

# THE AMERICAN AID PROGRAMS IN GREECE

A SUMMARY ACCOUNT OF THE  
AMERICAN ECONOMIC AID PROGRAMS TO GREECE  
FROM 1947 TO THE SPRING OF 1954

JULY 1954

## FOREWORD

The following summary of the American economic aid programs in Greece from 1947 to 1954 has been prepared by the United States Operations Mission in Greece for the information principally of American officials and private individuals visiting Greece and desiring a quick view of the accomplishments of those programs. The material has been taken, for the most part, from already-published sources.

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CONFRONTING THE PROBLEM

World War II and the German occupation had left Greece prostrate. The successive coalitions were impotent and the machinery of government was broken down. The small army was unequipped and demoralized and the treasury was empty. All major ports were demolished and 95% of the railroads were destroyed. There was practically no vehicular transportation and of 555 merchant marine vessels and 733 caiques, only 138 ships of all kinds were left. National income was 41% and industrial production 35% of prewar. There was a rocketing inflation.

The intermittent Communist-inspired disorders which grew into the guerrilla war came almost upon the heels of the retreating occupiers. By 1947 the guerrilla forces maintained virtually uncontested initiative in the struggle for Greece. Except for the cities and large towns, occupied by army units, the guerrillas controlled or dominated more than one half of the country, everywhere causing confusion and destruction, nowhere engaging in decisive battles.

This was the background of the Truman Doctrine announced in 1947.

The first offer of comprehensive bilateral military and economic assistance in U.S. history, Public Law 75, authorized \$300 million for implementation of the announcement. Enacted under these threatening circumstances, it was necessarily an emergency program. It was designed to safeguard U.S. political objectives in Greece by assisting in (a) the defeat of the Communist led forces, (b) the rehabilitation of the war and guerrilla damage, (c) the economic and social development of the country to forestall the growth of Communism.

The initial application of the Marshall Plan (European Recovery Program), passed in 1948, was modified by existing conditions in Greece. During the first two years of American assistance, major emphasis was placed on equipping the Armed Forces, building roads and communications to permit greater access to guerrilla occupied areas, reconstructing ports to receive military and civilian supplies, importing foodstuffs and other goods impossible to produce locally because of the war, caring for indigent refugees amounting to about one-third of the population, initiation of public health and sanitary measures and governmental reforms.

The period from 1949 to 1951 was marked by a concerted effort to telescope a four year development program into the remaining two years. Land reclamation projects, agricultural extension work, loans for fisheries and food processing plants, power projects, loans to industry and mining, rehousing and rehabilitation of refugees, efforts to increase export earnings, and continued efforts to improve government administration were the principal endeavors. Though significant progress was made in most of these directions, inflation continued, the balance of payments deficit remained large, and the national budget remained unbalanced.

Accordingly, beginning in fiscal year 1952, emphasis was shifted in order to initiate effective budget-balancing measures and to bring the development program more in line with Greek financial and technological abilities. The effect of these measures was immediate. U.S. aid allotments declined from \$280 million in fiscal year 1951 to

\$170 million in fiscal year 1952 and \$80 million in fiscal year 1953. The maximum aid utilization during the present year will not exceed \$21 million. #

As aid was reduced, so extensive Mission supervision of government programs and projects was reduced. In 1950 and 1951 the government without direct supervision managed foreign procurement, preparation of programs, execution of small projects, and receipt and distribution of property. By 1952, whole sectors including housing, railways, tourism, and telecommunications were planned, executed, and largely financed from current State revenues, though a degree of Mission guidance was required. In 1953, the Mission retained only the right to examine the use of U.S. financed imports and aid generated counterpart funds expended principally in the electric power program, agricultural development, reclamation, and military ports, airfields and highways.

During the current fiscal year, in line with its program of greater assumption of responsibility by the Government, the Mission withdrew close supervision of the use of foreign exchange and counterpart funds. Technical assistance also was further limited. Its principal endeavors were restricted to advice and assistance in the industrial development program and the agricultural productivity programs and to completing economic projects begun with Mission assistance in past years.

# Aid allotment figures for previous years: FY '48, \$207 million; FY '49, \$222 million; FY '50, \$232 million.

Seven years of American aid and tremendous effort by the entire Greek Nation have transformed Greece. The Communist-engineered guerilla war has been won and the damage it caused and compounded has been repaired in good measure. The economic and social development of the country surpass pre-war levels and are sufficiently advanced to hinder the resurgence of internal Communism. Production indices are much higher than pre-war as are dollar and foreign exchange reserves. The international payments position of Greece is now essentially in balance and financial stability appears to have been achieved. Greece is making an important contribution to world wide mutual security.

In economic terms, the effect of the aid program is perhaps best illustrated by the attached table which summarizes balance of payments comparisons for the fiscal years 1949 to 1954 and relates them to the pre-war year 1938.

| I T E M S   | 1938 (in \$<br>of 1938<br>Purchasing<br>Power |              |              |              |              |              | 1953/54  |
|---|---|--------------|--------------|--------------|--------------|--------------|--|
|   |   | 1948/49      | 1949/50      | 1950/51      | 1951/52      | 1952/53      | Based on 10<br>mos actual<br>data & est.<br>for May &<br>June 1954 |
| 1. Imports for current needs                          | 132.6   | 403.7        | 333.4        | 348.6        | 311.6        | 213.2        | 238.0  |
| 2. Imports for Reconstruction<br>& capital investment | <u>No separation</u>                          | <u>45.5</u>  | <u>36.9</u>  | <u>31.6</u>  | <u>40.3</u>  | <u>16.9</u>  | <u>14.0</u>  |
| 3. TOTAL IMPORTS                                      | 132.6   | 449.2        | 420.3        | 430.2        | 351.9        | 230.1        | 252.0  |
| 4. EXPORTS  | <u>93.5</u>                                   | <u>89.8</u>  | <u>72.9</u>  | <u>94.9</u>  | <u>111.5</u> | <u>116.4</u> | <u>140.0</u>   |
| 5. Balance Merchandise                                | -39.1   | -359.4       | -347.4       | -335.3       | -240.4       | -113.7       | -112.0   |
| 6. Net Invisible Earnings                             | <u>33.6</u>                                   | <u>25.0</u>  | <u>32.4</u>  | <u>15.2</u>  | <u>37.5</u>  | <u>67.9</u>  | <u>90.0</u>  |
| 7. Balance on Current Account                         | -5.5  | -334.4       | -315.0       | -320.1       | -202.9       | -45.8        | -22.0  |
| 8. Net Capital Operations                             | <u>+ 6.5</u>                                  | <u>+12.1</u> | <u>+21.7</u> | <u>+3.5</u>  | -2.1         | <u>+1.2</u>  | -2.5   |
| 9. NET DEFICIT  | <u>0.8</u>                                    | <u>322.3</u> | <u>293.3</u> | <u>316.5</u> | <u>205.0</u> | <u>44.6</u>  | <u>24.5</u>  |
| 10. TOTAL FOREIGN AID &<br>REPARATION PAYMENTS        | .0  | 313.3        | 320.6        | 310.0        | 213.7        | 74.5         | 47.5   |
| 11. NET INCREASE IN FOREIGN<br>EXCHANGE ASSETS        | 0.8   | -9.0         | 27.3         | - 6.5        | 8.7          | 29.9         | 23.0   |

The first line of this table indicates the decreasing needs of the civilian economy beginning in 1952, which were permitted by significant increases in Greek agricultural and industrial production. The second line shows similar adjustment of the reconstruction programs to the new normal capital investment requirements.

The sharp increase of net invisible earnings, of which tourism and remittances from Greeks abroad are large factors, began with the discontinuance of gold sales by the Bank of Greece and the currency devaluation made possible by economic stabilization. Line 3 reflects loans and other capital operations which, when adjusted with the balance on current account, gives the net balance of payments deficit.

