

GREECE - Report to Lehman from
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Lehman on Greece.

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Report to the Honorable Herbert H. Lehman, Director General,
United Nations Relief and Rehabilitation Administration, from
Mr. Buell F. Maben, Chief of Mission, UNRRA-Greece Mission,
on organization and operations of the UNRRA Mission to Greece
from November 1944 through June 1945.

1 August 1945,
Athens, Greece

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UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION.

REPORT
TO
THE DIRECTOR GENERAL
FROM
THE CHIEF OF MISSION
ON
THE UNRRA MISSION TO GREECE
NOVEMBER 1944 - JUNE 1945

I AUGUST 1945

ATHENS, GREECE

UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION

Honorable Herbert H. Lehman,
Director General,
United Nations Relief
and Rehabilitation Administration,
Washington, D.C.

Dear Mr. Lehman:

I take pleasure in transmitting to you the following summary report of activities of the UNRRA Greece Mission from the time Mission personnel first reached Greek soil, November 1944, through June 1945.

As will be noted, emphasis has been placed upon the period, April-June 1945, which witnessed the Mission's gradual assumption of its full responsibilities to UNRRA and the Greek people.

It is my hope that this report will afford you a general view of the following: 1) the difficulties which attended the Mission's historical development; 2) the preparatory and planning phases of the Mission's task; 3) the shaping of an organization capable of carrying out effectively its various assignments; 4) the programs devised jointly by the Greek Government and the Mission; 5) the severe handicaps under which the Mission still labors; and 6) the operational plans now under advisement for future employment by the Greek Government and the Mission.

Additional details concerning any phase of the Mission's operations will, of course, be provided gladly by this office.

Respectfully yours,

Buell F. Maben

Buell F. Maben
Chief of Mission

1 August 1945
Athens, Greece

UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION
GREECE MISSION

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GREECE MISSION

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SECTION I - OFFICE OF CHIEF OF MISSION

OFFICE OF CHIEF OF MISSION

Under the provisions of the Greek Government-UNRRA Agreement, UNRRA assumed responsibility for relief and rehabilitation activities in Greece as of 1 April 1945, with the exception of programming supplies. The Military Liaison program for April, May and June remained in effect with UNRRA supplementing this program to a limited extent. During the military period of responsibility, a Joint Policy Committee, with six sub-committees, was established for the purpose of expediting the Greek Government-Military program. Representatives of the U.K. and American Embassies and Treasuries, and representatives of JRC, MWT, WSA and UNRRA were invited to attend these Committee meetings. If the recommendations of the Committees were accepted by the Greek Government, instructions to authorize necessary action were issued. Since in some instances the necessary Governmental machinery had not been established, and in other instances the machinery was ineffective, the instructions issued by the Government were to a large extent inoperative. These Committees did, however, render useful service to the Government by bringing crucial problems to its attention and usually recommending necessary action.

On 1 April 1945 the Plastiras Government fell and was replaced by Admiral Voulgaris and his Cabinet. The new officials comprise the present service government which in its formation eliminated all politicians in key positions. As a result, all top officials in the Capitol and in the Provinces were replaced with non-political appointees. All existing Committees were automatically abolished and as a result UNRRA was faced with the responsibility of establishing Greek Government-UNRRA Committees to facilitate the operation of mutual programs. Since many of the Government officials had not been appointed, and in some instances, even though appointed had not reported to their offices, it took from two to three weeks to establish the necessary machinery between the Government and UNRRA. This machinery was just starting to function with more or less effect when Mr. Varvaressos returned to Greece to assume the Office of the Deputy Prime Minister. He immediately abolished part of the Greek Government-UNRRA machinery and started to reorganize the Ministries of Finance, National Economy and Supply. This reorganization has not been completed but is making satisfactory progress at present. Modifications in the Greek Government-UNRRA machinery were effective last week, and as a result it is believed that considerable improvement will be evident in the immediate future in the progress of GG-UNRRA programs.

Due to the lack of Governmental machinery, the Mission is severely handicapped in the operations of GG-UNRRA programs. That this fact is clearly evident is illustrated by the following statement which was made by the Deputy Prime Minister at the Economic Advisory Committee Meeting held on 19 July 1945:

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"Another matter of great concern to the Government is the utilization of the raw materials imported by UNRRA. It is obvious that these must be used in order to meet the urgent needs of the population. This means that industrial production must come under Government control. The difficulties which we are facing arise not only from the fact that industrialists, as is the case everywhere, resist such a control but also from the fact that this is an entirely new function for the Greek Administration for which it has neither the experience nor the necessary machinery".

Unfortunately, the personnel in this Mission to a large extent were not selected to give the maximum amount of assistance to the Government under existing conditions. This statement should not be construed as a criticism, since, when the personnel was selected it was generally thought that UNRRA would be operational rather than acting as observers and advisors to the Greek Government. As a result, most of our key personnel had operational experiences in their fields, but few have had experience in establishing and administering control mechanisms. Although under the Greek Government-UNRRA Agreement we are observers and advisors, under existing conditions we find the Government constantly calling for additional assistance from UNRRA in establishing control mechanisms for the various programs. Again, this is not a criticism of those who selected Mission personnel, since unforeseen changes drastically affected the type of personnel required to give maximum assistance to the Greek Government within the limits of UNRRA's revised field of responsibility.

The Deputy Prime Minister, other key Governmental employees and key UNRRA personnel are convinced that within the last few weeks a limited amount of progress has been achieved and, more important, the framework for continued and future improvements has been effectively established. This is particularly true with respect to the allocation and distribution of imported supplies.

OFFICE OF SENIOR DEPUTY CHIEF OF MISSION

The Senior Deputy Chief of Mission, Col. G. White, is currently functioning in a dual capacity; in addition to his responsibilities as Senior Deputy Chief of Mission, he is acting as Chief of the Bureau of Service Operations. As Senior Deputy Chief of Mission he is the second ranking Mission official and, amongst other duties, he is responsible for field operations.

FIELD OPERATIONS

The establishment of a field organization commenced last November, when an advance guard of Mission personnel initiated a survey of Joint Relief Commission and Military Liaison distribution operations, with particular respect to warehousing, transport, milling, hospital and child feeding facilities.

While organizational work performance ceased during the civil war, skeleton field staffs continued operations in Patras, Salonica, the Peloponnese and several of the islands.

With the cessation of hostilities and the return of Mission personnel from Cairo during February, the work of perfecting a field organization recommenced, in close cooperation with M.L. (Military Liaison).

With the conclusion of the Agreement between the Greek Government and UNRRA as of March 1, 1945, the original concept of the Mission as an operating agency was changed to one confining the Mission to a supply procurement and advisory role, vis-a-vis the Greek Government. The organizational plans for a field staff were, accordingly, drastically modified.

During March and April, Regional Offices were established in Kavalla ("G"), Preveza ("D"), Volos ("F"), Mitilini ("H"), and Chios ("I"). Immediately after the surrender of Crete and Milos by the Germans, early in May, a Regional Office was established in Crete ("K").

As of March 15, ML relief supplies were turned over to the Greek Government and a like "turnover" by JRC was effectuated as of April 1. Mission personnel rendered considerable aid in consummating these transfers of responsibilities.

During this period, field operations were handicapped by (1) lack of coordination of the activities of representatives of the Greek Government, (2) lack of authority for making decisions on the part of Government officials in the field, (3) lack of transport for supplies and personnel, and (4) the absence of a policy for the determination of indigence.

During April, the Government made progress in organizing their field staff, but this development ceased abruptly with the fall of the Plastiras Government. Many appointees were replaced and the task of re-establishing relationships with Government officials in the field materially slowed up the organizational process.

Of surpassing importance to field operations, as mentioned elsewhere in this report, is the need of transport facilities. This need swells in direct ratio to the increased volume of supplies now flowing into Greece. The acute shortage of vehicles and caiques renders transshipment of supplies exceedingly difficult. The key to an equitable system of distribution in Greece is more adequate transport.

While, in principle, UNRRA field personnel function in an advisory role,

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in actual practice they are not infrequently obliged to assist with actual distribution operations, since organization of the present Greek Government has not yet progressed to a point where field staffs are fully functioning. Under existing circumstances, the only alternative to UNRRA participation in distribution operations in the field is collapse of the distribution program in some localities. However, the Greek Government is moving as rapidly as possible to perfect their field staff.

The distribution of relief supplies is now regulated by the provisions of Law No.312, in which UNRRA is not referred to as an operating agency.

While the task of perfecting a field staff has been retarded by resignations and the necessity of making reassignments, as well as an overall shortage of trained personnel, military personnel seconded to UNRRA have proved invaluable.

A constant evaluation of field operations is carried on via detailed reporting procedures and two field liaison officers who are in continuous travel status.

The main problems currently confronting the Regional Offices may be summarized as follows:

- 1) Shortage of transport for the overland distribution of relief supplies.
- 2) Lack of sea transport for the movement of supplies and personnel to coastal areas and the islands.
- 3) Shortage of vehicles for administrative use in the field, to permit adequate observation and, in some cases, supervision, of program operations, in accordance with the Mission's responsibilities to UNRRA.
- 4) Absence of a clearly defined policy to govern the determination of indigence - i.e. the designation of those eligible for free distribution as opposed to those able to pay for supplies.

Financial Analysis Section
OFFICE OF CHIEF OF MISSION

The Financial Analyst arrived in Athens on November 19, 1944, and remained there throughout the insurrection. Statistical research inaugurated during November was continued without interruption and permitted issue of a Statistical Bulletin in February and subsequent months. In April, a Financial Analysis Section of the Office of the Chief of Mission was created; the Financial Analyst undertook preparation of weekly financial reports and became the UNRRA secretary for the Joint Price-Fixing Sub-Committee. In the latter capacity, the Financial Analyst assisted in drafting the price policy to which the J.P.F.S.C. conforms.

In May, the Financial Analysis Section became established as the nucleus and operating agency of the Central Statistical Bureau, composed of Representatives of UNRRA, the Bank of Greece, the British Economic and Financial Advisers, and the U.S. Treasury Representative. This Bureau has subsequently developed into a clearing house for statistical and other economic and financial data.

The Financial Analysis Section is currently providing the Mission and Foreign Advisers with the following:

- 1) Daily bulletins of prices, retail market conditions, gold and exchange rates, public finance, proceeds of UNRRA sales and the note circulation;
- 2) Weekly financial reports of considerable length, summarizing current developments;
- 3) Monthly statistical bulletins;
- 4) Periodic overall reports, covering major developments in considerable detail;
- 5) Specialized studies, voluntarily and upon request;
- 6) Representation on the Economic Advisory Committee and advisory assistance to other sections and divisions with UNRRA.

The above is being accomplished despite the lack of any imported assistance for the Financial Analyst. Keen difficulties have also been encountered in eliminating errors and misinterpretations from data secured only after considerable effort from governmental agencies. Lack of well equipped statistical services in the governmental agencies has necessitated constant revision and adjustment of such basic data as note circulation, governmental expenditure and revenue, proceeds of sales, etc. Lack of even consecutive and statistically satisfactory price indices has compelled the Financial Analyst to undertake construction of such indices.

It is unfortunate that the Financial Analyst remains obliged to devote such a high percentage of his time to routine statistical work rather than to analytical studies which are so urgently required. Although statistical data secured from governmental agencies is slowly becoming more readily available and more accurate, only provision of assistance in the form of an imported statistician or economist will enable the Financial Analyst to expand his present activities.

Public Information Division
OFFICE OF CHIEF OF MISSION

There follows a resume of the Public Information Division's activities from the time of the Mission's arrival in Greece up to 1 April, 1945.

- 1) 120 projects, including stories and broadcasts promoted, pictures placed, newsreels and releases issued;
- 2) Constant contact with Greek Bureau of Press, AIS, OWI, Greek Newspapers, Athens Radio Station and Foreign Correspondents;
- 3) Monitoring of the press and following public opinion and informing the Chief of Mission thereof;
- 4) Providing Regional Directors with publicity material and consulting with them regarding their public relations situations;
- 5) Photographic coverage of physical destruction, starvation pictures of children, hostages, casualties and UNRRA volunteer activities and news events;
- 6) Facilitating contact with the various ministries and municipal officials;
- 7) Advising Chief of Mission on local appointments from the public relations point of view, and furnishing information on purpose and scope of UNRRA to large numbers of persons who have made enquiries;
- 8) At the request of the Chief of Mission, pending arrival of officer for this assignment, this Division had the responsibility for preparing the UNRRA progress reports for December, January and the first two weeks of February;
- 9) Preparation of statements, press conferences and interviews;
- 10) Close cooperation was maintained with ML on public relations policies affecting both the Military and UNRRA;
- 11) During March Mr. Morse Salisbury visited Athens, reorganized the office, changing its title from Public Relations Division to the Public Information Division, and came to an understanding with the Undersecretary for Foreign Affairs on Press relationships;
- 12) The last few days of March the office prepared the Statement on UNRRA take-over on 1 April.

Following, is a resume of the Division's activities during the period 1 April - 30 June 1945:

- 1) On 1 April, the Division commenced publication of "THE DAILY NEWS DIGEST";
- 2) Distribution of statement on UNRRA take-over to Greek Press and Radio and by parachute drops to Provinces; also to BBC correspondent;
- 3) Press and picture coverage of first 15,000 refugees repatriated from Middle East;
- 4) Stories in world press on UNRRA personalities;
- 5) Renewal of relationships with Press and radio censors, and Government Press Agencies;

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- 6) Issued a summary of the 8-point program explaining in concise terms the implications of the UNRRA-GREEK Government Agreement;
- 7) Conferences and releases to acquaint public with details of UNRRA take-over;
- 8) Story and photographs on U.S.A. Girl Scouts Gift to Greek Girl Guides;
- 9) Story on welfare activities with emphasis on clothing situation;
- 10) Story on Australian Gift of Relief Supplies to Greece;
- 11) Reestablishment of relationships with new Greek Government;
- 12) Preparation and submission of Office of Public Information budget;
- 13) Instituted a counter press campaign against criticism on UNRRA's activities in Greece in the theatre of relief;
- 14) World press stories on UNRRA activities, anti-malarial campaign, tuberculosis campaign, etc.;
- 15) Held press conference for the Chief of the Displaced Persons Division and issued story on refugees;
- 16) Story on Welfare Division activities;
- 17) Story on Health Division activities - Nursing;
- 18) Story on Burned Villages;
- 19) Case stories on families visited by the Deputy Director General, Roy F. Hendrickson, when he was in Athens;
- 20) Stories on "Stork City" and the UNRRA Girls;
- 21) Story on Schools in Greece;
- 22) Sent writer and photographer to Kavalla region to gather story material;
- 23) Coverage of air-drop of clothing;
- 24) Submitted complete list of our photographic requirements to the Bureau of Finance and Administration;
- 25) Story in UNION JACK by Barty-King, whose trip to Lamia was arranged by Office of Public Information;
- 26) Representative was sent to Italy with pictures on refugees landing in Chios for radio photo-transmission and use in the picture-pool there;
- 27) Newsreel coverage of the landing of the refugees, for London distribution and inclusion in the MOI film on Balkan Relief;
- 28) Story on educational facilities in Greece taken jointly by "TIME" and the London "TIMES";
- 29) Picture stories on the Thrace-Macedonia Region; wrecked laboratory equipment in Athens; and rehabilitation of fisheries;
- 30) Five feature stories despatched to Washington and London on burned villages, trip to Lamia Region, relief work in Athens hospital and wrecked school system;

- 31) Arrangement for trip of correspondents of NATION, PM., St. LOUIS POST DESPATCH, PHILADELPHIA ENQUIRER, etc., to Kavalla Region to observe UNRRA activities in the field;
- 32) Arranged interview of W.S. Duthie, Deputy Chief of Mission, with Leigh White of CHICAGO DAILY NEWS;
- 33) Story on UNRRA and the general economic situation in Greece, by Dr. Wolfgang Bretholz, of SVENSKA DAGBLADE and Swiss newspapers, whose trip to Kavalla Region was also arranged by this Division;
- 34) Photographic coverage of Greek Fisheries and of "Fish Fries" gift from Egyptian to Greek Government;
- 35) Photographic coverage of Marathon Dam and UNRRA digging of wells to supplement water supply;
- 36) Story on UNRRA relief mission to Island of Milos given exclusively to Associated Press and Reuters for circulation in the U.S. and U.K., and later released for local circulation and radio broadcasting;
- 37) Series of captioned pictures on the ruins of the Polytechnic Institute also sent to the ERO, London;
- 38) Series of pictures on the Marathon Dam and the unloading of pipes for the Dam;
- 39) Series of pictures on donation of Egyptian agricultural seeds;
- 40) Pictures on planting into fresh-water lakes of "fish-fry" donated by Egyptian Government;
- 41) Material for human interest stories released to Washington and London, including "A Trip to the Islands of Poros and Hydra" and several case stories of Welfare Division;
- 42) Photographic coverage of landing of bulls at Patras and also of breeding bulls;
- 43) Story, newsreel and photographic coverage of arrival from New York via Naples of SS "GRIPSHOLM" in port of Piraeus, bringing with her 147 Greek deportees from the U.S. and 513 Greek refugees from Germany and Italy; also UNRRA supplies;
- 44) Arrival of William H. Wells, UNRRA HQ., in charge of UNRRA motion picture and photographic information program, to undertake production of documentary film on "Greece Today";
- 45) Arrangements with the Chief Nursing Consultant of the Mission to map out the full story of all the Voluntary Societies cooperating with the Greece Mission, the Regions where they are operating and their plans for the future, as requested by M. Schussele of Geneva, Delegate of the League of National Red Crosses;
- 46) Supplied news stories for war correspondents representing EBC, MAINE Newspaper Syndicate, NEW YORK TIMES, LONDON TIMES, and INS.
- 47) The Division completed a broad outline of the documentary film to be made by Nick Read of the National Film Board of Canada, about UNRRA in Greece;
- 48) A Division photographer, Costa Emmanuel, went to Volos and covered the conversion of salvage scrap-iron from German war materials and sunken ships into ploughs, etc., ("Swords into Ploughshares").

The above types of activities are illustrative of the Division's range of assignments. In addition, the Division handles many routine matters which relate to unit organization and management.

SECTION II - BUREAU OF SUPPLY & DISTRIBUTION

Office of Chief of Bureau BUREAU OF SUPPLY AND DISTRIBUTION

A report covering the activities of the Bureau of Supply and Distribution from the date of the take-over on April 1, 1945, through June 30, 1945, will be embodied in the individual reports of the various Divisions of the Bureau. It is considered desirable, however, to briefly comment on the activities of this part of the Greek Mission during the period November, 1944, to March 31, 1945.

The first of the UNRRA Mission to Greece arrived in the country in mid-November, 1944. At that time the functions now embodied in the Bureau of Supply and Distribution were divided between the Bureau of Requirements and Supply and the Bureau of Distribution and Transport.

On arrival of the Mission in Greece conversations were held with the Military and it was agreed that, in order to give the greatest aid and assistance to the country and to facilitate UNRRA's eventual take-over of full responsibility, UNRRA should actually join and become a part of the Military Liaison operation. Accordingly, the UNRRA Deputy Chiefs of Mission for Requirements and Supply, and Distribution and Transport, were approached by the Brigadier, ML, as Directors of the Military Liaison's Divisions of Supply and Requirements and Distribution respectively. Other personnel of the Bureau of Requirements and Supply were assigned throughout ML's S. & R. Branch to the various Commodity Divisions to work with and be an actual part of such operating Divisions.

Similarly the Headquarters personnel of the Bureau of Distribution and Transport were assigned to the ML Divisions of Rationing and Price Control, Civil Transport, Warehousing, etc., and field personnel of the Bureau were assigned to field positions with the Military as Distribution, Transport and Warehousing Officers.

At this time, in addition to food distribution, steps were taken to begin the rehabilitation of industries, and certain vital raw materials and spare parts were requested. Unfortunately, for relief operations the outbreak of the civil war in December put a stop to most of the activities of the UNRRA Mission. However, during this period a short-term supplementary military program covering the military period to the end of April was prepared and preliminary work begun on a program for the remaining nine months of 1945, divided into periods of three months and six months.

All of the personnel of the Bureau of Distribution and Transport in Athens were evacuated to Cairo, together with some of the personnel of the Bureau of Requirements and Supply. By the end of January some personnel had returned in order to finish the 1945 requirements program. By the end of February practically all personnel who had been in Greece, with additional personnel from Egypt had arrived and resumed close cooperation with Military Liaison, although the former integration was not entered into again.

Considerable progress was made in assuming various ML functions in order to secure a smooth transition when the military would hand over.

On the 1st of March it was decided that the Bureau of Requirements and Supply and the Bureau of Distribution and Transport should be combined into the Bureau of Supply and Distribution. The agreement signed with the Greek Government made certain changes in former plans necessary, and it was felt that the Mission could best operate within the agreement by means of this reorganization.

During the month of March more ML activities were assumed by UNRRA and all UNRRA personnel familiarized themselves with past events and procedures.

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On April 1 the Mission took over full responsibility for relief operations in Greece. It should be pointed out, however, that this Bureau had the very valuable assistance of ML Officers for the first month after the take-over and, on a diminishing scale, for the ensuing months.

Activities during the months of April and May were complicated by the fall of the Plastiras Government and the necessity for establishing new relationships and procedures with the new government. Since then various Ministerial changes have from time to time necessitated re-adjustments and in some cases considerable delay. This period was also made more difficult by the fact that a great deal more planning done before the signing of the agreement with the Government had to be scrapped and personnel reorientated in view of the new situation. However, distribution and general operation as planned proceeded fairly smoothly during this period and there were no major breakdowns.

There has been a tendency for stocks to accumulate in warehouses due to a faulty allocation procedure and in many instances lack of initiative on the part of Government officials. During the months since April these problems have been gradually solved and smoother working relationships established.

The various economic crises during the latter part of May and the first weeks in June caused a re-examination and, to a large extent, the revision of many procedures in connection with price fixing and supply allocation.

Since the vesting in the Office of the Deputy Prime Minister of wide powers over all matters concerning the economy of the country, the various Divisions of this Bureau have adjusted themselves and have cooperated closely with the Deputy Prime Minister. Representatives of the Bureau now sit with Representatives of the Deputy Prime Minister on committees to determine import requirements, allocation of relief supplies and the prices for imported supplies. The Bureau has also been called upon to assist the Government in its attempt to bring indigenous production under control and to secure a more equitable distribution thereof.

It is only fair to state that at various times since the Mission arrived in Greece Sections of the Bureau have from time to time been forced to engage in direct operations in order to prevent breakdowns in the movement of supplies. However, in the light of present indications, the Government should shortly be in a position to take over the remaining functions now being performed by Divisions of the Bureau.

Greatly improved coordination on the Government side and continued stability should ensure a greater measure of success in future operations.

Food Division
BUREAU OF SUPPLY AND DISTRIBUTION

DEVELOPMENT OF REQUIREMENTS PROGRAMS.

The chief occupation of this Division from January to the end of March was the development of May-July and July-December Requirements Programs.

These programs were both compiled by the Division, discussed with the Greek authorities, revised in some respects to meet the Government's views, and then completed by the Division. In neither case did the Government prepare a program itself, or even produce detailed estimates of local availabilities and requirements, but confined itself to comments by officials in the Ministries of Supply and Agriculture. The chief difficulties in developing Requirements Programs are firstly the lack of exact information regarding Greek production and the divergence between the estimates made by UNRRA agriculturists on the one hand, and the Greek Ministries on the other, and secondly the failure of the Greek Government to develop Requirement Estimates on its own. The only estimates which were made by the Greeks were for commodities such as rice and margarine, in world short supply, and their estimates showed no appreciation of the tight world supply position.

FULFILLMENT OF PROGRAMS.

The UNRRA Program for May and June was not fulfilled, owing to the decision of CCAC that the military program should continue through June. This was a disappointment at the time in that the UNRRA Program was considerably larger, both in cereals and in the more desirable foods such as sugar and animal proteins. Increased milk had been requested which, had it arrived, would have enabled an extension of the child feeding program already initiated by the Swiss Red Cross Mission and ML (Military Liaison).

UNRRA supplies started arriving in June, when there was a welcome increase in arrivals, particularly of wheat, against July-December Requirements. Since this first flush has come the depressing news that July loadings will be much below estimated requirements, and that prospects of improvement for the remainder of the third quarter and for the fourth quarter of 1945 are very poor. At present it looks as if even the low rations provided under the military program would have to be cut.

SUPPLEMENTARY REQUESTS.

Three Supplementary Requests have been made to the July-December Requirements Program. The first is for small quantities of special hospital foods which are required for special diets, and to vary the monotony in the supplies of food available. The quantity required is only about twenty tons a month, so it is very much hoped that this requirement can be met.

