeting, 1937, A1S28Y1 Καπνός, folder 19, item 29/145, NBG).

598 Report on the activities of the Central Committee, 1938, A1S35Y35 Κεντρική Επιτροπή Εξαγοράς και Διαχείρισης Καπνών, folder 8, item 3, NBG. Note that, in interwar Greece's mainstream political jargon, the adjective "anarchist" often referred to any sort of radical leftist tendency, including communism.

view, an excessive political and social cost.<sup>599</sup> In the event, the Central Committee received a second loan of 75 million drachmas from the ABG to finance this additional set of purchases.<sup>600</sup>

The Central Committee bought tobacco from tens of thousands of producers at a very low price, and promised to distribute the profits, should there be any, after selling it to exporters. For several years, the situation continued to look quite bleak for the peasants. Not until January of 1934 did the Greek government give green light for the sale of these tobaccos.<sup>601</sup> In 1938, the Central Committee was still selling parts of the stock.<sup>602</sup> In the event, the Central Committee managed to sell most of the tobacco that it had purchased, and to distribute the profit among the peasants. It allocated part of the profits for the cash-strapped Tobacco Research Institute, and to welfare programs for urban tobacco workers.

The roughly six years of the Central Committee's existence were not free from conflicts with multiple stakeholders within the tobacco industry. The trajectory of this institution, which was designed for the short term, exemplifies how the expansion of state authority to new areas of human activity made it the target of political demands. In this particular case, the demands that targeted the Central Committee, and the state that had created it, varied in terms of how ambitious they were, as well as the hostility of the rhetoric in which they were formulated. For tobacco producers, there were two main bones of contention. One was the long, uncertain wait for the money that they had been promised to arrive after the sale of their tobaccos to exporting firms. The second was the level of representation of peasants' interests in the Central Committee in particular and, more generally, in decision-making mechanisms in the area of tobacco policy.

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599 Karamanos to Alexandrakēs, 1931, A1S28Y1 Καπνός, folder 7, NBG.

600 Report on the activities of the Central Committee, 1938, A1S35Y35 Κεντρική Επιτροπή Εξαγωγάς και Διαχείρισης Καπνών, folder 8, item 5, NBG.

601 Report on the activities of the Central Committee, 1938, A1S35Y35 Κεντρική Επιτροπή Εξαγωγάς και Διαχείρισης Καπνών, folder 8, item 12, NBG

602 Ministerial Act "Περί πωλήσεως καπνών του νόμου 5967 κλπ."

Between 1933 and 1938, the three ministries that participated in the management of the Central Committee (Agriculture, Economy, and National Economy [sic]) received countless letters from peasants, both as individuals and as members of co-operatives. They insistently asked for the profits accrued for the export of their tobacco. They also requested relief from the mounting interest on the loans that they had taken out to produce the tobacco. Letters arrived from villages in the areas of Thebes, Serres, Xanthi, Kavala, and Kozani.<sup>603</sup> For the most part, these letters were phrased in the obsequious tone often used to address political authorities. Of more radical tenor and content were the demands of certain groups of northern Greek peasants who had started to consider the state's policies not just as an ineffective solution but as part of the problem.

The villagers of Gourgia went as far as threatening protests if they did not receive their payment soon.<sup>604</sup> Other letters, such as those sent by the tobacco producers in the district of Drama, were worded in terms of class conflict, depicting the state as exploitative and plutocratic. Their cooperatives were among those that had processed unsold tobaccos. At a meeting of cooperative leaders held in December of 1933, a joint statement was agreed upon expressing discontent with the activities of the Central Committee. The statement contained quite harsh language:

We the tobacco producers realize that the representatives of the state, in utter disregard for justice and elementary morals, turn our sweat into generosity and compensation for a few useless, exploitative money lenders, ship owners, etc., while hundreds of families rot away under the oppression of insatiable usury. The political parties should note that we have become aware of this hypocrisy and injustice.<sup>605</sup>

Drama's tobacco producers demanded that the state buy all their unsold tobacco. They also wanted debt relief, the sale of all the tobacco collected by the state, and immediate payment to

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603 Letters kept in A1S28Y1 Καπνός, folder 7, NBG.

604 Peppas to Central Committee, 1936, A1S28Y1 Καπνός, folder 7, NBG.

605 Triantaphyllēs to NBG and Central Committee, 1934, A1S28Y1 Καπνός, folder 7, NBG.

the producers. Furthermore, they demanded that peasants be granted more control over tobacco-related policy. More specifically, they asked for the replacement of the Central Committee with a new agency run by peasants. They closed their statement warning that they would “struggle resolutely until the complete acceptance of our requests.”<sup>606</sup> The tobacco producers of Abdera, near Xanthi, made similar demands. They wanted to increase the weight of peasant representation within the Central Committee, and announced that they were going to get in touch with the cooperatives of nearby villages to organize a common struggle.<sup>607</sup>

Despite the rhetoric of some messages that came from the agricultural cooperatives, the Greek countryside did not witness the level of conflict that existed in the urban centers, where tobacco would undergo commercial processing. On the countryside, in addition to the lack of a strong, autonomous peasant movement, there were some relief mechanisms. The Central Committee managed to sell most of the tobacco and to distribute the profits among the peasants. Furthermore, Metaxas’ authoritarian government granted debt relief without having to resort to the inclusion of peasants in the political apparatus. It is still noteworthy, however, that during the crisis of the tobacco sector there were instances of serious peasant discontent like the ones discussed above. Such instances were not just the result of the crisis itself. They were also related to the expectations that the state’s intervention in the market created, and was not always able to fulfill.

The fact that the state was developing mechanisms to intervene in the tobacco sector while following the advice of the organized merchants and the banking establishment created incentives for tobacco producers to adopt an assertive stance. The literature on social movements and contentious politics has identified a correlation between the growth of state authority on the one hand and, on the other, the willingness of groups subjected to it to achieve more

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<sup>606</sup> *Ibid.*

<sup>607</sup> Ministry of the Economy to Central Committee, 1934, A1S28Y1 Καπνός, folder 7, NBG.

representation within the political process. Using Tilly's terminology, such groups demand membership in the polity.<sup>608</sup> In this particular context, peasant organizations were able to articulate an alternative to the policy of limited, targeted intervention that the Greek political establishment was willing to implement. The clearest manifestation of this alternative was the proposal formulated by a number of agricultural cooperatives. It involved the creation of an agency that would intervene in the tobacco market without the constraint of having to cater to the interests of banks and tobacco merchants. The agency would replace the Central Committee as well as the Tobacco Offices.<sup>609</sup>

The Seventh Tobacco Producers' Congress, held on September of 1934, brought together representatives of agricultural cooperatives from, among other places, Salonika, Drama, Kavala, Serres, Xanthi, Komotini, Katerini, Kastoria, Ptolemaida, Langadas, and Karditsa. The congress concluded with a proposal for a centralized, state-wide Tobacco Agency of Greece (Καπνικός Οργανισμός της Ελλάδος). The new agency would have a monopoly over cigarette production and commercialization within the country. It would also intervene in the export-oriented leaf market in order to increase demand, and push up prices whenever necessary. Of the agency's sixteen governing council seats, peasant representatives would hold eight. The other eight would be divided as follows: one representative of tobacco workers, three government representatives, one representative of the Agricultural Bank, one of the National Bank of Greece, and two experts elected by the rest of the council members. The funding for the new agency would come from its own sale revenues, and from the state's general budget. The introduction to the proposal made reference to the work done by the Central Committee, presenting it as a evidence of the viability

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608 Tilly, *From Mobilization to Revolution*, 125-133.

609 The complete text of the proposal is available in A1S28Y1 Καπνός, folder 13, NBG.

of an interventionist tobacco policy: “We already have a recent example of state intervention in the purchasing of unsold stock from previous harvests.”<sup>610</sup>

The project that peasant organizations proposed never came to fruition. A less ambitious version, which did not include any sort of monopoly, would come into existence after World War II. In the interwar period, the Tobacco Offices remained the only mechanism for a limited management of tobacco-related affairs. The only remarkable change in their governing structure was an increase in the governmental control over them after the establishment of the High Committee for the Protection of Tobacco in 1938.<sup>611</sup>

With regard to the activities of the Central Committee for Tobacco Purchasing and Administration, there is another set of demands made by different stakeholders that deserves our attention. The spatial distribution of the Central Committee’s activities were also a contentious issue. The Central Committee’s decisions regarding where to buy tobacco and where to have its commercial processing carried out were an issue of no small significance for multiple local economies. As soon as the news spread that the government was planning to buy the old tobaccos that the peasants could not sell on their own, multiple stakeholders started to pull the strings at their disposal to attract the business of the Central Committee.

The Tobacco Merchant Association of Salonika, for instance, complained to the Ministry of the Economy about the plans that Karamanos had announced in front of the press. He had stated that he was going to have all the tobacco from central and western Macedonia transported to Kavala (which is located in eastern Macedonia) for its commercial processing. For the merchants of Salonika (located in central Macedonia), the prospect of renting their warehouses to the Central Committee, and maybe even participating as technical advisors in its activities, was probably enough of an incentive to address the ministry. However, the Association based its case

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<sup>610</sup> Proposal for the establishment of a Tobacco Agency, 1934, A1S28Y1 Καπνός, folder 13, item 2/6, NBG.  
<sup>611</sup> Law 1059/1938.

on the excruciating unemployment that Salonika's tobacco workers were enduring, and on the convenience, from the Central Committee's standpoint, to use the large, state-of-the-art warehouses available in their city.<sup>612</sup>

The request of the Salonikan merchants is only one among many examples of organizations that requested that the Central Committee bring part of its activities to their jurisdiction. The list of organizations include the Chamber of Professionals and Artisans of Salonika, the Independent Union of Tobacco Workers of Piraeus "Love" ("Η Αγάπη"), the Chamber of Professionals and Artisans of Lamia, and the Chamber of Agriculture of Lesbos.<sup>613</sup> All these groups highlighted the economic destitution that their towns were suffering. They addressed the Central Committee, and the ministries that controlled it, as institutions that could bring some relieve by distributing their business justly.

As far as primary purchasing is concerned, the most important issue was in which villages the Central Committee would buy tobacco. In a letter from December 14, 1933, the Governor of the island of Samos requested that the Central Committee buy tobacco on the island "as [he had] noticed that the communists, taking advantage of the peasants' economic deprivation, [...] spread propaganda and try to disseminate the idea among them that the state only supports the capitalist tobacco merchants." The Chamber of Agriculture of the island of Lemnos also reported on the discontent of the islands' tobacco producers, and requested that the Central Committee make purchases there.<sup>614</sup> In the event, none of these instances of dissatisfaction escalated into open conflict between peasants and the authorities. As I have

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612 Tobacco Merchant Association of Salonika to Ministry of National Economy, 1931, A1S28Y1 Καπνός, folder 7, NBG.

613 Chamber of Professionals and Artisans of Salonika, 1931, A1S28Y1 Καπνός, folder 7, NBG. In the same folder, Independent Union of Tobacco Workers of Piraeus "Η Αγάπη" to Ministry of the National Economy, 1932; Chamber of Agriculture of Lesbos to Ministry of Agriculture, 1932; Chamber of Professionals and Artisans of Lamia to Provincial Governor, 1932.

614 Governor of Samos to Political Office of the Prime Minister, 1933, A1S28Y1 Καπνός, folder 7, NBG.



mentioned already, the Central Committee did expand its buying program to Old Greece and the islands once it secured additional credit from the Agricultural Bank.

In contrast to the relative calm at the node of primary purchasing, when we take a look downstream the commodity chain, we see a very different picture. In the localities where the commercial processing of tobacco represented an important portion of the overall economic activity, the issue of where the Central Committee took its business did cause riots and protests. Urban centers were sites of much more intense hostility towards the Central Committee, as I show in the next chapter on commercial processing.

## VII. Commercial Processing

Once a tobacco merchant had purchased the the tobacco leaves from the producer, they were one step closer to becoming the chic cigarette that would later dangle from the lips of a German “flapper.” It still had, however, a long way to go. The next stage began when the merchant took the raw tobacco to an urban center for further processing. The packages that peasants made at the stage of primary processing could only keep the tobacco in good condition for a relatively short period of time. In the towns, tobacco workers would unpack the leaves and re-sort them into more numerous grades or categories, based on characteristics such as the color of the leaf, its glossiness, size, thickness, and clarity. The newly arranged and now homogeneous leaves would then be packaged for long-term durability. If correctly processed, the tobacco could then be shipped overseas and maintain its properties for multiple years. This stage of industrial transformation was known as commercial processing.

The commercial processing of tobacco was an important source of employment in Kavala, Drama, Salonika, Xanthi, Volos, and to a lesser extent in other Greek towns. In these tobacco processing centers, industrial conflict was intense during the interwar period. Tobacco workers are among the main protagonists in the histories of the labor movement in Greece in general, and in the New Lands in particular.<sup>615</sup> Their demands for better working conditions and protection from unemployment often brought them in conflict not only with their employers, but also with a state that they often regarded as part of the problem.

Tobacco workers were the best represented sector of Greece’s working class within the Communist Party of Greece (Κομμουνιστικό Κόμμα της Ελλάδος, ΚΚΕ in its Greek acronym). No other sector of the Greek working class was able to organize strikes with thousands of

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<sup>615</sup> See, for instance, Λιάκος, *Εργασία και πολιτική*; Φουντανόπουλος, *Εργασία και εργατικό κίνημα*; Dankas, *Recherches*.

participants protesting simultaneously in different cities, while attracting the support of other groups. Not coincidentally, Kavala, home to roughly half of Greece's tobacco workers, became the first city to ever elect a Communist mayor in 1932. The second one was Serres, also a tobacco-processing center. Whereas the agricultural cooperatives of tobacco producers were never able to influence policy in a significant way, tobacco worker unions could exact considerable economic and political concessions at different times from the 1910s onward.

The tobacco merchants that employed these workers were opposed to the state interfering with their freedom to hire and fire, implement whatever labor processes they saw fit, and have their tobacco bales processed at the most convenient location for them. Furthermore, they often voiced the complaint that Greek tobacco was more heavily taxed than its Bulgarian and Turkish counterparts and that the welfare programs that the state forced them to contribute to made things even worse. Whereas the representatives of their interests (i.e. the TMFG and, *de facto*, also the Tobacco Offices) were happy to support regulations for tobacco producers with regard to primary processing, they always proposed a *laissez faire* approach when it came to commercial processing.

One important factor that made the state take the side of employers was the concern regarding public order during protests and, from the late 1920s onward, the increasingly authoritarian character of anti-Communist sentiment.<sup>616</sup> In the 1910s, Venizelist governments had actively encouraged the organization of a nation-wide labor movement that could support their bourgeois reformist agendas. In 1928, a Venizelist government passed harsh anti-labor legislation commonly referred to as the *Idionymon*. Times had changed, and the threat of a social revolution had become present in Greek politics.<sup>617</sup> The destitution of a dramatically increased urban population after the exchange with Turkey, and the emergence of an organized, active

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616 Mazower, *Greece and the Inter-War Crisis*.

617 Λιάκος, *Εργασία και πολιτική*, part 1, ch. 2.

communist party with ties to the Soviet Union had altered the political landscape. Territorial expansion was no longer a project that could rally mass support after the military defeat in Asia Minor. Communism and public disorder became the internal enemies that cemented the cohesion of the Greek nationalist project.<sup>618</sup>

In fact, the KKE never became a credible threat to Greece's capitalist democracy, at least in light of the small size of its membership (1,500 in 1930 according to a Comintern report), or its electoral results. However, it became possible for the Greek political and business establishment to invoke the specter of Communism.<sup>619</sup> The purported Communist threat served to legitimize anti-labor legislation that allowed for the arrest labor leaders, and their exile to Greece's islands. Communism was also a pretext to dissolve unions, as well as to beat up, and shoot on, demonstrators. Since this repression would often target non-Communist labor organizations, it is safe to argue that labor's purported revolutionary tendencies were, in many instances, an excuse rather than a genuine, although disproportionate, concern. The last stage of this illiberal turn towards anti-Communism was Metaxas' abolition of parliamentary democracy on August 4, 1936, which was officially presented as a response to the general strike called for the following day. In the context of this years-long escalation of anti-Communist sentiment, the repression of a vocal labor movement in the industry that made the largest contribution to the state's coffers was of no small importance.

Industrial conflict at the stage of commercial processing is a relatively well studied topic in the Greek labor historiography.<sup>620</sup> The existing literature has discussed many instances of labor activism, and identified some of the structural sources of discontent that inspired strikes, rallies, and riots in the interwar period. The population exchange had created, for the first time in

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618 Παπαδημητρίου, *Από το λαό των νομιμοφρόνων*.

619 Mazower, *Greece and the Inter-War Crisis*, 36-37.

620 Λιάκος, *Εργασία και πολιτική*; Φουντανόπουλος, *Εργασία και εργατικό κίνημα*; Πετμεζάς, *Προλεγόμενα*; Dankas, *Recherches*.

Greece's history, concentrations of urban workers with no ties to the rural economy.<sup>621</sup> In other words, the refugees settled in urban centers could not go back to their family's village to supplement their income in times of unemployment, or to become peasants after some years working in the city. Those who depended on tobacco as a source of employment were exposed to seasonal unemployment because of the very nature of the industry.<sup>622</sup> Commercial processing would take place mainly during the spring and summer.

Tobacco workers' demands were the usual ones when we talk about labor: better wages, less working hours, and better treatment at the workplace. Because of seasonal unemployment and the surplus of labor in the tobacco towns even at times of intense activity, unions also demanded closed-shop hiring agreements, and the creation of a welfare program to protect tobacco workers from unemployment, sickness, and old age. Like other well organized sectors of the Greek working class, such as flour mill workers, bakers, and typographers, tobacco workers succeeded in controlling access to jobs and having the state co-fund their welfare plan. Successive governments were willing to go along with this guild-like approach to labor policy because it incentivized the emigration of the non-unionized to the countryside. The hope was that those former unemployed urbanites would engage in "real," productive work, and become less susceptible to subversive propaganda.<sup>623</sup>

Tobacco workers needed the state to co-fund their welfare program created in 1925 under the name Tobacco Worker Insurance Funds (Ταμεία Ασφάλισης Καπνεργατών, ΤΑΚ in its Greek acronym). They also needed the state authorities to enforce whatever agreement they reached with their bosses, whether in the form of union contracts or indirectly through legislation. As a result, the state became a target of labor protest. At different times during the

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621 Mazower, *Greece and the Inter-War Crisis*, 42-49.

622 Λιάκος, *Εργασία και πολιτική*, 403.

623 Λιάκος, *Εργασία και πολιτική*, 400-401.

interwar period, tobacco unions turned to the state to demand better pay, better funding for the TAK, the right to form a recognized union and bargain collectively, the eight-hour workday, and control over the labor process. At the same time, the state's increasingly repressive approach to public disorder and Communist ideology deepened the divide between workers and the political establishment.

With regard to controlling how and where the commercial processing of tobacco would take place, the literature has identified two issues at the core of industrial conflict. The first was whether the law should allow merchants to export tobacco that had not undergone commercial processing. The second was the implementation by certain firms of less labor-intensive methods of commercial processing. The literature has failed, however, to address the international ramifications of these conflicts.<sup>624</sup> Historians have not paid enough attention to exactly why these problems emerged or how the structure of the market allowed for certain outcomes and not others. The consequence is that have not fully explained the causes of some of the most important episodes of labor conflict in interwar Greece.

In this section, I discuss these two points of conflict between tobacco workers on the one hand, and their employers and the state on the other. I show how they are closely related to a the changing structure of the international Oriental tobacco market, characterized by a) the rise of Germany, and specifically Reemtsma, as the largest buyer; b) changes in the logistics of tobacco trade, and c) the turn towards bilateral clearing agreements in international commerce.

### **The Conflict over Spatial Distribution**

Tobacco workers went on strike in Kavala and Xanthi in May 1922. They demanded better pay, a shorter workday, and a ban on the export of tobacco that had not undergone

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<sup>624</sup> Λιάκος, *Εργασία και πολιτική*; Φουντανόπουλος, *Εργασία και εργατικό κίνημα*; Πετμεζάς, *Προλεγόμενα*; Dankas, *Recherches*.

commercial processing. The latter demand was addressed with law 2869, passed a few months later.<sup>625</sup> The law prohibited “the export of aromatic tobaccos of any kind that have not undergone the commercial processing established by custom (‘ἀνέκαθεν καθιερωμένην’).” Over the next two and a half years or so, the conflict between unions and merchants continued over the interpretation of the vague term “aromatic tobaccos.” The most spectacular episode of labor activism took place in Kavala in 1924, when workers found out that merchant Grēgoriadēs was loading unprocessed tobacco onto a vessel at the harbor. The workers unloaded the vessel to prevent the shipping. The police intervened, and two workers were shot dead in the resulting skirmish.<sup>626</sup>

General Pangalos’ short-lived dictatorial government abolished law 2869 in 1925. The same decree that removed legal hurdles to the export of unprocessed tobacco also established the TAK. At the same time, a separate decree strengthened the guarantees for the enforcement of the eight-hour workday.<sup>627</sup> That labor was able to secure these compensatory gains does not explain why the issue of unprocessed tobaccos never came up again in the interwar period. That the export of unprocessed tobacco stopped being an issue is surprising considering how threatening a popularization of this practice could be for workers. The existing scholarship has not addressed this point, mainly because it has focused exclusively on national rather than transnational factors that only become manifest when we trace the value chain beyond Greece’s port cities.

As I explained in chapter 3, the German city of Dresden was the most important commercial hub in Europe’s Oriental tobacco market. The tobacco would reach the port of Trieste by sea and then continue over land until it reached Dresden.<sup>628</sup> The Austro-Hungarian

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625 Law 2869/1922.

626 Πέγιος, *Από την ιστορία*, 29-30.

627 Decree “Περί τροποποιήσεως του Διατάγματος.”

628 Richter, “Zigaretten-Rohtabak in Deutschland,” 14.

tobacco monopoly would also source its tobacco via Trieste<sup>629</sup>. There is evidence suggesting that, at least as early as 1912, tobacco leaves were being “sorted,” i.e. undergoing commercial processing, in Trieste. In September of 1912, Dresden-based shipping firm Dresdner Transport- und Lagerhaus-Aktiengesellschaft addressed the city’s Chamber of Commerce and Industry with complaints with regard to a shipment of tobacco that the firm Österreichische Lloyd was having sorted before delivering it to the claimant.<sup>630</sup>

Despite Trieste’s importance as a point of transit in the international tobacco market already before World War I, most of the tobacco would not be processed there. In the 1915 edition of the *Guida di Trieste e della Venezia Giulia*, only two firms appear listed as traders of tobacco leaves, none of which are of much importance: Ant. di Demetrio and Carlo Fontana.<sup>631</sup> In most cases, shipping companies would simply bring the tobacco to the harbor’s free zone, and then send it to its final destination. For a number of years that coincide with the conflict within Greece over the export of unprocessed tobaccos, it looked like Trieste was on its way to upgrade its status into that of a tobacco processing center. The demographic and geopolitical shifts caused by the decade of war (1912-1922) had ravaged the eastern Mediterranean’s tobacco regions, and in particular their main port cities (Smyrna, Salonika, Kavala, etc.). The bulletin of the Greek Tobacco Offices explained this development as follows:

... after the Catastrophe of Asia Minor and the displacement of Greek tobacco workers from Smyrna, many tobacco trading companies (Hermann Spierer, American Tobacco, Gary Tobacco) had to relocate large amounts of tobacco to Trieste. The firms themselves settled in Trieste, since there were suitable tobacco warehouses, an accommodating labor force, and favorable economic circumstances for carrying out the commercial processing of their goods. A sizable additional trade in Oriental tobacco emerged in Trieste, which outgrew the

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629 Becher to Trieste Chamber of Commerce and Industry, 1894, Camera di commercio e industria di Trieste (1755-1921), box 131, folder 1718, AS Trieste.

630 Dresdner Transport- und Lagerhaus-Aktiengesellschaft to Trieste Chamber of Commerce and Industry, 1912, Camera di commercio e industria di Trieste (1755-1921), box 333, folder 393, AS Trieste.

631 *Guida di Trieste e della Venezia Giulia*. 1915, 802.



usual pass-through commerce, while essentially not really belonging to the city[’s normal level of tobacco trade].<sup>632</sup>

Eventually, circumstances went back to normal in the port cities of the eastern Mediterranean, labor and storage costs in those urban centers shrunk, and European cigarette manufacturers expanded their activities into the supply markets. Many tobacco trading firms left Trieste. The few that had not done so by 1932 were, for the most part, firms that supplied the American cigarette industry: American Tobacco Co. of the Orient, Alston, and Gary. The only notable exception is Hermann Spierer, which supplied European markets. The other firms were either quantitatively irrelevant (Banelli, Italo Ellenica), or traded in Italian tobacco (Compagnia It. Tabacchi Indigeni). By the end of the decade, Hermann Spierer and American Tobacco Co. were the only two firms that still had offices in Trieste (Table 7.01).

A testimony to the brief rise of Trieste as a marketplace for tobacco is the story of the ill-fated Società Anonima Italo-Ellenica per il Commercio dei tabacchi. Brothers Michele, Demetrio and Mirone Gunalachi, together with Aurelio Bozzoni, Demetrio S. Zagoreos and Eugenio Boggiano established the company in 1926. Its purpose was to supply the Italian tobacco monopoly with raw material from Greece. Unfortunately, the company never became active in tobacco trade. Its dissolution was agreed on at a shareholder meeting in 1931. By then, the Italian state monopoly had already started buying tobacco directly in the eastern Mediterranean.<sup>633</sup> Trieste’s tobacco trade started to decline in 1927, i.e. already before the overall depression of the international tobacco market (Graph 7.01). The establishment of a system of clearing agreements linking the most important exporters and importers of Oriental tobacco, with the only exception being the United States, was the final blow to Trieste’s tobacco trade. The goods sold through clearing agreements would be shipped directly to the country of destination.

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632 “Η κίνησις του καπνού εις τον λιμένα Τεργέστης,” *Δελτίον καπνού*, October 1934.

633 Meeting minutes, 1931, Tribunale commerciale e marittimo, box 188, folder RG. B. VI 58, AS Trieste.

Fortunately for Greece's tobacco workers, the export of unprocessed tobaccos was solved soon after Pangalos abolished the legal protections against it. Other aspects of the territoriality of commercial processing, however, remained a contested issue. Since primary processing guaranteed a certain degree of durability for the tobacco, a tobacco merchant could decide to have the commercial processing done just about any place, depending on his needs. For tobacco workers, this raised the threat of unemployment if their town happened to not be competitive as a site for tobacco processing. The local economy as a whole of an unfavored town would suffer, since the wages of these workers could constitute an important portion of it. One particularly violent manifestation of this problem were the events that took place in Nigrita in 1932, during the Central Committee's buying campaign that I discussed in chapter 6.

The inhabitants of Nigrita, a small town in the district of Serres, found out that the Central Committee was planning to transport all the tobacco that it had bought in the surrounding area to the larger town of Serres for its commercial processing. Those tobaccos had been traditionally processed in Nigrita. When the employees of the Central Committee went to Nigrita in February 9, 1932 and started to load the tobacco in trucks, a group of locals attempted to prevent them from doing so. Some of the locals then decided to form a committee and address the communal authorities. As they approached the town hall, the police fired on them, wounding more than a few. The event escalated into a battle between the population of Nigrita, armed with sticks and stones, and the police.<sup>634</sup> Once the violence subsided, different professional associations from the town demanded that the communal president step down, and that the Central Committee's employees stop trying to load the tobacco. The following day, over 3,000

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<sup>634</sup> “Αιματηρά επεισόδια εις την Νιγρίταν,” *Μακεδονία*, February 11, 1932.

men and women erected an even bigger blockade.<sup>635</sup> After a second violent exchange between the police and the protesters, the latter were defeated and the tobacco was taken to Serres.<sup>636</sup>

Two of the wounded demonstrators of Nigrita died days later, and twelve arrest warrants were made. The diversity of the occupations of the first five men that were arrested indicates that this issue went beyond the parochial interest of the tobacco workers. Only one of them was, in fact, a tobacco worker. The others were the president of the local merchant association, the head of the association of large families, a tobacco producer, and a tinsmith.<sup>637</sup>

The inhabitants of Nigrita were not the only ones dissatisfied with the spatial distribution of the Central Committee's activities, although they were the protagonists of the most violent incidents. Tobacco unions in other places were also unhappy about the Central Committee's decision not to process "their" tobacco in their town. For instance, tobacco unions in Drama complained about the plans to have the tobacco from the surrounding area processed in Xanthi and Kavala.<sup>638</sup> The unions in Kozani requested that tobacco be sent there from elsewhere for processing.<sup>639</sup> However, the problem of the concentration of commercial processing in a small number of cities (especially Kavala and Salonika) went beyond the specific policies of the Central Committee. It was part of a long-term development closely related to the structure of the international Oriental tobacco market.

It was relatively easy for labor to target the state and its one-time policy of clearing the market of unsold tobacco. As the decade of the 1930s advanced, however, tobacco trading firms found it increasingly efficient to simply bring the tobacco closer to the harbor before having it

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635 "Από τα χθεσινά αιματηρά γεγονότα της Νιγρίτης," *Μακεδονία*, February 11, 1932.

636 "Έπανάλθε χθες εξ Αθηνών ο Γενικός Διοικητής κ. Γονατάς," *Μακεδονία*, February 13, 1932.

637 "Για να πνίξει την πάλη των εργαζομένων η κυβέρνηση δυναμώνει την τρομοκρατία," *Ο νέος ριζοσπάστης*, February 12, 1932; "Συνελήφθησαν πέντε δια τα επεισόδια της Νιγρίτας," *Ο νέος ριζοσπάστης*, February 16, 1932.

638 "Η ανεργία γενικεύεται," *Μακεδονία*, September 25, 1931.

639 "Τηλματα εκ Κοζάνης," *Μακεδονία*, February 12, 1932.

processed. The available quantitative data on the distribution of workdays in different tobacco towns are quite clear in this regard (see Table 7.02). Salonika experienced the largest growth in its tobacco processing industry. Kavala also increased its share within the overall market, although less spectacularly. In contrast, second-range tobacco processing centers in inland Macedonia and Thrace (Xanthi, Komotini, Drama, Eleftheroupoli, Nigrita) lost part of their share.

According to Morfidēs, representative of the General Federation of of Greek Workers, the reason for this geographic concentration was an increasing interest among large exporters in mixing tobaccos of different qualities and origins at the point of commercial processing. This shift favored big cities, where one could bring tobacco from different areas and store it in larger quantities.<sup>640</sup> At the tobacco congress that took place in Kavala in 1937, the labor representatives of the towns most affected by these developments (mainly Xanthi and Komotini) expressed their discontent with the loss of jobs in their towns. The recovery of tobacco exports was not manifesting itself equally in the cities of northern Greece. Unfortunately, by then there was little that labor could do to twist the arm of Metaxas' dictatorial regime.

The suppression of labor activism under Metaxas was so harsh that going on strike was no longer a viable option if the goal was to secure that more tobacco would be processed in secondary centers like Komotini or Xanthi. In fact, the labor leaders that might have led the struggle were forcibly replaced by figures aligned with the new regime. Even under a more liberal regime, the chances of workers from Xanthi, Komotini, Nigrita, or Drama being able to exact regulatory concessions against the interests of the much more numerous and organized workers of Kavala and Salonika would probably have been quite slim nonetheless.

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<sup>640</sup> *Καπνική Σύσκεψις Καβάλλας*, 209-215.

At the congress, representative of Xanthi's tobacco workers Zargiannopoulos requested, in the presence of representatives of the dictatorial government, that all the tobacco produced in Thrace be processed in Thrace, not taken to Salonika.<sup>641</sup> The National Organization of Tobacco Workers of Komotini sent in a telegraph demanding that some tobacco be processed in their town as well.<sup>642</sup> The formula that these labor representatives proposed was creating the status of *tobacco processing center* as a legal category that would include a specific set of northern Greek towns. Such centers would receive a minimum of tobacco to be processed by their population. The idea received the support of E. Kanellopoulos, who was in charge of economic affairs in the General Government of Thrace.<sup>643</sup>

Not surprisingly, the project of putting hurdles to the free mobility of tobacco after its primary processing was met with the opposition of the tobacco workers of Kavala, and of the representatives of the tobacco merchants.<sup>644</sup> In the event, the initiative never took off the ground. It is nevertheless necessary to take the concerns the Xanthi and Komotini workers into account, and to look at them as part of a broader pattern of labor organizations trying to influence the territoriality of commercial processing through non-market mechanisms. The Kavala workers did not want the tobacco produced in Greece to leave their harbor without having been processed first. The workers of Nigrita, Drama and Komotini resisted the state's plan of taking "their" tobacco to Serres and Kavala. The representatives of Xanthi's and Komotini's tobacco workers wanted the state to help them keep "their" tobacco to protect their local labor markets.

These episodes of labor activism around the issue of the geography of commercial processing exemplify how industrial conflict in interwar Greece was not just a story of class struggle. Granted, workers did fight against both capitalists and the state, which they saw as an

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641 Ζαργιαννόπουλος, "Επί του καπνεργατικού."

642 Καπνική Σύσκεψις Καβάλλας, 207.

643 Καπνική Σύσκεψις Καβάλλας, 207, 222.

644 Καπνική Σύσκεψις Καβάλλας, 209-215, 219-22, 232-234.

ally of their employers. However, workers did not always act as a clearly defined class. The tobacco workers of Kavala and Nigrita had the support of the store owners and professionals of their towns, who shared an interest in protecting their local economies. The same applies to local and provincial-level politicians. In the case of Nigrita, the elected communal council resigned *en bloc* in protest for the transportation of the tobacco to Serres. The proposal that the tobacco workers of Xanthi and Komotini presented in the 1937 congress received the support of an unelected provincial-level official of the authoritarian regime. He probably had a vested interest in protecting the Thracian economy. While the issue of the geographic distribution of commercial processing allowed for inter-class collaboration, it also made the emergence of a unified position among all tobacco workers in Greece quite difficult.

One should keep in mind that the 1930s were a difficult time for tobacco unions from the point of view of the legal framework in which they operated. Whether they would have been able to come up with a unified proposition to save jobs at a national level in the absence of the *Idionymon* or the Metaxas dictatorship is a counter-factual question that I cannot answer. The instances of labor activism discussed here, however, seem to confirm Herod's claim that labor is (or at least tries to be) a space-making actor. In other words, influencing capital's spatial arrangements is an important part of labor's agenda, whether explicitly stated or not. In order to shape the space around them, groups of workers can make short-term alliances with members of other classes, while competing with other workers for jobs.<sup>645</sup>

Labor geographers have uncovered many other instances of labor initiatives aimed at designating areas where specific economic activities would take place, and at influencing the allocation of resources across space.<sup>646</sup> As Ellem & McGrath-Champ have pointed out, however,

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<sup>645</sup> Herod, *Labor Geographies*.

<sup>646</sup> The foundational work in this body of scholarship is Herod's *Labor Geographies*. A recent contribution to this field is Barton's study of Tasmanian miners, who mobilized community support to prevent their region from being listed as National Heritage, thereby managing to protect their jobs. Barton, "Our Tarkine, Our

labor geographers tend to draw their cases from the last few decades and not so much from the more distant past. Labor historians, who often do consider geographical factors when analyzing labor activism in the past, treat such factors as pre-existing features of the political playing field. They do not approach space as a dependent variable that workers can actively act upon and transform.<sup>647</sup> The story of Greece's tobacco unions in the interwar period shows that, even at the height of the political appeal of Communism in the 1930s, labor activism was not just about class. Despite the rhetoric of class struggle and world revolution, labor organizations with a strong Communist presence sought to act upon the economic landscape as inhabitants of a specific location, not as members of an internationalist working class.

The conflict over the territoriality of commercial processing was closely related, as I have already pointed out, to the practice of mixing tobaccos from different parts of Greece. This form of tobacco processing required less labor than the methods most commonly used in the past. It also lumped together different types of leaves into a single package. From labor's point of view, the problem with this practice was not just that jobs would leave town and go elsewhere. The workers living in those towns that benefited from this process of concentration were also threatened with unemployment caused by what in essence was a labor-saving form of commercial processing.

### **The Conflict over the *Tonga***

At a very basic level, commercial processing consisted of the following steps. First, the merchant would bring the tobacco to an urban center and store it in a warehouse specifically designed for its storage and commercial processing. The tobacco workers would open the packages and humidify the leaves so that they would remain moist and not fall apart during

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647 Ellem & McGrath-Champ, “Labor Geography and Labor History.”

processing. The workers would then work in groups. One experienced worker would divide the tobacco leaves in multiple categories, according to size and quality.<sup>648</sup> These categories were more refined than the ones used in primary processing, where there were only two.

The worker in charge of classifying the leaves, usually a man, was commonly known as *dexēs*.<sup>649</sup> He received a higher wage than the other members of the group, who would just arrange the leaves of the same category to form a bale. These workers were known as *pastaltzēdes*. Each *dexēs* was assisted by one to three *pastaltzēdes*. The tobacco bales had to be stored in a room with the right temperature and level of humidity. Under the right conditions, a series of chemical processes would then take place within the bale, making the tobacco suitable for long-term storage and its eventual transformation into a cigarette. The bales had to be rotated every couple of days so that they would not always lie on the same side. Otherwise, the humidity would be distributed unequally within the bale and the leaves would deteriorate. The temperature and ventilation of the room also had to be adapted to changing weather conditions. The workers in charge of supervising the bales were the *stifdzēdes*.

