

May 23, 1947



Dear Clark:

This is with further reference to my letter of May 21 relating to the Greek aid program.

There is attached for your information a memorandum giving a detailed comparison of the Treasury draft (revised) and the latest State draft of the proposed agreement with the Greek Government.

Needless to say, we do not consider all of the differences between our draft and the State draft as vital. The core of our view is set forth in Article IV of the Treasury draft. We also attach great importance to the statement of objectives in Article I. The other differences between the two drafts are subsidiary and in the main technical.

As further improvements in the Treasury draft are made, they will be promptly transmitted to you.

Sincerely,

a/ JOHN

Honorable Clark M. Clifford
Special Counsel to the President
The White House
Washington, D. C.

Enclosures

May 22, 1947

COMPARISON OF TREASURY AND STATE DRAFTS OF AGREEMENT
ON ASSISTANCE TO GREECE

DECLASSIFIED by authority of
TREASURY DEPT. 1000
NO. 168
Initials Date 6/25/79

[Note: Ordinary type indicates language common
[to both the State and Treasury drafts. Under-
[scored type represents language to be found only
[in the Treasury draft. Type struck over by
[hyphens represents language to be found only in
[the State draft (Document GAO-D/21b, dated May 20,
[1947). Where changes have been made solely from a
[drafting standpoint, no explanatory note is given.

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(1) The Government of Greece having requested the Government of the United States of America for financial, material and technical assistance to avert economic crisis, promote national recovery, and restore internal tranquility; and

(2) The Congress of the United States, in the Act approved May 22, 1947, having authorized the President of the United States to furnish such assistance to Greece, on terms consonant with the sovereign independence and security of the two countries on such terms as he may determine; and

[Note: The deleted words do not appear anywhere
[in the statute or the President's message. A brief
[mention of "sovereignty" appears in the report of the
[Senate Committee. Their meaning is unclear and they
[might give rise to fruitless controversy over the
[basic rights and duties of the two Governments under
[the Agreement.

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(3) The Government of Greece, in a note to the Government of the United States of , 1947, having proposed certain measures within Greece which it deems essential to the effective use of United States assistance and of Greece's own resources in promoting reconstruction and recovery in Greece as soon as possible; and

(4) The Government of the United States and the Government of Greece believing that the furnishing of such assistance will help to achieve the basic objectives of the Charter of the United Nations and will further strengthen the ties of friendship between the American and Greek peoples;

3 The undersigned, being duly authorized by their respective Governments for that purpose, have agreed as follows:

(5) The Government of the United States of America and the Government of Greece have agreed as follows:

Article I - Objectives

4 [Note: This Article appears only in the Treasury
[draft. It is based on the preamble of the legis-
[lation and the President's message.

|||||

see only

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4 cont.
(6) It is the objective of this Agreement

(7) (1) To make possible the maintenance of the internal security and the national integrity and survival of Greece as a free self-respecting democracy and thereby to contribute to the security and independence of all freedom-loving peoples;

(8) (2) To help Greece ~~in xxxxxxxx~~ as soon as possible a self-supporting democracy by establishing conditions of economic recovery and laying the foundation for the reconstruction of the Greek economy through the development and effective use of her own resources;

(9) (3) To provide for joint programming by the Government of the United States and the Government of Greece in the formulation and development of current assistance in a manner consistent with the longer-range requirements of the reconstruction of the Greek economy;

(10) (4) To aid Greece in the recovery and reconstruction of her economy in order to make Greece less dependent upon external assistance; and

(11) (5) To aid Greece, to the extent that further external assistance is needed, in qualifying for more active participation in the benefits flowing from her membership in the International Monetary Fund, the International Bank for Reconstruction and Development, and appropriate agencies of the United Nations.

Article II - Assistance from the United States

[Note: This Article remains the same as State's Article I except for the addition of the phrase "within such periods as may be authorized by law". This addition is necessary in order to avoid misconstruction of certain clauses relating to longer-range programs. It was used in the Lend-Lease Pipeline Agreements for that purpose.]

(12) Within such periods as may be authorized by law, the Government of the United States will furnish the Government of Greece such assistance as the President of the United States may authorize to be provided in accordance with the Act of Congress approved May 22, 1947, and any Acts amendatory or supplementary thereto.

Article III - The American Mission

6
all over
[Note: This article is a clarification of the powers of the Mission which are scattered through State's Articles III, V, and VI. State's Article IV is omitted in its entirety in lieu of Article IV of the Treasury draft. The changes in (13) and (17) are required under the approval approach of Article IV of the Treasury draft.]



