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THE BLACKBURN COMPANY AND THE ATTEMPT TO ESTABLISH AN INDEPENDENT GREEK AIR FORCE DURING THE INTERWAR PERIOD

by

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IN the aftermath of the Asia Minor Catastrophe in 1922, Greece had to deal with unfavorable geostrategic conditions in the region.¹ No longer able to rely on British and French diplomatic and economic support, it had to drop the irredentist aspirations that had characterized the first century of the modern Greek state and shift its attention to the domestic consolidation of Greece and the defense of its territory against foreign threats. The absence of a naval disarmament accord between Greece and Turkey amplified Greek consternation toward the latter and forced the Greek government to immediately reorganize all branches of its military forces,² namely, the army, navy,³ and the newly founded air force. It was not only Turkey, however, that alarmed the Greek government, but also Bulgaria and Yugoslavia. Although the former was on the side of the defeated, it never stopped to pose a threat;⁴ that potential danger was underlined anew by the fact that Bulgaria had subscribed to the cause of territorial revisionism yet again.⁵ On the other hand, Yugoslavia, although bound by alliance with Greece, treated the latter arrogantly throughout the 1920s, as it seemed, especially in the case of the free zone in the port of Thessaloniki.⁶ Even after the signing of the 17 March 1929 agreement,⁷ the Greeks continued to receive disquieting information—whether proven or just rumors—about Yugoslavia's expansion schemes and belligerent attitude, at least of its political and military establishment, at the expense of the Greeks.⁸ That was an alarming reality that surely demanded on Greece's part the formulation of a policy dedicated to deterring these threats. The establishment of a Greek aircraft factory and the consequent creation of a substantial air force could greatly contribute to the realization of the aforementioned goal. Besides, as early as 9 February 1912, the day after the first successful flight in Greece, Prime Minister Eleftherios Venizelos had presaged as much: "the aircraft is indicated as the weapon of the weak. Indeed, the Greeks' daring and bold nature

will render it as a brilliant weapon in war, bound to offer great service.”⁹ The only thing successive Greek governments needed to have done was to constantly pursue this aim, based on a consistently formulated defensive military policy. Time, however, proved that such a policy was hardly followed. This is precisely this essay’s main purpose: to show that, in spite of the labyrinthine relations between successive Greek governments and the Blackburn Company, the former did not show any real or constant will for a fully functional aircraft factory in the country. British ministers’ annual reports from Athens and documents from the Public Record Office have been used to shed light on the negotiations between the Greek government and the Blackburn Company. In addition, the bibliography used provides recent information about the air force and the way it operated (or should have operated) in Greece, Great Britain, and Poland.

In 1925, the Greek government finally decided to establish an aircraft factory, eight years after the Venizelos government had made the same decision but not acted on it, because of the country’s participation in World War I.¹⁰ Although Greece had been caught in the vortex of the war, the Ministry of Marine, recognizing the need for aircraft manufacture and repair facilities, as early as 1918 built a factory for aircraft maintenance in the Naval Arsenal at Sedes (Thessaloniki). The results, however, were hardly satisfactory. Then, Commander J. Weston of the British Naval Mission in Greece suggested the construction of a properly equipped Greek national aircraft factory adjacent to the naval air base at Old Phaleron, near Athens. It did not take long for his suggestion to be accepted; as a result, toward the end of 1920, plant, machinery, and tools arrived from the United States, while gas and oil engines were obtained from England.¹¹ The war effort in Asia Minor, however, and the turmoil caused after the defeat in August 1922 prevented these plans from being implemented. Thus, the construction of the factory in question did not begin until 1923. Even then, political unrest slowed down progress considerably.

In 1924, Minister of Marine Georgios Roussos invited the British Blackburn Aeroplane and Motor Company Limited to take over the project. As a result, the newly established factory, though still the property of the Ministry of Marine, was run entirely by the Blackburn Company.¹² The aircraft factory was set up at Phaleron in 1925,¹³ its operation inaugurated on 1 July. Management was provided by the Blackburn Company, which had signed a contract with the Greek government in December 1924 with the official purpose of training Greek workers in airplane manufacture, developing the factory technically, and producing airplanes at an economical price.¹⁴

It should be mentioned, however, that at the time the Greek Air Force was not under a unified command. There were two branches of air service: one of the Army and the other of the Navy. At that time, the value of an independent air force was not yet taken seriously. During the 1920s, even the Royal Air Force (RAF), the world’s first independent air service, was poorly integrated into the defense framework of the British Empire, lacking a clearly defined strategic function.¹⁵ So, although in 1919 the Americans¹⁶ were certain that Britain was the world’s leading air power,¹⁷ the latter presented a poor coherent air policy. After the end of the war, political leaders were no more receptive to the idea of consolidating a united air service, while the officers, who

were expected to lead the fledgling Royal Air Force, found it difficult to escape from feelings of loyalty to the Army or Navy where they came from initially. In fact, some of them did not even approve the secession of the air service from the Army or Navy.¹⁸

Given that the Royal Air Force lacked unity, it would not be surprising that the same, more or less, could happen with the Greek Air Force. That, however, was not the only problem. Sympathies and allegiances to foreign powers played a significant role as well. The Ministry of War, in particular, was pro-French in sympathy, whereas the Ministry of Marine was pro-British. To make matters worse, even members of the same group could not agree on what policy should be followed; in naval circles, especially, there were different opinions as to the relative advantage of purchasing cheap French machines in quantity and developing an aviation “arsenal” of Greek workers in Greece. This state of affairs could hardly be described as functional.

Greece was in dire need of finding a new way of functioning. At that juncture the Greeks hoped that Blackburn-run Phaleron Aircraft Factory, in conjunction with the arrival of the British Naval Mission in April 1925, would provide the impetus to modernize the air force’s materiel and the training of their personnel, as it was in a deplorable state of indiscipline, neglect, and disrepair.¹⁹ So, the presence of the Blackburn Company in Greece nominally was considered to be a mutually beneficial arrangement; and yet, the whole thing did not proceed smoothly. The cause could be traced on both sides. On the one hand, the Blackburn Company did not estimate its moves well, and the type of contracts it signed left it uncovered and vulnerable because of minimum profit—if any—and maximum overhead expenses. On the other hand, the Greek government failed to honor its commitments to the Blackburn Company and to protect the interests of the country.

From the beginning, the Ministry of War was hostile toward the Blackburn Company.²⁰ This, along with the confusion between the Army and the Navy regarding the best policy to follow over the fledgling Air Force, inhibited smooth operation. Indeed, the first contracts between the Blackburn Company and Greece were delayed and eventually cancelled. Furthermore, attempts were made to exchange the British engines, bought and paid for, for cheaper French types. On the other hand, no sort of program was provided to the Blackburn Company, which thus ran the risk of locking up its capital on materials and equipment. At the same time, the Greek government was likely to incur unnecessary expenses on the manufacture of single units owing to disproportionate overhead charges. These two factors were not likely to contribute to the financial or moral success of the Blackburn Company. The whole situation turned out to be most unsatisfactory, but, thanks to skillful negotiations on both sides, the difficulties were largely removed, and, by the end of 1925, the company commenced construction of a number of engines for the government, and the factory was fully equipped for the continuation of a regular program.²¹

The year 1926 was an embarrassing one for Greece from both the political and the economic perspective. Early in the year the dire state of both public finances and the National Bank of Greece caused the government to adopt measures of a forced loan;²² moreover, in the field of politics the country

experienced the culmination of the Pangalos regime and its overthrow, further throwing the country into chaos. In such a turbulent state of affairs, the Blackburn Company could hardly remain unaffected. As a direct result, the company was idle for the whole year. Even though the company had the potential to be highly productive, employing between three and four hundred Greek workers in 1926,²³ it remained inactive. Despite these setbacks, the government managed to persuade the public of the necessity to raise funds in support of the Air Force through voluntary subscriptions from both the civil population²⁴ and the armed forces. These efforts raised enough funds to purchase a certain number of planes and aviation material—the planes bought being French, “Breguet XIX.”²⁵ It seems strange, indeed, that the funds raised were not used for the construction of planes in the Phaleron factory. That would have given the company the chance to operate properly. Furthermore, having boosted the operation of the Phaleron factory, Greece could have gradually developed its own air industry; however, that never happened.