What I have described so far are the basic activities that take place regardless of the processing method. There were, however, substantial differences, depending in how many categories one would sort the leaves, and what type of packaging. Some forms of tobacco processing were more labor intensive than others, both in terms of the necessary amount of labor and dexterity. In the mid-1920s, and at an increasing pace throughout the interwar period, the employers' preference for a simpler form of processing known as *tonga* partially displaced more labor-intensive options. This shift threatened tobacco workers with the loss of jobs and the de-skilling of the remaining ones. This threat was one of the main causes of industrial conflict in

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<sup>648</sup> Dankas, *Recherches*, 81-90.

<sup>649</sup> *Ibid.*



interwar Greece, as the existing historiography has pointed out.<sup>650</sup> What set the *tonga* apart from other methods was its simplicity.<sup>651</sup> The most common methods before the popularization of *tonga* required the classification of leaves in multiple categories, and placing them in very specific ways inside the package. The goal was to guarantee the tobacco's durability for a long time, and to make it easy for an interested buyer to examine its quality. In order to make the bale more appealing to the eye, the best leaves would be placed in the most visible parts within it.

In 1926, Istanbul-based Dutch tobacco merchant E. B. Philips published an extremely informative book on Turkish tobacco. The book describes different methods for commercial processing in considerable detail, and explains the rationale behind them. There had to be a balance between making it easy for the customer to assess the content of the tobacco bale, and making the product look attractive to the eye. The book contains illustrations that show how the distribution of the leaves within the bale enhanced their appearance (Illust. 7.01). The customer would open the package and see a top layer of hand-selected, beautifully arranged leaves. The book also shows how an interested buyer would examine the quality of a bale of the Kavala type (Illust. 7.02). Philips explains in his book that the best leaves should be placed in the parts of the bale that the buyer's hand is more likely to select for inspection.

Unlike these forms of commercial processing, the *tonga* method lumped different qualities together. It did not allow for an easy inspection of the content, and could not guarantee the same degree of durability. This latter point is of great importance, since the chemical transformations that resulted in the fermentation of the tobacco leaves would not stop once the

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650 Λιάκος, *Εργασία και πολιτική*; Φουντανόπουλος, *Εργασία και εργατικό κίνημα*; Dankas, *Recherches*.

651 The terminology that refers to the different processing methods varies greatly from source to source, probably because of the lack of a standard-setting institution. Assaël mentions the methods *bachi-bagli*, *kaloup* and *basma*, whereas Philips uses the place names Samsoun, Kavala and Smyrna as names of processing methods. Assaël, *Der Orienttabak*. Philips, *Der türkische Tabak*.

leaves were in the tobacco bale. Storing large, thick leaves in direct contact with small leaves could result, in the long run, in the deterioration of the smaller ones.<sup>652</sup> The advantage of the *tonga* method was, of course, that the merchant would save in labor costs.

The existing historiography has not explained satisfactorily what circumstances brought about this shift towards cheaper forms of processing in the 1930s. Fountanopoulos, Liakos, Petmezas, and Dankas have correctly argued that the employers wanted to reduce labor costs.<sup>653</sup> Fountanopoulos and Petmezas have pointed out that the *tonga* method started to spread rapidly in the context of a turn towards cheaper cigarettes in foreign markets during the economic downturn of the early 1930s. Both explanations are accurate but incomplete, in that they fail to take into account the specific structure of Oriental tobacco trade in this period and the important role that the German cigarette industry played in it.

It is true that the crisis of the early 1930s depressed the profits of the cigarette industry. It is also true that manufacturers increasingly prioritized lower production costs over the quality of their raw material. However, we should not overstate the importance of these developments. In the case of the German cigarette industry, the shift towards cheaper cigarettes was accompanied by an increase in the quality of that lower segment of the market. Precisely because manufacturers were competing for consumers of cheap cigarettes, they had to put better tobacco in them.<sup>654</sup> We should also keep in mind that employers always want, all things equal, to reduce labor costs.

In addition to being a cheaper form of commercial processing, the *tonga* had an important advantage further downstream in the commodity chain. This method made it easier for the worker at the cigarette factory to break up the bale. In an study written at the end of his

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652 Assaël, *Der Orienttabak*, 35-37.

653 Λιάκος *Εργασία και πολιτική*, 426. Φουντανόπουλος, *Εργασία και εργατικό κίνημα*, 154-163. Πετμεζάς, *Προλεγόμενα*, 204. Dankas, *Recherches*, 293-297.

654 “*Η καπνική κίνησης εν Γερμανία*,” *Δελτίον Καπνού*, February 1934.

apprenticeship at two Reemtsma factories, Martin Gehl explained that the leaves in a *tonga* bale, unlike in the *bachi-bagli* and *kaloup* methods, were less tightly pressed and less regularly aligned, which saved time and labor in the factory. It was easier for the worker to loosen the leaves before they could be cut in small pieces.<sup>655</sup> Again, this is a property of the *tonga* that could have made it attractive long before it became so popular among the tobacco merchants of the eastern Mediterranean. All these considerations raise the question of why the *tonga* method of tobacco processing became more common at this particular point in time.

The reasons why the 1930s witnessed the popularization of the *tonga* method is related to the rise of Germany as the largest consumer of Oriental tobacco, and to the specific structure of the market in this period. Cigarette manufacturers, and specially the German giant Reemtsma, were buying tobacco directly from the exporting countries. Therefore, there was no reason to invest in a type of packaging that facilitated the examination of the quality of the tobacco *after* it had already been packaged. Instead, the cigarette manufacturer's agents would perform such assessment *during* the packaging process. The *tonga* method had until then been common only in the Smyrna area. Up until the late 1920s, only large American companies would use the *tonga* method. In this regard, E. B. Philips wrote the following in 1926:

I would like to mention that, in recent years, almost every large American firm in Smyrna processes all its tobacco as tongas, and delivers it in that form to the American factories. For the manufacturer, the great advantage of working like this is obvious, since his tobacco arrives at the factory ready for the mixing, and one can avoid the tremendous work of picking leaves from different bales ... Meanwhile, as long as most European manufacturers hold the view that "tongas are always of inferior quality," no reasonable merchant will ever dare follow the example of the Americans, who after all buy and process tobacco for their own factories.<sup>656</sup>

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655 Gehl, "Die Betriebskontrollen in der Zigarettensindustrie," 28. A copy of this unpublished study is available in PFR Reemtsma, Philipp F. / Reemtsma Cigarettenfabriken, folder 401-18, HIS.

656 Philips, *Der türkische Tabak*, 332.

There was probably no way for Philips to know in 1926 that the German cigarette industry would become such a dominant force in the Oriental tobacco market and that Reemtsma would move upstream in the commodity chain in the way that it eventually did. The firm had just started placing joint orders of raw material, together with manufacturers Jasmatzi and Yenidze, in 1925.<sup>657</sup> Not only did Reemtsma implement large scale buying programs in the tobacco processing centers of the eastern Mediterranean a few years later. By the early 1930s, the company was sending its agents to buy tobacco directly in Greece's villages, supervise its commercial processing, and ship it to Germany.<sup>658</sup> David Schnur, the man in charge of the company's buying programs, came up with a version of the *tonga* system that was even simpler, and would become known in the market as "uso Reemtsma."<sup>659</sup> The impact of Reemtsma's strategies did not just affect the labor market in Greece, but also tobacco workers in Bulgaria. In 1930, an article in newspaper *La Bulgarie* made reference to a "demand for a simplification of the processing method for Bulgarian tobaccos imposed by multiple foreign tobacco buyers, mainly the German cigarette group Reemtsma."<sup>660</sup>

Some of Reemtsma's competitors in Germany were also interested in cheaper forms of processing. The monthly bulletin of the Tobacco Office of Kavala made reference to an "uso Germany" that was of lower quality than the "uso America" already in 1927, i.e. before the crisis of international tobacco trade.<sup>661</sup> In the newspaper advertisement of a group of tobacco workers seeking employment in 1930, we find a requested wage of 12-20 drachmas for "German

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657 Lindner, *Die Reemtsmas*, 33-35.

658 Jacques Saporta to Central Committee, 1932, A1S28Y1 Καπνός, folder 17, items 39/156 and 39/157, NBG.

659 Manuscript "Der Rohtabak," by Kurt E. Heldern, 1953, PFR Reemtsma, Philipp F. / Reemtsma Cigarettenfabriken, folder 115-52, p. 5, HIS.

660 German embassy in Sofia to Auswärtiges Amt, 1930, R Auswärtiges Amt des Deutschen Reiches, folder 88864, item 167, PAAA.

661 "Έπεξεργασία," *Δελτίον του Γραφείου Προστασίας Ελληνικού Καπνού Καβάλλας*, March 1927.

processing” and 25-drachmas for “American processing.”<sup>662</sup> According to Harald Assaël,<sup>663</sup> the fact that German cigarette manufacturers were turning towards cheaper forms of commercial processing had to do with logistics. A free merchant had to make his product look attractive when offering it to potential buyers. In addition, he could not know how long the tobacco would remain in his hands. In contrast, cigarette manufacturers knew with more certainty how much tobacco they would need, and when. The risk of small, thin leaves deteriorating over time was therefore reduced, and the *tonga* method became more convenient.<sup>664</sup>

One of the main limitations that we face when trying to reconstruct the structure of Oriental tobacco trade in pre-WWII Germany is the absence of comprehensive quantitative data at the level of the individual firm. One cannot determine precisely, for example, the volume of business of different leaf trading companies. For Greece, we have only some data for the years 1936 and 1938. These data can at least give us some idea of the extent of Reemtsma’s importance as a market actor in Greek-German tobacco trade, and of how free merchants were losing ground. Reemtsma alone bought up 31.06% of all the tobacco that was exported from eastern Macedonia and Thrace to all countries in 1936. All other German cigarette manufacturers combined bought 12.38% percent. Independent Greek merchants bought a quarter of the tobacco exported that year. By 1938, Reemtsma’s share of Greek tobacco entering the German market had shot up to 68%.<sup>665</sup>

The command economy of Nazi Germany was especially conducive to the type of planning that helped Reemtsma tighten up the logistics involved in sourcing its raw material directly without keeping large reserves. As I explained in chapter 4, by 1934 the level of

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662 “Ενδιαφέρουσα αγγελία, *Μακεδονία*, October 14, 1930.

663 Harald Assaël was the son of a Salonikan tobacco merchant called Sabatai Isidor Assaël. He lived in Germany in the interwar period. Guttstadt, *Turkey, the Jews, and the Holocaust*, 162.

664 Assaël, *Der Orienttabak*, 35-37.

665 Ριτζαλέος, “Οι εβραϊκές κοινότητες στην Ανατολική Μακεδονία,” 136-137.

cartelization in the German cigarette industry was at approximately 96%. The Economic Association of the Cigarette Industry set production and sale quotas, as well as prices. This context favored the use of lower quality methods in commercial processing.

Despite its advantages for the concentrated and cartelized German industry, the *tonga* system never replaced the more sophisticated forms of commercial processing completely. The free merchant that would market his goods to potential buyers lost importance within the market overall, but did not disappear. The international market still allowed room for his activities. Some important buyers, such as the Czechoslovakian and the Romanian monopolies, carried out their purchasing programs as follows: they would publish a list of the types and quantities of tobacco that they were planning to buy, and then have lots offered to them by different firms.<sup>666</sup> There is evidence of the Polish monopoly making purchases after receiving samples of Greek tobacco in 1935.<sup>667</sup> Germany's small manufacturers, who lacked direct access to the supply markets, represented a small size of the German pie, but they still existed. A series of measures aimed at preventing the loss of jobs in Nazi Germany allowed them to survive, despite the rise of big business in the industry. The Greek merchant could still take his tobacco to Dresden, and sell it to these factories like before World War I.<sup>668</sup>

Even Reemtsma would supplement its buying programs in the secondary market. The firm had a vested interest in keeping formally independent tobacco trade alive. Reemtsma's leadership was concerned about being perceived as a *de facto* monopoly in the eastern Mediterranean. The existence of indigenous merchants, they thought, would prevent the

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666 "Ειδήσεις," *Δελτίον Καπνού Γραφείου Προστασίας Καπνού Καβάλας*, October 1929; "Αι προσεχείς αγοραί του Τσεχικού Μονοπωλίου," *Δελτίον Καπνού Γραφείου Προστασίας Καπνού Καβάλας*, December 1930; "Προκήρυξις διαγωνισμού δια την προμήθειαν ελληνικών καπνών υπό του τσεχοσλοβάκικου μονοπωλίου," *Δελτίον καπνού*, February 1934.

667 Report "Monatliche Berichterstattung des Tabakschutzamtverbandes," September 1935, 13131 Deutsche Bank, Filiale Dresden, folder 450, HSA Dresden

668 "Η κίνησις της καπναγοράς μας," *Δελτίον καπνού*, November 1935. "Διάφοροι ειδήσεις εκ του εξωτερικού," *Δελτίον καπνού*, December 1936; "Το ζήτημα των καπνών ως εξελίχθη τελευταίως εν Γερμανία," *Δελτίον του Γραφείου Προστασίας Ελληνικού Καπνού Καβάλας*, November 1929.

establishment of state monopolies on tobacco exports less likely.<sup>669</sup> Despite the fact that the *tonga* system never became the only viable one, its popularization caused a great deal of strife in Greece's tobacco processing industry. At first, the unions tried to prevent the adoption of what they perceived as a job killer. But, since they could not prevent this from happening, they turned instead to mitigating its impact on their members' livelihood.

Giōrgos Pegios was a tobacco worker in interwar Kavala. He was also a union leader and a KKE member.<sup>670</sup> In his memoirs, written in 1983, he tells us that the first employer to implement the *tonga* system in the city was the American firm Gary Tobacco in 1930. At first, he recalls, there seemed to be no reason to worry about this innovation. The tobacco bales that resulted from it did not offer much protection against the deterioration of the tobacco. One did not yet expect the *tonga* to replace the more elaborate methods. Things changed on July 22, 1933. The firm Benveniste announced that all its male workers were going to be laid off over the next three days and that it was going to implement the *tonga* method using exclusively female labor.<sup>671</sup>

What ensued was Kavala's largest strike in the interwar period, only rivaled by the one that took place in 1924 over the export of unprocessed tobacco. Benveniste's male employees refused to leave the factory. Instead, they barricaded themselves in it, together with their female co-workers. They demanded that men be employed in *tonga* processing as well. The news about the protest spread rapidly across Kavala, and workers in other factories proceeded to join in. As had been the case in previous strikes by tobacco workers, the local organizations of store owners and liberal professionals supported them. Three days later, the company caved in, announcing

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669 Manuscript "Der Rohtabak," by Kurt E. Heldern, 1953, PFR Reemtsma, Philipp F. / Reemtsma Cigarettenfabriken, folder 115-52, p. 4, HIS.

670 Πέγιος, *Από την ιστορία*,

671 Πέγιος, 74-79.

that it would employ male workers as well. However, the protesters inside the Benveniste factory decided to remain locked in it. At that point, the public authorities intervened in the affair.

Kavala's mayor sent in the police, while a representative of the national government arrived in the city to mediate in the conflict.<sup>672</sup> The workers put an end to their protest on the fifth day and three way negotiations between employers, unions, and the state began.<sup>673</sup> The workers made important gains at the bargaining table. The government agreed to pass legislation requiring tobacco trading firms to hire a 50% male workforce whenever implementing the *tonga* method. All the other gains were related to the right to form a union without the risk of retaliation by either employers or the state. These gains of a more political nature were short-lived in the anti-union, anti-Communist political context of interwar Greece.<sup>674</sup> In contrast, the male quota was maintained up until the first years of World War II.<sup>675</sup>

The employers preferred female labor, since their wages were lower than those of men. The division of labor within secondary processing favored men because they were perceived as more skilled, and because of their status as heads of families. In the more traditional forms of secondary processing, as I have already pointed out, men were more likely to work as *dexēdes*, while women would normally work as *pastaltzēdes*. In 1914, a massive strike that started in Kavala and then spread to Eleftheroupoli, Salonika and Drama, tobacco unions had already been able to forestall the employment of too many women as *dengtsēdes*.<sup>676</sup> The tobacco unions of northern Greece were, not surprisingly, led by men. Female workers, however, also supported these strikes. Women were generally in favor of protecting male workers in the industry. They

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672 Πέγιος, 76-79.

673 *Ibid.* Also Ιωαννίδης, *Το καπνικό στην Καβάλα*, 97-102.

674 Πέγιος, *Από την ιστορία*, 80.

675 Decree “Περί παρατάσεως της ισχύος του νόμου 5817 «περί απασχολήσεως αρρένων Καπνεργατών εν τη επεξεργασία Τόγκας επί έν έτος»,” Decree “Περί παρατάσεως της ισχύος του νόμου 5817 «περί απασχολήσεως αρρένων Καπνεργατών εν τη επεξεργασία Τόγκας»,” Decree “Περί παρατάσεως της ισχύος του νόμου 5817 «περί απασχολήσεως αρρένων καπνεργατών εν τη επεξεργασία τόγκας επί έν έτος».”

676 Avdela, “Classe, éthnicité et genre.”



did not oppose the wage gap, at least openly, in part because it allowed their male relatives working in the industry to bring more money into their families. In fact, there were many women who would stop working in tobacco processing after marriage.<sup>677</sup>

The *tonga* was, contrary to what Fountanopoulos has argued, a more simple form of processing than the hitherto most popular methods.<sup>678</sup> Employers could challenge the status of men as skilled laborers. Since the leaves did not have to be divided into such refined categories, there was less of a justification for hiring a more expensive male worker. In other words, employers could take advantage the existing stereotypes about the capabilities of men and women to save money. From the point of view of the state, the 50% male quota provided a balance between preventing massive male unemployment and unrest on the one hand, and safeguarding the international competitiveness of Greek tobacco on the other. The Greek government's memorandum introducing the parliamentary bill that would eventually establish the male quota made reference to the need to reduce the risk of subversive ideologies spreading among the jobless. The language in it also made reference to the particularly problematic issue of men being unemployed while women worked. It described the situation in terms of dangerously inverted gender roles:

[T]he unemployed men take care of the household chores and, going against logic, send their mothers, wives, sisters and daughters to work in tobacco processing for an insufficient wage. This goes against the familial traditions of the Greeks and against women's nature. The evils that this situation entails include serious threats to the health of these women, posed by this particular task.<sup>679</sup>

Faced with the impossibility of having the *tonga* method regulated away, unions had to content themselves with the male quota. Making sure that employers would abide by the 50% rule, and

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677 Tobacco Merchant Association of Macedonia and Thrace to TAK, 1936, registry no. 49/2006, item 12938, TM Kavala. This was the case across almost all manufacturing industries at the time. Women's employment outside of the household was seen as being lifecycle related and acceptable up until the time that a woman got married and started her own family. At that point, she was to devote all of her time to managing her new household.

678 Φουντανόπουλος, *Εργασία και εργατικό κίνημα*, 154-158.

679 Memorandum to parliamentary bill, 1933, registry no. 26/2006, item 5628, TM Kavala.

achieving an increase in the percentage established by law were the only realistic goals left. At the height of labor mobilization in the spring of 1936, the Tobacco Workers' Congress held in Salonika demanded modifications to the law on the male quota so that more subsidiary tasks within the labor process be covered by it.<sup>680</sup> In 1937, already under Metaxas, Xanthi labor leader Zargiannopoulos, for instance, requested that the quota be increased.<sup>681</sup> Not surprisingly, merchant associations would push in the opposite direction. In 1935, the TMFG lobbied for a reduction of the quota to 35%.<sup>682</sup> The tobacco merchants would also address the political authorities in order to implement the 50% rule according to interpretations of the law as little restrictive as possible.<sup>683</sup>

The state dealt with workers' protests with the carrot of pro-labor legislation and the stick of police violence and arrests. In practice, labor had limited capacity to put pressure on their employers and the authorities to enforce the protections that existed on paper. However, the fact that tobacco firms had to engage in collective action in order to water down this legislation suggests that they were constrained by it to some extent. Both unions and businesses had some degree of leverage in negotiating Greece's tobacco policy.

The initial push for a widespread simplification of commercial processing had come from Germany. Not coincidentally, the employer that had triggered the strike against the *tonga* had registered the company L. H. Benveniste & Jaffe in Hamburg only five years prior.<sup>684</sup> However, the concrete impact of this trend on the Greek supply market was ultimately determined by the

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680 "Από το καπνεργατικό συνέδριο," *Ριζοσπάστης*, April 7, 1936.

681 Ζαργιαννόπουλος, "Επί του καπνεργατικού."

682 Meeting minutes, 1935, registry no. 26/2006, item 17988, TM Kavala.

683 Tobacco Merchant Association of Macedonia and Thrace to Mantas, 1934, registry no. 26/2006, item 17978, TM Kavala. In the same registry, Gianakēs to District Attorney, 1934, item 17990; Soutos to TMFG, 1936, item 17997; Soutos to TMFG, 1936, item 17999; Soutos to Mantzarēs, 1936, item 18025; Soutos to Mantzarēs, 1936, item 18026. Dēmētratos to Association of Tobacco Merchants of Salonika, 1938, item 18061.

684 *Adreßbuch Hamburg*, 1928 p. II-70.

activism of Greek unions and business associations, as well as by a state concerned about a public order that it could not maintain just by policing labor unrest.

A history of the *tonga* method as a contested political issue in Greece cannot be complete unless we look at the research that the Tobacco Research Institute carried out in the area of commercial processing. There is more to this story than the “conservative” stance of labor unions and the *laissez faire* positions defended by tobacco merchants. The TRI developed a new method of tobacco processing called *seira basma*. It also made an effort to popularize the new method among tobacco merchants and cigarette manufacturers, presenting it as an alternative to both the *tonga*, which caused the loss of so many jobs, and the more expensive processing methods.

In the study “Experiments in Tobacco Processing” (“Πειράματα επεξεργασίας επί του καπνού”), Thalēs Andreadēs made explicit reference to the social conflict that the *tonga* was causing.<sup>685</sup> Workers were correct, he explained, in pointing out that the *tonga* could not safeguard the quality of the tobacco as effectively as other methods. They also faced the risk of unemployment. Merchants, on the other hand, had an interest in providing tobacco more cheaply processed if the market was demanding it. Both groups had legitimate concerns according to Andreadēs. Hence the need for a third alternative.

The proposed method protected the tobacco better than the *tonga*. The leaf’s petiole would be, like in some of the more elaborate methods, in contact with the surface of the package. This allowed for an easier regulation of the bale’s internal humidity levels, since the petiole absorbs and releases water faster than any other part of the leaf. Too much or too little humidity inside the bale would deteriorate the leaves. By regulating the humidity levels of the storage area, one would be able to keep it within the suitable range more easily than with the *tonga* method. At the same time, the *seira basma* method was only slightly more expensive. It could

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<sup>685</sup> Ανδρεάδης, “Πειράματα επεξεργασίας επί του καπνού.”

increase both the quality of the product and the workers' income without too big a downside in terms of overall costs.

The study, published as a booklet in 1935, was accompanied by a long summary in German. This is hardly surprising considering that Germany already was already absorbing almost half of Greece's tobacco exports by then (Graph 6.01) and that its industry was particularly interested in the *tonga* method. The TRI made use of different channels to spread the word among tobacco merchants about this new method, including the international fair of Salonika, the Bulletin of the Tobacco Offices, and the Academy of Athens.<sup>686</sup> A copy of the study made it to the library of the Institute's German counterpart in Forchheim.<sup>687</sup>

There is no evidence of tobacco merchants ever adopting the *seira basma* method. Despite the TRI's scientific contribution, the *tonga* method remained a source of industrial conflict in Greece until World War II. Regardless of its actual economic impact, the history of this research endeavor is relevant in that it exemplifies how Greece's new institutions were able to pose creative solutions to the social and economic challenges of an international market increasingly dominated by large foreign companies. This is also an example, like the research on Virginia-type tobacco discussed in chapter 5, of how scientific production in this period was directly related to the immediate needs of Greece's economy. Unlike in the case of Virginia tobacco, however, the historical record does not reveal any short-term success in this area.

Ultimately, foreign cigarette manufacturers had the power to decide what methods would be implemented to process Greek tobacco. The node of commercial processing shows more clearly than any other part of the value chain how Reemtsma's rise as a key actor influenced the development of tobacco trade in Greece. The activism of Greece's tobacco workers could

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686 "Διάφορα ζητήματα," *Δελτίον καπνού*, September 1935.. Letter to League of Offices for the Protection of Greek Tobacco, 1936, 262 Διοικ., 18.01 Αρχείο του Καπνολογικού Ινστιτούτου Νομού Δράμας, folder 1700, GAK Dramas.

687 Copy available in 576 Landesanstalt für Pflanzenbau und Tabakforschung, folder 25, GLA Karlsruhe.

mitigate the effects of the popularization of the *tonga* only partially. In contrast, their combative stance did have significant political implications. The workers were able to draw the state into mediating in industrial conflict. In turn, the state's intervention created opportunities for Communists to question its capacity, or willingness, to provide tobacco workers with a dignified life. At the same time, the presence of Communist activists among the tobacco workers made it easier for employers to rally the support of the state in fighting unions. In short, both worker and employer organizations acted as economic and political actors.

The conflicts that arose around the spatial distribution of commercial processing, and the popularization of the *tonga* method tell us something about the nature of territoriality and the input-output structure as components of value chains. Both are determined by relations of power that do not only involve the most self-evident stakeholders, i.e. workers and employers. The inhabitants of places like Nigrita or Kavala, even those who were not tobacco workers, actively participated in industrial conflict, since they had an interest in protecting their local economies. From this point of view, not only the state and regulatory bodies, but also the communities in which a value chain is embedded are important parts of its governing structure.

Finally, the efforts of the TRI to develop, and popularize, the *seira basma* method for commercial processing should lead us to nuance the notion of resistance to innovation that theorists of technology like Juma and Mokyr have proposed.<sup>688</sup> They present the introduction of new technology in an industry as a natural development stemming from a human aspiration to more efficiency and wealth. According to this understanding of innovation, once it appears, certain groups will either adopt it or resist it, depending on a variety of factors ranging from rational material interest to cultural inertia. Innovative technologies are therefore, it is argued, a structural given. The case of the *seira basma* method, however, shows how the resistance that

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688 Juma, *Innovation and Its Enemies*. Mokyr, *The Gifts of Athena*, ch. 6.

tobacco workers posed to the *tonga* method created an incentive for the development of an innovative form of processing. The *seira basma* was efficient according to a broader range of criteria: not just overall cost, but also quality and capacity to sustain a higher level of employment. That the *tonga* imposed itself in the long run was the result of merchants and cigarette companies having more political leverage than the workers.

The apparently trivial issues of how to package tobacco leaves, and where, are the material manifestation of Greece's economic troubles in the interwar years. The economic well-being of the population of the New Lands, whether rural or urban, depended directly or indirectly on the vagaries of the international tobacco market. The market changed rapidly after World War I, with overall demand growing while a few manufacturers greatly increased their capacity to influence who did what, and where. The German industry, and more specifically Reemtsma, became key actors in the value chain's governance structure. However, the partial success of the tobacco workers' unions at a time of harsh anti-Communism in Greece shows us that, despite the growing power of large manufacturers within the governing structure of the value chain, local politics still mattered.

## VIII. Export Trade

So far, we have followed Oriental tobacco from agricultural production in the Greek countryside through to its commercial processing in an urban center. At that point, the tobacco is ready for its shipping to Germany. We have seen that all economic activities involved in the production, intra-Greek trade, and transformation of this commodity were influenced by the expansion of state authority, and by a foreign demand increasingly driven by the German cigarette industry. The next stage in the commodity chain that of shipping the tobacco to Germany and selling it to a cigarette manufacturer underwent significant changes in this period as well. Such changes manifested themselves in the territoriality of the value chain, the types of actors involved, and the auxiliary services that developed in order to facilitate trade.

As the interwar period progressed, and especially after the international economic downturn of the early 1930s, the position of free merchants became increasingly subordinated to that of the foreign cigarette manufacturers, especially the German group Reemtsma. A growing share of the overall trade would be conducted in the form of orders placed by manufacturers, which their contracted suppliers would then fulfill. In other words, an increasing volume of trade had its absorption by the cigarette industry guaranteed. In addition to the encroachment of the free merchants' field of activity by the German cigarette industry, state agencies and banks took over several functions that had previously been performed by the free merchants exclusively: gathering market information, finding potential buyers, and presenting Greek tobacco as a desirable good. The marketing of tobacco leaves stopped being merely a private affair between the tobacco merchant and a potentially interested cigarette manufacturer and his targeted customers. It became an area of policy. The intervention of the Tobacco Offices became

necessary to make Greek tobacco popular with final consumers so that they would demand that the industry produce cigarettes made with it.

The developments outlined thus far had multiple effects on the territoriality of the value chain. Hamburg gained importance as the point of entry of Greek tobacco into Germany, at the expense of Dresden. Many of the Greek merchant families that had had their offices in Dresden's Wilsdruffer Vorstadt moved to less central parts of the city (Map 3.01). In Greece, the ports of Salonika and Kavala attracted tobacco export trade that had once been carried out through other port cities, such as Alexandroupoli or Patra (Map 5.01). As was the case with the more upstream nodes of the value chain, the emergence of the Reemtsma group as a critical actor had far-reaching consequences for the export trade of Greek tobacco. Not only the volume of its business but also its deliberate strategy of not owning tobacco warehouses in the producing countries shaped the market in multiple ways. In the first place, the strategy allowed for the existence of formally free merchants that Reemtsma would bind through a system of monetary advances. Once the tobacco had been purchased and taken to the urban center, a few Reemtsma employees were enough to supervise its commercial processing and shipping. The second effect of this strategy was that Reemtsma did not have much capital at stake in the form of buying offices and processing facilities. This approach allowed the firm enough flexibility to quickly adapt its buying campaigns, depending on the conditions of the different Greek, Bulgarian, and Turkish supply markets. In such a context, it was in the interest of the governments and free merchants of the exporting countries to constantly attract the business of the Reemtsma group.

### **Economic Downturn and Market Concentration**

In chapter four, I explained how the encroachment of foreign firms into the Greek market, the increase in labor militancy, and the weakness of multiple European currencies in the first interwar years created a sense of crisis among Greek tobacco merchants. In 1924, they



created the Tobacco Merchant Federation of Greece to address the challenges that they faced. By 1928, however, there were reasons for optimism among Greece's merchants and policy makers. The slump of 1925 that had rung the alarm seemed to be over. In 1926 and 1927, Greece's tobacco exports reached unprecedented levels (Graphs 8.01 and 8.02).

In Germany, the stabilization of the economy under the Dawes Plan stimulated a growing demand for cigarettes. As a result, a number of entrepreneurs opened small factories in Dresden, even though they lacked the capacity to acquire their raw material directly from overseas.<sup>689</sup> For a short period of time, it looked like Greece's free merchants would have a sales market similar to what had existed before World War I. In addition to this revitalization of the tobacco market, a coherent set of policies aimed at promoting tobacco exports was emerging in Greece. The Tobacco Offices started publicizing Greece's most valuable export commodity at international fairs and in the foreign press. In 1928, little did merchants like Thomas Vlahopoulos know that a crisis of enormous proportions was about to afflict tobacco exports, and its impact would be felt especially hard by free merchants.

That year, the Serres-born entrepreneur received a loan from the Dresden branch of Deutsche Bank. He used the loan to buy tobacco in northern Greece.<sup>690</sup> Whereas before World War I German banks had been unwilling to give credit to any merchant unless the tobacco was already on German soil, in the 1920s that was no longer the case.<sup>691</sup> This was yet another factor favoring the revitalization of the small-time tobacco merchant as a viable business model. Unfortunately for Vlahopoulos, the market price of his recently purchased tobacco fell so sharply that he would not be able to pay back his loan. In 1928, in other words even before the Crash of

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689 "Το ζήτημα των καπνών ως εξελίχθη τελευταίως εν Γερμανία," *Δελτίον του Γραφείου Προστασίας Ελληνικού Καπνού Καβάλλας*, November 1929.

690 Internal Deutsche Bank correspondence, 1931-1933, 13131 Deutsche Bank, Filiale Dresden, folder 225, HSA Dresden.

691 Richter, "Zigaretten-Rohtabak in Deutschland," 13

1929, there were the first signs of increasing tobacco overproduction in Greece. Between 1931 and 1933, prices collapsed beyond all expectations (Graph 5.03).

As cigarette sales fell in the early 1930s, German cigarette manufacturers reduced their purchases of raw material in the eastern Mediterranean. Instead, they tapped their reserves.<sup>692</sup> If they had to buy raw material, the restrictions on the availability of foreign exchange that the German government had imposed made it difficult to import the goods. Therefore, manufacturers would buy whatever stocks of Oriental tobacco were already available in the country. Outside of Germany, important buyers of Oriental tobacco, such as the Austrian state monopoly also reduced their tobacco imports considerably.<sup>693</sup> The resulting fall in tobacco prices on the international markets was a hard blow to the independent trading firms that had purchased tobacco in the years leading up to the 1931.

For years, prices would not recover to an extent that would allow these merchants to sell their tobacco and pay off their mounting debts. In addition to growing interests and storage expenses, merchants faced the risk of their tobacco deteriorating over time. Iōannēs Stergidēs, for instance, had bought tobacco from the 1929 harvest. After two years of unsuccessful attempts to sell it, a good portion was damaged by worms in the summer of 1931. That same summer, the tobacco that the firm Papadatos Brothers had purchased in 1928 met the same fate. Both firms were unable to pay back the debt that they had with the National Bank of Greece.<sup>694</sup> The problem of the so-called *old tobaccos* (*παλαιά καπνά*), as the tobacco from the 1930s harvest and older was often referred to, would prove difficult to resolve for the merchants, and the Tobacco Offices, which acted as their advocates with the Greek government.

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692 “Καπνεμπορική κίνησις,” *Γραφείου Προστασίας Ελληνικού Καπνού Καβάλλας*, March 1933.

693 Article in newspaper *Die Börse*, 1935, A1S28Y1 Καπνός, folder 7, NBG.

694 Reports “Ανοικτοί λ/σμοι επ' ενεχύρω εμπορευμάτων, Hellenic Tobacco Export Co. Ltd.” and “Ανοικτοί λ/σμοι επ' ενεχ. εμπ/των τρ/κα, Ιω. Στεργίδης,” 1933, A1S20Y89 Αρχείο υποκαταστήματος Θεσσαλονίκης, Διάφορες υπηρεσίες, folder 89, NBG

By the time that the international demand for Oriental tobacco recovered after 1935, over 40% of all Greek tobacco exported to Germany was being purchased directly by cigarette manufacturers. The percentage kept growing during the last years of the interwar period.<sup>695</sup> The impact of the economic crisis, and of the concrete policies implemented by the Greek and German governments to manage it, accelerated the already ongoing process of market concentration. The clearing system benefited big firms that could operate with large sums through the bureaucratic maze of exchange controls, import permits, and quotas. Furthermore, Greece's support for its free merchants was quite timid, at least when compared to tobacco producers.

A common thread in the management of the crisis of tobacco exports, whether under Venizelist administrations (until March 1933), Tsaldarēs' monarchist government (from March 1933 to October 1935), or Metaxas' authoritarian regime (after April 1936), was a preference for short-term, one-time measures, as opposed to developing a new institutional framework that would shape the future of tobacco exports over the long run. Such an approach is in stark contrast with the establishment of the Tobacco Research Institute to support the rationalization of agricultural production, or the creation of welfare schemes to reduce the impact of seasonal unemployment among tobacco workers. The state only participated directly in the market through the Central Committee for Tobacco Purchasing and Administration, which I discussed in chapter 6. This *ad hoc* office pursued a very specific objective: relieving peasants from the burden of their unsold tobaccos. There was no equivalent mechanism to help the free merchants.

Throughout the crisis of tobacco exports, the Tobacco Offices acted as advocates for the interest of Greece's merchants. The leadership of these agencies considered that the tribulations of Greece's free merchants could have long-term negative effects on the future prospects of the

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<sup>695</sup> Ριτζαλέος, "Οι εβραϊκές κοινότητες στην Ανατολική Μακεδονία," 136-137.

country's tobacco trade. Right before the crisis, these merchants had been responsible for approximately 40% of Greece's exports. Furthermore, they were the ones who most actively sought new markets for Greek tobacco. One could not expect the large foreign firms, which bought tobacco in Greece, Bulgaria and Turkey with the sale secured beforehand, to compensate for this loss of entrepreneurial capital and commercial contacts.<sup>696</sup> Moreover, the merchants' demand for tobacco from the new harvests would not return to normal levels as long as they remained stuck with their tobaccos unsold and their capital immobilized. This circumstance could delay a recovery of the prices paid to the peasants.<sup>697</sup>

The most ambitious proposals that the Tobacco Offices made for the sake of the free merchants did not bear much fruit. They proposed, for instance, that the banks with a claim to most of the debt burdening the free merchants cooperate to actively market the unsold tobacco overseas.<sup>698</sup> The idea was to create an equivalent to the Central Committee that had assisted the peasants, with the particularity of having the banking sector directly in charge. The banks dragged their feet and, in the event, refused to move forward with the initiative.<sup>699</sup> The Tobacco Offices also pushed for some degree of debt relief. Although the Greek government passed legislation mandating the banks to waive certain fees and interests to the benefit of the independent merchants, the banks managed to get away with applying quite restrictive interpretations of the law<sup>700</sup>.

