



AgEcon SEARCH
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search

<http://ageconsearch.umn.edu>

aesearch@umn.edu

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

JOURNAL
OF
RURAL
COOPERATION



Centre international de recherches sur les communautés coopératives rurales
International Research Centre on Rural Cooperative Communities
המרכז הבינ-לאומי לחקר קהילות כפריות שיתופיות

CIRCOM

VOLUME 25

No. 2

1997

CIRCOM, International Research Centre on Rural Cooperative Communities was established in September 1965 in Paris.

The purpose of the Centre is to provide a framework for investigations and research on problems concerning rural cooperative communities and publication of the results, to coordinate the exchange of information on current research projects and published works, and to encourage the organization of symposia on the problems of cooperative rural communities, as well as the exchange of experts between different countries.

Editorial Advisory Board

BARRACLOUGH, Prof. Solon, UNRISD,
Geneva, Switzerland.

CERNEA, Prof. Michael, The World
Bank, Washington, DC, USA.

CRAIG, Prof. Jack, York University,
Ontario, Canada.

DON, Prof. Yehuda, Bar Ilan University,
Ramat Gan, Israel.

FALS BORDA, Prof. Orlando, Punta de
Lanza Foundation, Bogotá, Colombia.

KLATZMANN, Prof. Joseph, Institut
National Agronomique, Paris, France.

KRESSEL, Prof. G.M., Ben Gurion
University of the Negev, Be'er Sheva,
Israel.

MARON, Stanley, Kibbutz Maayan Zvi
and Yad Tabenkin, Ramat Efal, Israel.

NINOMIYA, Prof. Tetsuo, Kanazawa
University, Japan.

PARIKH, Prof. Gokul O., Sardar Patel
Institute of Economic and Social Research,
Ahmedabad, India.

PLANCK, Prof. Ulrich, Universität
Hohenheim, Stuttgart, Germany.

POCHET, Dr. Carlos A., Universidad
Nacional, Heredia, Costa Rica.

SAXENA, Dr. S.K., Markham, Ontario,
Canada.

SCHIMMERLING, Prof. Hanuš,
Agricultural University, Prague, Czech
Republic.

SCHVARTZER, Prof. Louis, Universidad
de Buenos Aires, Argentina.

SMITH, Prof. Louis, University College,
Dublin, Ireland.

STAVENHAGEN, Dr. Rodolfo, El
Colegio de Mexico, Mexico.

STROPPA, Prof. Claudio, Università di
Pavia, Italy.

Editor: Dr. Yair Levi

Editorial Assistant: Daphna Bar-Nes

CIRCOM

Information for Subscribers: The *Journal of Rural Cooperation* is a semi-annual periodical, aimed at the pursuit of research in the field of rural cooperation. Editorial enquiries and other correspondence should be addressed to CIRCOM, Yad Tabenkin, Ramat Efal 52960, Israel (Fax: +972-3-5346376). Subscription rate: \$25 per annum (plus \$2.00 sea mail; \$6.00 airmail).

ISSN 0377-7480

Copyright © 1997 by Circom, Israel



JOURNAL OF RURAL COOPERATION

Vol. 25

No. 2

1997

CONTENTS

1. Selected articles from Working Group 7, the XVII Congress of the European Society for Rural Sociology on <i>Local Responses to Global Integration: Towards a New Era of Rural Reconstruction</i> , Chania (Greece) August 1997.		
Editor's Note	63
Almås, R., Kvam, G.T. and Stræte, E.P.	From Productivism to Flexible Specialization? Experiences from a Restructuring Process in the Norwegian Dairy Industry	65
Hudečková, H. and Lošt'ák, M.	Reactions to Globalization and Integration in the Czech Agro-Food Complex	83
Osti, G.	Reciprocity and Rural Development in the Action of Two Farmer Cooperatives	101
Papadopoulos, A.G. and Patronis, V.	The Crisis of Greek Cooperatives in the Context of the Globalization Process	113
2. BOOK REVIEWS		
Monzón Campos, J.L., Spear, R., Thomas, A. and Zevi, A.	Cooperative Markets Cooperative Principles <i>Y. Paz</i>	127
Oved, I.	The Witness of the Brothers, A History of the Bruderhof <i>J. Darom</i>	130
Saxena, S.K.	Cooperatives & Environment: An International Perspective <i>P.Y. Chinchankar</i>	131
Wilkinson, P. and Quarter, J.	Building a Community-Controlled Economy: The Evangeline Co-operative Experience <i>Y. Levi</i>	133
3. CURRENT INFORMATION		
Dissertation Abstracts		135
JRC 25th Anniversary: A Call for Papers		139
22nd International Congress of CIRIEC		141