The Lost Chance

Up to World War I, the Greek Navy was seeking to utilize new technologies in order to enjoy a technological advantage especially over its Ottoman opponent. The only way for a small state like Greece with limited means to meet its defense needs successfully and cheaply was being open to innovative weapon technology.²⁶ The best example of that innovative spirit was the view Venizelos had about the use of the airplane in military operations. As early as the beginning of 1912, the prime minister expressed his conviction to General Joseph-Paul Eydoux, head of the French Military Mission to Greece, that the airplane could constitute a significant tool of war.²⁷ It was not long before this prediction was proved true: on 24 January 1913 a Greek hydroplane conducted an air reconnaissance to spot the position in the Dardanelles of the Ottoman fleet, giving the Greek Navy the opportunity to successfully bomb it. This was the first mission ever of joint cooperation between naval and air forces.²⁸ The best recognition of that impetus to advance came from Vice-Admiral Mark Kerr, the head of the British Naval Mission to Greece from 1913 to 1915, who praised the extraordinary capabilities of the Greek naval and air forces.²⁹ It had been shown in action that the extremely small Greek Air Force had realized what exactly its role should be, and, in cooperation with the Navy, that they could have an edge on their rivals in the eastern Mediterranean.

This being the case, the construction of an aircraft entirely designed in Greece seemed to be a requisite for establishing a sound domestic air industry. After all, the British considered it as the next logical step to be taken. In a memorandum to the company’s headquarters, the local manager of the Phaleron factory, Maj. F. C. Buck, indicated that step as what was expected to happen next: the construction of an aircraft entirely designed in Greece.³⁰ And that was exactly the case of the Chelidon project,³¹ which could have been a most promising start for such an undertaking. Nevertheless, the Chelidon project proved to be symptomatic both of the problems in Greek industry as a

whole and the lack of a vision for the country on the part of politicians. The Greek-designed Chelidon³² was a response to an order from the Greek Navy for eighteen aircraft. The order was originally placed in December 1926 and was completed in only eight weeks, including the drawings, design, and construction—virtually record time. The Chelidon—a small spruce and plywood open cockpit two-seat biplane—made its first flight on 11 February 1927.³³ After a three-month test flight period, however, the Chelidon was considered inferior to alternative types and was abandoned; no further production followed.³⁴ It seems as if the competent Greek authorities wanted to have the perfect aircraft from the beginning, from the very first attempt. That, however, is not what usually happens. Instead, if something less than perfect is first crafted, it provides a solid foundation for future development. What was needed were patience, vision, and willingness to invest money, time, and constant effort. The Greek authorities seemed to lack all of these, in stark contrast to their counterparts in other countries, such as Poland, where the authorities ultimately managed to build a national aircraft industry that before World War II broke out had reached the world's highest technological level.³⁵ And even though they built the aircraft under license from French and British firms,³⁶ it did not prevent Polish scientists and engineers from contributing significantly to the international aviation industry. By working on various problems of aerodynamics and flight mechanics, they improved jet engines, provided specific construction solutions, and introduced major improvements, such as in the case of the Spitfire fighter plane.³⁷ It could not be more ironic that in the late 1930s the Greek government purchased thirty-six Polish PZL fighters. The Poles were rewarded for their persistence in producing something that could be called a national product, whereas, in spite of a completely nationalized air industry from 1938 on, the Greeks did not have a national aircraft.

A New Contract

Returning to the tired relationship between the Greek government and the Blackburn Company, the first half of 1927 was the same as the previous year; the latter and the Phaleron factory remained inactive owing to a lack of orders from the former.³⁸ After having built and delivering to the Greek Naval Air Service six or seven³⁹ torpedo-firing hydroplanes, and even though equipped and organized along modern lines, the Phaleron factory was given no further work by the Greek government.⁴⁰ Wishing indeed to fill all probable requirements of the government, the factory purchased the rights to build Avro planes.⁴¹ On 15 December 1927, the Greek Parliament ratified a new contract for the Blackburn Company for five years, whereby the government was committed to order all its engines from the Phaleron factory, which was committed to supply all British engines at CIF⁴² Piraeus prices. Foreign engines were to be supplied at the same price, plus varying percentages, averaging about 13 percent. Although the contract was better than the previous one—Blackburn was guaranteed a turnover sufficient to cover overhead charges and leave a margin of profit for the factory—it again could not be considered satisfactory.

In order for the agreement to operate well it required both parties' goodwill, which was lacking at the time.⁴³

It soon became evident that the recently signed contract would not protect the company's interests. Hence, the Blackburn factory again found itself in difficulties. The main reason for this was that Blackburn could not manufacture Bréguet planes⁴⁴ at the price demanded by the Greek government. The British minister in Athens was puzzled. It was difficult for him to understand how the firm had been so ill-informed when negotiating the contract as to allow find itself in such an awkward position. There was a need for a new arrangement. Robert Blackburn, who was in Athens, suggested some alterations that he believed would be advantageous to both the Greeks and the firm.⁴⁵ Specifically, it dealt with how to change the method by which the company's remuneration was calculated. Under the existing contract, the remuneration amount was governed by and fluctuated with output. Owing, however, to low output during the three years of Blackburn's operation, the company eventually was working at a serious loss. The greatest part of its expenses was, after all, of a fixed nature, namely, the wages of its British personnel.⁴⁶ For that reason Blackburn came to the conclusion that the basis of calculating its income was impractical and submitted a proposal, which a committee then considered, for payment at a minimum fixed annual sum of £5,000, plus an additional remuneration at 15 percent on turnover.⁴⁷ Secondly, since the company was responsible, according to the contract, for financing all aircraft orders it received and only later recovering its expenditures from the government, it proposed that its responsibilities should be limited to those of a technical nature, and that the obligation to provide capital should be removed.⁴⁸ Indeed, in a letter to Venizelos, Robert Blackburn suggested that, if it proved impossible to come to a speedy agreement as to modification of the contract, it would be better to sanction its termination by mutual consent.

One More Contract

Finally, the government decided to cancel the old contract and to grant the Blackburn Company a new one dating from 1 May 1929 and lasting for a year.⁴⁹ Under the new contract, the Greek government agreed to pay the company a monthly allowance, in return for which the company would complete all work it had already agreed to deliver to the Greek government. The new contract was certainly more satisfactory than the previous one but again allowed no margin for profit, since the new terms merely covered costs. As a result, Blackburn, who wanted to secure the extension of the contract after June 1930, wished that the future contract grant a percentage of profit on the work actually executed, as well as a certain minimum rate of profit, in addition to the monthly allowance for expenses.⁵⁰ The problems, however, between the Blackburn Company and the Greek state did not stop there. The former made an additional claim amounting to some £55,000 for losses they attributed to a breach of contract on the part of the Greeks.⁵¹ At any rate, although the company had the right, according to their contract, to submit that claim to a com-

mission of arbitration, it desired a settlement without recourse to arbitration and approached Venizelos directly on the subject.⁵² That course of action was anticipated to be more successful: the prime minister's consent on the matter could help resolve the problem, if not immediately, at least more easily, whereas the outcome of the arbitration procedure was much more uncertain.