As shown by line 10, this deficit has been very largely covered by foreign aid and reparations payments of which 90-95% came from American sources.

Line 11, the net increase in foreign exchange is of particular importance for fiscal years 1953 and 1954. The gold and dollar reserves held by the Bank of Greece total approximately 110 million dollars as compared to 11 million dollars in June 1948.

It is apparent from the above, Greece should soon become self-supporting if present trends continue. Though implied by the above table, a significant achievement which merits attention is the steady improvement of the standard of living in Greece during this same period.

There follows a somewhat fuller accounting of the programs carried on with American financial aid and technical assistance:

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GROSS INVESTMENT

WITH ECA/NSA & ANAG FUNDS (EXCL. ITALIAN REPARATIONS & COUNTRY'S  
OWN RESOURCES)

July 1946 - June 1953 (Five Years)

| <u>S e c t o r s</u>   | <u>% o f t o t a l v a l u e</u> |
|--|----------------------------------|
| <b>A. <u>INVESTMENT FOR EXPANDING<br/>PRODUCTION &amp; TOURISM</u></b> |                                  |
| 1. Agriculture   | 11.2                             |
| 2. Fisheries   | 0.5                              |
| 3. Land Reclamation  | 10.0                             |
| 4. Power (Hydroelectric &<br>Thermoelectric)                           | 9.9                              |
| 5. Mining (incl. Lignite<br>& Salt Works)                              | 4.1                              |
| 6. Industry  | 7.0                              |
| 7. Tourism   | 1.1                              |
| 8. Rehabilitation of Guerrilla-<br>stricken Farmers                    | 2.7                              |
| 9. Restoration of Guerrilla-<br>stricken Industries                    | 0.8                              |
| Total  | 47.3                             |
| <b>B. <u>INVESTMENTS IN TRANSPORT &amp;<br/>COMMUNICATIONS</u></b>     |                                  |
| 1. Highways  | 9.7                              |
| 2. Railways  | 9.8                              |
| 3. Ports   | 3.0                              |
| 4. Civil Aviation  | 1.6                              |
| 5. Telecommunications  | 1.6                              |
| Total  | 25.7                             |
| <b>C. <u>INVESTMENT TO PROVIDE TOLERABLE<br/>LIVING CONDITIONS</u></b> |                                  |
| 1. Housing & Reparation  | 15.6                             |
| 2. Public Health   | 3.5                              |
| 3. Water Supply and Sewage   | 1.9                              |
| 4. Education, Research &<br>Reorganization of<br>Public Services       | 1.7                              |
| 5. Miscellaneous   | 2.1                              |
| 6. Technical Assistance  | 2.2                              |
| Total  | 27.0                             |
| GRAND TOTAL  | 100.0                            |

RELIEF AND REHABILITATION

During the guerrilla war and until mid 1951, the major effort of the Greek Government and of American assistance was devoted to keeping Greeks alive. At one time, 85% of the aid funds were spent to provide minimum necessities to sustain the population and up to 1952, 2,076 billion drachmae of the 4,550 billion counterpart funds spent for the recovery program went into the care and rehabilitation of refugees. #

The damage and destruction caused by the Communists forced more than 750,000 people to leave their homes and farms for the security of Army-guarded large towns. These people were entirely dependent for assistance upon the Greek State. They were provided with a minimum of food, clothing, shelter, medical care, and where possible, with relief employment and agricultural aid to maintain livestock or cultivate public lands near the security centers. ##

Refugees were cared for in this way until return to their homes was militarily possible. The first movement was in the Peloponnese in 1949 and by June 30, 1950, only 10,000 people, approximately, were thought to be away from their villages.

# Drachmae figures used herein are old-issue drachmae - i.e. 30,000 to the dollar as distinguished from the new issue of 30 to the dollar.

## Before the Work Relief Program was established, each refugee was given daily 10 ounces of bread or flour and 1,000 drachmae with which to supplement this food. Gifts from voluntary societies and ex-UNRRA supplies comprised the clothing which was provided and the Mission imported blankets. The Greek Red Cross, municipal, and private agencies provided medical care which the Government subsidized while also undertaking the necessary preventive and public health measures. Housing varied from tents to the use of badly damaged or unoccupied public buildings.

The homeward flow caused grave problems for the Government in the restoration of refugees to minimum conditions of living and productivity. State assistance, backed by American funds, was able to continue the 10 ounce daily flour ration. Each returning refugee was allotted 60,000 drachmae in cash for a two month period, supplemented by a resettlement allowance of 200,000 drachmae for families of three or fewer persons, or 300,000 drachmae for larger families. Also the Work Relief Program, begun while the refugees were in security centers, was continued and expanded in the villages. By 1951, more than 1,000 communities had benefited under this program and it had proved such an effective means of public assistance that it has been continued. Quite apart from its importance as a public assistance program, the Work Relief Program has proved to be an important instrument for community development.

The most impressive problem of repatriation was the elementary need for shelter. Nearly half of the 10,000 villages of Greece had suffered damage and in many destruction was nearly complete. Housing had to be provided or obviously great numbers of refugees would return to the over crowded security centers. Between 1948 and 1952 Mission welfare and housing authorities supervised the construction of 54,000 housing nuclei (2 room houses) and repair of 106,000 other houses destroyed or severely damaged by enemy occupation forces or the Communist supported guerrillas. In addition, materials (principally items not available locally) to rebuild or rehabilitate 91,000 houses were given in those cases where the recipient was able to provide all of the labor and such materials as rock, sand, and

other local materials. There remain about 187,000 houses to be built in this program. #

This program since 1952 is on a loan basis, usually with repayment in 15-20 years at 4% interest. Only families not eligible for regular bank loans are eligible. Selection of beneficiaries is by Nomarch Committee (County Committee) but the local bank is responsible for proper execution and collection of repayment.

The housing program has cost \$15,557,857 in foreign exchange and 907,863 million drachmae for local procurement of materials and labor. The amount contributed from other sources including the borrower cannot be calculated because of inadequacy of records in the early days of reconstruction.

As the areas were resettled, the expensive and time-consuming rehabilitation program to recreate agricultural production was launched. Nearly every farm family needed some assistance. The most affected were 178,000 farm families who were forced to abandon their homes and farms for almost four years. To return them to their land and give them the minimum assistance for a fresh start required 15 million dollars of American aid and 396 billion drachmae from the State Budget. ##

# Over 6,000 schools were also destroyed outright or seriously damaged. Before the program was turned over completely to the Government for supervision and financing, 3,800 had been repaired and 956 new school rooms were either completed or being built. In addition 134,000 desks were provided. Total expenditure of counterpart was 62,761 million drachmae.

