To All Employees and Former Employees of the Mission:

There is widespread interest at home in the operations of the Mission and in its accomplishments. The American people are more concerned with foreign affairs today than they were a year ago. An important phase of our foreign policy is our effort to maintain the freedom and independence of Greece.

When the time comes for you to return home you will probably be asked questions about the Mission how it operates and what has been accomplished. Our progress has been a broad one, touching all aspects of economic and military activity in Greece. Many of you, working on specialized parts of the program, have not had an opportunity to become equally familiar with what other divisions have done or with our over-all accomplishments.

Therefore, we have prepared the attached factual summary, touching on the high spots only. It will serve to give many of you a more complete picture than you have had. Additional copies are available, if you would like to have one to hand to your family and friends.

I should like to emphasize that we came to Greece primarily to help her maintain her independence. What has been accomplished.

[Signature]
Chief
A FACTUAL SUMMARY
CONCERNING THE
AMERICAN MISSION FOR AID TO GREECE

ALLAG
Aristeas, Greece
June 15, 1942
A FACTUAL SUMMARY CONCERNING
THE AMERICAN MISSION FOR AID TO GREECE

Contents

American Aid to Greece: General Appraisal 2
Military Aid 3
Supplies for the Greek People 4
Reconstruction 6
Agricultural Rehabilitation 8
Industrial Rehabilitation and Expansion 10
Labor 12
Public Health 14
Government Organization 15
Fiscal and Budgetary Program 17
Distribution of Aid Funds 19
Mission Personnel 20
Mission Organization 21
Chronological Summary of Developments in American Aid to Greece Program 22

Appendix I Area, Population, and Government of Greece 34
Appendix II History of Modern Greece 35
Appendix III Economic Background 36
A year ago, Greece faced a dismal future fearfully. Armed bands, led by a communist minority aided and supported from abroad, killed and ravaged almost at will. In large areas of the country people lived under the constant threat of guerrilla attack. Farmers were afraid to plant crops that might be plundered. Businessmen were afraid to invest money in plants and equipment that might be destroyed. The nation's expenditure for the armed forces and care of the guerrilla stricken refugees had reduced the government to bankruptcy. At the same time, Greece was confronted with economic paralysis and inflation. The combined shooting war and "cold" war threatened to destroy her existence as an independent nation.

The primary objective of the American Mission for aid to Greece was to help the country preserve its independence against these dangers. That objective has so far been accomplished.

Greece today still has institutions which, although far from perfect, offer its people a degree of freedom and democracy unknown in other Balkan countries. The basic individualism of the people which has survived since ancient times can best be appreciated in the numerous small villages throughout the country which furnish the backbone of the nation's citizenship.

American relief shipments and the mere presence of an American Mission might have been enough to save Greece from communist domination. But VOE's program has gone beyond this first major goal; it is a positive program of reconstruction and rehabilitation that now is beginning to pay dividends in increased production, stability, and confidence. Its long-range goal is a more self-sufficient economy and a revitalized Greek democracy.

Some of the fear and adverse conditions of a year ago have been overcome. The Greek army, with American equipment and American tactical advice, is making excellent progress against the guerrilla bands. Much advance against LDQ has been made and can safely be cultivated; more schools, homes, and businesses can be restored. The Hoyt victories have given the Greek people a measure of badly-needed confidence in the future of their country.

Economic recovery is also under way. Inflationary influences have been brought under control. Good progress is being made in the reconstruction of Greece's war damaged ports, highways, and railroads. Economic programs and reforms have been undertaken which will afford the bases for increased agricultural and industrial production and greater financial stability. With American help, the Greek government is moving to improve its organization and increase its efficiency, demoralized by 10 years of dictatorship and occupation. These things take time, but progress is being made.
MILITARY AID

Since 1948 the communists have carried on a systematic effort to gain control of Greece. The subversive activities of this minority have resulted in the growth of guerrilla bands to a strength which was estimated at some 28,000 men before the recent ascendancy of the Greek National Army. The terrain of Greece is well suited to guerrilla warfare. Use of mechanized equipment is impossible in the mountainous areas. For two years these bands, by skillful use of hit-and-run tactics, have been able to wage cruel and destructive war across the country. Their efforts have received both material and moral support from communists elsewhere in Europe, especially from Albania, Bulgaria, and Yugoslavia.

The American Mission is now feeding and equipping Greek armed forces totaling 282,000 men (including National Defense Corps battalions of 30,000 men and Greek Navy forces of 13,500 men). In addition, the mission is furnishing full rations for every member of the gendarmerie and every town policeman in Greece, totaling 44,000 men. The grand total is 282,000 men.

The original cost of the Army and Navy supplies is very substantially in excess of the cost at which they are transferred. Supplies with a transfer value of approximately $810,000,000 ordered by the U. S. Army Group of the Mission and arrived in Greece by June 1. Receipts of naval equipment and supplies ordered by the U. S. Navy Group for the Royal Hellenic Navy as of June 1 represented a total cost of more than $2,000,000. The mission has turned over to the Royal Hellenic Navy six completely equipped gunboats; the Greek crews for these boats were trained in the United States.

More than 222,000 tons of petroleum products have been imported into Greece by the Mission for the Greek armed forces and for essential civilian use.