The second is for an additional 193,600 tons of wheat. This large increase in the grain requirement is caused primarily by the poor harvest, which is much below expectations in earlier months. It is also due to the fact that, to date, the Greek Government has failed to introduce any scheme for the collection and resale at a controlled price of the local crop. This means that the local crop would probably be kept by producers, and only sold to those non-producers who can afford to pay free market-prices. This failure to control the local crop makes any downward adjustment of grain rations difficult, even in productive areas, and increased imports are necessary therefore to maintain the present ration distribution.

The third Supplementary Request is for dehydrated soups. This food is

unpopular

unpopular in Greece, owing to the large quantities imported by the Joint Relief Commission during the occupation. It was therefore hoped that supplies of alternative protein foods would be sufficient to enable Greece to dispense with soup. Recent information on the quantities of alternative protein foods likely to be available shows that this will not be the case and that continuance of soup imports will be very necessary.

Consideration is also being given to tabling a Supplementary Request for soya flour. This is another unpopular item in Greece, but successful experiments have been made to include it in the bread-flour in the capital area. If this use can be extended, it should help to increase the high-class protein content of the diet.

JANUARY-JUNE 1946 REQUIREMENTS PROGRAM.

Work on the January-June 1946 Requirements Program is now under way. Estimates of all the 1945 crops have been received from the UNRRA Agricultural Division, and from the Ministry of Agriculture, and also forecasts of 1946 production where relevant. Unfortunately there is a wide divergence between the UNRRA estimate of the grain crop and that of the Ministry of Agriculture, and the Greek Government is now pressing for a level of animal protein consumption (30 grams per head daily) much above that set by the Ad Hoc Food Sub-Committee. Much discussion will be needed to secure conciliation of these views.

UTILIZATION OF ML IMPORTS

Since the UNRRA program only became effective in July, ML food imports were used up to that date, to continue the distribution scheme introduced by ML, with gradual modifications. Imports of special foods by other bodies (the Swiss Mission, Australian and American Red Cross and New Zealand Red Cross) have also been distributed to hospitals, children's canteens and clinics, and children's holiday camps in accordance with arrangements developed during the occupation by the Swiss Mission. The following table shows the quantities and types of food imported and the distributions planned since April 1.

(SEE TABLE FOLLOWING PAGE)

UNRRA - GREECE MISSION - FOODSTUFFS AND SOAP

Table of Receipts and Issues from 1st April 1945 and Balances as at 30 June 1945. +

ITEM	RECEIVED TO 30 June 1945			ISSUED TO 30 June 45	AVAILABLE FOR ISSUE I July 45 Total
	Balance per M.L.	Subsequent Receipts	Total net Receipts		
GRAIN	29,970	160,157	190,127	132,825	57,302
FLOUR (Incl. RICE & SPAGHETTI)	19,827	60,086	79,913	69,717	10,196
P. MEAT	390	3,377	3,767	2,417	1,350
FISH	696	11,880	12,576	5,528	7,048
SAUSAGE	530	2,246	2,776	1,915	861
SUGAR	7,616	13,340	20,956	19,125	1,831
PULSES	4,113	19,075	23,188	15,292	7,896
TND VEGETABLES	217	494	711	550	161
CHEESE	94	102	196	157	39
SOUP	1,298	6,019	7,317	3,615	3,702
MILK TND	403	1,883	2,286	1,231	1,055
MILK PDR	3,948	5,410	9,358	8,096	1,262
COFFEE	1,141	1,969	3,110	2,340	770
FATS	347	1,840	2,187	1,644	543
TOTAL	70,590	287,878	358,468	264,452	94,016
SOAP	546	2,645	3,191	812	2,379

+ Salonika receipts and issues to 23 June 45 only.

ALLOCATION OF FOOD ACCORDING TO UNRRA PRINCIPLES.

* Use of Ration Scales as basis for allocation.

To ensure that imported food supplies are distributed throughout the country in as equitable a manner as existing conditions permit, the Greek Government and UNRRA agreed to follow the ration scale principles which had been put into effect by ML. These scales aimed at making it possible for everyone to have a 2000 calories per day diet. Imported foodstuffs were considered as a supplement to food produced in Greece and scales of issue varied accordingly between urban and rural groupings and from region to region according to estimated local production.

The ration scales were modified from month to month in accordance with the latest information on local conditions from the regions and the overall supply situation of Greece. Changes were also made as internal transport improved to allow for the expanding radius within which it became possible to effect deliveries. With each month of UNRRA responsibility the ration scales have become more equitable and approach more nearly the 2000 calories target. There is no doubt, however, but that an overall shortage of supplies has prevented the attainment of this level, and malnutrition still constitutes a serious problem in several areas.

The chief changes in the ration scales introduced since the beginning of the UNRRA period may be summarized as follows:

Increases in rural rations to correspond more nearly with urban scales where supplies permitted.

This was found advisable in view of the great shortage of foodstuffs in rural areas which could not be overcome until harvest time, existing stocks in many regions being negligible. Thus it was found possible and advisable to establish minimum rations varying between 240 and 400 grams of wheat per day, as compared to 200 and 310 for the last month of ML responsibility. Pulse and soup rations were introduced into several rural areas where none previously existed. Although it would have been desirable to introduce a fat ration in more rural areas, limited supplies have to date precluded this possibility.

Provision for a general distribution of soap, to non soap producing areas, beginning in July, where supplies permitted.

Introduction of a salt ration based on the local production of the State Salt Monopoly.

Use of Government imported rice for one general distribution according to scales determined in consultation with UNRRA.

A special 2000 calories scale was adopted for feeding displaced persons until they reach their homes and, in the case of those whose homes have been destroyed, for a brief period after reaching home.

There are attached schedules demonstrating the ration scales for July 1945 for the Athens-Piraeus area (Region "A") and a typical rural area (Region "D").

ALLOCATIONS FOR SUPPLEMENTARY FEEDING.

During the occupation when food shortages were extremely acute, the Joint Relief Commission of the International Red Cross set up a series of feeding centres for adults, children and babies in order to help them meet their minimum requirements. Various voluntary Greek agencies also maintained

supplementary

supplementary feeding programs. Because of the extensive malnutrition among children, infants, and the special dietary needs of nursing and pregnant mothers, every effort has been made to continue the programs for these groups and to extend them where necessary. On the other hand it has been found desirable to close many adult feeding centers on the ground that with free issues of rationed food to the indigent they can best prepare and consume their meals at home.

Food was allocated to each region to permit the continuation of the child-mother programs already in existence. Since it was impossible to determine the requirements of each center, an arbitrary extra amount of rationed foods was distributed to each region equal to 5 per cent of the grain ration and 10 per cent of the other commodities. Since milk was in very short supply all UNRRA imports were earmarked for allocation to supplementary feeding programs for vulnerable groups. Plans are now being made with the Government and representatives of voluntary agencies to restart the school feeding program which proved so valuable before the war. Food from UNRRA imports will be allocated for this to be supplemented by local purchase. Some special foods have been allocated for supplementary use by hospitals to meet the dietary needs of the patients.

DISTRIBUTION OF FOOD.

Most of the incoming food ships discharge their cargoes at one of the three main ports - Piraeus, Salonica or Patras. From these three ports the food is transhipped by caique to the principal ports of the eight other districts. In May a shortage of shipping space prevented the transshipment of sufficient supplies to each of these smaller ports to cover all ration commitments. In June and July, however, there was a marked improvement and the few deficiencies in the regions were the result of the delayed receipt of expected imports. The opening of several more ports to ocean shipping has alleviated the transshipment problem somewhat already.

Once the food arrives at the principal port of each of the eleven regions it must be distributed by caique, motor transport, or railway (where this exists), to the outlying regions. This has proven very difficult in view of the shortage of caiques, motor transport and rolling stock, together with scars of the occupation, such as demolished bridges and roads, and mine fields. As even these methods of transport do not exist universally, much of the food must be called for at sub depots and be taken by mule up to the remote mountain villages.

*The actual distribution of rationed foodstuffs to the ultimate consumer is arranged for and supervised by local governmental committees, and where feasible operates through commercial channels. Those that can afford to pay for their supplies do so at the fixed prices established by the Government plus, in some cases, charges for transporting food to outlying regions. It has been agreed by the Greek Government and UNRRA that those who cannot pay should receive their rations free. This policy has been put into effect, but so far its success has been limited by a lack of accepted criteria on the basis of which indigence can be determined, and the necessity of deriving some revenue from the relief supplies distributed. These two limiting factors have now been alleviated by one law which provides mechanism for determining indigence, and another law providing for other sources of revenue. It is hoped that this will speed up distribution from the local committees to the consumers. In too many cases unfortunately, particularly in remote villages, final distribution is delayed owing to conflicting instructions from the central and local Government authorities on such points as whether rations are to be pre-paid, or whether credit may be given; to what extent transport charges are to be added, and what priority

is

is to be followed when sufficient foods do not arrive at one time to meet the rations of the whole community. Too often food which should be consumed by needy villagers is held in village warehouses while dilatory committees and officials argue about minor administrative points. UNRRA field officers and Voluntary Society workers are fulfilling an important task in minimising this sort of obstruction and ensuring that the food gets to the people who need it.

Supplementary distributions to children and vulnerable groups are made by local charitable organizations whose work is supervised by responsible committees.

Some wheat was allocated by the Government, with UNRRA's approval, for barter against olive oil. This was believed advisable in view of the great need for the oil in other parts of the country and the natural reluctance of the possessors of it to sell it for currency of uncertain value. Care was taken in carrying out this barter to see that the benefits of the exchange were spread over a great number of people, in a region where wheat was needed for human consumption.

One of the principal problems encountered in making an equitable distribution of food has been the difficulty of making local produce available to those without purchasing power. Those producing food, wishing to receive the maximum return, tend to ship their food to the centers where the prices are highest regardless of the need for food in their own regions. Thus food is often exported from deficiency areas into which UNRRA-imported supplies are being shipped. Price control recently established is expected to lessen this uneconomic use of food and transport.

JULY RATION SCALES - REGION "A"

1. Ration scales as agreed with the Ministry of Supply for July are set up below. These scales should not be made public until after the official press announcement has been published by the Greek Government.

a)

Ration Scale Capital Area Estimated Population 1,142,000

Serial No.	Commodity	Drammia per month	Grams per day	Calories per day	Ration Scale Tonnage N.M.T.	Allowance for Suppl. Distr. N.M.Tons	Total Tonnage N.M.T.
1	Bread	3750	400	1160	11182 +	559 +	11241
2	Flour	400	42	149	1491	75	1566
3	Macaroni	400	42	152	1491	75	1566
4	Rice	120	13	45	411	41	452
5	Meat	142	15	48	520	53	579
6	Soup	71	8	25	263	26	289
7	Pulses	400	42	128	1491	149	1640
8	Sugar	150	16	64	559	56	615
9	Fat or Oil	60	6	55	224	22	246
10	Fish	200	21	36	745	75	820
11	Coffee	60	6	-	224	22	246
12	Salt	156	-	-	570	57	627
13	Soap	35	-	-	132	13	145
14	Milk	-	-	-	-	450	450
15	Total	5944	611	1862	19303	1673	20482

+ N.M.Tons = grain

b) Ration Scale "A" Region, excl. Lamia and Karpenission. Estimated Populat. 485,660

1	Grain	2160	240	756	3574	178	3752
2	Flour	200	21	75	313	16	329
3	Macaroni	-	-	-	-	-	-
4	Rice	120	13	45	179	18	197
5	Meat	71	8	24	118	12	130
6	Soup	71	8	25	118	12	130
7	Pulses	400	42	128	625	63	688
8	Sugar	120	13	52	179	18	197
9	Fat or Oil	-	-	-	-	-	-
10	Fish	200	21	36	313	31	344
11	Coffee	20	2	-	30	3	33
12	Salt	156	-	-	247	24	271
13	Soup	35	-	-	59	6	65
14	Milk	-	-	-	-	110	110
15	Total	553	368	1141	5755	491	6246

2. Calorie values have been calculated in accordance with the Table of Nutrient values laid down by the Ad Hoc Food Sub-Committee in London.
3. Where the meat or sausage for issue is in 14 oz. or 16 oz. cans, the ration should be calculated as 1 can in the Capital area, and as $\frac{1}{2}$ can in "A" Region outside the capital. The soup ration is equal to $\frac{1}{2}$ the standard 1 lb.
4. Where household or soft soap is issued the ration is 35 drammia ($\frac{1}{2}$ lb). Where toilet soap is issued the ration should be one tablet (3 ozs).
5. The allowance for supplementary distribution should cover the requirements of hospitals, residential institutions, children's canteens, clinics and camps, and displaced persons. If semolina or pastes are needed, they should be manufactured locally from part of the grain allowance.
6. Milk is for children 7-14, pregnant women from the 8th month and nursing months for 6 months, urban and rural.
7. No alteration should be made in the ration scales without prior authority from Mission H.Q.

JULY RATION SCALES - REGION "D"

1. Ration scales as agreed with the Ministry of Supply for July are set up below. These scales should not be made public until after the official press announcement is published by the Greek Government.

Ration Scale "D" Region					Estimated Population 505,000		
Serial No.	Commodity	Drammia per month	Grams per day	calories per day	Ration Scale Tonnage N.M.Tons	Allowance for Supplementary Distribution N.M.T.	Total Tonnage N.M.T.
1.	Grain	2900	310	976	4700	235	4935
2.	Flour	-	-	-	-	-	-
3.	Macaroni	-	-	-	-	-	-
4.	Meat	71	8	24	116	12	128
5.	Soup	71	8	25	116	12	128
6.	Pulses	400	42	128	647	65	712
7.	Sugar	120	13	52	182	18	200
8.	Oil or Fat	-	-	-	-	-	-
9.	Fish	200	21	36	300	50	330
10.	Coffee	20	2	-	30	3	33
11.	Soap	35	-	-	58	6	64
12.	Milk	-	-	-	-	50	50
13.	Total	3517	404	1241	6749	431	6580

2. Calorie values have been calculated in accordance with the Table of Nutrient Values laid down by the Ad Hoc Food Sub-Committee in London.
3. Where the meat or sausage for issue is in 14 oz. or 16 oz. cans, the ration should be calculated as $\frac{1}{2}$ can. The soup ration is equal to $\frac{1}{2}$ the standard 1 lb packet.
4. Where household or soft soap is issued, the ration is 35 drammia ($\frac{1}{4}$ lb). Where toilet soap is issued, the ration should be one tablet (3 ozs).
5. The allowance for supplementary distribution should cover the requirements of hospitals, residential institutions, children's canteens, clinics, and camps, and displaced persons. If semolina or pastes are needed, they should be manufactured locally from part of the grain allowance, where facilities exist.
6. The milk is for urban and rural children 0-14, pregnant women from the 8th month and nursing mothers for 6 months.
7. No alterations should be made in the ration scale without prior authority from Mission H.Q.

Clothing, Textile & Footwear Division
BUREAU OF SUPPLY & DISTRIBUTION.

INTRODUCTION

In considering the clothing, textile and footwear situation faced by this Division on 1 April 1945, the events in Greece leading to the request for UNRRA assistance should be reviewed.

The chief result of the Axis occupation was the complete cessation of normal trade and the official maintenance of only those resources and industries of value to the Axis supply position or to the use of the country as a military base.

The loss of imports, amounting in the case of clothing, textiles and footwear to approximately 30,000 tons per year, and the confiscation of stock and indigenous production caused the public a severe shortage from the early days of 1941.

Additionally the overwhelming occupation costs levied by the Axis brought about inflation and eventual financial collapse. Clothing held by shopkeepers reached fantastic prices which placed them beyond the means of the people; but the Germans were able to purchase. It is stated that each German soldier was permitted to send home 80 kgs. of goods each month and there is ample evidence that Officers sent considerably more.

The public generally has consumed almost all reserve stocks, with the exception of luxury stocks held in Athens which represent retailers capital and which they will hold, by means of high prices till they see a possibility of replacement, and although it will not be possible to replenish stocks to normal levels for many years to come, it is essential to try and build up some reserve over and above current minimum requirements in order to get the distributive system working again. This can best be done by bringing in raw materials so as to ensure steady local production.

Destitution statistics provided by all Allied Agencies working in Greece during the occupation gave a figure of 54% of the population as destitute in terms of clothing and textiles. Since then a Civil War has still further depleted the wardrobes of the people and increased the percentage of clothing destitution.

REQUIREMENTS & PRODUCTION

* When the original requirements program was set up in February it was assumed that the textile industry in Greece could supply much of the textiles providing the industry received raw materials. There was every foundation at the time for this assumption. A new Government had been established following the civil revolt with an industrialist as the responsible Minister for Industry and the cotton textile industry had commenced production following the import of 500 tons of Egyptian cotton by ML. The woollen and rayon industries were ready and capable of almost pre-war production and ML officers were confident of the early arrival of raw wool.

Events

Events have proved this assumption wrong. ML were only able to import a total of 1,000 tons of cotton and no wool arrived. The Government changed twice, the responsible Minister three times, and all proved incapable of forming or adopting any policy for the control of production.

Raw wool and cotton arrived in June in sufficient quantities for full production to commence; but, to date, the imported raw material lies in the Government warehouses despite every effort of the Industrial Rehabilitation Division, who, through their Textile Section have given the Government complete and detailed plans for a controlled production of utility cloths and yarns to ensure maximum production in a minimum of time. It is only fair to say that the new Deputy Prime Minister is giving his full attention to the problem, and it is hoped production will soon commence, but it is quite apparent the Mission cannot rely on a supply from this source before September and then only of cotton goods.

This Division is vitally concerned because with this lack of production and with the poor receipts of finished products against our program it is becoming increasingly apparent that sufficient clothing textile and footwear will not be available for the approaching winter unless receipts from abroad show immediate improvement.

Due to the poor roads into the interior very many Regions are literally cut off when winter rains and snow commence and it is considered essential that at least 66% of our total programmed requirements arrive by September to enable distribution to be made while the weather holds good. Six months programmed requirements, excluding raw materials, were approximately 23,965 metr.tons, receipts from 1 April to 30 June amount only to 3,314 metr.tons inclusive of CCAC and donated clothing. Furthermore, now that distribution plans are taking more satisfactory shape than was possible in the early days of ad hoc emergency measures, it is important to have the supplies to distribute or the machinery may break down owing to lack of popular confidence.

Details of the work done on distribution to date follow.

DONATED CLOTHING PROGRAM

Since February 1944, clothing, mostly used, has been coming into the country donated by various charitable agencies of the United States and United Kingdom. This clothing has been given away free. The table below shows the total quantities which had been distributed up to July 1, 1945:-

5Table)

	<u>Months</u>	<u>Tons</u>	<u>Garments</u>
During the occupation	6½	249	500,000
During the ML period	5½	1900	3,800,000
During the UNRRA period	3	1600	3,200,000
Total		3749	7,500,000
Less estimated pilferage and other transport loss -			750,000
Less estimated unusable material			<u>750,000</u>
Total garments reaching the Greek people 6,000,000			

In evaluating how far this distribution has gone toward meeting the clothing needs of Greece, consideration must be given to two factors; most of the clothing is used and about two-thirds of its original wearability is gone; much of it was manufactured for urban use and does not stand up well under the rougher usage in rural areas. A more complete discussion of donated clothing distribution will be found in the report of the Welfare Division.

CLOTH RATIONING AND PRICE CONTROL PROGRAM

The economic risks of uncontrolled distribution of new clothing through commercial channels were so great that during the ML period no attempt was made to release the stocks imported for "economic recovery" and only gift clothing supplied by voluntary organizations as above was distributed to meet emergency needs.

In the light of the excessive purchasing power of the few (mostly war profiteers) the very low purchasing power of the many and the limited stocks, it was obvious that imported clothing could not be injected into normal retail channels unless steps were taken to introduce rationing and price control.

In a country with no national registration or identity card system, with an unorganized administration and with a tradition of malpractice in food rationing developed under the occupation, the issue of ration cards presents many technical difficulties. Added to this, priorities had to be decided between regions and between economic classes since it was impossible to establish immediate nation-wide plans for the total population in view of limited monthly imports and shortage of trained personnel.

Since goods for sale must be paid for even at low controlled prices, only those with cash or assets need be considered in the rationing scheme. Those with no apparent source of income must be granted free issue of donated clothing, until such time as they are in a position to pay.

It was finally decided to begin with:

- 1) A registration of the employed urban population, beginning with the capital area;
- 2) Spot distributions to selected rural areas where the crop situation promised actual or potential purchasing power and need had been undermot by donated clothing.

The

The principle of the urban registration and rationing scheme is as follows: the number of ration cards issued must always be related to the stocks available. By registering all workers and noting their salaries, staggered issues of cards can be arranged according to earned income groups, until such time as all employed persons and their families have cards. Then cards will be issued to the self-employed and others whose resources, though they exist, are unascertainable.

The principle of the rural distribution will be by grant of priorities by villages rather than by income groups, since the majority of the rural population are self-employed and individual capacity to pay cannot be easily assessed.

As imports increase and as controlled local production becomes available and administrative staff can be trained, registration can be extended to all urban categories and the gaps in the rural distribution network filled till all villages in rotation are getting a share.

Shelter Division

BUREAU OF SUPPLY & DISTRIBUTION

HISTORY

In order to understand the activities of the Shelter Division from 1 April 1945, the date that UNRRA took over from the Allied Military Liaison (ML), up to 30 June 1945, it is necessary to have some knowledge of what took place prior to 1 April 1945, and herewith is a brief outline.

From July 1944 until November 1944 the Shelter Division was stationed in Cairo, Egypt. During this period it prepared plans, in collaboration with the Greek Government in Exile, for the emergency shelter of Greece. It was ascertained from reliable sources that hundreds of villages in Greece had been from 80% - 100% destroyed, hundreds from 50% - 80% destroyed, and many more with below 50% destruction. A table of destruction is herewith attached. This destruction covers only the rural areas and not the larger cities.

The destruction was done in every village in identically the same manner. The furniture was piled in the middle of each house and then set on fire. The result was that in most cases only the walls, being of stone, were left standing; the roof, floors, doors, and windows were completely destroyed.

A plan was formulated to handle the emergency shelter of the homeless rural population; it was considered essential to get the rural population housed as it would aid agricultural rehabilitation; the cities could easily take care of their own homeless by the billeting process.

A comprehensive report was written setting forth the needs and the minimum amount of materials to be imported. The Greek Government in Exile in Cairo approved the report. It was submitted to the Chief of the UNRRA Greece Mission at Cairo, who approved it also. The aid of ML stationed at Cairo was sought to help to bring in materials for shelter purposes during the military period in Greece.

Their information of the shelter destruction in Greece was considerably at variance with the information the Shelter Division had, and ML's opinion was that the shelter problem in Greece was of a minor nature. They had provided no shelter division in their organization, and had made no preparation to do any shelter work.

On 19 November the Shelter Division was called forward to Athens to assist the Military Liaison in solving the shelter problem, as ML had discovered that their previous information was erroneous and the information of the UNRRA Shelter Division correct, and that if a great deal of suffering was to be avoided some shelter should be provided during the Winter of 1944-1945. The shelter work with ML had hardly started when civil war broke out, and all work stopped. The Shelter Division returned to Cairo on 19 December 1944.

The previous shelter report which had been written prior to going into Greece was rewritten, as the destruction was more than was actually anticipated in the first report, and a modified plan was worked out to be put in operation as soon as it was possible to return to Greece. This plan was fully described in a report forwarded to Washington and London on 13 February 1945. The plan in rough outline consists of:

I)

- 1) The provision of temporary roofs on approximately 25,000 houses. If this could be accomplished before the Winter of 1945-1946, all the rural population of Greece would be sheltered, even though it might have to be done with the aid of some billeting.
- 2) Permanent repairs to be made during the Spring and Summer of 1946 so that by the Winter of 1946-1947 the entire rural population of Greece would be adequately sheltered.

Lists of material requirements and equipment and tool requirements were properly made and forwarded to Washington.

The Shelter Division returned to Greece on 27 January 1945. Immediately upon its return, meetings were held with the interested Ministries and plans perfected for the creation of an organization which would be able to handle the shelter program so that there would be the least amount of political interference or delays caused by bureaucratic procedures. After six weeks of pro and con discussions and delays brought about because various Ministries had difficulty in meeting, the following organization was created and legalized:

- 1) A Policy Committee consisting of five members, to wit: The Minister of Finance, the Minister of Agriculture, the Minister of Public Works, the Governor of the Agricultural Bank of Greece, and the Chief of the UNRRA Greece Mission; to handle the policies of the shelter program;
- 2) An Executive Committee consisting of five members, to wit: A Representative of the Ministry of Finance, a Representative of the Ministry of Agriculture, a Representative of the Ministry of Public Works, a Representative of the Agricultural Bank of Greece, and a Representative of UNRRA; to execute the work as laid out by the Policy Committee;
- 3) The Agricultural Bank of Greece was selected as executor for the entire emergency shelter program.

OPERATIONS FROM 1 APRIL 1945 TO 21 JUNE 1945

From 1 April 1945, when UNRRA took over, the situation was that the Greek Government, through its agencies created by them, had charge of the shelter program and were awaiting materials to be imported by UNRRA. A budget of 2,000,000,000 drachmae was approved to defray the initial expenses and was presented to the Policy Committee and approved.