The Crisis of Greek Cooperatives in the Context of the Globalization Process

by

Apostolos G. Papadopoulos and Vassilis Patronis

Department of Economics
University of Patras, Greece

Abstract

This paper deals with the so-called crisis of the agricultural cooperative organizations (ACOs) with particular reference to the increasing tendencies underlying the domination of the globalization processes in the Greek agricultural sector. The agricultural cooperative movement may be periodized at least into three main periods: 1) the inter-war period, 2) the post-war period until the 1970s and 3) the post-1981 period. The latter period has meant considerable transformation of the ACOs and of their prospects. The paper focuses on this latter period, when it seems that new conditions shape the future of Greek ACOs. First there is a short account of the cooperative movement both in the inter-war, and in the first post-war period. Second, the modern crisis of the cooperative organizations is discussed in detail. Third, the changing nature of ACOs is pointed out, while some arguments are in order to describe the possible responses of ACOs to the globalization process. Finally, the concluding part includes a brief discussion of the prospects of ACOs within the new environment.

Introduction

The analysis of the evolution of the agricultural cooperative movement in Greece shows that the Greek state maintained significant control upon the establishment, the functioning and the transformation of the agricultural cooperative organizations (ACOs) in the country. It is generally argued that the model of state organization in Greece did not follow the Western pattern of societal and state formation. The organization of farmer interests was not formulated as a result of popular demands (*i.e.* bottom up trajectory), but was rather provoked and manipulated by state administrations aiming at accommodating farmer interests (*i.e.* a top down trajectory).

Moreover, the formulation of agricultural cooperatives in Greece, to a large extent, incorporated the agricultural union interests.¹ Only during the post-1981

¹There are clear differences between the southern European and western-northern European

period one may trace few signs of agricultural union separation from the agricultural cooperative movement (Goussios and Zacoboulou, 1990).

However, first of all, it would be useful to look back, briefly, in order to understand the modern characteristics of Greek ACOs. Already, during the inter-war period, the

agricultural cooperatives became the second target [*i.e.* after the labour movement] of state intervention. In 1930-31, severe legislation decreased drastically their political and commercial activities. Again, as it was sought for, the final result was a subdued cooperative movement whose top organization PASEGES, *i.e.* the Panhellenic Confederation of Agricultural Cooperatives, was founded in 1935 (Mavrogordatos, 1988: 44).

In this period, the existence of a mass of small and medium farmers, due to consecutive land reforms, provided a widespread basis for ACOs. The state which created a pool of small-medium farmers, had then to face the collective power of farmer interests. The collective power of farmers was exercised only when pursuing the fulfillment of reasonable demands. Greek farmers rarely opted for conflict with the state, apart from those cases when they fought back against state measures or locally established interests. In Greece, there was no organized farmer movement in the strict sense of the term. The only form of organization for Greek farmers remained the cooperatives, which until 1920 contained less than 59,000 farmers. By 1931 the total number of cooperatives had rocketed to around 5,900 and their members to 260,000 people. Especially in the period 1923-1931 there was a significant increase in the number of new cooperatives. The level of farmer participation in the cooperatives was significantly low, amounting to 30 percent of rural households (referring only to farm operators), while the average number of members per active cooperative (many stayed inactive) though rose from 45 in 1929 to 68 persons by 1933 and dropped to 62 persons by 1939 (Avdelidis, 1986). The role of most cooperatives (80 percent) was primarily financial, *i.e.* to distribute credit originated from the National Bank of Greece (ETE), and later (1930) from the Agricultural Bank of Greece (ATE). Under the hegemony of the latter, cooperatives were largely reduced to distributors of short-term loans to farmers. The domination of the state over cooperatives (based upon Law 602/1914) and the elimination of any reformation goals were more intensified under authoritarian regimes.²

cooperative movement especially with regard to the “process of interest articulation in the agricultural sector” (Moyano, 1995:350). As a result, as it has been argued by Gueslin, “in the countries of Southern Europe, (...) the cooperatives found it difficult to free themselves from union “rule”, and it is no accident that the ideological and political conflicts seem more virulent here. Failing to declare themselves in ideological terms within the framework of their functions, *the cooperatives remain the tools of the powerful*” (Gueslin, 1990: 21) (stress is added).