At the request of the Greek Government, the U. S. agreed last December to furnish planning and operational advice as well as supplies and equipment to the Greek forces. The first officers for this program began to arrive in Greece in December and were promptly attached to Greek Army corps and divisional headquarters to advise the corps and divisional commanders. A Joint U. S. Military Advisory and Planning Group was established, including personnel of the U. S. Army, Navy, and Air Forces, and the group soon began working closely with the Greek General Staff on the over-all strategic and tactical operational planning.

During the first months of the Mission's program the tactics of the Greek National Army were almost entirely defensive in character. During this period the number of refugees and guerrilla terrorism increased alarmingly. In recent months there have been brilliant offensive actions by the Greek armed forces which have inflicted serious losses on the communists and promise an early restoration of security in the greater part of Greece by the end of the year.
At present there are 250 officers and 185 enlisted men on the staff of the Mission's U. S. Army Group in Greece. There are 41 officers and enlisted men in the Mission's U. S. Navy Group.

In addition to furnishing the Greek armed forces with modern equipment, the Mission is devoting considerable time to the training of Greek personnel in the operation of the equipment. This is particularly true of training in the use of modern signaling equipment. Over 4,000 Greek officers and soldiers have received signal training either by American experts or by Greek instructors trained by the Americans. As part of the air training program, 60 Greek Air Force cadets have been sent to the U. S. for flight training.

**Supplies for the Greek People**

Austerity conditions prevail generally in Greece; food consumption is abnormally low, judged by European standards. There is no starvation, however, and living standards are above a mere subsistence level — the direct result of the importation by the Mission of supplies needed by the Greek people.

In the period immediately following the war, the cost of the supplies imported into Greece were brought in by the EUMA and then distributed by the government or were imported directly by the government. While it is still necessary, under existing conditions, for certain imports to be handled by the government, trade is being restored to commercial channels as rapidly as possible. Approximately three-fourths of the Greek expenditures for imports in the first quarter of 1948, or the equivalent of about 300 million francs out of a 448 million total, were made by private importers.

In the period from the beginning of the aid program through the end of May 1948, 150 ships arrived in Greek ports with 250,000 tons of food and other needed supplies and equipment, brought in under Mission auspices. These supplies are in addition to the imports of military equipment and supplies, petroleum products, and the construction equipment and matériel brought in by the American contractors. Preadjustments account for more than three-fourths of the total tonnage, as indicated by the following breakdown:

<table>
<thead>
<tr>
<th>Description</th>
<th>Long Tons</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provisions</td>
<td>449,000</td>
</tr>
<tr>
<td>Coal</td>
<td>25,000</td>
</tr>
<tr>
<td>Agricultural supplies &amp; equipment</td>
<td>80,000</td>
</tr>
<tr>
<td>Iron and steel</td>
<td>8,000</td>
</tr>
<tr>
<td>Medical &amp; sanitation supplies</td>
<td>9,200</td>
</tr>
<tr>
<td>Other supplies &amp; equipment</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>520,700</td>
</tr>
</tbody>
</table>
Supplies imported into Greece by the Mission under the U. S. Foreign relief program amount to approximately 280,000 tons of the total shown above. These supplies represented a total cost to the U. S. of about $55 million, broken down as follows. Figures are in millions of dollars.

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wheat</td>
<td>25.4</td>
</tr>
<tr>
<td>Maize flour</td>
<td>8.4</td>
</tr>
<tr>
<td>Soya flour</td>
<td>0.4</td>
</tr>
<tr>
<td>Fish</td>
<td>0.8</td>
</tr>
<tr>
<td>Macaroni</td>
<td>0.3</td>
</tr>
<tr>
<td>Dried beans</td>
<td>1.6</td>
</tr>
<tr>
<td>Evaporated milk</td>
<td>4.5</td>
</tr>
<tr>
<td>Dry skim milk</td>
<td>1.5</td>
</tr>
<tr>
<td>ECE</td>
<td>0.1</td>
</tr>
<tr>
<td>Medical supplies</td>
<td>0.3</td>
</tr>
</tbody>
</table>

All of these relief supplies were furnished by the U. S. to the Greek Government without charge. Many of the supplies, such as medicines, milk for children, and foods for expectant and nursing mothers, were distributed free by Greek welfare agencies. Other supplies were sold by the Greek Government; the proceeds from such sales were deposited in a special Relief Drachma Fund which was used to help provide for the more than 500,000 refugees who have been driven from their homes by the guerrillas. The total of deposits in this fund, from the sale of relief supplies, will reach a total of approximately 304 billion drachmas.

The other 383,000 tons of supplies imported under the Mission program, including part of the foodstuffs and all the coal, agricultural supplies, steel, and industrial equipment, were paid for from the U. S. funds provided under the Greek Aid Program. Proceeds from the sale of these goods by the Greek Government are placed in a special Drachma Reconstruction and Agricultural Rehabilitation Fund. The drachma costs of the Mission's reconstruction and agricultural programs (for Greek labor, materials, and services procured within the country) were paid from this fund. Deposits made in the fund through May 31 totaled 338 billion drachmas. It is expected that future deposits will bring the total to 357 billion. Of this total, 74 billion will come from the sale of agricultural rehabilitation supplies and 3 billion from medical supplies.

The Foreign Trade Administration, which was established by the Greek Government, under the recommendation of the Mission, has played an important part in Greece's foreign trade. This Administration, headed by an American, and the Mission have given help to the Greek Government and to commercial importers in processing imports so that the supplies most needed would be imported, and the available foreign exchanges used to the best advantage, and goods procured at the most advantageous prices. Help has also been given in locating materials in scarce world supply.