The Tobacco Offices did score some wins for the free merchants. One of them was the conversion into drachmas of the merchants' debt that was denominated in foreign currency. This measure was expected to allow the debtors to benefit from the devaluation of the drachma. The

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696 "Τα καπνά μας και η καπνική πολιτική, *Δελτίον καπνού*, September 1933.

697 "Ανάγκη επειγόντων μέτρων," *Δελτίον καπνού*, October 1933.

698 "Οι όροι συγκεντρώσεως των παλαιότερων επεξεργασμένων καπνών και η ίδρυσις γραφείου διαθέσεως αυτών, *Δελτίον καπνού*, August 1934.

699 "Διάφορα ζητήματα," *Δελτίον καπνού*, November 1935.

700 "Διάφορα ζητήματα," *Δελτίον καπνού*, June 1935. "Διάφορα ζητήματα," *Δελτίον καπνού*, October 1935.

Tobacco Offices suggested to extend the conversion, which originally targeted only Greek banks, to all foreign banks operating in Greece. Eventually, the latter remained free of the requirement.<sup>701</sup> The Tobacco Offices also secured a brief moratorium on bank repossession of collateralized tobacco.<sup>702</sup> Finally, they succeeded in having the export of old tobaccos partially exempted from the retention of foreign exchange.<sup>703</sup> Soon after allowing the drachma to free float in 1932, the Greek government started requiring exporters to exchange a percentage of the foreign currency that they received as payment. The Bank of Greece was in bad need for an inflow of hard currency to prevent an excessive devaluation of the drachma.<sup>704</sup> In this context, the partial exemption granted for old tobacco stocks would make them more competitive, it was hoped, than the more recent, cheaper harvests.

These timid measures did not facilitate the absorption of the free merchants' unsold stocks in the international markets. In 1935, tobacco prices had almost returned to pre-crisis levels (Graph 8.02). However, the Tobacco Offices were still reporting that the old tobaccos remained a problem.<sup>705</sup> That same year, Metaxas' recently established government announced a measure that would further encroach upon the business opportunities available to the free merchants. A firm would not be allowed to export tobacco to any countries with which Greece had signed a clearing agreement, unless it could provide documentation attesting to the sale of that tobacco in that country later on.<sup>706</sup> This measure was a response to one of Greece's most pressing macroeconomic challenges at the time: the large positive balance of its clearing agreement with Germany.<sup>707</sup>

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701 "Η κίνησις της καπναγοράς," *Δελτίον καπνού*, April 1933.

702 "Διάφορα ζητήματα," *Δελτίον καπνού*, September 1933; "Διάφορα ζητήματα," *Δελτίον καπνού*, June 1935.

703 "Επισκόπησις της κινήσεως των καπνών μας κατά το λήξαν καπν. έτος," *Δελτίον καπνού*, November 1933; "Η κίνησις της καπναγοράς μας," *Δελτίον καπνού*, September 1933.

704 "Το συναλλαγματικόν παρακράτημα του καπνού," *Δελτίον καπνού*, March 1933.

705 "Η κίνησις της καπναγοράς μας," *Δελτίον καπνού*, April 1936.

706 "Διάφορα ζητήματα," *Δελτίον καπνού*, December 1936.

707 Pelt, *Tobacco, Arms, and Politics*, 146-151.

Clearing agreements proved to be a double-edged sword. As you recall from chapter 4, under these arrangements, the money that German importers paid for Greek tobacco remained in the account that the Bank of Greece had in the German Reichsbank. Only Greek firms willing to import German goods would have the right to use those marks. Clearing agreements are mutually beneficial only as long as there is not a large imbalance between how much each of the two countries sells to the other. In the case of the Greek-German agreement, Greece was selling too much tobacco. The small size of the Greek economy could not sustain a demand for German manufactures large enough to compensate for the tobacco exports that were so necessary, especially in Macedonia and Thrace. The sum kept in the Bank of Greece's account in Germany kept growing.<sup>708</sup> At a macroeconomic level, this meant that the German economy was able to get tobacco without giving anything in return. The decision to ban exports of Greek tobacco to Germany if they were intended for re-export should be understood in this context.

There were rumors that German tobacco imports were artificially high, and that some tobacco was being resold to other countries.<sup>709</sup> It was in the interest of Greece's economy to disincentivize this type of trade. Otherwise, part of the profits would remain in Germany. Furthermore, the larger the positive balance in the German clearing agreement, the narrower Greece's room to maneuver in terms of foreign trade policy. The downside to banning re-exports was that the free merchants who would normally market their tobacco from Dresden or Hamburg would only be able to sell within Germany.

While Greece's government agencies gave little direct support to facilitate the business of the country's free merchants, there was considerable interest in attracting the business of the Reemtsma group. A look at the sales of the Central Committee show that Reemtsma's main provider, Hamburg-based firm Zellermeier, was by far its most important customer (Graph

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<sup>708</sup> Schönfeld, "Kooperation unter Krisenbedingungen."

<sup>709</sup> "Το ζήτημα του ελληνογερμανικού κλήριγκ," *Δελτίον καπνού*, May 1936.

8.03). The portion of the Central Committee's sales represented by Reemtsma correspond to one single purchase, which was agreed on under terms quite favorable for the German firm. No other buyer in Greece's most important sales market could absorb such a large amount of tobacco. Furthermore, Reemtsma had enough financial muscle to commit itself to compensating the Central Committee should a sudden devaluation of the mark undermine its profits during the course of the transaction.<sup>710</sup> In a context of high bureaucratic barriers to international trade, the risk posed by monetary instability was quite high.

Reemtsma's sheer size gave it privileged access to the corridors of power within Greece's economic institutions. Since tobacco exports to Germany were not sufficiently compensated with Greek imports of German goods, the Bank of Greece often ran the risk of insufficient liquidity. Therefore, it would sometimes delay the availability of money for specific types of transactions involving tobacco, much to the outrage of the Tobacco Offices and merchant associations.<sup>711</sup> Reemtsma was on a different league. In October and November of 1936, Kurd E. Wenkel, one of its highest-ranking officials, met with the directors of the Bank of Greece, with whom he agreed on monthly releases of Greek currency for Reemtsma's needs in the following buying season, regardless of how much tobacco the firm would eventually buy, or at what price.<sup>712</sup>

Previously, I pointed out that Reemtsma's strategy of not opening its own buying offices in the eastern Mediterranean, in combination with the existence of small cigarette manufacturers in Germany, allowed for a minimum of business opportunities for Greek merchants. From the point of view of the Greek government, there was an incentive to build upon Greece's

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710 Minutes of Central Committee Meeting, 1936, A1S28Y1 Καπνός, folder 19, item 24/104, NBG.

711 See, for instance, "Αι εργασίαι της σιγαρεττοβιομηχανίας εν Γερμανία," *Δελτίον καπνού*, May 1936; "Η κήσις της καπναγοράς μας," *Δελτίον καπνού*, February 1936; "Ο τρόπος διακανονισμού των μετά της Γερμανίας συναλλαγών μας," *Δελτίον καπνού*, February 1936.

712 Memorandum betr. die am 29 Oktober, 31. Oktober und 2 November 1936 bei der Banque de Grece in Athen geführten Besprechungen über den Drachmenbedarf der Firma H. F. und Ph. F. Reemtsma in Altona - Bahrenfeld, 1936, A3 Emmanouil Tsouderos Papers, item S1Y2F116T3, BoG

entrepreneurial capital, at least as long as doing so would not affect the banking sector, or prevent the Bank of Greece from implementing its monetary policy. Balancing those goals in a context of intense international competition required an increase in the overall foreign demand for Greek tobacco. Stimulating the demand for Greek tobacco to make the pie bigger for everyone, however, was no easy task. There were many layers of regulations and value-adding activities that separated Greek producers and merchants from the end consumer. Achieving an increase in demand would require a variety of auxiliary services aimed at advertising Greek tobacco overseas and making the Greek market easier for foreign firms to navigate.

### **New Auxiliary Services**

That Greece's tobacco sector would benefit from a concerted effort to promote the product abroad became clear to TMFG Secretary General Achilleas Mantzarēs during the brief crisis of tobacco exports of the mid-1920s. In his award-winning book *Our Tobaccos (Τα καπνά)*, published in 1928, he laid out a strategy for the promotion of Greek tobacco exports, which would inspire multiple policies later on. For the countries where cigarette production was under a state monopoly, he recommended that the Greek state negotiate higher export quotas. Successive Greek governments pursued this well-tried strategy. For the countries where the industry was open to private investment, Mantzarēs called for a revitalization of Greek participation in small factories. He pointed out that many Greek entrepreneurs had closed their operations in recent years in countries like Germany, Russia, the United States, Egypt, and England. He proposed that the Greek government facilitate access to credit and cheap tobacco for these businesses, which had been the main entry point for Greek tobacco into new markets since the late nineteenth century.<sup>713</sup> In the event, the government only acted as a guarantor for

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<sup>713</sup> Μάντζαρης, *Τα καπνά μας*, 127-134.



two loans to Greek manufacturers operating in Germany: the Anastassiadi family, who owned most of the Greiling factory in Dresden, and Kaloudis, whose firm was located in Wiesbaden.<sup>714</sup>

For all countries, regardless of whether cigarette production was a state monopoly or not, Mantzarēs pushed for Greece's participation in foreign exhibitions, in order to popularize Greek tobacco among the general public. He pointed at the advertising of currants as a precedent. Currants, Greece's most important export in the nineteenth century, had been in a state of almost permanent crisis since the 1890s.<sup>715</sup> At the time when Mantzarēs wrote *Our Tobaccos*, the Greek government was spending around 30 million drachmas a year to advertise currants. Since tobacco contributed three times as much as the currant to the country's economy, he argued that an even larger investment in it would be justified.<sup>716</sup> Mantzarēs' call for institutional support for the advertising of Oriental tobacco would not go unheard, as it became one of the fields of activity of the Tobacco Offices.

One of the most important avenues for the promotion of Greek tobacco were exhibitions at the international trade fairs that were becoming increasingly popular in the interwar years. International fairs were not a new phenomenon. They had already been common in the nineteenth century. The main innovation in the interwar period was that international fairs became periodical as opposed to exceptional, one-time events. They also became a venue for the exhibition of national economies as opposed to displays of specific items of particular interest.<sup>717</sup> Greek products had already been in display in fairs in the nineteenth and early twentieth centuries.<sup>718</sup> However, starting in the mid-1920s, the exhibition of Greek products would become

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714 Department of International Operations to Legal Department, 1932, A1S8Y7 Υπηρεσία Ενεργών Πιστώσεων και Εγγυήσεων, folder 21, NBG.

715 Φραγκιάδης, *Ελληνική οικονομία*, 87-89.

716 Μάντζαρης, *Τα καπνά μας*, 134.

717 Ρούπα & Χεκίμογλου. *75 χρόνια ιστορίας ΔΕΘ*, 27-30.

718 *Exhibition of British Fisheries and Greek Currants*.

relatively modular (i.e. replicable in multiple settings), and put together by specialized agencies such as chambers of commerce, or the Tobacco Offices.

The Greek-German Chamber of Commerce in Berlin organized an exhibition of Greek products, including tobacco, at the Leipzig Spring Fair of 1926. It was the first time that a Greece-specific stand was put together at Europe's most famous fair. The Greek participation in the event included an association of agricultural cooperatives from Drama, which displayed tobacco leaves.<sup>719</sup> Once the Tobacco Offices became systematically involved in the promotion of Greek tobacco, the agricultural cooperatives would stop playing a role in exhibitions of this kind. The first exhibition in which the Tobacco Offices participated was a tobacco fair in London in 1927 (Illust. 8.01). The Greek stand in London already presented some features that one would encounter in other events in Leipzig, Brussels, Bari, Milan, Budapest, or Salonika.<sup>720</sup> Imagery evoking classical Greece was deployed in combination with tobacco leaves, presented in an *ad hoc* format for the exhibition (see Illust. 8.02 for a later example from the Leipzig Fair). The boxes containing the leaves were very different from the tobacco bales used in the industry, since the purpose in the exhibitions was to display the leaves for the general public.

An important feature of Greece's participation in this fair, and others, was that a representative of the organized merchants would take on the role of expert. He would receive the most important visitors, such as politicians and diplomats, and sometimes also give talks about Greek tobacco. A man that played this role multiple times in the interwar period was Achilleas Mantzarēs, the first Secretary General of the TMFG.<sup>721</sup> Another one was tobacco merchant V.

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719 Messeamt to Deffner, 1926, 20202 Leipziger Messeamt (I), folder 159, item 4.

720 “Διάφορα ζητήματα,” *Δελτίον καπνού*, April 1933; “Τα ελληνικά καπνά εις τας διεθνείς εκθέσεις,” *Δελτίον του Γραφείου Προστασίας Ελληνικού Καπνού Καβάλλας*, May 1927; “Ειδήσεις,” *Δελτίον καπνού*, October 1928; “Η διεθνής εμπορική έκθεσις Βουδαπέστης,” *Δελτίον του Γραφείου Προστασίας Ελληνικού Καπνού Καβάλλας*, August 1929; “Ειδήσεις,” *Δελτίον καπνού*, January 1928.

721 “Τα ελληνικά καπνά εις τας διεθνείς εκθέσεις,” *Δελτίον του Γραφείου Προστασίας Ελληνικού Καπνού Καβάλλας*, May 1927.

Grēgoriadēs.<sup>722</sup> Since the representatives of the merchants controlled the Tobacco Offices, it is not surprising that they would influence the promotion of Greek tobacco abroad. In this regard, the Greek case differs from the Bulgarian one.

In the neighboring country, organizations like the Bulgarian Agricultural Bank and agricultural cooperatives were in charge not only of promoting the crop internationally, but also participated in the direct sale of tobacco overseas. At the 1937 and 1938 editions of the Leipzig Spring Fair, for instance, Bulgarian tobacco was presented under the banner of agricultural cooperatives, with photographs of Bulgarian peasants harvesting the leaves.<sup>723</sup> In contrast, Greek cooperatives would not participate in international fairs outside of Greece. Influential figures like Achilleas Mantzarēs himself were of the opinion that cooperatives should stay away from trading in tobacco, and leave that to the merchants instead.<sup>724</sup> Merchant organizations were able not only to get the state on board with financing the Tobacco Offices, but also to use state resources to shape the market in a specific way that favored merchants over agricultural co-operatives.

Unlike Greece, Bulgaria had a strong agrarian movement that produced large, very active agricultural co-operatives. Bulgarians even voted Aleksandar Stamboliyski, a progressive agrarian, into the office of Prime Minister in 1919. Bulgarian co-operatives would make large joint sales of the tobacco that their members produced. Even after the violent end of the agrarian government in 1923, peasant co-operatives and the Bulgarian Agricultural Bank intervened decisively in the value chain. A well-documented example is that of the cooperative Asenovgrad Krepost, discussed in Neuburger's book on Bulgarian tobacco.<sup>725</sup> Cooperative and state-owned banking also had a longer trajectory in Bulgaria than in Greece, where the establishment of the

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722 “Ειδήσεις,” *Δελτίον καπνού*, April 1928.

723 Photograph of Bulgarian pavilion, 1938, 20202 Leipziger Messeamt (I), item F3758, SSA Leipzig; Photograph of Bulgarian pavilion, 1937, 20202 Leipziger Messeamt (I), item F3818, SSA Leipzig.

724 Μάντζαρης, *Τα καπνά μας*, 159.

725 Neuburger, *Balkan Smoke*, ch. 3.

ABG had been an imposition from the League of Nations (see chapter 4). In Bulgaria, cooperative banking developed rapidly soon after WWI, and came to represent an significant portion of the national credit market.<sup>726</sup> In 1933, the Bulgarian Agricultural Bank opened a sales office in Dresden's Wilsdruffer Vorstadt area (Map 3.01), with the purpose of marketing tobacco.<sup>727</sup> In Greece, in contrast, no proposition for a deeper involvement of co-operatives or the ABG by making large collective sales to tobacco merchants, let alone bypassing them altogether to sell directly to foreign cigarette manufacturers, ever materialized.

The Greek approach to the promotion of tobacco exports also stands in contrast with its more étatist Turkish counterpart. The state monopoly on tobacco, which the Turkish Republic had inherited from the Ottoman empire, opened cigarette factories in Switzerland and Germany as a direct outlet for the crop.<sup>728</sup> In practice, the support that the Greek government provided for the promotion of Oriental tobacco was limited to partially funding the Tobacco Offices. In the 1920s, Venizelist governments took the first steps towards the creation of a systematic policy of export promotion. A 1926 presidential decree gave the state the capacity to create a company specialized in fairs and exhibitions, through which the Tobacco Offices, the Autonomous Currant Office (Αυτόνομος Σταφιδικός Οργανισμός), and chambers of commerce would collaborate.<sup>729</sup> In the event, however, the company never came into existence.

A new attempt to centralize the promotion of Greek agricultural products overseas came in 1934. Law 6099 established the National Office of Foreign Trade (Εθνικός Οργανισμός Εξωτερικού Εμπορίου). Its purpose would be the gathering of information about Greece's foreign trade, identifying opportunities for Greek businesses, and organizing Greece's

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726 Nenovsky & Marinova, "Popular Banks in Bulgaria."

727 German Embassy in Sofia to Auswärtiges Amt, 1933, R Auswärtiges Amt des Deutschen Reiches, folder 88864, item 167, PAAA.

728 *Zeitschrift der Türkischen Handelskammer für Deutschland* 1 no. 5 (Nov. 15, 1928), 24; Μάντζαρης, *Τα καπνά μας*, 101.

729 Otto Deffner to Messeamt, 1926, 20202 Leipziger Messeamt (I), folder 159, items 5-6, SSA Leipzig.

participation in international fairs.<sup>730</sup> There is no evidence of the National Office of Foreign Trade becoming very active in the interwar period, although it did correspond with the product and country-specific organizations that represented Greece in foreign fairs.<sup>731</sup> The Ministry of National Economy's Department of Foreign Trade and Exhibitions was also quite inactive. In 1929, honorary representative of the Leipzig Fair in Athens Otto Deffner tried to get the department on board to organize Greece's participation in the next edition of the fair. The department left him with an upsetting impression, as he reported in a letter to Leipzig:

It is not just lack of money, but also of understanding, and willingness to work ... That the exports of Greek products could increase by participating in the Leipzig Fair, that the calamities that tobacco is enduring could at least be partially alleviated, etc. goes above the heads of the civil servants. The most important thing is to cash their salaries at the end of the month, while avoiding any kind of work.<sup>732</sup>

The interest that the organizers of the Leipzig Fair showed in attracting Greece's participation was part of a broader interest in strengthening economic and cultural ties between Germany and southeastern Europe. Gross has pointed out that both state and non-state actors were behind this agenda:

[D]uring the 1920s and 1930s differences in language, customs, legal practices, and the availability of information were major barriers [for German businesses] to trade in Southeastern Europe. Trade treaties and diplomatic negotiations could only go so far in surmounting these cultural and informational problems. Instead German businessmen, publicists, and academics responded by building an elaborate network of institutions that shared information and cultivated trust. The Leipzig trade fair, the largest fair in the world, constructed a sprawling network of representatives throughout the Balkans, [...].<sup>733</sup>

Gross' historical research on German soft power in southeastern Europe in the interwar period focuses, and rightly so, on German actors that furthered a relatively coherent agenda related to Germany's national aspirations. However, there is more to the history of southeastern European

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730 Law 6099/1934.

731 Report of the National Office of Foreign Trade, 1937, 20202 Leipziger Messeamt (I), folder 159, items 266-273, SSA Leipzig.

732 Deffner to Messeamt, 1929, Bestand 20202 Leipziger Messeamt (I), folder 159, item 46, SSA Leipzig.

733 Gross, *Informal Empire*, 16.

participation in the Leipzig Fair than a project to build up German soft power in the countries of the region. A number of Greek and German sources reveal that, for the southeastern European participants in these exhibitions, there were at least two other important motives. One was to present one's country as developed and modern. The other was to compete with one's neighbors for the German sales market. In light of the information that exists regarding the contribution of Greek institutions such as the Tobacco Offices and the Greek-German Chamber of Commerce in Berlin to the organization of exhibitions in Germany, we should consider the other side of Germany's *Drang nach Südosten*.

That the exhibition of tobacco, and agricultural products more generally, was not just about spreading market information becomes evident when we look at the reports on such exhibitions.

In 1929, the Tobacco Office of Kavala reported on Greece's third participation at the Leipzig Fair as follows:

We can be proud of our participation, given that no Balkan state, except us, managed to participate at this trade fair, despite their continuous attempts. Greece exhibits its products together with the Great Countries, among which are Great Britain, America, Russia, France, and Italy.<sup>734</sup>

The Greeks were not the only ones who seemed concerned about the impression that their country could give abroad. A report of the National Office of Foreign Trade tells us the following about the Greek pavilion at the Leipzig Fair of 1937: The Greek pavilion was located next to those of Bulgaria, Romania and Yugoslavia. The Bulgarians and Romanians helped out in the process of putting the Greek pavilion together, while constantly asking the Greeks for some items from their exhibition so that they could put them in theirs.<sup>735</sup> One would say that promoting products that actually came from Bulgaria and Romania was not the only priority for

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734 "Ἡ Ἑλλάς εἰς τὴν ἐμποροπανηγύριν τῆς Λειψίας," *Δελτίον τοῦ Γραφείου Προστασίας Ἑλληνικοῦ Καπνοῦ Καβάλλας*, March 1929.

735 Report of the National Office of Foreign Trade, 1937, 20202 Leipziger Messeamt (I), folder 159, items 266-273, SSA Leipzig.

them, but also to present Bulgaria and Romania *as countries* under a favorable light. Another interesting example is the Turkish vessel *Kara Denis*, chartered by the Turkish government in 1925, and examined by Atatürk himself before its departure from Istanbul. The *Kara Denis* visited number of European port cities, displaying Turkish products, and even a promotional film about the Turkish economy. When one of the employees of the Leipzig Fair Administration visited the ship in Hamburg, he was somewhat disappointed. Many of the products displayed were not suited for export, although tobacco was part of the exhibition. They were rather the type of products that Turkish peasants would consume. The ship even carried an orchestra that performed on Hamburg's Town Hall Square. The real purpose of the exhibition, the German thought, was to depict Turkey under a favorable light rather than fostering foreign trade.<sup>736</sup>

Setting questions of national-self representation aside, and focusing on the particular case of tobacco, it is important to consider the competition between Bulgaria, Greece, and Turkey for the German sales market. One of the purposes of exhibiting Greek tobacco at German fairs was to convince consumers that Greek origin was a signal for quality. This was no straightforward task. Understanding the challenges involved in it requires us to look at the aesthetic and symbolic dimensions of the tobacco exhibits. As I have already pointed out, there was a conspicuous use of decoration evoking Greece's past. It did not always have to be related to classical Greece. In the Leipzig Fair of 1929, for instance, the part of the Greek stand that was dedicated to tobacco was decorated with Byzantine motives.<sup>737</sup> One of the difficulties involved in advertising Greece's most valuable export crop lied in that its "Greekness" was not obvious to the general public in Europe.

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736 Köhler to Messeamt, 1926, 20202 Leipziger Messeamt (I); folder 157, SSA Leipzig.

737 "Η Ελλάς εις την εμποροπανηγύριν της Λειψίας," *Δελτίον του Γραφείου Προστασίας Ελληνικού Καπνού Καβάλλας*, March 1929.

Macedonia and Thrace, the country's most important tobacco-producing regions, had only recently become Greek territory: in the 1910s and 1920s respectively. Western consumers did not refer to the type of tobacco that came from these areas as Greek, but as either Oriental or Turkish tobacco. The people in charge of Greece's tobacco policy were well aware of this, as we gather from the following two statements, the first one by Vice-President of the Tobacco Office of Kavala N. Ziogas:

Another point [of great importance] is the intensive advertising overseas, in a way that will teach smokers about the undoubted superiority of Macedonian tobaccos when compared with the other Oriental tobaccos, and create the new term **Greek tobaccos** as referring to the world's best, instead of the Turkish ones. Especially in England, the best tobaccos continue to be called Turkish tobaccos.<sup>738</sup>

The second statement is an excerpt from one of ABG's annual reports:

Furthermore, while it is particularly necessary to work on the promotion of Greek tobaccos abroad, collaboration with the Bulgarians and the Turks would not be beneficial. We need to make Greek tobaccos (and Macedonian tobaccos specifically) known abroad, but known as Greek.<sup>739</sup>

Replacing Oriental or Turkish origin with Greek origin as a signal for quality was a particularly difficult task. End consumers buy cigarettes, not tobacco bales. Cigarette manufacturers, not the Tobacco Offices or the Greek-German Chamber of Commerce, controlled the advertising cigarettes. By the 1920s, cigarette manufacturers had already spent decades investing in the symbolic identification of good tobacco with Oriental luxury. The case of Germany, the largest consumer of Greek tobacco, is well researched.<sup>740</sup> The imagery that Reemtsma used to advertise their cigarettes is a clear example of such identification (Illust.8.03). In this period, cigarette advertising had already become what Rabach & Kim refer to as a core service: a service within the chain that key firms control, since such service gives them control over the rest of the chain,

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738 N. Ζιώγας, “Καπνική πολιτική,” *Δελτίον του Γραφείου Προστασίας Ελληνικού Καπνού Καβάλλας*, January 1929. Bold font in the original.

739 Αγροτική Τράπεζα της Ελλάδος. *Απολογισμός του έτους 1930*, 25.

740 Rahner & Schürmann. “Die deutsche Orientzigarette;” Weisser, *Cigaretten-Reclame*; Steinberg, “Mohammed aus Sachsen.”



i.e. power over other actors.<sup>741</sup> In such context, Greek merchants and the organizations that supported them had limited access to the end consumer.

Ultimately, Greece's tobacco exports depended on the commercial success of cigarettes. Therefore, the Tobacco Offices and the Greek-German Chamber of commerce sought the collaboration of cigarette companies in the exhibitions that they organized (Illust. 8.04). They even used Oriental imagery that stands in stark contrast with the aesthetic references usually associated to Greece (Illust. 8.05). Greece produced Oriental tobacco in larger quantities, and of higher average market value than any other country in the interwar period. This crop was by far the country's most lucrative export commodity. However, none of this made a dent in the aesthetic association of the crop with the Orient. To this day, few people, if any, think of tobacco whenever they think of Greece.

Greece's Tobacco Offices were not the only institutions presenting their country in the international arena as the producer of the best Oriental tobacco. The leadership of the Tobacco Offices was well aware of the campaigns that their Bulgarian and Turkish counterparts carried out. Combating what they perceived as Bulgarian and Turkish defamation campaigns against Greek tobacco was in fact one of the explicit goals of these organizations.<sup>742</sup> In 1928, for instance, the Tobacco Office of Salonika sent a note to a number of foreign tobacco journals, in response to information that had appeared in a fair recently held in Smyrna. The fair's organizers had showed quantitative data on the export of tobacco from Turkey to Greece. They had also made reference to the ongoing debate in Greece around the possibility of allowing the processing of bales of Turkish tobacco in the port of Salonika's free zone. The Tobacco Office complained that this information had been presented to the public in a way that gave the impression that the

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741 Rabach & Kim, "Where Is the Chain?," On the role that advertising played in Reemtsma's success, see Jacobs, "Zwischen Intuition und Experiment."

742 "Εκθεσις πεπραγμένων Γραφείου Προστασίας Ελληνικού Καπνού Καβάλλας," *Δελτίον του Γραφείου Προστασίας Ελληνικού Καπνού Καβάλλας*, February 1929.

Greeks were trying to improve the quality of Greek tobacco by mixing it with Turkish tobacco. The Office explained that the importing of foreign tobaccos into Greece was, at that time, allowed only in Piraeus. These tobaccos remained always under the supervision of state officials, and was never stored in a warehouse containing Greek tobacco at the same time. Therefore, there was no risk of both getting mixed.<sup>743</sup>

In another example of the competition for status in the tobacco market, the League of Tobacco Offices sent an article to the international tobacco press correcting the inaccuracies regarding Greek tobacco that, they argued, had appeared in a book on Bulgarian tobacco. The author of the book Georgi Kremansky had pointed out that Bulgaria's *djebel-basma* tobaccos were of the same quality as those that came from Xanthi, where the top cream of Greece's tobacco grew. In fact, Kremansky explained, Bulgarian *djebel-basma* tobaccos used to be exported through the (now Greek) city of Alexandroupolis before World War I, just like the identical tobaccos that grew in the Xanthi area. The reason why the Bulgarian tobacco could not reach prices as high as those of the ones from Xanthi any more, Kremansky argued, was that only Xanthi tobaccos enjoyed good fame, and that Greece's commerce was better organized. The Tobacco Offices painstakingly refuted Kremansky's points, and accused high-ranking Bulgarian politicians of supporting ill-willed attempts to discredit Greece's tobacco.<sup>744</sup> Regardless of which one of both sides might be right or wrong in this particular case, it should be noted that the Bulgarians, much like the Greeks, also faced the challenge of creating a "Bulgarian brand" as a signal for quality in this period. That Greece was riding the wave of Thrace's good name, which dated from the time when Bulgarians lived there under Ottoman suzerainty, and that Greek

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743 "Ανασκευή τούρκικων ανακριβειών," *Δελτίον Καπνού*, December 1928.

744 "Όφειλομένη απάντησις," *Δελτίον του Γραφείου Προστασίας Ελληνικού Καπνού Καβάλλας*, May 1931.

commercial networks in Europe put Greek tobacco at an undeserved advantage, were arguments that also appeared in press articles and promotional material on Bulgarian tobacco.<sup>745</sup>

The use of specialized journals and international fairs as means for the promotion of Greek tobacco was a new phenomenon in the interwar period. Today, we are all familiar with the branding strategies that advertise agricultural products as high-quality goods by highlighting their place of origin. To most consumers, however, the connection between a product's place of origin and its quality is not self-evident, unless somebody "educates" them about it. In today's Europe, government agencies help primary producers compete with lower-price alternatives from overseas by promoting the prestige of certain regions. The European Union's Protected Designation of Origin certification system is probably the best-known program of this kind. In interwar Greece, the need to increase the export of Oriental tobacco more expensive than the Bulgarian and Turkish alternatives led for state and business organizations to pool resources, in order to promote Greek tobacco as a brand.

Examined through the theoretical lens provided by the chains literature, the initiatives aimed at promoting Greek tobacco in international markets appear as a form of functional upgrading through collective action. Humphrey & Schmitz call functional upgrading a firm's engaging in additional and higher value-added activities.<sup>746</sup> In this case, not one firm, but associations representing the interests of Greece's tobacco merchants engaged in an additional activity: that of boosting the prestige of Greek tobacco abroad. From the point of view of the merchants, such prestige was a common good from whom everyone in Greece would ultimately benefit. There were limits to how much an endeavor of this kind could achieve. Control over the advertising of cigarettes, not of tobacco varieties, was the key to increasing demand among end

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745 Bulgarische Landwirtschaft- und Genossenschaftsbank. *Die Bulgarischen Tabake*. Newspaper clip "L'exportation de tabacs bulgares et l'Allemagne," 1928, R Auswärtiges Amt des Deutschen Reiches, folder 88864, PAAA.

746 Humphrey & Schmitz, "How Does Insertion in Global Value Chains...?," 1020.

consumers. Regardless of the extent of its success, the effort to popularize Greek tobacco reveals a correlation between the emergence of the tobacco question as a national concern deserving state intervention, and the emergence of new services within the Oriental tobacco chain.

The international prestige of Greek tobacco was not the only area where the Tobacco Offices identified a need for collective action. Another one was the flow of information about conditions in the Oriental tobacco market. Cigarette manufacturers and their suppliers did not only look downstream the value chain (i.e. at the consumer) when deciding where to buy tobacco. They also looked upstream, i.e. at the conditions in the supply market. As transaction economists have pointed out, there is a cost involved in gathering information about the ever-changing state of a market.<sup>747</sup> An actor can only make efficient choices if he/she is aware of what is going on on the market at a given time. He/she should know, for instance, the prices of different goods in both absolute and relative terms; where the different goods are available; which qualities one finds in different goods; how other actors are influencing market conditions, etc. At the very least, gathering this information takes time and effort. Sometimes, in fact, one might have to pay money for information of this kind.

For the Greek tobacco merchant that operated before World War I, market information was a valuable asset, one that gave him a competitive advantage. He had no interest in revealing, for instance, the location of the village where he had bought his tobacco, or how much money he had paid for it. It would be an exaggeration to say that this was no longer the case in the interwar period. However, something did change with regard to the role of market information in this particular market after the war. The presence of European and American companies in Greece's tobacco marketplaces increased, as large cigarette manufacturers strove for tighter control over

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<sup>747</sup> On how the cost of accessing and processing information can factor in the structure and strategies of a firm, see Williamson, "The Economics of Organization". Also Williamson, "Vertical Integration of Production." On the cost of market information in one specific industry, see Anand & Peterson, "When Market Information Constitutes Fields."

the supply chain. The merchants that either worked as commissioned buyers for foreign firms, or as free merchants who would sell to foreign firms within Greece, had an interest in making market information available to foreigners. This was the case, at least, to the extent that it might attract foreign buyers to Greece, and away from its competitors Bulgaria and Turkey. In this context, reducing the cost of information about the ongoing developments on the Greek market could become a shared goal for Greek tobacco merchants and policy makers.

The Tobacco Offices published a monthly periodical with updates on the production and commercialization of Greek tobacco. There were reports on the largest purchases made by both Greek and foreign firms. The journal also discussed the development of harvests, changes in regulations, and technical innovations. The periodical appeared in two versions: one in Greek, and one in French. The French version would be sent to foreign tobacco companies. In the first year of their existence, each Tobacco Office was responsible for its own periodical. Starting in September of 1932, they published one single periodical under the banner of the League of Offices for the Protection of Greek tobacco (Σύνδεσμος Γραφείων Προστασίας Ελληνικού Καπνού). Another noteworthy project related to the need to facilitate the circulation of transaction costs was the creation of a *tobacco map* (καπνικός χάρτης). The Tobacco Office of Kavala took on the task of producing a map showing which types of tobacco grew in different parts of eastern Macedonia and Thrace. It also showed the different routes connecting the villages in the area, as well as the villages' old and new names. The map was exhibited in international fairs and sent to foreign tobacco firms.<sup>748</sup>

In Germany, the banks that financed tobacco trade also had an interest in spreading information about the distant markets for Oriental tobacco. In the interwar period, Deutsche

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748 “Η συμμετοχή του αυστριακού μονοπωλίου εις την Διεθνή Έκθεσιν της Βιέννης,” *Δελτίον του Γραφείου Προστασίας Ελληνικού Καπνού Καβάλλας*, October 1928; “Έκθεσις πεπραγμένων Γραφείου Προστασίας Ελληνικού Καπνού Καβάλλας,” *Δελτίον του Γραφείου Προστασίας Ελληνικού Καπνού Καβάλλας*, February 1929.

Bank, Gebrüder Arnhold Bankhaus, Commerz- und Privat-Bank, and Direction der Disconto-Gesellschaft opened departments specialized in tobacco within their branches in Dresden and Hamburg.<sup>749</sup> Deutsche Bank regularly distributed among its clients information contained in the Tobacco Offices' periodicals, as well as in other reports on the tobacco market that it received from banks in Greece, Turkey, and Bulgaria.<sup>750</sup> Gebrüder Arnhold periodically published reports on the state of the Oriental tobacco market. Incidentally, some of these reports would be translated into Greek and French by the Greek Tobacco Offices later on for their own periodical.<sup>751</sup>

Gebrüder Arnhold Bankhaus, in fact, advertised its tobacco department as a source of information about tobacco. It published a monumental work on Oriental tobacco, with detailed information about the different tobacco varieties, the places where they were produced and traded, the trading firms operating in each city, and the different features to be taken into account when assessing a tobacco leaf. The book, written by Bulgarian tobacco merchant Marko Nestoroff, appeared in German, French, and English. The bank did not make the book available in bookstores. Instead, one had to directly request a copy from the bank's tobacco department.<sup>752</sup>

One can only speculate about exactly what the German banks could gain from facilitating the circulation of market information. Most probably, it was a combination of things: projecting the image of a bank that knows where it invests its money; attracting the business of merchants, and increasing the chances of success for their client firms. Be that as it may, by the mid-1920s we can speak of the emergence of a new market information regime around Oriental tobacco trade. Market information was no longer produced, and distributed, through interactions between

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749 These departments appear advertised in Nestoroff, *Die Orient-Tabake*, vol. 1, unnumbered pp.

750 Copies of these reports are kept in folder 450 of the collection 13131 Deutsche Bank, Filiale Dresden, HSA.

751 One of these reports appeared in “Καπνεμπορική κίνησις,” *Δελτίον του Γραφείου Προστασίας Ελληνικού Καπνού Καβάλλας*, August 1927.

752 Nestoroff, *Die Orient-Tabake*, vol. 1, unnumbered page.

buyers and sellers, and rumors spread through informal channels. It became more easily accessible through the activities of parties interested in the overall growth of the market.

Anand & Peterson define a market information regime as a system for the generation, distribution, and interpretation of information about the state of a market. One or more independent suppliers (in this case banks and the Tobacco Offices) present the information in a routinized fashion that allows market actors to focus their attention on what is supposed to be relevant. Market information allows actors to make sense of their own operations within the market, as well as those of other actors.<sup>753</sup> Anand & Peterson have identified a feature of market information regimes which is quite relevant to the history of Oriental tobacco trade in Greece: They give an appearance of objectivity and neutrality, when in fact they are “socially and politically constructed[,] and are hence fraught with biases and assumptions that are largely taken for granted.”<sup>754</sup>

The fact that banks and the representatives of the merchants drove the production, and circulation, of market information is of no small significance. Most notably, the monthly bulletins of the Tobacco Offices would not report on the recurrent strikes of tobacco workers that disturbed the normal functioning of business in Greece. The calls coming from peasant organizations for a more direct contact between producers and foreign cigarette manufacturers also received little attention. In contrast, the bulletins allocated ample space to the policy proposals that merchant associations made at different times. Not surprisingly, the bulletins always portrayed the activities of the Tobacco Offices under a positive light.

