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May 22, 1947

DRAFT OF NOTE FROM GREEK GOVERNMENT TO UNITED STATES GOVERNMENT

The Greek Government acknowledges the note of the United States Government of May 19, 1947, informing it that the President of the United States has been empowered by Congressional action to extend assistance to Greece. The hearts of the Greek people are profoundly touched by this proof of the generosity and good will of the American people and of the benevolent interest of a great and friendly nation in the welfare of Greece. The Greek Government, on its own behalf and on behalf of the Greek people, wishes to express its deepest appreciation for this magnanimous response to the request of the Greek Government and takes this opportunity to repeat that it turned to the United States for aid only because the devastating results of the war were such as to render impossible the enormous task of reconstruction with the resources remaining to Greece after years of conflict and enemy occupation.

The Greek Government wishes to give assurances that any assistance it may receive will be used in conformance with the purposes for which it may be made available. Aid given for military purposes will be used in the restoration and maintenance of internal order. Aid furnished for the economic recovery and physical reconstruction of the country will be expended in a manner which will have a lasting beneficial effect on the country as a whole.

The Greek Government also wishes to make known at this time its own plans for action which will lay a basis for American assistance in Greek recovery and reconstruction.

The Greek people realize that ultimate solution of their problem requires great and continuous effort by themselves. They are aware that the extensive aid of the United States will not alone be sufficient to meet the large costs of restoring public order and reconstructing productive facilities over a period of years. The Greek Government will lead its people in their effort to achieve these ends. This responsibility entails the composing of internal differences, the collection of more revenues, the rebuilding of foreign trade, the conservation of foreign exchange, the reconstruction of public works, the improvement of government administration, assistance and guidance to agriculture and industry, establishment of protective labor measures, encouragement of democratic organizations among economic and social groups, measures to control inflation and assure equitable distribution of supplies and services, and the restraint of excesses and extravagances on the part of any segment of the population. The Greek Government will undertake these and all other necessary measures to marshal Greece's own resources to the fullest extent in attaining the ends for which American assistance may be extended. This organization of Greek effort will require economic contributions and cooperation from all.

The Greek Government is ever mindful that primary responsibility for the economic welfare of the country rests with the Greek Government,



and it is therefore proceeding with plans for the early institution and vigorous administration of those measures which will enable full use of capital, productive facilities, manpower resources and natural wealth to be found in Greece. Certain measures proposed by the Greek Government are stated in general terms in this note; these and other measures will be developed further after consultation with American advisors.

In order to achieve budgetary balance and economic stability at the earliest possible time the Greek Government will undertake to rehabilitate its national and local revenue system by all necessary measures including the modernization of tax administration, elimination of tax evasion and the use of every practicable source of revenue. Full regard will be given to the equitable distribution of the tax burden and to the principle of ability to pay. Measures will be taken to control and curtail expenditures of the Government. The Government audit and accounting system will be strengthened, and the budget will be published and used as an effective control of expenditures.

With a view to steadily increasing the ratio of official acquisitions of foreign exchange to import requirements, a program will be undertaken to increase the amounts of foreign exchange coming into the Greek economy through normal commercial channels. Vigorous efforts to increase exports, including the resumption of the export of olive oil and the rebuilding of foreign markets, will be made. Measures will be adopted to assure the operation of Greek shipping in a manner which will provide the greatest benefit for the national economy. Existing regulations on the import and export of foreign exchange will be enforced and strengthened by all possible means. To make the most effective use of available exchange, imports will be limited to those which are essential to the Greek economy, and they will be brought in as an integral part of a national import program which includes goods purchased with American aid. The planning and administration of the program of public and private imports and exports will be centralized in a Foreign Trade Administration headed by an American technician in the employ of the Greek Government.

To guard against further inflation, a vigorous program will be undertaken to hold down prices and to establish an equitable relationship between prices and wages. As further deterrents to inflation, rent control and rationing of commodities will be continued and controls on credit and banking will be instituted.

The agricultural and industrial production of the country will be increased by Government guidance and financial assistance. Unduly restrictive taxes, detrimental employment practices and monopoly regulations will be re-examined, and all unnecessary deterrents to production eliminated. To this end the Greek Government will encourage increased labor productivity while fostering the right of workers to organize and join free democratic labor unions and to engage in activities to promote their mutual protection and economic status.



In order to fill its increasingly active role in guiding the recovery and reconstruction efforts during the American aid program, the Government will undertake an extensive program to improve its governmental organizations and civil service, which were so disrupted by the long years of war.

The Greek Government wishes to take this opportunity to renew its request to the United States Government for American personnel who can assist in the Greek recovery effort, including a special American Mission to administer the extension of American aid, observe its use by the Greek Government and advise the Greek Government. In order to expedite recovery in Greece and because of the large financial contribution of the United States to Greece, the Mission should participate in the development of revenue and expenditure policies, approve government expenditures for activities which directly or indirectly involve the use of American aid, take part in the planning of the import program, and approve the use of foreign exchange. The Greek Government would also wish the Mission to assist in execution of reconstruction projects, improvement of public administration, technical training of civil servants and other personnel, continuation of the health program, development of exports, programming and disposition of Government purchased supplies, promotion of agricultural and industrial recovery, and regulation of wages and prices. In general the Greek Government will wish to consult with the Mission before taking any economic steps which might affect the success of the American aid program.

In addition to the members of the Mission who will act as representatives of the United States Government, the Greek Government wishes the assistance of the United States Government in employing a limited number of American experts to act in technical and executive capacities within the Greek Government. The Government will continue a Currency Committee consisting of Greeks and foreign experts with functions modified to fit in with those of the American Mission. As mentioned above, a Foreign Trade Administration, headed by an American technician, is also planned.

In the light of the recent legislation by the Congress of the United States and of the views expressed by the United States Government in its note of May , 1947, and by the Greek Government in this note, it is suggested that the two Governments should enter into a formal agreement on these matters.