Large quantities of supplies needed in the Greek economy which had been imported by OHRDA or bought under U. S. war surplus credits had accumulated in Greek warehouses. It was estimated that such warehouse stocks on October 15, 1947 totalled 870,000,000. The Mission cooperated actively with the interested Greek agencies in inventorying and classifying the stocks and in getting them distributed. By the end of May stocks of
food, clothing, machinery, and other supplies amounting to $38,300,000 had been moved into channels of trade and consumption in all parts of Greece. Additional quantities were continuing to move, in a steady stream.

Importation of supplies into Greece has been expedited by the restoration of the Greek merchant fleet and improvement of port facilities. The Mission has aided the Government in acquiring a fleet of small ships and seven large tankers. Reorganization of port facilities has facilitated the unloading of vessels and has speeded up shipment to the outposts.

RECONSTRUCTION

The physical facilities of Greece suffered severe damage and destruction during the long years of war, occupation, and revolution. Bombings during the war, destruction by retreating enemy armies, further destruction by the guerrilla bands, the heavy military traffic on the highways with little or no maintenance work done, all contributed to the breakdown of the Greek economy. Surface transportation between important areas of Greece is still impossible. A reconstruction program, to take care of the greatest needs, is under way and rapid progress is currently being made.

Highway, port, canal, airfield, and bridge projects of the Mission are being executed under the direction of the U. S. Army Corps of Engineers and by two groups of experienced American contractors. Other reconstruction projects, including housing, schools, public utilities, recreation, telecommunication, and army shore establishments, are carried out by the Mission in cooperation with Greek Government agencies.

Greek subcontractors have been employed to the greatest extent possible; work is done mainly by Greek labor, and local materials are used where possible. Dollar funds of the Mission are expended on American personnel, equipment, and materials. The drachma necessary to pay for local labor, materials, and services come from the drachma receipts of the sale of consumer goods imported into Greece with American aid funds. Thus the money which the Greek people pay for American goods is used for the reconstruction of Greece.

There have been innumerable obstacles in the Mission's reconstruction program. Perhaps the greatest is the lack of security. Greek contractors have been reluctant to work, and in some cases have refused to work, in certain guerrilla-ridden areas. Project employees have worked constantly in fear of guerrilla attacks. The Greek Army has been unable to furnish adequate numbers of armed guards. There have been several cases where Greek workers on American projects have been captured by guerrilla bands. There have been times when completed work of the Greek Government such as bridges and culverts have been
repeatedly blown up. Machinery has been sabotaged. Road mining are providing an ever-recurring danger. Often road transport to projects is halted until access roads are cleared of mines. As yet there has been no loss of life among the several hundred American citizens working on reconstruction projects throughout Greece; there is, however, continuing danger.

Employment for approximately 27,000 Greek workers was provided on Mission-sponsored reconstruction projects in Greece as of June 1.

Progress on the various projects is summarized below.

**Corinth Canal.** German demolitions in the rock walls of this deep-cut canal created two tremendous rock and earth slides that completely blocked all traffic. Demolished bridges, rail cars, and ships were also placed as obstructions. It was necessary to obtain and to transport considerable heavy equipment to the canal site before operations could begin. Work is now progressing satisfactorily and the canal should be cleared and opened to limited traffic by July 4 and to its capacity by the first of September. With the opening, traffic will again be able to flow from Western Greece, largely isolated by a central range of mountains, to Athens and other areas on the eastern side. Ships sailing from the west coast to the east coast of Greece have previously been obliged to travel up to 400 miles around the Peloponnese.

**Ports.** Reconstruction work is being carried on by the Mission at Greece's three most important harbors—the ports of Piraeus (Athens), Salamis, and Volos.

   At Piraeus, extensive work has been under way on the repair of quay walls and the dry docks. By June 1 the work was estimated to be about 40 percent complete. At the port of Salamis, work is satisfactorily progressing on the rebuilding of the breakwater and a damaged quay wall. This project likewise was about 40 percent completed by June 1. At the port of Volos, a crew of divers has explored the condition of the large government pier, and equipment and personnel are being assembled for its reconstruction. All work now under way is scheduled for completion by or before the end of December.

**Airports.** The Mission has made rapid progress in a construction program to improve major airfields in Greece, many of them urgently needed for air operations against the guerrillas.

   At Eleusico (sometimes known as Kalamata), the Athens airport, the project was approximately 20 percent complete by June 1. The project included renovation of the drainage system, an adequate night lighting system, improvement to the radio communications system, and other repairs, including resurfacing of the main runway. Resurfacing operations required large quantities of crushed rock and the setting up of an asphalt plant at the field. The laying of steel plumbing and other
work on runways, control towers, parking stripes, etc. are
practically complete at the airfields at Salonica, Larissa,
Koroni, Kastoria, and Kavalla. Similar projects are under way
at Jannina and Tripolis.