## See tables 1, 2 and 3 attached.

AGRICULTURAL REHABILITATION PROGRAMTable IState Budget Expenses

|                                    | <u>Drachmae</u> |
|------------------------------------|-----------------|
| 1. Relocation expenses             | 16,120,000,000  |
| 2. Seeds                           | 65,420,000,000  |
| 3. Tillage                         | 111,820,000,000 |
| 4. Chemical fertilizers            | 32,230,000,000  |
| 5. Animal feed                     | 79,900,000,000  |
| 6. Provision of animals            | 18,000,000,000  |
| 7. Agricultural implements         | 49,000,000,000  |
| 8. Carts and bee hives             | 22,000,000,000  |
| 9. Assistance to tobacco producers | 2,250,000,000   |
|                                    | <hr/>           |
|                                    | 396,740,000,000 |

Table IIAnimals Replaced

|         | <u>Purchased<br/>locally</u> | <u>Imported</u> | <u>To be<br/>Imported *</u> |
|---------|------------------------------|-----------------|-----------------------------|
| Mules   | 6,568                        | 23,071          | 3,987                       |
| Mares   | 492                          | 6,845           | 5,583                       |
| Bovines | 1,425                        | 14,206          | 6,894                       |
| Donkeys | 43                           | 6,536           | 624                         |
| Sheep   | <u>10,282</u>                | <u>60,041</u>   | <u>214</u>                  |
|         | 18,810                       | 110,699         | 17,302                      |

Table IIITools Replaced

|  | <u>Total Delivered</u> |
|--|------------------------|
| Plows (Various types)  | 126,360                |
| Flow shares  | 284,700                |
| Harrow (steel)   | 37,700                 |
| Various small tools (such as shovels,<br>picks, saws, hammers, hoes, etc.) | 859,609                |
| Carts (2 & 4 wheel)  | 17,490                 |
| Bee hives  | 36,250                 |
| Sprayers   | <u>8,200</u>           |
|  | 1,369,939              |

\* Delivery continues

The Government has done a remarkable job in achieving even minimum success in caring for the repatriation and rehabilitation of the refugees. During this period the Mission worked closely with the Government on policy and program development and implementation.

Including the refugees, the State at this time was at least partially supporting 2,500,000 persons, or one third of the population at an annual cost of more than \$50 millions, or about 22% of the total cost of civil government. The size and expense of the program required foreign, particularly American, technical assistance which began the modernization of the continuously developing Ministry of Social Welfare. Specialists in welfare administration, public assistance, child welfare, rehabilitation of physically disabled, and pensions worked closely with Ministry officials to establish valid and practical criteria of need for persons dependent upon the State. Through these efforts the number of "indigents" was reduced to a plausible minimum. Assistance also was given in reorganizing the Ministry, in planning its programs and in training its staff.

In 1952 the Mission withdrew from the whole area of social welfare activities and since then the Government has administered it alone. The list of needs still to be met is impressive and constitutes one of the strongest pressures for change in the National Budget away from the present heavy allotments for defense in favor of the "reconstruction program". Recent earthquakes have emphasized this need.

AGRICULTURAL DEVELOPMENT

Despite almost prohibitive initial difficulties, the viability of agriculture in Greece is growing steadily. With American aid and technical assistance the highest production levels in Greek history - 166% of pre-war - have been attained#. The importance of this achievement is best measured by the changes wrought in the national balance of payments indicated below;

| <u>Imports Primarily for</u><br><u>Human Consumption</u> |       | <u>Exports of</u><br><u>Agricultural Origin</u> |
|--|-------|---|
| (in millions of dollars)                                 |       | (in millions of dollars)                        |
| 1948/49  | 167.0 | 83.7  |
| 1949/50  | 122.0 | 68.0  |
| 1950/51  | 112.2 | 84.0  |
| 1951/52  | 107.2 | 94.4  |
| 1952/53  | 59.0  | 97.2  |
| 1953/54 //   | 40.2  | 111.  |

// 8 months actual - 4 months estimated.

In 1948 the immediate problem was to feed the Nation. Heavy food imports were necessary because the guerrilla war had virtually destroyed what production remained after World War II and the subsequent occupation by the Axis Powers. Food supply and distribution facilities and organizations also had to be reestablished quickly.

As soon as the program for the resettlement of the refugee farmers permitted, increased production of food for direct consumption was emphasized and attention was given to the economic production of export crops since 88.8% of Greek exports are of agricultural origin.

# The production average in tons of 1935-1938 is used as the pre-war base period.

While other factors contributed materially the increase recorded below is principally due to higher yield per acre and higher production per worker#.

Probably the strongest force behind the greater production has been the increasingly effective agricultural extension service instituted in 1950 with Mission technical assistance and now employing 396 professional field personnel. Disseminating the ideas and methods of improved agricultural practices, this service has encouraged farmers to apply the results of the excellent work being done with American assistance by the Ministry in the fields of agricultural education, range management, artificial insemination, animal disease control, food processing, seed breeding, etc. Tangible and impressive examples of the value of extension work are these production figures for 1953: wheat, 183% of pre-war; cotton, 214%; rice 2000%. The last two crops for the first time in history are export items of 7,000 and 20,000 tons respectively.

Development of land and water resources, which has required 50 percent of the money allocated to agricultural development 1/, has been necessary and important to increased productivity because of the critical shortage of basic agricultural resources. Aid was granted to assist such development until the added resources derived therefrom would allow the country to carry on alone. Projects undertaken by the Government (projects too large for private initiation) with aid through 30 June 1953 benefited the following acreages:

# See Tables 4 & 5

1/ Through 1953, 22 percent of all American aid has gone into the agricultural sector.

TABLE 4

YIELD PER S REMMA ( $\frac{1}{4}$  ACRE) IN KILOS (2.2 lbs.)

| Commodity       | 1935-38 av. | 1948-49 | 1949-50 | 1950-51 | 1951-52 | 1952-53          | 1952-53<br>as % of<br>1935-38 | Estimated<br>1953-54 | Estimated<br>1953-54 as %<br>of 1935-38 |
|-----------------|-------------|---------|---------|---------|---------|------------------|-------------------------------|----------------------|---|
|                 | (1)         | (2)     | (3)     | (4)     | (5)     | (6)              | (7)                           | (8)                  | (9)                                     |
| Wheat           | 90          | 95      | 110     | 98      | 98      | 105              | 117                           | 134                  | 149                                     |
| Rye             | 81          | 76      | 95      | 87      | 77.4    | 85               | 105                           | 99                   | 122                                     |
| Barley          | 96          | 105     | 96      | 97      | 110     | 111              | 116                           | 120.4                | 125                                     |
| Corn            | 98          | 93      | 99      | 79      | 91.7    | 100              | 102                           | 115                  | 117                                     |
| Oats            | 84          | 76      | 83      | 82      | 93      | 93               | 111                           | 112                  | 133                                     |
| Meslin          | 74          | 77      | 78      | 75.6    | 88.6    | 78               | 105                           | 87                   | 117.5                                   |
| Rice (unmilled) | 200         | 243     | 282     | 330     | 287     | 325              | 162.5                         | 376.4                | 188                                     |
| Potatoes        | 683         | 1,117   | 1,103   | 1,011.4 | 1,108   | 1,216            | 178                           | 1,158.2              | 170                                     |
| Vegetables      | 832         | 1,120   | 1,204   | 1,133.5 | 1,149   | 1,195            | 144                           | 1,320                | 159                                     |
| Cucurbits       | 809         | 1,183   | 1,214   | 1,378   | 1,294.6 | 1,379            | 170                           | 1,290                | 159                                     |
| Citrus fruit    | 592         | 592     | 665     | 652.4   | 740     | 720              | 122                           | NA                   |   |
| Table grapes    | 374         | 408     | 415     | 489     | 366     | 453              | 121                           | NA                   |   |
| Currants        | 247         | 161     | 186     | 167     | 177     | 187              | 76                            | NA                   |   |
| Sultanas        | 270         | 202     | 261     | 306.3   | 270     | 287              | 106                           | NA                   |   |
| Dry pulses      | 78          | 79      | 90      | 72      | 61.16   | 79               | 100                           | 73                   | 93.5                                    |
| Wine            | 242         | 262     | 307     | 295.1   | 262     | 310              | 128                           | NA                   |   |
| Cotton (raw)    | 72          | 78      | 80      | 98      | 100     | 100              | 139                           | 116.6                | 162                                     |
| Tobacco         | 66          | 51      | 60      | 57.4    | 64.6    | <del>58.68</del> | <del>88.103</del>             | 69.4                 | 105                                     |
| Sesame          | 25          | 26      | 28      | 30      | 31.8    | 31.8             | 127                           | 41                   | 164                                     |

| <u>Type Project</u>          | <u>Completed<br/>(acres)</u> | <u>To be completed<br/>(acres)</u> |
|------------------------------|------------------------------|------------------------------------|
| Flood protection             | 697,350                      | 153,000                            |
| Drainage, swamps & lakes     | 134,360                      | 31,000                             |
| Improved drainage            | 495,720                      | 102,900                            |
| Alkali Land Reclamation      | 9,700                        | 2,500                              |
| Irrigation, new and restored | 224,300                      | 76,000                             |