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- 6a
- (13) 1. The Government of the United States will send to Greece a mission to be known as the American Mission for Aid to Greece (hereinafter referred to as the American Mission). The Chief of the American Mission designated by the President of the United States will represent the Government of the United States on matters relating to the assistance furnished to Greece under this Agreement. ~~The Chief of the American Mission will determine, in consultation with representatives of the Government of Greece, the terms and conditions upon which specified assistance shall from time to time be furnished under this Agreement.~~ will supervise the execution of this Agreement, and will exercise all the powers duly conferred upon the American Mission for the purpose of insuring that this Agreement and the programs approved pursuant hereto are properly and efficiently administered.
- 6c
- (14) 2. The Government of Greece will furnish all practicable assistance to the American Mission to facilitate the performance of its functions, the movement of mission personnel to, in or from Greece, the employment of Greek nationals and residents, the acquisition of facilities and services, and the performance of other activities of the Mission. The personnel of the American Mission and the property of the Mission and its personnel shall enjoy in Greece the same privileges and immunities as are enjoyed by the personnel of the United States Embassy in Greece and the property of the Embassy and its personnel.
- 6d
- (15) 3. The Government of Greece will permit the members of the American Mission to observe freely the utilization of assistance furnished to Greece by the United States.
- 6d
- (16) 4. The Government of Greece will maintain such accounts and records, will furnish the American Mission such reports and information, and will make available all facilities for obtaining such information as the Mission may request for the performance of its functions and responsibilities.
- 6d
- (17) 5. Wherever the approval or consent of the American Mission is required under the provisions of this Agreement or any other agreement relating hereto, the Chief of the American Mission is authorized to give such consent or approval.

Article IV - Greek Programs

- 7
- (18) The Government of Greece will make effective use of any assistance furnished to Greece by the United States and of Greece's own resources in order to advance reconstruction and secure recovery in Greece as soon as possible. ~~To this end the Government of Greece has already undertaken to effectuate the measures proposed in its note of 1947 to the Government of the United States, and will take such further administrative and legislative action as may be necessary.~~



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[Note: The foregoing is taken from State's Article II. The following]
[is new and constitutes the core of the Treasury draft. It requires]
[the Greek Government to develop programs of recovery and reconstruc-]
[tion for the approval of the American Mission. It is in lieu of]
[State's Article IV, which reads as follows: "The American Mission]
[will provide such advisory assistance and will exercise such functions]
[as are necessary and proper to assist the Government of Greece to]
[make the most effective use of any assistance furnished to Greece by]
[the United States and of Greece's own resources and thereby to advance]
[reconstruction and secure recovery in Greece as soon as possible.]
[Certain of these functions are contained in the measures proposed by]
[the Government of Greece in its note of _____, 1947."]

(19) The Greek Government will draw up promptly in cooperation with the American Mission, programs for the recovery and reconstruction of Greece, to be realized by stages, and further agrees that it will act in accordance with such programs. These programs will be submitted to the American Mission for consideration and approval in the light of the objectives of this Agreement. The Greek Government further agrees to carry out these approved programs and to take such administrative and legislative action as the American Mission, upon the basis of investigations of relevant factors, may deem necessary to the achievement of the objectives of this Agreement.

(20) [The Treasury Department believes that the Agreement should include at this point an enumeration of the types of programs to be covered. From the financial point of view, the following should be listed, inter alia:

1. Determination of components of U. S. assistance;
2. Fair and equitable distribution of goods and services;
3. Increase in earnings of foreign exchange;
4. Controls over the acquisition and allocation of exchange;
5. Budgetary controls over all governmental expenditures;
6. Rehabilitation of the revenue system with the fullest regard for the principle of ability to pay;
7. Monetary and financial problems, including the immediate cessation of the sale of gold by governmental agencies; and

Such other matters as may be judged appropriate by other U. S. Government agencies.]

(21) Assistance to Greece will be furnished or continued by the United States only in accordance with programs approved by the American Mission.

Article V - Foreign Debt



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(22) The Government of Greece will not use any part of the proceeds of any loan, credit, grant, or other form of aid rendered pursuant to this Agreement for the making of any payment on account of the principal or interest on any loan made to it by any other foreign government.

[Note: The foregoing is identical with State's] [Article IX. The following appears only in the] [Treasury draft.]

(23) The Greek Government will not, except with the approval of the United States Government, allocate any funds or make available any foreign exchange for payment of principal or interest or both on the foreign indebtedness now in suspense of the Greek Government and of all public and private debtors.

Apparently State inserted this after Treasury proposed by Antiqua.