Highways. A program for surfacing 1,800 kilometers of
important trade and military routes in the national highway
system is about one-fifth complete. War damage, demolition
of bridges, time, and neglect have all resulted in deplorable
highway conditions, and highway transportation in Greece has
been all but paralyzed. Rock quarries have been put into op-
eration and equipment has been obtained and put in operation.
Work has been completed on certain high-priority roads and
has been begun on numerous others. Commercial transport
and the Greek armed forces are deriving invaluable aid from the
use of the highways already reconstructed. Travel by road
between some of the largest cities, however, is still firmly
impossible. The present road reconstruction program will be
completed by December 31, barring unforeseen delays.

Railway Bridges and Tunnels. The Mission is building a
high-level bridge along the Corinth Canal, is rebuilding
demolished railway bridges on the rail line from
Athens to Salonika, and is repairing the Eracle railway tunnel
on the same line. The long tunnel is blocked by slides and
water accumulations caused by German demolitions.

Housing. As in the United States, housing is a serious
problem in Greece, although considerably worse because of war-
time and guerrilla destruction. The Mission has provided 14
billion drachmas for emergency shelter for some of the more
than 900,000 people in Greece who have been driven from their
home by guerrilla activity; 7,000 room to house over 7,000
families have been constructed or repaired for these people.
The Mission is also contributing almost 33 million and 65
billion drachmas for the repair or replacement of war-damaged
homes in hundreds of towns and villages throughout Greece for
other than refugee families.

Other Projects. The Mission is aiding in a large land
redistribution program throughout Greece, a project to expand
the Ionian-Pirineas water supply, the improvement of the Anthoc-
Pirineas sewage works, the improvement of the Greek telecom-
munication system, improvements at certain shore establish-
ments of the Royal Hellenic Navy, and a 3 billion drachma
program for the repair of war-damaged schools.
AGRICULTURAL REHABILITATION

It has been impossible for Greek agriculture, with the practices employed, to produce nearly enough food for the needs of the people. Inside area per person is low; the land has been used and abused for many centuries; full utilization has not been made of crops produced; many modern practices have not been introduced, especially on the farm level.

Agricultural production declined to a still lower level during the war and occupation. Buildings and equipment were destroyed or damaged; livestock numbers were reduced; fertilizer supplies were inadequate; the quality of seeds deteriorated.

The Mission, in cooperation with the Greek Government, has developed a broad program of agricultural rehabilitation, designed to raise at least the gap between the food produced and the food consumed in Greece. As part of this program, the Mission has allocated about $25,000,000 of aid funds for the importation of necessary agricultural and fishing materials and equipment and the necessary know-how to make efficient use of them. In addition, approximately 80 million drachmas, derived from the sale of the imported agricultural supplies, have been allocated to help increase the volume of production and the efficiency of the food supply, again through the use of research, training and extension techniques.

Accomplishments to date on various phases of the agricultural program are summarized below:

**Supply.** Mission funds have been used to procure 40,000 tons of fertilizer, 16,000 tons of sulphur and copper sulphate for spraying vineyards and orchards, 8,000 tons of other pesticides and insecticides, 2,700 tons of certified seed wheat, and other seeds.

**Farm Machinery.** A program has been undertaken for the importation of machinery and equipment, including 700 tractors, 1,500 pieces of other machinery, and large quantities of spare parts. Greek production of vitally needed equipment is being expanded with mission help. Repair shops are being established in all agricultural centers and courses are being given to train mechanics to teach farmers in the operation, repair and maintenance of farm machinery. To this important program there has been allocated $5,000,000.

**Water Development.** A large-scale well-drilling program is being financed by the Mission, equipment, including more than 800 pumps, imported from the U.S.; Greek well-drilling crews trained by American experts; financial and technical aid given to cooperatives and other groups to enable them to procure and operate well-drilling equipment.

**Land Development.** More than 150 projects, with initial cost of 11 million drachmas, have been planned and financed by mission and Greek government; this program provides for 150,000...
must be delayed or irrigated; 150,000 acres to be watered by cultivation. For the first time, 10,000 trees to be planted, nursery established to grow 35,000,000 seedlings for later transplantation.

Modern methods and techniques. Expanded programs in agricultural research, training, rural education, and extension have been revitalized and accelerated in cooperation with government and private agencies, costing $240,000,000 and 15 billion drachmas. The programs provide for reconstruction of war damaged buildings and other facilities and establishment of cooperative programs within the government and between governmental and private agencies. Twelve outstanding U.S. Professional agricultural training specialists are in Greece to train agricultural administrators and technicians in methods of using great farm scale in improving their economic condition; the efforts undertaken in this group include agricultural statistics, farm machinery operation, truck and citrus crops, food production, livestock, poultry and dairy, agricultural research, forestry, agricultural extension, home units, irrigation and drainage, and farming.

Livestock improvement. Two artificial insemination stations are in operation; 150 biological laboratories are being constructed and utilizing six animal clinics are under construction; 80 dairy farms are planned; six livestock stations will be established and equipped; veterinary services have been improved by Ministry of Agriculture and Near East Foundation with technical assistance.

Modern slaughter and processing facilities. 35,000,000 and 30 billion drachmas have been allocated for meat facilities; cold storage warehouse constructed at four ports; plans for establishment of fish docks and fishery concentration stations; refrigeration equipment provided for fishing boats; 20 cheese-making and 3 milk pasteurization plants to be constructed; canning plants expanded; agricultural storage capacity expanded throughout Greece; equipment procured for processing olive oil, meat, and milk products.