What alarmed the British and made their legation support the Blackburn Company was the rumor that the factory would probably be offered to public tender early in 1930, and that American as well as Italian competition should be expected. This kind of development constituted an alarming turn in British interests in Greece and was unacceptable, for the following reasons. Apart from the fact that the factory was expected to play an increasingly important role in the development of aviation in Greece,⁵³ it had been for some years in British hands, thus enabling its personnel to be trained in English standards and methods, directly contributing to the employment of British aircraft. If the factory were to pass into foreign hands, it would undoubtedly be a serious setback for the prospects of British aircraft industries in Greece.⁵⁴ Furthermore, Britain believed that the continued presence of the Blackburn Company in Greece would enhance British influence not only in the field of military aviation but also in the military affairs of Greece. In so doing, Britain would be able to bring more influence to bear on Greece, and, naturally, British companies would be given more contracts. Consequently, Britain's efforts to maintain the Blackburn Company's presence in Greece were motivated by both political and economic considerations.⁵⁵

A Positive Turn

At the end of 1929, a new development presented prospects for enhancing Britain's presence in Greece: the development of a separate Air Ministry.⁵⁶ After the bill passed the Chamber and Senate shortly before Christmas, an Air Ministry was created. Venizelos (nominally) assumed the position of air minister, with Alexander Zannas⁵⁷ (a pilot himself during the war) as under-secretary with the rank of minister. The new Ministry brought under its control the Army and Naval Air Services, Civil Aviation, and the Meteorology Service. Its goal was to combine the two air services into one air force, with a common uniform, a cadet college (based in Tatoi), and a separate method of direct recruiting.⁵⁸ Under-secretary Zannas was pro-British, and, as he said to Group Captain C. R. S. Bradley,⁵⁹ he wanted to model his ministry and air force along British lines.⁶⁰ In other words, the establishment of a separate air ministry held great promise for the promotion of British interests.

The positive view Zannas had of British technology and methods, along with Venizelos's expressed wish to incorporate them into the Greek Air Force as far as possible,⁶¹ created a favorable atmosphere for British interests. Undoubtedly, much would depend on the composition of the Air Ministry. At this point, too, fortune smiled on the British: Captain Voulgaris, chief of the Naval Air Service and an ardent champion of British machines and methods, was appointed director-general of the new ministry, giving a distinctly pro-British

bent to the technical side of the department. At the same time, the pro-French chief of the Military Air Service, General Adamides, was removed from his post in suspicious circumstances relating to corruption in connection with the supply of French engines.⁶² The Air Ministry's embrace of the British continued, given that Zannas expressed a wish to employ as adviser to his ministry Wing Commander Dacre, the air officer attached to the British Naval Mission, since the new ministry was expressly empowered to engage the services of foreign experts.⁶³ It was obvious that the employment of a British officer at the Air Ministry would increase the already pro-British sentiment instilled by Zannas and Venizelos. Furthermore, the under-secretary hoped to request the services of other British air officers later in the year. Indeed, in early July, he asked the British for the services of a Royal Air Force squadron leader qualified as an engineer to act as technical adviser to the Air Ministry, with special reference to the organization of the air factory, aerodromes, and technical schools. It did not take long for the British government to approve this proposal: Squadron Leader A. F. Somerset-Leeke was appointed in September 1930 on a one-year contract renewable up to three years.⁶⁴

By the end of 1930, everything in the Air Ministry had been influenced by the British touch; Zannas no longer harbored the slightest doubt about the superiority of the naval section (which had been trained under the auspices of the British Naval Mission) to the French-trained military section.⁶⁵ Thus, it was not without reason that the British minister⁶⁶ remarked with pride that the future training of the Air Force was to be on the British model, with the (former branch of) the Army Air Service gradually brought under the latter.⁶⁷ Moreover, the British could hardly be indifferent to the seven-year program to expand the Greek Air Force; on the contrary, the anticipated construction of more than 350 service aircraft could prove a gold mine for both the British Aircraft Manufacturers and the Blackburn Company.⁶⁸

*"The factory has to be kept in British hands":
A New Contract at All Costs*

In order to profit from these favorable developments in the field of Greek aviation, Robert Blackburn should have signed a new contract, since the existing one was due to expire on 1 May 1930. Minister Patrick Ramsay made no bones about the fact that earnest consideration had been given to the best procedure for retaining the factory in British hands; much was at stake. And, indeed, the British legation went so far as to urge Blackburn to announce his readiness to tender again, even though he was unwilling to extend his company's operation in Greece by keeping the control of Phaleron Aircraft Factory.⁶⁹ On his arrival in Athens in March, Blackburn was opposed to the idea of his company maintaining its operations in Greece. However, after close consultation with the legation, he eventually perceived both the potential consequences of leaving Greece and the new prospects for his firm there. Thus, he not only chose not to raise the claims question but also evinced great keenness to obtain a new contract, based largely on the existing one; indeed, the only

change he sought was the addition of a clause providing for a percentage of the profits, since the expiring contract provided only an allowance to cover expenses. The Greek side, however, was not ready to come to terms with the firm so easily; they wanted to cut the company's demands in order to have the upper hand in the ongoing negotiations. Zannas threatened the company with accepting his offer or facing an open competition, which would be negative for the Blackburn Company. Robert Blackburn thus finally accepted a temporary expansion of the old contract for another six months, up to 31 December 1930. After the contract was signed, the air minister decided to place a fresh order because of his high opinion of the Phaleron Aircraft Factory.⁷⁰

Understandably, Blackburn was reluctant to agree to the proposed extension, having decided, in fact, to refuse. Zannas's promise, however, for placing an order to cover the remaining six months, persuaded him to accept; Blackburn was convinced that the air minister was sincerely anxious to give him a fresh contract. This promise, indeed, was duly fulfilled by an order for the construction of twelve Avro planes.⁷¹ Entering the final stage of negotiations, whether it was a bargaining chip or an actual consideration, Blackburn Company's high standing among British aircraft manufacturers was questioned by Greek government officials, including Zannas and Venizelos. In view of the possible prejudice against the company, Ramsay at once thought it advisable that other British firms should be encouraged to investigate the position, so as to be ready to step in, if it became clear that Blackburn Company had no chance of a renewal⁷²—the factory should remain in British hands at all costs. At that moment, the issue of questioning the Blackburn Company's business status and technological efficiency appeared to be more a negotiating trick than a real intent for a thorough examination on the part of the Greek government. It is evident that this was a negotiating tactic from Zannas's reaction to Sir Sefton Brancker's letter⁷³ and the former's argument that developed with Oliver Charles Harvey, the British legation official. Regarding Zannas's first action, it would be somewhat odd that such a tough negotiator and decisive minister, who wished to enlarge the factory's scope and make it operate more economically, would overcome his doubts and change his mind simply by receiving a letter.⁷⁴ That change of mind could hardly be explained, even if the letter had been sent by a renowned authority in civil and military aviation. After all, Sir Sefton was still a British citizen and would certainly be interested in supporting a company of his homeland to continue to operate in a foreign country. The second action was more demonstrative of Zannas's views and attitudes toward the question of concession. In a conversation with Harvey on 3 October 1930 clarifying that he had definitely decided to keep the factory in British hands,⁷⁵ Zannas did not neglect to emphasize the great advantage he was conferring on British air interests, since whatever country held the factory could exercise great influence in favor of its own aircraft industry. This explicit admission of the air minister's favorable attitude toward British interests, however, could not but have something in return, namely, the Blackburn Company's *different* contract.⁷⁶ A new contract, therefore, should have been very different from the old in order to make the factory more representative of British aircraft manufacturers as a whole.⁷⁷ There remained, however, one more obstacle: the claim for past losses. In informal conversations, Zannas was adamant that he was only

prepared to give Blackburn a fresh concession on the condition that they waived their claim for past losses. He was willing, in return, to concede to Blackburn slightly more favorable terms than otherwise would have been the case. It was understood that, by securing the waiving of the claim, the air minister hoped to strengthen his position in Parliament⁷⁸ in defending the granting of a fresh concession to the same firm.⁷⁹