Simultaneously, the small land improvement program, the costs of which are shared with the farmers benefited, has been accentuated and through 30 June 1953 the following acreages have been improved:

| <u>Type Project</u>        | <u>Completed<br/>(acres)</u> |
|----------------------------|------------------------------|
| Flood protection           | 22,363                       |
| Improved drainage          | 85,670                       |
| Irrigation, new & restored | 163,261                      |
| Pasture improvement        | 151,277                      |
| Brush clearing             | 30,162                       |

The equivalent of \$12,500,000 has been invested in 205 loans to the fishing industry and 185 loans for the rehabilitation or establishment of agricultural processing and marketing facilities. Results achieved include an additional 20,000 metric tons of fish annually, valued at \$6,000,000; quality improvement in the olive crop, valued at \$1,000,000 annually; and \$320,000 added value to the cotton crop each year through better ginning. However, the main purpose of the loans was to achieve more effective, economical and equitable distribution of the greater production.

The encouraging progress produced by the above measures now permits the concentration of Mission and Government efforts upon the more urgent remaining problems. These include a reasonable livestock management program; improvement of marketing and distribution facilities; sound exploitation of forest resources; and

reorganization of the agricultural credit system.

These problems will require mostly technical assistance and advice rather than dollar aid.

INDUSTRIAL DEVELOPMENT

Another important purpose of American aid was to broaden with new industries the productive base of the country in order to achieve greater balance within the economy#. In some instances, aid helped restore war damaged industrial plants or facilities.

One hundred fifty-two industrial enterprises (excluding food processing plants) received loans financed through the Central Loan Committee which is capitalized with American aid and counterpart funds and is empowered to make and service such loans. The equivalent of approximately \$41 million was allocated as follows:

BY INDUSTRIAL GROUP

| <u>Companies</u> | <u>No. Loans</u>      | <u>Dollars</u> | <u>Drs. in Millions</u><br><u>(15,000-\$1.00)</u> |
|------------------|-----------------------|----------------|---|
| 25               | 56 Chemicals          | 8,266,770      | 83,807  |
| 54               | 87 Metal Working      | 3,141,121      | 58,044  |
| 2                | 4 Steel Rolling Mills | 2,079,343      | 17,550  |
| 1                | 3 Steel Sheets        | 758,193        | 9,828   |
| 40               | 48 Building Materials | 250,882        | 10,948  |
| 2                | 7 Cement              | 4,573,528      | 27,324  |
| 1                | 1 Munition Production | 2,600,000      | -   |
| 3                | 4 Textiles            | 125,333        | 1,806   |
| 9                | 10 Miscellaneous      | 378,762        | 10,128  |
| 15               | 32 Guerrilla Stricken | 2,602,994      | 20,575  |
| <hr/>            | <hr/>                 | <hr/>          | <hr/>   |
| 152              | 252                   | \$24,776,926   | 240,010   |

Completion of some of these projects has been delayed because of the Korean War, but the added production of many new industries is partially reflected in the attached table which shows that industrial production in 1953 was 141% of 1939, the prewar base year.##

# It is estimated that only 140,000 workers are directly employed in 2,500 industrial plants. There are, however, 1,311,980 agricultural family holdings. Population is estimated at 8,220,000.

## See Table No. 6.

TABLE 6

INDUSTRIAL PRODUCTION

| Sectors   | 1947<br>(aver-<br>age) | 1948<br>(aver-<br>age) | 1949<br>(aver-<br>age) | 1950<br>(aver-<br>age) | 1951<br>(aver-<br>age) | 1952<br>(aver-<br>age) | 1953<br>(aver-<br>age) | March<br>1954<br>(aver-<br>age) |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|---------------------------------|
| <u>CAPITAL GOODS:</u>   |                        |                        |                        |                        |                        |                        |                        |                                 |
| 1. Metallurgical  | 51                     | 58                     | 68                     | 79                     | 140                    | 170                    | 189                    | 230                             |
| 2. Metal Working  | 37                     | 54                     | 62                     | 82                     | 98                     | 100                    | 118                    | 142                             |
| 3. Building<br>Materials                                      | 49                     | 72                     | 82                     | 100                    | 127                    | 153                    | 191                    | 214                             |
| 4. Chemicals  | 56                     | 60                     | 77                     | 90                     | 110                    | 98                     | 114                    | 149.5                           |
| 5. Wood Working   | 33                     | 34                     | 50                     | 82                     | 83                     | 74                     | 90                     | 110                             |
|   | 49                     | 58                     | 69                     | 88                     | 107                    | 104                    | 123                    | 153                             |
| <u>CONSUMER GOODS:</u>  |                        |                        |                        |                        |                        |                        |                        |                                 |
| 6. Textiles   | 71                     | 70                     | 79                     | 107                    | 124                    | 117                    | 127                    | 154.5                           |
| 7. Foodstuffs   | 71                     | 71                     | 79                     | 103                    | 114                    | 112                    | 124                    | 142.5                           |
| 8. Leather<br>Tanning   | 48                     | 57                     | 72                     | 92                     | 82                     | 100                    | 111                    | 130                             |
| 9. Paper  | 58                     | 67                     | 93                     | 118                    | 130                    | 121                    | 138                    | 145                             |
| 10. Wearing<br>Apparel  | 25                     | 36                     | 40                     | 45                     | 51                     | 46                     | 70                     | 80                              |
| 11. Cigarettes  | 135                    | 152                    | 165                    | 169                    | 167                    | 167                    | 174                    | 163                             |
| 12. Electric<br>Power Pro-<br>duction &<br>Distri-<br>bution. | 118                    | 148                    | 178                    | 210                    | 240                    | 256                    | 294                    | 330                             |
| 13. Electric<br>Household<br>Appliances                       | 44                     | 66                     | 110                    | 152                    | 152                    | 149                    | 192                    | 270                             |
|   | 76                     | 81                     | 97                     | 120                    | 133                    | 134                    | 141                    | 166                             |

Production figures for 1954 should be greater since they will record the production of the new plants for a full 12 month period for the first time. A few major examples of new productive capacity created are:

- a. 600,000 tons of cement per year, bringing the total production capacity to 800,000 tons per year. Between 200,000 and 300,000 tons annually should be available for export.
- b. 45,000 tons per year of steel rolling mill production, bringing the total productive capacity to 65,000 tons annually of such items as reinforcing steel, sheet bar, wire, strip, merchant bar, and shapes.
- c. 25,000 tons of hot rolled steel sheet production (a new industry).
- d. 7,500 tons of spun cast iron pipe (a new industry) and 165% over-all increase in steel pipe.
- e. 260% increase in the production of building materials.

Technical Assistance has also been provided to Greek Industry. Outstanding examples of its effectiveness are a 100% increase in carding of one cotton textile mill with no corresponding increase in labor or waste; a 100% production increase in one factory which makes threshing machines; and the institution of assembly line techniques in a diesel engine plant which increased production from 4-1/2 to 3 engines daily.

The cumulative effect upon the national economy of the industrial development created or aided by American funds or technical assistance is best measured by the following figures compiled by the Government which indicate, in billions of drachmae and by sector, the increase in the gross national product and gross national income in terms of 1951 prices.

