

**ENTREPRENEURIAL TYPOLOGIES IN A YOUNG NATION STATE:
EVIDENCE FROM THE FOUNDING CHARTERS
OF GREEK SOCIETE ANONYMES, 1830-1909**

by

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**Entrepreneurial Typologies in a Young Nation State:
Evidence from the founding charters of Greek Société Anonymes,
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ABSTRACT

Entrepreneurial Typologies in a Young Nation State:

Evidence from the founding charters of Greek Société Anonymes, 1830-1909

On the basis of a recently constructed data base on company charters, this essay examines entrepreneurial typologies in the nascent Greek corporate sector between national independence in 1830 and 1909, a landmark year regarding state formation and the empowerment of the bourgeoisie. It argues that entrepreneurship was multifaceted and did not comply to one single theoretical typology. This proposition marks a departure from the established perception of Greek entrepreneurial action as solely of a Kirznerian (non-innovative) typology. Specifically, it shows that within the emerging corporate sector a Schumpeterian/Baumolian entrepreneurial typology prevailed which fostered the development of new economic activities, new economic spaces and western innovations in governance/ business organization. This higher level entrepreneurship also creatively embedded the Société Anonyme in the sphere of traditional business in Greece.

Key words: company founders, entrepreneurship, economic agency, diaspora, state formation, continuity and change, latecomer countries.

JEL: M, N, O,P.

INTRODUCTION

This essay examines entrepreneurial typologies in Greece, a latecomer economy, between national independence in 1830 and 1909, a landmark year regarding state formation and the empowerment of the bourgeoisie.² The analysis is based on the collective body of Société Anonymes founding charters³ and following Foreman-Peck the formation of new companies is perceived as an outcome of entrepreneurial initiatives.⁴ This methodological approach offers a unique opportunity to conceptualise the general contours of entrepreneurship in Greece⁵ because until now no equivalent data base exists for other types of business start-ups.

The core questions: addressed in this essay are: Who were the protagonists- the builders of the Société Anonymes? Are theoretical typologies appropriate for ‘classifying’ entrepreneurial action? Was there economic agency in the nascent ‘corporate’ sector?⁶ Was incorporation cut off from traditional forms of business organization?

The analysis opens with a very brief survey of Greek economy and enterprise during the period under review. Emphasis is laid on the co-existence during this time of deep transition of imported institutions and the legacies of the pre Independence past. Awareness of this duality is a necessary starting point for the historical exploration of entrepreneurial typologies.

ECONOMY AND ENTERPRISE

When Greece won independence from the Ottoman Empire in 1830, it was an economically devastated land striving to catch up with the West. Although it was the cradle of western civilization, for over a millennium it diverged culturally as a result of the impact/legacy of Byzantium and Ottoman subjugation.⁷ Hence, in contrast to the West, private property rights were initially weak in the newborn Greek state. The latter was also in the peculiar position of being small in size while the majority of Hellenes continued to live outside its borders.⁸ By 1909 progress had been achieved on many fronts. The territory was much larger and Greece had made the transition from a backward and peripheral agrarian province of the Ottoman Empire to a modern nation state with a parliamentary monarchy. It had a steadily rising bourgeoisie, the elite of which was dominated by diaspora origin westernized Greeks. Its legal system provided a clearer framework for property rights and on the economic front it had a higher real per capita income⁹ an industrial core and a more open economy.¹⁰

Within this milieu of macro changes and the rise of a ‘mercantile’ type of capitalism, there were important continuities in the political economy of Greece.¹¹ As in the past, the majority of enterprising was in commerce and shipping. Οικογενειοκρατία (familiocracy) was widespread and most firms were small, if not tiny single proprietorships or (in)formal partnerships.¹² Entrepreneurs managed risk and capital scarcity through short-termism, a limited degree of specialization and multiple ventures with diverse partners from family- and community-based networks. A successful business person would, at any point in time, be involved in numerous short term commercial partnerships, some of which were set up only for one specific transaction.¹³ Moreover, although each large entrepreneur would be practically in full charge of a ‘personal’ firm, he deliberately avoided having exclusive ownership in his hands. For example, even in shipping where there was large capital accumulation, wealthy shipowners did not have one hundred per cent ownership in any one of their vessels. This was a result of prudent diversification and strategic economizing of capital for other opportunities.¹⁴

Finally, the divide between the spheres of business and state administration was not clear as, from the early years following the War of Independence, public officials did not rely on their salaries alone for a living. For example, a prominent military officer, Vassos Mavrovouniotis, was also involved in some commercial activities.¹⁵

It was within this mixed environment that the Société Anonyme was transplanted in Greece a latecomer economy. The innovation of this joint stock type company (henceforth SA), was introduced to post-Independence Greece in 1835, through the formal adoption of the 1807 Napoleonic Commercial Code. In terms of capital accumulation the SA was a significant force in the economy during the period under study, as the registered capital of SA s was ‘at least’ equivalent to 16.6% of non agricultural Gross Domestic Product.¹⁶

In brief, the SA was a technology transplanted into a society in transition, in which the traditional and the modern co-existed and developed multiple ‘synergies’ between them.