An agreement eventually was reached on 17 December 1930⁸⁰ by which the future contract was fixed for seven years, starting in 1931, with the state reserving the right to cancel it after five years. The scale of profits was agreed at a minimum of £3,750 per annum, with an additional remuneration at 10 percent on turnover in excess of £25,000 but not exceeding £75,000, and of 8 percent on every amount exceeding £75,000. In addition, a monthly allowance of £1,000 was to be paid to cover the salaries of British personnel⁸¹ and certain overhead expenses, while the old claim was tacitly waived. It was undoubtedly true that these terms were not what Robert Blackburn wanted, representing a considerable whittling down of those that he had originally proposed. Nevertheless, since the perspectives seemed to be auspicious—at least in theory—Blackburn stated that he was well satisfied with the result.⁸²

At long last, the new contract was signed, and no difficulties surfaced between the two parties during the year. Due mostly to financial stringency in the aftermath of the 1929 economic crisis but also to the accession of Greece to the armament's truce,⁸³ the Greek government was obliged to cut back on all but the most necessary expenditure. As a result, it placed no orders to the Blackburn factory for the entire year. Consequently, the Air Ministry failed to implement the spirit of the agreement by placing orders that would sustain and expand the factory. Attempting to sweeten this bitter pill, the government decided that the work of the aircraft repair factory at Sedes (Thessaloniki) would go to the Blackburn factory, where all repairs and reconditioning of aircraft and engines would take place, thus keeping the latter, as Zannas put it, busy, since there would be plenty of work.⁸⁴ Nevertheless, what was in all probability the motive for Blackburn, namely, Blackburn's expected profit from the so-called seven-year air force program agreed upon by the government, was delayed. Due to the ten-year-long financial crisis,⁸⁵ the Air Force expansion program was not mentioned after 1932. Only in the 1937 Annual Report was there a brief mention of an expansion program drawn up in 1935–36 (due for completion in 1942) which provided for a force of twenty-six squadrons, or a first-line strength of 324 aircraft.⁸⁶ In the end, only thirty-six Polish (PZL fighters) and twelve German naval cooperation planes were ordered;⁸⁷ two squadrons (twenty-four planes) of PZL fighters⁸⁸ arrived in the country in 1938.

The Economic Crisis and New Types of Problems

In 1932 the factory, indeed, had been kept busy, as Zannas had promised, by repairing the aircraft of the Greek government. Nevertheless, no new orders for aircraft were placed, due to lack of money. But that seemed to be a lesser problem at the time, given that the company experienced cash flow

problems throughout 1932, because it did not receive the foreign currency payments due it by the Greek government, thereby hindering their operations altogether. In accordance with the terms of the contract, however, Blackburn was to receive in sterling the sums necessary for running the factory and also such profit agreed upon. In addition, the Greek government had to refund in foreign exchange the sums expended by the company on goods purchased abroad on their account. Be that as it may, early in February the Bank of Greece tried to prevail on the company to accept the sums due to it in drachmas instead of sterling, but the company refused. At the end of March, the Exchange Control Committee of the Bank of Greece informed the company that it had decided to give the company the necessary foreign exchange to pay for purchases made abroad on behalf of the Greek government, while operating sums for the factory due to the company would be paid half in pounds and half in drachmas. Finally, regarding the question of the currency, in which the profit due to the company would be paid, would remain in abeyance. Despite this decision, however, payments due the company for both purchases abroad and operating expenses of the factory continued to be in arrears. At that point, Ramsay exerted pressure on Zannas, inasmuch as his ministry observed the terms of the company's contract. Negotiations on the method of future payments began in May, alongside discussions on how to effect reductions of factory expenses. In July, the two sides reached an agreement, by which the company's operating expenses for May and subsequent months would be paid half in sterling and half in drachmas, with the arrears of company's profit to be paid off in instalments. This agreement, however, would not be observed by either party. For this reason, the British legation made frequent representations to the Greek government throughout the remaining six months of 1932 in order to convince it to make the payments due the Blackburn Company. Unfortunately, the year closed with poor results: the government still owed £2,857 and 700,708 French francs for goods purchased by the company in Britain and in France on their behalf.⁸⁹

These unpaid sums brought the company to a predicament. Having purchased goods in the United Kingdom and France for the Greek government, Blackburn now faced legal threats from the French and British firms that had supplied the goods. These negative prospects for the company's interests and legal status caused the British minister, in the first two months of 1933, to increase pressure on the Greek government with a view to obtaining payment of the sums in question. It did not take long, however, to see that the government could not pay. When on 4 February Chargé d'Affaires Cavendish Bentinck called Leon Melas, the director of the Political Department at the Ministry for Foreign Affairs, to urge the latter to solve the problem, Melas confidentially told Bentinck the cause of the difficulty in hand: Zannas had placed the orders for the purchased goods in question after the credit granted to the Air Ministry in the budget had been exhausted, and without obtaining the prior sanction of the Ministry of Finance. As could be expected, the British chargé d'affaires could not understand why a British company should be placed in the dock in Britain and France because the Air Ministry had violated the administrative regulations of the Greek government. At any rate, recognizing the legitimacy of the company's demands and despite the financial stringency, the

government attempted to resolve the issue to the best of its ability. It suggested, through Melas, that, as the full sum required (about £11,000) could not be paid out of the 1932/33 budget, a portion should be paid at that time and the balance in April, after the 1933/34 budget had been passed with the necessary provision for paying this debt. But as elections were to be held in March and the ministers were occupied with the electoral campaign, Ramsay rightly foresaw that hardly anything would be accomplished until after the elections.⁹⁰ Indeed, it was not until after the elections took place that the question was solved. On 10 May, Ramsay informed the foreign secretary that the Greek government had already paid the company 300,000 French francs, that pay orders for the rest of the sum due had been signed by the minister of finance, and that only formalities remained.⁹¹ A few days later, Ramsay reported to the Foreign Office the liquidation of the problem, enclosing Robert Blackburn's letter of thanks to him for having effectively pressed the Greek government to settle the company's claims.⁹² Although the Greek authorities followed this positive course of action concerning the matter of the unpaid debt, they were nevertheless anxious to reduce the payments made to the company. This was the reason that Blackburn traveled to Athens in July, since the Greek government wished to discuss the issue of reducing the percentage of profits payable to the company and the replacement of British by Greek personnel. Regardless of various proposals and counter-proposals on the issues at hand during 1933, the year ended without an agreement.⁹³

New Government, New Troubles

After the defeat of Venizelos (and Venizelism in general) in the March 1933 elections, Blackburn's problems shifted from purely economic to those of partisan politics. The new populist government began purging the civil service and various government departments of those believed to have Venizelist sympathies.⁹⁴ The Venizelist press was full of such cases, while the government denied accusations, responding that the dismissal of some employees had been justified by economic considerations. The government's response, however, would have been legitimate, if recruits who voted for the Popular Party had not replaced those who were fired.⁹⁵

In this context, the company experienced considerable difficulty during 1934, due to pressure from the State Inspection Service director on Blackburn to replace some employees for political reasons. These difficulties came to a head on 8 October, when seven workers were illegally ejected by an armed guard sent by the authorities. After the British legation protested vigorously to the Greek government against this high-handed action, on 10 October the Air Ministry expressed disapproval of the director's action and informed the British that it was taking steps toward his replacement. For the moment, the question of staff organization seemed to be satisfactorily settled between officials of the ministry and the company.⁹⁶

After the abortive Venizelist revolt of March 1935, the government stiffened their attitude against Venizelists by attempting, wherever possible, to

replace sympathizers in the civil service with supporters of the Popular Party. The authorities created complications for Blackburn by arbitrarily dismissing a number of its employees, including a British Cypriot subject, who seemed to have been the victim of personal hostility. The pretext for his dismissal was the alleged safety of the Phaleron Air Base, but everyone knew that the real reason was political.⁹⁷ The year 1935 was supposed to be decisive for the Blackburn Company's operation in Greece because, according to the 17 December 1930 agreement, although the duration of the contract was fixed for seven years, the state had the right to cancel it after five years with six months' notice. Instead, the Greek Government agreed to allow it to run its full course of seven years, that is, until the beginning of 1938.⁹⁸