INDUSTRIAL REHABILITATION AND EXPANSION

Greece is not an advanced industrial nation, and was not in the pre-war period. Each of these raw materials, coal, and power industry required very high degree of industrialization and made the country dependent on imports for a large proportion of needed manufactured products. During the war and occupation, factory buildings were damaged, industrial machinery and equipment were destroyed, or taken away, machinery skills of the workers deteriorated, and there was no training of workers. Consequently, when the war was over, the rate of industrial production was extremely low. At the present time it is back to only about 60 percent of the pre-war level.

-10-
If Greece is to become a nation independent of external aid, production must be raised very substantially above the pre-war level.

In addition to the physical and basic economic factors which retard production, there are other conditions restricting output which must be eliminated. Local capital is available to industry only in limited amounts and at unremunerative rates of interest. There are restrictive laws and government regulations which discourage production. There are various taxes which have the same effect. The mission is working with the Greek government and Greek industrialists in a joint effort to bring about conditions in which industry can expand and make its contribution to a strong and healthy economy.

The mission's industrial program has two objectives. The first and immediate one is to repair the damages of war and occupation and restore industrial production to the 1939-40 level. The second is to expand Greek industry so that it can provide more employment for the Greek people and enable them to raise their standard of living.

Mission experts from various branches of American industry have cooperated with Greek industrialists to help solve their problems of repair and rehabilitation of plants, importation of necessary raw materials, obtaining needed machinery and equipment to deplete and expand their operations, acquisition of new capital, and expansion of exports. Particular stress has been placed on the development of hydro-electric power and the expansion of the chemical, steel, and textile industries.

URBA and war-surplus machine tools which had been brought into Greece and stored in warehouses were priced, put on display, and sold to industrial enterprises which were eager to buy them and put them to productive use. Arrangements have been made to distribute in the same way the machine tools received as German reparations. A considerable number of the German tools will be turned over to trade and technical schools for use in training courses.

Particular attention has been given to the production by Greek industry of items needed in the country which have previously been imported. Projects have been initiated, for example, for the production of steel drums for the export of olive oil and for the manufacture of binder twine.

Loan funds totaling $10,500,000 and 134 billion drachmas have been or will be allocated by the mission, according to the present program, to make long-term loans for industrial reconstruction and expansion.
The labor movement in Greece in September 1947 was in a confused and disorganized state. This was not surprising in view of the constant suppression exerted upon it from the days of the Metaxas dictatorship in 1936 through the Italian and German occupations. Even the liberation did not bring about the much-needed change so that it could begin a healthy new life, for communist influence, while the election of outright communists to local and national legislative bodies in March 1946. The undemocratic nature of these elections was presented to the courts which declared the elections illegal. The Minister of Labor then appointed officers for the courts declared the action illegal also. Then the courts themselves appointed an Executive Committee for the Confederation of Labor, dividing the 31-man membership equally among representatives of the Right, Left and neutral political parties. Nominations were submitted by the interested parties. However, five of the seven Laborists, who were communists, refused to take their place.

Because of the conflicts just mentioned, there had been little opportunity for the Confederation of Labor to study the needs of its members or to present a program whereby it might expect to achieve the most benefits for its membership without endangering the already weak economy of the country. It was in this atmosphere that the National Labor Division began its work.

A national-wide general strike scheduled for October 14 was averted with the help of the churches. The Prime Minister in a historic speech on October 14, in which he outlined the policies of the new coalition government, stated that a wage-negotiation committee would be set up. This committee was composed of representatives of labor, management and government and was advised by the heads of the Labor and Industry Divisions of AME. The Prime Minister further stated that in the future no governmental action vital to the welfare of labor would be taken without previous consultation with labor representatives.

As a result of negotiations carried on in the wage committee, the first freely-negotiated collective agreement since before the Metaxas dictatorship were announced on December 1, 1947.

The feeling of dissatisfaction with this accomplishment was momentary, because, on December 7, 1947, without any consultation with the AME labor unions, an anti-strike resolution was praised by Parliament. This law has since been repealed, on May 7, 1949, without ever having been invoked.

The convening of the 9th National Congress of the Confederation was the first Congress (other than the communist-dominated 8th Congress of March 1946 whose elections were later declared to be illegal) since the Metaxas days. This
Congress was anticipated as an event of democratic significance not only to Greece but to labor in all the Balkan countries. The Congress opened in Piraeus on March 28 and was observed by a fraternal delegate from the AFL as well as by the American and British labor attaches and the Director of the Labor Division of AID.

The Congress, unfortunately, became primarily a personal contest for the post of Secretary-General and there was little time for any sober discussion of the very real problems facing the labor movement. With the settlement of this contest on June 2, it is now possible for the Confederation to turn its attention to contributions which the labor movement can make to Greece's economic recovery.

A serious handicap to industrial rehabilitation and expansion in Greece is a shortage of technical manpower. The vocational training system in the prewar period was inadequate, and such training programs as did exist were largely stopped during the war and occupation. A sound and progressive system of vocational and industrial training is essential if Greek industry is to expand. A training program has been developed by the Mission and a proposal for providing for the necessary governmental action has been drafted and submitted to the Greek Government, with a recommendation for early enactment by the Parliament.

