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. That has been accomplished.
A FACTUAL SURVEY
CONCERNING THE
AMERICAN MISSION FOR AID TO GREECE

AIAE
Athens, Greece
June 15, 1943
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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 her 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 U.N.O.'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. Road and bridge schemes once more land can safely be cultivated; more schools, homes, and businesses can be restored. The Army's 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 basis 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.
Since 1944 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 25,000 men before the recent accession 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 warfare throughout 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 289,000 men (including National Defense Corps battalions of 80,000 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 team policeman in Greece, totaling 34,000 men. The grand total is 289,000 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 $10,000,000 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 220,000 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 Force, 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 due to 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 guerrillas and promise an early restoration of security in the greater part of Greece by the end of the year.
At present there are 265 officers and 186 enlisted men on the staff of the Mission's U.S. Army Group in Greece. There are 45 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 signal 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 American 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 most of the supplies imported into Greece were brought in by NRTA 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 $50 million out of a $48 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 280,000 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 materials brought in by the American contractors. Table gives the food for more than three-fourths of the total tonnage, as indicated by the following breakdown:

<table>
<thead>
<tr>
<th>Category</th>
<th>Long Tons</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food</td>
<td>449,000</td>
</tr>
<tr>
<td>Coal</td>
<td>89,000</td>
</tr>
<tr>
<td>Agricultural supplies &amp; equipment</td>
<td>89,000</td>
</tr>
<tr>
<td>Iron and steel</td>
<td>8,000</td>
</tr>
<tr>
<td>Medical &amp; sanitation supplies</td>
<td>2,200</td>
</tr>
<tr>
<td>Other supplies &amp; equipment</td>
<td>100</td>
</tr>
</tbody>
</table>

Total 530,700
Supplies imported into Greece by the Mission under the U.S. Foreign relief program account for approximately 830,000 tons of the total shown above. These supplies represented a total cost to the U.S. of about $35 million, broken down as follows. Figures are in millions of dollars:

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost (in millions)</th>
</tr>
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<tbody>
<tr>
<td>Wheat</td>
<td>28.4</td>
</tr>
<tr>
<td>Rice flour</td>
<td>5.4</td>
</tr>
<tr>
<td>Soy 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>1.8</td>
</tr>
<tr>
<td>Evaporated milk</td>
<td>1.5</td>
</tr>
<tr>
<td>Dry skim milk</td>
<td>1.8</td>
</tr>
<tr>
<td>Relief funds</td>
<td>0.1</td>
</tr>
<tr>
<td>Medical supplies</td>
<td>0.5</td>
</tr>
</tbody>
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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 which labor, materials, and services procured within the country) were paid from this fund. Deposits made in the fund through May 31 totaled 383 billion drachmas. It is expected that future deposits will bring the total to 307 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 on 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 programming imports so that the supplies most needed would be imported, the available foreign exchange 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 WPA or bought under U.S. war surplus credits had accumulated in Greek warehouses. It was estimated that such warehouse stocks on October 15, 1947 totaled $72,000,000. 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 $253,000,000 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 Liberty ships and seven large tankers. Reorganization of port facilities has facilitated the unloading of vessels and has speeded up shipment to the outports.

RECONSTRUCTION

The physical facilities of Greece suffered severe damage and deterioration 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, electricity, 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 practicable; 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 disbursements necessary to pay for local labor, materials, and services come from the drawn 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 blew up. Machinery has been sabotaged. Road
mines 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 reconstruc-
tion 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.

Gazinath Canal. German demolitions in the rock walls of
this deep-cut canal created two tremendous rock and earth
slides that completely blocked all traffic. Damaged bridges,
wall, cars, and ships were also placed as obstructions. It was
necessary to obtain and to transport considerable heavy equip-
ment 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
control range of mountains, to Athens and other areas on the
west coast. Ships sailing from the west coast to the east
coast of Greece have previously been obliged to travel up to
400 miles around the Peloponnesus.