The Blackburn Company Shown the Way Out

Although the Greek government honored the contract with Blackburn, it soon indicated its intention to take over the factory when the contract expired at the end of 1937.⁹⁹ In October 1936, the Greek minister in London, following orders of the Foreign Ministry, inquired of the British government whether they would be disposed to recommending a number of trained engineers, including one to act as director, for the development of the Phaleron factory. Additionally, it became known that the Greek government had made similar inquiries in Berlin, Paris, and Rome. This piece of information naturally created a great deal of uneasiness within Blackburn. But, on the other hand, the fact that it had received a provisional order to build thirty Avro training aircraft was viewed with hope that the company might nevertheless be left in control of the factory.¹⁰⁰

Despite the expectations of Blackburn's executives, however, 1937 erased all hopes for retaining management of the Phaleron factory. Early in the year, the Greek government made it clear that they had decided not to renew the contract due to expire on 31 December. The Greeks were determined to take over the Phaleron factory and run it themselves. General Metaxas, however, was well aware of British sensitivities and rushed to give unqualified assurances that: (1) under no circumstances would control of the factory be allowed to pass into German hands;¹⁰¹ (2) any foreign personnel employed would be British; and (3) such foreign expert assistance as might be necessary in the early stages would be obtained by reengaging members of the existing staff.¹⁰² Notwithstanding the fact that the arrangements for the third part of Metaxas's assurances had not been completed by the end of the year, the Air Ministry took over the factory at the end of the contract.¹⁰³

Thus, the factory at Phaleron, formerly operated by the Blackburn Company, reopened on 17 January 1938 as a unit of the Greek Air Force, and under the management of a Greek officer trained in France. General Metaxas, in accordance with the assurances he had made to the British minister, offered to employ British personnel in the six key posts, three of which were filled from existing personnel of the Blackburn Company, and the remaining three from

candidates proposed by the British Air Ministry. The contracts for all six were signed on terms satisfactory to both parties.

The business arrangement between the two contracting parties no longer existed, but the company continued to experience difficulties in securing permission for the transfer in sterling of the equivalent of their drachma holdings, amounting to about £12,000. As usual, the British minister's proposals offered a solution: General Metaxas finally agreed to the transfer of the funds in question at the rate of £1,000 per month. The problems, however, did not seem to come from the Greek side only. In 1938, the Greek Air Ministry submitted complaints to the British legation over difficulties in obtaining necessary aircraft parts from Britain, maintaining that the delays in the supply of spare parts and other material from British firms impeded the production of planes at a consistent rate at the reconstructed Phaleron factory. After this, the British minister recommended to the Foreign Office that pressure should be brought to bear on the firms in question to ensure punctual deliveries.¹⁰⁴

Conclusions

When a person or a state is inferior to other persons or states, both usually strive hard to reduce the gap between them or try to even it out. Neither of them wants to be or remain second¹⁰⁵ or vassal to the other. The way Britain and Greece faced the challenge concerning aviation could be an instructive example. Certainly, the great difference in potential and power between Britain and Greece could hardly allow them to be compared in terms of the magnitude of the final achievement. The general idea, however, applies in both cases. The state, namely the government, always was the leverage for pushing aviation forward: by investing in it, thus becoming the biggest customer of that industry, and in the name of its superiority against its rival states, the state was continually the driving force behind the technical advance in all range of air industry production and in all sorts of aircraft.¹⁰⁶ One could venture to articulate the following statement: Greece did not face the problems that Britain had to deal with; it was not in the awkward position to, essentially, subsidize its military and civil air industry manufacturers—as Britain did where they were quite a few;¹⁰⁷ it had just one factory, and it could be easier to maintain it by providing that at least a minimum of work.¹⁰⁸ Greece, indeed, could have a national air industry by just following a consistent policy and investing in it regularly. The aim of founding a national air industry could not materialize by sporadic injection of funds limited by a changing budget or government; on the contrary, it should have supported this fledgling industry through patent investment committed over time to enable it to grow, thus raising both its diplomatic and military stature.

However, this analysis of the Blackburn Company's operations in Greece suggests some rather unpleasant observations: (1) the primary role of Britain in the political and economic life of Greece and the privileged position British firms had compared with those of other countries, which also worked in Greece during this period;¹⁰⁹ and (2) the inability of the Greek authorities and

administrative bureaucracy to make use of technologically advanced countries' know-how to promote the productive capacity of the country. Instead, they only cared about meeting their own short-sighted interests through employing foreign companies in a system of patronage.

Strikingly, even when no political advantages were to be gained through patronage, the political elite did not emphasize developing an indigenous industry, as in the case of the Chelidon project; they did not expand or develop it—and through it the fledgling indigenous aircraft industry—despite the momentum and more than obvious possible advancement of the Greek Air Force in the early decades of the twentieth century. In retrospect, this kind of action hardly could not be considered reproachable, showing merely a lack of vision for how the future of the country should be shaped and absence of perspicacity along with shortage of boldness in mind. As the Polish did, despite the major shortage of investment capital in an inflation-ridden and depressed economy,¹¹⁰ the successive Greek governments should have discerned the changes that had started to loom up after the first third of the 1930s and should have tried to make things better and the country really self-sufficient, meaning more independent, economically and politically. To this end, a national air industry could have greatly contributed to the country's military safety,¹¹¹ and perhaps to future economic prosperity through the development of Greek know-how in this industry. Unfortunately, it seems that the people who had the fate of the country in their hands at the time, and not only then, did not try hard enough to do that.

NOTES

1. Alexis Alexandris, "Το ιστορικό πλαίσιο των ελληνοτουρκικών σχέσεων, 1923–1955" (The historical framework of Greek-Turkish relations, 1923–1955), in *Οι ελληνοτουρκικές σχέσεις, 1923–1987* (Greek-Turkish relations 1923–1987) (Athens 1991), 34–68; Stathis Pelagidis, "Μέτρα και αντίμετρα μετά την ελληνοτουρκική σύμβαση της ανταλλαγής" (Measures and countermeasures after the Greek-Turkish Exchange Convention), in *Μακεδονικά*, no. 27 (1989–1990): 128–33; Thanos Veremis, *Ελληνοτουρκικές σχέσεις* (Greek-Turkish relations) (Athens, 1986), 54–58; Kostas Karamanlis, *Ο Ελευθέριος Βενιζέλος και οι εξωτερικές μας σχέσεις, 1928–1932* (Eleftherios Venizelos and our foreign relations, 1928–1932) (Athens, 1986), 26–29; Constantinos Svolopoulos, *Η ελληνική εξωτερική πολιτική μετά τη συνθήκη της Λωζάννης. Η κρίσιμος καμπή: Ιούλιος-Δεκέμβριος 1928* (Greek foreign policy after the Lausanne Treaty: The crucial turning point: July–December 1928) (Thessaloniki, 1977), 12–13; and S. Laskaris, *Διπλωματική Ιστορία της Συγχρόνου Ευρώπης, 1914–1939* (The diplomatic history of Modern Europe, 1914–1939) (Thessaloniki, 1954), 233–43.

2. Charilaos Trikoupi (1832–96) fully realized that the success of the Greek strategy for territorial expansion required the assistance of at least one great power, which not only would take Greece under its protection but would also provide it with the necessary financial and technical assistance to reform its armed forces. This goal could be achieved not by the common practice of employing individual foreign experts but by fully fledged naval and military missions. After the British refusal to send a

military mission to Greece, France gladly accepted Trikoupis's request to send such a mission. Thus, for the first time a French military mission arrived in Greece in November 1884. Its dispatch was followed by an invitation for a French naval mission, which arrived at the beginning of 1885 (Zisis Fotakis, *Greek Naval Strategy and Policy 1910–1919* [London, 2005], 7-8).