The Executive Committee busied itself in employing the necessary engineers and staff, placing contracts for lumber and such indigenous materials as were available. It also took over from the military stores such tools, equipment, and materials as they could release. The number of engineers who have been employed to date and sent into the field is 42 at a total monthly salary of 1,233,500 drachmae.

Disturbing news came from Washington about 30 May when their loading targets showed but twenty-one tons of materials for the shelter program, when something like 70,000 tons had been requested. The following signal was immediately dispatched to Washington and repeated to London; "Shipping

"Shipping target for shelter mentions twenty-one tons of material and sixty-five tons of artisans hand tools. This material and tools are entirely inadequate to handle the shelter program. Greek Government has set up a large organization to handle anticipated materials and equipment to provide shelter for this coming Winter. If no more materials arrive than stated in the target, the rural homeless of Greece will not be sheltered this Winter, which will cause untold suffering, disease and death due to exposure and will seriously impair agricultural rehabilitation. Please advise if any materials requested in February and as outlined in the shelter report can still be expected within the next two months. If not, the Greek Government will have to be informed that the shelter program has come to a definite stop and no shelter will be provided this Winter."

An answer was received on 13 June revealing that approximately one-half of the requested materials would be forthcoming some time in the late Summer and early Fall. In the time schedules given in the reports mentioned heretofore, it was emphatically pointed out that if the greatest good was to be derived from the shelter activities, materials and equipment had to arrive on certain dates, and anything like late Summer or early Fall was much too late to do the necessary work, especially in that part of Greece in which the Winter starts early. So even though materials arrive in the late Summer or early Fall, considerable damage has already been done to the shelter program, and any further delay would be disastrous.

The most serious threat facing the shelter program is the lack of transportation. The engineers who have been sent over Greece to the ten construction districts need transportation to visit the villages within their district. As no vehicles are available from UNRRA (all the available vehicles having been turned over by UNRRA to the Greek Ministry of Transport) and the Minister of Transport cannot make available any vehicles to transport the engineers, private cars are rented at a rate from 100 to 150 drachmae per kilometer. These cars are equipped with very poor tires, and the general state of repair of these cars is not very good, so most of the time they never reach the places where the engineers wish to go.

It has been estimated that the cost of private car hire for the ten districts will amount to 10,000,000 drachmae per month. Considering the cost and the unreliability of the type of private transport available, it is impossible to have a shelter program based upon such transportation. A much closer coordination of the Shelter Division and the UNRRA Transport Section is necessary. What has been said about the movement of the engineering personnel in the districts is also true of the transport of materials and equipment.

For the time being, the following transport solution is suggested:

1)

- 1) That 10 (ten) 15 cwt. or heavier trucks be put at the disposal of the Shelter Division (this would make one for each district) for the purpose of transporting men and small quantities of materials such as are being bought by the Agricultural Bank;
- 2) When lumber now being cut is ready for transport, or when UNRRA materials arrive in ports, that a schedule be worked out immediately to transport the materials to their respective villages.

COMMENTS

From the foregoing report it is seen that to date pitifully little has been accomplished in the Shelter Division. This is entirely due to lack of materials, equipment, and transportation.

If materials and equipment arrive in Greece not later than September 1945, much shelter work can still be done, provided that transport is available. Immediate transport is required for personnel and supplies as suggested above.

TABLE SHOWING BURNED VILLAGES AND DESTROYED HOUSES BY AREA

A R E A S	N ^o . of Villages & Towns accord- ing to 1928 census	N ^o . of damaged villages and percentage of destroyed houses								Total destroyed		N ^o . of peo- ple without shelter
		81%-100%		51%-80%		21%-50%		Les than 20%				Total
		Vil- lages	Dwell- ings	Vil- lages	Dwell- ings	Vil- lages	Dwell- ings	Vil- lages	Dwell- ings	Vil- lages	Dwell- ings	
I. Central Greece	I,624	50	7,991	45	4,884	65	3,727	I46	I,895	306	I8,497	85,086
2. Thessaly	775	67	II,632	37	3,600	44	3,96I	I28	2,080	276	2I,274	97,860
3. Peloponesus	2,358	I4	I,389	23	3,20I	42	I,943	220	I,880	299	8,4I3	38,699
4. Macedonia	2,063	II9	I3,I22	5I	3,96I	76	3,47I	I79	2,899	425	23,453	I07,883
5. Epirus	796	60	4,906	65	4,676	60	2,5I2	85	I,052	270	I3,I56	60,5I7
6. Western Thrace	5I8	-	-	-	-	-	-	-	-	-	-	-
7. Crete	I,453	I8	3,749	5	308	I	92	53	330	77	4,479	20,603
8. Aegean Islands	368	-	-	-	-	-	-	-	-	-	-	-
9. Cyclades Islands	436	-	-	-	-	-	-	-	-	-	-	-
IO. Ionian Islands	537	I	53	I	52	4	97	32	539	38	74I	3,408
TOTAL	IO,928	329	42,842	227	20,682	292	I5,803	843	IO,685	I,69I	90,0I3	4I4,056

Economics Division
BUREAU OF SUPPLY & DISTRIBUTION

Unlike other units, this Division was created only late in March 1945 after the re-establishment of the Mission in Greece. It was hastily organized and began functioning without any clear delineation of functions or responsibilities, with inadequate staff, and with a deficiency of supplies and data. However, the activities of the Division were from the outset numerous.

During March the Division participated in ten meetings of the Joint Price Fixing Sub-Committee and developed jointly recommendations to the Government for the pricing of eighteen categories of commodities, including the monthly food ration as one of the categories. The major part of the pricing recommendations related to agricultural supplies and services, and transportation rates.

In addition, the Division worked with committees on wage problems, reviewing Government proposals for wage increases to white collar workers and other categories. The Division began drafting a temporary plan for the rationed distribution of clothing and textiles; submitted a program to the Government for national registration and participated in meetings with Ministries to develop the program; and carried on work for the reorganizing of the rationing machinery and establishment of a single Governmental authority to carry out rationing.

Three studies were begun on basic cost factors, namely:

- 1) Taxes, including social security charges;
- 2) Power and traction;
- 3) Transportation, with a view to presenting a plan to bring those costs into better economic relationship as the first step in rolling back prices.

During April it was the purpose of this Division to complete its preliminary studies and programs and get the Division organized along commodity or groups of commodity lines so that the limited personnel could work in all fields of economic controls related to the commodities. Instead, April was largely devoted to writing an overall preliminary analysis of the economic problems with recommendations for a many sided program; reviewing laws affecting the economy; pointing out weaknesses in laws promulgated; and attempting to stimulate continued work on rationing, national registration and clothing distribution. Not a single meeting on Fixing Prices was held after the Plastiras Government fell, though prices continued to rise. The Government was operating without any semblance of economic policy and frequently Ministries were working at cross purposes.

During the month the Division, in common with other advisors, made strenuous attempts to induce the Government to state its economic policy and to cope with the most urgent problems such as widespread unemployment, inadequacy of supplies, increasing expenditure, lack of any correlation between prices and income, maldistribution etc.

Committees

Committees were urged to go forward with programs for temporary clothing distribution, national registration and reform of the rationing system. At the same time, price studies were made with respect to UNRRA commodities already in warehouses in Greece and commodities which were being loaded for Greece during the next two months. Distribution practices, problems, and their treatment in the U.S.A. were being summarized from the experience of the Office of Price Administration so that information might be available for the Government's consideration when needed. Current and pre-war price data were being collected insofar as available. Statistics of daily prices for numerous commodities were also collected.

The Division submitted a proposal for reducing the number of rations distributed free of charge by requiring payment in kind by farmers who, being unable to pay in cash, are receiving their rations free of charge. Apart from the increase of revenue, this system might assist the collection of surpluses to be moved to deficiency areas and would go a long way toward discouraging speculative hoarding.

Division personnel attended in May four meetings of the Joint Price and Wage Sub-Committee and took part in discussions on various price and wage problems after exhaustive preparatory work. The Division questioned the Government's proposals to increase the charges for transport by privately owned lorries and to raise the price of tires, while suggesting a price alternative based on rental of transport and UNRRA-supplied equipment and machinery on an adjustable basis.

With respect to the Government's plans to increase wages for several categories of workers the Division representatives, like other foreign advisors, reiterated on every occasion their inability to provide advice in the absence of a firm wage policy and appropriate Government action.

Work on price analysis was continued in connection with the Joint Price and Wage Sub-Committee and independently in direct contact with the Ministries.

A special section of the Division was created to deal with the distribution of non-donated clothing. It spent an extremely busy month in May with rather encouraging results. The first difficulty was that since the clothing had to be paid for distribution had to be both rationed and price controlled and, since there were not enough goods to go round, it had to be issued according to priorities. To solve the problems involved the Minister of Supply asked this Division to come to his aid and allot an official to work in the Ministry of Supply in elaborating both a suitable plan and the machinery for its execution. A member of the Divisional staff had been detached and devoted full time to this matter. Under Division direction a rationing plan was worked out and a system of registration of employed persons in the capital area prepared.

In June, at the request of the Deputy Prime Minister, the Director of the Division, Mr. J.J. Jacobson, was authorized to represent UNRRA on a special Allied-UNRRA-Government Mission to Crete. The Mission organized the concentration

and

and transfer of olive oil surpluses in barter for wheat and cloth. A scheme was worked out which was readily accepted by the producers, and subsequently the Mission set in motion the mechanics necessary for its working: (Barrel-collecting and cleaning, preparation of plants for receiving, checking and testing oil, establishment of issue depots for textiles and wheat, securing of necessary transport, provisions for grading, foraging and maintenance of 400 mules included in the scheme, etc.)

The Division's other activities in June were rather of an internal advisory character as the Joint Price and Wage Subcommittee had been abolished and the Division is not represented on the Economic Advisory Committee. The Division submitted a paper suggesting specific legal and administrative measures to combat the blackmarketing of agricultural rehabilitation goods. The suggested release of 25 % of UNRRA supplied wool for the manufacture of "better cloth" was opposed on the ground that all relief supplied wool must be used for "Utility" cloth. The proposed revision of food ration scales was analysed. The problem of fuel prices was thoroughly reviewed to substantiate the opinion that they must not be increased; instead, a gradual adjustment of imported food prices, which bear no relation whatsoever to the world market has been recommended.

MAJOR PROBLEMS ENCOUNTERED IN PRACTICE.

Resolution II on Agricultural Rehabilitation.

This resolution places emphasis upon the immediate rehabilitation of food production and tends to direct that food commodities of greatest potential production in the first crop year shall receive agriculture rehabilitation supplies. If this is the governing policy, in Greece crops like wheat, cereals, olives, and dairy products would be the eligible crops. Perhaps some case could be made for cotton because of cotton seed oil, grapes and fruit, but surely not for tobacco, which plays a very important role in the Greek economy.

However, industrial crops cannot be neglected. They form an extremely valuable asset and support a considerable part of the rural population. To deny them the benefits of agriculture rehabilitation supplies would affect most unfavourably the economy of the country for many years to come.

Moreover, if the Mission is strictly governed by the above-mentioned resolution, and agriculture rehabilitation supplies are short, what order of priority should be followed in encouraging rehabilitation of agricultural commodities? Shall a tonnage-calory test be set up? Or shall a ratio of essential commodities be worked out?

A clarification of the responsibility of the recipient Government for the proper use of rehabilitation goods would seem desirable.

Barter:

The Greek Government has embarked upon the concentration of certain local surpluses (olive oil, timber) by bartering the products of an area for commodities in which this area is sorely

sorely in need. Among commodities offered to the producers, wheat is the most desired item. Except in isolated cases, involving relatively small amounts, wheat supplies are not available in sufficient quantities to meet present ration allotments and still provide for bartering. Besides, the system, in some of its details, is in possible conflict with the UNRRA resolutions since it will concentrate larger quantities of relief supplies, such as wheat and CCAC clothing, in a few hands - out of proportion to their ration entitlement and without provision against their speculative re-sale of commodities.

Besides wheat, cloth is the most desired commodity.

The Mission has tentatively agreed to the diversion of limited quantities of relief supplies to a barter transaction which seemed to be of high importance to popular consumption and price stability in the capitol area. It seems, however, that the Government is inclined to expand this system as the best means to extract the surpluses from producers and the Mission will most probably be asked to approve and to actively support its execution.

The question arises whether, and to what extent, the Mission should tolerate such deviation from the principle of equitability and even lend its active support in their implementation?

Rationing and Priority:

The Government is about to issue ration cards entitling a large section of the employed persons of the Capitol to priority purchase of low priced relief clothing. The Government wishes the individual issue to be sufficiently ample to ensure satisfying the psychological as well as physical needs of the recipients. To do so means employing a larger share of the available and foreseeable supplies than is equitable in relation to national needs as a whole.

This state of affairs cuts across the Resolution relating to Relief Distribution (para 3) stating "that distribution should be so conducted that all classes of the population, irrespective of their purchasing power, shall receive their equitable share of essential commodities".

On the other hand, there is no doubt of the general importance of impressing on the population of the Capitol that relief is now on a sufficient scale for confidence to be justified and hoarding to cease. Other examples could undoubtedly be found where the interests of politically and economically "unimportant" sections of the population are being sacrificed, at least as regards priority, in favour of those whose satisfaction is thought likely to assist recovery and confidence in a general sense.

GENERAL OBSERVATIONS.

Early in June, the Deputy Prime Minister was given full authority in economic matters and in his first declaration, 5 June, he declared himself in favour of a firmly regulated and controlled economy. It seems that the long period of inactivity and aimless dealing with economic problems has ended.

The

The first measures of the new Deputy Prime Minister aimed at increasing the purchasing power of the poorer classes of the population by establishing maximum prices for a series of necessities, price reduction of several rationed food-stuffs and substantial wage increases. Efforts were made to augment the supplies to the Athens markets to meet the increased demand. Previous ordinances concerning market police have been revived in order to ensure supervision and enforcement of the new price regulations.

However, one unfavorable feature of the concentration of economic authority in one person must be pointed out. It is the physical impossibility of considering and deciding on several problems simultaneously, however fundamental their importance and however desirable simultaneous action might be. The result is that sectors of economic policy which are of extreme importance for the recovery of the country have not yet been touched upon, and, by lack of action in these fields, the effectiveness of other remarkably energetic, and on the whole well considered measures taken is being considerably diminished.

For example: the problems of controlling industry, i.e. imposing price ceilings at all phases of manufacture, establishing of priorities in the allocation of raw materials etc., are still open.

In agriculture, no attempt has yet been made to bring local production under control, to organize bulk purchases, to restrict movement of crops out of deficiency areas, to integrate the local crops with UNRRA supplies etc.

In the field of transport, measures so far taken are not sufficiently comprehensive to prevent uneconomic use of transport or increased charges for private cargoes.

The fundamental question of resuming the export of Greek commodities with which the country will have to pay for its imports after the termination of the UNRRA assistance is now receiving active consideration.

The machinery of distribution, particularly with respect to UNRRA supplies, is far from satisfactory. The purge of the rationing system is making slow progress; national registration is being postponed for several months; black-marketing, even of rehabilitation supplies, is not effectively prevented; prices are being determined without regard to future exigencies (rationed foodstuff prices have been still further reduced) or their determination unduly postponed while warehouses are overflowing and relief delayed.

By maladjustment and maldistribution the value of UNRRA assistance is reduced in proportion to the above shortcomings. Moreover, if Greece is to recover sufficiently during the UNRRA period to be able to carry on independently after its termination, overall planning and overall controls must be instituted without further delay. The Mission is neither equipped nor, under the terms of the UNRRA-Greek Government agreement, authorized to take over the burden of planning and implementing the program of restoration of Greek economy.

The Division is of the opinion that the Greek Government should import specialists from countries most experienced in these problems to assist in formulating plans, organizing the necessary machinery, and instructing local officials.

Procurement and Coordination Division
BUREAU OF SUPPLY & DISTRIBUTION

REQUIREMENTS PROGRAMS

Personnel assigned to the Procurement & Coordination Division of the Bureau of Supply & Distribution were included in the first contingent of UNRRA-Greece Mission employees to reach Greek soil, during the last week of November 1945.

The Division's initial assignment was to assist Military Liaison personnel in preparing estimates of requirements for the ML relief program in Greece. This assignment was completed as of 18 December 1944, in the midst of civil strife. At this point, on the behest of the military, Division personnel were withdrawn to Cairo, Egypt for reasons of security.

During the period of evacuation to Cairo, 20 December - 21 January 1945. Division personnel directed the preparation of requirements programs for the first period of UNRRA responsibility, May - July 1945 (subsequently changed by the course of events in Greece). Since, for all practical purposes, the Greek Government did not function during this period of evacuation, UNRRA personnel were obliged to prepare these requirements programs without assistance from the said Government. However, on the return of the Mission to Greece, the programs were carefully revised in close cooperation with the Greek Government, approved by the latter and transmitted to UNRRA Headquarters and the ERO as of 15 February 1945.

Thereupon, work on the preparation of requirements programs for July-December 1945 commenced. These programs were jointly prepared by Greek Government and Mission personnel, approved by the former and transmitted to UNRRA Headquarters and the ERO as of 17 April 1945.

The Division is now directing the preparation of requirements programs for the period January - June 1946.

In addition to having responsibility for the preparation and coordination of all requirements programs, Division personnel have frequently done the actual work of preparing programs, because of personnel shortages in the Commodity Divisions and the inability of the Greek Government to fully accept their responsibility in this connection. To date, Division personnel have prepared requirements programs for clothing, textiles, footwear, food and educational supplies.

SUPPLEMENTARY REQUESTS

The Division is responsible for processing, coordinating and approving all supplementary requests for UNRRA relief and rehabilitation supplies, prior to their submission to the Expert Working Party on Import Requirements, a body comprising Greek Government and UNRRA representatives who screen and approve or reject all requests for supplies not included in the regular GG-UNRRA requirements programs. The requisite operating procedures for dealing with

"Supplementary Requests" for supplies were devised by Division personnel.

PROCUREMENT

The Division is also responsible for the initiation and coordination of all procurement actions, work which entails the maintenance of complete files and the preparation of a heavy volume of communications dealing with procurement matters.

MISCELLANEOUS

The Division's other work includes the preparation of analyses of monthly shipping targets, the compilation of the Mission's regular "Monthly Mission Progress Reports", the drafting of miscellaneous documents for the Chief of Mission and the Chief of Bureau, the preparation of special reports, and participation in the activities of the Expert Working Party on Import Requirements.

Industrial Rehabilitation Division
BUREAU OF SUPPLY & DISTRIBUTION.

INTRODUCTION

With the considerable arrivals of industrial materials, a marked progress in industrial production is to be observed. This improvement will be very much increased within the next few weeks, when the Textile Industry is able to operate at 100% capacity within present abilities.

Delay in this industry is due to the Greek Government's desire to institute satisfactory systems of control to prevent misuse of raw materials.

There are two major factors which hamper the activities of this Division at present:

- 1) Lack of adequate advance information of shipping arrivals. (Precise information as to the specification of industrial shipments is invaluable in industrial planning and in integration with the program).
- 2) Lack of knowledge as to relation of materials ordered within budget limits. This is particularly so in the case of materials ordered for railways, roads, ports and telecommunications, where very large quantities of costly equipment have been requested by the Greek Government. A policy ruling is required on how far UNRRA should go in the provision of this material. At present a very great amount of research work has to be done by our engineers, which it is thought could be reduced if we had a clear directive.

Reports from the various sections in the Division follow.

INDUSTRIES SECTION

IMPORT PROGRAM

An import program was prepared by this section to cover the needs of the various branches of industry for the period May-June 1945. This was based on the assumption of the following percentages of rehabilitation:

Iron industries	25%
Soap, glass, fertilizers	100%
Paper industries	80%
Rubber	100%
Various	75%
Industrial stores	33%

MISSION GUIDE

Quantities proposed for the same period by Washington in the Mission Guide were increased to meet the real needs of the country. Certain items were deleted and others added to the total tonnage proposed in the Mission Guide which was thus increased to 34,399.04.

Even

Even thus revised this tonnage fell short of the total tonnage of items included in the program mentioned in paragraph I, amounting to 67,424.00 m.t.

GENERAL OBSERVATION REGARDING INDUSTRY.

With exception of fertilisers, glass and a few other industries, for which sufficient quantities of raw material have been imported, other industries have been working in a very limited capacity during the three months period under consideration. Industry in general during that period functioned with an average of 35% of its prewar capacity, with raw materials locally produced or from prewar stocks preserved during the occupation period.

Following is a detailed list:

Fertilisers	75 %
Soap	40 "
Explosives	5 "
Acids and alkalies	35 "
Turpentine, etc.	30 "
Glass	75 "
Rubber	20 "
Synthetic dyes, paints & varnishes	40 "
Kernel oil	10 "
Various chemicals	35 "
Pharmaceuticals	65 "
Oils and perfumes	35 "
Paraffin, etc.	15 "
Asphalt	5 "
Flour mills	85 "
Wines, spirits	25 "
Starch and sugar products	10 "
Macaroni	100 "
Seed oil	35 "
Brewery	50 "
Ice	50 "
Hydrogenating oils, (edible)	5 "
Canning	20 "
Tobacco	80 "
Mines (incl. lignite)	5 "
Iron	20 "
Paper	30 "
Woodworking	20 "
Tanneries	10 "
Electric Equipment	20 "
Cement	20 "
Lime	80 "
Bricks, tiles, ceramics	15 "

DETAILS ON ACTIVITIES OF THE VARIOUS BRANCHES OF INDUSTRY.

The glass industry has been working in almost full capacity owing to import of approximately 1,200 tons of soda ash. There was an extreme shortage of glass in Greece owing to tremendous damage done to window glass during the civil disturbances.

The

The production of soap was satisfactory. Unfortunately carbon disulphide threatens to become scarce owing to the lack of sulphur. Almost all quantities of sulphur imported have been used by agriculture. Carbon disulphide is used in processing kernel oil, indispensable to the manufacture of soap.

There is an extreme shortage of rubber. A small quantity taken from salvage material has been used for the manufacture of rubber sole sheets, rubber belting and various other articles. Rubber, as well as leather belting, is one of the most common needs of almost all factories.

The pharmaceutical industry has been producing on raw material taken from stocks, which will soon be exhausted if no import of such items takes place.

The flour mills and macaroni factories have been working at full capacity with grain imported in sufficient quantities. Seed oil has been produced from seeds imported by the Greek Government from the Middle East.

The ice factories require ammonia, local production of which is not sufficient. There is also an urgent need of refrigerant gas (volatile) such as methyl chloride, freon and sulphur dioxide.

There is an urgent need for tin plate for canning vegetables.

The mining industry in general has not yet resumed work, due to lack of equipment and transport means, indispensable for mining. The factory producing explosives should be supplied with indispensable raw material.

The iron industry is working with scrap iron and salvage material. Raw materials are also required for production of agricultural implements and for repairing salvaged and half finished vessels for the rehabilitation of transport.

The paper industry has been producing with existing small stocks of raw material which are now almost completely exhausted. Paper pulp should be imported for the fabrication of paper urgently needed in packaging for transport of those items which must need be protected in their transshipment.

Tanneries are almost completely out of work. No import of raw hides has taken place during the last four years. All cattle has been slaughtered. There remains only a reduced production of small hides to be used for upper leather by the footwear industry.

The industry of plastics has no raw material to work on. There is a lack of electrical accessories and household utensils manufactured by this branch of industry.

The ceramic's industry needs borax to proceed in the construction of electric line insulators and other items.

Generally speaking, there is an extreme lack of accessories and spare parts for machinery, since no import of such

items

items has taken place since 1939. Machinery in almost all factories needs repair. Present production cannot be increased considerably without such items.

The present index of activity shows 41.5 % of capacity of industry in general. This should easily be increased to 70 % in the following 60 days if the requirements of the import program are provided on the basis previously submitted.

URGENT INDUSTRIAL REQUIREMENTS.

First priority should be given to the following items:

Mining equipment to enable mines to resume work, since mines were completely stripped of equipment by the occupation forces.

Lumbering equipment, to enable the exploitation of the country's forests.

Tin plate for canning.

Various chemicals - borax, sulphur, etc.

Ship repair equipment. Of extreme importance for rehabilitating the country's transport system.

Raw rubber, paper pulp, plastic moulding powder, belting.

CHEMICALS.

If we take the number of workers employed at present in industry and compare it with the number employed before the war, this may be taken as an indication of the present state of activity of the various branches of industry, and the following figures are obtained on the state of activity:

Chemical industries	26 %
Pharmaceutical industries	65 "
Tannery	18 "
Rubber industries	28 "
Paper industries	45 "
Food industries	67 "
Average	41.5 %

In the case of industries located in the area of Athens-Piraeus, a visit to the factories was possible and more detailed figures about present state and future possibilities have been obtained.