²The social and economic incorporation of farmers into Greek capitalism involved a bargaining process

In the post-war period, the role of cooperatives remained unchanged although their number increased considerably, including from now on the large majority of farmers. The Greek agricultural policy based upon the operation of ACOs restrained the latter to a peripheral financial role, that of pouring into the agricultural society "conservation loans", as were called the short-term cultivation loans to farmers (see Charalambous, 1993:113-115; Kapogiannis, 1986).

The institutional changes initialized with consecutive laws in the post-war period (921/1979, 1361/1983, 1541/1985), which came comparatively late, indicate the increased significance of state regulation of the cooperative movement as one of the basic axes of agricultural policy.³

The crisis of the Greek cooperative movement

In order to show the current signs of the crisis of the Greek cooperative movement we will refer first to recent farmers mobilizations and then describe the characteristics of Greek ACOs in the post-1981 period.

One of the most important characteristics of recent farmer mobilization in Greece was the total absence of the agricultural cooperative movement and of its representatives.⁴ Even in the public discussions concerning the agricultural issues which opened up due to farmer mobilizations, the absence of cooperative movement officials was more than obvious, pointing, in our view, to the deep crisis of the Greek ACOs and their decreasing influence in the Greek countryside.

In Greece, during the last two decades one may observe a paradoxical situation defined by the expansion of the cooperative sector, on the one hand, and of its economic and social marginalization, on the other. In fact, the numerical increase of the ACOs during this period is not paralleled by any kind of expansion of their productive activities within the agricultural sector. On the contrary, it seems that the Greek ACOs have been confined to a passive intermediary role between the Greek state, the ATE and the farmers.

More than 60 percent of the total number of ACOs are credit cooperatives, *i.e.* they are simply the intermediaries for channeling short-term and medium-term loans

at the political level, where farmers provided a key clientele for the election of conservative parties into power.

³For an interesting analysis of the institutional changes regarding the Greek cooperative movement in the post-war period see Goussios and Zacoboulou, 1990.

⁴In December 1996 and only three months since the general elections which resulted to a new government under K. Simitis, large scale farmer mobilizations shook up the Greek economy and society. The cotton producers of Thessaly by using their agricultural machinery cut off the national road axis between Athens and Thessaloniki asking for additional income subsidies due to adverse weather conditions and against the constraints posed by the Common Agricultural Policy (CAP). In a short time farmers from other regions followed their example resulting to successive road blockades which lasted for around a month, with significant consequences for the economy of the country. For a detailed account of recent events see Louloudis and Maraveyas, 1997.

from ATE towards farmers. The role of ACOs as suppliers of agricultural means has also to do with their managerial tasks. The activities of ACOs in providing for the common use of machinery and other mechanical equipment remained restricted, while the common cultivation of land is nearly non-existent. Finally, with respect to the ACOs involvement with the processing and trading of agricultural produce their impact upon the income of producers is significantly reduced or negligible (Daouli and Demoussis, 1988).

The number of the Greek ACOs exceeds 7,000, which are the most numerous following the Italian cooperatives, when compared to the other member states of the European Union (EU). The average number of cooperatives in most of member states ranges between 1,000 and 2,000, and only France and Germany have 5,000 cooperatives each. Their number in Greece is not only large, but it has also increased during the last two decades, contrary to the other European countries where there is a significant tendency for their decrease due to merger strategies which, however, are not implemented in Greece. The average number of members per ACO in the country is smaller than 100 persons, while in the 20 percent of rural communities there is more than one cooperative in operation (Daskalou, 1992:382-383). Thus, in the context of EU, Greece still has more cooperatives with fewer members and fewer employees. This latter element along with the fact that only 15.6 percent of agricultural cooperatives employ permanent personnel, are surely indicative of the low level of commercial activities of Greek cooperatives (ATE, 1991:22).