3. Foreign military missions were called again to Greece in 1911 by the Venizelos government to reorganize the Greek military forces, the French mission for the reorganization of the Army and the British for the Navy. Michael Llewellyn Smith, "Venizelos' Diplomacy, 1910–23: From Balkan Alliance to Greek-Turkish Settlement," in *Eleftherios Venizelos: The Trials of Statesmanship*, ed. Paschalis M. Kitromilides (Edinburgh, 2006), 141-42; Edward J. Erickson, *Defeat in Detail: The Ottoman Army in the Balkans, 1912–1913* (Westport, Conn.: 2003), 70; and Fotakis, *Greek Naval Strategy*, 8. ++++++

4. Sakellariades Michail, the Greek consul in Philippopolis (Plovdiv), informed his government in early January 1923 that casual talks had taken place between the Turks and Bulgarians about a possible alliance in the case of a Greek-Turkish war. Hellenic Literary and Historical Archive in Thessaloniki, Archive of A. Anninos 2.3, Turkey-Bulgaria (1921–1923); and Miranda Paximadopoulou-Stavrinou, H Dutikhv Qravkh sthn exwterikhv politikhv th1 Boulgariva1 (Western Thrace in the foreign policy of Bulgaria) (Athens: Gutenberg, 1997), 139-48. It did not escape the attention of the Greek government that Bulgaria was rearmed again, contrary to the provisions of Neuilly Treaty. Alexander Stavropoulos, "O paravnomoi exoplismovi th1 Boulgariva1 katav thn prwvth dekaetiva tou Mesopolevmou" (The illegal rearmament of Bulgaria during the interwar's first decade), in *Praktikav 20ou Panellhnivou Istorikouv Sunedrivou* (Proceedings of the Twentieth Panhellenic Historical Congress) (Thessaloniki, 2000), 249-57.

5. Georges Castellan, H Istoriva twv Balkanivwn (The history of the Balkans) (Athens, 1991), 594; Barbara Jelavich, *History of the Balkans: Twentieth Century* (Cambridge, 1983), 2:141; and Panagiotis Pipinelis, Istoriva th1 exwterikhv politikhv Ellavdoi 1923–1941 (History of the foreign policy of Greece 1923–1941) (Athens: Saliveros, 1948), 89.

6. Miranda Stavrinou, "Xevnh propagavnda sth Qessalonivkh thn paramonhv th1 Sundiavskeyh1 th1 Lwzavnh1" (Foreign propaganda in Thessaloniki on the eve of the Lausanne Conference), in *Praktikav 15ou Panellhnivou Istorikouv Sunedrivou* (Proceedings of the Fifteenth Panhellenic Historical Congress) (Thessaloniki, 1995), 319, 329, 331, 334; Constantinos Svolopoulos, To Balkanikovn Suvmfwnon kai h ellhnikhv exwterikhv politikhv 1928–1934 (The Balkan Pact and Greek foreign policy 1928–1934) (Athens, 1974), 133-34; Pipinelis, *History of the Foreign Policy of Greece*, 28-30; and Aggeliki Mouzakiti, "Reports on Yugoslavia in the Press of Thessaloniki, 1924–1929," in *Balkan Studies* 45, no. 1 (2004): 140-41.

7. The two countries signed a final agreement on the thorny question of the Serbian zone in Thessaloniki, and after ten days they signed the pact of friendship, conciliation, and judicial settlement that helped the tense Greek-Yugoslavian relations return to normal.

8. Archive of the Ministry of Foreign Affairs (AYE), B 1931, B/1, B/28, 17078/2277, S. Polychroniadis to A. Michalakopoulos, Ankara, 7 December 1931.

9. Istoriva th1 Ellhnikhv1 Polemikhv1 Aeroporiva1, 1908–1918 (History of the Greek Air Force, 1908–1918) (Athens: DieftinsI Istorias Aeroporias, 1980), 1:22.
10. Emmanuel A. Vrontakis, Istoriva th1 Ellhnikhv1 Aeroporiva1, 1908–1935 (The history of Greek aviation, 1908–1935) (Athens, 1935), 123.
11. J. Jackson, *Blackburn Aircraft since 1909* (London, 1989), 35.
12. Ibid.
13. The government of Premier Andreas Michalacopoulos and Minister of Marine Georgios Roussos passed Bill 3440, which sanctioned the contract with the Blackburn Aeroplane and Motor Company Limited. The decision to establish an aircraft manufacturing company had already been made by the Venizelos government in 1917, but the wars that followed delayed its foundation until 1925. See, also, Vrontakis, Istoriva th1 Ellhnikhv1 Aeroporiva1, 123.
14. National Research Foundation, “Eleftherios K. Venizelos” (Chania), File 159–11, Memo of Robert Blackburn to Venizelos, Athens, 26 November 1928.
15. Malcolm Cooper, “Blueprint for Confusion: The Administrative Background to the Formation of the Royal Air Force, 1912–19,” in *Journal of Contemporary History* 22, no. 3 (July 1987): 438.
16. Peter Fearon, “The British Airframe Industry and the State, 1918–35,” in *The Economic History Review* 27, no. 2 (May 1974): 236.
17. In an address given on 29 March 1927, however, Brigadier General P. R. C. Groves clearly stated that the leading air power in Europe was France. It possessed at that time 5,500 machines, including reserves, while Great Britain had only 1,050—with some 500 of them stationed abroad. P. R. C. Groves, “The Influence of Aviation on International Relations,” in *Journal of the Royal Institute of International Affairs* 6, no. 3 (May 1927): 144, 150; and Peter Fearon, “The British Airframe Industry and the State in the Interwar Period: A Reply,” in *The Economic History Review*, n.s. 28, no. 4 (November 1975): 658.
18. Cooper, “Blueprint for Confusion,” 446.
19. Foreign Office (F.O.) 371/11357, C 5755/5529/19, Sir M. Cheetham to Sir Austen Chamberlain, *Annual Report for 1925*, Athens, 6 May 1926, §155.
20. The British considered Minister of War Themistocles Sofoulis to be the cause of troubles for the company. Openly pro-French, Sofoulis was held responsible for the factory’s lack of orders and, consequently, for subsequent losses (Karamanlis, O Eleuvevrioi Benizevloi, 220).
21. *Annual Report for 1925*, §273.
22. Thanos Veremis, *Oikonomiva kai Diktatoriva* (Economy and dictatorship) (Athens, 1982), 60–61, 127.
23. The newspaper Eleuvqeron Bhvmareported on 8 November 1925 that, of a total of two hundred employees, only thirty, or 15 percent, were English. By 1927 the percentage of Greek employees was already 97 percent, reaching 99 percent the following year.
24. The municipality of Kifisia, a distant suburb of Athens, took the initiative to raise funds for the Air Force. Bishop Makarios of Kyrenia in Cyprus collected money between 1926 and 1928 for the same reason, namely, the reinforcement of the Greek Air Force. He raised £2,800, an amount that was by no means insignificant at the time. The plane that was bought with this money was named *Kyrenia* in honor of the

bishop's town. In the Cypriot newspaper *Shmerinhvon* 9 November 2007 an article was published with the title "The first Cypriot aeroplane—A Gift of Kyrenia District to Mother Greece."

25. F.O. 371/12718, C 3697/3697/19, Sir P. Loraine to Sir A. Chamberlain, *Annual Report for 1926*, Athens, 14 April 1927, §121.

26. Zisis Fotakis, "Technological Progress and National Defense: The Case of the Greek Navy, 1821–1914," in *Technology and Warfare: Thirty-Eighth International Congress of Military History Proceedings (25 August–1 September 2012)* (Sofia, 2013), 99, 105 (available at http://www.icmh.info/assets/userFiles/Ablage/Acta/38cICMH_ACTA2012.pdf).