WATER SUPPLY

ATHENS - PIRAEUS WATER SUPPLY

General

When this Section started working on the first import program a very acute water supply situation had to be faced especially for the Athens-Piraeus area, and drastic measures were urgently required. Athens and Piraeus derive about 70 % of the water from the Marathon Lake, the remaining 30 % comes from subsidiary sources. During the month of

March

March 1945 the storage water in the Marathon artificial lake had dropped to only 6.3 million cubic metres as against 41 million cubic metres when the lake was full in 1940. The substantial build-up which should be taking place at this time of year was lacking due to abnormally dry weather.

Drastic rationing measures had already been taken by the Greek Government and are still in force. Many industries could not operate through lack of water and irrigation in Attica was very limited.

Several meetings have been held between representatives of the Greek Government and the Royal Engineers, the Ulen Water Company and UNRRA and it was decided that, in order to face the situation, the following measures should be taken:

- 1) Use of water from the Souli-Marathon Spring;
- 2) More extensive water supply from the Kokkinia artesian wells;
- 3) Pumpage of water from wells existing near Athens (Patissia wells);
- 4) Sinking of boreholes.

Materials and equipment for the Souli-Marathon project could be procured only by UNRRA.

The Patissia well project could be achieved by UNRRA and the R.E's.

Souli-Marathon Project.

All requirements for above project have been included in the six months import program (July-December 1945). Due to the extreme seriousness of the matter two detailed reports were also sent to Washington and London, the first on the 12th March 1945 and the second on the 26th April 1945. The most important correspondence which might be useful has been attached to these reports.

All requirements have been approved and are going to be shipped during the months July, August and September.

The Ulen Water Company which is going to construct the project has already been supplied with the necessary transport, tools and materials and preliminary works have already started.

If everything turns out according to schedule the Souli-Marathon pipe line will be in operation by January 1946.

Patissia Wells.

The piping (10" pipe) and the centrifugal pumps have been procured by the R.E's. The project has been completed and is operating.

The

The capacity of the existing deep well pump is not sufficient and instead of 6,000 cu.m. daily, only 1,000 cu.m. are being pumped.

Four Pomona pumps have been ordered in our Supplementary Request N°. 7/IND/UNRRA-GR-45 and are urgently required.

Water Supply for Industries.

One of the most serious problems which had to be solved was to supply industries with the required quantities of water, on the assumption that the fundamental requirements of the capital's population as regards potable water would be previously ensured.

The problem has been very carefully studied and it has been decided that industries in the Athens-Piraeus area could be supplied from the Athens network with 64 % of their 1939 consumption and that all ground water, suitable treated, should be used in parallel immediately and intensively.

At present the population is supplied with water only twice a week from 6 a.m. to 9 a.m. In some cases it is impossible to supply a factory with water continuously without supplying also quite a large area of the town. In order to avoid this it has been decided to connect certain factories direct to the main pipe. All industries concerned will submit their requirements in piping for procurement by UNRRA.

New Works.

The Marathon water supply works have always been considered as the first part of the new works of Athens and were to be extended in due time up to the Parnassos springs of the Beotian Kephissos river from which an abundant supply was to be secured for many years to come. It is expected that the full development of this supply together with the existing water can cope with the demand of water of the growing communities. The increase of the present supply with these final works can be obtained step by step.

In 1935 studies were made which proved the necessity of carrying on the execution of the remaining works as soon as possible because it was then foreseen that with the existing available supply and the rate of increase of consumption, the probability of shortage beyond the year 1943 increased to a percentage not permissible for such an important and indispensable commodity to the existence and development of Athens and Piraeus.

The whole work was divided into two sections. The first section is of a length of a little under 15 miles on the main aqueduct line. The execution of this first part started in 1928. Progress was slowed down by the beginning of the war and reached practically to a standstill a little after the occupation of Greece. At present only about 30 % of the works of the first part are completed and 3,700 metres of tunnel. Existing equipment has been greatly reduced due to impossibility of repairs and replacements and to confiscations on a large scale by the troops of occupation.

A

A study has been made to determine the time necessary to complete these works. This investigation proved that all the works may be completed within 40 months from the day it would be possible to resume work at full speed.

When the first six month import program was being prepared, the Ulen Water Company submitted, through the Greek Government, lists of equipment, tools, machinery and materials based on the above 40 months program. Nevertheless, these requirements have not been included in our program because they do not cover emergency needs. We have been asked by the Greek Government to include in our new program, that is being prepared, all items that are not available or cannot be locally manufactured.

WATER SUPPLY FOR THE REST OF GREECE.

Seven hundred tons of water supply equipment have been included in the July-December 1945 import program. Deep well pumps and well casing equipment included in CPRB-25 have also been ordered by cable No. 95 to Washington. The Ministry of Public Works was not in a position to give full information for the water supply requirements of the various towns and villages in Greece. The Section had to examine the vast number of estimates and plans prepared by the Sanitary Engineer of the Ministry of Public Health and pick those 700 tons that took care of villages and towns in which typhoid fever is endemic if not epidemic.

After being informed by cable No. 96 from Washington that well drilling equipment is not available until possibly the second quarter of 1946, the Section tried to procure this equipment through the R.E.'s. or Persian Gulf Command, but all efforts were unsuccessful.

It is of great importance for Greece to have such equipment. This Section will endeavour to procure it from military stocks. If not available from this source speedy procurement from Washington or London must be emphasised.

GAS WORKS.

Gas works installations exist in Athens, Piraeus, Patras and Volos. The most important ones are the Athens Gas Works. The Athens Gas Company was, and continues to be, in very bad need of maintenance items.

In the six months import program July-December 1945 (Supplementary Request No. 5/IND/UNRRA-GR-45) only requirements (2,000 tons) for the Athens Gas Works have been included. Demands for the other towns will follow in the order of priority in subsequent programs. Three hundred tons of retorts and refractory materials were so badly needed that a special request for procurement in Italy was sent through UNRRA, Caserta. The manufacture of these items has begun at Terin and delivery is expected in September 1945.

A few days ago the Section received from the Greek Government a schedule of requirements for the first six months of 1946. All items that are being manufactured at Terin, increased by 50 % approximately, will be ordered again for the 1946 program.

To

To this effect production at Terin should not, by any means, be interrupted even if some of the items now manufactured there are available from London or Washington.

ELECTRIC EQUIPMENT.

During the month of March 1945 the Greek Government submitted a list of electric equipment requirements covering all needs of electric generating plants in Greece with the exception of the "Athens-Piraeus Electric Company Ltd".

Electric generating plants in Greece are run by private concerns, municipalities or other corporations. The number of these plants (over 250) is comparatively large, as in this country very few large centralized plants exist and in most cases electric generating in small towns and villages is dependent on small individual plants.

It was by reason that the Athens-Piraeus Electric Company believed they could be able to receive goods from other sources that they did not submit a list of requirements. It has since developed that other arrangements will need to be made on a supplementary demand for their urgent requirements to be forthcoming.

STATISTICS.

Complete statistics of industry in Greece do not exist. The only existing figures are those of 1939. Due to the war there are no statistics available for the four years of occupation. The Industrial Rehabilitation Division started to collect again figures from industry on production (pre-war and present), installations, motion, employed personnel, raw materials, fuel, etc.

Thus, the Section will be at all times informed on capacities, progress, needs, output of industry; also **it** shall be able to control raw material and products.

One of the most important statistics is the consumption of electric power, as high tension current, especially in the Athens-Piraeus district. The production of electric power in Greece in 1939, one of the most productive pre-war years, is as follows:

Thermic factories (fuel)	274,000,000 KWH
Hydroelectric factories	<u>16,000,000</u> "
Total	290,000,000 "

According to districts:

Athens-Piraeus	233,000,000 KWH
Other parts of Greece	<u>57,000,000</u> "

The greater part of the 57,000,000 KWH is used for lighting and only a very small part is for industrial purposes.

The industry in other parts of Greece has its own electric current producing installations. The local production of these installations could be calculated only by the consumption of fuel.

In

In the Athens-Piraeus district all industries consume high tension current. From the consumption of 233,000,000 KWH the 97,000,000 are consumed by industry as high tension.

A comparison of high tension consumptions between 1939 and 1945 is given below: (see following sketch)

March 1945	35.5 %	of average months of 1939
April "	36.3 %	" " " " "
May "	41.1	" " " " "

STORES HANDED OVER FROM MILITARY.

All ML (Military Liaison) activities in Greece were handed over to UNRRA effective 1 April 1945.

With the assumption of responsibilities by UNRRA many Royal Engineer stores and equipment were handed over in many Regions.

The above-mentioned stores were to meet the need of essential relief purposes and did not cater to requirements of long term rehabilitation.

A portion of R.E. stores handed over to UNRRA has already been released to Greek Ministries for general public utilities and works for civil relief.

The allotment of R.E. stores is decided upon by UNRRA's Industrial Rehabilitation Division, UNRRA's Warehousing Section and the Greek Coordination Committee EFEX. This Section receives requests for the above-mentioned stores and advises the Warehousing Section; if such stores are available, the Warehousing Section takes action and places the requests before the Coordination Committee in order to release the requested items.

This Section receives every fortnight from the Warehousing Section a general status report for all industrial items already in Greece and stored by UNRRA.

UNRRA's Shipping Section sends to this Section regularly shipping advices for all industrial items due to arrive in Greece or that have already arrived.

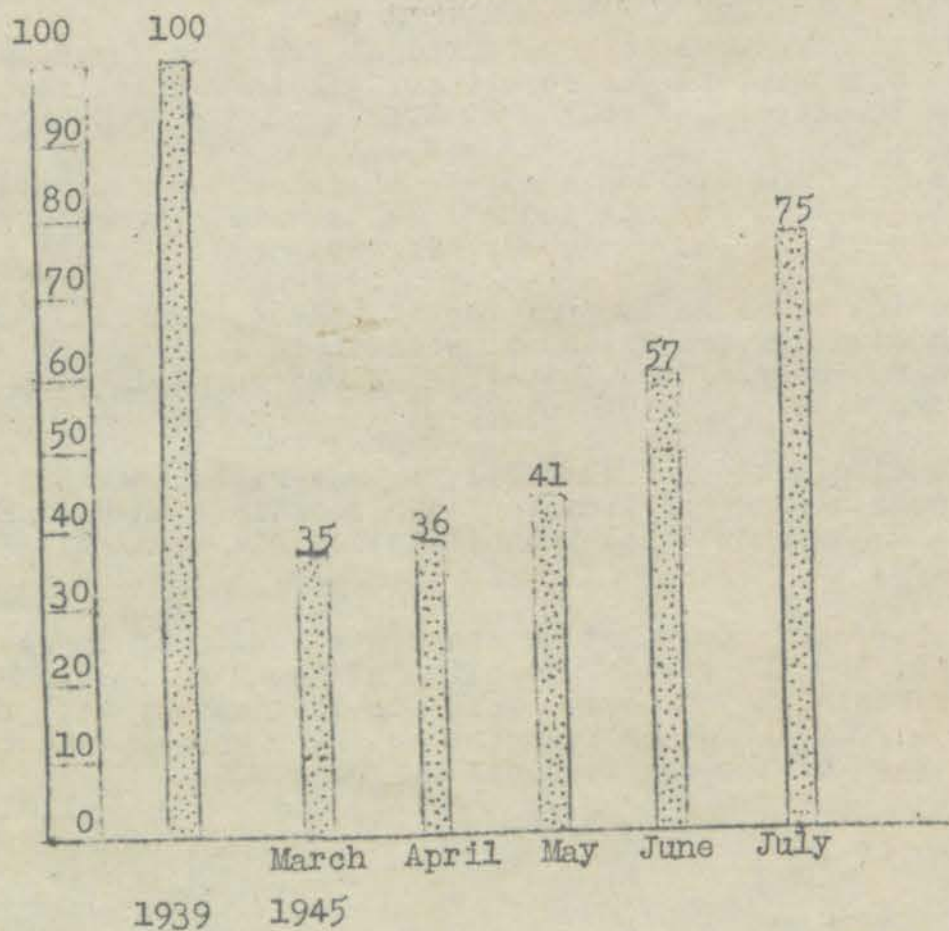
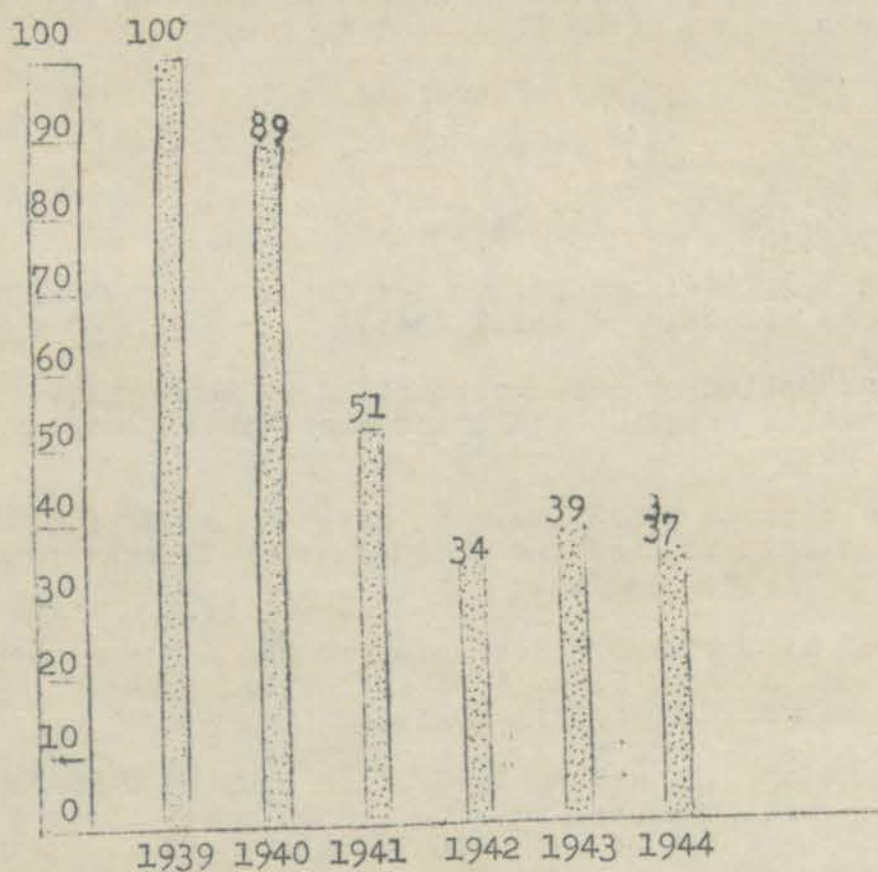
The Section takes action for the allotment, general distribution and transshipment, when it is needed, and advises the appropriate industrial firms or Ministries of arrivals.

For the allotment of industrial raw materials there is proposed a closer collaboration and coordination of actions between UNRRA Industrial Rehabilitation Division and EFEX Committee.

It is proposed, too, that in the distribution of industrial supplies, the Industries Direction of the Ministry of National Economy must take an active part due to the fact that they have knowledge of Greek industry and have assisted in the preparation of the requirements programs.

TELECOMMUNICATION

C O N S U M P T I O N O F H I G H T E N S I O N C U R R E N T



NOTE. July consumption is forecast and will be realized if distribution program had been accomplished.

TELECOMMUNICATION.

Introduction.

Since the liberation of Greece, rehabilitation work on telecommunications was started by the services of the Ministry of P.T.T. (Posts, Telegraphs and Telephones) in conjunction with the GSO's branch of LF(G) (Land Forces, Greece). Stores used were either salvaged by P.T.T. or imported through British military channels. In comparison to the country's needs, available stores up to now were limited. Supply demands up to June 1945 were submitted through British army channels. Transport facilities were provided by the military and UNRRA, who allotted five 15 cwt trucks to the P.T.T. in the Salonica area. Even so, transport remains one of the most serious problems, and recovery of stores, distribution of same, and actual rehabilitation work have been hampered by the lack of vehicles.

UNRRA period.

From 1 April UNRRA resumed responsibility of civil rehabilitation. This Section, however, could not assume proper operational functions as it did not have adequate staff for this purpose. It was therefore agreed that the GSO, LF(G) would act as technical advisor to this Section and detail a Staff Officer to deal solely with the rehabilitation of Greek telecommunications. The GSO under this agreement would be responsible for:

- 1) Collection of any information regarding the rehabilitation of Greek telecommunications which will be required by the UNRRA Telecommunication staff;
- 2) Any necessary planning with the Greek authorities concerned;
- 3) Preparation of the necessary requirements for submission by UNRRA.

Prior to above date this Section had prepared, in conjunction with P.T.T., and submitted a request for 2,000 tons of telecommunications stores for the period July-December 1945. Further information and details concerning above demand were requested from London, part of which were supplied immediately; for the remainder there was a considerable delay in obtaining the Ministry's views.

Up to now no indication has been given by UNRRA Headquarters as to whether any of the stores requested were to be made available.

Insulators.

The lack of insulators is creating a serious problem. Bottle-necks fixed with plaster-of-Paris on spindles have been used instead on some lines. Arrangements have been made with a local firm of ceramics to produce insulators but production will not be possible before three or four months. Borax for glazing and clay have been requested for

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this purpose. It is therefore essential that the six months' supply requested by this Section be delivered at the earliest possible date.

Poles.

The P.T.T. submitted a demand for 100,000 poles necessary for the complete rehabilitation of overhead lines. It was estimated that this work could be completed in a period of two years. Only 6,600 poles were included in our six month program. Supply of poles was considered impracticable due to present shipping difficulties; however, 2,200 poles were made available to UNRRA in the M.E. and 2,300 are being shipped from U.K. Another 8,000 poles are available in Italy. These, if suitable, will be brought in through British military channels and any surplus will be allotted to UNRRA. In addition two lumber camps have been established where trees are felled for the purpose of local production of poles. These are rather short and extremely stout, but on the whole suitable. One part of these will be used untreated, the remainder to be treated by the railway company which possesses a suitable plant.

Stores for A.E.T.E. (Greek Telephone Co. Limited)

Such stores included in our six months program should be made available as soon as possible, in order to prevent further deterioration of the networks, and to provide telephonic communications for urban areas whose connection with the various exchanges has been impossible owing to the extensive destruction of overhead cables during the civil war in Athens.

Wireless.

The Military provided 10 wireless sets SCR 399. With these, Greek civil wireless links were established from Athens to Preveza, Corfu, Salonica, Keraklion, Kavalla and Mytilene. These sets are to be replaced by C.43 sets.

Submarine cables.

Part of the submarine cable network was repaired by the R.N. A number of Greek P.T.T. personnel was trained on such work. Repair work on submarine cables was retarded due to mine-fields.

Restoration of overhead lines.

Projects of restoration are worked out by the Ministry and the CSO's (Chief Signals Officer's) branch on the basis of requirements for communications and availabilities. A few circuits are rebuilt on each line, and when the traffic demands increase more circuits will be added if possible. Rehabilitation work has been expanding from the two main centers, Athens and Salonica. A direct link between the two has not yet been achieved owing to the extensive destruction in the Salonica area.

Links have been established between a great number of provincial centers on the mainland and a certain number of islands. However, conditions today are still far inferior to those before the war.

FUEL

FUEL SECTION

P.O.L.

Supplies are now being received in sufficient quantities. Imports during the UNRRA period have increased considerably; during the month of June they were over 50 % higher than those in the last month of the ML period. According to our requirements program for 1946, imports for that period will already have reached pre-war figures.

Consumption is still restricted, and benzine is issued under a rationing system, but nevertheless supplies appear to be adequate.

The demand for furnace fuel oil is steadily increasing with the progressive rehabilitation of Greek industries.

A major problem lies in the shortage of transport facilities (coastal shipping and tankers) to ensure a regular and equitable distribution of POL throughout the country.

COAL.

Import figures for coal for the month of June show an increase of approximately 100 % over last ML figures, and amount to 28,800 metric tons. Demands for coal are increasing day by day, but so far they have been met. The Greek State Railways require 5,000 tons monthly, and will consume about 8,000 tons as repairs progress. Electricity and Power Stations require 5,500 tons a month, and Agriculture has received 5,000 tons for the harvest period. Here, too, the major problem is the difficulty of distribution owing to the shortage of vehicles and coastal shipping facilities.

LOCAL PRODUCTION OF LIGNITE.

In view of the world shortage of coal and the necessity to cut down shipping space for Greece to the bare minimum, sustained efforts have been made to re-establish the production of local lignite which, although of poor quality, can nevertheless be used by commercial and domestic consumers and can relieve the heavy demand for imported supplies. The difficulties facing the lignite producers have been great, notably those of labor and the lack of transportation facilities to bring the material from the production centers to the consuming areas. In spite of these difficulties, however, some progress has been made. Production for the month of June reached a level of 2,000 tons compared with 400 tons in April, and it is hoped that output will reach 10,000 tons per month by the end of this year. Unfortunately no help has been received from the Government. UNRRA approached them three months ago with a request to subsidise the lignite industry and to introduce a scheme for the compulsory use of lignite by certain consumers, and have reiterated this request at regular intervals, but so far nothing has been done, although a loan of 60,000,000 drachmae (instead of a subsidy) has been made to the Lignite Producers' Association.

Metallurgical

METALLURGICAL COKE.

For the first time since the liberation of Greece in 1944, it has been possible to obtain a quantity of 600 tons of metallurgical coke that is urgently needed for the use of metallurgical industries in the country.

Bitumen.

The first transport of bitumen since the liberation has been shipped from Turkey to Greece and released at UNRRA's request by the Army authorities for civilian use. This bitumen is urgently required for the repair of the shattered road system of Greece.

COMMUNICATIONS SECTION.

* a) ROADS.

After five years of war, Greece is a nation almost without motor roads. The need, practically without exception, is for entire reconstruction rather than repair of existing highways. Temporary repairs may be effected within two years, but the permanent road program extends, according to estimates of the Greek Transportation Facilities Mission and the Royal Engineers, from five to seven years as a minimum. Meanwhile, motor transport must be carried on at a low speed, with a progressively accelerating rate of depreciation to the definitely limited number of vehicles brought into the country by ML and UNRRA, aided by a few civil vehicles. Obviously, it is impracticable for motor transport to move bulk commodities such as lignite, grain, potatoes, etc. long distances.

The main difficulties confronting the rehabilitation of roads are:

- I) The necessary equipment is lacking. Most indispensable items are the following:
 - a. Road Rollers and accessories;
 - b. Motor Trucks for the transport of material and personnel;
 - c. Bitumen;
 - d. Mechanical asphaltic equipment;
- 2) Funds made available by the Greek Government are small owing to the deficiency of the State's Budget and consequently they are inadequate to insure proper maintenance, rehabilitation of bridges and engineering works in general.

* b) SEA.

The number of coasters and caiques available is extremely limited. However, only the ports can be served by sea although this includes a large number of persons. The great need is for transport to and from the interior areas, many of which are mountainous, interspersed with very fertile, productive valleys.

PORTS

*c) PORTS.

Allocation of funds by the Greek Government for port repairs are insufficient owing to many other demands on the State Budget. Funds have not yet been allocated for most ports. No allotment has been granted for the opening of the Corinth Canal which is recommended by the Greek Transportation Facilities Mission (British - American).

Salvage of wrecks in the ports and the Corinth Canal is urgent.

*d) RAILWAYS.

Pre-war traffic on all Greek railroads.

	<u>Passenger</u> (persons)	<u>Freight</u> (Metric Tons)	<u>Klm-</u> <u>Metric Tons</u>
1929	7,854,000	2,026,000	181,847,000
1930	7,463,000	2,512,000	210,886,000
1931	6,657,000	2,370,000	197,673,000
1932	6,026,000	2,108,000	180,209,000
1933	6,120,000	1,875,000	166,300,000
1934	6,648,000	2,082,000	187,894,000
1935	7,388,000	2,114,000	202,369,000
1936	9,023,000	2,334,000	243,448,000
1937	9,087,000	2,455,000	256,000,000 Est.
1938	10,153,000	2,744,000	286,000,000 "
1939	10,334,000	2,885,000	300,000,000 "

Approximately 10,000 trucks (allowing for repairs) would have been required to move 300 millions kilometer-tons of freight traffic in 1939, in addition to the 6,000 then being used, total - 16,000.

Increased cost of truck operation has not been calculated. There are now available 1,350 lorries for civil relief purposes.

The heavy movement of agricultural products is concentrated in the summer months, resulting in railroad traffic during that period double the monthly average. This concentrated summer demand for transport of bulk commodities, many of which are perishable, cannot be met by motor transport.

Whenever surplus indigenous products can be shipped to consuming areas the amount of imports from abroad is correspondingly reduced.

TEXTILE AND FOOTWEAR SECTION.

An extensive survey of the whole textile industry was made and the following facts were established in respect to the conditions prevailing at present in the industry.

The hand-over from MI commenced early in March and was in effect complete by 1 April. At that time certain CCAC stocks were in warehouses, but the bulk of the clothing had not arrived. No raw materials were on hand, but all possible action was taken to procure both wool and cotton.