As is probably the case with all market information regimes, different stakeholders within the Oriental tobacco value chain had different degrees of access to the means of production of market information. It is necessary to highlight, however, that at least some Greek stakeholders

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<sup>753</sup> Anand & Peterson, “When Market Information Constitutes Fields.”

<sup>754</sup> Anand & Peterson, 271.

did have access. In other words, like in the case of the organization of exhibitions, we find Greeks actively engaging the German cigarette industry and end consumers in order to further their own agendas. Once again, we should think of the German *Drang nach Südosten* as a two-way process, in which not only Germans became increasingly interested in southeastern Europe, produced knowledge about it, and shaped the decisions of its inhabitants. There was also an interest among Greek firms and policy makers in shaping the flow of information.

### **Salonika's Rise as an Export Harbor**

The emergence of new auxiliary services related to advertising and market information is one of the two important developments that shaped Oriental tobacco trade between Greece and Germany in the interwar years. The other one is related to the territoriality of trade, i.e. its distribution across space. This applies to the Greek, as well as the German ends of the value chain. The new territoriality of Oriental tobacco trade reflected a new market structure. In this structure, Reemtsma, and the German cigarette industry more generally, gained prominence as buyers. They did so at the expense of both the free merchants operating in Germany, and of the cigarette industries of other countries. The new spatial distribution of trade is also a manifestation of the system of clearing agreements, which favored direct bilateral trade between countries, without the need of intermediate ports.

In chapter 7, I discussed how the increased control that large firms had over the commodity chain had resulted in the concentration of commercial processing in Salonika and Kavala. On the losing side of this process of concentration were smaller urban centers in northern Greece such as Xanthi, Komotini or Alexandroupoli (Map 5.01). A look at the quantitative data on exports disaggregated by port city of origin and country of destination reveals additional information about the changing geographic distribution of Oriental tobacco



trade. We find a correlation between the growing market share of German companies and the concentration of tobacco exports in fewer ports of exit.

Salonika was the only Greek port city where tobacco exports increased significantly in the second half of the 1930s, at least in the years for which there are available data. The amount of tobacco shipped from Salonika in 1935 and 1938 was approximately 60% higher than in 1927, which was the last year before the first signs of tobacco overproduction became visible (Table 8.01). When we look at the distribution of tobacco shipping towards Germany, Salonika's growing importance as an exit point for tobacco exports becomes even more striking (Table 8.02). In the case of Kavala, overall tobacco exports decreased, but shippings to Germany increased by about 40%. All other important port cities exported less tobacco to Germany in the 1930-1938 period than they did in 1926 and 1927.

I should point out that the data on exports to Germany in 1938 include the tobacco sold to the Austrian monopoly, since Austria had been annexed by Germany that year. However, the general picture does not change when one combines the data on exports to Germany and Austria for the whole time series, since the volume of exports to Austria was much lower (Table 8.03). The only exception is Volos, where exports to Austria represented an important part of its overall tobacco exports. Exports to Germany are the one factor that made Salonika the most important point of exit for Greek tobacco. This becomes clear when we look at the evolution of exports to the United States, the second largest importer of Greek tobacco. Tobacco shippings from Salonika to the United States only increased by 5% by the end of the period (Table 8.04.). All other countries imported amounts of Greek tobacco that were too small to have much of a positive impact on the city's overall tobacco exports. In the case of Kavala, exports to the United States remained roughly the same.

Salonika replaced Kavala as the most important port city in terms of tobacco exports. Alexandroupoli, the third largest port city in northern Greece, became virtually insignificant as a point of exit for tobacco. In Old Greece, the ports of Piraeus and Patra, which combined had contributed with almost a fourth of Greece's tobacco exports to Germany in 1926 and 1927, saw their share reduced to 3% and 0.2% respectively by the end of this period (Table 8.05, Map 5.01). In short, the concentration of Greek-German tobacco trade in fewer, larger firms had the effect of concentrating the shipping of tobacco bales in two cities in northern Greece.

The data allow us to rule out an alternative explanation based on the territoriality of tobacco production. While Thrace and Macedonia rarely represented slightly more than 60% of Greece's overall tobacco production in any given year (Graph 8.04), Kavala and Salonika combined represented 67% of shippings in 1935, and 71% in 1938 (Table 8.05). In other words, the reason why the transit of tobacco through Kavala and Salonika increased was not that more tobacco was being grown near those cities. It was that the tobacco from a broader area was concentrated in those cities for its export. This phenomenon was made possible by the construction of new warehouses in Salonika for the processing and storage of tobacco. In 1928, Nestoroff referred to them as follows:

A hundred enormous tobacco warehouses, impeccably white and brand new, occupy the city center. Almost all tobacco trading firms that operate in Macedonia have either branches or warehouses in Salonika, where the tobacco is taken for its processing, storage, and loading. It arrives from the region of Salonika, as well as, in large quantities, from Serres, Zichna, Drama, and even Xanthi.<sup>755</sup>

N. Sklias, president of the Tobacco Merchant Association of Macedonia and Thrace, made reference in a 1937 congress to the concentration of shipping in Salonika and Kavala. Whenever they were in a hurry to fulfill an order, or if a year's harvest was too large, most big trading companies faced a shortage of storage and processing capacity in the secondary urban centers of

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<sup>755</sup> Nestoroff, *Die Orient-Tabake*, vol. 1, 213.

Macedonia and Thrace. Therefore, they invested in large facilities in port cities Salonika and Kavala, instead of intermediate posts like Komotini, Eleftheroupoli, or Xanthi.<sup>756</sup> The result was a concentration of shipping, in addition to the geographic concentration of commercial processing that I discussed in chapter 7.

In Greece's popular historical memory, Kavala still represents the past glory of the country's once flourishing tobacco trade. Kavala was indeed the largest Greek city whose local economy depended overwhelmingly on tobacco trading and processing. In the interwar period, it was the epicenter of the most extreme instances of industrial conflict in the tobacco sector. Compared with Kavala, Salonika was a larger city with a more diversified economy. However, by the end of the 1930s Salonika, not Kavala, was the city with the highest volume of tobacco going through its warehouses on its way to other countries, especially Germany.

### **Hamburg and Dresden**

In Germany, the interwar years witnessed the rise of Hamburg as a commercial hub for Oriental tobacco. Before World War I, the most important city in the geography of Germany's cigarette industry had been Dresden. As I discussed in chapter 3, the majority of the country's cigarette production was concentrated in the Saxonian capital, as was trade in Oriental tobacco leaves. In the 1920s, Hamburg seemed to be on the way of replacing Dresden as a marketplace for the valuable raw material. Two factors favored this development. First, the concentration of the cigarette industry in fewer, larger manufacturers. Second, the geographic decentralization of manufacturing.

The most important manufacturers were no longer concentrated in Dresden. For instance, Haus Neuerburg had its headquarters in Trier, and Halpaus was located in Breslau.<sup>757</sup> Reemtsma,

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<sup>756</sup> Καπνική Σύσκεψις Καβάλλας, 209-215.

<sup>757</sup> Junge, "Die ausländischen Rohtabake," 91-92.

the largest of all manufacturers, was in the north. In 1923, the Reemtsma brothers relocated the business that they had inherited from their father to Hamburg-Altona,<sup>758</sup> from its original location in Erfurt.<sup>759</sup> As I discussed in chapter four, the company quickly expanded and bought up competitors from different parts of Germany. Reemtsma's headquarters, however, remained in Altona throughout the interwar period.

The decentralization of the industry away from Dresden reduced the city's competitive advantage as a marketplace for Oriental tobacco.<sup>760</sup> Furthermore, as large manufacturers (mainly the Reemtsma and Haus Neuerburg groups) became capable of sourcing their raw material in the countries of origin, the maritime route to Hamburg became more practical. Shipping tobacco to Trieste and having it sent over railways to Dresden was a faster option, but was also more expensive. Since large manufacturers could plan how much tobacco they would need and when, the slow speed of maritime-only transportation to Hamburg became less of a problem. This development is similar to the issue of commercial processing. The *tonga* system had gained relevance in the tobacco market as a result of the rise of large German manufacturers as well. There was less risk of tobacco leaves deteriorating as a result of long storage periods in comparatively less protective packaging.

There are no good quantitative data regarding how much tobacco was bought and sold in Dresden or Hamburg in a given year. According to Marco Nestoroff, a merchant active in interwar Germany, the overall yearly production of Oriental tobacco in the late 1920s was 120 to 150 tons. Only 20 of them were for consumption in the producing countries. Of the remaining 100 to 130 tons that were traded yearly on international markets, at least 40 would go through Hamburg.<sup>761</sup> Unfortunately, Nestoroff does not tell us where his figures come from. However, as

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<sup>758</sup> In the 1930s, Altona officially became a borough of Hamburg.

<sup>759</sup> *Altonaer Adreßbuch 1924*, p. III/220.

<sup>760</sup> Junge, "Die ausländischen Rohtabake," 91-92

<sup>761</sup> Nestoroff, *Die Orient-Tabake*, vol. 1, 200.

a professional tobacco merchant, he is probably a reliable source when he tells us that the the measure of the international supply and demand for Oriental tobacco was given in Dresden and Hamburg. All other relevant commercial hubs (Antwerp, Amsterdam, London, New York, Rotterdam) were of secondary importance.<sup>762</sup>

In the absence of quantitative data, we can observe the growth in Oriental tobacco trade in Hamburg indirectly by looking at the number of firms involved in it, and by looking at how that number evolved in comparison to Dresden. Table 8.06 shows that the number of tobacco leaf trading companies registered in Hamburg in 1923 was considerably larger than in 1913 (95 vs. 56), whereas in Dresden there was a much smaller increase (74 vs. 61). We should keep in mind that the firms that traded in Oriental tobacco were not listed separately from those that worked with varieties from other parts of the world. Therefore, it is useful to take a look at the number of firms owned, or co-owned, by Oriental merchants. That number is indicative of how many firms were trading mainly, if not exclusively, in Oriental tobacco. In Dresden, that number remained virtually unchanged when we compare 1923 and 1913 (32 vs. 28), while we observe a steep increase in the case of Hamburg (33 vs. 9). It is unclear which one of the two cities had a larger volume of tobacco trade, but these numbers suggest that Hamburg was gaining in importance.

We should keep in mind that all the tobacco that enters a city is not necessarily traded there. As I have already pointed out, Germany's large cigarette manufacturers were able, since the mid-1920s, to buy tobacco in the eastern Mediterranean. This means that an important part of the tobacco that entered Germany via Hamburg or the Trieste-Dresden railway route was not traded by any of the trading firms registered in those cities. It is reasonable to think that Hamburg's role as an entry point for Oriental tobacco was even more remarkable than as a

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<sup>762</sup> Nestoroff, 240-250.

marketplace. Be that as it may, the proliferation of trading firms, and specially of independent Greek merchants, is suggestive of the northern city's increasing importance as a site where sellers and buyers would find each other (Tables 8.11 through 8.14).

Tables 3.02 and 3.03, as well Tables 8.07 through 8.14 indicate what tobacco trading firms in Hamburg and Dresden were owned, whether completely or partially, by a so-called Oriental, i.e. someone from Bulgaria, Turkey, or Greece. The years selected are 1913, i.e. the last before World War I, and then every fifth year of the interwar period. As I did in chapter 3, I looked at the name of a firm to determine whether there was Greek, Bulgarian, Sephardic, Turkish, or Armenian participation in it. In the cases in which the firm's name does not indicate the participation of any member of these ethnic groups, I examined additional sources such as Dresden's company registry (*Handelsregister*). When necessary, I provide a reference to the specific source that reveals the participation of someone from one of the aforementioned groups.

The proliferation of tobacco trading firms in Hamburg came to an end as a result of the crisis of the early 1930s. By 1933, we notice a decline in the number of firms operating there. Such decline would continue until World War II (see Table 8.06). In contrast, Dresden's tobacco trade was revitalized in the second half of the 1930s, at least in terms of how many tobacco trading firms were registered there. Part of the reason for this revival was the protection of small cigarette manufacturing, an important factor for the viability of the small Greek trading firms in this sector.

The number of cigarette factories in both Dresden and Hamburg decreased throughout the 1920s, and early 1930s, although in Dresden there was a brief increase in the first few years after World War I (see Table 8.15). Only after the Nazi administration implemented a policy of protecting small-scale cigarette manufacturing do we see a recovery in the number of Dresden's factories and tobacco trading firms. Small manufacturers lacked the necessary capital to source

their raw material directly from the countries of origin. They also lacked the capacity to store large amounts of tobacco leaf.<sup>763</sup> Hence the correlation between their number and that of independent tobacco merchants. Towards the end of the interwar period, Dresden became once again the city with the largest presence of eastern Mediterranean tobacco merchants, with 35 Greek firms, in addition to one firm owned by Sephardic Jews, three Turkish firms, and one Bulgarian (see Table 8.10).

Dresden continued to have an important place in the geography of Oriental tobacco, in part because of its past status as the unparalleled center of Germany's cigarette industry. It benefited from the presence, already since before World War I, of auxiliary industries that machinery for cigarette production, as well as cigarette filters, paper, and packaging.<sup>764</sup> Compared with Hamburg, as Nestoroff explains, Dresden had a series of advantages, including the warehouses designed in the heydays of Dresden's cigarette industry before the war. In contrast, Hamburg's free zone, where the tobacco shipments would be stored, was not particularly practical for a free merchant, who often needed to draw samples from his stock in order to market it. Nestoroff describes Hamburg's disadvantages as follows:

The tobacco is stored in a group of warehouses located in the northern part of the harbor, close to the city's business district. The often necessary inspection of the goods is an ungrateful task. Hamburg is nothing more than a free port. In order to get access to its interior, someone working for one of the firms operating in the harbor has to show an identity document. Then, only after an exhausting walk of kilometers does one arrive, tired and angry, to the warehouse. The firm's tobacco will be in some corner, impossible to find in that labyrinth. The workers here are, compared to those of Dresden, a bit less experienced, since they often have to handle other types of goods. Thanks to these circumstances, a whole afternoon goes lost just to get an insignificant sample from the tobacco stock.<sup>765</sup>

To summarize, in the interwar period Hamburg emerged as a center of Oriental tobacco trade that could rival Dresden. However, as the period advanced, and especially after the economic

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763 Assaël, *Der Orienttabak*, 33.

764 *Adreßbuch Dresden*, 1913, p. IV/236; *Adreßbuch Dresden*, 1938, p. IV/180.

765 Nestoroff, *Die Orient-Tabake*, vol. 1, 243.

downturn of the early 1930s, many of the trading firms that had opened in Hamburg closed, leaving Dresden as the uncontested center of Oriental tobacco trade. What both cities had in common throughout this period was a much more numerous presence of Greek firms in comparison with their Turkish and Bulgarian counterparts. The difference becomes even more salient if we consider that most Sephardic Jews trading in Oriental tobacco were from either Salonika or Kavala. Such was the case of Jacques and Jacob Saporta, as well as Moise Amariglio, Vitalis Levy, and L. Benveniste.

In the Saxonian capital, the proliferation of new Greek tobacco trading firms as a result of the revitalization of small-scale cigarette manufacturing did not equate to a return to the pre-WWI business landscape. In chapter 3, I explained that the strong representation of Greek Ottoman firms in Dresden's tobacco trade was not just a matter of numbers, but also of location. In 1913, there were 40 tobacco trading firms located in the Wilsdruffer Vorstadt area, i.e. near the city's warehouses. Half of those had a Greek Ottoman owner or co-owner (Table 3.02). In the interwar period, the Wilsdruffer Vorstadt area (Map 3.01) continued to be, in the words of Marko Nestoroff, the "business center of Oriental tobacco trade."<sup>766</sup>

Many of Dresden's tobacco trading firms remained concentrated in Wilsdruffer Vorstadt throughout the 1920s and 1930s (Tables 8.07 through 8.10). A noticeable development regarding the spatial distribution of firms is that, in the 1930s, an increasing proportion of Greek firms was concentrated in the Südvorstadt area, not near the city's bond warehouses. There were other Greek firms scattered throughout the city as well. It is interesting to note that the firms located in Südvorstadt were not necessarily newcomers to the market. The Coconios, Anastassiadis, Enfiezioglus and Vlachakis had had their offices in Wilsdruffer Vorstadt before relocating in the

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<sup>766</sup> Nestoroff, 241.



1930s (Tables 3.02, and 8.07 through 8.10). In fact, some of those firms had existed already before World War I.

There is no evidence conclusively pointing at any particular reason for so many Greek firms to concentrate in Südvorstadt. The fact that the Russian Orthodox Church was located there might have played a role, but one can only speculate. Be that as it may, that a significant number of Greek firms moved out of Wilsdruffer Vorstadt is undeniable. I interpret the emergence of this new pattern in the territoriality of Oriental tobacco trade at the local level as a manifestation of the shrinking market share represented by these firms. By the late 1930s, the bulk of Oriental tobacco trade between Greece and Germany was negotiated in Salonika and Kavala, not in Dresden. Cigarette manufacturers like Reemtsma and Haus Neuerburg, and large trading firms executing predefined buying programs, such as Hermann Spierer and the Commercial Company, displaced the free merchant as the dominant business model.

In this chapter, I have identified different examples of how the three main components of the value chain (input-output structure, governance structure, and territoriality) influence each other. The competition for export markets between Turkish, Bulgarian, and Greek tobacco trading firms stimulated the emergence of new services in the areas of advertising and the circulation of market information. Such services often involved state resources and inter-firm collaboration. The purpose of these new services was to increase the demand for Oriental tobacco. However, there were limits to their effectiveness given the control that large cigarette manufacturers, and specifically Reemtsma, had over the market. In this regard, the system of clearing agreements was a double-edged sword for the exporting countries. On the one hand, southeastern European governments hoped to increase their exports to Germany. On the other, the clearing system allowed Reemtsma to occupy a strategic position in the market, since no other firm could absorb as much Oriental tobacco.

In northern Greece, the presence of large firms and the growing importance of the German sales market contributed to a rearrangement of the spatial distribution of tobacco exports. In Germany, Hamburg became an attractive location for Oriental tobacco trade, in part because of changes in the structure of the German cigarette industry, but also because an increasing amount of tobacco was imported into the country already as property of a cigarette manufacturer. By the time that World War II broke out, the institutional, geographic, and logistic dimensions of Oriental tobacco trade between Greece and Germany were no longer the same as in the days when a handful of Ottoman Greeks decided to open their offices in Dresden.

## IX. Conclusions

Short before it became evident that the tide of World War II had turned against Germany, the Nazi Ministry of Armaments and War Production created the Europe Circle (Europa-Kreis). The Circle consisted of a select group of German industrialists with a twofold task. First, they would advise the political authorities on how to better strengthen economic ties with other countries. Second, each member would use his contacts with businessmen in the countries assigned to him in order to facilitate economic collaboration. Hans Kehrl, head of the ministry's Planning Department (Planungsamt), was in charge of the initiative. The Europe Circle recruited Philipp Reemtsma, the leading figure within his family's successful company, as the expert for Greece, Bulgaria, and Turkey. Head of the firm's Oriental Department Kurd Wenkel, whom we encountered at the beginning of this dissertation, would take over Philipp Reemtsma's role in the Europe Circle soon thereafter.<sup>767</sup>

By now, the reader can imagine why Hans Kehrl would choose Philipp Reemtsma and Kurd Wenkel for an endeavor of this sort. For well over a decade, Reemtsma's strong men had had access to the corridors of economic power in the countries that exported Oriental tobacco. The firm had been the largest purchaser of the most important export-oriented crop of those three southeastern European economies. In interwar Greece, as I have demonstrated, policy matters related to tobacco had to involve calculations regarding the priorities of the German cigarette industry in general, and of Reemtsma in particular. This applied, for instance, to the regulations on primary and secondary processing, as well as the management of the clearing agreement with Germany. The German leverage within the political economy of Greek tobacco was not always based on the explicit use of political influence. In many ways, it was a matter of market

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<sup>767</sup> Roth, "Wirtschaftliche Vorbereitungen," 532-534.

incentives. Greece's peasants and tobacco merchants could not ignore the German preference for simpler forms of processing.

In this dissertation, I have provided multiple instances of how tobacco featured in the historical processes of state expansion within Greece, and in the economic integration of the small Mediterranean country into a German sphere of economic influence. I have told the stories of those who produced, transformed, studied, regulated, advertised, and traded in Oriental tobacco. By doing so, I hope to have demonstrated that these two historical processes were closely related. I also hope to have provided new insights into the concrete manifestations of these processes in how people worked, and where.

With regard to the expansion of state power into new areas of economic life in Greece, I have shown that the peasants, merchants and urban workers participating in the Oriental tobacco value chain experienced the authority of state agencies to an unprecedented extent. We encountered the first example in chapter 3, when the Greek Ottoman merchants saw themselves by and large excluded from the German wartime economy. In Greece, by the end of the interwar period, the peasants were less likely to produce, and sell tobacco based on what, as some German cigarette manufacturers put it in 1916, "the patriarchal conditions of the Orient." Today, we use other terms to refer to the context of oral agreements, informal sources of credit, and high transaction costs in which peasants and merchants operated before World War I. Questions of terminology aside, it is evident that by the mid 1930s state power regulated these social relations through the intervention of the ABG, the Tobacco Offices, the agricultural cooperatives, and a long list of laws. The same applies to tobacco Greek merchants and urban workers, who would ask the state to mediate in industrial conflict, and to allocate resources to promote Greek tobacco abroad.

The policies that targeted the tobacco sector were responses to the challenges posed by a changing international market, geopolitical and demographic shifts, as well as the Great Depression. Indirectly, these policies intensified the engagement of stakeholders in political activism. Let us take the example of the purchasing of unsold tobaccos from the peasants. The goal of this policy was to alleviate the impact of the Great Depression on the rural population. A side effect of this initiative was the frustration of the very same peasants that it was intended to help. Peasant organizations responded in a variety of ways, ranging from publicly depicting the state as plutocratic and exploitative, to formulating proposals for the monopolization of the tobacco sector.

Much like the policies of the Central Committee, the broader project of optimizing the sector on the basis of scientific research and advertising overseas motivated a variety of responses from stakeholders. Merchant organizations made sure that they would have an articulate voice within the decision-making process. Likewise, the regulations on commercial processing did not just pit tobacco workers against their employers and the state. Whole urban communities participated in the strikes and protests in cases when they perceived that their local economies as a whole were being threatened. These are just a few among many examples of groups becoming politically active in contexts of increased state intervention.

The history of Oriental tobacco allows us to understand yet another aspect of the penetration of state power into economic life: the extent of its actual success. Without a doubt, the Greek project of modernizing the countryside, initiated by Venizelist governments but ultimately pursued by all political camps whenever they were in power, was quite ambitious. It is not enough, however, to look at the intended goals of the program, and the opinions that members of the political and technocratic elites expressed about it. Taking a close look at a crop that was the object of considerable political attention has allowed us to appreciate the issue in

more concrete terms. The ABG boasted in its annual reports about the support that it gave to the peasants to upgrade their facilities, but its own numbers indicate that such support was quite limited. The laws limiting the production of tobacco to the most suitable areas, or imposing specific types of primary processing were intended to reshape tobacco production, but they remained unenforced until the last years of the interwar period. The case of tobacco exemplifies the limits of the small landholding model that provided the base for Greece's bourgeois-led modernizing project.

One last important aspect of the expansion of Greek state power into the economy is the emergence of new auxiliary activities, which required new institutions as well as new forms of human capital. The most prominent example in this dissertation is that of the Tobacco Research Institute in Drama and its scientific staff, but it is not the only one. There were also white-collar workers commissioned to Greece's rural areas to serve the ABG and the agricultural cooperatives. Moreover, new areas of value-adding activities emerged in relation to the international promotion of Greek tobacco through publications and exhibitions.

Compared with Greece, Germany was a larger country with an economy less dependent on the tobacco sector. Furthermore, the Central European power's regulatory bodies, research institutions, and banking sector were comparatively more developed since earlier times. However, in the case of Germany we have also seen the emergence of new institutions, such as the Zitag during World War I, the Tobacco Research Institute of Forchheim in the 1920s, and the compulsory cartel of the cigarette industry under the Nazis. In the German case, tobacco also illustrates the changing relationship between the state and the economy. We have seen the effects of World War I on the Greek Ottoman merchant milieu, and the impact of the cartelization of cigarette manufacturing along the value chain.

In addition to exemplifying broader institutional shifts, tobacco had a place in the broader picture of Germany's *Drang nach Südosten*, which intensified its cultural and economic exchanges with the countries of southeastern Europe. Research on the possibility to grow Oriental tobacco outside of the region, the organization of exhibitions of agricultural products from southeastern European countries, or the production of market information about the tobacco market were some of the concrete manifestations of such exchanges, in which tobacco was the protagonist.

I have showed that Greek scientists, publicists, and merchants were active participants in the German *Drang nach Südosten*. We should understand the latter as a two-way process, not just one where Germans explored, and exerted influence upon, Europe's southeastern periphery. However, by saying that it was a two-way process, I do not deny the existence of varying capacities to shape the course of events. I have provided examples of Greek engagement with Germany, such as the efforts of the Greek Tobacco Offices to advertise Greek tobacco among German consumers. Another example is that of TMFG advocating for the state to lend support to Greek cigarette manufacturers in Germany. Granted, these stories are relevant in that they exemplify the development of new institutions and economic activities in Greece, and specifically their outward-looking character. Ultimately, however, the German cigarette manufacturers had more leverage when it came to influencing consumer tastes through advertising. Some Greek cigarette manufacturers remained active in Germany throughout the interwar years, as did many Greek independent merchants. Nevertheless, the German cigarette industry became concentrated in a handful of German-owned firms, some of which (mainly Reemtsma) exerted enormous influence over the supply market. Power was unequally distributed along the value chain.

With regard to methodology, the main contribution of this dissertation has been to exemplify how one can draw concepts from the chains literature, in order to open up new questions for historical inquiry and make sense of unsystematic, fragmentary evidence. The picture that has emerged is one in which the three elements of the value chain (input-output structure, territoriality, and governance structure) appear as co-dependent. The same applies to the the different nodes studied along the chain (agricultural production, primary purchasing, commercial processing, and export trade), which also influence each other in different ways. Let us take agricultural production as an example.

The territoriality of agricultural production (i.e. where tobacco would grow) was determined by the capacity, or lack thereof, of the Greek government and the ABG to limit cultivation to the most suitable areas. In other words, the ABG was not as decisive an element within the governance structure, mainly because it could not monopolize the supply of agricultural credit. Enough Greek peasants and “entrepreneurs” retained a minimum of agency that allowed them to expand tobacco production whenever they expected high prices.

Like territoriality, the input-output structure of agricultural production (i.e. how peasants produced tobacco and with what equipment) was also a function of the governance structure. The Greek state used a variety of incentives, ranging from access to credit to outright coercion, in order to influence primary processing. At the same time, the governance structure itself was determined by the territoriality of the value chain. The capacity of the Greek state to intervene in agricultural production was limited by the existence of lower-cost tobacco production beyond the Greek borders, in Turkey and Bulgaria. This forced Greek technocrats to constantly have production costs in mind. The input-output structure also limited the options of those who held some degree of power within the governance structure. The limited availability of infrastructure



and know-how among the peasants limited the extent to which the Greek state could force its will on the rural population.

In addition to different instances of components of the value chain influencing each other, the dissertation has focused on many cases in which developments in one node of the chain impacted another node. The turn towards cheaper forms of commercial processing, for instance, was partially determined by a development downstream the value chain: the concentration of the German cigarette industry and the rise of Reemtsma. Likewise, the widespread use of the *tonga* method in commercial processing created a series of new incentives upstream, at the level of primary processing. For that reason, the *seira-pastal* method gained traction despite the recommendations of the Tobacco Research Institute, and the regulations issued since 1925. With this dissertation, I hope to have demonstrated the usefulness of studying the different nodes of a value chain in an integrated fashion, and of following the commodity beyond the borders of a single state whenever necessary. Without looking at Germany, it would have been impossible to explain why the Greek tobacco industry changed the way it did.

The case of Oriental tobacco in Greece and Germany is part of a larger history of tobacco as a commodity produced and consumed worldwide. It is also an example of how value chains feature in the processes of internal expansion of the state, and transnational economic integration. The specific commodity that I have chosen for this study is particularly well suited for the purposes of understanding state expansion in Greece, and Greek-German interactions in the interwar period. Historical questions framed in other geographic and chronological contexts, or focusing on other socio-political processes will require other commodities as their entry point. We still have a long way to go before we can make any general claims about the place of commodities within processes of socio-political change. Hopefully, this dissertation will

motivate others to contribute to that end with other case studies and, eventually, comparison and systematization.

Regardless of what other scholarly endeavors, if any, this piece of work might inspire in the future, I hope to have contributed to our collective knowledge about the times and places that I have analyzed. In interwar Germany and Greece, the history of Oriental tobacco exemplifies the turn away from nineteenth-century *laissez faire* and low barriers to trade, towards interwar étatism and trading blocs. In the interwar economic order, a series new institutions, political subjectivities, and economic geographies emerged. Within just a few decades, the old economic order, where merchants had created international markets with much less involvement of the state, had vanished in the smoke of time.

## APPENDIX A: TABLES

**Table 3.01:** Output of tobacco products in the German Customs Union (1893-1913)

Year	Thousands of Cigars	Thousands of Cigarettes
1893	5510000	690000
1903	7384000	3650000
1908	8621300	6509547
1911	8300000	9946901
1913	8700000	13135919

*Source:* Blaich, *Trustkampf*, 15.

**Table 3.02:** Tobacco trading firms registered in Dresden in 1913

Firm	Wilsdruffer Vorstadt	Südvorstadt	Oriental participation
Anastassiadi, Nicolas I.	X		Greek
Anastassiadi, Thras.	X		Greek
Bähr, Emil			
Böhmig, Richard			
Broudes, Izko			Greek
Buckup, Richard	X		
Coconios, Alexander	X		Greek
Coulmas, Jean	X		Greek
Deirmendjoglou Fils	X		Greek
Deirmendjoglou Vasil	X		Greek
Deutsch-Türkische Roh-Tabak- Handelsg.	X		
Doubek, Georg			
Drogl, W.	X		
Enfiezioglu, Achilles C.	X		Greek
Enfiezioglu, Cyprian	X		Greek
Facchini, Rudolf			
Georgiades, Aristoteles N.	X		Greek
Gläser, Alfred			
Hadjidakis & Stefanides	X		Greek
Haidar, Ali & Nüşet	X		Turkish
Hazarian, Kosrof	X		Armenian
Holländisch-Türkische Tabakgesellschaft	X		
Ibrahim, Pascha Hadji & Fils	X		Turkish
Jasmatzi, Georg A., AG			Greek
Katzenbogin, Ephraim			
Kintzel & Exacoustos			Greek
Königl. Montenegrinische Tabak- Regie Gen.-Agentur f. Deutsch.	X		
Koutzougrou & Telschow	X		Greek
Leber, Elsa			

Firm	Wilsdruffer Vorstadt	Südvorstadt	Oriental participation
Lenos, Victor	X		Greek
Leutner & Co.	X		
Lietzmann, Al.			
Loewe, Ludwig	X		
Madjaroglou, P.	X		Greek
Mayer, Naftali	X		
Meth, J.		X	Greek
Missirian, Missak Fils	X		Armenian
Moos, Jacques	X		
Mörbe, Emil			
Moyssioglou, Lazare			Greek
Orientalische Tabak-Import- & Exaport-Ges. Tornibuca & Co.	X		Greek
Pervana, P.	X		Greek
Petridi, C., Söhne	X		Greek
Pietzsch & Berndt	X		
Polakiewicz, Zacharias	X		
Sachse, C.			
Scheffler, C.			
Schwarz, D.	X		
Seraidarıs, Constantin	X		Greek
Seydel & Junghans, Nachf.	X		
Silberstein, Eugen			
Stephanides & Miller	X		Greek
Swiencicki, Curt	X		
Tabakhandelsges. mbH			
The Macedonian Tobacco Co. Zissis & Guterman	X		Greek
Wegener, Gebr.	X		
Wilhelm, Arthur			
Zerbini, Thrasybule	X		Greek
Zimmermann, Oskar	X		

Firm	Wilsdruffer Vorstadt	Südvorstadt	Oriental participation
Zirini, P.	X		Greek

Source: *Adreßbuch Dresden*, 1913.

**Table 3.03:** Tobacco trading firms registered in Hamburg in 1913

Firm	Oriental participation
Abraham & Müller	
Assael & Co.	Sephardi*
Barsdorf, Julius	
Bing, Carl	
Blümer, Willy	
Bonsack, A.	
Buckup, Richard	
Cazalli Freres	Greek
Cohen, Felix	
de Haas, Alphons	
Dedeoglou, Alcibiade	Greek
Eckelmann, Oskar & Co.	
Engelhardt & Kaumann	
Germann & Co. mbH	
Glückstadt & Polack	
Glückstadt. Gustav	
Granzow & Hinze	
Granzow, H.	
Haag, H.	
Hadjisawa, Jacques	Greek
Heldrich, Gebr.	
Hirsch, MaGreek	
Hoffmann	
Horwitz, M & Co.	
Isaacsen, C., & Co.	
Jessurun & Zielinski	
Jessurun, David	
Joel, Julius	
Jordan, Max	

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\* Sabatai Isidor Assael was a tobacco merchant from Salonika. Guttstadt, *Turkey, the Jews, and the Holocaust*, 16.



Firm	Oriental participation
Kedenhoff, C. & Jack & Co.	
Keitel, Gebr.	
Kröger, A. & E.	
Levie, Jos.	
Lewin, Bernhard	
Luhmann, Gebr.	
Madjaroglou, G. N.	Greek
Magner, Max	
Mathiason & Co.	
Mentz, Heinrich	
Meyer & Jacobsen	
Mischou Freres	Greek
Möller, A.J.	
Nathan senr., Herm.	
Nathan, Carl	
Nonnenkamp, D.H.	
Oettinger, H. N., & Co.	
Papatheodorou, Gerasimos A.	Greek
Roemer, Paul	
Serdaroglou, Georges P.	Greek
Simon, Hermann	
Tomassian, M. & Co.	Armenian
Trumpf, H.	
Weile, J.	
Weingarten, Louis	
Wolff, S.	
Wüzburg, S.W.	

*Source: Adreßbuch Hamburg, 1913.*

**Table 3.04:** Greek Ottoman tobacco merchants whose origin is documented in sources kept at SA Dresden (1896-1899)

Merchant Name	Birth Place	Birth Date	Registration	Folder
Achilles Cyprian Enfiezioglou	Istanbul	1869	1899	E.1470
Alcibiades Seraidaris	Kavala	1869	1898	S.9915
Alexander Cyprian Enfiezioglou	Istanbul	1867	1899	E.1471
Althanas Zachos Zachos (sic)	Siatista	1869	1899	Z.0059
Demetrius Sofiano	Istanbul	1859	1883	S.10846
Georges Chrysostomos	Serres	1860	1886	C.0293
Jean Basile Pervana	Maroneia	1871	1894	P.1019
Jean Panayott Zirini	Maroneia	1843	1887	Z.1332
Johann Apostolos Deirmendjoglou	Samsoun	1864	1891	D.0480
Ottomar Petraki Panayot Exacoustos	Istanbul	1840	1899	E.2195
Panayotte Anghel Pervana	Maroneia	NDA	1886	P.1018
Prodromos Madjaroglou	Samsoun	1876	1899	M.0059
Theodor Papailiou	Tripoli, Greece	1838	1886	P.0325

*Source:* 2.3.9 Gewerbeamt A, Bürger- u. Gewerbeakten. SA Dresden

**Table 4.01:** Governing body of the Office for the Protection of Greek Tobacco of Kavala (1926 and 1931)

Position	September 1926		June 1931	
	Name	Profession	Name	Profession
President	Geōrgios Lytsikas	M	Achilleas Ataktidēs	M
Vice-President	Nikolaos Ziōgas	RAC	Diogenēs Petalotēs	RAC
Treasurer	Anastasios Doukas	M	Anastasios Doukas	M
Head, trade dept.	Dēmētrios Pērsides	M	Miltiadēs Deirmentzoglou	M
Head, dept. of agricultural production	Athanasios Kyriakopoulos	RAC	Alexandros Baltatzēs	RAC
Head, dept. or urban tobacco workers	Athanasios Tsapopoulos	W	DEPARTMENT NO LONGER EXISTS	N/A
Council member	I. V. Deirmentzoglou	M	Kōnstantinos Tzēmos	M
“”	David Siakis	M	Dēmētris Persidēs	M
“”	V. Higginbotham	M	A. Pantoulēs	RAC
“”	Diogenēs Petalotēs	RAC	Iōannis Kefalidēs	RAC
“”	Iōannēs Kefalidēs	RAC	A. Tselisoglou	RAC
“”	Iōannēs Papaioannou	RAC	G. Chalkidēs	RAC
“”	Geōrgios Evstratiou	RAC	N/A	N/A
“”	Kōnstantinos Gerakēs	W	N/A	N/A
“”	Geōrgios Tsolakēs	W	N/A	N/A

*Legend:* M (merchant), RAC (representative of agricultural cooperative), W (worker).