The Greek ACOs have maintained significant infrastructure which includes agro-industries, storing places and other installations for servicing their members, while they circulate significant volumes of agricultural produce. However, their operation is characterized by significant weaknesses. For example, in the branch of food and beverages, and despite its large significance for the Greek economy, only 8 percent of the plants belong to ACOs (Kazakos and Ioannou, 1990:35). Also, despite the fact that the 70 percent of the farmer population are members of the ACOs in Greece, the share of the latter in the trading of products belonging to the agricultural sector just exceeds the 20 percent of the total. Nevertheless, it should be stressed here that the large majority of the ACOs which deal with the processing and the trading of agricultural produce today, are not in a position to operate competitively in the market, without the assistance of state or EU subsidies.

According to ATE's Department of Cooperatives, only 4.3 percent of the operating ACOs are considered as of large activity, 33.7 percent of medium activity and 62 percent of small activity (ATE, 1991). According to the same estimations, the large majority of cooperative plants is characterized by low employment and low capital return which is combined with high production costs and increased management costs, while the share of value added in the cooperative sector remains significantly low.

Within the context of the common EU market, the Greek ACOs will have to compete both with foreign and national private enterprises which are advantageous with respect not only to the utilization of modern methods of organization and management, but also as far as the quality and the capabilities of their human resources is concerned. The Greek ACOs have delayed significantly in dealing with issues of internal organization as well as the quality of the labor force they occupy, with respect to the required level of education and experience.

One of the most important aspects of the operation and the activities of Greek ACOs is their close interrelationship with the state and the agricultural policy, which may constitute the main reason for their misfortunes (Patronis, 1997). In reality, the close embrace of the cooperatives by the state as well as their various interconnections (credit intermediation, the allocation of subsidies, agricultural means and fertilizers on behalf of ATE and the state, writing off debts, political and party interventions in the large cooperative organizations) create a suffocating environment for the operation of the cooperative movement and contribute decisively towards the undermining of its aims.

The over-dependence of the ACOs upon the state is due to the fact that most of the activities of the latter are realized under the direct supervision and control of the state. This supervision was considered worthwhile, because it referred to critical sectors which influenced the development of the agricultural economy (inputs), due to the inability of private enterprises to absorb particular agricultural products, a fact which would have wide economic and social consequences for the majority of sustainable family farms. Also, the state control aimed at assisting private enterprises (*e.g.* by storing cereals at a low cost), or else providing for a lower cost than that of state enterprises if they were involved in similar activities.⁵

The “complementary-assisting” role of the ACOs with respect to the needs of the state and of the private sector also characterizes every single cooperative activity. In fact, the ACOs are essentially absent from all profitable industrial branches, they normally operate in branches where there is smaller concentration and decreased private interests, they only trade or else simply proceed to industrial standardization rather than dealing with complex industrial processing and create a low proportion of value added:

Thus, for example, the cooperatives collect large volumes of cereals and do not take part in the profitable branches of flour and pasta, they gin cotton but they do not participate in textile manufacturing, they collect wood and keep out of its processing, they trade large volumes of fruits and participate marginally in the production of fruit juices, they pasteurize milk and are poorly engaged in the production of profit making dairy products, etc. (Lappas, 1990:25).

⁵Such an example has been the conversion of the majority of first-grade cooperatives to cheap branches of ATE aiming at the decrease of its operational costs.

The above practice along with the principle of ACOs to absorb all available quantity of agricultural produce irrespectively of the possibilities for their trading in the market, significantly eliminate the possibilities of obtaining a positive economic result and transform them into indebted enterprises.

If one adds to all these the persisting problems of the Greek cooperative movement, such as the organizational multi-fragmentation, the compartmentalization of actions, the process of staffing with cadres, the frequent confusion over the responsibilities between the elected and permanent cadres, the political and party interventions, the few cases of mismanagement, then one may understand why a part of the public opinion retains an unflattering image of the cooperatives.

More so, the problematic situation of the agricultural cooperative movement which has already been presented, intensifies the *structural problems of Greek agriculture*,⁶ in a period when the deregulation of the markets and the decrease of subsidies imposes the appropriate adjustments to the national economies. Thus, 15 years after the accession of Greece to the EU, the competitive performance of nearly all Greek agricultural products, with the responsibility of the cooperatives, is becoming poorer not only in the Greek but also in the European and international markets.