An

An analysis of the Mission Guide Clothing Program as compared with Greece Mission requirements was made and sent to Washington. A visit was made into the interior to study clothing conditions generally and the Director of the Division visited Egypt to explore the possibility of purchase of footwear.

It was known that the Government system of distribution of raw cotton imported by ML has caused much dissatisfaction in the industry, and accordingly it was decided to call all sections of the Wool and Cotton Industry together to meet with Government representatives and agree on the fairest method for future distributions.

After several meetings agreements were finally reached; briefly, they were as follows:

For Wool industry

- 1) 78 % of total quantity to be imported to be distributed to weavers on a basis of number of looms per factory;
- 2) 20 % to knitting industry on basis of number of knitting machines per factory;
- 3) 2 % reserved for hand knitting;
- 4) Prepared to make any type cloth as directed by the Government..

For Cotton industry

- 1) All cotton to be distributed to spinners on basis of numbers of spindles per factory;
- 2) Spinners will pass on the following percentages of spun yarn:

a) Weaving industry	14 %
b) Handweaving "	9 %
c) Hosiery "	10 %
d) Thread "	5 %

These agreements were signed by all parties concerned and accepted by the Government at that time.

WOOL INDUSTRY

Most of the mills are undamaged and, to a limited extent, in production, averaging to approximately 30 % of their capacity on an 8 hour basis.

Up to now no imported wool has been distributed and the industry has been, and still is, working exclusively on the not inconsiderable stocks of raw materials which they managed to hide from the Germans, these being implemented by a steady flow of indigenous wool. All kinds of cloth and blankets are being produced including a fair amount of high class (luxury) cloth, all of which are sold at exorbitant prices.

UNRRA

UNRRA has already brought in to Greece wool and tops in sufficient quantities to permit the industry to work to maximum capacity during the coming nine months, and even greater quantities of wool, tops and chemicals are on their way due for arrival here within the next few weeks. Provided it becomes possible to import essential spares and accessories in the near future there is nothing to prevent the industry from working to maximum capacity and thus providing 100 % of the country's requirements as it did before the war.

COTTON INDUSTRY

Almost all mills are undamaged and in production, averaging to approximately 37 % of their capacity on an 8 hour basis. There are some old stocks of raw cotton available though it was found impossible to ascertain the quantity of same. Moreover, ML brought 1,000 m. tons of raw ginned cotton into the country which were used, at least partly, for the production of cheap cabbot.

UNRRA's Agricultural Division has just completed an extensive survey of the land under cotton cultivation and their estimate of the 1945 crop comes to 23,810 m. tons of unginned cotton yielding up to 8,000 m. tons of ginned cotton, which should be available to the industry by the beginning of 1946.

As UNRRA did not succeed in importing any cotton to the 25th June 1945, a most serious shortage developed and absolute necessities, such as fishing twine and fishing nets, were, and still are, unobtainable, not to speak of clothing where no supplies whatsoever at reasonable prices are forthcoming.

However, approximately 8,000 m. tons of raw ginned cotton are due for arrival in Greece within the next four weeks, a quantity sufficient to enable the industry to work to maximum capacity for at least six months. Provided essential spares and accessories as well as chemicals are being made available, the industry will be well placed to supply 100 % of the country's needs.

MACHINE KNITTING INDUSTRY

This industry has expanded greatly during the war; however, it is dependent on imported cotton and rayon yarn, especially in higher counts, which can be produced in Greece only in insufficient quantities. Because such yarn is not available anywhere at present, it cannot be hoped to utilize the industry to its maximum capacity. It should, however, prove possible to manufacture in Greece a major part of the country's needs in popular qualities, even without importing yarn, provided such spares as machine-needles are being brought in.

SEWING THREAD AND ALLIED INDUSTRIES.

The same applies to these industries as has been said of the machine knitting industry in the preceding paragraph.

JUTE

JUTE AND HEMP INDUSTRY.

No raw material whatsoever has so far been imported and the industry is at a complete standstill. It is imperative to import raw material in the near future, even if only in small quantities, for making ropes and twine, badly needed by the fishing industry.

ARTIFICIAL SILK INDUSTRY.

A small quantity of cellulose pulp, i.e. 200 m. tons, was included in our import program for the second half of 1945 in order to have same processed and spun by the only existing plant in Greece at present functioning. This quantity, if imported now, should greatly assist the machine knitting industry.

GENERAL OBSERVATIONS REGARDING THE TEXTILE INDUSTRY.

This Section during the past three months made every effort to initiate, work out, and organize the mass production of standardized "utility" goods on a non-profit basis. These efforts were helped greatly by that section of the industrialists who were prepared to take a broader and more enlightened view. With the approval of the Ministry of National Economy separate standing sub-committees were set up for each branch of the textile industry. The regular meetings of these were attended by the Ministry's Liaison Officer appointed to UNRRA, and a great deal of the necessary preparatory work was done by these committees. In particular most of the technical problems were thrashed out. "Utility" qualities were designed, specifications were laid for the manufacture of same, and London and Washington were advised in regard to the types of raw materials suitable for the said production program.

The position of the Chemical and Dyestuff industry was fully investigated and the essential imports were programmed accordingly. The question of water supply to the Athens-Piraeus mills was taken up and solved. Distribution of raw material to the scouring and spinning mills was discussed and appropriate recommendations were made to the Minister. The problem of spares and accessories, as well as cannibalization of existing machinery, was gone into with special regard to probable availabilities of same. Partly successful efforts were made to produce in Greece certain items known to be short in the U.K. and the U.S.A. In this way scores of technical problems were either solved or brought near solution.

This Section acted not only as advisor to the Government; above all it drew up plans for planned and controlled production, designed to satisfy the most essential needs of the population in the shortest possible time, basing its plans on the experience gained during this war in the U.K. and U.S.A. as well as taking into consideration the special set up of the Greek textile industry.

TANNING INDUSTRY.

As no imports of any hides have been forthcoming so far, the industry is almost at a standstill. Such few of the indigenous supplies as become available from time to time
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are being sold at exorbitant prices. The same applies to locally produced tanning materials such as valonia. The capacity of the Greek tanning industry by far exceeds local demands and prior to the war this industry worked heavily for export into the neighbouring countries. It is therefore well placed to provide for all possible needs, provided hides and tanning material and chemicals are being imported. Failing that, there was very little this Section could do in the past apart from collecting data and surveying and subsequently reporting to London and Washington on the position.

FOOTWEAR INDUSTRY.

As regards raw material the position was described in the preceding paragraph. There does not exist in Greece a fully mechanized industry, machines being used to a very small extent only and then exclusively to speed up manual processes rather than to replace these. However, there exists a large and organized home industry sufficient to cover more than the country's needs of shoes. At present these workers are working sporadically only, as there is next to no leather available and the wages charged are out of all proportion. As soon as raw material is being brought in, thus ensuring steady work, the situation will become normal again.

22

Division of Agriculture & Fisheries
BUREAU OF SUPPLY AND DISTRIBUTION.

INTRODUCTION AND ORIGINAL PLANNING.

One full year before liberation of Greece, there was an agricultural representative of UNRRA in Cairo gathering information from refugees, escaped officials, locating suitable seed and livestock sources of supply and generally coordinating the plans of London and Washington with the best information in the field. L.D.Kelsey, who was the Director of the Agricultural Division of the Balkan Mission, became the Director of Agriculture and Fisheries for the Greece Mission.

During this planning period, complete cooperation existed between the Middle East Supply Center, Military Liaison (ML - MEF), the United States Foreign Economic Administration and the U.K.C.C.

Dr. C.J. Alexopoulos, Agricultural Rehabilitation Officer of the UNRRA landed at Kalamata, October 30, 1944 only 15 days after liberation and began reconnaissance. Two weeks later Mr. Kelsey arrived at Athens and the personnel of this Division were quickly integrated with ML Agriculture Department and worked in complete harmony.

The Fishing Section was left behind in Egypt to collect and prepare such nets and equipment as it could find at auction and otherwise.

A 1945 suggested agricultural program with estimated import requirements was brought to Greece and discussed with the Government. Some alterations have been made but in general it met with approval and has been the basis of agricultural work. Each field officer had a copy together with basic facts, including allocation percentages, as a "Work Book" for his guidance.

AGRICULTURAL CONDITIONS ON APRIL 1ST 1945.

A remarkable effort of the Greek farmers was indicated by the planting of seven million strema (700,000 hectares) of winter wheat immediately after liberation, as compared with 8 million stremma (800,000 hectares) average for 1933-37. On April 1st this wheat showed a pale green promise of bread, indicating great need of ammonium nitrate fertilizer for top dressing, and poor preparation of soil due to lack of draft animals. (See Table A.)

There was no unemployment in the farming areas. Farmers and their families worked hard with slim supplies. Spring rains were scattered and the drought was already beginning to hamper planting. Two years of tobacco crops were molding in warehouses of Macedonia and growers had no money to buy food.

Horses and cattle were about half prewar numbers, although dairy cows around cities were only 40% of prewar numbers. Donkeys were about 75% prewar numbers and sheep about 70%. (See Table B.)

Fishermen lacked nets, boats and other gear. They were dynamiting extensively. Nets normally 320 fathoms in length were now about 180 fathoms. Retail price of fish was very high.

Government services to agriculture and fishermen were paralysed. Most of the provincial officials had either gone to the mountains or to Athens, and their posts were not yet filled.

TAKING OVER FROM ML.

This was accomplished smoothly on April 1st. Col. M. M. Dickie, ML Agriculture Department, had given the Division the most cordial cooperation. Many of the ML officers had been associated with UNRRA personnel for several months. Greek Liaison officers, interpreters and some clerks were taken over.

Agriculture Rehabilitation officers were on hand except in two regions to take over field duties. The most exacting job at Headquarters was handling allocations of agricultural supplies, transshipment and bids for coastwise shipping weeks in advance. Several officers and clerks of ML were seconded to UNRRA and worked for various periods until transferred for military reasons elsewhere. Many of the basic problems encountered by ML are still the chief ones to be dealt with by UNRRA.

Distribution of 4052 tons ML imported (UK) seed potatoes had been somewhat uneven due to fighting and the general confusion of civil war, but generally a remarkable help to Greece. Altogether as of April 1st, Greece had received through the ML agricultural department approximately 10,000 tons of seeds, pesticides and other supplies.

STRUCTURE OF THE DIVISION.

The staff of the Division of Agriculture and Fisheries, including clerical personnel and interpreters, consists of 20 imported persons and 30 indigenous employees. Of the imported personnel 14 are attached to Headquarters in order to allow a greater flexibility in giving technical service to all regions, and in working with the various technical Directorates of the Ministry of Agriculture.

The Headquarters staff is organized functionally into sections as follows: Surveys and Supplies (which handles crops, pesticides and fertilizers along with transshipments), Livestock and Veterinary, Irrigation and Machinery and Food Preservation and Fisheries.

Close working relationships with corresponding divisions of the Ministry are maintained by each section through personal contacts, telephone and correspondence. A considerable portion of the time of the Headquarters personnel is spent in field work with regional agricultural officers.

Regions B, C, E, F, G and K are staffed with imported agricultural officers and with one or more Greek agriculturists employed as assistances. Region A is handled by a well qualified Greek-American agriculturist hired locally. Region D has a Greek agricultural officer supervised by the imported officer of Region C. Regions H, I and J are handled by Greek agricultural officers who were selected and given some preliminary training by imported personnel previously assigned to those regions.

The present nature of UNRRA activities, namely that of giving consultation and advice to Ministry officials rather than

carrying on actual operations, requires relatively more staff at Headquarters level, and fewer in the field than would be the case if UNRRA were actually engaged in the operations involved in the allocation, distribution and utilisation of agricultural supplies.

THREE MONTHS PROGRESS IN AGRICULTURE AND FISHERIES.

The difficulty of operating a program of agricultural rehabilitation so dependent upon seasonal dates for planting, when the supplies were ordered through military channels months before and some of which had been diverted due to civil war, presents disappointments at many points. The brief picture of what took place is here presented, by sections.

Surveys. Information from Regional Agricultural Surveys is being tabulated as it comes in from the field. Surveys are coming in slowly due to lack of transport for field officers.

Programming. Programming of agricultural supplies for January - June 1946 is progressing. Lack of information as to 1945 shipments, handicaps this work.

Arrivals of agricultural supplies April 1 to June 30, 1945
(See Table C).

Allocations. Lack of advanced information as to make-up of cargoes creates great difficulties in allocating and transshipping of supplies.

Transshipments. Difficulties were encountered in coordinating transshipments at first, but these are smoothed out with the establishment of a three member UNRRA- Government-Agrarian Bank coordinating committee.

Utilization of Supplies. The 568 tons of ML seed potatoes which arrived in the UNRRA period were too late and a good percentage was not planted, but either rotted in storage or was sold for food. Those that were planted late suffered from the exceptionally hot weather in May.

Maize. Arrived too late to plant for the most part. Some seed was planted in various sections of the country.

Haricots. Arrived too late to plant in most sections.

Ammonium sulphate. Arrived in April which was too late to be used effectively for spring crops but was distributed. What was not used will be utilized for fall potatoes and vegetables.

Superphosphate. Arrived too late for spring potatoes or vegetables, but will be utilized for fall crops.

Rock phosphate. Turned over to the fertilizer factory of Piraeus for conversion into superphosphate for fall crops. Manufacture is proceeding satisfactorily.

Copper Sulphate. A total of 3,238 M.T. was received between April 1 and June 30. An additional quantity of 1454 M.T. had been brought in by ML earlier, making a total of 4,692 M.T. Because of the extreme drought conditions and the consequent low incident of disease, this amount proved adequate for needs this year.

Sulphur. Too little and too late. Of the total requirements of 12,000 M.T., approximately one-fourth (3313 M.T.) was received, 1265 M.T. of which arrived during the ML period. Of the 2,048 M.T. received during the UNRRA period, 1048 M.T. arrived between June 14 and 29, which was too late to do much good since the critical period for sulphuring is during May. Only the extreme drought which prevailed in the spring and which was unfavourable for the development of disease saved the currant and grape crops from serious damage.

Sodium Arsenite. A total of 80.6 M.T. of liquid (32% arsenic oxide- sodium arsenite arrived during the period 1 April - 30 June. All this (except the 5.6 MT which arrived 28 June), together with 50 tons of arsenic acid, left by the Germans, was used for locust control. Good control of locust was obtained, particularly in the areas where the poison bait was applied early. The efforts to obtain adequate quantities of this pesticide were thus justified because locust infestation was very severe and great damages to crops would have resulted had not control measures been adopted.

Molasses. No molasses received during the UNRRA period. ML brought in 45 tons, and this quantity together with a few tons in Greek stock, was used for making poison bait for locust control. This left no molasses for olive *Dacus* fly control, although urgently needed. *Dacus* can cause as high as 50% damage to the olive crop. There is still time to obtain partial control of *Dacus* between now and September if molasses and sodium arsenite become available. Molasses is needed in such large quantities that unless an effort is made to start shipments of at least 500 tons per month from now on, adequate supplies will not be available in 1946.

Lime Sulphur. Adequate supply received, 154 tons during the UNRRA period and 150 tons during the ML period. 40 tons of this was lost at sea during transshipment, leaving 264 tons which is sufficient to meet the needs of Greece for both 1945 and 1946.

Petroleum Oil Emulsion. 300 M.T. requested, none received. This is urgently needed for control of scale insects of citrus and other fruit trees.

Mercury seed dressing. Received 40 M.T. To treat most of the cereal seeds to be planted this fall, about 300 M.T. will be required, and this amount has been requested in our 1945 program.

Lead Arsenate. 22 M.T. of the 75 M.T. requested in our 1945 program have been received.

Carbon Bisulfide. 5 M.T. received.

Sprayers. A total of 498 of the 30,000 knapsack type sprayers requested in our 1945 program have been received.

LIVESTOCK SECTION.

Livestock importation. The first shipments of heifers and horses are now on the way to Greece. These are the first shipments of animals with the exception of the six Brown Swiss bulls for use in the artificial insemination project.

Procurement arrangements for mules in Italy and donkeys in Cyprus are finalizing.

Two UNRRA representatives and two Greek Government Representatives are in Italy handling the details of a proposed shipment of 10,000 mules and horses.

The purchase of donkeys and mules in Cyprus has been delayed by the Egyptian Government's reluctance to give transit visas to personnel going to Cyprus.

The shortage of animals for harvesting of this year's crops and for plowing and planting is apparent everywhere.

Arrangements for reception transshipments and distribution of imported animals are not easy. The procurement and collection of the necessary feed and other materials, although a direct Government responsibility, requires close supervision on the part of the Agricultural Division, UNRRA.

The inoculation of animals against diseases enzootic to Greece is complicated by an endeavour to have the animals off-loaded at the various ports. Some of the procedures to be used are unfamiliar to the local veterinarians and consequently the work must have some personal supervision from Division personnel. Special effort was made so that all of the necessary vaccines and sera would be available when the animals arrive.

It is the opinion of the Greek Government that, for the most part, the heifers should be distributed among the various Government Breeding Stations where they will have better care and can make a greater contribution, through breeding, to the animal industry of Greece.

Artificial Insemination. Six Brown Swiss bulls arrived in June in very good condition. The bulls were placed in a temporary stable, which had to be repaired, pending the completion of alterations in the permanent stable. Check semen samples were taken shortly after arrival and there were no indications that the fertility of the animals had been impaired through shipment. Actual operations will begin before the end of July.

Livestock and Feed Production and Requirements. June 15th estimates of livestock numbers are slightly higher than the March 1945 estimates of ML.

The livestock feed situation is extremely critical. Present crop production estimates are considerably less than normal, as a result of the most serious drought in 30 years. Feed requirements for the first half of 1946 are considerably higher than those requested for 1945. It is very essential that feed stuffs requested for 1945 reach Greece on schedule.

VETERINARY SECTION.

The following table shows veterinary supplies received and issued:

	ML supplies handed over on 31 Mar 45 (Tons)	Drugs (Tons)	Laboratory Supplies (Tons)	Vaccines (1000 doses)	Total (Tons)
Received	3	36	2	410	43
Issued to Regions	-	31	2	410	35
Remaining in Depot	3	5	-	-	8

CAD Basic Veterinary Units of drugs have been distributed to all centers operated by Greek veterinary officials less a few outlying centers which will be despatched shortly.

Air transport facilities have been provided for transport of vaccines and sera to meet urgent demands from regions where epizootics have occurred.

The most acute disease problems include Distomatosis, Helminthiases, Hog Cholera (Swine fever), Anthrax, Sheep Pox, Newcastle Disease and Spirochetosis of poultry.

Preparatory steps are being taken to meet the imminent danger of African Horse Sickness and Blue Tongue of Sheep gaining access to Europe from the Middle East.

The most important veterinary problems of the immediate future are the introduction of up-to-date biologicals, an increase in the number of veterinarians and improvement of laboratory facilities.

AGRICULTURAL MACHINERY, IRRIGATION & DRAINAGE SECTION.

Established relations with

- (a) Service for Mechanical Cultivation) Ministry of Agriculture
- (b) Section of Agricultural Hydraulics)
- (c) Agricultural Bank

Reviewed and revised program of agricultural machinery and repair centers in conjunction with Service for Mechanical Cultivation.

Started discussions preparatory to establishing ways and means of allocating farm machinery as well as setting prices thereon.

Assisted the Ministry and Agricultural Bank in receiving first consignment of Agricultural machinery programmed by UNRRA late in June.

Prepared fuel requirements for agricultural uses for summer thrashing fall plowing, and for January-June 1946.

Investigated irrigation and drainage projects now in poor repair and requiring materials.

Drafted a program of requirements for farm machinery, irrigation

and Drainage for January - June 1946, in conjunction with Agricultural Ministry.

Made local study of agricultural and irrigation supplies in Athens area.

Established relations with principal importers (pre-war) of Agricultural Machinery.

FOOD PROCESSING SECTION.

Established relations with Ministry of Agriculture.

Made arrangements for the Director of the Agriculture Research Technology Laboratory to serve as Liaison Officer and technical advisor on Food Processing.

Reviewed requirements for 1945 on Food Processing.

Studied the present food processing facilities in Greece - canning, milling, olive oil, drying of figs, dairy products, yeast, breakfast foods, wine and other edible oils.

Visited different food processing plants in Athens and Piraeus to study methods and equipment used, and their needs to process agricultural products at maximum capacity.

Visited can-making factory to see if cans for Community Centers could be made with present equipment. Size of cans made at present cannot be used with sealers for Community Centers.

Worked on plans for establishing Community Centers. Most of them to be owned by Cooperatives.

Made field trip to Peloponnese to study currently operating food processing plants and see where community Processing Centers might be established. Cooperatives in two communities were interested in establishing Centers.

Worked on June 15th estimates of production for 1945: Tomatoes, vegetables, apples, pears, fresh figs, citrus, table grapes and other fruits.

Drafted Requirements with Ministry of Agriculture for Food Processing Program January - July 1946.

FISHERIES SECTION.

The Government appointed a Technical Fisheries Advisory Committee to assist the Greek Fisheries Directorate. This Committee of eleven is composed of Professors of Zoology, Biology and Chemistry as well as business men.

Conferences were held allocating cotton to be manufactured into fishing twine, and the Government made a contract for its manufacture. UNRRA secured for the Government a reduction of about 15% in the price. UNRRA also provided transportation for the various Fisheries Inspectors so that field surveys could be made.

Specific recommendations were made by our specialist to the proper authorities, after an investigation, that a large quantity of imported dried salted herring be moved to cold storage. This fish was stored in an open warehouse, and it

was thought that the extreme summer heat would cause a serious loss. The entire lot of 15,000 barrels was moved to cold storage. Recommendations were also made relative to the better handling of dried salted cod fish, and of Tuna in brine.

Twenty tons of fishing nets and twine arrived from Egypt. These nets were collected and prepared at Alexandria under UNRRA supervision. Additional supplies arrived from Alexandria which were donated to UNRRA by Greek nationals there.

A quantity of live fish was donated by the Egyptian Government to UNRRA. These were transported by air to Greece and planted in one of the Lakes. Complete arrangements were made by the Fisheries Section.

Additional ML officers were requested and upon assignment these officers were sent to the field to make fisheries surveys for UNRRA.

Recommendations have been made to MEO with reference to the Neusarat Refugee Camp relating to the catching of fish by the refugees. Fisheries supplies have been furnished to the Camp so they may catch their own fish and thereby augment their food supply.

The July - December 1945 requirements program was prepared giving the detailed specifications. These were approved by the Greek Government and forwarded to Washington and London. In addition the January - June 1946 requirements program was prepared and have been forwarded to the Government for approval.

RELATIONSHIP WITH MINISTRIES OF THE GOVERNMENT AND OTHER DIVISIONS OF UNRRA MISSION.

There have been three different Ministers of National Economy and two Ministers of Agriculture during the period of this report. Relationships have been cordial but in the case of agriculture the service was well established prior to the war and UNRRA specialists went to work with their opposites in the Government and quickly formed a basis for useful work. Several Ministry employees have been trained in the US at Universities having connections with staff members. Some were actually friends of long standing due to previous work. This has been a source of strength to UNRRA when official relationships were interrupted by changes in the Government.

Excellent and continuous coordination is maintained within the Mission between the Divisions concerned with food, machinery, economics and related work. The importance of prices, credit and the general monetary situation in its effect on agriculture is everywhere apparent in such a small country with 70% rural population.

G R E E C E

T A B L E A.
1944-45 Estimate of Harvested
Crop Areas
15 June 1945

Thousand Stremmata of Hundred Hectares

	Wheat	Rye	Barley	Oats	Maize
	6,628.3	454.7	1,418.9	1,201.0	2,154.2
ML Mar 20:	7,125.9	429.5	1,643.0	549.8	2,250.9
Average 1933-37:	8,048.9	709.7	2,124.4	1,374.3	2,529.1

Yields in Kgs. per Stremmata.

1945 Kgs/str	66.8	60.6	66.2	53.7	83.6
33-37 "/"	88.5	83.5	93.4	81.8	101.6

Source of estimates: field survey of UNRRA and Greek Ministry of Agriculture officials in Regions A,B,C,E,F,G,H ,I and K; reports from ML agricultural officers in Regions D and J and in small portions of other regions when more recent surveys were not available.

- (1) Estimates reported in principal growing areas as acreage harvested rather than planted, except in case of maize.