*Source:* Front page, *Δελτίον του Γραφείου Προστασίας Ελληνικού Καπνού Καβάλλας*, September 1926; Front page, *Δελτίον του Γραφείου Προστασίας Ελληνικού Καπνού Καβάλλας*, June 1931.

**Table 4.02:** Agricultural cooperatives in Greece (1923-1939), disaggregated by type

Year	Credit	Supply	Marketing	Productive	Other	TOTAL
1923	1663	175	172	103	116	2224
1924	2264	197	188	138	218	2801
1925	2919	198	223	178	316	3834
1926	3143	201	259	196	350	4149
1927	3392	233	301	205	380	4481
1928	3740	199	327	250	411	4927
1929	3912	190	247	394	443	5186
1930	4351	188	430	280	505	5754
1931	4393	176	422	399	509	5800
1932	4378	169	434	286	538	5805
1933	4466	168	448	388	556	6026
1934	4529	168	470	479	632	6278
1935	4609	169	502	503	699	6482
1936	4401	156	490	514	709	6270
1937	NDA	NDA	NDA	NDA	NDA	6704
1938	NDA	NDA	NDA	NDA	NDA	NDA
1939	4547	133	531	847	649	6704

*Source:* Παπαγαρυφάλλου, “Η εξέλιξις των γεωργικών συνεταιρισμών,” 180; 191-201.

**Table 4.03:** Marketing agricultural cooperatives in Greece (1929), disaggregated by product

Product	Cooperatives
Grapes	244
Tobacco	83
Olives and silk cocoons	49
Figs	8
Fruits	1
Resin	4
Other	5
TOTAL	394

*Source:* Παπαγαρυφάλλου, “Η εξέλιξις των γεωργικών συνεταιρισμών,” 175.

**Table 4.04:** Productive agricultural cooperatives in Greece (1929), disaggregated by product

Product	Cooperatives
Olive, olive oil	60
Wine	122
Dairy products	45
Silk	2
Canned products	2
Product processing	6
Rice	2
Honey	1
Poultry	3
Timber	1
Labor	3
TOTAL	247

*Source:* Παπαγαρυφάλλου, “Η εξέλιξις των γεωργικών συνεταιρισμών,” 176.

**Table 4.05:** Productive agricultural cooperatives in Greece (1934), disaggregated by product/activity

Product/activity	Cooperatives
Olives, olive oil	96
Wine	179
Dairy products	99
Silk	1
Canned goods	2
Product processing	32
Rice	2
Honey	2
Poultry	4
Timber	1
Labor	3
Wood coal	1
Resin	7
Citrus	50
TOTAL	479

*Source:* Παπαγαρυφάλλου, “Η εξέλιξις των γεωργικών συνεταιρισμών,” 197-198.

**Table 4.06:** Types of agricultural cooperatives in Greece (1936), disaggregated by region

Region	Cooperative type					TOTAL
	Credit	Supply	Marketing	Productive	Other	
Peloponnese	855	76	267	53	90	1341
Central Greece	541	36	63	59	327	1026
Euboea	46	3	9	24	53	135
Thessaly	462	3	22	25	74	586
Ionian Islands	149	5	32	27	1	214
Cycladic Islands	52	0	3	12	0	67
Epirus	256	3	2	15	24	300
Central & Western Macedonia	955	3	21	14	66	1059
Eastern Macedonia	401	2	8	2	25	438
Thrace	292	1	2	5	24	324
Crete	301	21	57	185	1	565
Aegean Islands	91	3	4	93	24	215
TOTAL	4401	156	490	514	709	6270

*Source:* Παπαγαρυφάλλου, “Η εξέλιξις των γεωργικών συνεταιρισμών,” 199.



**Table 4.07:** Percentage of credit cooperatives in Greece (1936), disaggregated by region

Peloponnese	63.76
Central Greece	52.73
Euboea	34.07
Thessaly	78.84
Ionian Islands	69.63
Cycladic Islands	77.61
Epirus	85.33
Central & Western Macedonia	90.18
Eastern Macedonia	91.55
Thrace	90.12
Crete	53.27
<u>Aegean Islands</u>	<u>42.33</u>
TOTAL	70.19

*Source:* Data adapted from Παπαγαρυφάλλου, “Η εξέλιξις των γεωργικών συνεταιρισμών,” 199.

**Table 4.08:** Cigarette production in Germany (1919-1924)

Year	Thousands of cigarettes
1919	15250122
1920	19769490
1921	24482100
1922	24109000
1924	27326000

*Source:* “Τα ελληνικά καπνά εν Γερμανία,” *Δελτίον του Γραφείου Προστασίας Ελληνικού Καπνού Καβάλλας*, January 1927).

**Table 5.01:** Average contribution (percentage) of each region to Greece's overall tobacco production (in weight), 1923-1938

	1923-26	1927-30	1931-34	1935-38
Macedonia	36.44	54.54	49.3	54
Epirus	0.44	0.74	0.87	0.83
Aegean Islands	8.46	6.08	4.14	4.48
Crete	2.68	1.27	0.8	0.5
Thessaly	16.85	7.83	13.16	10.73
Ionian Islands	0.1	0.05	0.08	0.05
Cycladic Islands	1.65	1.04	0.32	0.39
Central Greece & Euboea	16.81	15.51	17.83	14.87
Peloponnese	6.7	3.34	5.07	4.41
Thrace	9.82	9.54	8.37	8.86

*Source: Ετήσια γεωργική και κτηνοτροφική στατιστική της Ελλάδος, 1923-1938.*

**Table 5.02:** Average contribution (percentage) of each region to Greece's overall tobacco production (in value), 1923-1938

	1923-26	1927-30	1931-34	1935-38
Macedonia	48.63	59.68	55.78	62.69
Epirus	0.24	0.46	0.56	0.44
Aegean Islands	5.62	5.39	3.19	3.55
Crete	2.47	0.93	0.5	0.27
Thessaly	9.07	4.51	8.48	5.33
Ionian Islands	0.05	0.02	0.05	0.17
Cycladic Islands	2.01	0.66	0.13	0.21
Central Greece & Euboea	12.6	13.49	17.5	12.35
Peloponnese	3.16	1.36	2.39	1.73
Thrace	16.12	13.45	11.32	13.76

*Source: Ετήσια γεωργική και κτηνοτροφική στατιστική της Ελλάδος, 1923-1938.*

**Table 5.03:** Contribution (percentage) of Macedonia and Thrace to Greek tobacco exports, 1926-1938

	To all countries		To Germany	
	Weight	Value	Weight	Value
1926	46.97	73.89	46.15	68.82
1927	60.87	78.01	57.23	72.22
1928	58.53	75.4	60.29	74.82
1929	60.49	78.37	72.6	86.64
1930	67.19	80.39	75.16	86.09
1931	65.32	77.34	65.14	77.77
1932	67.26	80.93	81.06	88.49
1933	57.11	73.88	70.79	79.23
1934	60.12	75.76	73.04	83.03
1935	67.87	78.95	83.78	83.94
1936	68.04	93.8	80.92	84.92
1937	70.2	81.53	76.46	87.89
1938	72.12	82.91	78.79	89.09

*Source:* Στατιστική του εμπορίου της Ελλάδας μετά των ξένων επικρατειών, 1926-1938.

**Table 5.04:** Contribution of tobacco to overall value of agricultural production (percentage), disaggregated by region

*Source: Ετήσια γεωργική και κτηνοτροφική στατιστική της Ελλάδος, 1926-1938.*

	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938
Macedonia	40.71	50.87	45.68	49.51	49.06	31.79	15.22	22.84	18.86	28.87	43	32.93	26.93
Epirus	3.96	2.4	2.74	3.95	5.54	3.63	1.13	1.69	1.76	1.88	4.63	1.84	1.43
Aegean Islands	27.3	22.16	15.63	21.06	20.96	15.81	3.24	4.63	3.31	13.05	17.27	9.4	12.46
Crete	3.74	2.51	3.28	2.64	2.71	2.03	0.25	0.21	0.14	0.34	1.12	0.63	0.33
Thessaly	16.95	10.25	7.89	11.55	19.23	15.44	8.07	7.53	4.98	9.96	19.36	7.46	3.82
Ionian Islands	0.15	0.09	0.24	0.19	0.36	0.19	0.13	0.22	0.16	0.19	0.32	0.13	0
Cycladic Islands	21.23	17.82	14.79	7.5	10.37	2.12	0.43	2.03	2	3.71	9.2	2.83	1.94
Central Greece & Euboea	18.57	16.82	13.93	20.48	26.52	13.3	7.39	11.54	10.1	10.87	19.6	11.12	8.76
Peloponnese	1.69	1.28	0.93	1.22	1.96	0.84	0.57	1.03	1.29	1.41	1.64	1.49	0.76
Thrace	52.69	50.57	41.17	47.92	42.44	22.11	14.01	18.77	17.33	24.52	35.07	30.84	22.27
TOTAL	20.92	22.79	19.03	22.97	23.74	14.09	6.51	9.8	8.39	14.31	21.48	14.45	11.92

**Table 5.05:** Percentage of Greek tobacco exports to the most significant importing countries in terms of weight, 1903-1913

	<u>Egypt</u>	<u>Netherlands</u>	<u>Germany</u>	<u>France</u>	<u>Britain</u>	<u>Austria</u>
1913	28.73	18.88	17.58	0.19	0.17	10.74
1912	33.24	16.79	15.14	1.28	1.14	7.83
1911	44.39	16.49	11.93	1.07	1.84	7.21
1910	58.25	14.89	12.33	0.94	0.67	4.51
1909	56.15	16.95	2.75	1.85	0.26	10.5
1908	59.19	13.1	2.96	7.02	0.41	6
1907	57.71	16.19	5.8	2.19	0.95	8.53
1906	50.21	16.37	15.67	3.44	2.5	6.22
1905	57.72	11.14	6.81	0.66	2.22	15.18
1904	54.28	19.41	5.78	2.08	0.26	10.05
1903	42.83	26.27	8.63	2.75	0.64	11.06
1903-1913	47.21	17.06	10.55	1.93	1.04	8.84

*Note:* Territories annexed during the Balkan Wars (1912-1913) not included.

*Source:* Στατιστική του ειδικού εμπορίου της Ελλάδος μετά του εξωτερικού, 1903-1913.



**Table 5.06:** Comparison between average prices paid by German importers for Greek, Bulgarian and Turkish tobacco, 1923-1938

	<u>Greece</u>	<u>Bulgaria</u>	<u>Turkey</u>
1923	100	73.52	95.19
1924	100	79.98	87.58
1925	100	254.88	292.16
1926	100	76.17	105.73
1927	100	74.08	92.38
1928	100	97.93	111.81
1929	100	72.49	71.91
1930	100	74.32	55.44
1931	100	82.40	72.94
1932	100	84.00	67.54
1933	100	85.63	73.05
1934	100	70.48	68.81
1935	100	86.97	72.95
1936	100	92.46	80.60
1937	100	138.34	129.38
1938	100	85.46	92.75

*Source: Statistisches Jahrbuch für das deutsche Reich, 1923-1938.*

**Table 5.07:** Comparison between average prices paid by Swiss importers for Greek, Bulgarian and Turkish tobacco, 1936-40

	<u>Greece</u>	<u>Bulgaria</u>	<u>Turkey</u>
1936	100	77.89	70.76
1937	100	70.19	72.67
1938	100	67.33	73.71
1939	100	75.10	70.00
1940	100	80.76	71.97

*Source:* Günyüz, “Entwicklung und Bedeutung der Tabakproduktion,” 107.

**Table 5.08:** Tobacco producers in eastern Macedonia and Thrace, 1926-1928

	1926	1927	1928
Eastern Macedonia	40176	50240	46142
Thrace	18750	22374	NDA
Eastern Macedonia and Thrace, total	58926	72614	NDA
Greece, total	146908	173889	167331

*Source:* Dankas, *Recherches*, Table 75.

**Table 5.09:** ABG mid and long-term loans in general, and for the construction of tobacco primary processing equipment (TPPE), 1930-1939

	Approved		Lent	
	Total	For TPPE	Total	For TPPE
1930	NDA	NDA	14814000	NDA
1931	NDA	NDA	36799013.75	NDA
1932	NDA	NDA	21499711	NDA
1933	NDA	NDA	30242474	NDA
1934	NDA	NDA	47778450.4	NDA
1935	NDA	NDA	80186489	NDA
1936	253789917	5625580	147753782.35	NDA
1937	331265315	11150412	315268929	11912822
1938	429281988	15871284	416381163.25	14743928
1939	382471373	13576863	417892567.55	13763075

*Source:* Αγροτική Τράπεζα της Ελλάδος, *Απολογισμός*, 1930-1939.

**Table 5.10:** Estimates of ABG loans for construction of tobacco processing facilities (TPPE), 1930-1939

	Average amount per loan for TPPE	Total amount lent for TPPE	No. of loans for TPPE
1930	6934.76	328371.37	47.35
1931	6887.76	815697.48	118.43
1932	7309.94	476568.75	65.19
1933	7847.98	670363.34	85.42
1934	7985.69	1059070.82	132.62
1935	8066.50	1777436.69	220.35
1936	8359.64	3275152.66	391.78
1937	9009.00	11912822	1322.32
1938	8958.70	14743928	1645.77
1939	8958.70	13763075	1536.28
1930-1936			1061.14
1937-1939			4504.37
TOTAL			5565.51

*Note:* Amounts adjusted to inflation (base year 1936). Life cost index taken from *Στατιστική επιτηρίς της Ελλάδος, 1930-1939*.

*Note:* No CPI available for 1939. For the sake of simplicity, I am assuming that there was no inflation that year.

*Sources:* Αγροτική Τράπεζα της Ελλάδος, *Απολογισμός, 1930-1939*; Altsitzoglou, *Οι γιακάδες και ο κάμπος*, 154.

**Table 7.01:** Tobacco trading firms with offices in Trieste in the 1930s

Firm	1932	1935	1938	1939
American Tobacco Co. of the Orient	x	x	x	x
Alston Tobacco Co. Inc.	x			
Gary Tobacco Co. Inc.	x			
Società Anonima Italo-Ellenica	x			
Spieler Hermann & Co.	x	x	x	x
Compagnia It. Tabacchi Indigeni	x	x		
Banelli gr. uff. C.	x			
Eastern Cy., Soc. An. Egyptienne		x		
Alliance Tobacco Co.		x		

*Source: Guida di Trieste e della Venezia Giulia, 1932, 184; Guida di Trieste e della Venezia Giulia, 1935, 169-171; Guida generale di Trieste e della Venezia Giulia, 1938, 817; Guida generale di Trieste e della Venezia Giulia, 1939, 786.*

**Table 7.02:** Distribution (percentages) of workdays in commercial processing, 1928 – 1939

	1928	1930-34	1935-39
Salonika	12.26	19.09	24.49
Kavala	28.77	29.45	29.93
Xanthi	14.14	6.92	7.6
Drama	8.1	3.86	4.76
Volos	5.14	14.03	6.97
Serres	5.47	3.77	4.63
Piraeus	3.85	4.19	6.69
Agrinio	3.47	5.09	4.14
Samos	2.89	1.62	2.17
Komotini	2.83	0.96	0.68
Eleftheroupoli	2.15	0.54	1.05
Mytilene	1.79	0.67	0.71
Nigrita	1.17	0.65	0.38
Kilkis	0.44	0.56	0.6
OTHER	4.7	7.64	4.52
TOTAL	100	100	100

*Source:* Labrianidis, “Industrial Location in Capitalist Societies,” 138.

**Table 8.01:** Evolution of tobacco shipping (in weight) from Greece's main port cities to all countries, 1924 – 1938

	Kavala	Salonika	Alexandroupoli	Piraeus	Volos	Samos	Patra
1924	53.16	40.79	41.83	40.72	90.65	105.74	49.67
1925	60.34	45.11	90.86	57.39	67.72	52.37	51.24
1926	65.2	46.56	87.09	116.5	97.4	118.06	83
1927	100	100	100	100	100	100	100
1928	NDA	NDA	NDA	NDA	NDA	NDA	NDA
1929	NDA	NDA	NDA	NDA	NDA	NDA	NDA
1930	101.43	106.99	57.68	106.11	63.25	64.55	37.1
1931	NDA	NDA	NDA	NDA	NDA	NDA	NDA
1932	68.45	90.61	38.67	50.01	63.57	26.65	21.98
1933	65.36	69.58	23.54	95.41	81.21	46.19	17.61
1934	64.81	90.73	27.48	72.73	87.05	28.69	13.03
1935	90.34	155.52	18.71	114.84	90.84	50.02	20.35
1936	NDA	NDA	NDA	NDA	NDA	NDA	NDA
1937	NDA	NDA	NDA	NDA	NDA	NDA	NDA
1938	91.89	161.21	30.09	98.56	79.24	33.27	10.07

*Note:* I have assigned the normal value 100 to year 1927. This was the year before the first signs of overproduction became visible in Greece. The values in each column have been normalized separately, based on the amount of tobacco exported from each city in 1927.

Sources: Processed data collected from Δελτίον καπνού, January 1939; January 1936; January 1935; January 1934; January 1933; March 1931; Δελτίον Γραφείου Προστασίας Ελληνικού Καπνού Καβάλλας, March 1928; May 1927; April 1925.



**Table 8.02:** Evolution of tobacco shipping (in weight) from Greece's main port cities to Germany, 1926 – 1938

	Kavala	Salonika	Alexandroupoli	Piraeus	Volos	Samos	Patra
1926	77.62	45.89	124.07	99.13	89.36	129.65	92.35
1927	100	100	100	100	100	100	100
1928	NDA	NDA	NDA	NDA	NDA	NDA	NDA
1929	NDA	NDA	NDA	NDA	NDA	NDA	NDA
1930	146.8	96	45.3	65.34	51.51	41.98	16.28
1931	NDA	NDA	NDA	NDA	NDA	NDA	NDA
1932	85.59	106.07	30.76	30.44	48.85	12.93	5.44
1933	113.33	82.38	20.04	71.21	86.49	2.12	2.36
1934	101.34	121.49	13.73	29.78	122.62	18.89	2.9
1935	131.9	260.91	4.99	47.99	48.71	132.49	8.57
1936	NDA	NDA	NDA	NDA	NDA	NDA	NDA
1937	NDA	NDA	NDA	NDA	NDA	NDA	NDA
1938	146.08	274.47	66.8	41.25	140.16	36.42	0.28

*Note:* I have assigned the normal value 100 to year 1927. This was the year before the first signs of overproduction became visible in Greece. The values in each column have been normalized separately, based on the amount of tobacco exported from each city in 1927.

*Note:* The data for 1938 include exports to Austria.

Sources: Processed data collected from Δελτίον καπνού, January 1939; January 1936; January 1935; January 1934; January 1933; March 1931; Δελτίον Γραφείου Προστασίας Ελληνικού Καπνού Καβάλλας, March 1928; May 1927; April 1925.

**Table 8.03:** Evolution of tobacco shipping (in weight) from Greece's main port cities to Germany and Austria, 1926 – 1938

	Kavala	Salonika	Alexandroupoli	Piraeus	Volos	Samos	Patra
1926	74.07	49.52	83.32	99.13	89.37	238.99	92.35
1927	100	100	100	100	100	100	100
1928	NDA	NDA	NDA	NDA	NDA	NDA	NDA
1929	NDA	NDA	NDA	NDA	NDA	NDA	NDA
1930	147.84	92.19	48.54	65.12	64.07	44.52	18.33
1931	NDA	NDA	NDA	NDA	NDA	NDA	NDA
1932	86.46	101.8	34.97	34.97	60.64	12.91	6.8
1933	113.71	77.18	23.14	70.13	64.51	2.12	2.16
1934	101.21	120.62	13.69	35.03	91.78	18.86	2.66
1935	132.29	246	4.97	57.31	44.98	132.31	7.83
1936	NDA	NDA	NDA	NDA	NDA	NDA	NDA
1937	NDA	NDA	NDA	NDA	NDA	NDA	NDA
1938	139.4	256	66.57	39.99	80.58	36.37	0.26

*Note:* I have assigned the normal value 100 to year 1927. This was the year before the first signs of overproduction became visible in Greece. The values in each column have been normalized separately, based on the amount of tobacco exported from each city in 1927.

Sources: Processed data collected from Δελτίον καπνού, January 1939; January 1936; January 1935; January 1934; January 1933; March 1931; Δελτίον Γραφείου Προστασίας Ελληνικού Καπνού Καβάλλας, March 1928; May 1927; April 1925.

**Table 8.04:** Evolution of tobacco shipping (in weight) from Greece's main port cities to the United States of America, 1926 – 1938

	Kavala	Salonika	Alexandroupoli	Piraeus	Volos	Samos	Patra
1926	76.45	72.82	91.49	53.09	8.14	31.96	75.21
1927	100	100	100	100	100	100	100
1928	NDA	NDA	NDA	NDA	NDA	NDA	NDA
1929	NDA	NDA	NDA	NDA	NDA	NDA	NDA
1930	18.6	211.8	45.78	119.85	324.21	53.33	204.16
1931	NDA	NDA	NDA	NDA	NDA	NDA	NDA
1932	36.39	38.62	28.17	36.97	407.1	24.3	123.51
1933	44.96	66.49	29.84	110.81	234.21	38.02	135.82
1934	52.36	93.07	35.2	236.16	547.21	47	83.79
1935	93.2	123.28	19	452.91	110.81	65.45	104.58
1936	NDA	NDA	NDA	NDA	NDA	NDA	NDA
1937	NDA	NDA	NDA	NDA	NDA	NDA	NDA
1938	101.05	105.26	19.34	413.55	174.94	60.19	67.27

*Note:* I have assigned the normal value 100 to year 1927. This was the year before the first signs of overproduction became visible in Greece. The values in each column have been normalized separately, based on the amount of tobacco exported from each city in 1927.

Sources: Processed data collected from Δελτίον καπνού, January 1939; January 1936; January 1935; January 1934; January 1933; March 1931; Δελτίον Γραφείου Προστασίας Ελληνικού Καπνού Καβάλλας, March 1928; May 1927; April 1925.

**Table 8.05:** Percentage of tobacco exports to Germany shipped from Greece's port cities, 1926 – 1938

	Kavala	Salonika	Alexandroupoli	Piraeus	Volo	Samos	Patra
1926	26.19	12.27	7.54	10.72	10.61	2.15	14.01
1927	30.15	23.89	5.43	9.67	10.61	1.48	13.56
1928	NDA	NDA	NDA	NDA	NDA	NDA	NDA
1929	NDA	NDA	NDA	NDA	NDA	NDA	NDA
1930	47.67	24.7	2.65	6.8	5.89	0.67	2.38
1931	NDA	NDA	NDA	NDA	NDA	NDA	NDA
1932	40.58	23.89	2.63	4.63	8.15	0.3	1.16
1933	44.61	25.69	1.42	8.99	11.98	0.04	0.42
1934	37.51	35.63	0.92	3.53	15.97	0.34	0.48
1935	33.35	52.27	0.23	3.89	4.34	1.65	0.98
1936	NDA	NDA	NDA	NDA	NDA	NDA	NDA
1937	NDA	NDA	NDA	NDA	NDA	NDA	NDA
1938	31.03	46.19	2.56	2.81	10.48	0.38	0.03

*Note:* The data for 1938 include exports to Austria.

Sources: Processed data collected from Δελτίον καπνού, January 1939; January 1936; January 1935; January 1934; January 1933; March 1931; Δελτίον Γραφείου Προστασίας Ελληνικού Καπνού Καβάλλας, March 1928; May 1927; April 1925.

**Table 8.06:** Number of tobacco trading firms in Dresden and Hamburg (1913-1938)

*Source:* Processed data taken from *Adreßbuch Dresden*, 1913; 1923; 1928; 1933; 1938; *Adreßbuch Hamburg*, 1913; 1923; 1928; 1933; 1938.

	Dresden						Hamburg						
	GRE	SEPH	TUR	BUL	ARM	Other	GRE	SEPH	TUR	BUL	ARM	Other	Total
1913	24		2		2	33	7	1			1	49	56
1923	22	4	4		2	42	29	1		2	1	64	91
1928	25	4	2		2	39	27	4		1	1	52	85
1933	25	6	3	2	1	32	20	2		1	2	29	57
1938	35	1	3	1		35	13	2		1	2	25	43

**Table 8.07:** Tobacco trading firms registered in Dresden, 1923

Firm	Wilsdruffer Vorstadt	Südvorstadt	Oriental participation
Abidin, Resik		X	Turkish
Abramovitz, Moritz	X		
Amariglio, Moise		X	Sephardi*
Anastassiadi, Nicolas	X		Greek
Anastassiadi, Thrasybule	X		Greek
Bähr, Emil			
Balkan Tabakhandelsges. mbH	X		
Böhme, Erich	X		
Böhme, Max			
Böhmig, Richard			
Buckup, Richard	X		
Coconios, Alexander		X	Greek
Coulmas, Jean			Greek
Deutsch-Türkische Roh-Tabak- Handels-Ges. mbH	X		
Dresdner Rohtabak GmbH	X		
Drivas, Georg	X		Greek
Eltermann, Jakob		X	
Enfiezioglu, Cyprian P.		X	Greek
Facchini, Rudolf		X	
Feingold, Carl			
Frances, Elie			
Fuhrmann, Gustav			
Garofalidi, Alexander	X		Greek
Georgiades, Michel	X		Greek
Grundmann & Telschow	X		Greek <sup>†</sup>
Grundmann, Werner		X	

\* Amariglio was a common surname among the Jews of Salonika. Moise Amariglio was a Jew from Turkey. HSA Dresden; 13118 Allgemeine Deutsche Credit Anstalt, Dresden (ADCA); 1075 Sperrkonten von Juden, Auswanderern und Ausländern // 1940-1943; item 28

† Georg Telschow's middle name Achilles, and the fact that in 1909 he registered a business in partnership with Basile Anastasse Koutzoglou (HSA Dresden; 11045 AG Dresden; Akte 1316; Bl. 187-188), suggest Greek extraction.

Firm	Wilsdruffer Vorstadt	Südvorstadt	Oriental participation
Hadjidakis, Michel		X	Greek
Haidar, Ali, Tabak- Großhandlung, Import-Export			Turkish
Haubold, Horst			
Hazarian, Kosrof	X		Armenian
Hellmuth, Herm.			
Herzfeld, Alejandro	X		
Ibrahim Pascha Fils, orienta. Rohtabak-Großhandlung	X		Turkish
Ivrakis, Constantin	X		Greek
Jasmatzi, Georg A. AG			Greek
Jasper, Eduard	X		
Kan, Josef	X		
Kästner, Oscar			
Kintzel & Exacoustos			Greek
Kurtjean, Tacor			
Lederer, Hugo	X		
Lewin, Leiba	X		
Lietzmann, Alfred			
v. Loeben & Neumeister GmbH			
Madjaroglou, P.	X		Greek
Marcus, Maurice	X		
Mathys, Zades & Co.		X	Turkish
Meth, J.	X		
Miller, Johannes Th., Orientalische Blättertabake	X		Greek
Misrachi, Rudolf			Sephardi
Missirian, Missak Fils	X		Armenian
Mörbe, Emil Ad.			
Müller, Gustav Emil	X		
Orientalische Tabak-Import- & Export-Ges. Tornibuca & Co.			Greek
Panos Tabakges. mbH	X		Greek
Papastratos Freres			Greek



Firm	Wilsdruffer Vorstadt	Südvorstadt	Oriental participation
Pervana B.	X		Greek
Pietzsch & Berndt	X		
Polakiewicz, Zacharias		X	
Ritter, Bernhardt Otto			
Sachse, Carl			
Saporta, Jacob D.			Sephardi
Saporta, Jaques			Sephardi‡
Saslawski, Leo		X	
Schwarz, David	X		
Seliksohn, Erich			
Seydel & Junghans Nachf.	X		
Spieler & Co., Hermann	X		
Swiencicki, Curt			
Tenenbaum, Max	X		
Tziafas, Jean		X	Greek
Wilhelm, Arthur			
Zachos, Zachos Athanasios	X		Greek
Zerbini, Thrasibule	X		Greek
Zimmermann, Oskar			
Zirini, Jean			Greek

Source: *Adreßbuch Dresden*, 1923.

‡ Jacques Saporta was a Jew born in Volos. Tobacco Museum of Kavala, Registry no. 2/2004, entry no. 1664.

**Table 8.08:** Tobacco trading firms registered in Dresden, 1928

Firm	Wilsdruffer Vorstadt	Südvorstadt	Oriental participation
Abramovitz, Maurice	X		
Amariglio, Moise			Sephardi
Anastassiadi, Nicolas	X		Greek
Anastassiadi, Thrasybule			Greek
Bähr, Emil			
Balkan Tabakhandelsges. mbH	X		
Buckup, Richard	X		
Coconios, Alexander	X		Greek
Coulmas, Jean			Greek
Daniel, Salvator		X	
Delius, Eduard Ludwig			
Deutsch-Türkische Rohtabak- Handels-Ges. mbH	X		
Dimitoglou, Avraam	X		Greek
Eastern, Tabakges. mbH			Greek*
Enfiezioglu, Ach		X	Greek
Enfiezoglu, Cyprian		X	Greek
Facchini, Rudolf		X	
Feingold, Carl			
Fotion, Jean	X		Greek
Frances, Elie			
Fuhrmann, Gustav			
Garofalidi, Alexander	X		Greek
Hadjidakis, Michel	X		Greek
Hallas, Rudolph	X		
Hazarian, Kosrof			Armenian
Herzfeld, Alesandro	X		
Ibrahim Pacha Fils	X		Turkish
Jasper, Eduard	X		

\* In 1928, the manager was Stellios Georgios Botha. *Adreßbuch Dresden, 1927-28* p. V/12.

Firm	Wilsdruffer Vorstadt	Südvorstadt	Oriental participation
Konstantinides, Miltiades	X		Greek
Levante AG Rohtabakhandel	X		Turkish <sup>†</sup>
Lietzmann, Alfred			
Lochner, Max			
Luxander & Co., Attilio			
Madjaroglou, P.	X		Greek
Mayer, N & Co. GmbH	X		
Mazzini, Ulysse, GmbH	X		Greek <sup>‡</sup>
Mehtieff, D & T.	X		
Miller, Johannes	X		Greek <sup>**</sup>
Misrachi, Rudolf			Sephardi <sup>††</sup>
Missirian Freres	X		Armenian
Mörbe, Emil Ad.			
Moyssioglou, Lazar			Greek
Nielebock, Fritz			
Orbak Import Ges.	X		
Orientalische Tabak-Import & Exportges. mbH Tornibuca & Co	X		Greek
Panos Tabakges. mbH		X	Greek
Papastratos Freres	X		Greek
Pervana, Jean	X		Greek
Pialoglou-Lambridis, GmbH	X		Greek
Pietzsch & Berndt	X		

<sup>†</sup> Mehmed Emin was one of the co-owners of the firm, and Ibrahim Zia was an authorized signatory in 1928. *Adreßbuch Dresden*, 1928, p. V/30.

<sup>‡</sup> The firm was established in 1922 by Ulysse Mazzini and Friedrich W. Kramer, residents of Dresden, and Achille Mazzini, resident of Istanbul. Although the name Mazzini is probably of Italian origin, there is the Greek version Matsinis as well. See Company record, 1922, 11045 AG Dresden, file 1353, items 591-594, HSA Dresden.

<sup>\*\*</sup> Johannes Miller was born in Smyrna in 1879. Letter to acting Generalkommando, 1917, 10736 Ministerium des Innern, folder 7140, item 58, HSA Dresden. His mother's maiden name was Maria Hatinoglou. Therefore, she was probably of Greek Orthodox extraction. Imperial Turkish General Consulate, 1917, 10736 Ministerium des Innern, folder 7140, item 63, HSA Dresden.

<sup>††</sup> Misrachi was a common surname among the Jews of Salonika. Members of the Misrachi family were involved in the tobacco trading firm Commercial Company of Salonica Ltd. since the late nineteenth century, and at least until the 1930s. Ιωαννίδης, *Το καπνικό στην Καβάλα*, 29; Balance sheet, 1932, A1S20Y67 Αρχείο υποκαταστήματος Θεσσαλονίκης, υπηρεσία πληροφοριών και στατιστικές, ανώνυμες εταιρείες, folder 60, NBG.

Firm	Wilsdruffer Vorstadt	Südvorstadt	Oriental participation
Pindos, Nikolaus		X	Greek
Ritter, Bernhardt Otto			
Rohtabakhandelsges. "Tabacus" mbH	X		
Roth, Walter			
Sachse, Carl			
Saporta, Jacob		X	Sephardi
Saporta, Jacques	X		Sephardi <sup>‡‡</sup>
Saslowski, Leo		X	
Schiebolb, K.			
Schneider, Gertrud vw.	X		
Schwarz, David	X		
Seydel & Junghans Nachf.	X		
Spierer & Co, Hermann GmbH	X		
Sterghiades, Alexander			Greek
Swiencicki, Curt	X		
Tenenbaum, Max	X		
Tzannides Stanas & Co.			Greek
Tziafas, Jean	X		Greek
Vlachakis, Callistrate	X		Greek
Wilhelm, Arthur			
Zachos, Zachos Athanasios	X		Greek
Zerbini, Thrasybule	X		Greek

*Source: Adreßbuch Dresden 1928.*

<sup>‡‡</sup> The surname Saporta is common among the Sephardic Jews. Jacques Saporta was born in Volos in 1891. See Certificate of award, 1962, Registry no. 2/2004, file 1664, TM Kavala.

**Table 8.09:** Tobacco trading firms registered in Dresden, 1933

Firm	Wilsdruffer Vorstadt	Südvorstadt	Oriental participation
Abramovitz, Maurice	X		
Amariglio, Moise			Sephardi*
Anastassiadi, Nicolas J.	X		Greek
Anastassiadi, Thrasybule			Greek
Athanassoula, Jean	X		Greek
Balkan Tabakhandelsges. mbH	X		
Collaros, Marios	X		Greek
Coulmas, Jean	X		Greek
Delius, Eduard Ludwig	X		
Dimitoglou, Avraam	X		Greek
Drossos, Jean	X		Greek
Enfiezioglu, Achilles C.		X	Greek
Enfiezoglu, Cyprian P.		X	Greek
Fesdji Zade Freres			Turkish
Flath, C. Arno			
Fotiou, Nachf.	X		Greek
Frances, Elie			
Fuhrmann, Gustav			
Georgiades, Zinon	X		Greek
Gueron, Avram	X		Sephardi
Hallas & Coleman, GmbH	X		
Hazarian, Kosrof			Armenian
Hillme, Gustav	X		
Ibrahim Pacha Fils	X		Turkish
Isandoro, Carlo	X		
Isandoro, Nico	X		
Jasinski, Leon		X	

\*Amariglio was a common surname among the Jews of Salonika. Moise Amariglio's daughter Silvia appears referred to as a Jewish woman of Turkish citizenship during World War II. Oberfinanzpräsident Dresden to Gerhard Zilian, 1943, 13118 Allgemeine Deutsche Credit Anstalt, Dresden (ADCA). folder 1075, item 84 HSA Dresden.

Firm	Wilsdruffer Vorstadt	Südvorstadt	Oriental participation
Konstantinides, Miltiades	X		Greek
Lazaroff, Stefan Iv.	X		Bulgarian <sup>†</sup>
Leibow, Wolf	X		
Levy, Moise	X		
Levy, Vitalis		X	Sephardi <sup>‡</sup>
Lietzmann, Alfred			
Lochner, Max			
Madjaroglou, P.	X		Greek
Mayer & Co., N.	X		
Mazzini, Ulysse, GmbH			Greek
Milichiades, John		X	Greek
Miller, Johannes Th.	X		Greek
Möller, Friedrich			
Mörbe, Emil Ad.			
Mossinoff, Angel D.	X		Bulgarian <sup>**</sup>
Moyssioglou, Lazar			Greek
Nermi, Mustafa			Turkish
Nielebock, Fritz	X		
Orbak Import Ges.	X		
Orientabak Importges. MbH	X		
Orientalische Tabak-Import & Exportges. mbH Tornibuca & Co	X		Greek
Papadopoulos, Neophytos		X	Greek
Pialoglou-Lambridis, GmbH	X		Greek
Pietzsch & Berndt	X		
Pindos, Nikolaus		X	Greek
Ritter, Bernhardt Otto			
Rohta Rohtabakhandelsges. MbH			

<sup>†</sup> Stefan Iv. Lazaroff appears as a member of the firm Iv. D. Lazaroff Freres, which had offices in Plovdiv, Sofia and Dresden, in Nestoroff, Marko. *Die Orient-Tabake*. Vol. 2, 200.

<sup>‡</sup> Vitalis Levy was a Jew from Kavala. His dealings with the Dresden branch of Deutsche Bank are documented in 13131 Deutsche Bank, Filiale Dresden, folder 443, HSA. Dresden.

<sup>\*\*</sup> Tobacco merchants with the surname Mossinoff appear listed as Bulgarian firms in Nestoroff *op. cit.* p. 206. Also in Fachuntergruppe circular letter, 1942, 11776 Zigarettenfabrik Union, A. Schaefer und Hille, Dresden, file 255, HSA Dresden.