THE PROTAGONISTS: COMPANY FOUNDERS

The known founding shareholders of the 303 SA s established during the period under review comprised a mosaic of over 7,000 natural personae, 200 business firms, some fifteen banks and less than ten public bodies.¹⁷

The first category, natural personae, consisted basically of male members of the elite, the majority of whom were already well established business persons prior to their undertaking of entrepreneurial initiatives in the nascent corporate sector. Many founders

would declare in the company charter that they were merchants, merchant-entrepreneurs, (involved simultaneously in shipping, money lending or tax-farming) or merchant-landowners. And although founding shareholders often put next to their name the occupation 'landowner', a good number of them were truly merchant entrepreneurs whose landed estates were a spinoff from their other business activities but who described themselves as landowners for reasons of prestige.

Despite the strong presence of the mercantile classes, the body of founding shareholders also included various categories of craftsmen and petty traders. Over time however, the composition of company founders evolved and, from 1870 onwards, there was a growing core of enterprising professionals such as bankers, engineers and chemists. Usually, Western-educated, these technocrats were often scions of first generation merchants.

Throughout the period under study, members of the non business elite could also be found among company founders: the occasional lawyer, notary, pharmacist, headmaster, university professor, mayors and other high ranking civil servants, as well as descendants of ex-Ottoman local officers and dignitaries. There were also some politicians as for example, Theodoros Deligiannis who as Minister of Foreign Affairs was a cofounder in the marine insurance SA 'I Agyra' (est. 1869). There was also the amusing example of the War of Independence hero, General (Yiannis) Makriyiannis, who was among the first shareholders of the National Bank of Greece (est. 1841). The involvement of such public figures in incorporation may have been a career choice or a form of valuable political protection needed by business.¹⁸ There was also the opposite facet whereby leading company founders -or their close relatives- involved themselves in politics, often as a way of consolidating links and lobbying power that could protect them from political interference or threats. Through this strategy, business in the emerging corporate sector may have compensated in part for the absence of institutional protection of property rights.

The banker entrepreneurs Andreas Syngros and Stephanos Skouloudes were only two of the elite members of the mercantile diaspora who were SA company founders. Other prominent figures were Theodoros Vlastos, Grigoris Kouppas, Stephanos Franghiadis, and the banker Ioannis Pasmazoglou. In contrast to the diaspora, which claimed many names among company founders, there were very few Western European businessmen. In the early years, the latter would usually be merchant entrepreneurs domiciled in Greece as, for example, the German Theodore Hamburger who lived in Patras. Later, foreign businessmen who participated in SA start-ups were basically bankers or railway tycoons who resided outside

Greece. One such businessman was Baron G. de Reuter who was a cofounder in the railway company 'Etaireia Ellinikon Sidirodromon'(est. 1902).¹⁹

Finally, a discussion of natural personae would be incomplete without a few words on female SA company founders. These mostly involved ladies of the elite who were acting in the interest of their families. Almost always, they operated in consort with male relations and with the exception of widows they did not display much individual agency.²⁰

The second largest category of company founders, business firms, consisted of some two hundred businesses –almost exclusively Merchant Houses- organised as general or limited partnerships. The involvement of Merchant Houses in incorporation was more pronounced prior to 1870 and it was partly a vehicle to expand the control of a few powerful SA company shareholders without analogous capital commitment.²¹ Indeed, it was often the case that in a particular SA start-up, individuals who were owners of a specific Merchant House –as well as the Merchant House as an independent entity itself- would be founding shareholders.

The third category, some fifteen (Greek, diaspora and foreign) banks, acted as substitutes for pure entrepreneurship and flourished from 1882 onwards. Though far smaller in number, banks were particularly successful at mobilizing local and foreign capitalists and setting up the largest of all SA companies. Banks largely coalesced with the technocratic segment of natural personae company founders and were important in fostering the rise of a managerial/ technocratic class.

The fourth and smallest category of company founders, public entities, consisted of the central state and a small number of municipalities.²² However, in spite of the small number of SA s in which public entities participated, the influence of the central state was large as it played an important indirect role in shaping the wider parameters within which entrepreneurial initiatives materialised.²³

To sum up, incorporation involved a rich mosaic of players from many segments of society, the composition of which shifted over time. This intermingling of a large variety of entrepreneurial players was part of the wider story of evolution in a young nation state striving to break away from economic backwardness and in which there were no clear divisions neither among the diverse social groups of the elite nor between the world of politics and business. This complexity and the multiple interactions between the traditional (continuity) and the modern (change) were simultaneously mirrored in the entrepreneurial typologies that emerged in the nascent corporate sector of this latecomer country.

RELEVANCE OF THEORETICAL TYPOLOGIES

There is a long international discourse on the subject of national typologies of entrepreneurs(hip) in which theory and empirical observations interlock.²⁴ In the case of Greece, entrepreneurial history and the related dialogue on the relevance of theory are still in an early stage. Two recent attempts at classifying Greek entrepreneurship have interpreted it as an example of Kirznerian alertness to profit opportunities.²⁵ This classification is basically grounded in the observations that the bulk of entrepreneurship was in commerce/ mercantile intermediation and that Greece did not experience an industrial revolution in the nineteenth century. Although this classification is not without basis, it lacks comprehensivity as it applies only to the traditional segment of Greek entrepreneurship, namely that involving commerce. It overlooks the fact, delineated in this paper, that there were elements of economic change in Greece at the time.²⁶