T A B L E B.
SUMMARY OF 1945 LIVESTOCK NUMBERS
With
PRE-WAR AND ML COMPARISONS
(Thousand Head)

	1945 June 15	ML 1945 Mar 20	1938	1/ 1933-37 Average	2/
<u>CATTLE TOTAL</u>	487	477	965	960	
" Draft	259	287	468	482	
" Milk only	129	NA	285	NC	5/
<u>BUFFALO TOTAL</u>	47	NA	67	58	
" Draft	25	NA	18	17	
" Milk only	9	NA	25	26	
Horses	187	172	364	355	
Mules	91	79	184	177	
Donkeys	294	244	404	396	
<u>SHEEP TOTAL</u>	5,521 6/	5,099	8,139	8,082	
" Milk	3,445	NA	4,884 3/	5,378	
<u>GOATS TOTAL</u>	2,711 6/	2,580	4,356	5,249	
" Milk	1,387	NA	2,400 4/	3,491	
Pigs	262	274	430	557	
Poultry	7,557	NA	11,945	11,679	

- 1/ Greek government statistics
2/ U.S. Civil Affairs Handbook on Greek Agriculture
3/ Milk Sheep assumed 60% of total rather than 66: in Civil Affairs Handbook
4/ Milk goats assumed 55% of total rather than 66% as in Civil Affairs Handbook
5/ NC - figures do not appear comparable. NA - not available
6/ It is believed sheep and goat numbers have been under-reported. Sheep may be as high as 6,500,000 and goats 4,000,000.

Source of 15 June 1945 estimates:- Ministry of Agriculture and UNRRA field surveys where available plus modified ML estimates.

T A B L E C.

Arrivals of agriculture supplies April 1 to June 30, 1945

1.	<u>Seeds</u>		
	Potatoes	568.28	M.T.
	Maize	4,193.7	"
	Haricots	1,037.646	"
2.	<u>Fertilizers</u>		
	Ammonium sulphate	3,937	"
	Superphosphate	5,000	"
	Rock phosphate	6,800	"
3.	<u>Pesticides</u>		
	Copper sulphate	3,238	"
	Sulphur	2,048	"
	Sodium arsenite	80.6	"
	Lead arsenate	22	"
	Tar oil	107	"
	Lime sulphur	154	"
	Mercury seed dress	40	"
4.	<u>Agr. Machinery</u>		
	Knapsack sprayer	498	u.
	Tractors	143	u.
	Road bands	141	u.
	Fert. distributors	100	cases
	Plows	20	M.T.
	Disc harrows	550	cases
	Horse rakes	250	u.
	Cultivators	350	cases
	Threshers	5	u.
	Zig-zag harrows	101	cases
	Whippletrees	10	bundles
	Drawbars	36	"
	Trailers	190	u.
	<u>Agr. Implements</u>		
	Spades blades only	80	Pkgs.
	Spades	125	"
	Shovels	1,284	"
	Mattacks	84	"
	" handles	21	"
	Hoes blades	4	"
	" handles	14	"
	Sickles	1.16	tons
	Implements	7	"
	Spare parts for machinery	56	cases
5.	<u>Miscellaneous</u>		
	Bindertwine	324	M.T.
	Rennet	0.2	"
	Esparto grass	57.1	"
6.	<u>Animal Feed</u>		
	Grain sorghum	332	"
7.	<u>Veterinary Supplies</u>	54	"
8.	<u>Fishing Equipment</u>		
	Fishing twine	6.91	"
	Corks	4	"
	Estimated Total Tons	29,200	

Traffic Division
BUREAU OF SUPPLY & DISTRIBUTION

The Traffic Division, which forms part of the Bureau of Supply & Distribution, includes:

- 1) Shipping Section;
- 2) Transport Section;
- 3) Warehousing Section.

The Division was formed after the actual take over from ML, and did not conform to the organizational set up of ML. It soon passed through the settling down process which normally follows a redistribution of control and authority and is now functioning smoothly.

Whereas the original planning for all three sections of the Division envisaged a supervisory role only, it was necessary to maintain, insofar as shipping was concerned, the operational role previously performed by ML. The inability of the Greek Government to assume responsibility, plus the necessity to ensure continuity of supply and to eliminate hold up in shipping, have combined to make it necessary for UNRRA to continue this operational role. Warehousing and Transport are operated entirely by the Greek Government through agents; and UNRRA personnel, while maintaining a large measure of control, are not in fact engaged operationally.

Detailed Sectional reports follow.

Shipping Section
Traffic Division
BUREAU OF SUPPLY & DISTRIBUTION

ACTUAL CONDITIONS FOUND ON TAKE OVER FROM ML.

Relationship with Greek Government.

When UNRRA took over from ML on 1 April 1945 the UNRRA-Greek Government Agreement had just been signed. This Agreement laid down that UNRRA would act in an advisory capacity only, the Greek Government assuming all operational responsibility previously held by ML.

In actual fact the Greek Government was not sufficiently organized to assume this responsibility and UNRRA became the operational agency.

Efforts have been made since April to get the Greek Government to attach operating personnel to the Shipping Section with a view to their eventually taking over the whole operation. Frequent changes of Government have precluded this taking place and the entire operational responsibility still rests with UNRRA.

In the meantime, our efforts have been complicated on occasions by the Agricultural Bank, acting as Agents of the Government, moving quantities of supplies without advising UNRRA. For instance, the Ministry of Agriculture arranged with the Agricultural Division of UNRRA for the move of quantities of Sulphur from PIRAEUS to other ports. When this

this commodity was called forward for shipment, it was discovered that the Agricultural Bank had already, by private arrangement, moved large quantities by caique and road transport. As a result ship loading programs were thrown out of gear at the last moment, and a great deal of time wasted in making up new ones.

Port Facilities:

Sufficient cargo handling gear has been turned over by ML to the Greek Government at all ports, together with quite a large number of Tugs, RCL's and Dumb Lighters. Cranes were in short supply owing to extensive damage by enemy action.

Coastal Shipping:

Five coastal steamers, totalling 6560 tons capacity, were available for inter-port distribution of relief supplies. These vessels were taken over by the Greek Government and operated by the Hellenic Coast Lines under the direction of the Greek Shipping Committee (GRESO). GRESO consists of representatives of the Minister of Commercial Marine, Greek Sea Transport Service, BSSTO (G), HQ LF (G), MWT. WSA, UNRRA and Hellenic Coast Lines. This Committee meets once weekly and allocates vessels to voyages.

Relief Caiques:

In addition to the Coastal vessels a large number of Relief Caiques have been loaned to the Greek Government by the British Ministry of War Transport. These caiques are allocated to Regions for internal distribution, according to their requirements. These vessels are solely for the shipment of relief supplies, are manned by Royal Hellenic Navy Crews and operated by the Minister of Merchant Marine.

Anticipated Problems.

One problem facing UNRRA on 1 April was the inability of available coastal shipping to cope with the demand for shipment of relief supplies. This has now been overcome by the salvaging of six small sunken vessels with a total capacity of 2000 tons and the occasional loan of coastal steamers for single voyages by AFHQ.

A further two vessels have now been allocated to Greece, total capacity 6000 tons, but these will not arrive before the end of July. With the addition of these two vessels coastal shipping will be in a very healthy condition.

A further problem was port acceptance tonnages. These had been assessed by ML at 200,000 tons per month which was totally inadequate for the UNRRA program. However, in consultation with BMWT and WSA representatives in ATHENS it has been decided that Greek ports can accept a total of 400,000 tons per month.

The acceptance of large quantities of bulk grain caused a great deal of worry as, at the take over from ML the only ports that could accept this commodity were PIRAEUS, PATRAS and SALONIKA. To relieve the situation it was decided to test VOLOS and KAVALLA, the result of which was a huge success. It is hoped to route bulk grain to KALAMAI, when harbor obstructions are removed in the near future.

MODIFICATIONS

MODIFICATIONS TO PLAN NOW DEEMED NECESSARY

Relationship with Government.

It is recommended that the Greek Government undertake to establish a shipping organization to assume the responsibility for operational activities heretofore handled, perforce, by this Section.

Availability of Supplies and Equipment.

It is considered that, with very few exceptions, the present availability, properly used, will be sufficient.

Certain ports are deficient in Tugs and Lighters and this question is at the moment under examination with a view to procurement where absolutely necessary.

The question of island communications for Regional personnel has been examined and, as a result, application has been made to CASERTA for the provision of one sea-going motor launch to each of the following ports:-

MITILINI, CHIOS, SIROS, VOLOS, PATRAS, PREVEZA.

It is most essential that Regional personnel should have speedy and efficient means of communication with scattered islands; caiques have proved to be most unsatisfactory.

Anticipated Future Program.

Ocean arrivals are increasing apace and, as far as can be seen, will increase still further during the next three months. It is considered that Greek ports will not have any difficulty in clearance.

Anticipated Problems.

The only problem that can be foreseen is speedy dock clearance. At the present time available transport is not being used to the best advantage. Action is, however, being taken with the Greek Government to effect an improvement.

STATISTICS - OCEAN ARRIVALS.

From 1 April through 30 June 1945, IOI ships arrived in Greece from the theatre and producer country loadings carrying cargo tonnages listed in the accompanying Table (POL tonnages not included, since they are still brought into Greece as military commitments). Full details concerning ships, cargoes, etc. are available on request.

(Table)

	Grain & Flour	Other Food	Clothing, Textile & Footwear	Indust- rial Supplies	Medical Supplies	Agriculture & Fishery Supplies	Tire Equipment	Coal	Vehicles	TOTAL
April	46,179	13,882	1,359	2,398	336	12,221	28	12,384	406	89,193
May	86,879	14,498	2,509	3,252	329	12,096	20	18,454	3	138,040
June	87,327	29,834	3,605	9,513	455	5,702	-	27,082	275	163,793
	220,385	58,214	7,473	15,163	1,120	30,019	48	57,920	684	391,026

Transport Section
Traffic Division
BUREAU OF SUPPLY & DISTRIBUTION

ORIGINAL PLANNING

Relationship with the Government.

The UNRRA plan was based on the information obtained from reports emanating from Greece prior to liberation, and was prepared in consultation with Greek Government officials in Egypt. It was primarily founded on the assumption that very little transport would be available in the country when the Germans left. When the UNRRA period commenced it was thought that motor transport assets would be almost entirely limited to vehicles handed over by ML.

Availability of Supplies and Equipment.

No definite availabilities were notified in the early stages either in vehicles or equipment.

Anticipated Future Program.

This was dependent to a large extent on the conditions found on entry and how far it became possible to implement the plan prepared for the military period. Estimates of requirements based on the information available were prepared, but they were always subject to amendment when the actual conditions were ascertained.

Anticipated Problems.

Beyond the certainty of bad roads and lack of vehicles it was considered these would be brought out more clearly during the military period and plans to meet them considered before the take over.

ACTUAL CONDITIONS FOUND ON TAKE OVER FROM ML.

Relationship with the Government.

The Agreement, in March, between UNRRA and the Greek Government necessitated alterations in the plan so far as the functions of Transport officials were concerned. Their duties were confined to advice on transportation matters and the plan was altered accordingly.

For some time prior to the take over from ML, officials of the Traffic Division attended Committee meetings in connection with transportation and had discussions with Ministry of Transport officials. The chief difficulties of ML, which remained throughout the Military period, were 1) inability of the Government to complete the registration of civil vehicles and to exercise control over them, and 2) anxiety by the Government to re-employ in the State Vehicle Companies former Railway employees still paid by the State, instead of competent MT workmen. The importance of attention to these matters, for the success of the UNRRA program, was stressed with Ministry officials from the outset.

Availability

Availability of Supplies and Equipment.

Of the 950 vehicles imported by ML approximately 100 had been lost during hostilities. The balance had been distributed in appropriate proportions to 9 of the 10 main ports. Military vehicles sufficed in Siros. An independent State Company had been organized in each region during the ML period under a Ministry of Transport representative with Greek personnel. Some supervision by British Officers and OR's continued until about 14 days before the take over from ML. These vehicles were used mainly for distribution from depots to roadheads but gave assistance in docks clearance in certain Regions. To assist in capital and provincial distribution in the Athens area, there were also available 160 trucks imported by UNRRA during the Military period and operated for a time by the JRC, 74 trucks imported by the Greek War Relief, and 50 trucks owned by the JRC intended eventually to be handed over to the Government. A military scaling of 180 days spare parts were supplied with the vehicles handed over to the Government by ML. That period had almost expired but application had been made for a further scaling to be supplied in May. Spares for the UNRRA and the Greek War Relief vehicles were not available. ML had been unable to obtain the garage equipment envisaged in their program. From local resources, in the different regions, some equipment had been obtained, but workshops operating for the State Companies were absolutely inadequate to maintain even the vehicles then on their strength. Assistance had been given by the British REME but this was gradually diminishing and did not amount to much when the take over took place.

Anticipated Future Program.

Although a program of requirements had been submitted no definite information as to UNRRA availabilities was to hand when the take over took place. To ensure distribution of UNRRA supplies it was decided to assist the Government in the operation of the State Companies and to add vehicles to them as they became available. When these Companies attained sufficient strength to ensure equitable distribution of supplies, the supply of vehicles for other essential relief and rehabilitation projects would receive consideration. The need for the garage equipment and spares was borne in mind and requisition action taken.

Anticipated Problems.

These were divided into two spheres:

1) Assistance from owners of civil vehicles.

With the military transport used during the ML period for docks clearance being gradually withdrawn, it was obvious that if it was to be replaced by civil vehicles, to enable State Company vehicles to continue distribution, the Government would have to enforce contracts or requisition vehicles. Approximately 4,500 tires and tubes had been imported by ML and allocated to indigenous load-carriers. The owners of many of these had received them in consideration of assisting in docks clearance, but they had failed

failed to comply with the contract during the ML period. The need for enforcement became greater than ever and was pointed out to the Ministry of Transport. Requisitions for spare parts and tires for civil vehicles were submitted.

2) Operation of the State Vehicle Companies.

A supply of adequate equipment for repair and maintenance of the vehicles was essential. It became apparent that without military assistance more competent personnel were required in several of the Companies. An improvement in the organization of the backloading of vehicles to prevent empty running was required. Demands for workshop equipment were made, and advice as to the solution of the administrative problems was given to the Ministry of Transport. The spares supplied being almost exhausted, it was clear that unless early replacement was made vehicles would be off the road.

MODIFICATIONS TO PLAN NOW DEEMED NECESSARY.

Relationship with the Government.

Pressure has consistently been brought to bear on the Government to control civil transport, but without success. The owners of civil vehicles object strongly to the operation of the vehicle companies by the State and on this account render the minimum assistance. It is considered, from experience, that if the vehicles are placed in the hands of the owners at present, in accordance with their demand, the proper distribution of UNRRA supplies would be impossible. In addition, the prices charged would be exorbitant due to increased transport charges the owners would impose. The Government had therefore been encouraged to develop the State Companies. The fact that vehicles from the latter have frequently been used for docks clearance, at the expense of distribution, has been a disappointing factor. The owners prefer to carry out normal uncontrolled commercial work where they can demand high prices. The Government, on the other hand, is becoming more reliant on imported vehicles and seeks to exercise a right of allocation through a Committee. Although advice on this subject has so far been accepted, delays occur and the UNRRA program of distribution suffers in comparison with ML who switched the vehicles between Regions as required, and informed the Government afterwards.

Availability of Supplies and Equipment.

Without prior knowledge of what is available and when it will be shipped, the policy has necessarily been to wait until supplies and equipment arrive and put them to the best possible use.

Up to 20 July approximately 250 vehicles, 76 of which are now being assembled, have been imported and put into operation since the military period. This includes 20 vehicles obtained from 30 Class VI vehicles shipped from Egypt at the end of the military period. An additional 150 crated vehicles will be discharged by the end of July. Some small items of garage equipment, welding sets, lathes, etc., due during the ML period, have arrived. UNRRA

provision

provision has so far been limited to one mobile workshop.

The spares position is critical. The scaling ordered by ML for the vehicles imported has not been supplied and is not yet available for shipment. Only small quantities of fast moving spares have arrived for the vehicles imported by UNRRA, and some second line repairs for these vehicles will be necessary at an early date.

Anticipated Future Program.

Until some indication can be given as to when and in what quantities vehicles equipment and spares will arrive, a long term program is impossible. The plan will be carried out to the extent made possible by the provision.

Anticipated Problems.

1) Due to lack of spares for the vehicles imported by ML, vehicles are going off the road daily. This neutralizes the effect of imports because they have to be used to some extent in replacement. This also makes equitable allocation of vehicles more difficult.

2) When the spares do arrive a repair problem of considerable magnitude will present itself. Apart from the difficulty of obtaining competent artificers, work will proceed very slowly if workshop equipment is not supplied. The Government will be pressed to employ skilled personnel, but difficulties are anticipated in this respect due to the wages the latter can demand for the repair of civil vehicles.

3) The failure of the Government to employ the best personnel available, due to reluctance to pay the wages required, will remain a difficulty; The financial grants to improve garage accommodation and workshops are meagre and the Government will have to be consistently pressed in this respect. The fact that vehicles requiring assembly are arriving presents problems due to the absence of cranes and equipment.

4) A solution to the problem of controlling civil transport and directing it to use for essential purposes only, appears no nearer than at the date of liberation. Continued representations on this matter will be essential.

5) Three Regions are operating without Transport officers. Transportation presents so many difficulties that experienced men should be provided to fill these posts without delay. Failure to have officers in each Region deprives the local Government representative of advice he needs, and Headquarters of technical knowledge of the requirements.

SUBSEQUENT CHANGES MADE TO ORIGINAL PLANNING AS AT DATE.

One bright feature of the transport situation has been the fact that the original intentions at the time of take over from ML still apply. Increased efficiency in the State Companies and control of civil vehicles remain the objects to be attained. If supplies arrive and the Government plays its part, considerable progress can be made in the next six months.

ACHIEVEMENTS.

ACHIEVEMENTS.

Considerable improvement in the administration of State Vehicle Companies has been brought about as a result of recommendations made to the Ministry of Transport following inspections by UNRRA representatives. Transport officers have recommended, and assisted in establishing, detachments of vehicles in various parts of the Regions with a resultant saving of motor transport and increased efficiency in distribution. In all Regions, Committees to establish priorities in the use of the vehicles have been established and considerable progress made in the arrangements for backloading.

Assistance in docks clearance from horsedrawn vehicles and civil motor transport has increased gradually in the Regions, in spite of lack of State control, due to the persistence of Regional officials.

Plans for allocation of the vehicles have been completed. Full details of requirements have been obtained and consideration given to priorities.

Warehousing Section
Traffic Division
BUREAU OF SUPPLY AND DISTRIBUTION

With the arrival in Greece of the Warehousing personnel, plans previously formulated in Cairo were effectuated gradually and, as a result of the execution of these plans, Warehousing is generally functioning satisfactorily throughout the country at the present time.

The Section has been hampered by a dearth of imported technical personnel. However, while all budget positions are not filled, military personnel seconded to the Mission have proved very effective.

Some difficulties were encountered in working out cooperative plans with ATE (Agricultural Bank of Greece), but these difficulties have been surmounted and there is now a close cooperation between the Section and the ATE.

ACCOUNTING SYSTEM.

It was agreed that the system used by ML -a modified form of the British Army method- was to be continued by the Government's agents in respect of the accounting and of the physical handling of the supplies.

Although the ATE, the Government's agents, did not provide the major portion of its personnel in sufficient time for them to have a reasonable experience of working under ML, the methods were in fact continued with little interruption. Subsequently the ATE showed a desire to introduce its own methods, especially on the accounts side.

The principal books of account have been the daily Summaries of Transactions supported by Wagon Loading Slips in respect of each vehicle; the Stock Book, Provision Supply Account, Fortnightly Stock Returns of all items, and Weekly Food Signals. In addition a Monthly Statement of Writes-Off, Out-turn Reports on each incoming shipment and copies of Shipping Documents are required. The Summaries serve to reconcile the Provision Supply Account with the Stock Books, but the ATE in general does not appreciate the advantage of this very salutary check in the bookkeeping. Moreover, a copy of the Summary sent to the Regional HQ gives a quick view of the movements of the previous day. The Provision Supply Account, to be presented monthly to the Regional Warehousing Officer, forms a control on honesty and efficiency. Unfortunately it does not appear that the importance of the Provision Supply Account has been properly realised by the Government's representatives concerned.

The Fortnightly Returns on the whole have continued in good fashion.

The weekly signals, of food items only, form the basis of a return of receipts, issues and balance of food in the country. Similarly, information from the Stock States is collated and circulated each fortnight to the various departments interested.

Stocks are warehoused both at the main Ports and at inland towns. It was decided to follow the principle that issues from the main Port warehouses were issues for "normal distribution", unless they were despatched to another main Port warehouse. This was necessary in order to avoid duplication of receipts and in order to be able to produce early returns; to have waited until every village depot had sent its Stock Statement would have resulted in months of delay in the compilation of an aggregate report. Information concerning such inland warehouses has begun to come in, though slowly, and can be passed on as an addendum to the normal reports.

In

In the Athens-Piraeus Region are also located numerous warehouses and dumps of clothing, machinery, agricultural, fishery appliances and salvage stores. In most cases these stocks either did not exist as a civil commitment in the ML period or were controlled by a Government department. The proper taking over of these stores and the initiating of the UNRRA accounting system have been necessary, and the preparation of the statements has now become fairly satisfactory despite the very limited number of UNRRA personnel available and the complete ignorance, at the initial stages, of the UNRRA methods by the Greek staff.

The handover of stocks from ML to UNRRA as of 31 March 1945 was complicated by the special terms agreed with the Military.

In the first place, the physical stock-taking was effected on 15 March 1945, the balance on 31 March 1945 being adjusted by subsequent receipts and issues.

Secondly, there had to be included the cargoes of ships not fully unloaded on 31 March 1945 and inter-depot cargoes then on the sea.

Thirdly, issues made after 15 March 1945 and not in the hands of the public on 31 March, were to be accepted by UNRRA as "Undistributed Bulk Issues".

Fourthly, it was necessary for UNRRA to sign for shipments received after 31 March which were consigned to ML. It was agreed that bill of lading figures would be used.

In consequence it was not until the end of June that schedules were completed by ML for agreement by UNRRA. After checking and such modifications as were necessary, these schedules have now been agreed. It is still possible that a few ships may arrive consigned to ML, but otherwise the figures are believed to be finalized and ready for the financial adjustment with ML.

It is fair to record that, despite the apparent duplication of signatures, ATE, who were required to accept from UNRRA simultaneously as UNRRA accepted, have been fully cooperative in the matter.

HANDLING OF STORES.

The supervision of the handling of stores has taxed the energy of Warehousing Officers, especially at ports such as Piraeus and Salonica. Freed from the immediate supervision of Army personnel, labor generally has tended to slack negligently, and in some instances accurate stock-taking in consequence has been impossible. Labor disputes have been partly the cause, also the Greek supervisors have also been slow in realizing the necessity to maintain order and cleanliness, or have not wished to exert their authority unduly because of possible adverse results.

The "weak link" in stock control has always been that between docks and depots, since the agreement of individual loads, simple in theory, is often impossible in practice when mixed supplies arrive in quantities. In particular the complete disappearance of a truck load is a very real danger. Nevertheless, available information indicates that pilferage both in transit and in the depots has not been of appreciable significance.

The productivity of the labor has also been reduced by the lack of heavy equipment. The ML depot loaned most of their stores to the ATE and the final purchases will be arranged. But these stores are military in character and lack transporters, hoists, cranes etc. which would

economize

economize labor and answer the repeated complaints that stacking is required of unduly heavy loads to great heights.

Similarly the general shortage of transport results in strain on the depots, which are required so far as possible to fit their work to the number of vehicles available. To plan work and to engage labor far ahead is thus impossible.

Food stocks generally since April 1 showed a substantial decline followed by steady growth as shipments increased. Clothing warehouses were filled rapidly and sorting of the bales became a formidable task. Issues have now begun to relieve the pressure on storage space.

The ultimate goal of this Section, and to which every effort is directed, is to initiate indigenous personnel into the duties and functions of warehousing to replace the present imported staff. Due to continual changes in Governmental personnel and procedure, it has not been possible to carry out these plans as quickly as was desired, but definite progress is reported.

Following is a schedule containing the latest available information on the handling of stocks. Despite one or two minor faults, this schedule may be accepted as a reasonably reliable document. Due to circumstances outside the control of the Warehousing Section, details of medical and industrial transactions are not available for inclusion in the schedule.

The following summary gives some indication of the extent of UNRRA activities as reflected by the records at Main Port Warehouses. ML figures are also shown for purposes of comparison.

It should be noted that the UNRRA period quoted in this table is half of the ML.