GROSS NATIONAL PRODUCT

(in billions of drachmae, 1951 prices)

| <u>S E C T O R</u>                       | <u>1948</u> | <u>1949</u> | <u>1950</u> | <u>1951</u> | <u>1952</u> | <u>1953</u> | <u>1954#</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|--------------|
| <u>Manufacturing</u>                     | 3,931       | 5,144       | 5,734       | 6,014       | 5,842       | 6,202       | 6,703        |
| (a) Food, drink & tobacco                | 777         | 1,065       | 1,001       | 1,116       | 1,055       | 1,193       | 1,177        |
| (b) Textiles                             | 1,343       | 1,656       | 1,973       | 2,032       | 1,946       | 1,847       | 2,065        |
| (c) Clothing                             | 445         | 584         | 591         | 618         | 627         | 693         | 707          |
| (d) Wood & cork products                 | 286         | 364         | 394         | 417         | 403         | 433         | 436          |
| (e) Paper & Printing                     | 112         | 138         | 195         | 211         | 193         | 218         | 232          |
| (f) Chemicals & allied trades            | 363         | 503         | 550         | 642         | 611         | 698         | 770          |
| (g) Stone, clay & glass                  | 140         | 170         | 201         | 208         | 241         | 260         | 275          |
| (h) Basic metal industries               | 13          | 15          | 51          | 60          | 67          | 97          | 123          |
| (i) Metal mfd. engineering & elec. goods | 318         | 442         | 463         | 453         | 398         | 451         | 593          |
| (j) Transport equipment                  | -           | -           | 16          | 25          | 23          | 27          | 33           |
| (k) Other manufacturing                  | 134         | 207         | 299         | 232         | 278         | 285         | 292          |

# 1954 figures are estimates. Audit of 1953 figures thus far substantiates estimates.

TRANSPORTATION AND COMMUNICATIONS

The sector of the economy most severely crippled by the wars and occupation was transportation. Port facilities, shipping, railways, highways, motor transportation and telecommunications were nearly obliterated. As indicated briefly below, pre-war levels of transportation facilities have been restored or surpassed with American aid, though those standards remain below those of most European countries.

Of 2,700 kms. of railroad track, 2,500 kms. required repairs which included the relocation and restoration of 256 bridges and 12 tunnels destroyed. The 707 serviceable units remaining of the pre-war 7,900 pieces of rolling stock have been augmented to 6,231. Stations, yards and the railway shop complex in Salonica have been rebuilt and equipped with new machinery. (These shops have completely rebuilt as many as 60 war-damaged railroad cars per month).

The motor transport fleet of commercial trucks, buses and taxicabs, now numbers approximately 35,000 vehicles, about double the pre-war figure.\* Automotive maintenance equipment has been procured and mechanics trained in its use and a body-building industry has been established which outfits most of the buses now in use. Mission proposed legislation for the first registration and licensing of vehicles has been enacted and is now being implemented. This legislation will also provide the budget with 70 billion in taxes - receipts formerly largely lost. 3,600 kms. of road have been completely reconstructed and paved with asphalt surface. Major improvements have been made on another 4,600 kms. of economically and

\*After the occupation, less than 1,000 vehicles of all types were in operation. Most of these were over 15 years old; none were less than 5 years old.

militarily important roads, and improvements on over 12,000 kms. of other national, provincial and communal roads have also been made. More than 320 bridges have been completed.

Destruction to warehouses, quay walls, breakwaters and machinery and the choking of the waterways with wrecks and sunken hulks rendered Piraeus and the other major ports of Greece 90% useless. The Corinth Canal was completely blocked. The rehabilitation of the Canal and the ports of Piraeus, Salonica and Volos, including the installation of cargo handling equipment, grain unloading equipment etc., has been completed. By 1952 the seven other ports that handle foreign trade were physically rebuilt and in operation. Also work has been done on 47 of the secondary mainland and island ports.

Under the airfield program, construction or major improvement to 17 airfields was completed. Included in the program was one international and three alternate international fields. Communications stations, non-directional radio beacons and meteorological reporting stations were built in accordance with ICAO recommendations. Work done was largely in accordance with the latest USAF and CAA regulations and meet the foreseeable future requirements of most classes of military aircraft.

The rehabilitation and expansion of the inadequate pre-war telephone and telegraph facilities continues under the telecommunications organization which since July 1st, 1952 defrays all costs from revenue. Prior to that date, American aid went to construct or rehabilitate the buildings and to procure the necessary equipment.

The breakdown of total aid invested in the above facilities to 31st January 1954 is as follows:

|           | <u>Foreign Exchange #</u> | <u>Drachmae in Millions</u> |
|-----------|---------------------------|-----------------------------|
| Railroads | 41,726,656                | 270,209                     |
| Highways  | 11,294,435                | 599,198                     |
| Ports     | 4,586,258                 | 166,650                     |
| Aviation  | 3,023,279                 | 96,504                      |
| Telephone | 6,436,074                 | 32,033                      |
|           | <hr/>                     | <hr/>                       |
|           | \$67,066,702              | 1,164,594                   |

Coordination of the various modes of travel into one integrated system so that each will be complementary but still competitive to the others has yet to be achieved. Mission technical specialists cooperated in drafting such legislation now being studied by the competent ministries. Until disbanded, technical specialists followed the implementation of still incomplete reconstruction projects, and they were engaged in bringing greater efficiency to the administration, operations and maintenance of transportation facilities generally. Also, they were training Greek officials to program transportation requirements. The last two projects require considerable development before they can be considered satisfactory.

\*All U.S. aid except for \$18,600,000 of Italian Reparations Payments used for purchase of railroad equipment.

ELECTRIC POWER

Lack of dependable and inexpensive electric power effectively stifled industrialization outside the Athens-Piraeus area and caused a serious shortage of power within the capital area. To redress this unbalance and the unfortunate social and political pressures it has caused, the Greek Government proposed the electrification program under construction for which American aid was approved. Italian and German Reparations were also devoted to this program.

Completion of the three hydro-electric and one thermo-electric# installations totaling 175,000 kw together with related transmission and distribution lines, will more than double the production of cheap and reliable power in Greece, and for the first time make it of nation-wide availability.

It is expected that the system, which will cost the equivalent of \$117,383,000 will be entirely completed by August 1955.

In addition, loans totaling \$9 million for foreign procurement of equipment and \$700,000 in counterpart equivalent were made available to privately or municipally owned power companies for reconstruction and/or expansion.

# Power at Aliveri is generated by burning lignite mined and processed on the spot.

MINING

The economically exploitable mining resources of Greece presently include antimony, bauxite, chrome ore, gold, manganese, and lead-zinc. Since 1948 \$20,162,500 of American aid and \$14,350,000 of counterpart equivalent has been expended to re-equip and rebuild selected mines to help them meet world prices. However, the destruction caused by the occupation and the subsequent guerrilla war was so extensive that production of the rehabilitated mining industry will not peak until late 1954. Actual annual production, export and export value figures through December 1953 for all minerals and lignite appear below:# The lignite produced last year made possible the saving of \$4,445,000 in foreign exchange.

ALL MINERAL ORES

| <u>Year</u> | <u>Production tons</u> | <u>Export tons</u> | <u>Export value</u> |
|-------------|------------------------|--------------------|---------------------|
| 1946        | 98410                  | 29159              | \$ 279,902          |
| 1947        | 130637                 | 115977             | 900,000             |
| 1948        | 112934                 | 170767             | 1,654,976           |
| 1949        | 125390                 | 130003             | 1,008,300           |
| 1950        | 253250                 | 205230             | 2,288,258           |
| 1951        | 582354                 | 475311             | 5,265,505           |
| 1952        | 894457                 | 776908             | 9,840,261           |
| 1953        | 830752                 | 676522             | 7,521,138           |

LIGNITE

| <u>Year</u> | <u>Production tons</u> |
|-------------|------------------------|
| 1938        | 108000                 |
| 1948        | 125650                 |
| 1949        | 175850                 |
| 1950        | 163164                 |
| 1951        | 190018                 |
| 1952        | 252580                 |
| 1953        | 444484                 |

It was recognized early that the mining industry could be benefited only if the competent government agencies were reorganized to adequately perform their functions in the fields of mining and geology.