The Greek social insurance system has fallen into popular disrepute. About 500,000 persons, excluding dependents, have some form of social insurance protection. About 75% of these are covered by the leading social insurance institution; the remainder are covered by some 150 "funds." Excessive administrative costs, inefficient personnel, lack of centralized supervision, low benefits, and political interference are factors which have contributed to the loss of public confidence in the services rendered. Mission staff members have made a comprehensive study of the Greek social insurance administration and have submitted a report embodying their recommendations, including an extensive revision of the existing program. The adoption of these recommendations will provide better service to the contributors at a lower cost to the Greek country.
Compared with American standards, Greece has never had an adequate health program. The war, with its resultant period of enemy occupation followed by civil strife, resulted in further deterioration of the nation's health. During the war 17,000 persons died from starvation during one year in Athens and Piraeus alone. Malnutrition on a nationwide scale contributed to an increase in the death rate from tuberculosis to almost epidemic proportions.

To cope with the many and varied health problems of a war-torn nation, the Mission provided a small but well-trained unit of medical officers, sanitary engineers, public health nurses, an hospital administrator and medical supply expert, obtained largely by assignment from the U.S. Public Health Service. The medical officers included a tuberculosis consultant, a nutrition consultant and two officers trained in local health services. The public health nurse included two persons trained in nurse education.

Malnutrition has always been a scourge in Greece. Before World War II there were normally between one and two million cases a year; in years with heavy rainfall there were between two and three million cases a year. Thanks to the use of DDT introduced by WHO and now extended by USAID in cooperation with the World Health Organization and the Greek Ministry of Health, the number of cases has been reduced to 50,000 to 100,000 cases a year. The methods of malaria control include house spraying, aerial spraying and hand-spraying of small bottles of water. Last year about 5,000 villages were house-sprayed. This year the aerial spraying activities require 20 planes for a combined program for malaria control and to rid the olive trees of certain insects.

The greatest public health need in Greece is for more trained nurses. At the present time there are less than 500 trained nurses, a ratio of 1 to 17,000 persons as compared with 1 to 500 persons in the U.S. and Great Britain. The number of student nurses has been increased and plans are being developed to open several schools of nursing. Realizing that Greece will have to depend upon practical nurses for many years to come, a training program has been developed to provide in-service training for these nurses.

Tuberculosis is still the greatest cause of death among young persons. The Mission's Public Health Division has been instrumental in arranging for a team of experts in the BCG vaccination to come to Greece from Denmark. The Mission has made a large appropriation of Greek funds to provide 10,000 doses which will be used to test and vaccinate suitable persons on a large scale. Six Greek physicians have been sent to the United States and to Denmark for special training.

Much of the work of the Public Health Division has been in connection with the guerrilla-striken refugees who now number about 400,000 persons. By providing medical and stimulating immunization programs by the Greek Ministry of Health, major epidemics have not occurred. Medical supplies have been sent to guerrilla-striken areas in large quantities. Sometimes it has even been necessary to ship additional supplies by parachute to regions surrounded by the guerrillas. Members of the Public Health Division have frequently visited the guerrilla-striken areas giving advice on sanitary conditions.
The Public Health Division has been responsible for the distribution of many medical supplies left by the United States. The Division has been responsible for the importation of over $2,000,000 worth of medical supplies and 17% from the United States for use in Greek hospitals and health centers. It has also served as technical advisor in developing a well balanced medical import program in cooperation with the drug trade of Greece.

Realizing that Greek physicians have not been able to keep up with the latest advances in medicine, arrangements were made for a number of American medical professors under the auspices of the United States for use in Greek hospitals and health centers. This exchange of ideas has done much to strengthen the bonds of friendship between Americans and Greek physicians and scientists.

**GOVERNMENT ORGANIZATION**

When the Mission came to Greece it found the government administrative service poorly organized, badly operated, and over-centralized in Athens. The Service, due to the increase of men, competition, and corruption, coupled with a severe inflation, was over-staffed and weak. There were more than 80,000 civil servants in contrast to the 80,000 employed before the war. In addition, pension rolls were badly swollen with more than 250,000 pensioners and numerous cases of persons receiving pensions to which they were not entitled. All these are abuses and of the fact that its services were inefficient and poorly administered, the Greek Government in the hope of making a preliminary to the Greek Aid program announced an extensive program to improve its governmental organizations and civil service which was so disrupted by the long years of war. To assist in such a program the American Mission was requested to help the Greek Government in an effort to organize, simplify, and decentralize its administration, improve its civil service, and to revise educational training methods.

These reforms are necessary in order that the funds which the United States grants to Greece may be most effectively and fully used for the reconstruction and rehabilitation of Greece.

To further this work the Greek Government enacted a law establishing the Greek-American Committee on Government Reform, composed of top administrative officials, to work with members of the Mission on administrative methods and techniques. The Joint Committee under the able chairmanship of the Supreme Court Justice has been most effective. Specific recommendations in governmental organization and public administration are as follows:

1. **Decentralization of the Government**

A chief fault of the Greek Government is that it is over-centralized in the capital. Previous missions have stressed this fact and have urged that something be done about it. Field trips taken by the staff confirmed the fact
there was a great need for a better administered and more decentralised Government. Numerous examples were cited of over-centralisation and faulty administration. This was due in part to the fact that the Govern-
ment was too far removed from the people. One of the accomplishments of the Joint Committee and of the Mission was to develop a plan and craft
the necessary legislation for the decentralisation of the Greek Govern-
ment. Under the plan, Greece would be divided into 11 districts each with
a Governor-General whose qualifications would be fixed by a special
act.

