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U.S. AID PROGRAMS ASSIST MINING AND TRANSPORTATION IN GREECE

ATHENS -- Following is the seventh in a series of weekly articles summing up American Aid achievements in Greece from the end of World War II to the beginning of 1952. The series covers most sectors in which the U.S. has tried to assist Greece. This article concerns mining and transportation.

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Beneath the bare and rocky hills of Greece lie treasures which, if properly developed, can contribute immensely toward national solvency and eventual prosperity. For although Greece is not rich in natural resources as compared to many other countries, she possesses sufficient mineral wealth to meet many of her domestic requirements, to improve her balance of trade, and to assist in the defense needs of her sister nations of the West.

One such resource, virtually untouched until recent years, is lignite. There exist in Greece sufficiently large deposits of this geologically "young" form of coal to make Greece independent of most solid fuel imports and thus save large sums of foreign exchange. Lignite can provide the nation with major sources of electric power. It can even be exported to neighboring countries at competitive prices if the proper machinery, development methods and scientific processes are employed to extract the utmost advantages from the "brown coal" which underlies the earth in many parts of Greece.

Another field of potential profit to the nation is that of metal ores and minerals, many of which are now important to the mutual defense of the NATO powers. Here is a partial list of some of the minerals which geologists have located in commercially practical quantities throughout the nation: magnesite, bauxite, lead-zinc, barite, iron pyrites, manganese, chrome, corundum, gold, nickel, iron, sulphur, emery and antimony. Many of these rank high on the critical list of strategic materials which are in short supply throughout the free world and which the western nations are seeking to stockpile against emergencies.

During the first days of the Truman Doctrine, the American Mission recognized that development of Greek mineral resources was indispensable to any broad economic program whereby Greece might eventually become self-supporting. Thus the AMAG Mission began an extensive mining program which subsequently was carried forward and expanded under the Marshall Plan. By the end of 1951, over $20,000,000 in foreign exchange and more than 180 billion drachmas (equivalent to $12,000,000) had been allocated to Greek mining enterprises from American aid funds.

Most mining operations in Greece had come to a standstill during World War II. Mines deteriorated while the owners were unable to obtain machinery, bank credit, and security from the operations of war. This situation continued during the Communist war, when guerilla forces occupied the mountainous areas where most mines are located. Some mines, particularly in Macedonia and Thrace, were deliberately wrecked as a last gesture of spite by the retreating communists.

Progress under the American aid program was necessarily slow, not only because the guerilla war continued nearly through 1949, but also because the purchase, construction, shipping and installation of heavy mining machinery naturally required many months. But the results, when they came were spectacular. When production finally began to increase, it went up fast.

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GEOLOGICAL RESEARCH AND REORGANIZATION. One of the tools most basic to the development of Greek mineral resources was the organization, within the Greek Government, of a geological and sub-surface research program to study the most important mining districts and to produce a basic geological map of Greece. American advisers helped the Greeks to coordinate these research activities and by early 1952, the Greek Government had ready to publish the first really accurate and comprehensive geological map ever produced in Greece. Many detailed brochures containing systematic studies of individual areas or of particular minerals had been printed.

The job was partly that of pulling together and correlating various fragmentary studies made before the war by Greek and foreign specialists. But in addition, test drillings and other sub-surface explorations using geophysical equipment and similar newly developed methods were made to verify and expand these earlier findings. In some cases these explorations failed to confirm the optimism of earlier reports, in that the mineral deposits were found to be too small in quantity, too poor in quality or too badly broken up to make mining profitable. But these conclusions, while discouraging, had two important effects. They prevented unwise investment and consequent loss of money by Greek private investors. And they also provided accurate data on some deposits which, while not immediately worth development, might be reactivated later if world shortages became worse and price rises resulted.

But in many of the areas explored, the geologists found that the deposits far exceeded the earlier estimates both in quantity and quality. This was particularly true of lignite and of bauxite, the ore from which aluminum is made.

LOANS AND GRANTS. The American Mission program to aid Greek mining went forward in two broad categories of loans and grants to develop known existing deposits. One was the regular Marshall Plan type of loan similar to the financial help granted to private industrial and agricultural enterprises. Once the deposit had been investigated and found worth developing, the owners could apply for a Marshall Plan loan. These loans were on a long-term basis at low interest rates.