# See table No. 7 for 1952 and 1953 Production and Export, Individual Ores.

TABLE 7MINE PRODUCTION AND EXPORTS

| <u>Mineral</u>      | <u>1952 Production</u> | <u>1952 Exports</u> | <u>1952</u><br><u>Export Value</u> |
|---------------------|------------------------|---------------------|------------------------------------|
|                     | m/t.                   | m/t.                | \$                                 |
| Antimony            | 2746                   | 60                  | 4,274                              |
| Barite              | 21679                  | 16860               | 292,952                            |
| Bauxite             | 348591                 | 364376              | 2,340,110                          |
| Chrome Ore          | 28883                  | 27876               | 1,055,652                          |
| Emery               | 6000                   | 7835                | 249,750                            |
| Iron Ore            | 136721                 | 112429              | 571,072                            |
| Manganese           | 22924                  | 19790               | 355,906                            |
| Magnesite (raw)     | 81591                  | 21281               | 266,710                            |
| Magnesite (caustic) | 26678                  | 26358               | 1,028,029                          |
| Pyrites             | 201238                 | 164428              | 1,973,140                          |
| Lead conc.          | 5554                   | 2114                | 317,268                            |
| Zinc conc.          | 9061                   | 12541               | 999,745                            |
| Lead products       | 2791                   | 960                 | 385,753                            |
| <b>T o t a l</b>    | <b>894457</b>          | <b>776908</b>       | <b>\$9,840,261</b>                 |
|                     | <u>1953</u>            | <u>1953</u>         | <u>1953</u>                        |
| Antimony            | 3991                   | -                   | -                                  |
| Barite              | 25459                  | 29444               | 494,900                            |
| Bauxite             | 330749                 | 314413              | 1,699,935                          |
| Chrome Ore          | 21924                  | 27947               | 1,084,097                          |
| Emery               | 8000                   | 5578                | 243,998                            |
| Iron Ore            | 86326                  | 98965               | 549,822                            |
| Manganese           | 12553 *                | 17001               | 491,977                            |
| Magnesite (raw)     | 73540 *                | 10733               | 131,866                            |
| Magnesite (caustic) | 21954 *                | 6775                | 240,742                            |
| Pyrites             | 225134                 | 163022              | 2,048,690                          |
| Lead conc.          | 6460                   | 1799                | 289,277                            |
| Zinc conc.          | 11157                  | -                   | -                                  |
| Lead products       | 3505                   | 796                 | 245,834                            |
| <b>T o t a l</b>    | <b>830752</b>          | <b>676522</b>       | <b>\$7,521,138</b>                 |

\* Incomplete data.

Through the efforts of the Mission the Geological Department of the Ministry of Industry was reorganized as the Sub-Surface Research Department of the Ministry of Coordination. With the technical assistance of American specialists, this organization is now doing outstanding work in mapping important mineral bearing areas of Greece and making geological and geophysical studies of specific mining properties. Considered equally necessary is the reorganization of the Greek Mining Department repeatedly suggested to the Ministry of Industry by the Mission, because lack of sufficient technical personnel in Greece forces the industry to rely on government agencies for technical help. To date no improvement has been made in the services of this department.

LABOR

The comparatively new Greek labor movement has had to overcome almost every conceivable obstacle. In addition to employer's opposition, these included political interference from the right and the left; four years of rigid dictatorship followed by an even more severe occupation; Communist infiltration and intrigue which grew into the guerrilla war; additional destruction and dislocation to the national economy caused by that war.

With the strong support of Greek unionists of all opinions, American labor advisors were instrumental in helping the labor movement assume a more sound, constructive, and democratic role in the national life. Until the Labor Division was dissolved in October 1953, Mission labor specialists helped resolve wage and hour controversies, recommended modern legislation, and assisted in planning the increased productivity which all factions conceded was the great hope of industrial prosperity to Greece. At the same time they worked at such unsensational tasks as a comprehensive statistics system, apprentice training and vocational education programs, and a social security program which would provide real benefits to the working people who contributed to it.

One of the major factors retarding the development of the Greek labor movement was the lack of comprehensive and reliable statistics. Mission labor experts cooperated with the GSEE (General Confederation of Greek Labor) and the Greek Ministry of Labor in preparing studies on the living costs of worker families. The Mission developed a Cost of Living Index and has compiled periodical statistical data and special studies in labor statistics which for the first time in

Greek history have given impartial and factual presentation of the needs of labor. With the cooperation of the Ministry of Labor, these specialists laid the ground-work for legislation which created a Division of Labor Statistics within the Ministry.

The war wiped out various programs for training young Greek workers to assume larger responsibilities and more advanced skills. Consequently, specialists from the Bureau of Apprenticeship, U.S. Department of Labor were engaged to help develop a comprehensive apprentice training program and to help prepare legislation which created an apprentice training section within the Ministry of Labor. A key step in the program was achieved when a joint team of labor, management and government representatives went to the United States under the Marshall Plan Technical Assistance Program to study American methods of apprentice training. Apprentices in Greece now are registered under a standardized system patterned after that of the U.S. Department of Labor.

Once a modern vocational education program was organized, 22 vocational schools were rebuilt and refitted with facilities destroyed during the war and occupation. American aid supplied \$1,551,627 in foreign exchange and 20,540 million drachmae in counterpart toward this purpose. In addition, \$590,000 were spent to equip three universities and \$46,000 to equip commercial gymnasia and home economics schools. These schools are distributed all over the country and efforts are now being made to standardize the curricula so as to make available the facilities for the training of military technicians. About 16,331 students are presently enrolled.

A comprehensive draft of social insurance legislation was prepared which provided for simplification and modification of present practices. Pensions and sickness allowances were increased in the new draft as were worker's contributions, which were more carefully collected. Insurance has also been extended to about 15,000 additional persons through the opening of nine new branch offices. Basic plans and specifications have been completed for needed health centers and hospitals, although many of these have not advanced beyond this stage.

Little progress was made in comparison to the overall task of making the National Social Insurance system (IKA) a well administered and smoothly functioning organization. Little or no progress can be reported on Mission recommendations to amalgamate into one association the industrial social insurance funds which total some 200 in number. Further progress in the social insurance field will be insignificant until amendatory legislation is enacted.

The Greek labor movement is not yet out of the woods. Devaluation and anti-inflationary measures have hit labor hard and hit labor first, while government authorized amelioration of labor's lot has been understandably slow and cautious. In this critical period judicious leadership is required on all sides to avoid having the ground swell of worker's impatience produced by a decade of dissatisfaction over take home pay, working conditions, insurance benefits, etc., etc., break in the direction of crippling labor disputes and strikes, splintering of the GSEE, or broadly-based political unrest.

PUBLIC HEALTH

The war years vitiated the painful progress made in Public Health prior to this time, even though the levels achieved were by Western standards still primitive. Immediate Mission action was required in the broad fields indicated below until July 1953 when the Public Health Division of the Mission was dissolved and the Greek Government assumed complete responsibility for the national health. American aid broken down into the sectors outlined below amounted to \$12,576,926 and 232,444 million drachmae of counterpart funds.