27. Efpraxia S. Paschalidou, "Strategic and Operational Innovations at the Hellenic Armed Forces, as a Parameter of the Balkan Wars, 1912–1913," in *Technology and Warfare: Thirty-Eighth International Congress of Military History Proceedings (25 August–1 September 2012)* (Sofia, 2013), 210 (available at http://www.icmh.info/assets/userFiles/Ablage/Acta/38cICMH_ACTA2012.pdf).

28. Paschalidou, "Strategic and Operational Innovations," 210, 212. Nevertheless, Sebastian H. Lukasik ("Insurgent Air Power In Historical Perspective: An Introduction And Prospectus For Research," *Historian* 74, no. 2 [summer 2012]: 222) says that during the Mexican Civil War (1910–23), intelligence, surveillance, and reconnaissance (ISR) and anti-shipping missions were recorded for the first time, although they were operations of armed non-state groups. It has to be underlined, though, that those operations seemed to take place in 1914–15; hence, they happened after the joint operations of the Greek naval and air forces.

29. "Before the Great War commenced, the Greek Navy was the only maritime service in the world which was practising, in manoeuvres, the hunting of submarines by seaplanes and destroyers in combination, and was making arrangements for catching underwater pests in steel nets" (Mark Kerr, *Land, Sea and Air* [New York and London, 1927], 181, as quoted in Fotakis, *Greek Naval Strategy*, 76).

30. Jackson, *Blackburn Aircraft*, 38.

31. Chelidon means "swallow" in Greek.

32. Nevertheless, according to Jane's "All the World's Aircraft" (1928 edition), "it was designed largely by Greeks" under the supervision of Charles H. Lowe-Wylde, founder of the British Aircraft Company (a British aircraft manufacturer), himself both designer and constructor of gliders and light aircraft during the 1930s; Jackson says, however, that Maj. Buck was the primary supervisor of this attempt, along with "his colleague Mr. Wylde" (Jackson, *Blackburn Aircraft*, 38).

33. Ibid.

34. Ibid.

35. Wojciech Morawski, "Aviation Industry in Communist Poland—Development Barriers," *Warsaw Forum of Economic Sociology* 3, no. 1(5) (spring 2012): 166.

36. Michael Alfred Peszke, "The Forgotten Campaign: Poland's Military Aviation in September, 1939," in *The Polish Review* 39, no. 1 (1994): 51–54.

37. Bolesław Orłowski, "Polish Inventions: A Forgotten Contribution to the Allied Victory in World War II," in *Organon*, no. 41 (2009): 126.

38. The Blackburn Company might not have received orders from the Greek government, but Robert Blackburn received medals from them. As *Flight* informed its

readers on 28 February 1930, "The Greek government conferred upon him the Gold Cross of the Order of the Savior in recognition of his work in Greece, namely, the establishment and organization of the Greek National Aircraft Factory at Phaleron near Athens" (available at <http://www.flightglobal.com/pdfarchive/view/1930/untitled0percent20-percent200271.html>).

39. The report does not give a clear number.

40. F.O. 371/12924, C 780/132/19, Sir Percy Loraine to Sir A. Chamberlain, *Annual Report for 1927*, Athens, 17 January 1928, §157.

41. Ibid., §178. Avro was a British aircraft manufacturer.

42. The c.i.f. price (i.e., cost, insurance, and freight price) is the price of a good delivered at the frontier of the importing country, including any insurance and freight charges incurred to that point, before the payment of any import duties or other taxes within the country.

43. *Annual Report for 1927*, §157, 182-83.

44. This type of French airplane was a favorite of the Greek Army's air service.

45. F.O. 371/13659, C 1736/1763/19, Sir P. Loraine to Sir A. Chamberlain, *Annual Report for 1928*, Athens, 1 March 1929, §185.

46. Memo of Robert Blackburn to Venizelos.

47. National Research Foundation "Eleftherios K. Venizelos," File 159~11-12, Copy of Memo of "The Blackburn Aeroplane and Motor Company on the way of operation of airplane factory," to Minister of Marine Perikles Argyropoulos, Athens, 14 November 1928.

48. Memo of Robert Blackburn to Venizelos.

49. The opinion Venizelos held about the superiority of British technology and methods seemed to be the key element for the renewal of the contract with the Blackburn Company (Karamanlis, O Eleuvevrioi Benizevloi, 221).

50. F.O. 371/14391, C 5972/5972/19, Ramsay (Minister) to A. Henderson, *Annual Report for 1929*, Athens, 16 July 1930, §95.

51. On this point the company seemed to be right, because, according to the first contract, the Greek government had assumed the obligation to place orders for construction and repair of planes of at least £25,000 (Eleuvqeron Bhvma, 8 November 1925).

52. *Annual Report for 1929*, §96.

53. It was the only factory where skilled repairs could be promptly executed, and where, in fact, whole planes could be constructed under patent rights from manufacturers.

54. *Annual Report for 1929*, §97.

55. Karamanlis, O Eleuvevrioi Benizevloi, 221.

56. Seven days before he announced his decision to create a Ministry of Aviation, Venizelos convened a conference of naval experts, during which he stated that he would not purchase the cruiser *Salamis* ordered from Germany before the World War, but would instead devote the entire sum saved to the development of aviation. That was a clear indication that Greece had decided to make a radical change in its attitude toward aviation. Venizelos, indeed, had said that municipalities would be compelled to provide flying fields and stressed the importance of developing military aviation.

57. In December 1930 Zannas was promoted to be air minister.

58. F.O. 371/15237, C 882/882/19, Ramsay to A. Henderson, *Annual Report for 1930*, Athens, 27 January 1931, §289; see, also, the official site Hellenic Air Force, History—Interwar Period (available at http://www.haf.gr/en/history/history/history_5.asp).

59. The air attaché at the British embassy in Rome and additionally appointed to the British Legation in Athens from 1 December 1929.

60. *Annual Report for 1929*, §101.

61. *Annual Report for 1930*, §22.

62. *Ibid.*, §39. Unfortunately, however, Captain Voulgaris felt obliged to resign in October, owing to the persistence of Zannas to order aircraft and equipment ignoring completely the advice of technical advisers; Voulgaris was succeeded by a general without any experience in aircraft.

63. *Ibid.*, §20.

64. *Ibid.*, §25.

65. *Ibid.*, §38.

66. A diplomatic representative accredited by one government to another and ranking next below an ambassador.

67. *Annual Report for 1930*, §297-98.

68. *Ibid.*, §290.

69. Robert Blackburn was unwilling to agree to compete for a fresh concession until the company's losses under the original contract were recovered. The legation, however, well aware of anticipated French and American competition and of the importance of not indisposing Zannas at the outset, strongly urged the firm not to raise the claims question but to leave it to be settled by arbitration, while Blackburn himself should announce his readiness to tender again, independently of the settlement of his company's claim, the negotiations which might be pursued concurrently (*ibid.*, §27-28).

70. *Ibid.*, §290.

71. *Ibid.*, §31.

72. *Ibid.*, §32-33.

73. Sir Sefton Brancker was an officer in the Royal Air Force and pioneer in British civil and military aviation. In 1920 he became air vice marshal and a few years later was appointed controller and then director of civil aviation.

74. In the mid-1930s, Sir Sefton Brancker wrote a personal letter to Zannas reassuring him that the Blackburn Company was one of the best aircraft manufacturers in Britain. *Annual Report for 1930*, §33.

75. In July 1930, Zannas announced to Ramsay his intention of holding adjudication among British firms, including that of Blackburn, in September. Since, nevertheless, no British aircraft manufacturer eventually expressed the wish to compete against Blackburn—although Hawker Aircraft was interested in the beginning—the coast was clear for the company. *Ibid.*, §32-34.

76. That *different* contract would prompt: (1) the factory to build not only Blackburn's aircraft types but those of other British manufacturers as well; and (2) Robert Blackburn to drop his claims for past losses. *Ibid.*, §32, 34, 36.