Most of these loans, which were partly in foreign exchange to enable the purchase of mining machinery from abroad, and partly in Marshall Plan counterpart drachmas for local development and construction costs, also provided that the borrower must furnish at least a third of the total amount from his own resources.

The other category of loans did not come out of the Greek recovery program at all, but exclusively from United States funds apart from regular Greek aid. These were the "strategic material" loans established by the U.S. Congress to help develop and accumulate supplies of critically scarce materials for the U.S. stockpile, and essential to the defense needs of the West. These loans provided that all of the investment would be repaid not in money but in annual deliveries of processed or semi-processed ores at regular prevailing prices. The dollar funds came from appropriations separate from the Marshall Plan. The necessary drachmas were provided out of "five per cent counterpart funds." Under the basic Marshall Plan agreement with Greece, 95 per cent of the "counterpart funds" -- drachmas set aside by the Greek Government to match dollar aid to Greece -- were reserved for internal recovery projects. The remaining five per cent was established to the credit of the U.S. Government, to pay local administrative costs of the American Mission within Greece, and to purchase strategic materials. Seven loans of this type, totaling less than $3,000,000 in foreign exchange and drachmas, had been approved through 1951, or about 10 per cent of the total American aid to all types of Greek mining enterprise. These loans were made to lead-zinc, bauxite and manganese producers and additional loans were in process to develop chrome, manganese and lead-zinc deposits.

MINERAL DEVELOPMENT. The American aid program failed to show significant results in mineral production up to 1950, when Greek mines were just beginning to be restored. Meanwhile much machinery had been ordered and installed in all parts of Greece. When this machinery began operation, the results were startling. Production during 1951 more than doubled that of 1950. In fact, output of the 14 most basic minerals during 1951 was two and a third times that of the previous year.

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Here are comparative figures: during 1950, total Greek production was 253,000 metric tons, and exports amounted to nearly 207,000 tons valued at $2,220,000. In 1951, production was more than 582,000 tons, with export of 475,000 tons valued at $5,265,000. And mining advisers freely prophesied that this production could be doubled again within another three years, if the present rate continued.

One dramatic instance of this upsurge of production, with particular appeal to the Greek people who are ever conscious of their ancient heritage, was the revival of the famed Laurium mines at Lavrion. In the fifth century B.C., they were described by the tragedian, Aeschylus, as "a fountain running silver, a treasure of the land." They were the foundation of Athens' power in the greatest days. Their apparently inexhaustible resources of virgin silver financed construction of the Parthenon, built the Athenian navy that bested the ships of Xerxes, and firmly established Athens' dominance over her poorer sister states. When the Laurium mines declined, so did Athens. The last main silver lodes gave out about 200 B.C.

The Laurium mines were revived in the 19th century when Greek and French companies worked over the old dumps and began new shafts to exploit the workings not for silver but for the lead and zinc ores which the ancient Greeks had disdained. But development was fitful until the Marshall Plan advanced more than $1,000,000 in foreign exchange and drachmas to develop the ores systematically. By the end of 1951, the mines were processing 200 tons of ore a day, extracting lead and zinc concentrates with valuable by-products of silver and iron pyrites, which are used in the manufacture of sulphuric acid.

Another example of the mining program is the development of the rich bauxite deposits at Eleusis, near Athens. The Mutual Security Agency agreed to advance $1,450,000 in American, Greek and German currencies, under the strategic metals program and apart from the regular recovery plan. The agreement provides for modernizing and equipping the Eleusis mines and sending the ores to Germany for processing into aluminum. The result will be 100,000 tons of aluminum for western defense within the next three years, a permanent asset to the national economy, and a future foreign exchange earner.

DEVELOPMENT OF FUEL RESOURCES. Along with the mineral expansion program, the American Mission has pushed development of Greek lignite resources, at a rate designed to increase production 20-fold. By substitution of this "brown coal" for a part of the fuel now being imported, Greece can save more than $8,000,000 a year in foreign exchange, can ensure the continuity of her industrial production, and can lessen the drain on the fuel resources of other NATO powers. She can also provide great resources of electric power and can increase domestic use for many Greek homes which now are cold because of the high prices of imported coal.