However, during this period, one may also note an increasing fiscal support and external protection which was estimated as being 35 percent of the GDP, through various forms of price subsidies and income support. Thus, it becomes clear that if the farmers incomes represented the real productive performance of the agricultural sector, *i.e.* without the intermediation of the support and protection mechanisms, the standard of living for the Greek farmers would be significantly low. The worst is that the income welfare which was secured by the protective mechanisms of the Common Agricultural Policy (CAP) acted as a discouraging factor for the improvement of the productive performance of Greek agriculture, through its long wanted structural and institutional modernization, which would be normally anticipated. However, limited effort was exercised towards this direction by the Ministry of Agriculture, while the public as well as the private investments in the agricultural sector decreased in constant prices and during the 1980s the size of investments was lower than that of the 1970s. Moreover, the initiatives of ACOs towards this direction have been negligible.

Consequently, the main issue which is arising here is to what extent the ACOs can confront the situation which is defined by the continuation of the weakening of

⁶The main structural problems are the following: 1) the small sized (with an average of 4ha per farm) and fragmented family farm, 2) the large number (exceeding the 20 percent of active population) of employed in agriculture, 3) the relatively large contribution of agriculture in the GDP (reaching the 13 percent of the total), 4) the low productivity and competitiveness of the agricultural sector, and 5) the agricultural labor force characterized by aging, low level of education, underemployment and pluriactivity.

common agricultural policy (CAP) mechanisms and the general liberalization of the market, since as it has been pointed out, if the support and the protection decreases and Greek agriculture is left to operate in conditions of competition, farmer income will substantially decrease, especially in particular regions and products which have enjoyed high levels of support and protection.

Greek ACOs and the globalization processes

Before dealing with the ACOs and their “responses” against the globalization processes applied in Greek agriculture, it would be useful to refer briefly to what is meant here by globalization. The globalization process can be mainly conceived as this set of trajectories which leads to the increasing incorporation of the different economic sectors into the wider economy. In our case, the elimination of the divisions between the agriculture and the industry has led to the emergence of a new categorization such as the agro-food sector, which increasingly conditions the globalization process. The intensification of an interconnected system for the production and distribution of food has led to the deepening of the globalization process in agriculture and has had significant implications upon the control of the agricultural production process, the agricultural restructuring, the distribution of agricultural products and the management of the agricultural economy. Of course, such a process cannot be solely considered in terms of increasing homogenization of the agro-food sector, but can rather be often conceived of as intensifying the agricultural heterogeneity and uneven regional development.

With respect to Greece, some basic observations concerning the agro-food sector and the globalization process in agriculture have been summarized by Kasimis and Papadopoulos (1996:45) as follows:

- there is a continuous concentration of sales in a small number of companies in the agro-food sector;
- new relations of production (*e.g.* contract farming, etc.) are expanding controlled directly by transnational companies;
- through take-overs, mergers and joint ventures, Greek large enterprises or foreign transnational companies increase their share in the production and distribution of food;
- an increasing number of companies in the production and consumption of food is controlled by foreign capital;
- new alliances between Greek and foreign capital have been formulated aiming at the expansion and control of the national food market and those of the Balkans and Eastern Europe;
- large Greek transnational companies are currently significant competitors in both the national and the Western European food markets.

On the other hand, the issues faced by the Greek ACOs in view of the globalization processes affecting Greek agriculture are significantly determined by *its family farming character* and by the *corporatist practices* exercised by the Greek state, which played an important role for incorporating the cooperative and farmer movement into the modern Greek state.

The productivist core of Greek agriculture is confined to a relatively small number of entrepreneurial farms, which have been significantly favored by the CAP measures and which, due to the recent CAP reform, appear to be surviving in an increasingly competitive environment.⁷

On the other hand, the so-called structural problems of Greek agriculture, seem to go hand-in-hand with the sustainable family farming which constitutes a large part of the Greek agricultural sector. More particularly, contrary to the hard core of EU (North-Western country members), Greek farmers have adopted survivalist strategies reflecting, however, the flexible character of family farming in Greece (Papadopoulos, 1996). Thus, the distancing of these two forms of family farming (entrepreneurial and sustainable) in Greek agriculture is indicative of the globalization processes which have underlain the increasing incorporation of Greek agriculture into the European market economy.