Prior to World War II, Greece, the most malarious country on the Continent, imported yearly 33 tons of quinine - 1/5 of the annual world output - at a cost then of over \$1,000,000. The disease ranked ninth on the list of causes of death and the rate of malaria among the population exceeded two million cases annually. Reorganization and expansion\* of the Ministry of Public Health with American technical assistance and use of American aid funds reduced the incidence of malaria to 186 cases in 1951. Since this date, clinically proved cases have increased to 399 in 1952 and 1,443 in 1953 as a result of premature relaxation of control efforts despite the anxiety expressed by the Public Health Division of the Mission. Through 1953 the equivalent of \$9 million has been spent for control activities.

\* A Malaria and Tropical Disease Section, a Sanitary Engineering Section and a Regional Health Services Section were created in 1949. The Malaria Control Service was reorganized and expanded continuously through 1947.

When UNRRA left, the whole structure of medical equipment supply, storage and distribution collapsed into chaos, and the Mission was obliged to continue to serve these needs. In succeeding years this function was continued but simultaneously the existing import program was overhauled and reduced, confused storage practices were eliminated, and local firms were encouraged to begin or to expand their production. The results have been significant economies to the state and the sale of over \$1 million of locally produced pharmaceuticals and equipment.

Through technical assistance and the training of specialists abroad, modern control methods and treatment are being accepted for communicable diseases such as VD, trachoma and leprosy. More than 180 nurses now graduate annually and the profession for the first time is recognized by law, which law also sets minimum professional and practical nursing standards. In-service training of practical nurses has been initiated in 45 nursing institutions and yearly refresher courses are being given for practicing Public Health nurses. In 1952 a Health Education Division was established in the Ministry.

Plans for short courses such as health officers seminars, refresher courses for nurses, refresher courses for VD specialists, parasitology, radiology, hospital administration, etc., have not been realized because of Government budgetary difficulties.

Tuberculosis continues to make up a large proportion of total mortality, though incidence of the disease is probably lower than

the 3% reported in 1947. Reliable statistics are not available because reporting the disease or citing it as a cause of death is not compulsory. Little attention is given to case finding and contact investigations do not exist.

The control program began early the needed sanatorial construction and the additional 1200 beds now available make a total of 6200. Sanatorial care ranges from fair to poor. Thoracoplasty and more extensive surgery is infrequent and limited to Athens. Patients are not isolated. Occupational therapy and vocational rehabilitation are rare. Government subsidies keep most sanatoria operating.

To improve this situation technical assistance encouraged the creation of a Tuberculosis Directorate in the Ministry in 1951. A complete diagnostic laboratory, a special nursing school, a training course for X-ray technicians, and a course for laboratory technicians were also established. In addition, a program was begun to train specialists abroad and, in 1952, a joint and bone tuberculosis hospital was opened. However, a school of Bronchoscopy, home treatment of the disease, and legislation to make tuberculosis a reportable disease are among the measures still urgently required.

War destruction made necessary an extensive construction program. Initially, relatively minor repairs and rehabilitation of 53 hospitals, sanatoria, clinics, health centers and dispensaries was completed. However, expansion was required and the building of 35 additional medical and health institutions was undertaken. These are 90% completed. Unfortunately, the building of these

units has outstripped the ability of the Government to utilize them. More unfortunately, those now in use are hampered by lack of training in the proper use and maintenance of these facilities. However, operating problems are due largely to budgetary and personnel difficulties and to legal restrictions which can be overcome. Funds allocated to the medical facilities construction program through December 1953 are \$7,295,046 and 161,931 million drachmae of counterpart.

Another important aspect of the construction program has been the building of sanitary water supply systems. 70 communities of over 3,000 population received either grants or loans for the rehabilitation or installation of such systems. 382 communities of less than 3,000 population have received such assistance. There remain about 3,000 such communities with either inadequate or no water supply systems. In December 1953 American aid which for this program of water supply construction totaled \$5,261,380 and 70,513 million drachmae of counterpart funds was terminated and the Greek regular budget has assumed the responsibility for its completion.

PUBLIC ADMINISTRATION

Public Administration reform became a part of the original Greek aid program because aid funds had to be channelled through Greek Government agencies which had fallen to an extremely low level of efficiency. The basic difficulties were bad organization structure, over-centralization of all activities, demoralized civil servants and an almost complete lack of local and provincial Government institutions. Furthermore, the work of some 23 almost completely independent Ministries and agencies had to be coordinated in Athens as well as in the provincial centers in order to avoid wasteful duplication, jurisdictional conflicts, critical emergencies and time consuming delays. The urgent needs were:

1. Consolidation and executive coordination of the 23 practically autonomous Ministries.
2. Delegation of many powers to Ministry field staffs and to Nomarchs (Prefects).
3. Revitalization of local government through the free election of local officials, the recodification of municipal powers, the provision of some local revenues which could be spent for local services without prior approval from the central authorities.
4. The establishment of a Central Personnel Agency to administer an overall Civil Service Code to bring some order out of the 23 Ministerial Service Councils each with its own classification and pay plan.

Public Administration specialists of the Mission worked closely with the Government to achieve major improvements such as:

1. Reduction from 23 to 17 ministries with material reduction in jurisdictional disputes.
2. Reorganization and strengthening of Ministry of Coordination giving it overall responsibility for economic planning and authority to insure effective performance of program.

3. Coordination of the statistical services of the State.
4. Re-creation of effective local government. Since 1951 local elections are again held and the collection of local revenues is again authorized. Municipalities now receive a fixed share of the nationally collected cigarette tax to spend on projects of their choice within a list of specified purposes, provided these funds are matched by local tax revenues.
5. Enactment into law of the recently revised Code for cities and villages.

Tax and Budgetary Reform:

In 1948 most Greek taxes were of regressive type which exerted a depressing effect on the standard of living and produced little revenue from those classes of the population most able to bear the burden. In addition the antiquated budget accounting system was neither susceptible to analysis nor control. With the assistance of Mission specialists and representatives of the Public Administration Service of Chicago a new accounting and budget control system is being installed. For the first time since 1940 the National Budget has been substantially balanced with respect to current revenues and expenditures.

Much has been done, especially in recent months, to adopt or accept in principle certain reforms. Among the more basic measures taken or contemplated by the Government at the instance of Mission tax and budget specialists are:

1. Abolition of internal tariffs (1949).
2. Abandonment of capital and other special levies as stop-gap measures to avoid enforcement of existing tax laws.
3. Enactment of the "Books and Record Law" required to provide information for the enforcement of income tax laws (1948).

4. Comprehensive step-by-step revision of progressive-rate taxes on income and profits (in process).
5. Simplification of the tax system and tax rate structures, including the abolition of many highly regressive indirect taxes (in process).
6. Elimination of taxes levied by the government for the benefit of private groups (in process).
7. Restorate of local government responsibility for self-financing with consequent relief of the national budget (partial).
8. Repeal of numerous unjustified tax exemptions (1953).
9. Simplification and rationalization of tariff rates - conversion from specific to ad valorem rates - improvement of customs administration (in process).
10. Enforcement of taxes on profits of ship-owners (1953).
11. Comprehensive motor vehicle license and tax law (1953).
12. Revision of the accounting system of the Greek state (1953).
13. Development of budgetary controls (in process).
14. Establishment of financial reporting (in process).
15. On-the-job training and accounting for tax employees (in process).
16. Improvement in the relations between tax officials and tax employees (in process).

Although these reforms are by no means completed, they have been instrumental in effecting the changes in the revenue picture indicated in the attached table, showing the development of taxation revenues in Greece.