The American aid program has approved six major lignite development projects, with loans and grants totaling nearly $26,000,000 in foreign exchange and drachmas. Several involve expansion and modernization of mines in Thrace and Attica, but the two largest are the Aliveri and Ptolemais deposits. The Aliveri mines on the island of Euboea north of Athens are being developed along with a thermo-electric power plant nearby, and will serve as "captive" mines to supply the power station with fuel.

The Ptolemais project in north central Greece taps vast reserves of low-grade lignite which have been termed the "fuel bin" of the nation. The lignite lies close to the surface and can thus be mined by open pit methods, with the earth being scraped aside by huge digging machines to expose the lignite. After the lignite has been dug out, the top earth can be replaced, and planted with trees. To be fully useful, the Ptolemais lignite must be processed to reduce the water content, and pressed into briquettes. Geologists estimate that Ptolemais can produce 2,000,000 tons of lignite annually for at least 100 years, which will provide about 600,000 tons of commercially usable briquettes.

OCEAN TRANSPORTATION. The situation of the Greek transportation systems at the end of World War II was that nearly all forms were non-existent. Coastal shipping had been wiped out and most of the larger ocean-going vessels had been

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either sunk or stolen. Railroads and highways were badly damaged, and motor transport was reduced to a few dilapidated wrecks much in need of repairs. Both the Truman Doctrine and the Marshall Plan gave top priorities to restoring transportation facilities.

Before the war, Greek shipping totaled nearly 1,900,000 tons, including 500 ocean-going vessels, and a coastal and Mediterranean fleet of 55 larger ships and 733 caiques. In 1946 there remained 138 miscellaneous ships totaling 501,000 tons.

Even before direct American aid to Greece began, the United States made available to the Greek Government 100 Liberty ships which were sold to Greek operators at an average of $560,000 apiece, less than a fourth their cost. The Greek shippers paid 25 per cent of the price as a down payment, and the Greek Government guaranteed payment of the remainder within 17 years. This deal not only stimulated Greek shipping but also aided general recovery greatly by providing more tonnage to bring aid supplies to Greece. All these U.S.-made ships are now under Greek flag and thus are paying taxes to the Greek state. However, many ships privately acquired by Greek nationals are registered under Panamanian or other flags, and the total of all Greek flag ships is still nearly a third under the pre-war figure.

Greece is a peninsula with many island groups and thus small coastal shipping is vital to her economy, with about 200 harbors serving at least their immediate vicinities and many ports funneling goods into and out of large areas. Under the Marshall Plan many caiques were built or modernized with U.S.-sponsored loans, particularly under the fisheries program. The Mission also worked with the Greek Government in restoring to private owners all coastal vessels which had been taken over, by the Greek State, as a temporary expedient at the end of the war.

MOTOR TRANSPORTATION. At the time of liberation, only about 1,000 motor vehicles in various stages of collapse were left in Greece. By the end of 1951, Greek motor transportation facilities had increased substantially over the pre-war level. The number of buses was 81 per cent higher than in 1939, and trucks increased 195 per cent in the same period. The number of private passenger cars remained about the same as pre-war. Exact up-to-date vehicle registration statistics are lacking, but it is estimated that about 32,000 civilian vehicles are operating now in Greece as compared to about 17,500 before the war. Plans are underway for a complete new registration.

UNRRA brought to Greece about 7,700 vehicles of various types immediately after the war, but nearly half of these were off the roads in disrepair within two years. Meanwhile other vehicles had been imported, but most of the automotive stock in Greece was more than 15 years old and none was less than five years old. The Greek Government and the American Mission thereupon undertook programs to build or renovate additional vehicles, and to retire from use gradually the oldest and least efficient types.

New buses and trucks or chassis have been imported by private dealers who obtain licenses approved by the Greek Government, based on allocations of Marshall Plan foreign exchange funds approved by the American Mission. More than half of these imported vehicles came from the U.S. and the balance from Marshall Plan countries. One of the major sources of new buses and trucks has been Greek industry itself. Using imported engines and chassis, or stripping down military trucks to the frames, Greek manufacturers built bus bodies at the rate of one a day during the peak period between 1949 and 1951. American body specialists were brought to Greece to assist in this work, and helped Greek factories turn out modern all metal bodies. Bodies for most of the new buses on the streets of Athens and other cities were made locally. Many other automotive items, including batteries, brakes and other parts, are also now made in Greece.