Moreover, the share of ACOs in the marketing of agricultural produce after the accession of Greece into the EU has increased considerably, *i.e.* it nearly tripled since 1980 reaching 29 percent of the total by 1989 (Oustapassidis *et al.*, 1995). The share of agricultural production marketed through cooperatives in Greece reached (in 1991) the 51 percent of fruits, the 49 percent of cereals, the 20 percent of milk and of poultry meat and the 12 percent of vegetables (EC, 1996:P151). These proportions, of course, lag behind the corresponding proportions of other EU member states' cooperatives, which retain a large market share around 50 percent. However, this tendency of enlargement of cooperatives' marketed share in the post-1981 period may be attributed to: 1) the state withdrawal from the trade of some agricultural products in 1981 due to EU regulations and 2) the cooperatives benefited from a number of structural policies and the CAP measures (Oustapassidis, 1992:127-128).

However, the growth of the marketing share is not paralleled with the creation of economies of scale in Greek ACOs (Oustapassidis, 1992:136-137), a fact which possibly indicates the intensifying tendencies towards the marginalization of the latter into appendages of large agro-industrial complexes and into specializing in activities which bear little value added. In fact, the Greek cooperatives do not hold significant power into the agro-food sector and, also, appear to be submissive to state measures and policies (see also Louloudis, 1995:135-136).

Here, it would be useful to introduce the discussion concerning the corporatist

⁷This dual family farm structure is a sign of the increasing heterogeneity of family farming in Greece, see Kasimis and Papadopoulos, 1994.

practices which were exercised by the Greek state for the incorporation of the farmers' movement. The most significant modern analysis of the cooperative and agricultural union movement is produced by Mavrogordatos who argued that the agricultural cooperatives, which can be essentially described as a "decentralized state bureau", represent a state corporatist institution due to its overwhelming dependence (both economic and institutional) upon the state (Mavrogordatos, 1988:88). PASEGES, still, maintains the traditional monopoly of representing Greek farmers in their entirety, while the two syndicalist organizations, *i.e.* the General Confederation of Agricultural Organization of Greece (GESASE) and Confederation of Democratic Agricultural Organization in Greece (SYDASE), provide some form of pluralist organization of the farmers union movement. A large number of writers more or less agree with Mavrogordatos that the state corporatism concerning the cooperative movement has been maintained through the latest laws and Greek state policies (Goussios and Zacopoulou, 1990; Kioukias, 1994; Louloudis, 1995). Moreover, the clientelist practices of the past, when they were based upon the personal networking of politicians, were substituted during the post-1981 period by party clientelist practices which significantly affected the cooperative and farmers union movement. The syndicalist organizations which were re-institutionalized in the same period played a significant role in the diffusion of the political and social practices operating already in the industrial and the tertiary sector, through an apparently pluralistic model of farmers incorporation into the modern Greek economy and society.

The "social policy" role of the Greek agricultural policy, in general, has been widely acknowledged and even more times implied (see Vergopoulos, 1975; Louloudis, 1995). Thus, the state credit policy towards farmers, which was mostly intermediated by the ACOs, clearly played a social role. For this reason, the writing off of cooperative debts caused mainly by state agricultural policy, has been a common practice of the Greek governments in most of the post-war period. Even recently, by October 1997, a law has passed which wrote off a large amount of ACOs debts (created during the pre-1991 period) reaching approximately 200 billion drachma. Although this fact was faced with strong reactions by the public opinion, it was a result of political compromise between the large political parties in Greece.

However, recent work indicates that there is a relative change of route by the Greek state which seems to abandon its "pro-agricultural policy", although not quitting its state corporatist practices altogether, in favor of a so-called "modernization" stance towards the economic restructuring of the country (see Louloudis and Maraveyas, 1997). The economic environment which has been formulated because of the application of the reformed CAP and of the General Agreement of Trade and Tariffs (GATT) is highly unfavorable for the application of a "social policy" by the Greek ACOs in form of a state agricultural policy.

The challenges which the ACOs currently face are also significant for the farmers themselves who could seek their assistance for escaping the stronghold of transnational capital and of the large agro-industrial complexes. On the other hand, the cooperatives seem to be powerless and left alone by the state to deal themselves with the increasing market competition. The “social” role of Greek cooperatives appears to be dissolving to the benefit of market forces. A new role is sought for the ACOs in Greece, one which would mobilize the first grade (village level) ACOs which have virtually remained inactive and are still attached to obsolete forms of cooperative activities and of representation.