Firm	Wilsdruffer Vorstadt	Südvorstadt	Oriental participation
Rohtabakhandelsges. "Tabacus" mbH	X		
Sachse, Carl	X		
Saporta, Jacob		X	Sephardi
Saporta, Jacques	X		Sephardi <sup>††</sup>
Schwarz, David	X		
Simha, David	X		Sephardi <sup>‡‡</sup>
Spies, Erwin	X		
Sterghiades, Alexander		X	Greek
Swiencicki, Curt			
Tenenbaum, Max	X		
Triantafylou, Michael	X		Greek
Tzannides Stanas & Co.			Greek
Uhlmann, Richard			
Vlachakis, Callistrate		X	Greek
Wilhelm, Arthur			

*Source: Adreßbuch Dresden, 1933.*

<sup>††</sup>See note <sup>‡‡</sup> of Table 8.08.

<sup>‡‡</sup>David Simha was a Jew from Salonika. See W. Schimmelpfeng to Allgemeine Deutsche Credit Anstalt, 1936, 13118 Allgemeine Deutsche Credit Anstalt, Dresden (ADCA), folder 614, HSA Dresden.

**Table 8.10:** Tobacco trading firms registered in Dresden, 1938

Firm	Wilsdruffer Vorstadt	Südvorstadt	Oriental participation
Anastassiadi, Nicolas		X	Greek
Athanassoula, Jean	X		Greek
Balkan Tabakhandelsges. mbH	X		
Cevat, Ahmet			Turkish
Coconios, Alexander		X	Greek
Coulavides, Nicolas		X	Greek
Coulmas, Jean		X	Greek
Delius, Eduard Ludwig		X	
Dimitoglou, Avraam	X		Greek
Edelmann, Aron		X	
Enfiedjoglou, Yerassimos	X		Greek
Enfiezioglu, Achilles Cyprian		X	Greek
Enfiezioglu, Cyprian P.		X	Greek
Enfiezioglu, Socrates C.		X	Greek
Engelmann, Kurt	X		
Fischer, Otto			
Fotiou Nachfolger, Jean	X		Greek
Fuhrmann, Gustav			
Galabow, Krum, Import – Orient Rohtabake – Export			
Georgiades, Zeno Konstantin A.	X		Greek
Guéron, Avram	X		Sephardi
Hallas & Coleman GmbH	X		
Helltab Tabakhandelsg. mbH			Greek*
Ibrahim Pacha Fils	X		Turkish
Irmisch, Günther			
Isandoro, Nico		X	
Ivrakis, Constantin		X	Greek
Jainz, A. Kurt			
Jasper, Eduard	X		

\* The first manager of this firm was Epaminondas Papastratos. See Company registry, 1937, 11045 AG Dresden; file 1390, item 23994, HSA Dresden.



Firm	Wilsdruffer Vorstadt	Südvorstadt	Oriental participation
Kampanis, Alex.	X		Greek
Kintzel, Petro			Greek <sup>†</sup>
Klotsche, Fritz Orientalische Rohtabake, Import-Großhandel- Export	X		
Konstantinides, Miltiades	X		Greek
Kympritis, Zacharias	X		Greek
Levy, Moise J.	X		
Lietzmann, Alfred			
Lindauer, Curt			
Lochner, Max			
Lummel, A.			
Mangouby, B.			
Milichiades, John	X		Greek
Miller, Johannes Th. Orientalische Blättertabake			Greek
Möller, Friedrich Import und Großhandel orientalischer Rohtabake			
Mörbe, Emil A.			
Mossinoff, Angel D.	X		Bulgarian <sup>‡</sup>
Moyssioglou, Lazar			Greek
Müller Rud. E	X		
Nermi, Mustafa			Turkish
“Orbak” Import Ges. für Orient Tabake GmbH	X		
Orientabak Importges. mbH	X		

<sup>†</sup> Tobacco merchant Jakob Kintzel and the widow Josephine Exacoustos (maiden name Steiner) established a tobacco trading firm in 1907. Jakob Kintzel was married to Catharina, whose maiden name was Exacoustos, and might have been Josephine's daughter. The Exacoustos were tobacco merchants in Dresden. Jakob died in 1909. Petro Kintzel's first name is the Greek version of the name Peter, and was therefore probably related to them. See Company registry, 1907, 11045 AG Dresden, file 1311, item 11408, HSA Dresden.

<sup>‡</sup> Angel Mossinoff imported Bulgarian tobacco in the interwar period and during World War II. A source from 1942 contains a list of merchants authorized to import Bulgarian tobacco into Germany. Angel Mossinoff appears on the list, as does Boris Mossinoff. The latter, to whom the former was probably related, is referred explicitly as a Bulgarian merchant. See Reichstelle für Tabak to Zigarettenfabrik Kosmos, 1942, 11774 Zigarettenfabrik Kosmos GmbH, Dresden; folder 315, HSA Dresden.

Firm	Wilsdruffer Vorstadt	Südvorstadt	Oriental participation
Orientalische Tabak-Import & Export-Ges. Tornibuca & Co.	X		Greek
Papadopoulos, Neophytos		X	Greek
Pascalides, Josef	X		Greek
Pfennig, Erich			
Pialoglou-Lambridis, GmbH	X		Greek
Pianos, Georg		X	Greek
Pietzsch & Berndt	X		
Pindos, Nikolaus		X	Greek
Ritter, Bernhardt Otto			
Rohta Rohtabakhandelsges. mbH			
Sachse, Carl	X		
Schmidt, Arno	X		
Schramm, Rich.			
Sossidi, Demetrius			Greek
Spies, Erwin		X	
Stamatiadi, Demetrio		X	Greek
Telschow, Georg	X		Greek**
Tenenbaum, Max			
Triantafylou, Michael	X		Greek
Tsigaras, Georg			Greek
Tzannides Stanas & Co.			Greek
Uhlmann, Richard	X		
Vlachakis, Callistrate			Greek
Wieler, Henry	X		
Wilhelm, Arthur Nachf.			
Zachos, Menelaos		X	Greek
Zissis, Nikolas	X		Greek

*Source: Adreßbuch Dresden, 1938.*

\*\* Georg Telschow's middle name Achilles, and the fact that in 1909 he registered a business in partnership with Basile Anastasse Koutzoglou, suggest Greek extraction. See Company registry, 1909, 1045 AG Dresden, file 1316; items 187-188, HSA Dresden.

**Table 8.11:** Tobacco trading firms registered in Hamburg, 1923

Firm	Oriental participation
Abel, George	
Andronicos Freres	Greek
Apostolidis, Anastasse	Greek
Assael & Co.	Sephardi
Baark, John.	
Bachrach, H.	
Bing, Carl	
Blümer, Willy	
Brüshoff, H.	
Büsing & Co.	
Christoforides Brüder	Greek
Cohen, Carl & Co.	
Damassiotis, Stelios, G.	Greek
Dedeoglou, Alcibiade	Greek
Deirmendjoglou, Anastase A.	Greek
Ehrlich, Max	
Eleftheriadis, S.	Greek
Engelhardt & Kaumann	
Fischer, A., & COs.	
Fotilas, Vassos	Greek
Germann & Co. mbH	
Ghounaropoulos, Evd.	Greek
Glück, Julius	
Glückstadt, Gustav	
Granzow, H.	
Gratenau, W. & Co.	
Haberstroh, Max	
Hadje, E. A.	Greek
Hadjopoulos, George	Greek
Hadler, Arthur	
Hamburg-Kameruner Tabakbau-Ges.	

Firm	Oriental participation
Handelsges. Hollandia mbH	
Heldrich, Gebr.	
Hirsch, M.	
Hoffmann, M. & Co.	
Horwitz, S.	
Jaeger, Theo. & Co.	
Jasinski & Nazim GmbH	Turkish
Jessurun & Zielinski	
Jessurun, David	
Johannsen, A. F.	
Keitel, Gebr.	
Kling, Adolf	
Krikis & Patzwahl	
Levie, R.	
Levies, Jon.	
Lewin, B.	
Luhmann, Gebr.	
Lüning, J.	
Martens, August	
Mathiason & Co.	
Mathys, Zadis & Co.	Turkish
Mavroidi, A. & Co.	Greek
Meyer & Jacobson	
Meyer, F. L. M. H.	
Michou, Nikolas S.	Greek
Mischou Freres	Greek
Möller, A. J.	
Nathan senr., Herm.	
Nonnenkamp, D. H.	
Oettinger, H. N. & Co.	
Orient-Tabakimport-Ges. mbH Damassiotis	Greek
Orimex Orientalische Im- und Export-Aktien-Ges.	

Firm	Oriental participation
Panagopoulos, Achille A.	Greek
Perivolas, Andre	Greek
Philippopoulos, Demetrius	Greek
Politopoulos, Andreas M.	Greek
Posanis, D. A.	Greek
Riekes & Co. mbH	
Roemer, Paul	
Schmidt, Hans	
Schütz, Max	
Schweighöfer, Karl	
Serdaroglou, Georges	Greek
Siemers, Hans	
Simon, Hermann	
Sossidi & Co.	Greek
Sossidi, Perikles	Greek
Synnefias, Miltos	Greek
Tchilinghiryan, Karabet	Armenian
The Marcoglou Tobacco Co.	Greek
Tsakanikas, Aristides A.	Greek
Tsakas, D., & Co.	Greek
Tzannides, Stanas & Co.	Greek
v. Dettmering	
van Son, Hugo	
Weingarten, Louis	
Wöhe & Levie	
Wolff, S.	
Würzburg, S. W.	
Zanglis, Constantin	Greek

*Source: Adreßbuch Hamburg, 1923.*

**Table 8.12:** Tobacco trading firms registered in Hamburg, 1928

Firm	Oriental participation
Amsterdamer Rohtabakhandel	
Apostolidis, M.	Greek
Assael & Co.	Sephardi
Baark, John	
Becker, A. F. W.	
Behrend, C.	
Benezra, David	Sephardi
Benveniste, L. H. & Jaffe	Sephardi
Blümer, W.	
Bostandjoglou, Basile	Greek
Boyadjis, Emm.	Greek
Bünning & Co.	
Chassourakis, Nicolas A.	Greek
Chondropoulos & Co. GmbH	Greek
Christoforidi, Hermocrate	Greek
La Continentale Einfuhr-Handelsges. mbH	
Cohen, Carl & Co.	
Croubalian, E. J.	Armenian
Dedeoglou, Alc.	Greek
Deirmendjoglou, Anastase A.	Greek
Derwisch, W.	
Determann, Adolf	
Engelhardt & Kaumann	
Georgieff, D.	
Glück, Julius	
Glückstadt, Gustav	
Graete, A.	
Haberstroh, Max	
Hadjisawa, Kyriako	Greek
Hadjopoulos, George	Greek
Haller, Wilhelm	

Firm	Oriental participation
Hintloglou Bros.	Greek
Hoffmann & Leisewitz	
Horwitz, S.	
Jessurun & Zielinski	
Jessurun, David	
Kaloudi & Co., GmbH	Greek
Kamyamides, Gregor	Greek
Kardorff, Leon	
Keitel Gebr.	
Levie, R.	
Levies, Jon.	
Luhmann, Gebr.	
Lüning G. Adolf	
Lüning, Jul.	
Macedonian Trading Co.	
Macricostas, Athanasios	Greek
Martens, A.	
Mathiason & Co.	
Mavroidi, A., & Co.	Greek
Mendt, W.	
Meyer & Jacobson	
Meyer, Friedrich	
Mischou Freres	Greek
Modiano, Marco	Sephardi
Nazim, Ali	Turkish
Nonnenkamp, D. H.	
Oettinger, H. N. & Co.	
Orbak Import-Ges. für Orient-Tabake mbH	
Orientabako GmbH	
Panagopoulos, Ach.	Greek
Papatheodor & Co.	Greek
Pezzali, Th.	Greek

Firm	Oriental participation
Philippopulos, Demetrius	Greek
Quednau, F.	
Rohtabak-Handels-Ges in Liquid.	
Sachinis, Dukas A.	Greek
Schütte, Walter	
Schütz, Max	
Schweighöfer, K.	
Serdaroglou, Georges P.	Greek
Simon, Hermann	
Sossidi & Co.	Greek
Standard Commercial Trading Co.	
Synnefias, Miltos	Greek
Tabulma Ges. zur Verwertung bulgarisch-türkischer Tabake mbH	
The Marcoglou Tobacco Compagnie GmbH	Greek
Ventura, Salo	
Wegener, W.	
Weingarten, Louis	
Wieler, Henry	
Wolff, S.	
Würzburg, S. W.	
Zanglis, Constantin	Greek
Zepos, P. D.	Greek

*Source: Adreßbuch Hamburg, 1928.*



**Table 8.13:** Tobacco trading firms registered in Hamburg, 1933

Firm	Oriental participation
Apostolidis, M.	Greek
Assael & Co.	Sephardi
Atag Allgemeine Tabak-Handelsges. mbH	
Benveniste, L. H. & Jaffe	Sephardi
Bostandjoglou, B.	Greek
Boyadjis, Emanuel S.	Greek
Chassourakis, Nicolas A.	Greek
Chondropoulos & Co. GmbH	Greek
Christoforidi, Hermocrate	Greek
Cohen, Carl & Co.	
Croubalian, Emmanuel J.	Armenian
Deirmendjoglou, Anastase A.	Greek
Determann, Adolf	
Djelar-Oglou, A.	Greek
Erbst, Carl & Co.	
Haase, R.	
Haberstroh, Max	
Hadjisawa, Kyriako	Greek
Hadjopoulos, George	Greek
Haller, Wilhelm	
Hintloglou Bros.	Greek
Jessurun, David	
Keitel Gebr.	
Klinarsky, Jacobo	
Levie, R.	
Levies, Jon.	
Luhmann, Gebr.	
Lüning, G. Adolf	
Macedonian Trading Co.	
Macricostas, Athanasios	Greek
Mavroidi, A.	Greek

Firm	Oriental participation
Meyer & Jacobson	
Meyer, Friedrich	
Missirian Freres, A. & M.	Armenian
Nazim Ali	Turkish
Nonnenkamp, D. H.	
Oettinger, H. N. & Co.	
Oettinger, Hellmuth	
Panagopoulos, Achille A.	Greek
Panidoglou, J.	
Pezzali, Th.	Greek
Pfuhl, Gebr.	
Philippoulos, Demetrius	Greek
Schütz, Max	
Schweighöfer, Karl	
Schweitzer H.	
Serdaroglou, Georges P.	Greek
Sossidi freres de Constantinople	Greek
Sossidi, Leonidas N.	Greek
Tabulma Ges. zur Verwertung bulgarisch-türkischer Tabake mbH	
Tschapraschikow, St.	Bulgarian *
Ventura, Salo	
Wegener, Walter	
Weingarten, Louis	
Wolff, S.	
Zanglis, Constantin	Greek
Zimmer, P.	

*Source: Adreßbuch Hamburg, 1933.*

\* Referenced as a Bulgarian firm in Ottai, *Geschichte der orientalischen Tabakkultur*, 17.

**Table 8.14:** Tobacco trading firms registered in Hamburg, 1938

Firm	Oriental participation
Assael & Co.	Sephardi
Atag Allgemeine Tabak-Handelsges. mbH	
Benveniste, L. H. & Jaffe	Sephardi
British American Tobacco Co. GmbH	
Chassourakis, Nicolas A.	Greek
Cohen, Carl & Co.	
Croubalian, Emmanuel J.	Armenian
Deirmendjoglou, Anastase A.	Greek
Determann, Adolf	
Djelar-Oglou, A.	Greek
Erbst, Carl & Co.	
Georgiades, Michel	Greek
Ghounaropoulos, E.	Greek
Glückstadt, Gustav	
Hadjisawa, Kyriako	Greek
Hintloglou Bros.	Greek
Keitel Gebr.	
Klinarsky, Jacobo	
Leuffert, Wilhelm	
Levies, Jon.	
Luhmann, Gebr.	
Lüning, G. Adolf	
Macedonian Trading Co.	
Macricostas, Athanasios	Greek
Mavroidi, A. & Co.	Greek
Meyer & Jacobson	
Meyer, Friedrich	
Misselwitz, Robert	
Missirian Freres, A. & M.	Armenian
Nazim Ali	Turkish

Firm	Oriental participation
Nonnenkamp, D. H.	
Oellerich, Jonny	
Oettinger, Hans N. & Co.	
Pezzali, Th.	Greek
Pfuhl, Gebr.	
Pohl, R. H.	
Schütz, Max	
Schweighöfer, Karl	
Serdaroglou, Georges P.	Greek
Ventura, Salo	
Weingarten, Louis	
Woiwoda, Stamatios	Greek
Zanglis, Constantin	Greek

*Source: Adreßbuch Hamburg, 1938.*

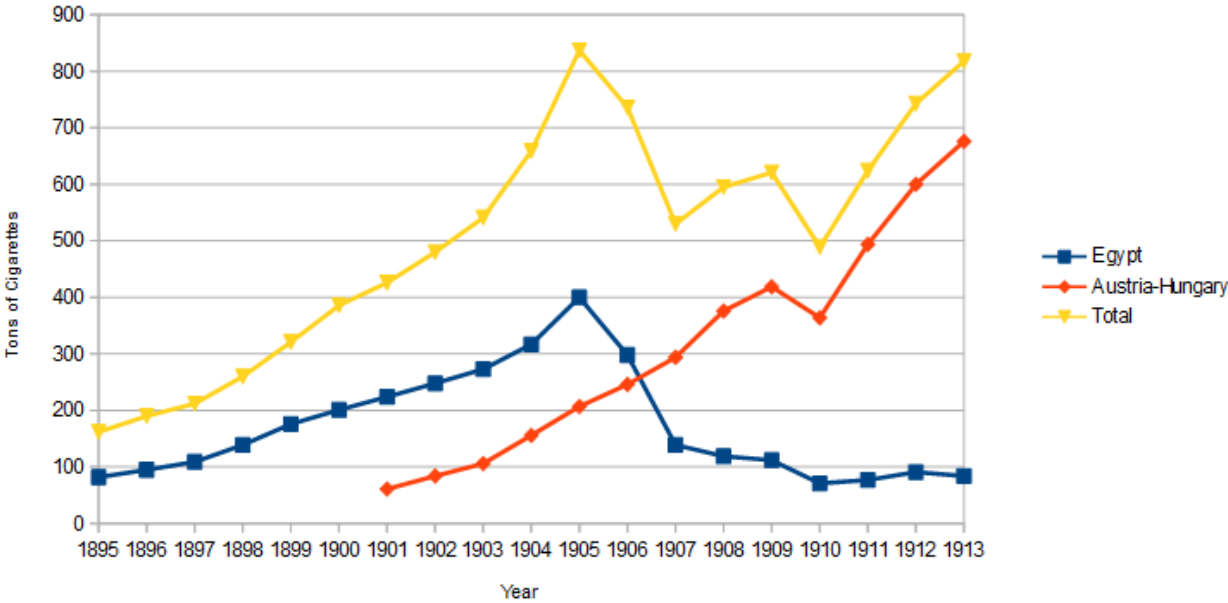
**Table 8.15:** Cigarette manufacturing firms in Dresden and Hamburg, 1913-1938

	Hamburg	Dresden
1913	49	102
1923	41	127
1928	19	88
1933	15	29
1938	16	42

Source: Adreßbuch Dresden and Adreßbuch Hamburg, 1913; 1923; 1928; 1933; 1938.

## APPENDIX B: GRAPHS

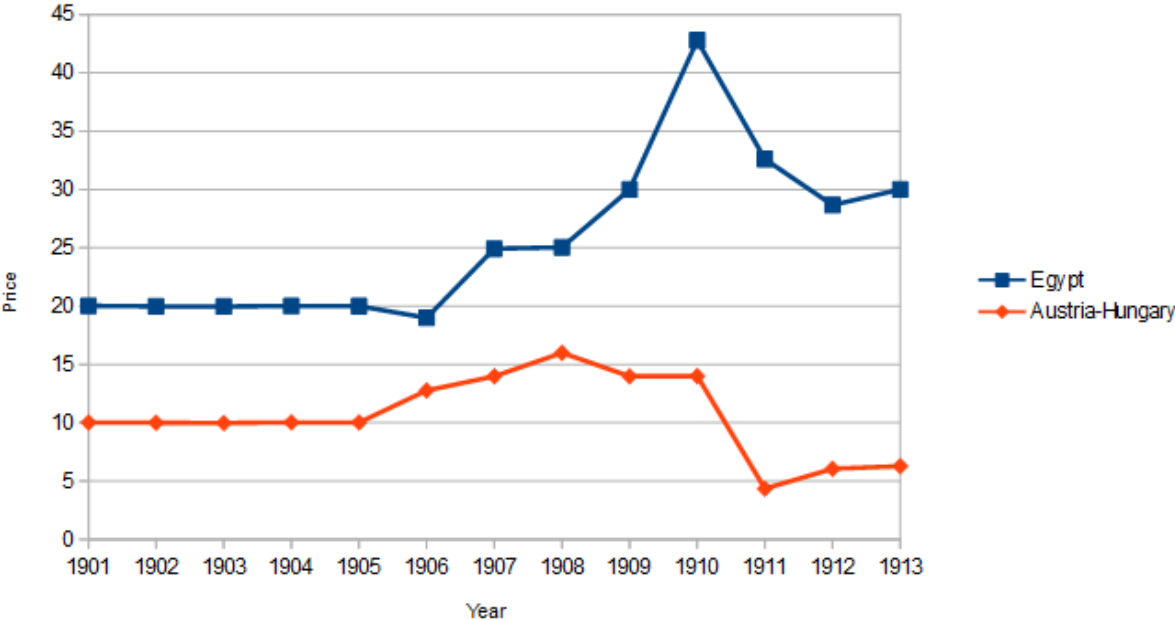
**Graph 3.01:** Cigarettes imported into the German Customs Union (1895-1913)



Source: *Statistisches Jahrbuch für das deutsche Reich*, 1895-1913.

Note: The available data for the 1895-1919 period include the cigarettes imported from Austria-Hungary in the category “Other.”

**Graph 3.02:** Price of cigarettes imported into the German Customs Union (1901-1913)

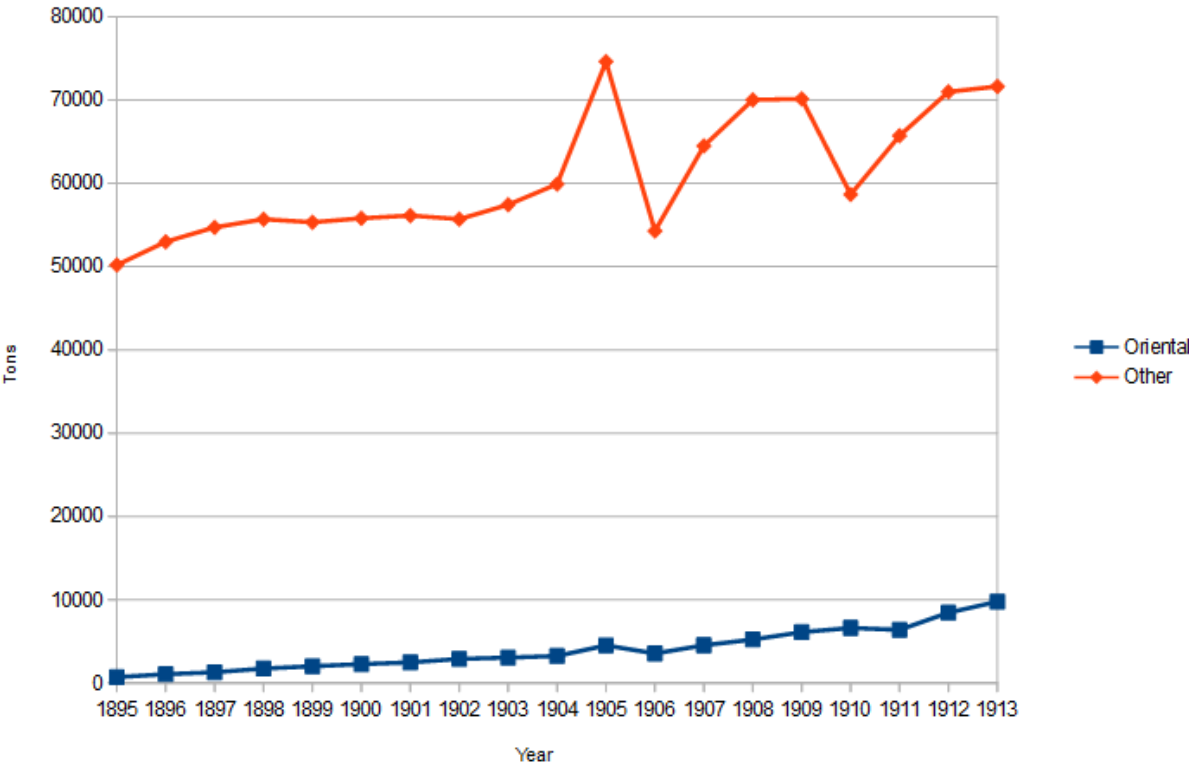


*Source:* Statistisches Jahrbuch für das deutsche Reich, 1901-1913.

*Note:* Price is expressed in thousands of marks per ton of imported cigarettes.



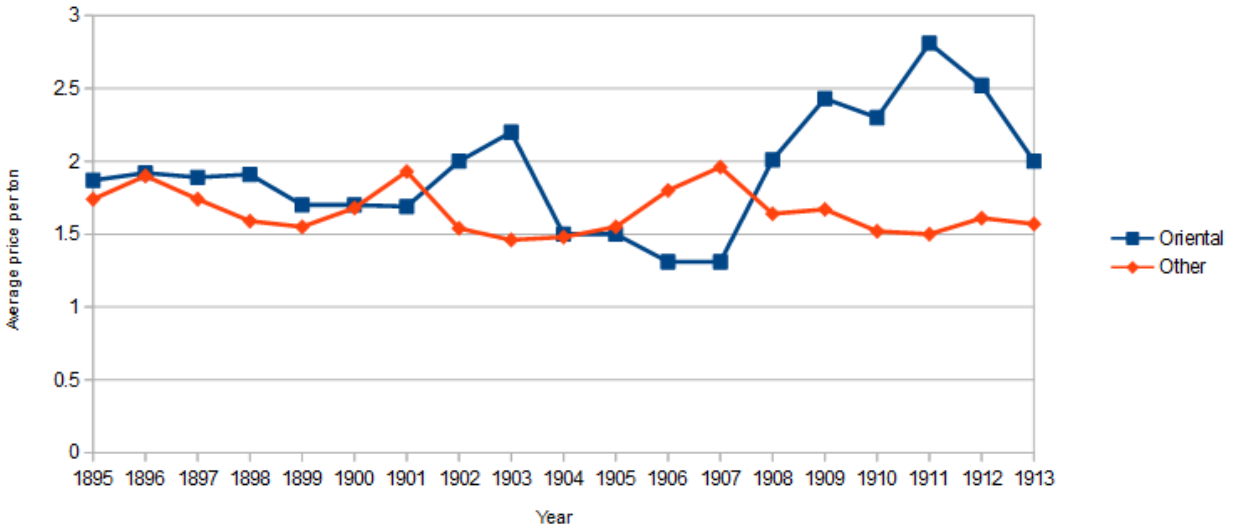
**Graph 3.03:** Tobacco leaves imported into the German Customs Union (1895-1913)



Source: *Statistisches Jahrbuch für das deutsche Reich*, 1895-1913.

Note: Values for years 1912 and 1913 include imports from Greece. Otherwise, all imports of Oriental tobacco are exclusively from the Ottoman Empire.

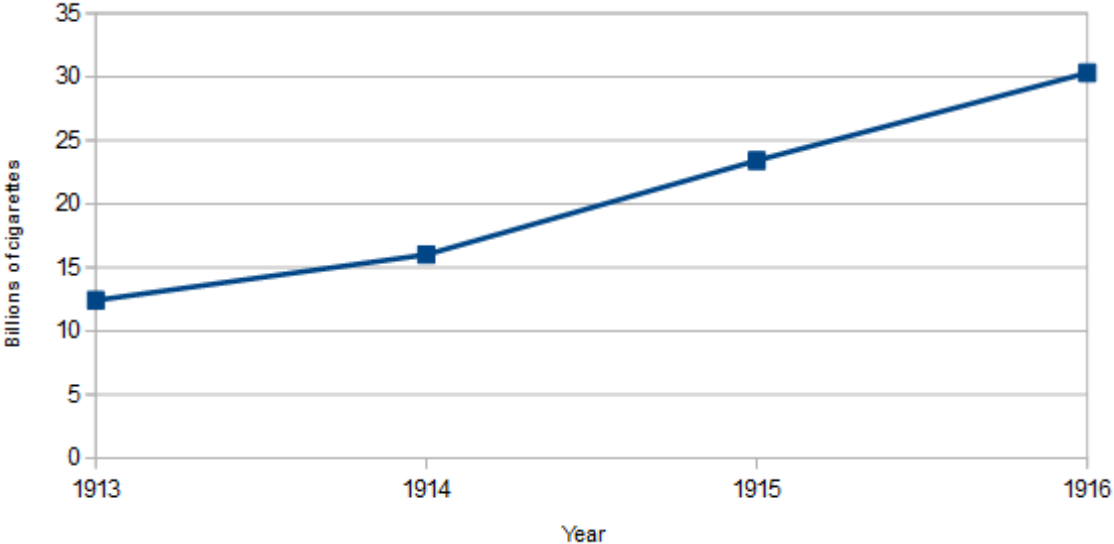
**Graph 3.04:** Price of tobacco leaves imported into the German Customs Union (1895-1913)



*Source:* Processed data taken from *Statistisches Jahrbuch für das deutsche Reich*, 1895-1913.

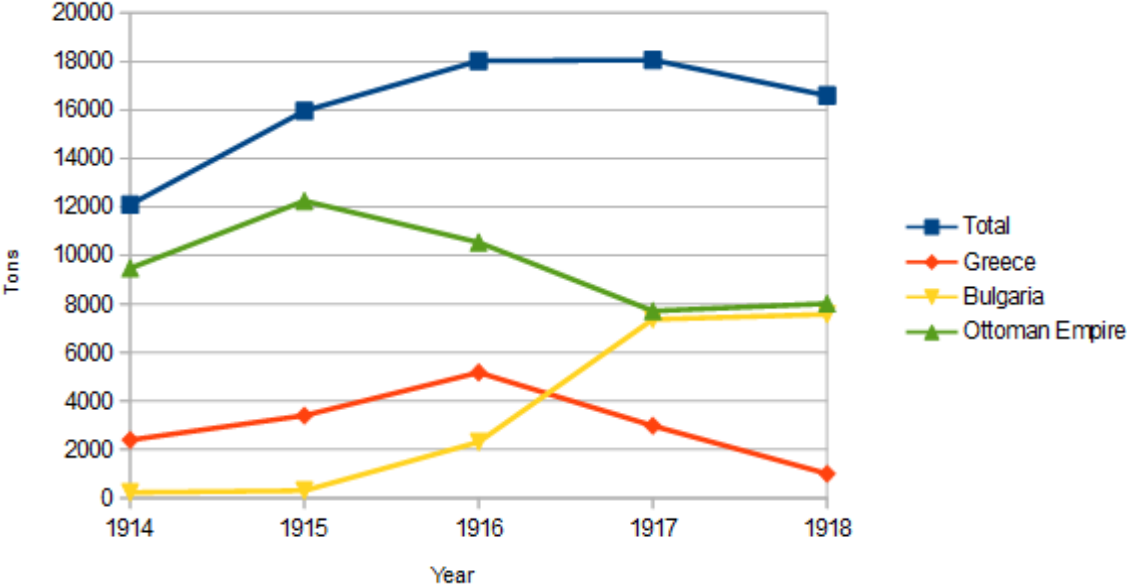
*Note:* Values expressed in thousands of marks. For years 1912 and 1913, Oriental tobacco prices correspond to tobacco imported from Greece and the Ottoman empire. Otherwise, all imports of Oriental tobacco are exclusively from the Ottoman Empire.

**Graph 3.05:** German cigarette production in first years of World War I



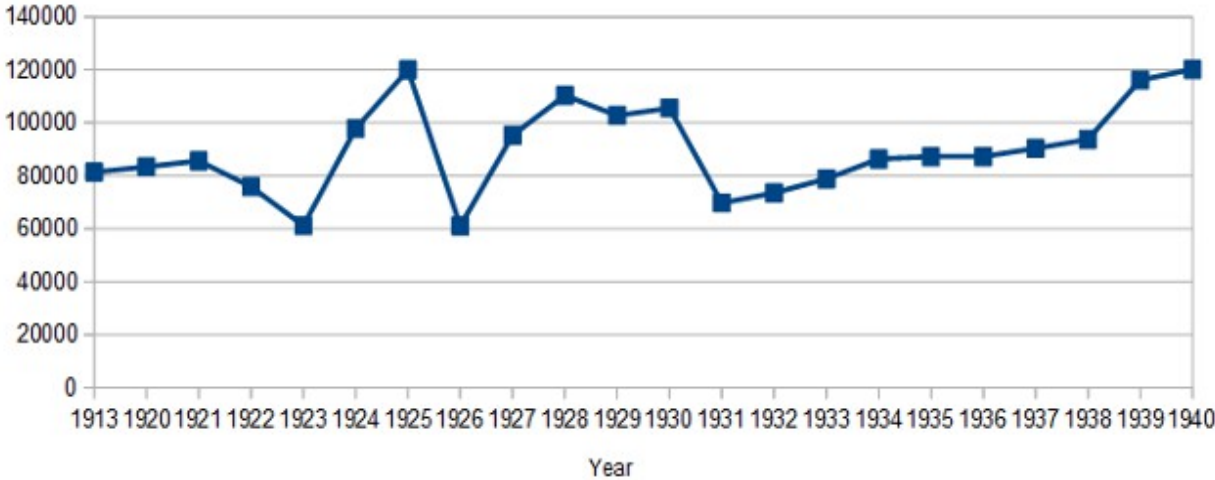
*Source:* Richter, “Zigaretten-Rohtabak in Deutschland,” 18.

**Graph 3.06:** Oriental tobacco imports into Germany during World War I



Source: Richter, "Zigaretten-Rohtabak in Deutschland," 43.

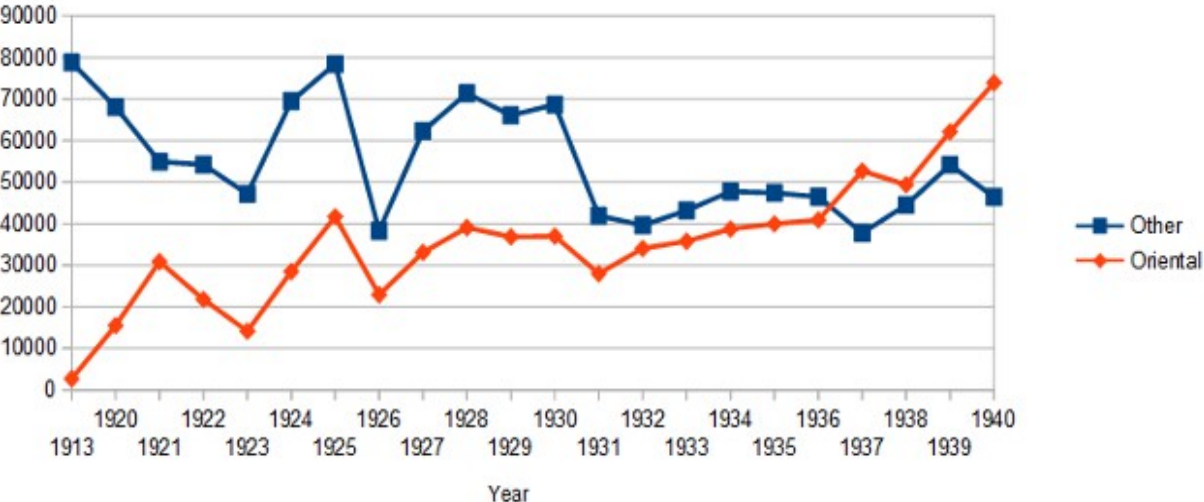
**Graph 4.01:** Total tobacco imports into Germany (1913, 1920-1940)



*Note:* Values expressed in tons.

Source: Statistisches Jahrbuch für das deutsche Reich, 1913; 1920-1940.

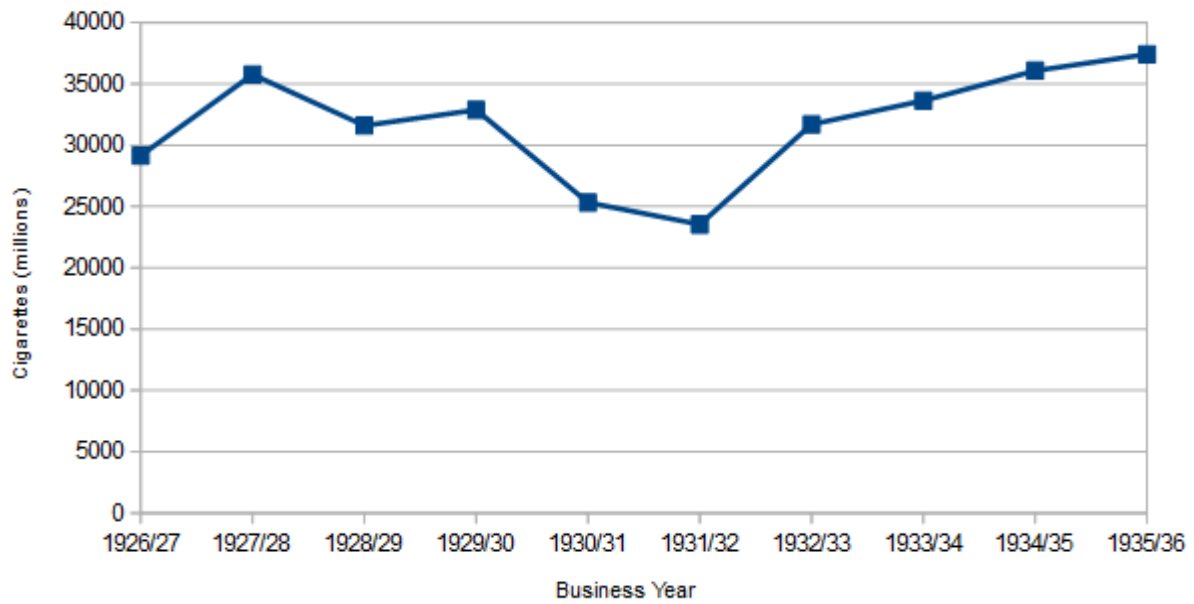
**Graph 4.02:** Tobacco imports into Germany, disaggregated by variety (1913, 1920-1940)



*Note:* Values expressed in tons.