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

At Piraeus, extensive work has been under way on the re-
pair of quay walls and the dry dock. By June 1 the work was
determined to be about 40 percent complete. At the port of
Salonika, work is satisfactorily progressing on the rebuilding
of the breakwater and a damaged quay wall. This project li-
time 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 as-
ssembled 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 con-
struction program to improve major airfields in Greece, many
of which urgently needed for air operations against the guer-
illas.

At Ilioniko (sometimes known as Kassanti). the Athens air-
port, the program was approximately 20 percent complete by June
1. The project included renovation of the drainage system, an
adequate light lighting system, improvement to the radio com-
munication 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 planking and other
work on runways, control towers, parking strips, etc. are
practically complete at the airfields at Salonica, Larissa,
Kosmni, Larissa, and Kavala. Similar projects are under way
at Jandina and Tripolis.

Highways. A program for surfacing 1,500 kilometers of
important trade and military routes in the national highway
system is about one-fifth complete. War machine, 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, still remains
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 railway bridge across the Corinth Canal, is rebuil-
ding several demolished railway bridges on the rail line from
Athens to Salonika, and is repairing the Erallo 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 those of the more
than 300,000 people in Greece who have been driven from their
houses by guerrilla activity; 5,000 rooms to house over 7,000
families have been constructed or repaired for these people.
The Mission is also contributing almost 30 million and 55 bil-
lion drachmas for the repair or replacement of war-damaged
houses in hundreds of towns and villages throughout Greece for
other than refugee families.

Other Projects. The Mission is aiding in a large land
reclamation program throughout Greece, a project to expand
the Ikaria-Pireaus water supply, the improvement of the Aegina-
Pireaus smelting 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 reduce to a minimum the gap between the food produced and the food consumed in Greece. As a part of this program, the Mission has allocated about 625,000,000 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 billion drachmas, derived from the sale of the imported agricultural supplies, have been allocated to help increase the volume of production and the effectiveness 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, 3,000 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, 1,000 sets 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 to train mechanics to teach foreigners in the operation, repair and maintenance of farm machinery. To this important program there has been allocated 82,000,000.

Water development. A large-scale well-drilling program is being financed by the mission, equipment, including more than 6,000 pumps, imported from the U.S.; Greek well-drilling crews trained by American specialists, financial and technical aid given to cooperatives and other groups to enable them to procure and operate well-drilling equipment.

Land Development. More than 100 projects, with initial cost of 11 million drachmas, have been planned and financed by Mission and Greek Government; this program provides for 160,000
more to be cultivated or irrigated. 18,000 acres to be "newly cultivated for the first time; 100,000 trees to be planted nursery establishments established to grow 35,000,000 seedlings for later transplantation.

Modern methods and techniques. Expanded programs of agricultural research, training, technical extension, and extension have been rehabilitated, and developed in cooperation with government and private agricultural agencies, costing 3,000,000 and 18 billion drachmas. The program provides for reconstruction of farm buildings and other facilities and establishment of cooperative programs within the government and between governmental and private agencies. A number of outstanding U. S. Professional agricultural training specialists are in Greece to train agricultural administrators and technicians in methods of raising farm funds to improve their economic condition; the fields represented in this group include agricultural statistics, farm machinery operation, truck and citrus crops, feed production, wool, and agricultural research, forestry, agricultural education, house meats, irrigation and drainage, and farming.

Livestock improvement. Two artificial insemination stations are in operation; two technological laboratories are being constructed and others six practical clinics are under construction. Six sheep breeding centers are planned; six livestock stations will be equipped and equipped; veterinary services have been improved (by Ministry of Agriculture and the Near East Foundation with mission assistance).

Marketing and consumer facilities. 86,000,000 and 30 billion drachmas have been allocated for much facilities, cold storage facilities constructed at four ports; plans for establishment of fish docks and fishery concentration stations; refrigeration equipment provided for fishing boats; 20 cheese-making and 5 milk pasteurization plants to be constructed; canning plants expanded; agricultural storage capacity expanded throughout Greece; equipment provided for processing olive oil, cotton, and wool.