Conclusion

It is increasingly apparent today that the Greek ACOs are in a critical situation. From an initial situation of protectionism and management of agricultural produce under state control, ACOs enter a changing and competitive environment in which they are expected to operate effectively, without any intermediary phase of adaptation and without any significant financial means.

Often, the proposed measures for altering the role as well as the functions of the Greek ACOs deal with the *reorganization of the ACOs at the firm level* by establishing new forms of management and of enterprise organization which have been proved effective and productive in the private sector (Oustapassidis and Dimitriadi, 1991; Oustapassidis, 1994). The proposed measures focus upon some form of *cooperative management* which would introduce private sector criteria within the ACOs (Dimitriadi and Oustapassidis, 1991), but taking into account the targets and the trajectories of the cooperative movement in Greece (Koliris, 1994). More particularly, the proposed measures should aim at the readjustment of Greek ACOs. According to Papageorgiou the new role for Greek cooperatives implies a change of conception and internal organization with respect to five aspects (Papageorgiou, 1994:44-45):

- the conception of the cooperative enterprise;
- the attainment of an effective size (by associating instead of merging with other cooperatives);
- the taking over of cooperative management by specialized personnel;
- the reorganization of cooperatives on the basis of achieving concrete benefits ;
- the achievement of self-financing.

Anyhow, if the Greek agricultural cooperative movement opts for a significant role in the upcoming changes, it should dare a strategic and institutional reorganization and become a decisive factor for the restructuring of Greek agriculture. Furthermore, the Greek ACOs should retreat from their passive managerial-mediator activities which marginalize them and rather turn towards

production, more particularly towards modern, complex and combined large-scale production enabling to obtain scale and size economies, to reduce its production costs, and to improve the quality of its products and its productivity.

The corporatist heritage of the Greek ACOs provides a significant burden for the implementation of rationalization processes in the few cooperative enterprises. The problem of re-institutionalization of ACOs incorporation into the market is quite clearly expressed by a cooperative Director:⁸

the most important problem that we [*i.e.* the local union of ACOs] have is that the terms under which we will operate in the open market from now on are not clear at all.

The distancing between the state and the ACOs appears to be harmful for the cooperative movement which is left to wither without any significant means to respond (even less resist) to the increasing globalizing forces. The dominance of the latter is not counter-balanced by a cooperative movement which may support the farmers interests. The Greek state has been left with the initiative to disengage from the cooperative movement and provide for the ACOs as active agents with an unequal market situation between the farmers, on the one hand, and the corporate interests of agro-industrial capital on the other. In negotiation terms, the Greek cooperatives have played an intermediary-supplementary role for the operation of corporate interests into Greek agriculture. However, such a role needs to be re-negotiated by farmer groups and not by the state on behalf of them by putting forward some notion of all inclusive farmer interests.

On the other hand, the process of agricultural restructuring has to be incorporated by the cooperative movement itself. What is considered by Moyano, as needed to be done by the farmers unions in EU southern countries, is a new double corporatist pact between the agricultural organized interests and the state:

- one pact for environment and rural development, integrating farming activities within an integral perspective of territory, and
- one pact for agricultural modernization capable of reducing the gap with the richest EU countries (Moyano, 1995:362).

In the Greek case, however, what appears to condition the proposed double pact is the acknowledgment of a *heterogeneous and highly differentiated agricultural social structure under the ACOs* which have to be restructured on a new basis and provide for the representation of different farmers groups on their social and economic interests rather than on party interests.

⁸From an interview with the Director of a Local Union of Agricultural Cooperatives in Western Greece in August 1997 (interviewed by A.G. Papadopoulos).