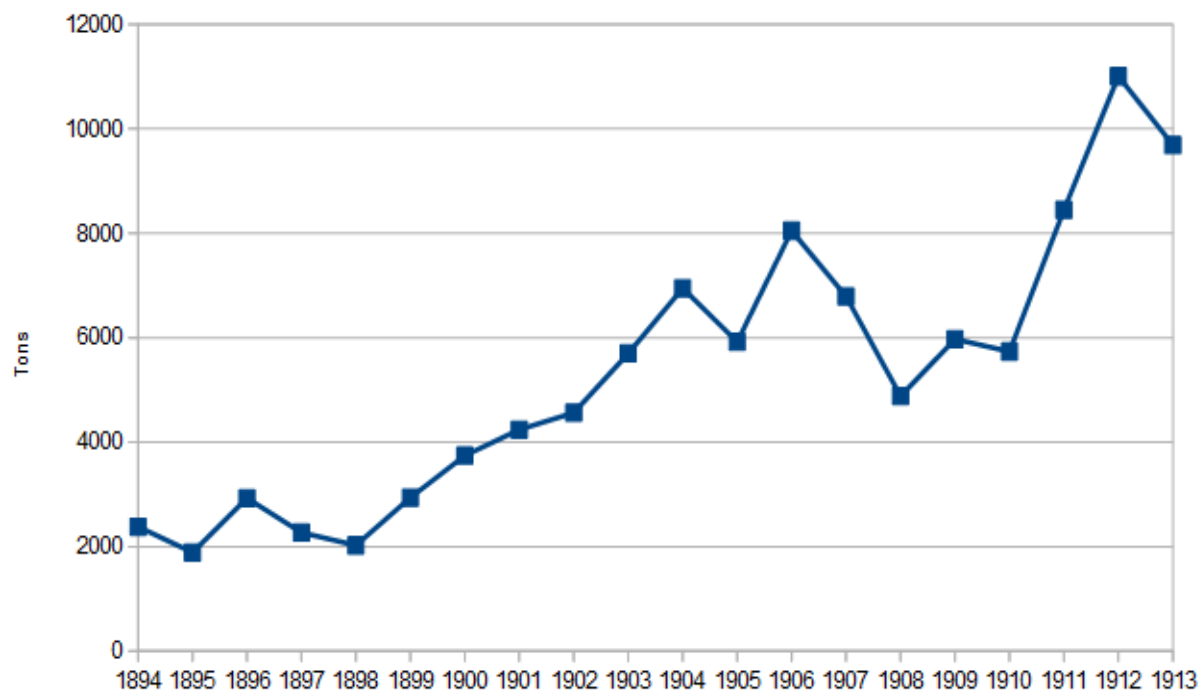
*Source:* Statistisches Jahrbuch für das deutsche Reich, 1913; 1920-1940.

**Graph 4.03:** Consumption of cigarettes in Germany (1926-1936)



*Source:* “Τα ελληνικά καπνά εν Γερμανία,” *Δελτίον του Γραφείου Προστασίας Ελληνικού Καπνού*, January 1927; “Η καπνική κίνησις εν Γερμανία,” *Δελτίον καπνού*, June 1936.

**Graph 5.01:** Greece's tobacco exports, 1894-1913



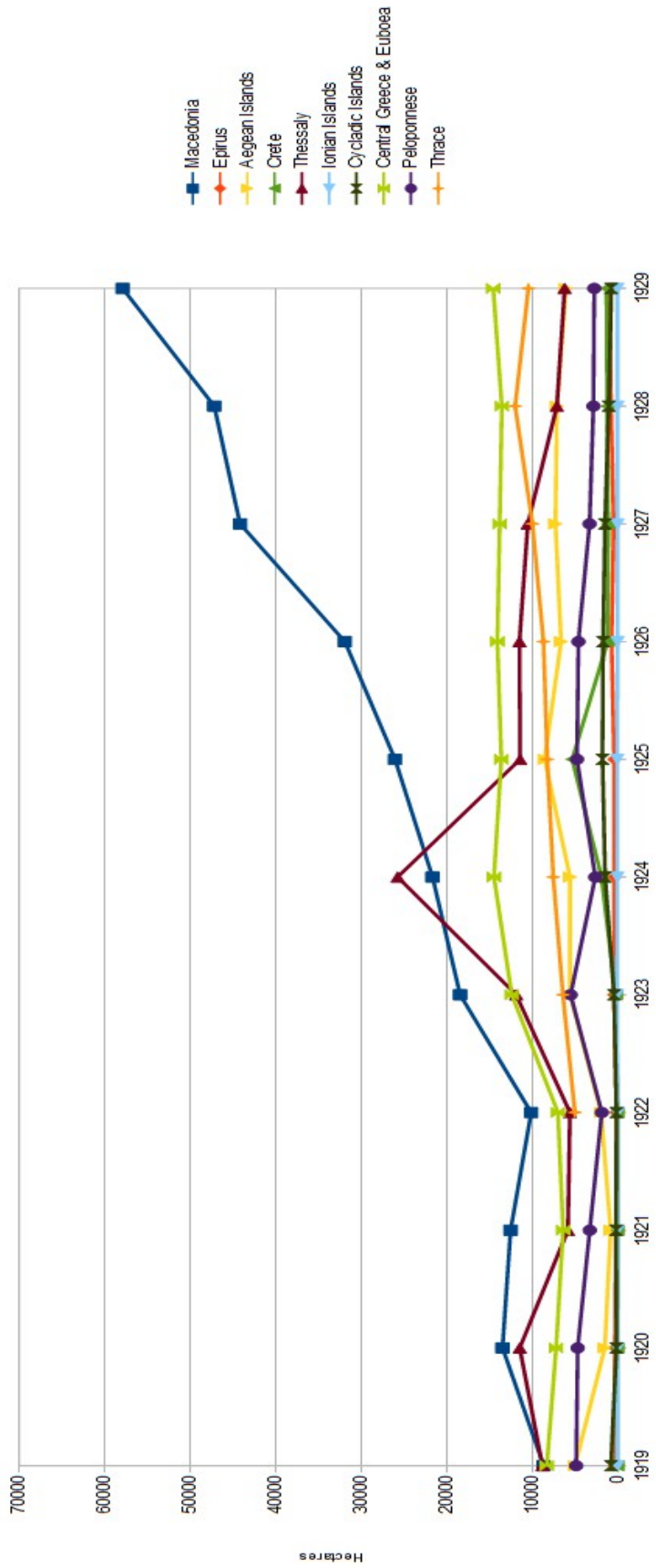
*Note:* Territories annexed during the Balkan Wars (1912-1913) not included.

*Source:* Στατιστική του ειδικού εμπορίου της Ελλάδος μετά του εξωτερικού, 1894-1913.

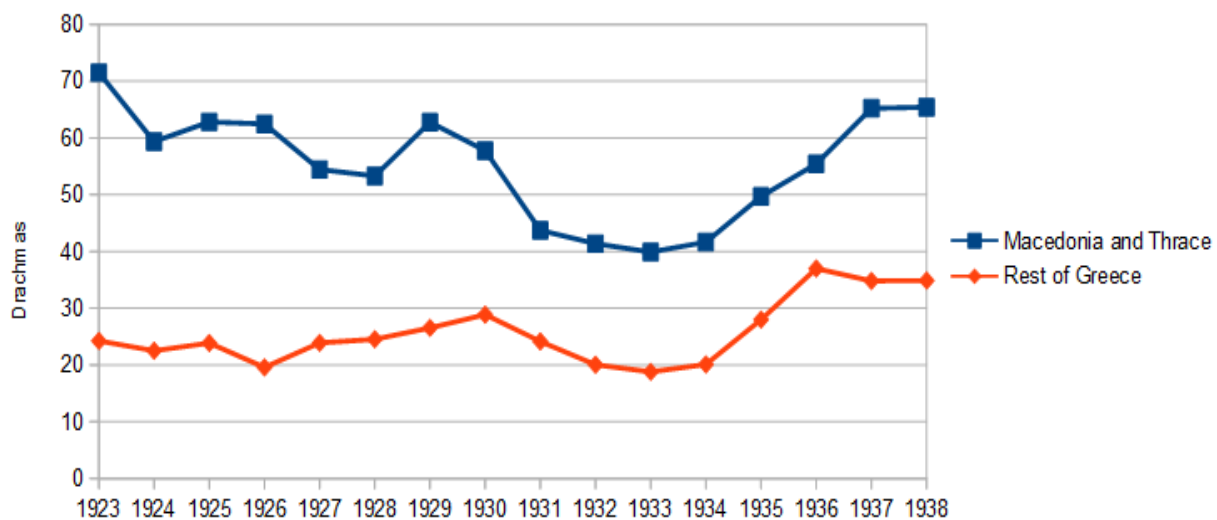


**Graph 5.02:** Land dedicated to tobacco cultivation in Greece (1919-1929), disaggregated by region.

*Source: Ετήσια γεωργική και κτηνοτροφική στατιστική της Ελλάδος, 1919-1929.*



**Graph 5.03:** Inflation-adjusted export prices of Greek tobacco, 1923-1938



*Source:* Στατιστική του εμπορίου της Ελλάδος μετά των ξένων επικρατειών, 1923-1938.

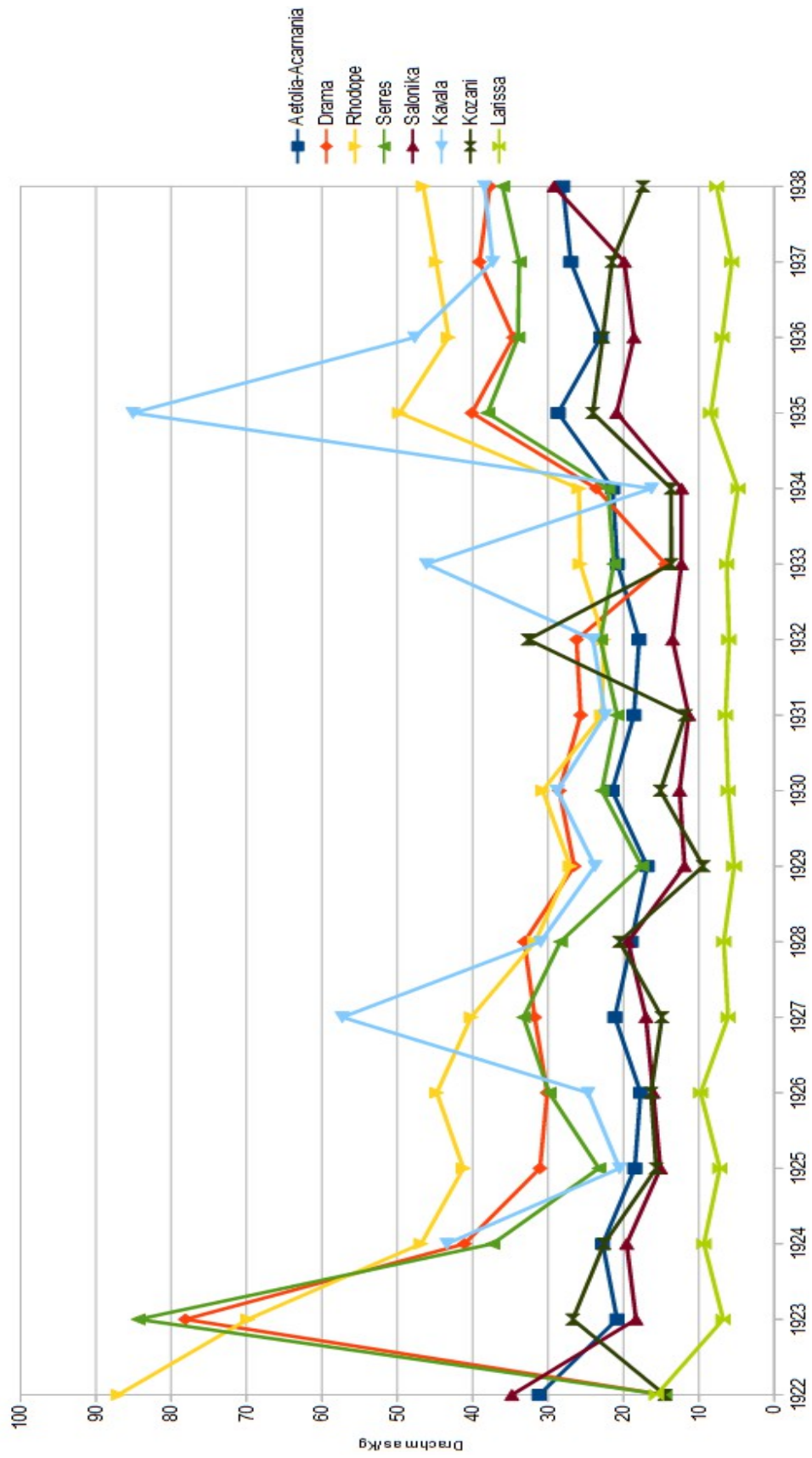
*Note:* Base year 1923. Life cost index taken from Στατιστική επιτηρίς της Ελλάδος, 1924-1938.

**Graph 5.04:** Inflation-adjusted tobacco prices in Greece's most important tobacco-producing departments, 1922-1938

*Source:* Στατιστική του εμπορίου της Ελλάδος μετά των ξένων επικρατειών, 1923-1938.

*Note:* Base year 1923. Life cost index taken from Στατιστική επιτηρίς της Ελλάδος, 1924-1938.

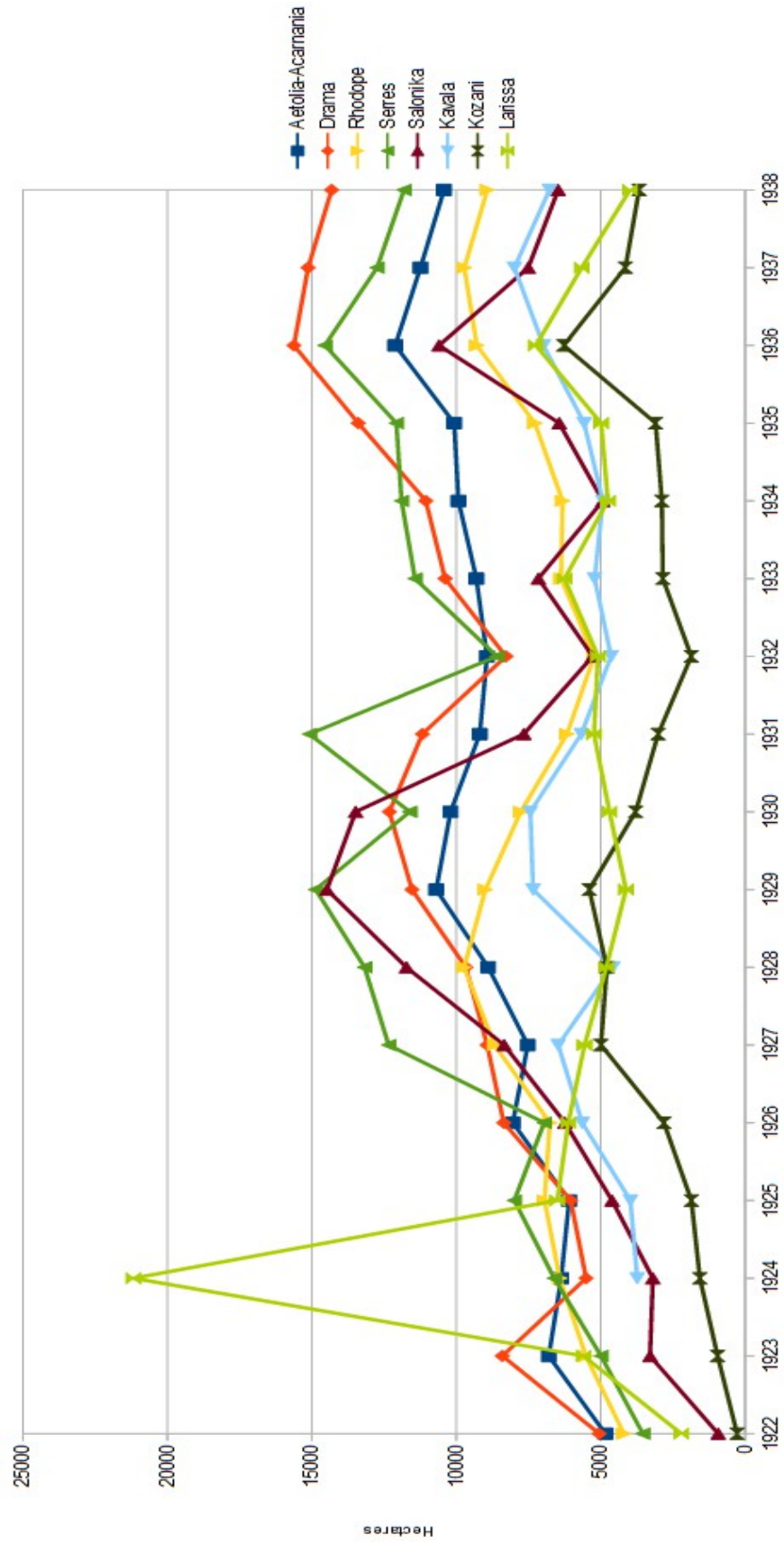
*Note:* In 1935, the department of Kilkis was carved out of that of Salonika. I have treated these two departments as a single department for the whole series.



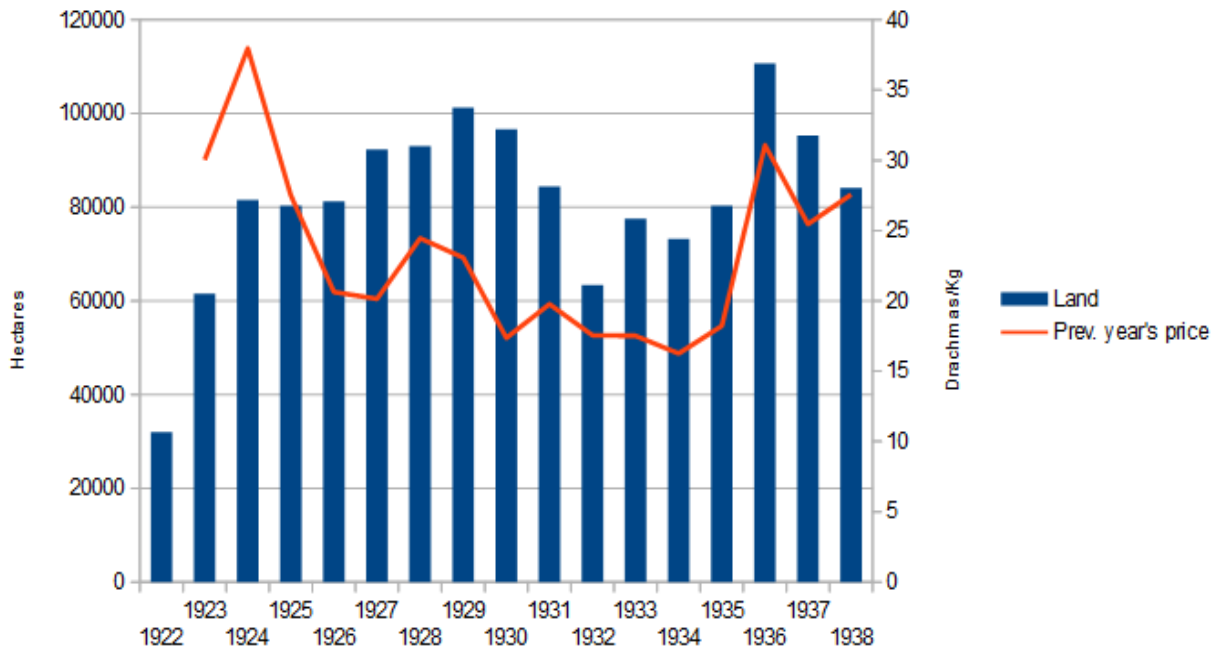
**Graph 5.05:** Land dedicated to tobacco production in Greece's most important tobacco-producing departments, 1922-1938

*Note:* In 1935, the department of Kilkis was carved out of that of Salonika. I have treated these two departments as a single department for the whole series.

*Source:* *Ετήσια γεωργική και κτηνοτροφική στατιστική της Ελλάδος*, 1922-1938.



**Graph 5.06:** Correlation between amount of land used for tobacco production in a given year, average inflation-adjusted prices on the previous year, all Greece, 1922-1938

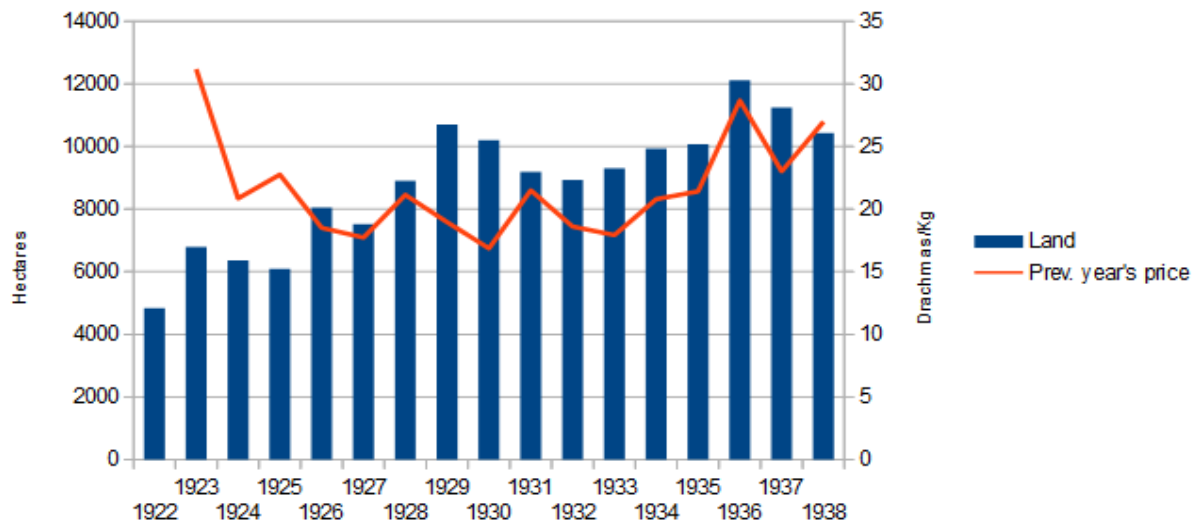


*Note:* Base year 1923. Life cost index taken from *Στατιστική επιτηρίς της Ελλάδος, 1924-1938*.

*Source:* Data collected from *Ετήσια γεωργική και κτηνοτροφική στατιστική της Ελλάδος, 1922-1938*.



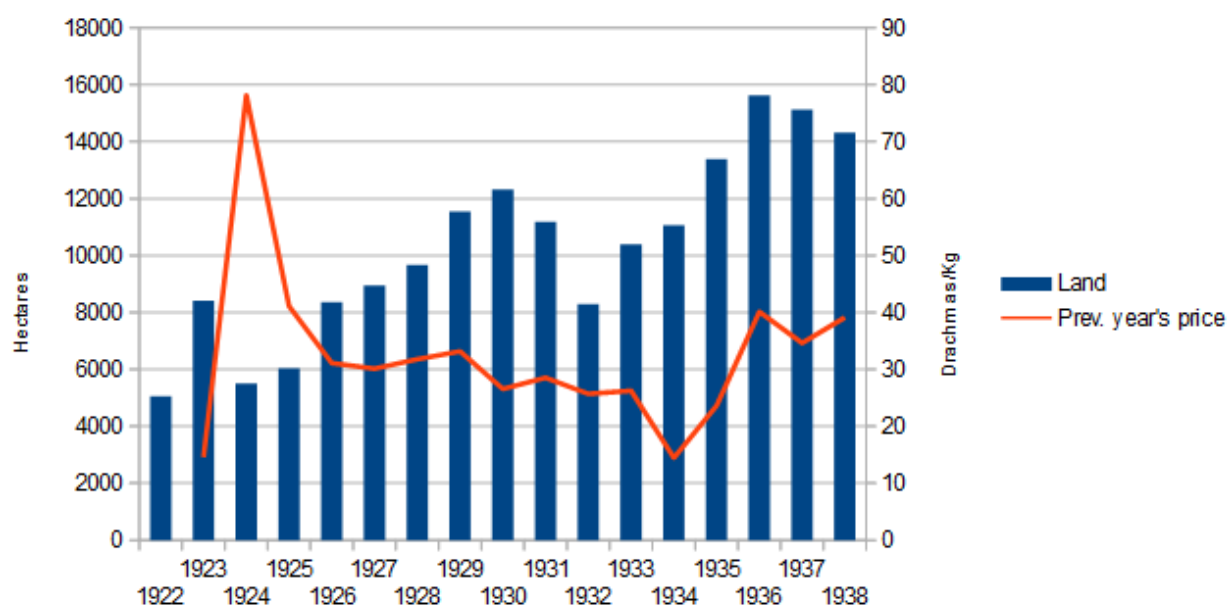
**Graph 5.07:** Correlation between amount of land used for tobacco production in a given year, average inflation-adjusted prices on the previous year, district of Aetolia-Acarmania, 1922-1938



*Note:* Base year 1923. Life cost index taken from *Στατιστική επιτηρίς της Ελλάδος*, 1924-1938.

*Source:* Data collected from *Ετήσια γεωργική και κτηνοτροφική στατιστική της Ελλάδος*, 1922-1938.

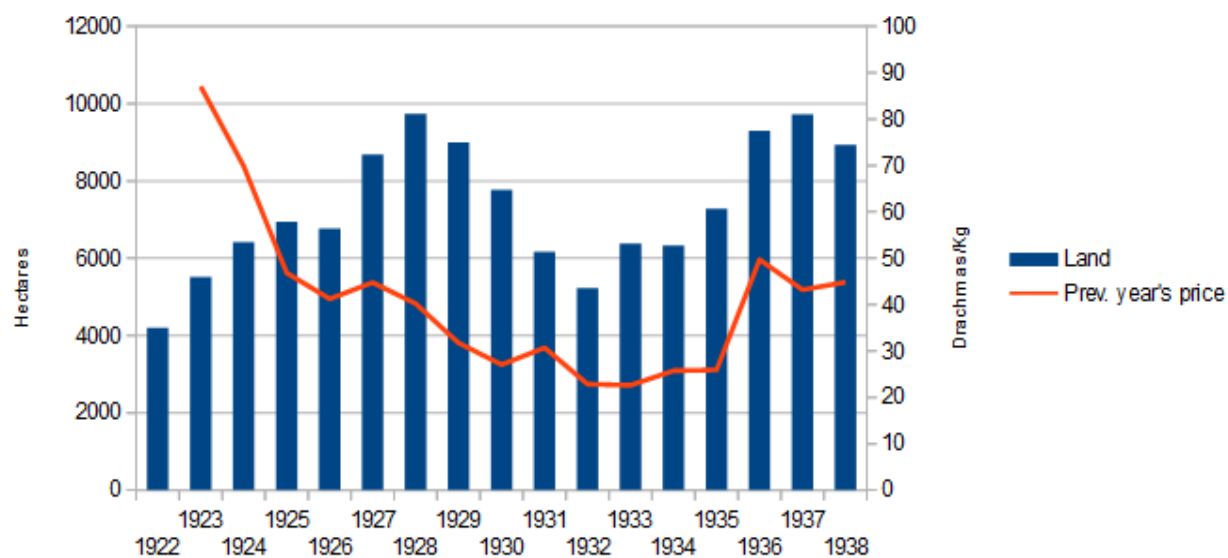
**Graph 5.08:** Correlation between amount of land used for tobacco production in a given year, average inflation-adjusted prices on the previous year, district of Drama, 1922-1938



*Note:* Base year 1923. Life cost index taken from *Στατιστική επιτηρίς της Ελλάδος, 1924-1938*.

*Source:* Data collected from *Ετήσια γεωργική και κτηνοτροφική στατιστική της Ελλάδος, 1922-1938*.

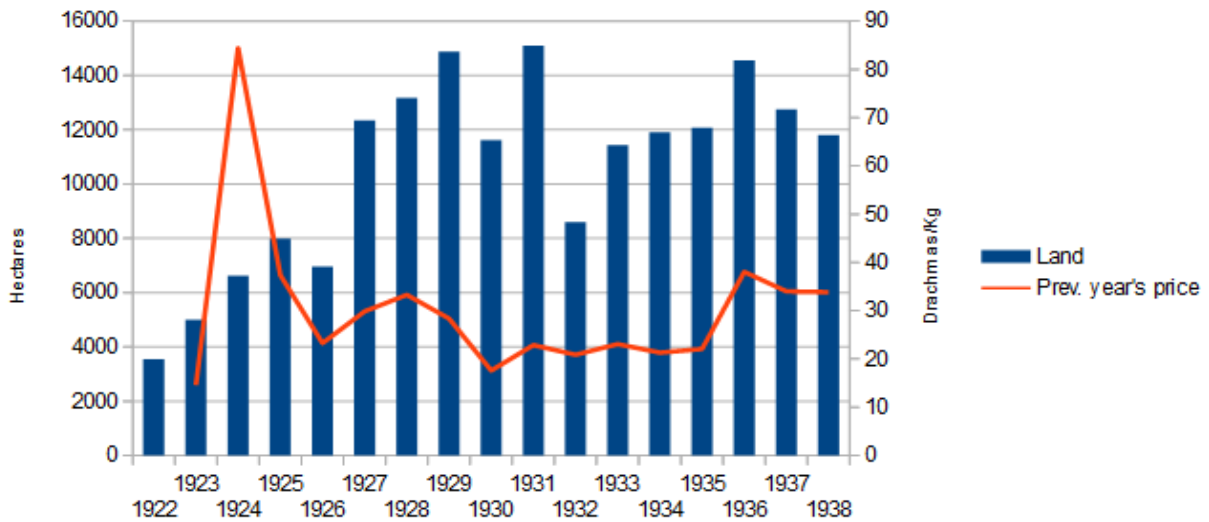
**Graph 5.09:** Correlation between amount of land used for tobacco production in a given year, average inflation-adjusted prices on the previous year, district of Rhodope, 1922-1938



*Note:* Base year 1923. Life cost index taken from *Στατιστική επιτηρίς της Ελλάδος*, 1924-1938.

*Source:* Data collected from *Ετήσια γεωργική και κτηνοτροφική στατιστική της Ελλάδος*, 1922-1938.

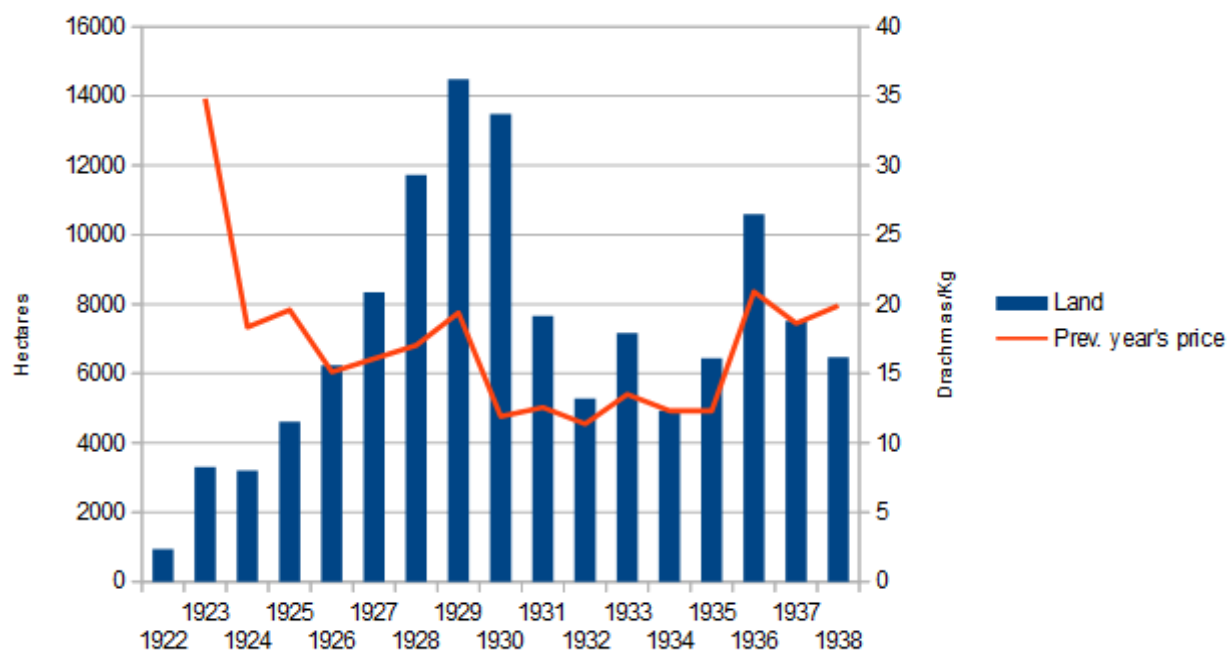
**Graph 5.10:** Correlation between amount of land used for tobacco production in a given year, average inflation-adjusted prices on the previous year, district of Serres, 1922-1938



*Note:* Base year 1923. Life cost index taken from *Στατιστική επιτηρίς της Ελλάδος*, 1924-1938.

*Source:* Data collected from *Ετήσια γεωργική και κτηνοτροφική στατιστική της Ελλάδος*, 1922-1938.

**Graph 5.11:** Correlation between amount of land used for tobacco production in a given year, average inflation-adjusted prices on the previous year, district of Salonika, 1922-1938

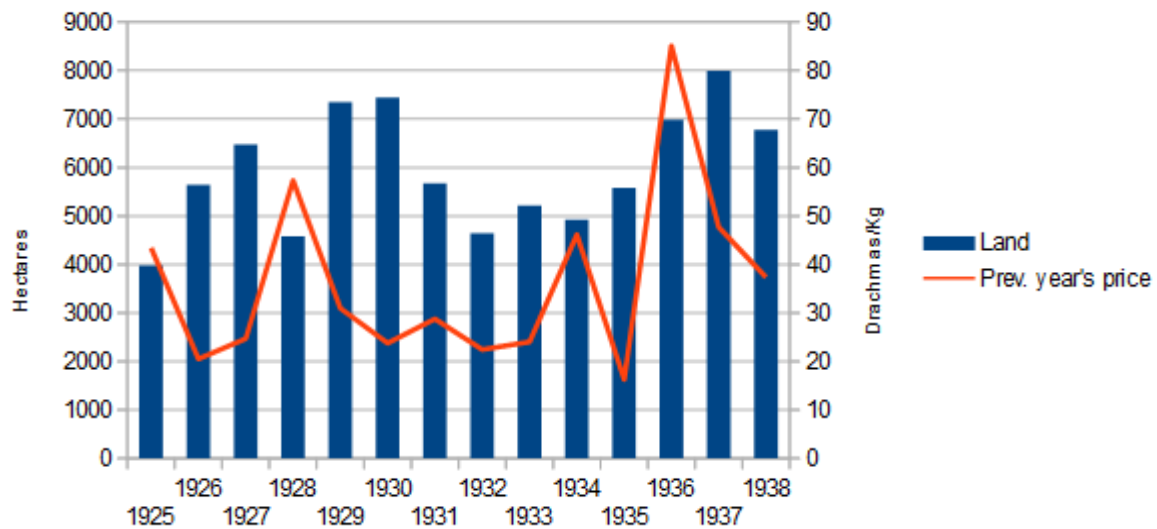


*Note:* Base year 1923. Life cost index taken from *Στατιστική επιτηρίς της Ελλάδος*, 1924-1938.

*Source:* Data collected from *Ετήσια γεωργική και κτηνοτροφική στατιστική της Ελλάδος*, 1922-1938.

*Note:* In 1935, the department of Kilkis was carved out of the department of Salonika. I treat both departments as a single one throughout the series.