Apposite hearings on decentralisation conducted by the Greek-American
Committee on Government Organisation, the plan received enthusiastic, wide-
spread support throughout Greece. Numerous delegations from the provinces
including the members of Parliament have expressed their approval and
urged ANA's support of the plan.

Both the Prime Minister and the Deputy Prime Minister have expressed
their support for the decentralisation plan which will soon be submitted
to Parliament for early adoption at its present session.

2. Civil Service

The overstaffed and inefficient civil service was inadequate to carry on the day-to-day operations of the Government, not to mention the
expanded and vigorous military and economic programs needed in time of
war. Emergency measures were taken designed to improve the efficien-
cy of the government and to alleviate the undue budgetary drain caused
by civil service abuses. These principally comprised: (1) a reduction
in-force program aimed at the release of 10,000 surplus employees (4,000
were actually released); (2) an increase in the work week from 20 to 40
hours; (3) elimination of overtime pay; (4) a reduction in extra pay for
service on committees and councils. The application of these measures
has resulted in general improvement in the efficiency of the public ser-
vice and has saved approximately 70 million drachmas.

Realising that these emergency measures offered no permanent
solution to the problem, a study was begun of existing civil service legis-
lation and the manner in which the laws were being applied with. As a
result of several months' study of the civil service system, a compre-
sensive civil service law has been drafted and is being recommended to the
Government for enactment.

3. Government Reorganisation

Detailed organisation surveys have been made of 14 of the more
important ministries and several other government agencies. As a result
of American advice, Parliament passed legislation establishing a Foreign
Trade Administration within the Ministry of National Economy, to control
exports and imports, and reorganising the Ministry of Supply to give it
more effective authority over the distribution and rationing of supplies
to the people. Laws pertaining to the reorganisation of several other
ministries have been drafted.


FISCAL AND BUDGETARY PROGRAM

During the German occupation and the postwar period Greece experienced two serious inflations. The first of these culminated at the end of 1944 and resulted in a currency conversion whereby 10 billion old drachmas were exchanged for 1 new drachma, thereby wiping out all bank deposits and demoralizing savings and leaving with the Greek people a lasting fear of inflation and lack of confidence in their currency.

Owing in part to the continuing effects of the war end of the German occupation and in part to the present struggle against the bonds in Greece, government expenditures have continued greatly to exceeds revenues. The government is unable to borrow money in Greece because the people who have savings are doubtful about its stability and fearful about the future. In consequence, any budgetary deficits can be met only by printing new money. In addition any substantial extension of credit for essential loans must be financed by means of the printing press. In spite of careful controls, the amount of currency in circulation increased by 90 percent during the past year.

This increase was directly reflected in higher prices. The rate of increase in the monetary supply far exceeded the rate of domestic production and of imports of consumer goods. Because of their fear of the future, manufacturers have held back on production, farmers have hoarded their produce, merchants have avoided building up inventories, and importers have gone slow on purchases abroad.

Greeks who have savings have hesitated to invest in productive enterprises and have preferred to use their funds for speculation and for deposits to all kinds of hedges and safeguards. The most popular of these is the gold sovereign, which has become a barometer of morale. The heavy demand for highly liquid assets has forced up the prices of these goods which are available, because almost all wholesale transactions are based on the rates at which the proceeds of sales can be converted into gold sovereigns, dollars or other foreign exchange. Higher wages, salaries and pensions intended to offset higher living costs have only increased the inflationary pressure.

There was a real danger that this situation would get completely out of hand. runaway inflation followed by price and wage canards would have wrecked the entire American aid program. In order to prevent this chain reaction, the Greek government with the assistance of the American Mission took the following measures:

1. Formulation of a government budget providing for maximum tax revenues and for drastic cuts in non-essential expenditures.
2. Establishment of expenditure controls to assure compliance with budgetary ceilings.
3. Allocation of bank credit to the most productive uses.
4. Stimulation of the foreign exchange earnings of Greece by the introduction of the Exchange Certificates Plan, which raised the purchasing power of foreign currencies when they were sold for gold and thus encouraged exports, and by strengthening exchange controls so as to prevent leakage of foreign exchange into the black market.

5. Liberalization of Greece's own foreign exchange, as well as American aid funds, to the most essential imports by a system of import licensing administered by American experts in the Foreign Trade Administration.

6. Acceleration of imports of consumer goods in order to cancel prices, drain off purchasing power, and obtain sufficient demand to finance the internal costs of the Mission's programs and to help with essential government expenditures.

7. Stabilization of wage rates at appropriate levels as a brake on commodity price inflation.

8. Supervision of the sale of gold sovereigns by the Bank of Greece in order to control the price of the gold sovereign and, in turn, to control the general price level.

The 9-point program has met with a considerable measure of success. Despite the necessity of very large defense expenditures for the armed forces and for refugee relief, government borrowings and deficits have been brought more nearly into balance and the budgetary deficit has been reduced. The amount of currency in circulation has been kept within manageable limits. It has been possible to reduce the volume of gold sales by the Bank of Greece while holding the price of the gold sovereign steady. The Mission's commodity prices index has declined from a peak of 300 times greater on March 10, 1949 to 265 times greater on June 30. The morale of the people has improved and there is now greater confidence in the currency and in the future. Foreign trade through private channels is gradually reviving. Greek investors and exporters are more active in 1950 than they have been at any time since restrictions on non-essential imports were imposed in December 1949.