References

- Agricultural Bank of Greece (ATE). *The Agricultural Cooperative Movement in Greece: Annual Reports of Cooperative Organizations Activities*. Athens: Department of Agricultural Cooperatives, 1982-1991 (in Greek).
- Avdelidis, P.S. *The Agricultural Cooperative Movement in Greece*. 4th Edition. Athens: Papazisis, 1986 (in Greek).
- Charalambous, K. *Greek Cooperative Movement*. Athens, 1993 (in Greek).
- Daouli, J. and Demoussis, M. "Agricultural Cooperative Activities and their Impact on Members Income: A Review of the Post-War Period." *Greek Review of Agrarian Studies*, 1988, 2:98-123.
- Daskalou, G. *Urban and Agricultural Cooperatives*. Athens, 1992 (in Greek).
- Dimitriadi, Z. and Oustapassidis, K. "Implementing Systems for Evaluating Personnel, Motives and Wages in Greek Cooperative Organizations and Enterprises." *Synetairistiki Poreia*, 1991, 23:143-156 (in Greek).
- EC. *The Situation of Agriculture in EU. Report 1995*. Luxembourg: Office for Official Publications of the European Communities, 1996.
- Goussios, D. and Zakopoulou, E. "The Cooperative and Union Movement in Greece" in Just, F. (ed.) *Cooperatives and Farmers Unions in Western Europe*. Esbjerg: South Jutland University Press, 1990:27-47.
- Gueslin, A. "Introduction" in Just, F. (ed.) *Cooperatives and Farmers Unions in Western Europe*. Esbjerg: South Jutland University Press, 1990:11-23.
- Kapogiannis, D. "Agricultural Credit and Institutions, 1915-1935," paper presented in the 68th Meeting of the Historical Archive of the National Bank of Greece, 20/11/1986 (in Greek).
- Kasimis, C. and Papadopoulos, A.G. "The Heterogeneity of Greek Family Farming: Emerging Policy Principles." *Sociologia Ruralis*, 1994, 34:206-228.
- . "The Development of the Agro-Food Complex and the Political Economy of Rural Transformation." *The Greek Review of Social Research*, 1996, 89/90:19-52 (in Greek).
- Kazakos, I. and Ioannou, I. *European Unification and Food Industry*. Athens: IOBE, 1990 (in Greek).
- Kioukias, D.K. *Organization of Interests in Greece*. Athens: Exantas, 1994 (in Greek).
- Koliris, P. "Past, Present and Future of Cooperatives," paper presented at the Meeting of the Institute for Cooperative Studies, 1994 (in Greek).
- Lappas, N. "Some Contradictions which characterize the Development of the Cooperative Sector." *Agrotikos Synergatismos*, 1990 (in Greek).
- Louloudis, L. "Political Aspects of State Intervention in Agriculture." *Greek Review of Political Science*, 1995, 6:121-146 (in Greek).

- _____ and Maraveyas, N. "Farmers and Agricultural Policy in Greece since the Accession to the European Union." *Sociologia Ruralis*, 1997, 37:270-286.
- Mavrogordatos, G. *Between Pityokamptis and Prokroustis: The Occupational Organizations in Greece*. Athens: Odysseas, 1988 (in Greek).
- Moyano, E.E. "Farmers Unions and the Restructuring of European Agriculture." *Sociologia Ruralis*, 1995, 35:348-365.
- Oustapassidis, K. "Economies of Scale in Agricultural Marketing Cooperatives: The Case of Greek Unions." *Journal of Rural Cooperation*, 1992, 20:127-138.
- _____. "The Effectiveness of Cooperatives in Conditions of Competition," paper presented at the Meeting of the Institute for Cooperative Studies, 1994 (in Greek).
- _____ and Dimitriadi, Z. "Internal Organization and Strategies of Cooperative Organizations in Greece." *Synetairistiki Poreia*, 1991, 22:95-104 (in Greek).
- _____, A. Sergaki, A. Vlachvei and G. Baourakis. "Market Shares of Farm Cooperatives in Greece, Before and After Accession to the EC." *Journal of Rural Cooperation*, 1995, 23:17-30.
- Papadopoulos, A.G. "Flexible Agriculture: Survival Strategy and Resistance to Marginalization or Form of Integration into the Agro-Food System?," paper presented at the 4th Panhellenic Congress of Agricultural Economy. Aristotelian University of Thessaloniki, 28-30 November 1996 (in Greek).
- Papageorgiou, K. "Seeking for the Contemporary Role of Agricultural Cooperatives." *Agrotikos Synergatismos*, 1994, 1-2:42-45 (in Greek).
- Patronis, V. "State, Agricultural Policy and Cooperatives," paper presented at a Seminar organized by IAAK/EKKE under the title: Agricultural Policy, State and Greek Family Farming. Hermoupolis, 17/7/1997 (in Greek).
- Vergopoulos, K. *The Agrarian Question in Greece: The Social Incorporation of Agriculture*. Athens: Exantas, 1975 (in Greek).