Pointedly, the body of SA founding charters provides evidence that in the young nation state, the sectoral breakdown of start-ups did not mirror the composition of Gross Domestic Product. Agriculture the largest sector of the economy was absent. Sailshipping was also not directly present and trade, the main activity of Greek businessmen, had only a small presence.²⁷ Namely, Kirznerian commercial intermediation (which can be identified with a scalar expansion in economic activities) was present only to a small extent. The great majority of entrepreneurial initiatives in the emerging corporate sector was of a higher level order and entailed multifaceted economic agency: the undertaking of new economic activities; the adaptation of imported technologies to local conditions, the opening of new markets as well as of new economic spaces (see section below). These Schumpeterian elements of innovation bring into the picture the Baumolian concept of productive entrepreneurship. Namely, the type of entrepreneurial action that did not entail “simply a scalar expansion of the economy”,²⁸ but which brought change and had a positive impact on the economy at large.²⁹ Further theoretical insights that enhance our understanding of the wider productive impact of entrepreneurial initiatives in the Greek corporate sector can be drawn from the work of Nathaniel Leff and Stavros Thomadakis.³⁰ These two scholars have demonstrated that in the context of latecomer economies, early entrepreneurs had to create from nil the prerequisite institutions and infrastructure which already existed in advanced countries and that were necessary for the expansion of entrepreneurship and economic development. The most blatant examples of the latter in Greece during the period under review were the large transport schemes.

Before proceeding onto an analysis of the diverse facets of agency it should be underlined that the inclination towards productive entrepreneurship should not be exaggerated as the success or failure of many grand modernistic initiatives of incorporation naturally depended on general economic conditions and the foresight (also perhaps morality) of company promoters.³¹

AGENCY OF COMPANY FOUNDERS AND THE BUILDING OF NEW GREECE

Entrepreneurial agency in the corporate sector entailed entry into the following new activities: The introduction of marine insurance companies that operated as informal financial institutions, a mechanism par excellence for the allocation and management of risk which had social repercussions that went beyond any private benefits, as it produced reserves for the absorption of shocks. In addition, although incorporation was not widespread in shipping as a whole, it was of significance in the birth of the technologically advanced area of ‘steam’. Moreover, it had a strong presence within the emerging capital / knowledge intensive enclaves of Greek industry—i.e. mining, metallurgy, mechanical engineering, electricity production and chemical fertilizers.

In addition to the introduction of new economic activities, incorporation also opened up new economic spaces. Firstly, it enhanced monetization, the spread of the use of symbolic money and the formation of a national market economy.³² When Greece became a nation-state it had a quasi-subsistence economy: the market was highly under-developed, there were no banks and no national currency. The vital importance to the formation of a state of a national currency and a printing bank are well documented.³³ SA company founders brought about what can perhaps be labelled a ‘financial revolution’, at the centre of which stood the National Bank of Greece and a complex web of formal and informal banking institutions.³⁴

Secondly, the collective entrepreneurial initiatives of SA banks opened new channels for the mobilization of scarce capital and technical know how for the construction of public utilities/infrastructure. At the centre of these efforts stood the 1,548 kilometres national railway system.³⁵ This project, together with the opening of the Corinth canal, were seminal for the creation of an integrated national economy and administrative centralization, both of which were centrepieces of nation state building. In addition, SA banking groups gave birth to the new economic space of public benefit organizations. The first such entity was the State Monopolies Company, ‘Etaireia Diaheirisis ton Monopolion tis Ellados’ (est. 1887). It was set up by five banks (two diaspora, the National Bank of Greece and two foreign) and it unified

the collection of taxes on state monopoly goods whose revenues were assigned as security for the 4% 135,000,000 gold franc loan raised by the state in London and Paris in 1887.³⁶

Finally, incorporation opened new channels for the mobilization of national technical know-how. Engineer-entrepreneurs of Greek or diaspora origin assisted –and in some instances, eventually replaced- the foreign engineers who spearheaded the construction and operation of large infrastructure projects. For example in 1890, a Greek-based Corinth canal SA took over the work of the French company that had been set up in Paris in 1882. Continuation of construction was assigned to the Greek engineer, Antonios Matsas.

Entrepreneurial agency, although present from the early days, became more pronounced within the emerging corporate sector from c.1874/79 onwards. This shift was a result of a Baumolian change in the ‘rules of the game’, which created a more favourable environment for the undertaking of innovative entrepreneurial initiatives. This change was brought about by several factors, including the land distribution of 1871, which strengthened the institution of private property, and the 1881 abolition of tithes, which curtailed the institution of tax-farming and its rent seeking advantages. An additional influence was the changing ability of the state to build infrastructures. This was in large part related to the government’s renewed access to the international capital market following the lifting in 1879 of a thirty-six year embargo. Also, of significance was the increasing interest of the international mercantile diaspora in doing business in the homeland.³⁷ This elite group operated as a key intermediary in the negotiations of the state with the foreign bondholders for the lifting of the long financial embargo. Moreover, it acted as a facilitator for the massive transfer of capital and know-how from the West which materialised after 1879.³⁸ It is, in fact, possible to argue that the rise in agency in the emerging corporate sector would not have been possible had a growing segment of SA company founders not consisted of professionals, basically engineers, bankers and institutions of diaspora origin. The latter were more willing and capable than other Greek entrepreneurial agents of pushing certain activities beyond the familiar spheres of traditional rent-seeking and intermediation.