77. *Ibid.*, §34.

78. There were many people, even in the government, who were against keeping the Blackburn Company in charge of Phaleron Aircraft Factory. Indeed, as Ramsay

found to his surprise, Minister for Foreign Affairs Andreas Michalakopoulos distinctly expressed his belief that the factory was not doing well under the Blackburn Company.

79. Ibid., §36.

80. After being recorded in an exchange of letters between Zannas and Robert Blackburn, this agreement was finally signed on 12 February 1931 and, after being passed by Parliament, officially promulgated in July 1931. F.O. 371/15970, C 1621/1621/19, Ramsay to Sir John Simon, *Annual Report for 1931*, Athens, 19 February 1932, §22.

81. By December 1930, only twelve of the original British leading personnel remained, the others having been replaced by Greeks (Jackson, *Blackburn Aircraft*, 36).

82. *Annual Report for 1930*, §37.

83. Addressing the League of Nations Assembly on 8 September 1932, Dino Grandi, the Italian minister for foreign affairs, proposed an armament truce until after the forthcoming Disarmament Conference. Britain approved of the suggestion, while France rejected it. Eventually, on 1 November 1931, forty-five out of sixty-five states accepted Italy's suggestion for an armaments truce beginning a year from 4 November 1931. On 1 November 1931, after talks with the Turkish government, Greece announced its accession to a one-year armament truce until the forthcoming Disarmament Conference (*Annual Report for 1931*, §175).

84. Ibid., §23-24.

85. That ambitious project envisioned the manufacture of a total of 364 service aircraft, half of them completed by 1937 and the rest by 1941.

86. F.O. 371/22371, R 2032/762/19, Waterlow to A. Eden, *Annual Report for 1937*, Athens, 19 February 1938, §176.

87. F.O. 371/21147, R347/347/19, Waterlow to A. Eden, *Annual Report for 1936*, Athens, 1 January 1937, §182; *Annual Report for 1937*, §178.

88. F.O. 371/23777, R 886/886/19, Waterlow to Viscount Halifax, *Annual Report for 1938*, Athens, 31 January 1939, §216.

89. F.O. 371/16774, C 1121/1121/19, Ramsay to Sir John Simon, *Annual Report for 1932*, Athens, 28 January 1932, §16.

90. F.O. 371/16768, C 2228/16/19, No. 80 (209/9/33), Ramsay to Sir John Simon, Athens, 2 March 1933.

91. Ibid.

92. F.O. 371/16768, C 4750/16/19, No. 193 (209/22/33), Ramsay to Sir John Simon, Athens, 19 May 1933.

93. Ibid.

94. Cavendish Bentinck aptly delineated the ramifications this kind of policy would have on the economy and the constant enlargement of state services: "These changes would not matter if it were not for the fact that the dismissed Venizelist employees will have to receive a pension, even though it may be small, and that I suspect that the number of government employees, which was always too large, is increasing owing to the desire of the Popular Party to find good billets for their supporters." F.O. 371/16765, C 7755/2/19, Cavendish Bentinck to Ralph Wigram, Athens, 17 August 1933.

95. Ibid.

96. F.O. 371/19518, R 1081/1081/19, Waterlow to Sir John Simon, *Annual Report for 1934*, Athens, 6 February 1935, §39.

97. F.O. 371/20391, R 1432/1432/19, Waterlow to A. Eden, *Annual Report for 1935*, Athens, 26 February 1936, §26.

98. *Ibid.*, §27.

99. John Koliopoulos, "Eswterikevī kai exwterikevī exelivxein apov thn 1^h Martivou 1935 wī thn 28^h Oktwbrivou 1940—H diktatoriva thī 4^h Augouvstou" (Domestic and foreign developments from 1 March 1935 to 28 October 1940—The dictatorship of 4 August), in *Istoriva tou Ellhnikouv VEqnouī* (Athens: Ekdotike Athenon, 1978), 15:399.

100. *Annual Report for 1936*, §52.

101. The British had good reason to fear that the Germans were a possible threat to their superiority in the field of aviation in Greece. In fact, from the beginning of 1936, the British attempted to prevent the Germans from obtaining control over Greek civil aviation. Cynically making a show of their power over the Greeks, they even demanded that the government not commit itself to any other country until the British government submitted proposals for collaboration between Imperial Airways and Greek Air Lines. The primary aim was to prevent, at the most, the Army Officers' Pension Fund, which controlled Greek Air Lines, from entering negotiations with Lufthansa, or at least to impede further negotiations with it. Eventually, mainly because of London's procrastination and its final decision not to submit the expected proposals for cooperation with Greek Air Lines, the Greek government, left with no alternative, arrived in November 1936 at an agreement with the Germans, thus giving them the right to extend their services through Athens to the East. Most important, however, and threatening to British interests, was the clause of the agreement that provided for the establishment of a school for training Greek pilots by German instructors and the supply of German engines at low prices. It seemed that the British did not succeed in hindering the Germans from gaining a foothold in the area of civil aviation in Greece after all (*ibid.*, §30-33).

102. *Annual Report for 1937*, §51.

103. On that very day in the official gazette, the compulsory law 1014 was published, whereby the full ownership of the Phaleron factory passed to the Greek state. Ilias Daloumis, "KEAÚ O megavloi VAgnwstoi" (KEA: The great unknown), in *Pthvsh kai Diavsthma* (Flight and Space), no. 134 (April 1996), available at <http://library.techlink.gr/ptisi/article.asp?mag=2&issue=161&article=4092>.

104. *Annual Report for 1938*, §66-67, 215.

105. At this point, what Britain did regarding its inferiority to France—and Germany—in terms of military aviation could corroborate the truth of this statement: from being relatively backward compared to France when the war started in 1914, to the world's leading air power in 1919.

106. Peter Fearon, "The Growth of Aviation in Britain," in *Journal Of Contemporary History* 20, no. 1 (January 1985): 21; and *idem*, "The British Airframe Industry," *The Economic History Review* 27, no. 2 (May 1974): 236.

107. Fearon, "The British Airframe Industry," 244, 661; and A. J. Robertson, "The British Airframe Industry and the State in the Interwar Period: A Comment," in *The Economic History Review*, n.s. 28, no. 4 (November 1975): 651-52.

108. Fearon, "The British Airframe Industry," 244.

109. At this point, it should be mentioned that British companies enjoyed an advantageous position over their competitors in Greece, thereby making undeniable profits. On 17 March 1937, in his correspondence with the minister in London, Charalambos Simopoulos, Metaxas stressed that Britain (through its companies, of course) exported to Greece goods of £4 million, compared to £2 million of Greek exports to Britain, leaving thus a Greek trade deficit of more than £2 million. Nevertheless, the British not infrequently kept a short-sighted stance in their transactions with Greece, trying to protect their narrow interests without taking into consideration the whole picture, causing irritation and anger in the Greek government, as the Greek premier explicitly observed in the aforementioned letter (MetaxavíÚ To proswpikov tou hmerologioÚ 1941Ú To tevloi tou polevmou[Metaxas: His personal diary: 1941: The end of the war] [Athens, 1960], 8:682-83).

110. Despite the constantly present economic stringency, by 1939, Polish Military Aviation presented the following figures: the eight state-owned aircraft manufacturing factories employed 12,400 workers and had built 1,127 planes under license and 2,458 of Polish design; they had produced 3,550 engines, but only 150 of strictly Polish design. Michael Alfred Peszke, "Poland's Military Aviation, September 1939: It Never Had a Chance," in *Why Air Forces Fail: The Anatomy of Defeat*, ed. Robin Higham and Stephen J. Harris [The University Press of Kentucky, 2006], 17).

111. Besides, Field Marshall Hindenburg had stated during the Ruhr crisis in 1923 that "In the next war aerial fleets will play a great role" (Groves, "The Influence of Aviation on International Relations," 151).

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