Article VI - Publicity

[Note: This Article is identical with State's] [Article VII, except to broaden the scope of] [publicity.]

(24) The Government of Greece and the Government of the United States will cooperate in assuring the peoples of the United States and Greece full information, consistent with the security of the two countries, concerning the assistance furnished to Greece by the United States. execution of this Agreement. To this end --

(25) (1) representatives of the press and radio of the United States will be permitted to observe freely and report fully regarding the utilization of such assistance; and

(26) (2) the Government of Greece will afford the American Mission opportunity for, and will cooperate with it in providing, full and continuous publicity within Greece, including periodic reports by the Mission, as to activities under this Agreement and the purpose, source, character, scope, amounts, and progress of such assistance of the administration of the programs approved pursuant to this Agreement.

Article VII - Security and Transfer Requirements

[Note: This Article is identical with State's] [Article VIII]

(27) The Government of Greece will make such provisions as may be required by the President of the United States for the security of any article, service, or information received pursuant to this Agreement.

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Final Sec. Date 6-18-77

- (28) It will not transfer, without the consent of the President of the United States, title to or possession of any such article or information nor permit, without such consent, the use of any such article or the use or disclosure of any such information by or to anyone not an officer, employee, or agent of the Government of Greece or for any purpose other than that for which the article or information is furnished.

Article VIII - Amount and Terms of Credit

[Note: This Article appears only in the Treasury
 [draft. In accordance with the testimony of Messrs.
 [Clayton and Acheson, the Greeks are required to
 [assume a credit for "wealth producing" aid while
 [military and consumption items would be a grant.
 [Unless this policy decision is taken now it is
 [probable that the question will be decided by
 [default.]

- (29) All assistance to Greece other than military and relief or consumption goods will constitute an obligation of the Greek Government, to be computed on the basis of landed cost, expressed in U. S. dollars, to be repaid over a period of fifty years in forty-five equal annual instalments commencing July 1, 1953 at a rate of interest of 2 percent. Interest for the year 1953 will be computed on the amount outstanding on December 31, 1953, and for each year thereafter, interest will be computed on the amount outstanding on January 1 of each such year. Each instalment will consist of the full amount of interest to and the remainder of the instalment shall be the principal to be repaid in that year.

- (30) In any year in which the Government of Greece requests the Government of the United States to waive the amount of interest due in the instalment of that year the Government of the United States will grant the waiver if the Government of the United States deems it necessary in view of the present and prospective conditions of international exchange and the level of the gold and foreign exchange reserves of Greece.

Article IX - Withdrawal of Assistance

[Note: This Article is essentially the same as State's
 [Article X except that it is made to conform strictly
 [to the terms of the statute, to strengthen the pro-
 [visions of (33), and to add a clause retaining full
 [discretion in the President to withdraw assistance
 [whenever he deems such action is in the interest of the
 [United States. The last addition is in accordance with
 [the practice followed in the Lend-Lease Agreements.]

- (31) Any or all assistance authorized to be provided pursuant to this Agreement will be withdrawn:

- (32) (1) If requested by the Government of Greece, representing a majority of its people;
- (33) (2) If the Security Council of the United Nations finds (with respect to which finding the United States waives the exercise of any veto) or the General Assembly of the United Nations finds that action taken or assistance furnished by the United Nations makes the continuance of assistance by the Government of the United States pursuant to this Agreement unnecessary or undesirable;
- (34) (3) ~~Under any of the other circumstances specified in section 5 of the aforesaid Act of Congress;~~ If the President of the United States finds that the undertakings assumed by the Government of Greece as set forth in this Agreement, or any subsequent agreement, are not being carried out; or
- (35) (4) ~~If the Government of Greece does not take reasonable steps to effectuate these measures proposed in its note of ----- 1947 or subsequently agreed upon which are essential to reconstruction and recovery in Greece.~~ If the President of the United States finds that any of the purposes of the Act of Congress approved May 21, 1947, have been substantially accomplished by the action of any other inter-governmental organizations or finds that the purposes of that Act of Congress are incapable of satisfactory accomplishment, or otherwise determines that such withdrawal is in the interest of the United States of America.

Article X - Effective Date

[Note: This Article is identical
with State's Article XI.]

- (36) This Agreement shall take effect as from this day's date. It shall continue in force until a date to be agreed upon by the two Governments.

Article XI - Registration with United Nations

[Note: This Article is identical
with State's Article XII.]

- (37) This Agreement shall be registered with the United Nations.

Done in duplicate, in the English and Greek languages, at Athens
Washington, D. C., this _____ day of _____, 1947.

For the Government of the United States
of America.

For the Government of Greece

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