INDUSTRIAL REHABILITATION AND EXPANSION

Greece is not an advanced industrial nation, and was not in the pre-war period. Lack of basic raw materials, coal, and power has impeded 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 and taken away, mechanical skills of the workers deteriorated, and there was an exodus 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 50 percent of the pre-war level.

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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 considered. Local capital is available to industry only in limited amounts and at uncompetitive 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 1936–39 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 them solve their problems of repair and rehabilitation of plants, importation of necessary raw materials, obtaining needed machinery and equipment to determine 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.

UNRRA 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 $10,000,000 and $18 billion dollars 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 expected upon it from the time of the Metaxas dictatorship in 1936 through the German occupation of 1940-44. Although the Hispanic War and the Italian and German occupations, or the liberation of the territories under communist influence, indicated the election of certain outright communist or fellow travelers at the 8th National Labor congress in March 1948, the undemocratic nature of these elections was not revealed until the courts which declared the elections illegal. The Minister of Labor then appointed a commission to the court in April 1948, declaring that the elections were illegal. The courts declared the elections illegal, then the courts themselves appointed an Executive Committee for the Confederation of Labor, dividing the 81-seat 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 seats.

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 badly balanced economy of the country. It was in this atmosphere that the Military Labor Division began its work.

An all-side general strike scheduled for October 14 was avoided with the help of the Military. The Prime Minister in a historic speech on October 15, in which he outlined the policies of the new government, stated that a large scale policy committee would be set up. This committee was composed of representatives of labor, management, and government, and would address the needs of the labor and industry divisions of labor. The Prime Minister further stated that in the future no governmental action vitally concerning 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 agreements since before the Metaxas dictatorship were announced on November 1, 1947.

The feeling of dissatisfaction at this accomplishment was somewhat diminished, on December 2, 1947, without any consultation with us, the new forceful anti-trike resolution was passed by Parliament. This law has since been repealed, on May 10, 1948, without ever having been invoked.

The convening of the 9th National Congress of the Confederation was the first Congress (other than the communist-controlled 8th Congress of March 1946 where 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 3, 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 the 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 proposed law 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 disuse. About 600,000 persons, excluding dependents, have some form of social insurance protection. About 0.8% of these are covered by the leading social insurance institution; the remainder are covered by some 100 "funds". Extremely high administrative costs, inefficient personnel, lack of central control, supervision, law infornance, 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 treasury.
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 alone. Substituting 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, a hospital administrator and medical supplies support, obtained largely by earmark 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 nurses included two persons trained in nurse education.

Malari a 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 LAMA in cooperation with the World Health Organization and the Greek Ministry of Hygiene, the number of cases has been reduced to 80,000 to 100,000 cases a year. The activities of malaria control include house spraying, aerial spraying and hand-spraying of small bodies 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 team represents a large appropriation of Greek funds to provide 10,000 vaccins which will tuberculize 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-stricken refugees who now number about 600,000 persons. By providing medical and stimulating immunization programs by the Greek Ministry of Hygiene, major epidemics have not occurred. Medical supplies have been sent to guerrilla-stricken areas in large quantities. Sometimes it has even been necessary to send medical supplies by parachute in regions surrounded by the garrillas. Workers of the Public Health Division have frequently visited the guerrilla-stricken areas giving advice on sanitary conditions.
The Public Health Division has been responsible for the distribution of many medical supplies left by UNRRA. The distribution of these supplies has prevented the necessity of having to import them from the United States. The Division has been responsible for scheduling the importation of over $2,000,000 worth of medical supplies and TEF from the United States for use in Greek government hospitals and health centers and has served as technical adviser in developing a well balanced medical import program in cooperation with the drug trade of Greece.

Realizing that Greek physicians had 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 Service Committee to visit Greece and give lectures and hold clinics at the Universities of Athens and Salonika. This exchange of ideas has done much to strengthen the bonds of friendship between American and Greek physicians and scientists.