I T E M	M L P E R I O D			U N R R A P E R I O D		
	I 4 October 1944 to 31 March 1945 (169 days)			I April 1945 to 23 June 1945 (84 days)		
	Receipts	Issues	Stock on 31 March 45 (handed over to UNRRA)	Receipts	Issues	Stock on 23 June 45
✓ Food	7 + 369,302	298,712	70,590	201,229	220,375	51,444
✓ Soap	7 1,547	1,001	546	1,521	834	1,233
✓ Matches	98 88	88	-	36	30	6
✓++Industrial Supplies	98 2,322	1,342	980	-	-	-
✓ Coal	98 39,492	27,492	12,000	44,500	46,000	10,500
✓ P.O.L.	98 40,409	33,909	6,500	19,500	14,500	11,500
✓ Agricultural Supplies	98 8,170	5,948	2,222	21,336	17,555	6,003
✓ Tractors (Units)	98 135	135	-	130	115	15
✓ Fishing Supplies	98 -	-	-	27	-	27
✓ Veterinary Supplies	98 2	-	2	30	22	10
✓ Livestock - Bulls (Units)	98 -	-	-	6	6	-
✓ Motor Transport Vehicles (Units)	98 949	943	6	589	595	-
✓ Tires and Tubes	98 74	52	22	47	67	2
✓ Motor Transport Spares	98 187	187	-	-	-	-
✓ Workshop Equipment	98 1	1	-	7	-	7
✓ CCAC Clothing	98 648	168	480	1,213	427	1,266
✓ Miscellaneous & Donated Clothing	98 2,900	1,998	902	3,193	2,304	1,791
✓ Camp Equipment	98 36	-	36	9	13	32
M E D I C A L				293,373		83,871
✓ Foods	29	24	5	-	-	-
✓ Dressings and Drug (Units)	170	155	15	-	-	-
✓ Cholera (Units)	6	6	-	-	-	-
✓ Field Laboratories	2	2	-	-	-	-
✓ Hospitals - 40 Bed (Units)	-	-	-	-	-	-
✓ Hospital - 200 Bed (Units)	-	-	-	-	-	-
✓ G.P. Sets (Units)	20	20	-	-	-	-
✓ Medical & Sanitary Supplies	-	-	-	-	-	-

++UNRRA period figures not available. Re IO/7/45 - SD/TS/I9/45 A. Supplies are quoted in Long Tons (2,240 lbs)

B. All Supplies are transferred on arrival to the Government

C. ditto ditto

D. No Country Transfer

E. Military Supplies included in above.

F. No information available in Warehousing Section

+ Figures in long tons unless otherwise stated.

SECTION III - BUREAU OF FINANCE & ADMINISTRATION

Office of Chief of Bureau BUREAU OF FINANCE AND ADMINISTRATION

The Bureau of Finance and Administration was faced with many problems at the beginning of the quarter, April 1st, relative to the take-over of military equipment, records and, to some extent, personnel.

The Accounts Division was considerably handicapped by the fact that most of the accounting records had been retained in Cairo and did not arrive in Greece until the end of May. The Division now has been able to reconcile its books with those from Cairo and is up-to-date as of 30 June.

Administrative Services Division faced many problems at the beginning of the quarter relative to finding adequate office space and obtaining sufficient supplies and equipment to establish effective operations in Athens and in the Regions. Transportation difficulties caused considerable delay, but as of the 30 June the Mission is moderately well housed and equipped, although additional equipment is required.

The Personnel Division has had considerable difficulty in obtaining adequate staff from Cairo and from London and Washington. Several urgent cables have brought forth promises of despatch within the near future, but as of the end of June there are several outstanding key position vacancies.

Considerable progress has been made in overcoming the difficulties, however, and as of the end of the quarter the Divisions concerned with administrative housekeeping are confident of continued improvement during the period July through September.

Accounts Division BUREAU OF FINANCE AND ADMINISTRATION

Attached hereto is a statement of expenditures in local currency during the second quarter, April 1 through June 30. There are certain explanatory notes which should be added to the statement in order to make it more comprehensible.

First, the amount of 144,567,550 drachmas, shown as local currency expended during this period does not include expenditures made by the eleven Regions. The books of the Greece Mission were closed on June 30. Regional reports for June will be unavailable until later. This figure will be considerably increased after the Regional reports for June are included, but we are unable to submit an estimated amount.

Secondly, the Mission maintains no records of any expenditures in foreign currency. No foreign currency was spent in Greece. We do not know what commitments have been made by Washington or London for the Greece Mission in foreign currency. The only available figures, as far as foreign currency is concerned, are as follows:

- 1) Provident fund paid to Mr. O.R. Verity in the amount of approximately £144, equivalent of \$560.00, and to Mr. Clifton Harvey approximately \$61.00.
- 2) Washington debited Greece Mission by Debit Notice L115 on May 31 with \$2,579.73, representing 7½% contribution to Provident fund by the Administration for the month of May.
- 3) The May payroll prepared by the Washington office shows that in May Washington spent \$23,901.89 for account of the Greece Mission.

Because

Because all Greece Mission records are kept by either Washington or London, we were instructed by London to send ERO monthly statements as to the payments made here: meaning payments made for account of salaries, balance of allotments; tax deductions and deductions for provident fund, etc. are actually made by London or Washington.

On June 5, due the change in rate of exchange, adjustments were made in the personnel accounts of members who had an available foreign currency balance. These were carried in drachmae but had to be adjusted upward in order to enable these persons to have the same amount in foreign currency under the new rate of exchange. This additional expenditure of approximately 60,000,000 drachmae was quite unanticipated.

STATEMENT OF SECOND QUARTER ALLOTMENTS - APRIL 1 THROUGH
JUNE 30, 1945, - AND OF AMOUNTS SPENT, IN LOCAL CURRENCY.

<u>Expense breakdown</u>			<u>Local currency expended</u>	<u>Local currency Allotment</u>
00	Personal Services	Drs.	56,969,535	Drs. 42,700,000
10	Travel & Subsistence	"	81,650,603	" 92,607,500
20	Communications	"	506,401	" 575,000
30	General Supplies & Materials		1,516,650	" 5,280,000
40	General Equipment	"	2,448,503	" 1,350,000
50	Other Contract Services	"	2,400,400	" 2,055,000
60	Special Services	"	9,062	" ---
4	<u>Commodities Acquired:</u>			
20	Medical supplies and equipment	"	50,000	---
80	Fuel	"	5,928	---
Total Drs.			<u>145,957,082</u>	Drs. <u>144,567,500</u>

Personnel Division
BUREAU OF FINANCE AND ADMINISTRATION

Attached are the following statistical reports on personnel in the Greece Mission as of 30 June, 1945:

- 1) Summary of imported (01) personnel employed by UNRRA or seconded from Voluntary Agencies or from the Military as individual attachments occupying budget line positions. (Appendix 1).
- 2) Summary of Greek (02) personnel employed at Headquarters, Athens, shown by divisions or other organizational units and by classification according to type of work. (Appendix 2)
- 3) Summary of Greek (02) personnel employed in regions shown by classification according to type of work. (Employees in regions are all employed under the direction of the Regional Director, and are not employed by divisions as at Headquarters. (Appendix 3).

- 4) Summary of imported personnel attached to UNRRA as members of voluntary agency teams. (Appendix 4).
- 5) A summary of the classification and salary schedule for local employees applicable as of 1 June, 1945. (Appendix 5).
- 6) A tally of all personnel in the categories specified above and an analysis by country of origin. (Appendix 6).

This Mission has been severely handicapped by the shortage of key personnel, particularly regional employees in the fields of Distribution, Warehousing and Transport, and in the secretarial services generally. The Division reports some progress in obtaining qualified essential personnel from Headquarters, particularly during the latter part of the quarter. In addition, some progress was made in obtaining release of British Military personnel from the Middle East theatre and from the units stationed in Greece. There still remain, however, many vacancies which must be filled as soon as possible. Headquarters has been advised and is now recruiting for these vacancies.

(Six Appendices Attached.)

SUMMARY OF IMPORTED (01) PERSONNEL BY DIVISIONS

	<u>No. of Employees</u>
Office of Chief of Mission	9
Public Information	5
Bureau of Finance and Administration	
Office Deputy Chief of Mission	6
Personnel Division	5
Budget Division	3
Administrative Services Division	9
Finance Division	1
Accounts Division	5
Bureau of Service Operations	
Office of Deputy Chief of Mission	1
Welfare Division (HQ)	16
" " (Regions)	31
Health Division (HQ)	29
" " (Regions)	59
Displaced Persons Division	22
Bureau of Supply and Distribution	
Office of Deputy Chief of Mission	3
Industrial Rehabilitation Division	2
Industries Section	3
Communications Section	2
Fuel Section	1
Mines Section	1
Shelter Section	2
Food Division	2
Clothing, Footwear and Textile Division	1
Economics Division	3
Traffic Division	2
Warehousing Section	2
" Officers (Regions)	8
Shipping Section	3
Port Officers (Regions)	2
Transport Section	2
Transport Officers (Regions)	8
Distribution Officers (Regions)	22
Procurement and Coordination Division	5
Agriculture and Fisheries Division	14
" " " " (Regions)	6
Field Administrative Staff (Regions)	
Directors	11
Administrative Officers	9
Secretaries	11
Total.....	226

SUMMARY OF GREEK (02) PERSONNEL
AT HEADQUARTERS, ATHENS, BY DIVISIONS
AS OF JUNE 30, 1945

OFFICE OF CHIEF OF MISSION :

Clerks Grade 'A'	.....	3	
" " 'B'	.....	3	
" " 'O'	.....	2	
Receptionist	.....	1	
Interpreter	.....	1	
Economist	.....	1	
Statistician	.....	1	
Secretary-Translator	....	1	
Typist	.....	1	
Messenger	.....	1	
			Total 15

OFFICE OF PUBLIC INFORMATION :

Special Assistant	.....	1	
Photographers	.....	2	
Translator	.....	1	
Clerks Grade 'A'	.....	1	
" " 'B'	.....	2	" 7

BUREAU OF SERVICE OPERATIONS :Health Division :

Sanitary Engineer	.....	1	
Requirements Analyst	....	1	
Nursing Consultant	.....	1	
Special Assistant	.....	1	
Draughtsman	.....	1	
Secretary-Translators	...	2	
Interpreters	.....	5	
Clerks Grade 'A'	.....	5	
" " 'B'	.....	2	
Typist	.....	1	total 20

Displaced Persons Division :

D.P. Specialists	5	
Assoc. D.P. "	.....	2	
Ass't " " "	.....	1	
Medical Officers	.....	2	
Legal Adviser	.....	1	
Ass't Nursing Consultant		1	
Clerks Grade 'A'	.....	4	
" " 'B'	.....	7	
Typists	.....	2	total 25

Welfare Division :

Welfare Specialists	4	
Ass't Office Managers	...	2	
Statistician	.....	1	
Secretaries	.....	4	
Stenographer	.....	1	
Typists	.....	2	total 14
			" 59

total carried forward 81

./.

total brought forward 81

BUREAU OF SUPPLY AND DISTRIBUTION:Office of Deputy Chief of Mission :

Secretary	.....	1	
Clerk-Typist	.....	1	
File Clerk	.....	1	
Receptionist	.....	1	total 4

Industrial Rehabilitation Division :

Ass't Statistician	.....	1	
Clerk Grade 'A'	.....	1	
" " 'B'	.....	2	" 4

Industries Section :

Chemical Engineers	.....	2	
Mechanical Engineer	.....	1	
Civil Engineer	.....	1	
Electrical Engineer	.....	1	
Secretary	.....	1	
Translator	.....	1	
Chief Clerk	.....	1	
Receptionist	.....	1	
Typists	.....	2	" 11

Shelter Section :

Translators	2	" 2
-------------	-------	---	-----

Fuel Section :

Interpreter-Translator	1	" 1
------------------------	-------	---	-----

Traffic Division :

Shipping Officer	.....	1	
Transport "	.....	1	
Ass't Office Manager	.....	1	
Stenographers	.....	2	
Clerk Grade 'B'	.....	1	
" " 'C'	.....	1	" 7

Warehouse Section :

Secretary-Translator	.....	1	
Stenographer	.....	1	
Chief Clerks	.....	2	
Typist	.....	1	" 5

Shipping Section :

Clerk Grade 'B'	1	" 1
-----------------	-------	---	-----

Communications Section :

Civil Engineers	.....	4	
Mechanical "	.....	2	
Chief Clerk	.....	1	" 7

Food Division :

Statistician	.....	1	
Requirements Analyst	.....	1	
Clerk Grade 'A'	.....	1	
Typists	.....	3	" 6

Totals carried forward 48

81

Totals brought forward

48

81

Agriculture and Fisheries Division :

Special Assistant	.....	1		
Agric. Rehab. Officers	.....	2		
Fishing Adviser	.....	1		
Secretary	.....	1		
Interpr.-Translators	.....	4		
Stenographers	.....	4		
Clerks Grade 'A'	.....	2		
" " 'B'	.....	2		
Typist	.....	1		
File Clerk	.....	1	total	19

Clothing, Textile and Footwear Div. :

Typist	1	"	1
--------	-------	---	---	---

Procurement and Coordination Div. :

Requirements Analyst	.....	1		
Ass't " "	.....	1	"	2

Economics Division :

Secretary-Translator	.....	1		
Interpreter	.....	1		
Typist	.....	1	"	3

BUREAU OF FINANCE AND ADMINISTRATION :Administrative Services :

Driver-Mechanic	.....	1		
Drivers	.....	82		
Watchmen	.....	15		
Duplicating Clerks	.....	5		
Messengers	.....	10		
Cleaners	.....	25		
Laborers	.....	12		
Clerks Grade 'A'	.....	6		
" " 'B'	.....	11		
" " 'C'	.....	6		
Secretary-Translator	.....	1		
Translator-Supervisor	.....	1		
Translators	.....	2		
Supervisor-Duplicating-Pool	...	1		
Interpreter-Translator	.....	1		
Office Manager	.....	1		
Supervisor of Cleaners	.....	1		
Ass't " " "	.....	1		
Typists	.....	13		
File Clerk	.....	1		
Receptionists	.....	1		
Office Boys	.....	3		
Warden	.....	11		
Carpenters	.....	8		
Electrician	.....	1		
Storekeeper	.....	1		
Plumber	.....	1		
Post Office Clerk	.....	1		
Telephone Operators	.....	3		
Mechanic Typewriter-Repairer...	.....	1		
Kitchen Supervisor	.....	1		
Supervisor Typing-Pool	.....	1	"	229

Totals carried forward

229

154

./.

Totals brought forward : 229

154

Accounts Division :

Special Assistant	.....	1	
Senior Accountants	.....	2	
Ass't Accountants	.....	4	
Clerks Grade 'A'	5	
" " 'B'	9	
" " 'C'	1	
File Clerk	1	
Typists	3	total 26

Budget Division :

Clerk Grade 'A'	1	"	1
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Personnel Division :

Personnel Officer	1	"	1	257
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TOTAL NUMBER OF GREEK (02) PERSONNEL AT HEADQUARTERS :	411
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On the following page is shown a Summary of Greek (02) Personnel by Regions as of 30 June 1945 (APPENDIX 3).

SUMMARY OF GREEK (02) PERSONNEL BY REGIONS
as of June 30, 1945

APPENDIX 3

CLASS	A	B	C	D	E	F	G	H	I	J	K	TOTAL
'A' Chief Professional and Administrative Special Assistant to Regional Director	I	I	-	I	I	I	-	I	I	-	I	8
'B' Head Professional - Medical Officer	I	-	I	-	-	-	-	-	-	-	-	2
'G' Professional and Administrative :												
Office Manager	I	-	-	-	-	-	-	-	-	-	-	I
Statistician	I	-	-	-	-	-	-	-	-	-	-	I
Sr. Accountant	I	-	-	-	-	-	-	-	-	-	-	I
Associate Medical Officer	I	-	I	I	I	-	I	-	-	-	-	5
Press Officer	I	-	-	-	-	-	-	-	-	-	-	I
Agriculture Officer	I	I	I	I	-	I	I	-	-	-	-	6
Executive Advisor	I	-	I	I	I	I	I	-	-	-	-	6
Transport Officer	-	-	I	-	-	-	-	-	-	-	-	I
Medical Supplies Officer	I	-	-	-	-	-	-	-	-	-	-	I
'E' Assistant Professional and Administrative Welfare Assistant	I	-	-	-	-	-	-	-	-	-	-	I
Assistant Port Officer	3	I	-	I	2	I	-	-	-	-	-	8
Assistant Agricult. Officer	I	-	-	-	-	-	-	-	-	-	-	I
" Nursing Consultant	3	I	I	I	3	I	I	-	-	-	-	II
" Sanitary Engineer	3	I	I	I	I	I	-	-	-	-	-	8
" Medical Officer	2	-	-	I	2	I	I	-	-	-	-	7
" " Supplies Officer	2	-	I	I	I	I	-	-	-	-	-	6
Fishing Advisors	I	-	-	-	-	-	-	-	-	-	-	I
Accountants	2	-	2	I	2	-	I	-	-	-	-	8
Assistant Warehouse Officer	-	I	-	-	I	-	-	-	-	-	-	2
'F' Admin. Assistant & Sen. Secretarial & Clerical Secretaries	-	-	I	-	-	-	-	-	-	-	-	I
Secretaries - Translators	2	-	-	-	2	2	2	-	-	2	-	10
'G' Secretarial, Clerical & Crafts Supervisory :	-	-	-	-	2	-	-	-	I	-	-	3
Welfare Workers - Interpreters	2	I	-	-	2	-	-	-	I	-	-	6
Stenographers	5	-	-	-	5	-	-	-	I	-	-	6
Clerks, Interpreters	16	12	20	7	23	12	14	6	4	II	9	I3
Registry Clerks	-	-	-	I	-	-	-	-	-	I	-	I3
Translators	I	-	I	-	-	-	-	-	I	-	-	2
Typists	-	-	-	-	-	-	-	-	I	-	-	3
'H' Skilled Labor - Electr.Carpenters,Drivers, etc.	I3	5	3	3	-	4	7	3	-	-	-	3
'I' Clerical and General Office Help	2	-	6	-	4	3	3	3	I	3	6	48
'J' Gen. Help & Unskilled Labor - Caretakers, Watchmen	4	4	4	I	-	2	3	3	-	4	5	30
'K' " " " " " - Laborers,Porters,etc.	-	I	8	-	-	-	1	-	I	-	I	2I
'L' " " " " " - Cleaners,Messengers	I	3	8	2	4	3	6	I	I	I	2	I4
	73	32	6I	24	57	34	44	I8	II	23	28	405

SUMMARY OF VOLUNTARY SOCIETY UNITS (WOO)
ATTACHED TO GREECE MISSION
AS OF JUNE 30, 1945

	No. of Personnel	No. of Units	Assignments		D.P.
			Health	Welfare	
BRCS	84	7	6	1	-
SCF	35	3	1	2	-
FAU	32	3	2	1	-
IVSP	23	2	-	2	-
YWCA	15	2	-	2	-
SIRS	13	1	1	-	-
RS	11	1	-	-	1
GIS	8	1	-	-	1
WSR	2	-	-	-	-
Total: Council of British Societies for Relief Abroad	223	20	10	8	2
ARC	24	2	-	-	2
PTCRA	30	2	2	-	-
GRC (Egypt)	30	1	1	-	-
	307	25	13	8	4
	=====	=====	=====	=====	=====

Societies and Representatives

British Red Cross Society & Order of St. John of Jerusalem
 (war Organization) Capt. Arnould
 4th Floor ML Building

The Save the Children Fund Mrs. J.M. Small

Friends Ambulance Unit Mr. Harold Dromard

International Voluntary Service for Peace Mr. Godfrey Heaven

Young Women's Christian Association The Hon. I. Cutto, YWCA,
 Gt. Rossel St., London

Scouts' International Relief Service Mr. A.J. Tyler

Friends Relief Service Mr. J. Saunders

Guides International Service Miss Pilkington

World Student Relief

Australian Red Cross Societies Col. A.W. Sheppard

Palestinian Jewish Council for Relief Abroad Mr. E. Shachnai.

Appendix 5

SUMMARY OF CLASSIFICATION OF LOCAL SALARY RATES

AS OF JUNE 1, 1945.

(Revision in process as of July 1)

(MONTHLY)

CLASS 'A' - CHIEF PROFESSIONAL AND ADMINISTRATIVE - SALARY Drs 24,000

Special Assistant to Chief of Mission
 " " " Bureau or Division Head
 " " " Regional Director

CLASS 'B' - HEAD PROFESSIONAL - SALARY Drs 22,000

Medical Officer
 Civil Engineer
 Electrical Engineer
 Mechanical Engineer
 Road Engineer
 Chemical Engineer
 Sanitary Engineer
 Veterinarian

CLASS 'C' - PROFESSIONAL AND ADMINISTRATIVE - SALARY Drs 20,000

Distribution Officer
 Transport Officer
 Warehouse Officer
 Warehouse Manager
 Requirements Analyst
 Statistician
 Senior Accountant
 Office Manager
 Agricult. Rehab. Officer
 Industrial " "
 Welfare Specialist
 Displaced Persons Specialist
 Press Officer

CLASS 'D' - ASSOCIATE PROFESSIONAL - SALARY Drs 20,000

Associate Medical Officer
 " Civil Engineer
 " Electrician Engineer
 " Mechanical Engineer
 " Road Engineer
 " Chemical Engineer
 " Sanitary Engineer
 " Veterinarian

CLASS 'E' - ASS'T PROFESSIONAL AND ADMINISTRATIVE - SALARY Drs 16,000

Ass't Warehouse Manager
 " Requirements Analyst
 " Statistician
 " Office Manager
 " Agric. Rehab. Officer
 " Industr. " "
 " Welfare Specialist
 " Displaced Persons Specialist
 " Chemical Engineer
 " Warehouse Officer
 " Medical Officer
 " Civil Engineer
 " Electrical Engineer

CLASS 'E' - (continued)

Ass't Mechanical Engineer
 " Road Engineer
 " Sanitary "
 " Chemical "
 " Veterinarian
 " Distribution Officer
 " Transport Officer
 " Press Officer
 " Nursing Consultant
 Welfare Assistant
 Research Analyst
 Stores Officer
 Legal Assistant
 Fishing Adviser
 Draughtsman
 Accountant

CLASS 'F' - ADMINISTRATIVE ASS'T & SENIOR SECRETARIAL - SALARY Drs 15,000
AND CLERICAL

Administrative Assistant
 Secretary Translator
 Secretary
 Translator Supervisor
 Jr. Research Analyst
 Assistant Accountant

CLASS 'G' - SECRETARIAL, CLERICAL & CRAFTS SUPER- - SALARY Drs 14,000
VISORY

Chief Clerk (Clerk 'A')
 Translator
 Interpreter
 Supervisor Typing Pool
 Stenographer
 Supervisor of Central Files
 Registrar
 Jr. Welfare Worker (Interpreter)
 Stores Officer (Storekeeper)
 Foreman Mechanic
 Foreman Carpenter
 Junior Accountant

CLASS "H" - SPECIAL GRADE (Skilled Labor) - SALARY Drs 13,000

Electrician
 Carpenter
 Sign-Writer
 Driver
 Head Cook
 Nurse
 Fishing Assistant
 Mechanic
 Plumber

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CLASS 'I' - CLERICAL AND GENERAL OFFICE HELP - SALARY Drs 12,000

Statistical Clerk
Clerk Grade 'B'
Typist
Receptionist
Telephone Operator
Clerk Typist
File Clerk
Record Clerk
Accounting Clerk

CLASS 'J' - GENERAL HELP AND UNSKILLED LABOR 'A' - SALARY Drs 11,000

Watchman
Cook
Caretaker
Storeman
Warden
Electrician Helper
Duplicating Supervisors

CLASS 'K' - GENERAL HELP AND UNSKILLED LABOR 'B' - SALARY Drs 10,500

Laborers
Porters
Waiters
Maids
Duplicating Clerks
Clerks Grade 'C'

CLASS 'L' - GENERAL HELP AND UNSKILLED LABOR 'C' - SALARY Drs 10,000

Cleaners
Messengers
Office Boys

SUMMARY OF ALL PERSONNEL EMPLOYED BY
OR OTHERWISE ATTACHED TO GREECE MISSION
AS OF JUNE 30, 1945.

1)	Imported (01) personnel including attached budget line voluntary society personnel and military attachments	326
2)	Greek (02) personnel	816
3)	Voluntary society team unit personnel	307
Grand Total		<u>1,449</u>

Analysis of Personnel by Country of Origin

	<u>Imported</u>	<u>Local</u>	<u>Voluntary</u>	<u>Total</u>
Greece	3	816	0	819
Great Britain	99	0	223	322
United States	+ 206	0	0	206
Canada	8	0	0	8
Poland	5	0	0	5
France	1	0	0	1
Belgium	1	0	0	1
Egypt	2	0	30	32
New Zealand	1	0	0	1
Australia	0	0	24	24
Palestine	0	0	30	30
	<u>326</u>	<u>816</u>	<u>307</u>	<u>1,449</u>
	===	===	===	=====

+ Includes 51 attached American Voluntary personnel occupying budget lines.

Administrative Services Division
BUREAU OF FINANCE AND ADMINISTRATION

COMMUNICATIONS.

Cable Room.