COMPANY FOUNDERS: SHAPING THE SOCIETE ANONYME AS A FORM OF BUSINESS ORGANIZATION

Entrepreneurial initiatives in the emerging corporate sector also had agency over the shape of the SA as a form of business organization. On the one hand, although the legal framework for incorporation remained unchanged, founding shareholders through their own initiative began to introduce new rules and stipulations in the founding charters of companies

which brought the Greek SA closer to the western archetype and provided for better governance, more sophisticated accounting practices and a clearer separation between ownership and management.³⁹ On the other hand, SA company founders adapted the imported organizational form of the Société Anonyme to local conditions and embraced certain past legacies. More specifically, they assimilated and elevated to a higher level the customary Greek business practices of relations of trust and defensive diversification. Through this process they maintained tight relations with -and embedded their start-ups in- the traditional world of non corporate business.

With respect to relations of trust: As mentioned above, the great majority of Greek businesses were family firms during the period under review. The number of SA s that took the shape of pure family firms may have been insignificant but nevertheless most SAs were network-based. In those SA companies that were established by a large number of founders, the latter would be a mixture of interlinked subgroups each one consisting of trusted collaborators and/or individuals related through blood ties or ritual kinship. The spatial dimensions of entrepreneurial networks among SA company founders give evidence of the intermingling of local with wider -national and even international diaspora- portal networks. This was particularly obvious in the case of the networks of SA bankers which were highly cosmopolitan and had strong ties with the central state.⁴⁰

Regarding adoption of defensive diversification, initially it prevailed in traditional business as an organizational device to manage uncertainty. In the young corporate sector it adopted two forms: internal and external to a particular SA company. With respect to internal diversification, over a quarter of SA s declared more than one activity in their charters. Multi-diversification within a single enterprise was not a means to expand scale and internalize transaction costs, as was the case with vertical integration in multidivisional firms of the advanced nations. Instead, it was an organizational mechanism used by company founders for the management of risk and for dealing with two paramount structural problems of 19th century Greece: capital shortage and the threat of idle capacity as a result of the small size of the market. Low specialization of organizations, capital goods and human resources lent itself to multiple use and allowed entrepreneurs within firms to retain the flexibility to shift activity if a crisis occurred in one sector. Most multipurpose firms were marine insurance companies, or commercial or shipping companies that also provided some type(s) of financial services. A few manufacturing SA firms also pursued commercial activities, and vice versa.

Turning to external diversification, company charters attest to the fact that founders would often use incorporation as a tool to expand their business operations without deserting

their preceding private proprietorships or partnership-based firm(s). One basic reason behind this organizational strategy was that the new SA would offer some type of service to the pre-existing non-corporate firm(s). Within this context of building dynamic connections with traditional business, diversification may have appeared as ‘external’ to an individual SA enterprise, but it was ‘internal’ at the level of the total affairs of a given entrepreneur.

External diversification also had one more facet. Multi dimensional entrepreneurs would give a corporate form to those business ventures which involved new economic activities (capital-intensive projects of a Schumpeterian or, by extension, Baumolian high agency bent). Whereas activities with which they were more familiar, were less capital intensive and/or did not require coordinated action among diverse groups of entrepreneurs, would be allocated to the non corporate sphere of business.

Especially towards the end of the period, a few select SA company founders, made the full transition to the corporate form in organising their business activities. Two such notable examples were the diaspora origin Nikolaos Vlangalis in industry and Ioannis Pasmazoglou in banking. Nevertheless, even in these cases it is most likely that some network ties were maintained with individuals and organizations of the non-corporate sector, as the majority of Greek businesses belonged to the latter realm.

To conclude. Company founders spontaneously introduced modern organizational features from the West while also creatively embracing selected business practices of the past.

MICRO EXAMPLES OF ENTREPRENEURIAL ACTION IN THE NASCENT CORPORATE SECTOR

The analysis of the general trends in entrepreneurial norms is at this point supplemented by a micro level snapshot of major company founders who were individuals (natural personae) and banks. A closer look at both groups of actors is helpful in comprehending the motivation, logic and typologies that defined entrepreneur(ship).

Major company founders (natural personae)

This section presents nine individuals who invested large amounts of capital in SA s and for whom rather detailed biographical information exists on their overall activities. Three bankers figure in our list of nine leading company founders. This is not coincidental. The involvement of banking in incorporation was diverse and extensive. It was usual in the largest SAs for both banks (as institutions) and bankers (as individuals) to simultaneously participate in the same company as founding shareholders. For these reasons bankers drew substantial

public attention and hence there exists more biographical information for them compared to other categories of company founders.

Table 1 below presents in a condensed form the following information on these nine individual company founders: social origins/education, non corporate business activities, entrepreneurial initiatives in the corporate sector, non business interests such as: involvement in politics and social affairs, any other relevant information. Chronological order is followed in the sequence of the names so as to emphasize evolution over time. Each of these micro cases had unique characteristics, but as a whole they do confirm on the one hand, the existence of general behavioural patterns and on the other hand, evolution over time. In summary, this micro material demonstrates the following:

1. That the most important company founders were well educated, belonged to the country's elite, were of diaspora origin (or had tight contact with it), and often sought out a parallel involvement in politics.

2. The post 1873/74 generational twin evolution whereby more and more company founders (often the sons of merchants) were professionals and in parallel an increasing number of entrepreneurial initiatives in the nascent corporate sector were outside the realm of the familiar.

3. How the entrepreneurial initiatives of many individual company founders were a combination of non corporate entrepreneurialism (of a Kirznerian bent) and of incorporation (of a Schumpeterian/innovative bent). This duality occurred either concurrently or over time, as a transition would be made from the first to the second type of entrepreneurial action.