GOVERNMENT ORGANIZATION

When the Mission went to Greece it found the Government administrative machinery poorly organized, badly operated, and over-centralized in Athens. The Civil Service, due to the reverse of men, competition, and a revolution, coupled with a severe inflation, was over-staffed and weak. There were more than 30,000 civil servants in contrast to the 30,000 employed before the war. In addition, pension rolls were badly swollen with more than 180,000 pensioners and numerous cases of persons receiving pensions to which they were not entitled. All of these abuses and of the fact that its services were inefficient and poorly administered, the Greek Government in the exchange of notes 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 reorganize, 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 Organization, 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 a Supreme Court Justice has been most effective. Specific accomplishments in governmental organization and public administration are as follows:

1. Decentralization of the Government

A strong fault of the Greek Government is that it is over-centralized in the capital. Previous missions have stressed this fault 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 a more decentralised Government. Numerous examples were cited of over-centralisation and faulty administration. This was in part to the fact that the Government 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 draft the necessary legislation for the decentralisation of the Greek Government. Under the plan, Greece would be divided into 11 districts each with a Governor-General whose qualifications would be fixed by a special statute.

Apposite hearings on decentralisation conducted by the Greek-American Committee on Government Organisation the plan received enthusiastic widespread support throughout Greece. Numerous delegations from the provinces including the members of Parliament have expressed their approval and urged ANZAD'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, let alone meet the expanded and rigorous military and economic programs needed in time of crisis. Emergency measures were taken designed to improve the effectiveness of the government and to alleviate the undue budgetary drain caused by civil services alone. These principally included (1) a reduction in force program aimed at the release of 10,000 surplus employees (4,500 were actually released); (2) an increase in the weekly work from 30 to 40 hours; (3) abolition of overtime pay; (4) a reduction in overtime pay for service on committees and councils. The application of these measures has resulted in general improvement in the efficiency of the public service and has saved approximately 70 billion drachmas.

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

3. Government Reorganisation

Detailed organisational 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 draining savings and leaving the Greek people a lasting fear of inflation and lack of confidence in their currency.

Owing is part to the continuing efforts of the war and of the German occupation and in part to the present struggle against the Barons in Greece, government expenditures have continued greatly to exceed 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 deficit 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 resources to all kinds of hedges and safeguards. The most popular of these is the gold sovereign, which has become a barrier of mobility. 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 panic and collapse 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 and increased the inflow of gold and dollar resources, and by stabilizing exchange controls so as to prevent leakages of foreign exchange into the black market.

5. Liberalization of Greece's own foreign exchange, as well as liberalization of 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 control prices, drain off pent-up demand, and obtain sufficient resources to finance the internal costs of the Mission's program 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 thus to control the general price level.

The 8-point program has met with a considerable measure of success. Despite the necessity of very large government expenditures for the armed forces and for refugee relief, government revenue and output 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 stable. The Mission's economic policy has been to a large extent successful. The price of gold sovereigns has been reduced from a peak of 260 times its par value on March 10, 1940 to 240 times its par value on June 10. The value of the pound has improved and there is now greater confidence in the currency and in the future. Foreign trade through private channels is gradually resuming. Greek investors and exporters are more active than they have been at any time since restrictions on non-essential imports were imposed in December 1940.

The American Mission and the Greek Government, working together, have so far succeeded in controlling inflation, preventing price, and stabilizing foreign trade. 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 levy and customs duties, in banking and credit, and in social insurance. 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 completion 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 25,000,000
Total 335,000,000

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: 335,000,000

- Military Aid 51%
- Materials and Equipment 7%
- Reconstruction 7%
- Food 22%
- Agricultural Rehabilitation 8%
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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.
3/ Includes 31 U. S. Army personnel.
4/ All U. S. Navy personnel.
5/ Includes 8 consultants on temporary assignment.
U.S. military aid mission arrive in Greece.

April 20 Agreement re aid to Greece signed in Athens.

July 14 Agreement ratified in Greece.

July 15 Presidential signing ceremony representing $200,000,000 for aid to Greece and Turkey for period ending Nov 30, 1945, and funds for London deficit.

July 31 First shipment of military supplies for Greek army under aid program arrived in Greece.

Aug-22 First shipment of military supplies under U.S. foreign relief program arrived in Greece.

Sept-12 Foreign exchange satellite plan in effect diminishing the handicap for large navigation.