The American Mission and the Greek Government, working together, have so far succeeded in controlling inflation, preventing speculations, and attenuating foreign trends. These were short-term objectives. The long-term objective of the American Mission in the field of public finance was to effect certain basic reforms in taxation and tax administration, in tariff laws and customs duties, in budgetary and credit policies, and in money institutions. There has been slow but steady progress in this direction as well. The necessary legislation has been drafted and in some instances it has already been enacted. The goal now is to expedite the enactment of the balance of the program and to put the various laws into effect.
AID TO GREECE

Funds Made Available

Under original program:
- Greek Aid Program $300,000,000
- Foreign Relief Program $36,000,000
Total $336,000,000

Funds for Greek aid under the second year of the program will come from two sources: Military aid will be financed from funds appropriated by the Congress for military assistance to Greece and Turkey. Economic aid will be provided from the funds appropriated for assistance to 16 countries under the European Recovery Program.

DISTRIBUTION OF AID FUNDS
1947 - 1948
Total Program: $336,000,000

- Military Aid 51%
- Materials and Equipment 7%
- Reconstruction 7%
- Food 22%
- Agricultural Rehabilitation 8%
- Miscellaneous 3%
<table>
<thead>
<tr>
<th>Division</th>
<th>Mission Employees</th>
<th>Dependents</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>American</td>
</tr>
<tr>
<td>Office of Chief</td>
<td>21</td>
<td>16</td>
</tr>
<tr>
<td>Public Finance</td>
<td>25</td>
<td>19</td>
</tr>
<tr>
<td>Civil Government</td>
<td>13</td>
<td>6</td>
</tr>
<tr>
<td>Commerce and Supply</td>
<td>21</td>
<td>13</td>
</tr>
<tr>
<td>Public Health</td>
<td>42</td>
<td>18</td>
</tr>
<tr>
<td>Distribution</td>
<td>30</td>
<td>9</td>
</tr>
<tr>
<td>Agriculture</td>
<td>26</td>
<td>20</td>
</tr>
<tr>
<td>Reconstruction Industry</td>
<td>12</td>
<td>9</td>
</tr>
<tr>
<td>Labor</td>
<td>7</td>
<td>4</td>
</tr>
<tr>
<td>Information</td>
<td>23</td>
<td>7</td>
</tr>
<tr>
<td>Legal</td>
<td>12</td>
<td>8</td>
</tr>
<tr>
<td>Foreign Trade</td>
<td>6</td>
<td>2</td>
</tr>
<tr>
<td>Relief and Welfare</td>
<td>26</td>
<td>8</td>
</tr>
<tr>
<td>Administrative Staff Office</td>
<td>8</td>
<td>4</td>
</tr>
<tr>
<td>Fiscal</td>
<td>34</td>
<td>13</td>
</tr>
<tr>
<td>Reports</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Admin. Services</td>
<td>317</td>
<td>3</td>
</tr>
<tr>
<td>Personnel</td>
<td>12</td>
<td>3</td>
</tr>
<tr>
<td>Field Service</td>
<td>7</td>
<td>4</td>
</tr>
<tr>
<td>Solicitor's Office</td>
<td>26</td>
<td>3</td>
</tr>
<tr>
<td>Army Group</td>
<td>74</td>
<td>39</td>
</tr>
<tr>
<td>Navy Group</td>
<td>45</td>
<td>41</td>
</tr>
<tr>
<td>Total</td>
<td>1,288</td>
<td>591</td>
</tr>
</tbody>
</table>

1/ Employees sent from the U. S. and regularly assigned to the Mission.
2/ Includes 16 British nationals, who have been hired locally. The remaining employees are primarily Americans who are dependents of Mission personnel, who are hired locally, and who work on a part-time basis.
5/ Includes 8 consultants on temporary assignment.
April 24

The American Economic Mission, headed by Mr. Paul Porter, departed for Greece.

April 26

The British government notified the U.S. government that it would be unable to disburse financial and economic assistance to Greece as of March 1.

March 3

The Greek government asked the U.S. government for financial, economic, technical, and administrative aid.

March 4

Secretary of State Edward Stettinius Jr. reported the Greek request for aid, "in furtherance of primary importance to the United States." President Roosevelt, informed of a request to Congress, acting for Greece and Turkey.

April 30

American economists (Porter Mission) submitted its report on Greece to the Department of State.

May 1

U.S. military and naval missions arrive in Greece.

May 2

President Roosevelt signs the statute authorizing aid to Greece and Turkey in the amount of $10,000,000.

May 11

President Roosevelt signed a statute authorizing aid to Greece and Turkey for the purpose of preparing economic resources for Greek recovery with the help of American aid.

June 27

Governor Edward Stettinius Jr., appointed head of the American Mission.

August 21

Agreement re aid to Greece signed in Athens.

September 14

Governor Stettinius arrived in Athens.

September 15

President Roosevelt signed a statute authorizing $20,000,000 for aid to Greece and Turkey for period ending Nov 30, 1943, and for frontier defense.

August 18

First shipment of American military supplies for Greek army under aid program arrived in Greece.

August 23

First shipment of military supplies under U.S. foreign aid program arrived in Greece.

November 12

Expenditures, as well as plan of action along the lines of demobilization, are being undertaken.

- 39 -