TABLE 1

KEY INFORMATION ON SEMINAL ENTREPRENEURS SA COMPANY FOUNDERS

TIME STREAM 1830-1909 In approximate chronological order of date of birth of entrepreneurs	
1. Elpidoforos Ladopoulos ¹	
Social origin Education	Son of a merchant. Studied in Athens (Law) and Paris.
Non corporate business activities	Merchant House, 'Ladopoulos Athanasios and Sons' (est.1860?)in Syros.
Corporate Activity	Co-founder of the SA steam shipping firm 'Etaireia Ellinikis Atmoploias' (est. 1856) and member of its board of directors. He was a powerful presence and acted as a proxy for other

	shareholders.
Non business activities civil/administrative and political posts	He was on the city council of Syros, and served as a commercial judge and was president of the local chamber of commerce.
Other Comments	_____
2. Sotiris Gerousis ⁱⁱ	
Social origin Education	Son of a merchant. _____
Non corporate business activities	Started commercial career in Smyrna in early 1820s. In 1827 he moved to Trieste. In 1835 he moved to Patras and became active in commerce/money lending and through these activities acquired substantial real estate property.
Corporate Activity	Founder member of SA marine insurance firm ‘I Anatoli’ (est.1856) and ‘Elliniki Naftiki Trapeza’ (est. 1860).
Non business activities civil/administrative and political posts	_____
Other Comments	Appears to have made full transition to the SA form of business organization by the end of his life.
3. Panayotis Halikiopoulos ⁱⁱⁱ	
Social origin Education	Ranked among the highest members of the local intelligentsia. _____
Non corporate business activities	Lawyer and professor of commerce at the high school of Patras. He specialised on the study of the currant economy and wrote an important treatise on how to improve the country’s agriculture in 1880s. He owned substantial properties of land and declared his occupation as entrepreneur/ landowner.
Corporate Activity	Founder member and director of the SA wine producing firm ‘Elliniki Oinopoiitiki Etaireia’ (est. 1858). Founder member and director of the SA transport insurance company ‘Sotir’ (est.1858). Co-founded a SA company dealing in currants, ‘Korinthiaki Stafis’ (est. 1859). Also founding shareholder and director in the insurance company ‘I Pronoia’ (est.1859) which provided insurance for financial assistance to young boys and dowries to girls. This company also accepted deposits.
Non business activities civil/administrative and political posts	_____
Other Comments	He was a close friend of the mayor of Patras, Benizelos Roufos.

4. Elias Kehagias ^{iv}	
Social origin Education	Son of a local dignitary in Amfissa who after the revolution became a politician. He studied in Trieste.
Non corporate business activities	Started his career in Syros as a money lender. He also acquired two ships and became well known as a merchant entrepreneur.
Corporate Activity	Director of SA steam shipping company 'Etaireia Ellinikis Atmoploias' (est. 1856). Also founding shareholder in National Bank of Greece (est.1841).
Non business activities civil/administrative and political posts	_____
Other Comments	Cousin of the vice governor of the National Bank of Greece.
5. Georgios Skouzes ^v	
Social origin Education	Son of a wealthy diaspora merchant.
Non corporate business activities	Started his career in Trieste where he worked as a trainee in a merchant house. There he developed commercial ties with Charles Hambro Joseph Erlanger. Over time he evolved into a well known merchant, entrepreneur, landowner, banker. In 1847 he set up the limited liability partnership bank 'Trapeza of Gerorgios P. Skouze' which operated until 1912 and which participated in the financing of Railway building, an otherwise corporate activity.
Corporate Activity	Founding Shareholder of the National Bank of Greece (est.1841). He was also a consultant of this bank. He was a co-founder of the SA 'Athens Piraeus Railways' (A free standing company set up in London in 1869?) and a founding shareholder in the Athens based SA bank 'Trapeza Viomihanikis Pisteos' (est.1873). He was also a shareholder in the London based Ionian Bank.
Non business activities civil/administrative and political posts	_____
Other Comments	He built the most advanced storage houses at the time in Greece in the port of Piraeus, He also maintained throughout his lifetime his non corporate interests as well.
6. Alexandros Vlangalis ^{vi}	
Social origin Education	Of diaspora origin from Constantinople. Nephew of the prominent engineer-entrepreneur Nicholas Vlangalis from Odessa. He was an electrical engineer with a degree from the Zurich

	Polytechnic from which he graduated in 1896.
Non corporate business activities	Began his career as an engineer at the notorious Vassiliades shipyards.
Corporate Activity	Co-founder and director in the railway company ‘Etaireia Ellinikon Sidirodromon’ (est.1902)
Non business activities civil/administrative and political posts	_____
Other Comments	Consultant to the SA electric tram railways of Athens.
7. Antonios Z. Matsas ^{vii}	
Social origin Education	Engineer with a degree from Paris.
Non corporate business activities	_____
Corporate Activity	Co-founder of the construction SA company ‘Geniki Etaireia Ergolipsion’ est. 1889 Consultant to the SA Bank of Athens,1896-1904.
Non business activities civil/administrative and political posts	_____
Other Comments	Supervised construction of Athens Piraeus Railways 1869. He was involved in the last phase of the construction of the Corinth Canal(c. 1893).
8. Ioannis Pezmazoglou ^{viii}	
Social origin Education	Son of a prominent Greek merchant in Smyrna. He studied economics in Paris.
Non corporate business activities	Started his career at the Credit Lyonnais branch in Alexandria Egypt. In 1876 he founded a non corporate Bank ‘Trapeza Ioanni. G. Pezmazoglou’
Corporate Activity	In 1896 he merged his bank with the Bank of Athens of which he became a director. He was personally involved in the creation of the Currant Board ‘ Pronomiouhos Etaireia Pros tin Prostan tis Paragogis kai tis Emporias tis Stafidos’ (est. 1905) and the wine/alcohol distillery company ‘Etaireia Oinon kai Oinopnevmaton’ (est. 1906).
Non business activities civil/administrative and political posts	From 1900 onwards he was elected in Parliament MP for Athens and to the Prefecture of Elia and Kalamon in the Peloponese.
Other Comments	One of the most important and modernisers/ business men in Athens at the turn of the century.
9.Epameinondas Harilaos ^{ix}	