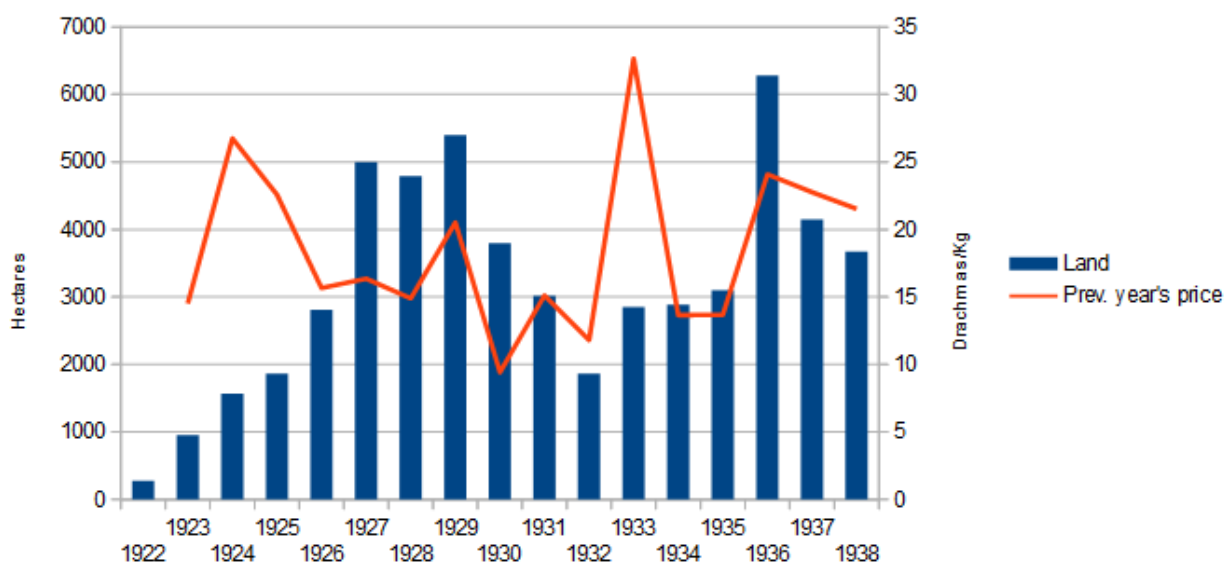
**Graph 5.12:** Correlation between amount of land used for tobacco production in a given year, average inflation-adjusted prices on the previous year, district of Kavala, 1925-1938



*Note:* Base year 1923. Life cost index taken from *Στατιστική επιτηρίς της Ελλάδος*, 1924-1938.

*Source:* Data collected from *Ετήσια γεωργική και κτηνοτροφική στατιστική της Ελλάδος*, 1922-1938.

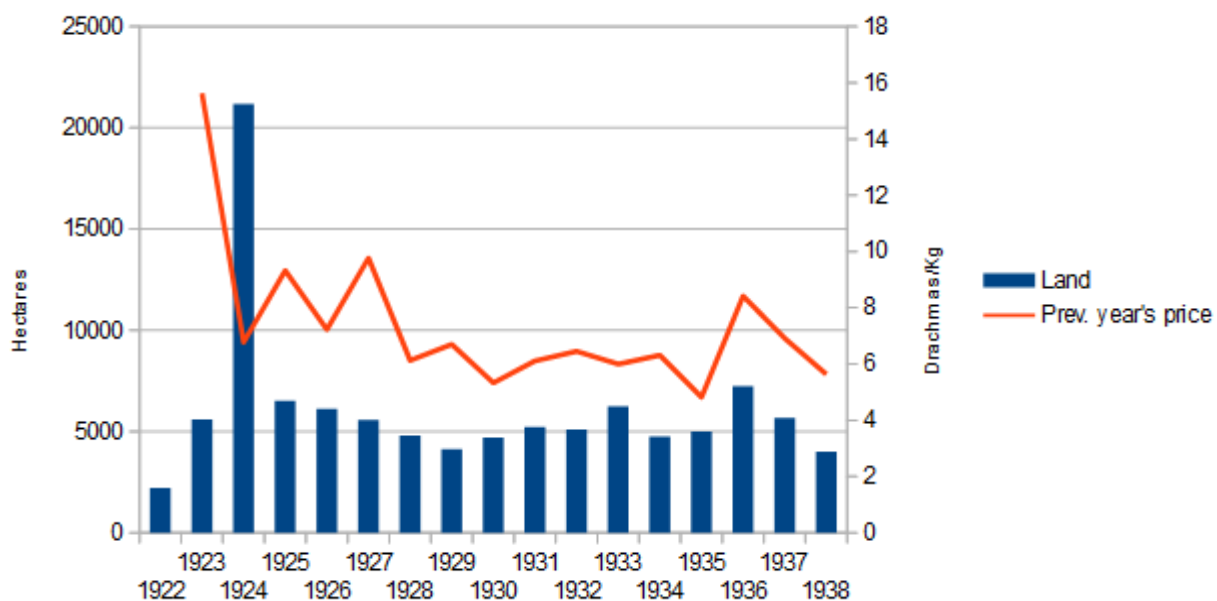
**Graph 5.13:** Correlation between amount of land used for tobacco production in a given year, average inflation-adjusted prices on the previous year, district of Kozani, 1922-1938



*Note:* Base year 1923. Life cost index taken from *Στατιστική επιτηρίς της Ελλάδος, 1924-1938*.

*Source:* Data collected from *Ετήσια γεωργική και κτηνοτροφική στατιστική της Ελλάδος, 1922-1938*.

**Graph 5.14:** Correlation between amount of land used for tobacco production in a given year, average inflation-adjusted prices on the previous year, district of Larissa, 1922-1938



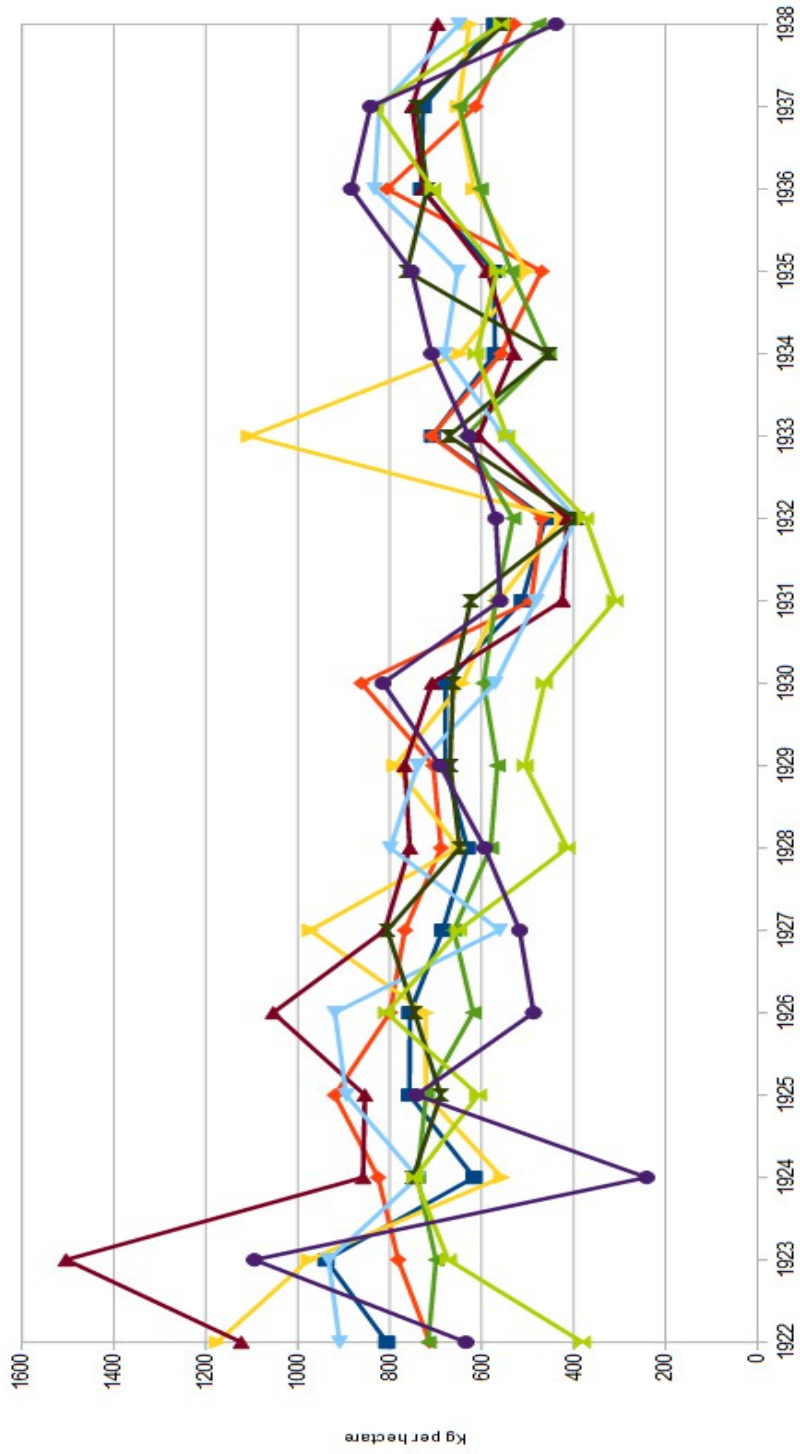
*Note:* Base year 1923. Life cost index taken from *Στατιστική επιτηρίς της Ελλάδος*, 1924-1938.

*Source:* Data collected from *Ετήσια γεωργική και κτηνοτροφική στατιστική της Ελλάδος*, 1922-1938.

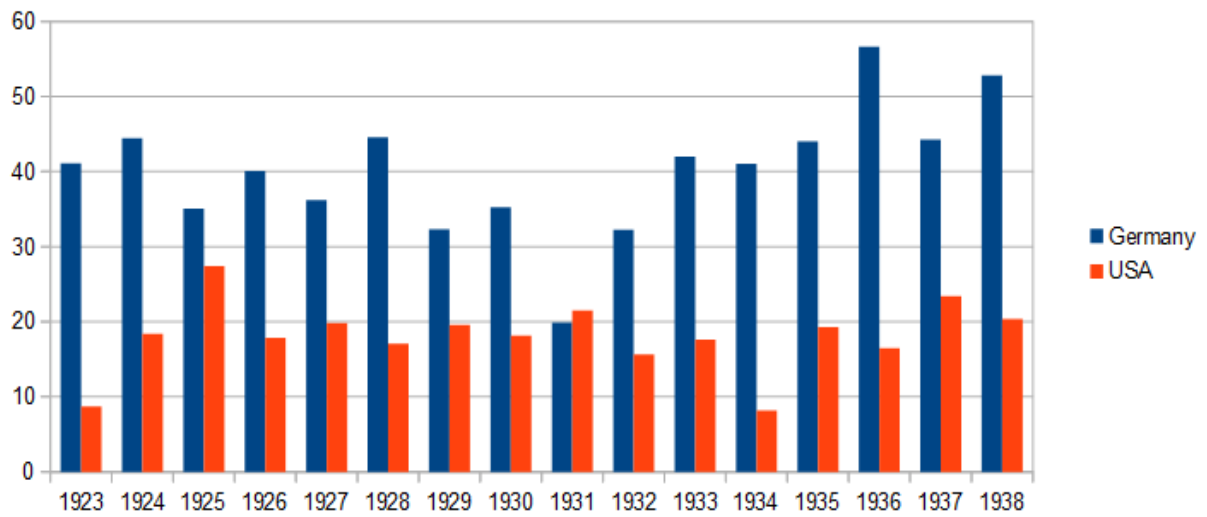


**Graph 5.15:** Productivity of land dedicated to tobacco production in all Greece, and in the most important tobacco-producing departments.

*Source:* Data collected from *Ετήσια γεωργική και κτηνοτροφική στατιστική της Ελλάδος, 1922-1938*.

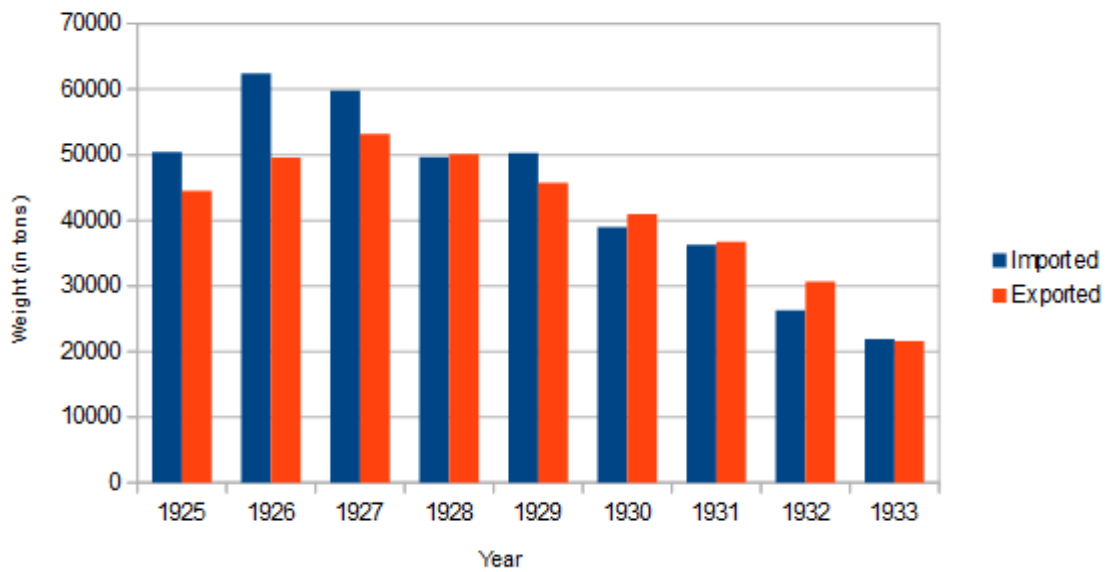


**Graph 6.01:** Percentage of Greek tobacco exports (in weight) to Germany and the United States, 1923 – 1938



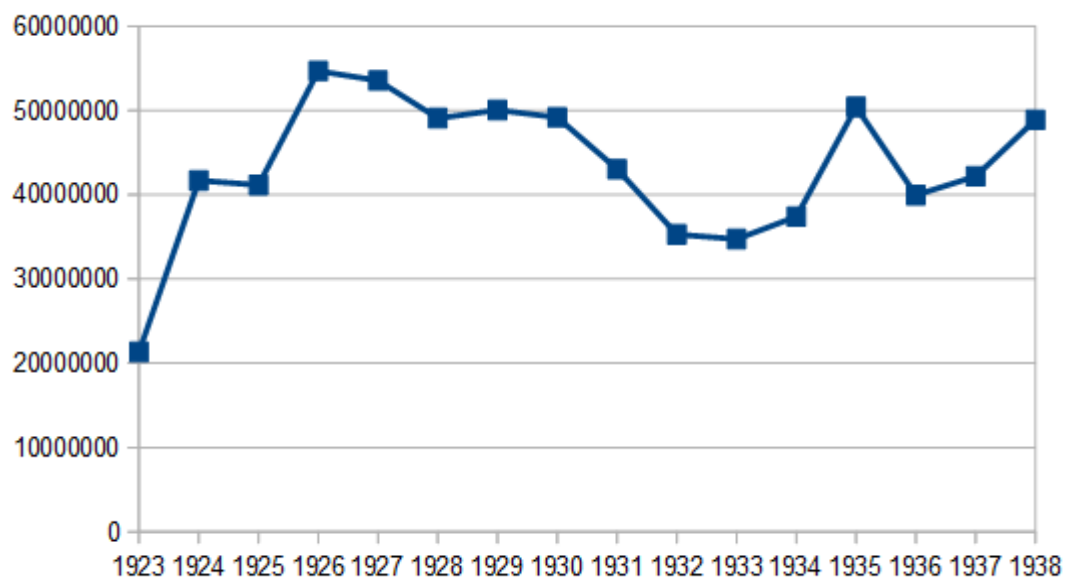
*Source: Στατιστική του εμπορίου της Ελλάδος μετά των ξένων επικρατειών, 1923-1938.*

**Graph 7.01:** Amount of tobacco that entered, and exited, the port of Trieste, 1925-1933



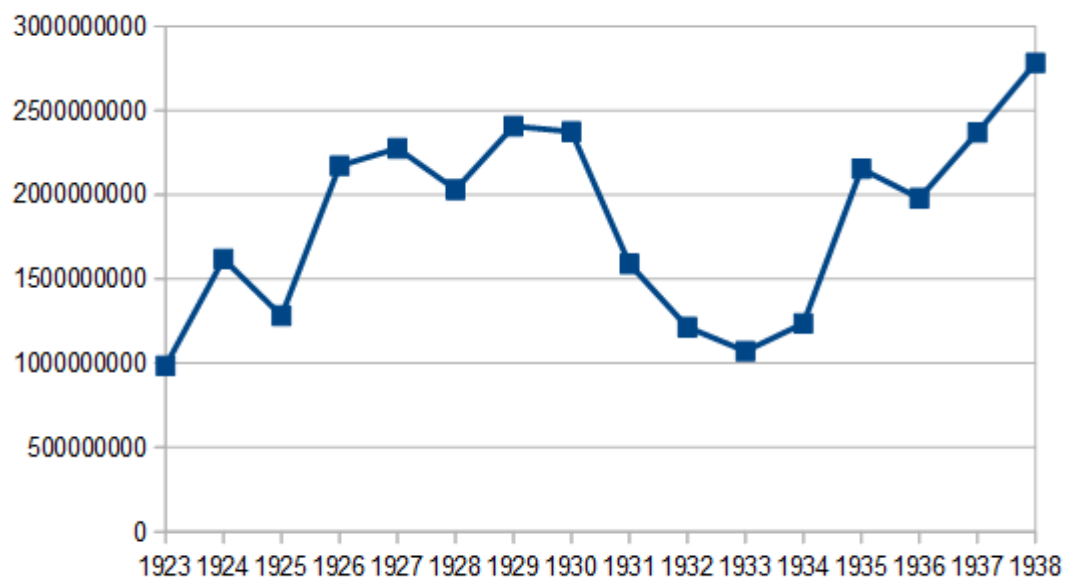
*Sources:* “Η κίνησις των καπνών εν τω λιμένι Τεργέστης,” *Δελτίον καπνού*, June 1933; “Η κίνησις του καπνού εις τον λιμένα Τεργέστης,” *Δελτίον καπνού*, October 1934.

**Graph 8.01:** Greece's tobacco exports (in kilograms), 1923-1938



*Source: Στατιστική του εμπορίου της Ελλάδος μετά των ξένων επικρατειών, 1923-1938.*

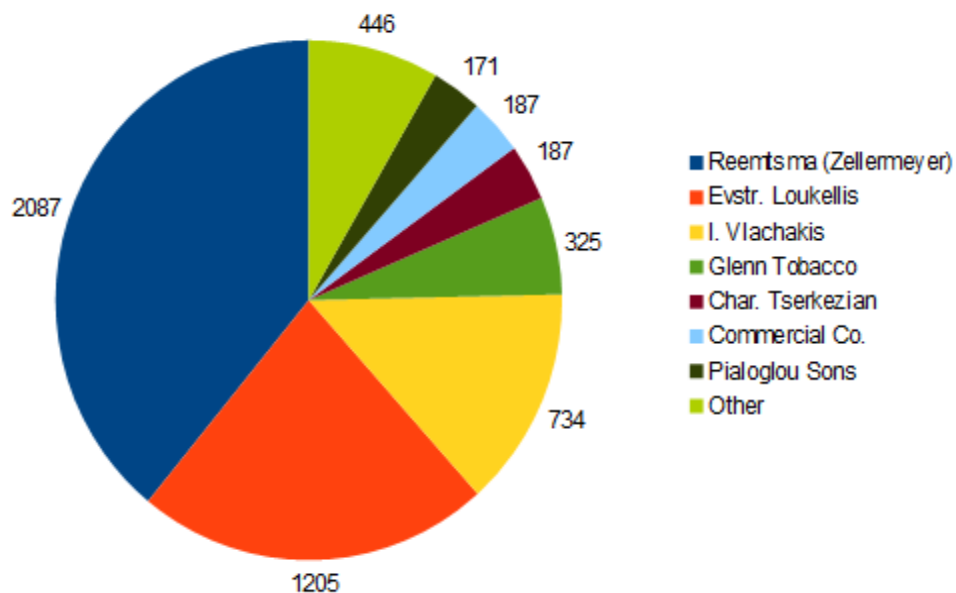
**Graph 8.02:** Inflation-adjusted value of Greece's tobacco exports, 1923-1938



*Note:* Values expressed in drachmae (base year 1923). Life cost index taken from *Στατιστική επιτηρίς της Ελλάδος, 1924-1938*.

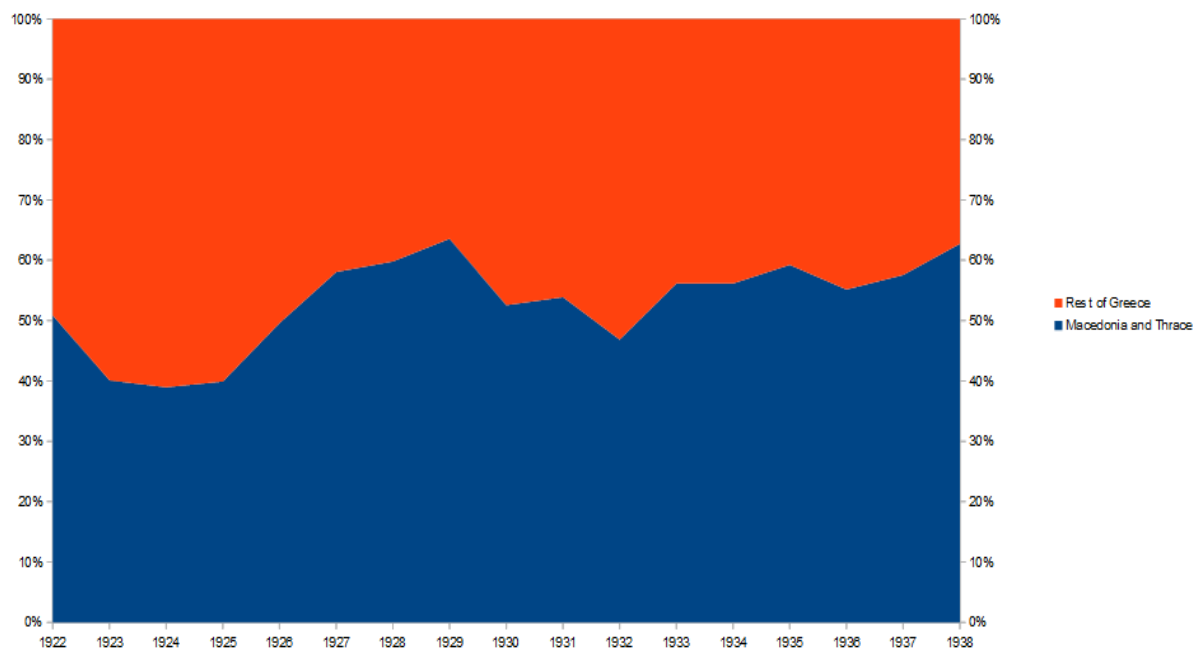
*Source:* *Στατιστική του εμπορίου της Ελλάδος μετά των ξένων επικρατειών, 1923-1938*.

**Graph 8.03:** Amount of tobacco (in tons) sold by the Central Committee for Tobacco Purchasing and Administration, disaggregated by buyer.



*Source:* Report on the trajectory of the Central Committee, 1938 A1S35Y35 Κεντρική Επιτροπή Εξαγοράς και Διαχείρισης Καπνών, folder 8, items 1-20, NBG.

**Graph 8.04:** Distribution of tobacco production (weight) in Greece, 1922-1938



*Source: Ετήσια γεωργική και κτηνοτροφική στατιστική της Ελλάδος, 1922-1938.*



## APPENDIX C: ILLUSTRATIONS



**Illustration 3.01:** Recent image of Yenidze cigarette factory. Today the building no longer serves its original purpose.

*Source:* Arche Nova eV, and Thomas. *Die Yenidze in Dresden - Sitz von Arche NoVa*, December 15, 2010. <https://commons.wikimedia.org/wiki/File:Yenidze.jpg>.



**Illustration 3.02:** Package of Salem Gold cigarettes displaying an image of the manufacturer's facilities (probably 1910s).

*Source:* Vandecasteele, Ghislaine. *Sigaretendoosje Yenidze Dresden*. Europeana 1914-1918.  
[http://europeana.eu/portal/record/2020601/attachments\\_67053\\_4710\\_67053\\_original\\_67053\\_JPG.html](http://europeana.eu/portal/record/2020601/attachments_67053_4710_67053_original_67053_JPG.html)



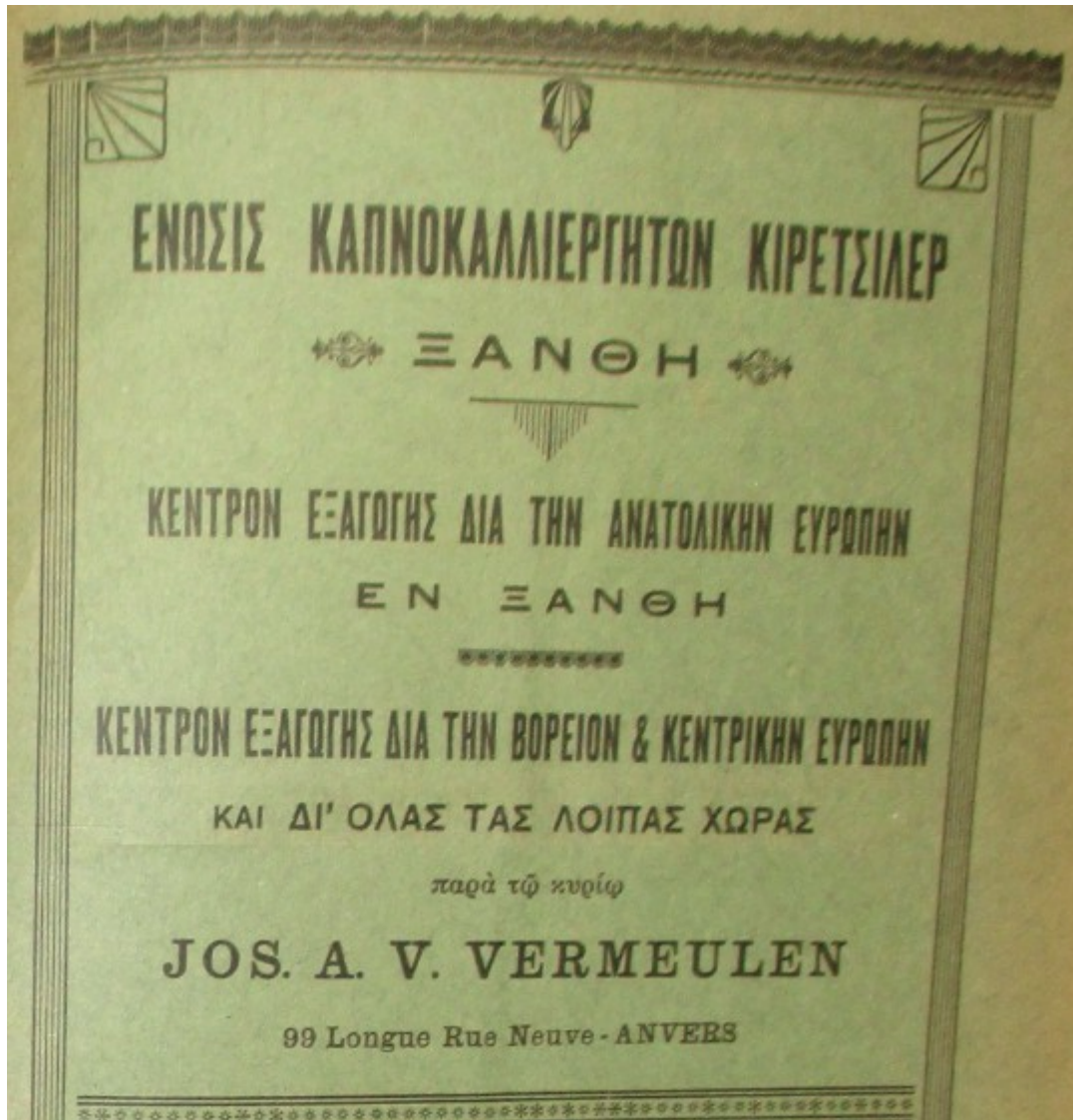
**Illustration 5.01:** Semi-permanent tobacco seedbeds in one of TRI's experimental stations, village of Peteinos, near Xanthi.

*Source:* Αλτσιτζόγλου, *Οι γιακάδες και ο κάμπος*, 179.



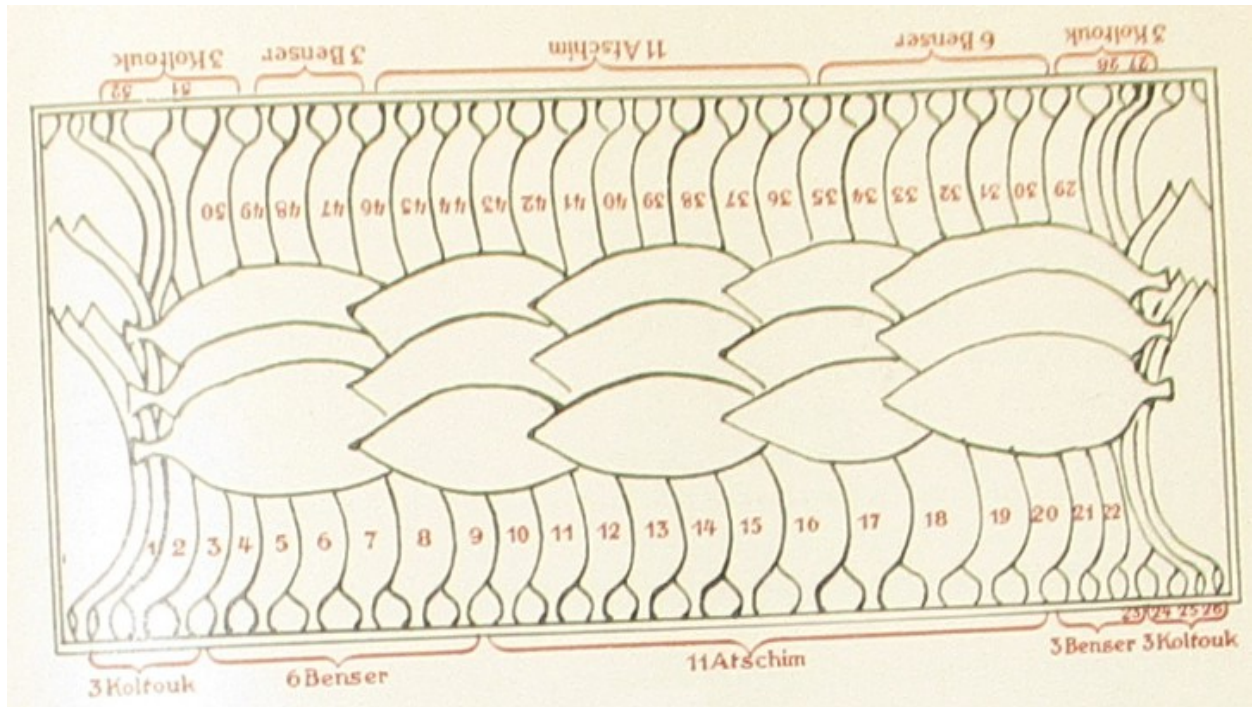
**Illustration 5.02:** Tobacco drying barn of the type found in Muslim villages in Thrace (ca. 1937), village of Peteinos, near Xanthi. In front of the drying barn lies a seedbed of the type traditionally used in the region, with the seedlings covered with heather plants.

*Source:* Αλτσιτζόγλου, *Οι γιακάδες και ο κάμπος*, 162.



**Illustration 6.01:** Advertisement posted by the Union of Tobacco Producers of Kiretsiler (today Chryssa) on the bulletin of the Offices for the Protection of Greek Tobacco in 1927. The advertisement indicates that the cooperative was selling its tobacco to eastern European markets from its offices in the nearby city of Xanthi. Interested buyers from other parts of the world were instructed to contact the firm Jos. A. V. Vermuelen in Antwerp.

*Source:* Cover of *Δελτίον του Γραφείου Προστασίας Ελληνικού Καπνού Καβάλλας*, August 1927.



**Illustration 7.01:** Distribution of tobacco leaves within a Samsoun-type bale. The author of the book E. B. Philips used numbers to indicate which types of leaves (Benser, Atschim, Koltouk, etc.) are used for each part of the bale.

Taken from Philips, *Der türkische Tabak*, 255.



**Illustration 7.02:** Examination of tobacco leaves from a Kavala-type tobacco bale. The best leaves would be located in the parts of the bale that were more likely to be examined by the potential buyer, e.g. towards the middle of the bale, and on the right side.

Taken from Philips, *Der türkische Tabak*, 299.





**Illustration 8.01:** Greek stand at tobacco fair in London, 1927.

Source: Journal clip, 1927, *Καπνά*, folder 1, subfolder 2, DHAFM.



**Illustration 8.02:** Exhibition of Greek tobacco at the Leipzig Fair, 1937.

*Source:* Detail of Photography no. F3802, 1937, 20202 Leipziger Messeamt (I), SSA Leipzig.



**Illustration 8.03:** Tin can of *Senoussi* cigarettes, 1924.

Taken from Rahner & Schürmann, “Die deutsche Orientzigarette,” 144.



**Illustration 8.04:** Cigarette boxes displayed in the Greek pavilion at the Leipzig Fair of 1926. The brands displayed include *Khedive*, a clear reference to Egypt.

*Source:* Detail of Photograph no. F3711, 20202 Leipziger Messeamt (I), SSA Leipzig.



**Illustration 8.05:** Pavilion dedicated to Greek tobacco at the Salonika Fair. The highlighted area exemplifies the use of arabesque decoration.

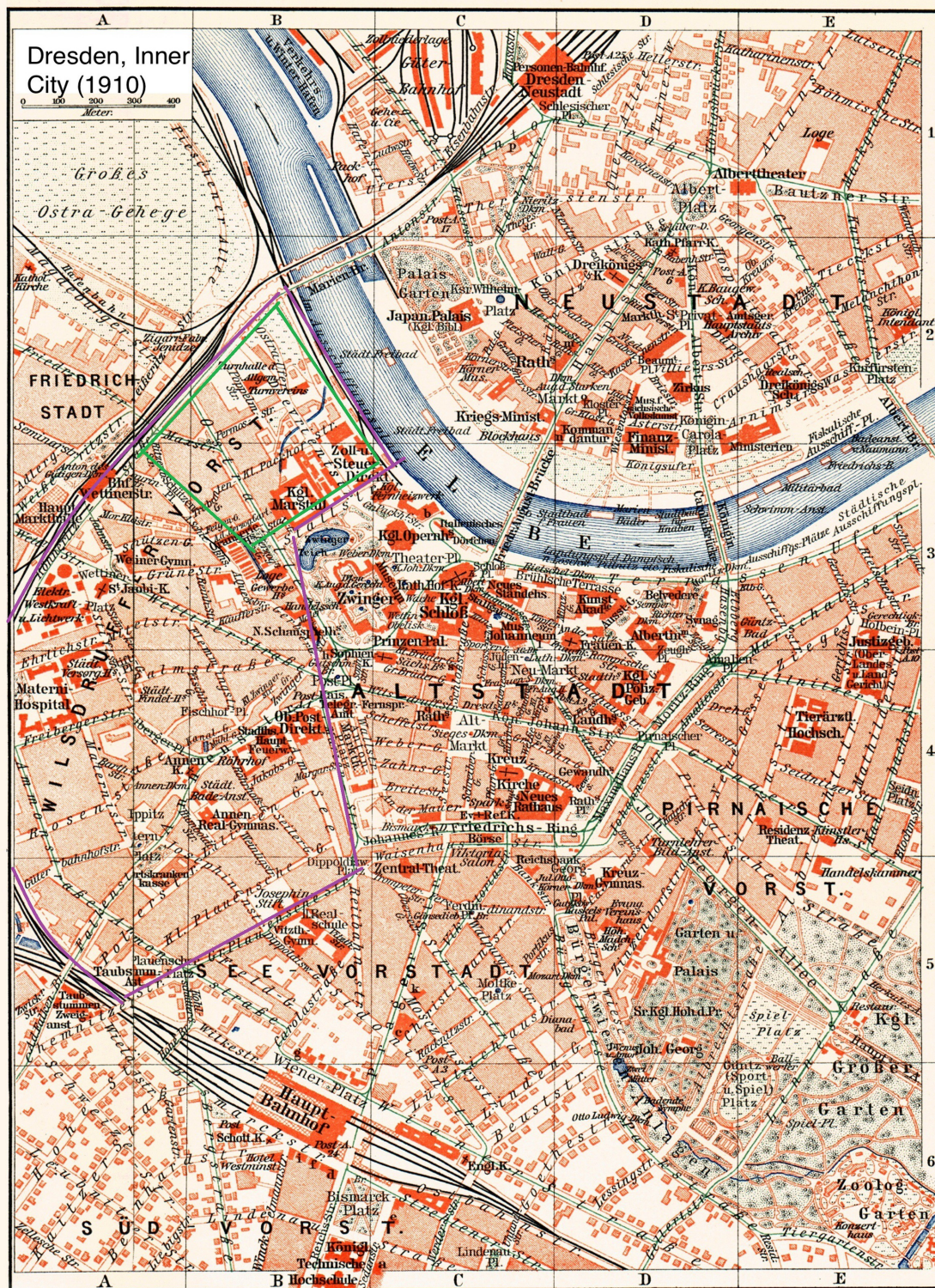
*Source:* “Από το καπνικόν περίπτερον της Δ.΄ Διεθνούς Εκθέσεως Θεσσαλονίκης,” *Δελτίον καπνού*, October 1929.

## APPENDIX D: MAPS



**Map 1.01:** Important tobacco trading and transshipping hubs in interwar southeastern and central Europe.

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**Map 3.01:** Dresden in 1910. The area highlighted in purple coincides roughly with Wilsdruffer Vorstadt. The area highlighted in green is where most tobacco trading firms were concentrated.

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**Map 5.01:** Important cities in interwar Greece's tobacco industry. The map shows the location of the research facilities of the Tobacco Research Institute, as well as the cities where large amounts of tobacco were processed for export in interwar Greece.

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