The automotive parts situation immediately after the war was tragi-comic. Large numbers of vehicles were out of commission for lack of a few vital parts -- and yet warehouses were overflowing with many of the things that were needed. This situation arose when war ended and dozens of ships carrying war cargoes were ordered to turn around and unload in Greece so that UNRRA might distribute these vitally needed supplies to the Greek economy. Somewhat later on, large amounts

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of United States war surplus material also was gathered up in various parts of Europe and brought to Greece.

But many of the items landed and stored hurriedly in warehouses were unmarked, second-hand, unsorted. No one knew what equipment was on hand or where it was. It was a major task for ODISY, the Greek war surplus agency set up by the Greek Ministry of Finance, to handle this equipment. In all, more than 30,000 cases of equipment, tools and spare parts had to be opened, sorted, cataloged and priced for sale in regular commercial channels throughout Greece. About $3,000,000 worth of automotive equipment was made available in this way, and the spare part situation eased appreciably.

The comedy in the situation became apparent when the ODISY men began to sort out the equipment, for not all of it was automotive or mechanical. The ships had carried mixed cargoes destined for various parts of the world. Thus the ODISY men smiled when they came across items of arctic clothing in sunny Greece, and other items unsuitable to the scene. In fact three years later, when the last UNRRA warehouses were being cleaned out, there were discovered enough toothbrushes to supply all Greece for years, crates of tennis rackets and other sports equipment originally destined for troop recreation, and many other items which caused Greek newspapers to demand an investigation of how these things came to be.

After the UNRRA and war surplus automotive supplies had been absorbed in the Greek market, the Greek Government and American Mission undertook an import program of spare parts, tires and other equipment with the foreign exchange supplied though the Marshall Plan. This program is aimed at maintaining the automotive fleet at a realistic level consistent with conditions in Greece.

Commercial motor transportation in Greece is operated by private enterprise. The immediate postwar policy of the Government was to give priority in granting circulation permits to "war-stricken motorists." The effect of this policy was to develop a commercial motor transportation system based on operators owning only one or two vehicles, so that now there are almost as many individual owners as there are vehicles. At the present time efforts are being made to regulate operation of the vehicle fleet through the media of cooperative pools.

During the war years little had been done to train Greek youths in the mechanics and machineshop practises necessary to maintain the national automotive fleet in first-class condition. Therefore the Greek Government and the Mission jointly sponsored an automotive vocational school near Athens. About $30,000 worth of machinery and tools for the school was shipped from the United States and an American machine tool instructor worked with the Greek teachers in training 120 students annually. Subjects included automotive mechanics, ignition and electrical systems, diesel engines, and regular overhaul and maintenance work. Early in 1952 the curriculum was to be expanded to a four-year course for 1,500 students.

OPERATION OF RAILWAYS. With most major reconstruction work completed on the Greek rail lines, and with reduction of American aid funds available for further physical rehabilitation, the American Mission and the Greek Government turned increasing attention toward better organization and operation of the railroads, to ensure a network which not only would serve the economic interests of Greece, but also the military requirements as well.

All the Greek rail lines, most of which are state owned, have been operating at a deficit during post-war years. The reasons were numerous -- shortage of cars and other facilities, poor coordination among the various carriers, and increasing use of motor transport to haul freight and passengers formerly carried on the rail lines. Although national Greek industrial output is greater than in 1939, the Greek railroads now haul 24 per cent less tonnage than they did then. Most of this tonnage has been diverted to trucks.

Mission advisers therefore were urging the coordination of all public carriers, both rail and motor, by creation of a high transportation board which would regulate operating franchises, rates, schedules, etc., generally along the lines followed in

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the U.S. and many European countries. This coordination of transport is an unfamiliar field in Greece and will require an energetic program by the Greek Government to adjust differences among competing carriers and to convince individual owners that their interests will be served by regulation based on the principle of "public convenience and necessity."

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