Social origin Education	His father was a very prominent merchant of Smyrna and Galatsi (Roumania). He studied Law in Athens and Chemistry in France, Belgium and Germany.
Non corporate business activities	He established three partnership firms of which the first was a soap/oil refinery firm by the name of ‘Epameinondas Harilaos and Nikolaos Kanellopoulos ’ (est.1892).
Corporate Activity	He was a founder and director of the wine/alcohol distillery company ‘Etaireia Oinon kai Oinopnevmaton’ (est. 1906).
Non business activities civil/administrative and political posts	He served as President of the Industrial and Commercial Chamber of Athens.
Other Comments	After 1909 he became involved in the foundation of numerous other SA companies.

- i. Theodorou and Loukos, *Αρχαίον Λαδοπούλου*; Vovolinis Archive, File 1269, Ladopoulos. E, Skokos Diary, 1892.
- ii. Chadziioannou, Οικογενειακή Στρατηγική.
- iii. Moulias, *Λιμάνι της Σταφίδας*; Bakounakis, *Πάτρα*.
- iv. Vovolonis *Lexicon*; Papathanassopoulos, *Εταιρεία Ελληνικής Ατμοπλοΐας*; Encyclopedia *Elios*, vol. 10.
- v. Vovolinis, *ibid*; *Encyclopedia Elios*, vol. 17.
- vi. Vovolinis, *ibid*; *Βιομηχανική Επιθεώρησις*, 1955; Kostis and Tsokopoulos, *Τράπεζες στην Ελλάδα*.
- vii. Vovolinis Archive, File 600, handwritten notes, Matsas Z. Antonios and ‘oikogeneia Matsa’.
- viii. Vovolinis, *Lexicon* and *Encyclopedia Elios, Vol.15*.
- ix. Vovolinis, *ibid*.

Information is far richer for banks that were company founders than for the far more numerous category of natural personae. As happened in other backward countries with a low supply of entrepreneurship and market imperfections, banks assumed entrepreneurial leadership.⁴¹ In specific in the young corporate sector of Greece seven local SA banks –which had strong connections to the diaspora- developed a significant entrepreneurial presence. In order of the importance, in terms of the number of SA s they participated in, these financial institutions were: the National Bank of Greece, the General Credit Bank of Greece, the Bank of Industrial Credit, the Bank of Epiro Thessaly, the Bank of Athens, the Currant Bank and the Anatolian Bank. All in all the seven aforementioned local banks set up more than twenty large SAs in collaboration with two types of financial institutions: diaspora owned banks based outside Greece such as the Bank of Constantinople⁴² and Western banks (as for example, the Banque d’Escompte de Paris, the Banque de l’Union Parisienne, E. Erlanger & Bros, and Hambros& Sons.

As a further point of interest, the registered capital of all Greek SA banks and banking affiliated SA companies amounted to 70% of the total registered capital of corporate s during this period.⁴³ Thus, it is no exaggeration to claim that finance related institutions drove incorporation.

The involvement of banks evolved over time. Prior to the lifting in 1879, of the thirty-six year financial embargo and the accession of the region of Thessaly in 1881, the only banks to create SA companies were the National Bank of Greece and the Bank of Constantinople. Thereafter, we have the genesis of the phenomenon of SA s founded also by some other bank or more usually by banking groups.

The entrepreneurial actions of banks involved the creation of three types of SA companies: (a) other joint stock banks; (b) public utilities and public benefit organizations; and (c) companies providing private (consumption) services and goods, mainly steam shipping, marine insurance, general insurance and heavy industry. Often banks would participate in the creation of an SA company not only through share capital but also through the provision of bond loans ⁴⁴ It would appear that in many cases SA companies affiliated to financial institutions would be the main customers of the banks which founded them. As for the entrepreneurial initiatives of foreign banks in the incipient Greek corporate sector, their scope was slightly narrower as it did not involve insurance or industry.

To sum up, as in other latecomer countries, collective entrepreneurial action on the part of banks and banking groups was pronounced. However, the Greek case is unique in that financial institutions were able to exhibit superior capabilities in mobilizing scarce resources (capital and skilled/knowledge intensive labour) because of their connections to the internationally-based cosmopolitan Greek mercantile diaspora networks.⁴⁵

CONCLUSION

This essay has shown that entrepreneurial action in the corporate sector displayed multifaceted economic agency, thereby enhancing the process of economic change and constituting a rich, dynamic and cumulative ‘catch up’ force for the young Greek state. Furthermore, entrepreneurship as incorporation was not divorced from or independent of society. Three historical determinants played a seminal role in shaping it: the mercantile diaspora, modern nation building and the legacies of the past.