If the above reforms are substantially realized, it is certain that the Government will be able to meet all essential costs and obligations except those superimposed by the abnormally large military establishment required by mutual security commitments. It is equally

DEVELOPMENT OF PROGRESSIVE-RATE TAXATION OF INCOME IN GREECE  
FISCAL YEARS 1949-50 -- 1953-54  
Amounts in Billions of Drachmae

|  | Fiscal Year 1949-50 |                      | Fiscal Year 1950-51 |                      | Fiscal Year 1951-52 |                      | Fiscal Year 1952-53 |                      | Fiscal Year 1953-54             |                      |
|--|---------------------|----------------------|---------------------|----------------------|---------------------|----------------------|---------------------|----------------------|---------------------------------|----------------------|
|  | Actual<br>Amount    | Index of<br>Increase | <del>EST</del> Actual<br>Amount | Index of<br>Increase |
| <u>TOTAL BUDGET REVENUES FROM GREEK SOURCES</u>  | 3,702.9             | 100                  | 4,685.7             | 127                  | 5,701.7             | 154                  | 6,244.0             | 169                  | 7,677.5                         | 207                  |
| DIRECT TAXES (Total)   | 683.0               | 100                  | 936.0               | 137                  | 1,486.7             | 218                  | 1,502.0             | 220                  | 1,982.0                         | 290                  |
| <u>1/ Tax on Larger Individual Incomes</u><br>individual from all sources, at<br>highly progressive rates <u>less</u><br>other income taxes (including tax<br>due from previous years) | 1.5                 | 100                  | 10.1                | 673                  | 66.8                | 4,450                | 112.5               | 7,500                | 160.0                           | 10,666 <sup>2/</sup> |
| <u>1/ Taxes on Incomes &amp; Business Profits</u><br>at moderately progressive rates<br>differentiated according to source   | 396.2               | 100                  | 590.1               | 149                  | 959.0               | 242                  | 396.0               | 226                  | 1,256.7                         | 317                  |
| <u>Other Direct Taxes</u> including<br>collections of direct taxes of past<br>fiscal years (other than on larger<br>individual incomes)  | 285.3               | 100                  | 335.8               | 118                  | 460.9               | 162                  | 491.4               | 192                  | 565.3                           | 195                  |
| INDIRECT TAXES   | 2,406.0             | 100                  | 2,341.0             | 118                  | 3,248.6             | 135                  | 3,546.0             | 147                  | 4,065.3                         | 169                  |
| OTHER REVENUES   | 613.9               | 100                  | 908.7               | 148                  | 966.4               | 157                  | 1,196.0             | 195                  | 1,630.2                         | 266                  |
| <u>Cost of Living Index</u>  |                     | <u>1949</u><br>100   |                     | <u>1950</u><br>108.3 |                     | <u>1951</u><br>122.5 |                     | <u>1952</u><br>130.5 |                                 | <u>1953</u><br>156.4 |

1/ All taxes on individual incomes and business profits are being gradually amalgamated in a single unified income tax similar to American and British income taxes.

2/ Or 106 times the negligible amount collected in Fiscal Year 1949-50.

certain that at least a limited amount of technical assistance of the Mission or some other agency will continue to be required if the above objectives are to be realized.

### TOURISM

The six million in dollars and drachmae allocated to Tourism by the Mission prior to withdrawal from this sector in 1951, went into the building and rehabilitation of hotels, shelter houses, museums, monuments, access roads and training of hotel management personnel. An important by-product of these projects is that they brought the realization to Greece that this country lacked a proper tourism organization and acceptable tourist facilities.

Much has been done to improve the situation which prevailed. The country is now entirely accessible by car or bus. Hotel rooms are more plentiful and better furnished. The museums have reopened. Food is better everywhere and service is improving as Greeks sent to the hotels of northern Europe for training return to Greece to work with hotel and restaurant staffs.

Although Greece is just beginning to realize her potential ability to receive tourists, the general improvement within the country attracted about 95,000 people last year as compared to the 34,000 visitors in 1950. The visitors of last year left \$22,750,000 in foreign exchange as compared to \$4,750,000 in 1950. Tourist receipts for the first two months of 1954 are \$1,635,000 and tourist arrivals through March 1954 were 22,900.

TECHNICAL ASSISTANCE AND PRODUCTIVITY

Pre-war Greece, somewhat removed from European technological activity, and unable to afford the cost of experimentation and extensive research required technical assistance in many of its major activities. Most major industrial installations required some external technical services. As examples, the Athens-Piraeus Water Company is managed by an American Company; the Athens-Piraeus Electric Company and the Athens-Piraeus Tram lines are British owned and managed. This situation worsened considerably because Greek specialists and technicians were cut off from contact with the technological advancements of western countries after 1939.

To implement a program of the magnitude necessary to rehabilitate Greece even to the comparatively low pre-war standards it was essential that outside technical services be supplied on a very large scale. An investment program of the scope and complexity required to rehabilitate the Greek economy and correction of antiquated administrative procedures of the Government could never have been undertaken without substantial and continuing technical aid.

A sizeable staff of American technicians were recruited and brought to Greece to accomplish these objectives. A review of the projects listed in the attached table# will indicate the principal fields of activity of technical assistance and the decreasing number of specialists assigned as aid has diminished and various phases of the program have been completed. In addition to this list many specialists were brought to Greece on special short term assignments

# See Table 6.

TABLE 8AMERICAN TECHNICAL ASSISTANCE PERSONNEL IN GREECE \*

|   | <u>1950</u> | <u>1951</u> | <u>1952</u> | <u>1953</u> | <u>Current<br/>(May 1954)</u> |
|---|-------------|-------------|-------------|-------------|-------------------------------|
| 1. Regular Mission Technical Staff                      | 181         | 169         | 134         | 62          | 11                            |
| 2. Civil Aviation Advisory Group                        | 14          | 10          | 6           | 4           | 2                             |
| 3. Public Health Specialists                            | 12          | 12          | 10          | 8           | 0                             |
| 4. Agric'l Extension, Training & Research               | -           | -           | -           | 9           | 4                             |
| 5. Land & Water Resources Development                   | -           | -           | -           | 2           | 2                             |
| 6. Agric'l Production & Distribution                    | -           | -           | -           | 2           | 1                             |
| 7. Civil Government Advisor                             | -           | -           | -           | -           | 1                             |
| 8. Rehabilitation of Telecommunications System (IT & T) | 4           | 4           | 5           | 4           | 0                             |
|   | <hr/>       |             |             |             |                               |
| T o t a l   | 211         | 195         | 155         | 91          | 21                            |

\* Exclusive of EBASCO Power Program Management contract.

for specific jobs such as conducting a six month course in maintenance of USA financed tabulating equipment of the Foreign Trade Administration, Ministry of Finance and Ministry of Defense; technical assistance in setting up and operating USA financed cotton ginning equipment; a cold storage and refrigeration specialist, are only a few.

In addition, more than 500 selected administrators and engineers were sent to the United States and Western European countries for courses of study in Agriculture, Public Health, Mining, Electric Power, Communications, Industrial Management and techniques, and in Government Administration. Approximately 60% were sent to the United States.

Productivity Program: \$1,500,000 in counterpart is available under the Moody-Benton Amendment for the use of the recently established Productivity Center. This Center is a legal entity of the Government headed by a board of officers selected from Government senior officers, industry, labor and agriculture. Its principal objectives are:

1. Development of depressed areas.
2. Expansion or development of small consumers goods industries.
3. Development of marketing and distribution facilities for agricultural products.

To carry out these objectives a committee on productivity loans is to be set up under the Productivity Board. 80% of loan funds are to be used for outlying areas as against not more than 20% for the Athens-Piraeus area. Repayments will go into a revolving fund for further loans.

In undertaking the program the Greek Government has agreed to administer it in such a way as to meet the Moody-Benton criteria to "share our benefits" and to increase productivity.

The Mission has agreed to furnish technical assistance as may be required to support the Moody-Benton Program. The Mission believes that requirements for the most part can be supplied on the basis of our present arrangement with the Greek Government.

The final solution to this problem will probably not be in this generation. There are many sociological and psychological problems involved. It is hoped, however, that as external aid ends the Government will make adequate provisions for continuing this valuable program.