-The mercantile diaspora acted as a key facilitator for the involvement of foreign capital and know how in incorporation.

-The building of a modern state system established over time ‘new rules of the game’ which, on the one hand, curtailed traditional rent-seeking activities and, on the other, provided an institutional environment conducive to the expansion of a Schumpeterian/Baumolian type entrepreneurship.

-The legacies of the past were two-fold. There existed the backward elements in the wider socio-economic environment which blocked productive entrepreneurship and were inherited from pre-revolutionary Greece. In contrast but parallel to these, were the long tested traditional business practices and organizational devices which were creatively assimilated by company founders.

In addition, this paper has illustrated how, during this period of deep transformation, a mosaic of SA company founders existed and there was no uniform entrepreneurial typology. It has been argued that within the emerging corporate sector the presence of Kirznerian-type entrepreneurship was far less pronounced than in traditional business. By contrast, Schumpeterian-type entrepreneurial initiatives prevailed which ventured beyond the 'scalar expansion' of the economy and the narrow horizons of blood ties.

Finally, in the debate about the modernization/westernization of 19th century Greece, this study brings to the fore the existence of interaction, complementarity and even collaboration between tradition and the new and it supports the argument that there was continuity within change.⁴⁶ More specifically, with respect to the issue of westernization of society I would like as a closing comment to propose that entrepreneurial agency in the nascent corporate sector was a precursor to the wider social changes that followed the 1909 revolution. SA company founders forged links among themselves, with banks, with the state, and with new professional classes. This was tantamount to the emergence of a transformed elite that underpinned the political change of 1909. It was this incorporation mechanism that bridged the initial conditions of the newly independent state of 1830 to the 'revolutionary' conditions of Greece in 1909. Clearly, there were other confluent processes at work too, and I do not wish to overplay the significance of the incorporation process as a component of change. But, there it was!!

Many questions remain open to further exploration. For example, why did some of the most innovative captains of industry not choose the corporate form of business organization during the period under review? How did the personal dreams/aspirations of leading company founders interact with the grander national vision of the building of the new Greece? Perhaps the most interesting is the following counterfactual question: how would foreign entrepreneurial initiatives and technology transfer have differed in the corporate sector had there been no diaspora involvement? I would like to suggest that if Westerners had been the (sole) direct physical carriers of foreign technologies and capital, the osmosis between modernity and tradition would have been much less pronounced. However, a lot of further research is necessary so as to check the validity of this claim!

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ENDNOTES

¹ I wish to dedicate this essay to Franco Amatori who over the years has been a source of inspiration to me. Research for this paper was funded by the Centre for Economic Research at AUEB; the European Union Program on Entrepreneurship and PEVE 1 at AUEB. It has benefited from the research assistance of Elisavet Lagou of the Vovolinis Archive, Olga Kouklaki, the AUEB students Maria Amapatzidou and Apostolis Rigas and the Ph.D candidate , Mihalis Papadakis. Thanks are also due to Evi Antonatos, Eleni Calligas and Kristy Davis for their editorial assistance.

² For the significance of 1909 and the so called ‘Goudi’ Revolution of that year see: Dertilis, *1909 και διαδικασία μεταβολών*; Dertilis, *Ιστορία Ελληνικού Κράτους*.

³ See: Selected Issues, Greek Government Gazette, (Εφημερίς της Κυβερνήσεως) 1830- 1909.

⁴ Foreman-Peck, Measuring Historical Entrepreneurship.

⁵ A first effort in this direction is Foreman-Peck and Pepelasis Minoglou, *ibid* and Pepelasis Minoglou, *Επιχειρηματικότητα*. It is the case that Greek scholarship has neither shown a lively interest in business s (as an entrepreneurial phenomenon per se) nor in studying entrepreneurship at an aggregate. Level. It has largely adopted the micro perspective of the study of individual businesspersons, families, firms, sectors, cities, or regions For a survey of the historiography of Greek enterprise see: Dritsas, *Business History*. There are however few exceptions to this general pattern. Alike Vaxevanoglou, *Έλληνες Κεφαλαιούχοι*, examines Greek capitalists as an entity and hence touches upon general features of entrepreneurship. In addition, Dertilis in his seminal two volume opus *Ιστορία Ελληνικού Κράτους* makes many valuable observations regarding entrepreneurial supply and culture.

⁶ It should be noted right at the start that the corporate sector lacked an internal articulation and cohesiveness and was small in terms of the number of enterprises it contained. See Pepelasis Minoglou, Greek joint stock company.

⁷ The impact of Ottoman rule was not the same everywhere and in certain areas of Greece, Western rule and presence -Venetian/ Genoan or even British- left a deep imprint.

⁸ Clogg, Concise History.

⁹ Real per capita income had increased by almost one third and the share of the non agricultural sectors in Gross Domestic Product had risen from about 15% to about 45%. Dertilis, *Ιστορία Ελληνικού Κράτους*; Kostelenos et al, *Ακαθάριστο Εγχώριο Προϊόν*.

¹⁰ Agriantonis, *Απαρχές Εκβιομηχάνισης*; Dertilis, *ibid*; Kostis, *Formation of Greek State*; Kostelenos et al, *ibid*; Franghiadis, *Ελληνική Οικονομία*.

¹¹ For 19th century modernization in Greece see: Dertilis, *ibid*; Mouzelis, *Concept*.

¹² Formal partnerships could take the shape of either general (i.e. unlimited liability) or limited (liability) partnerships. Although, this latter form was provided for in the implanted Napoleonic Code in 1835, a preliminary investigation at the State Archive of Ermoupolis for the years 1865, 1875, 1882, 1886, 1888, 1887, 1890, 1893, 1894, 1895 suggests that it was not very popular among the population of partnership based firms.

¹³ Agriantonis and Chadziioanou, *Athens Silkmill*; Chadziioanou, *Οικογενειακή Στρατηγική*.

¹⁴ Polemis, *Ιστοφόρα Άνδρου*.

¹⁵ Papageorgiou and Pepelasis Minoglou, *Τιμές και Αγαθά*; Asdrachas, *Βίωση και Καταγραφή*.

¹⁶ The words ‘at least’ are used as data on registered capital is known for only 218 SA start-ups (Pepelasis Minoglou, *Greek joint stock company*).

¹⁷ The identities of founding shareholders are known for more than two thirds of SA start-ups. The total registered number of company founders was circa 7,500 but as some natural personae or institutions and companies were registered in more than one company there is some double counting involved and thus the ‘net’ number was something under 7,000. Let it be underlined here that in this paper we do not take into consideration the company founders of the 19 self help associations and hence the phenomenon of social entrepreneurship as the latter did not involve ‘pure entrepreneurs’ but rather other segments of society.

¹⁸ Asdrachas, *Βίωση και Καταγραφή*.

¹⁹ Papayiannakis, *Ελληνικοί Σιδηρόδρομοι*:132.

²⁰ Pepelasis Minoglou, *Women and Family Capitalism*.

²¹ Further research may possibly reveal the existence of a primitive form of pyramid structures.

²² The state was a cofounder in the National Bank of Greece ‘Ethniki Trapeza tis Ellados’ (est.1841); the national steamship company ‘Elliniki Atmoploia’ (est. 1856); and the horse drawn railway firm ‘Ipposidirodromoi Athinon kai Perihoron’ (est.1884). Moreover, it was the sole shareholder in the minor railway company ‘Etaireia ton Mesimvrinon Sidirodromon tis Ellados’ (est.1890) .

²³ Pepelasis Minoglou, *Greek joint stock company*.

²⁴ Amatori, *Entrepreneurship*; Casson and Godley, *Entrepreneurship*.

²⁵ Gekas and Chadziioanou, *Greek Entrepreneurs*; Pepelasis Minoglou, *Επιχειρηματικότητα*.

²⁶ This general attitude exists although the existing business history literature contains some anecdotal apospasmatic accounts of such processes/attempts. See Agriantonis, *Εκβιομηχάνιση* and Agriantonis and Chadziioanou, *Athens Silkmill*.

²⁷ Pepelasis Minoglou, *Greek joint stock company*.

²⁸ The expression here is from Leff, *Entrepreneurship*,p.49.

²⁹ There was also an element of political agency. Namely, the capacity of a segment of entrepreneurial actors in the nascent corporate sector to influence political decision making so as to protect their -and their companies’ -vested or incipient property rights. However, this phenomenon is related more to the redistribution of property rights and/or economic power among corporate founders, the state and other business groups. Political agency also contained both elements of positive and negative influences on economic development and it will be the subject part of a separate paper.

³⁰ Leff, *Entrepreneurship* and Thomadakis, *Coordinated Industrialization*.

³¹ Anastasopoulos, *Ελληνική Βιομηχανία*.

³² Thomadakis, *Monetary Arrangements*.

³³ Kostis, *Formation of Greek State*.

³⁴ The latter story is described in detail in Pepelasis Minoglou, *Financial Corporate s*.

³⁵ Papayiannakis, *Ελληνικοί Σιδηρόδρομοι*.

³⁶ The diaspora bank was the Bank of Constantinople, the other Greek bank was the Bank of Epiro Thesally and the two foreign banks were Hambros & Sons and the Banque d’Escompte de Paris, both of which had participated in the raising of the loan connected with the establishment of this institution.

³⁷ The shift in the interest of the mercantile diaspora was the outcome of a number of complex factors. In a very few words: diaspora Greeks were, on the one hand, facing increasing competition in their host countries for a large number of reasons and on the other hand, they were attracted to the quickening in the path of modernization of the state system in Greece circa the mid 1870s (Dertilis, *Ιστορία Ελληνικού Κράτους*; Kostis, Formation of Greek State.)

³⁸ Pepelasis Minoglou, Informal Networks; Dertilis, *ibid*.

³⁹ The legal framework for the operation of SA companies throughout the period under study (and up to the passing of the Company Act in 1920) was the Napoleonic Commercial Code of 1807, which was introduced formally into post-independence Greece in 1835. For details on the ad hoc improvements and changes made by company founders in governance and architectural design of SA start-ups see Aivalis and Pepelasis Minoglou. Preliminary Analysis.

⁴⁰ See also Kostis and Tsokopoulos, *Τράπεζες στην Ελλάδα*.

⁴¹ Leff, Entrepreneurship.

⁴² Which itself founded in Greece the Bank of EpiroThessaly and co-founded the General Commercial and Credit Bank.

⁴³ Pepelasis Minoglou, Greek joint stock company.

⁴⁴ Hadziiosif, *Γηραιά Σελήνη*.

⁴⁵ Granovetter, Business Groups; Pepelasis Minoglou, Informal Networks.

⁴⁶ For a survey of the modernization debate in Greece see: Mouzelis, Context.

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