During the quarter April, May, June, 1945, cable traffic has shown a continuous and rapid increase. During the whole of this period the biggest problem has been to achieve and maintain the necessary staff. It was necessary to call upon the Military to lend us assistance in the shape of seconded military personnel, and we were fortunate in securing some first-class clerks who were familiar with this kind of work and were also excellent typists, but we have had to anticipate the need for replacing them sooner or later, and this has not been an easy process. This was particularly difficult because the amount of work has needed constant revision of staff requirements. The monthly figures for signals handled were as follows:

	<u>MARCH</u>	<u>APRIL</u>	<u>MAY</u>	<u>JUNE</u>
Total Incoming	297	694	952	1087
Total Outgoing	179	812	1225	1239
Cables to Washington	23	86	161	222
Cables from Washington	35	80	108	151
Cables to London	5	39	143	231
Cables from London	1	31	94	175

During April congestion through the Military channels both within and without Greece began to cause serious delays in transmission. However, the Greek Government cable system began to open up and was able to relieve the Military system of all cables to London and Washington, which were not of a security nature and could, therefore, be sent in clear. Some internal stations within Greece were also opened up and these were used in the same way. Owing to the absence of UNRRA ciphers it was still necessary to send all signals which were of a security nature, and which therefore had to be encoded, through Military channels.

During the latter part of June ciphers were issued in UNRRA Headquarters and all Regional Headquarters, and instruction in their use was given to selected personnel so that now (July) all signals which need encoding are dealt with by our own personnel.

MOVEMENTS.

During the early part of the quarter the arrival of considerable additions to the imported staff and their onwards routing to Regions continued to be the biggest item.

Figures for the quarter were as follows:

	<u>MARCH</u>	<u>APRIL</u>	<u>MAY</u>	<u>JUNE</u>
Arrivals in Athens Total	57	127	67	104
<hr/>				
Departures from Athens:				
by Sea	16	24	37	32
Air	25	23	44	33
Road	49	93	56	39
	<hr/>	<hr/>	<hr/>	<hr/>
Total	90	140	137	104

Since the termination of the war in Europe there has been heavy congestion of all means of transportation returning to U.K. or U.S.A. with a consequent difficulty in obtaining allocations of vacancies to UNRRA personnel leaving Greece for these destinations. Furthermore, the theatre clearance required by the military authorities is sometimes achieved only after weeks of delay and the sending of many signals.

Movements between the mainland of Greece and the island groups, and within the island groups themselves continues to be unreliable and to some extent hazardous. Application has been made for ML's and similar vessels to be allotted to UNRRA exclusively for the purpose of inter-island communication.

Movements of personnel by road were made easier from April onwards by some increase in our transport strength due to the handover of ML vehicles. Personnel movements have been prejudiced by the allotment of a lower relative priority generally speaking than Military personnel received.

POSTAL SERVICES.

The British Military Authorities have withdrawn from certain Regions with the result that mail communications previously available to us no longer exist. We have, therefore, had to use what other facilities have been available and to supplement these with our own services wherever possible. The Greek civil post organization is being restored and will greatly simplify this problem. We have been able to help the Greek authorities reciprocally by carrying mail for them.

OFFICE MANAGEMENT.

Office Space.

Towards the end of April the solution to our space difficulties was found by the allocation of the whole of the 5th floor of the Military Headquarters Building.

Purchase of supplies, stationery and office equipment.

The consumption of stationery has been very heavy during this quarter and our sources of supply have been somewhat strained. Some supplies from the States have now (July) just arrived. If this is maintained on a three-monthly basis the supply situation will be greatly eased.

Typewriters have been difficult to obtain. Owing to a serious shortage in AFHQ it has not been possible to procure any more machines through army channels. A good number of machines, therefore, remain on hire from local firms and the cost in total is considerable. Indications are that a few machines may shortly arrive from the States, and the Middle East Office have also informed us that they will be sending a further supply as the Middle East Office reduces in size. Application has also been made for an allocation from the equipment of this kind understood to have been captured in Crete.

COMMISSARIAT DEPARTMENT.

Ration supplies and distribution.

During May the Military authorities tightened up considerably in connection with the issue of rations and discontinued the concessions previously granted by which we were enabled to draw rations for our civilian hotel staffs and also for the use of civilian employees in transit. This has necessitated some modification of our arrangements

with

with hotels. Further the information was received during May and June of the operation of the Field Mission Stores and preparations have been made accordingly. Washington have laid down that rations and other facilities under this program will not be available to either Voluntary Society personnel or to Greek civilian employees; on this latter point headquarters policy is in line with that of the Military authorities from whom we have hitherto received such supplies, but it is considered essential that Washington and London agree to the issue of basic rations to Voluntary Society personnel who have always depended on us for these supplies. Representations have been made to this effect.

Uniforms and personal supplies and equipment.

Headquarters policy on the issue of uniforms and clothing is still according to latest information unsettled. Uniforms have not arrived. Many of our personnel came here with quite small supplies of clothing and the replacement problem particularly for women is becoming acute. UNRRA policy naturally frowns on an invasion of the local market by imported personnel, and in any case prices are very high. So far as U.K. personnel are concerned it is known that ration cards have been issued for use in U.K. on behalf of personnel stationed in Italy, and strong representations have been made through ERO for an extension of this scheme to Greece. There appears no logical reason why this should not be done. Similar representations have also been made to Washington, as the situation of U.S. personnel is no less acute.

Hotel Arrangements.

In the middle of April and corresponding with the issuance of Living and Quarters Allowances to all UNRRA personnel, relations with the two hotels in Athens were modified so that UNRRA personnel could make their own arrangements as individuals with the hotel proprietors, charges being fixed between the proprietors and the Administration by agreement.

TRANSPORT DEPARTMENT.

Takeover from ML.

The handover of some transport from ML in April, though disappointingly limited in comparison with Mission requirements, at least relieved the situation as it then existed. Strong representations having been made both to Washington and to AFHQ, two allotments of jeeps were made, one of fifty and another of thirty-five. Regions have approximately half of the transport they need to carry on their work.

Additional Transport.

Eight Sedan cars were handed over to UNRRA by Greek War Relief which made a very welcome addition to our transport strength. Two out of five Hudson cars due from Cairo have now arrived and also seven part-worn cars from the U.S.A.

Maintenance and Repair of Vehicles.

Military facilities for the repair and maintenance of transport vehicles have become less available to us, and an agreement has been prepared, though not yet signed, by which the Greek Government will take over and run for the use of UNRRA, the garage formerly used by the JRC and the Greek War Relief. By this agreement UNRRA becomes responsible for seeing that the spares and equipment provided by Greek War Relief are properly employed. The facilities of this garage are already in full use, maintaining all UNRRA vehicles including those of the Voluntary Societies and also load-carrying vehicles handed over by the Greek War Relief to the Greek Government for relief program work. In addition, new vehicles from overseas are assembled here before being handed over to the Greek Authorities.

SECTION IV. - BUREAU OF SERVICE OPERATIONS

Office of Chief of Bureau BUREAU OF SERVICE OPERATIONS

Until recently, the position of Chief of the Bureau of Service Operations was filled by Dr. J. Balfour Kirk, who also served as Director of the Health Division of the Bureau. At present, Colonel G. White is directing the Bureau's operations, in addition to his responsibilities as Senior Deputy Chief of Mission.

The growing volume of coordinational activities essential to the proper integration of the Bureau's functions makes it imperative that a senior official be designated at once to direct this work on a full-time basis.

The Bureau of Service Operations consists of three Divisions, namely, the Health Division, the Welfare Division and the Displaced Persons Division. The operations of these Divisions are described in the following pages.

Health Division
BUREAU OF SERVICE OPERATIONS

INTRODUCTION

The plan for the relief and rehabilitation of Greece envisaged that for a certain period this would be a Military responsibility. At the end of the period of Military responsibility, UNRRA would take over the whole responsibility and operate its own programme.

This plan required very close cooperation between UNRRA and the Allied Military Liaison from the beginning, for the Military plan had to be framed in such a way as to enable the transition to UNRRA's programme to be made smoothly and expeditiously when the time came for the transfer of responsibility from one administration to the other. Practically the whole time spent in Egypt prior to the entry into liberated Greek territory was devoted to joint planning.

When the main body of A.M.L. entered Greece in October, 1944, it had a number of the Health Division's staff as members of its establishment, undertaking relief operations as well as being "observers" with regard to the functions of the posts of A.M.L. which they would ultimately take over when the period of Military responsibility came to an end.

The outbreak of hostilities in December, 1944, upset all preconceived arrangements and almost brought relief work to a standstill. A large part of the Mission was evacuated by air to Egypt, though a number of the Health Division Staff remained and were able to do much useful work.

THE HEALTH DIVISION'S PROGRAMME

The nature of events until the cessation of hostilities, and the presence of the Military Liaison plan, had prevented the Health Division of UNRRA from formulating any definite plan of its own operations. The Nursing Section knew what it meant to do, as also did the Sanitary Engineering Section. But there was no opportunity, until February, for making a comprehensive survey of needs in the light of local conditions, and of devising a comprehensive plan to meet those needs.

Accordingly, in March, after the relationship of UNRRA to the Government had been defined by the agreement, a broad programme of operations was drawn up and the establishment necessary to carry it out was indicated.

CONSTITUTION OF THE DIVISION

In order to carry out the plan the Division has been constituted on a sectional basis, each section of which deals with policy, and staffing under the general direction of the Director. The work itself is planned upon a regional basis, under the general administrative direction and responsibility of the Regional Director who is provided with medical, sanitary and nursing staff.

The sections entering into the composition of the Health Division are: Nursing Services, Sanitary Engineering, Tuberculosis, Rehabilitation of the Disabled, Nutrition, Medical Supplies, Laboratory Rehabilitation, Hospital Administration and Malaria Control. The last two sections have not yet been staffed.

DIRECTOR'S OFFICE

The main activities during the quarter have been largely devoted to planning, the drafting of directives and certain informational memoranda and making the Mission's policy known to the Ministry of Health.

MEDICAL

MEDICAL SERVICES

An early need was the provision of adequate means of taking care of the UNRRA overseas staff. In the Regions this duty was imposed upon the Regional Medical Officers and Nursing Staff. In Athens, where the Headquarters are situated, it was thought advisable to make special arrangements. Proposals were therefore made for the establishment of an M.I. room and for the hiring in one of the best hospitals in Athens of three small wards for the treatment of hospital cases. Application was made for one physician to take charge of this service and four nurses. Pending the arrival of the physician, Dr. A. Mendeloff, the leader of the Section on Nutrition, was detailed temporarily for this duty, and action regarding the renting of hospital wards was held in abeyance. Unfortunately it has not yet been possible to obtain the physician intended for this service, and the work of the Nutrition Section has been seriously impaired thereby.

From May 1st until June 30th the number of cases treated by this service, excluding hospital cases, is 329.

DENTAL SERVICES

For the overseas staff there were ensured by making an agreement with Dr. T. J. Mavrogordato, M.D., D.D.S., whose work has been entirely satisfactory.

MEDICAL LIBRARY

Through the cooperation of the University of Athens, the United States Information Service and the British Council a reference library containing such modern medical books and periodicals as are available has been established in Athens for the use of all members of the profession. Similar arrangements are being made in Salonica.

NURSING SECTION

By April 1st the Regions had opened up, and everyone except Region "H" had its Regional Nursing Consultant at work. Today there are 48 UNRRA nurses and 12 Voluntary Society trained nurses in the Greece Mission.

Problems to be met

There is an acknowledged shortage in Greece of trained nursing personnel and an over-concentration on personnel in Athens. Standards of employment and welfare of both trained and practical nurses are poor and have deteriorated during the occupation. There is no law controlling the profession, and the good midwifery law which is on the statute books has fallen into disuse. The first duty of the Nursing Section is to assist the Greek Government and other nursing authorities to provide a sufficient number of nursing personnel to staff the health institutions. To insure that all such personnel have the minimum preparation to carry out their duties satisfactorily and to establish a state-wide organization for recruitment, training and employment that will enable continuous progress in standards, is an equally important part of our programme.

Methods of approach:

Each Regional Nursing Consultant is charged with the duty of promoting the organization of a nursing service, through stimulation of the local authorities and local volunteer agencies. She selects key institutions and health agencies and concentrates effort on the training of local personnel for simple nursing duties. For this purpose she must have trained Greek nurses in key positions to supervise the work and undertake the training. This recruitment of trained personnel has to be done

centrally

centrally but is instigated by direct request from the responsible Greek authority to the Government or to the Greek Red Cross.

Although the UNRRA nurses in the Regions have had initially to do some of the nursing duties and teaching themselves, because of the lack of trained personnel, the object is always to demonstrate methods and to hand over to qualified Greek nurses.

The Public Health Nursing Advisers are placed in outlying towns covering the surrounding villages as far as possible and acting as eyes and ears for the Health Department in that district. The Regions cannot be covered entirely at one time, but the intention is that each Public Health Nursing Adviser moves on to another district as soon as activities are in progress, leaving subsequent follow-up to the Regional Nursing Consultant.

SUMMARY OF ACTIVITIES:

All Regions, except Region "H", have been surveyed and the nursing plan formulated. Every Region has made an estimate of the minimum number of Greek nursing personnel required to commence the nursing activities in which UNRRA nurses can assist. On the basis of this information a Nursing Estimate is being prepared for submission to the Greek Government as a "Relief and Rehabilitation Project".

Regional Nurses are in the meantime assisting in the distribution of hospital equipment, in the improvisation of nursing equipment for hospitals, in organizing local teams for skin-treatments, immunization in villages, school medical examinations, child health stations and milk distribution centres.

The Midwifery Training School in Athens has been studied and assistance given in opening a new class and recruiting students. The work of midwives in Crete, Thessaly, Peloponnese and Salonica has been surveyed. Interest has been stimulated in modern techniques by conference and home visits and equipment has been given to some rural midwives after instruction on its use.

Plans have been developed for the re-opening of the State School of Midwifery in Athens and a new school in Salonica.

The three Training Schools for Nurses in Athens have been stimulated to take more students and to admit groups more frequently. Assistance has been given in recruitment.

Special work is being done in the State School of Public Health Nurses and in the Hippocrateion Hospital in Athens to enlarge the scope of the school and to improve its hospital affiliations. Plans have been developed for the re-opening of the Nurses Training School in Salonica.

A nurses' Advisory Committee composed of the leading Greek nurses meets fortnightly in Athens to assist the Chief Nurse and to authorise new developments. It has drawn up an outline for a three months training in simple nursing procedures for practical nurse aides and authorised its use. Courses of this nature are being arranged in Athens and in five other Regions in cooperation with the UNRRA nurses.

Close liaison is maintained with the Medical Director of the Ministry of Health and every step is discussed with him. On the representation of this Section he has appointed a graduate nurse to work in his Department and she now undertakes all recruitment and placement of nursing personnel for the Government.

He has drafted a nursing law establishing a Nursing Department in the

Ministry

Ministry of Health, defining its scope and providing for a re-grading of nursing personnel in the State Service. This law is now being translated into English and he has requested advice on its provisions.

The Graduate Nurses' Association of Greece has been assisted to re-open its activities and the Nursing Section is by invitation helping in its reorganization. The Florence Nightingale Memorial Committee of Greece has been assisted to reform, and the centralization of all scholarships for Greek nurses to study abroad is expected to be carried out by this Committee.

A sub-committee of the Nursing Advisory Committee is working on the production of Greek textbooks for nurses.

At the request of the Nursing Advisory Committee the Athens Education Adviser is to give instruction to graduate Greek nurses on new nursing procedures and methods of administration.

Close liaison is maintained with the Nursing Division of the Greek Red Cross and the Directress of this Division has, by invitation, visited Regions "A", "B", "C" and "E" to assist in the re-organization of Volunteer Nurse Corps there.

The assignment of nurses to the Greece Mission has lagged badly behind the developing programme. In a short-term programme, where every month is of importance, it is a serious handicap to have new personnel arriving in the middle of the term of work who still have to learn the local problems and the machinery of the Mission.

NUTRITION SECTION

The work of the Nutrition Section since its establishment in the Greece Mission has largely followed three different, although related, lines of action. In none of these three categories have its activities been characterized by the detail, persistence and vigor required to investigate so complex a problem as the nutritional status of the Greek people, and to aid in ameliorating the defects of their previous and present dietaries.

In the field of nutritional surveys the Section has managed to obtain first-hand data in nearly two-thirds of Greece, but these data are based on very small samples and cannot be accepted as representative without some reservations. An attempt has been made to secure the simplest sort of anthropometric data on children from many parts of the country, and to analyze these data with reference to the unreliable pre-war data and with present data from other parts of the country. This is proceeding in a satisfactory manner. It must be emphasized that these techniques are inadequate to deal with the basic problem they are attempting to attack.

In the capacity of Consultant, the Section has been of some service, in particular to the Food Division and to the Welfare Division of UNRRA. Literature has been prepared on the use of certain imported foods, new foodstuffs have been experimentally tested, dietary analyses have been made, and advice has been given on the broad purposes and specific details of supplementary feeding programmes. On the basis of nutritional surveys, alterations have been made in the rations allocated to several regions.

A new list of foods for hospitals and out-patients was prepared by the Section. More recently, the Section has undertaken the major portion of the technical aspects of a nation-wide school-feeding programme, in collaboration with the Ministry of Education and the Greek War Relief Association. In sum, the consultant functions of the Section, although

not

not properly organized, have been the most generally satisfactory phase of its operation.

With regard to its broadest aim, the organization of a national nutrition programme in Greece, the Section has met with no success. All attempts to set up a national coordinating body on food and nutrition have been unavailing, not because the idea is opposed, but because the Greek Government is not administratively organized to support such a programme, nor has it adequate personnel with which to begin to operate.

TUBERCULOSIS SECTION

The UNRRA Tuberculosis Department was inaugurated on March 16, 1945. Prior to that period no intensive investigation had been made of conditions in Greece in the tuberculosis field, although Regional Medical Officers and nurses had supplied useful information.

The first objective was to make an assessment of the position in which Greece found itself with regard to methods of diagnosis and treatment of the disease. Following many visits to Dispensaries in Athens and Salonica, the Tuberculosis Specialist was able to furnish a preliminary report towards the end of May, 1945, in which he recommended the establishment of tuberculosis teams, five in number, each team comprising a doctor of experience in tuberculosis, a nurse a clerk and a technician whose services would be available from time to time with each team. The preliminary assessment was submitted to London and Washington and has been approved by UNRRA and also by the Greek Government.

Since the preliminary report, visits have been made to Crete and to the Peloponnese and Western Greece, and special reports on the findings resulting from these visits have been incorporated in communications sent to E.R.O., London.

The technique used in investigating the tuberculosis problem in Greece is perhaps worthy of notice. We did not go in the first instance to the permanent officials of the Government. It was considered advisable to interview firstly professional colleagues in Hospitals and Dispensaries, and to obtain their views on the problem as a whole. When this was done it was then relatively simple to proceed to Government departments with views and opinions which were the sum-total of professional opinion of UNRRA experts and Greek professional classes.

Investigated and advised by this department a National Tuberculosis Association of Greece has been formed with representatives of the Government on the Board of Foundation members. This organization will function officially as soon as legal formalities have been completed, and affiliation to the International Union will be sought in August, 1945.

On every possible occasion opportunities have been taken to visit institutions and visit the wards in clinical and administrative consultation. A series of lectures on "Modern Methods in the Diagnosis and Treatment of Tuberculosis" have been given by the Tuberculosis Specialist to excellent attendances of doctors at the largest Sanatorium in Athens. He has been invited to address the medical faculty in Athens at the end of July on the same subject, in more general terms.

Representatives of the Section have visited all Dispensaries and Sanatoria at present available for the treatment of Tuberculosis in Greece with the exception of two small institutions in Syros and Mytilini, which will be visited later.

Perhaps the most significant advance made during the three months has been in the negotiations carried on with the Greek Ministry of Health.

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The present Minister, and his chief permanent medical officer, have agreed in principle to the establishment of a special Tuberculosis Department at the Ministry of Hygiene.

LABORATORY REHABILITATION SECTION

The Bacteriologist arrived in Greece on March 15, 1945. After making essential professional contacts he visited eighteen institutions in the Athens and Piraeus areas. Lists of supplies needed by all these institutions for a period of six months have been furnished.

As none of the laboratory supplies expected by UNRRA have yet arrived, the bacteriologist had, to begin with, to improvise in order to solve some of the minor problems and improve the condition of work in the various laboratories.

The lists of supplies asked for by the various institutions in Athens are being sorted at present, but no steps can yet be taken until the expected supplies arrive.

As a temporary measure, it has been suggested to have such glassware items as Petri dishes, test tubes, pipettes, Ehrlenmeyers, flasks, etc. made locally.

Nine institutions were visited in Salonika. In the rest of Macedonia hospitals in seven towns were inspected. In Thrace four hospitals were inspected, and in the Peloponnesus ten institutions were visited.

About twenty guinea pigs ordered from Italy for the Greek Government laboratories have recently arrived in Athens. They have been delivered to the Central State Laboratory against receipt.

MEDICAL AND SANITARY STORES SECTION

During the occupation of the country by enemy forces, medical supplies reached Greece and were distributed by traders who derived their supplies from Italy and Germany, and by the International Red Cross Organization operating through the Swiss Mission who received supplies from allied and neutral sources and distributed them, gratis or on payment of a small fee, through an organization consisting of local committees appointed by the Joint Red Cross Organization. An elaborate system of checking the issue and use of supplies was set up, Swiss doctors being appointed for this purpose.

This organization was known in detail to the Allied Military Liaison when plans for liberated Greece were being made, and it was decided to use the existing organization for distribution so far as circumstances permitted. But, as it was expected that the main ports of the country would be available for use, a regional basis of distribution founded upon the area which might be served by each port, was evolved. Each Regional Medical Stores Depot would be under the control of the Central Medical Stores Organization in Athens, but would have a large measure of autonomy.

It was realised that medical stores required trained personnel for their handling, and provision was made in the A.M.L. plan accordingly. When it became known that such personnel could not be made available from Military sources, we were invited to supply them. The Health Division accordingly made application for the necessary number of medical storekeepers, but this application was disallowed in the Balkan Mission and those officers were not obtained.

The outbreak of the rebellion disorganised the arrangements previously
made.

made. Medical stores were being held in appreciable quantities by the Greek Red Cross and the Swiss Red Cross as well as by the Medical Stores Department of A.M.L. The Government were consulted and the decision was reached that all medical supplies in the country, other than those held by pharmacists, should be considered as constituting a pool which would be under the management of the contributors whose representatives would form an allocation committee to be known as the Joint Medical Supplies Committee. This was accordingly done and the committee duly established by the appointment of one representative each from the Government, A.M.L., UNRRA, the Swiss Red Cross and the Greek Red Cross. The Medical Requirements Specialists were appointed executive secretaries of the committee, and it was their duty to ensure that allocations made by the committee were distributed in accordance with the committee's decision.

The regional basis of allocation was the Joint Medical Supply Sub-Committee appointed by the Central Joint Medical Supply Committee for this purpose. These Committees were based upon the Regional ports and their duties were the allocation within the Region of supplies allocated to them by the Joint Medical Supplies Committee and shipped to the ports concerned. The Joint Medical Supply Sub-Committees were constituted in exactly the same way as was the main committee in Athens by the appointment of the Government Health Officer as the Government's representative, of the UNRRA - A.M.L. Regional Medical Officer to represent UNRRA, and of the local representative of the Greek Red Cross or Swiss Missions representing these bodies.

These committees in turn made allocations to Government Institutions and Dispensaries in the Region or, for general civilian relief, to small local committees appointed by the Government - UNRRA - A.M.L. representatives with the concurrence of the Red Cross Societies participating.

But the absence of trained storekeeping staff became very acutely felt by the Regional Joint Medical Supply Sub-Committees who found that they had no one capable of handling and accounting for the materials which they received. As an emergency measure, personnel belonging to the Medical Stores and Transport Unit, which was staffed by British voluntary workers, were assigned to those stores for storekeeping duties. They were able to cope with the flow of supplies through the stores, but no proper account of them could be kept. Accordingly, on April 1st, when the period of UNRRA responsibility began, A.M.L. were obliged to admit that there was no record available of the quantities of medical supplies received during the period of Military responsibility and, consequently, no accurate idea could be formed of the balance which might be expected to be shipped during the subsequent quarter, out of the allocations originally made to Greece in the approved Balkans relief plan. In spite of these difficulties and deficiencies, emphasis has throughout been placed on the importance of having these stores distributed to the Regions and into the country by every possible means. That this has been accomplished in a reasonably satisfactory manner, reflects great credit upon all concerned.

During the period under review, practically the only medical supplies received into the country have been the balance of the Military allocations. In the latter part of June, however, small quantities of UNRRA supplies were beginning to arrive and it is expected that the volume will rapidly expand.

SECTION FOR THE REHABILITATION OF THE DISABLED

The Near East Foundation was desirous of instituting, in cooperation with the Government and with UNRRA's assistance, a centre in Greece

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for the rehabilitation of the injured. As this was an objective within the scope of UNRRA's policy, UNRRA acceded to the Near East Foundation's request for cooperation, and Miss Bell Greve was provided by UNRRA to act as Consultant in all matters appertaining to the rehabilitation of the Disabled.

On her arrival in Greece on April 9th, there was created in the Health Division a special section for the rehabilitation of the Disabled. It is a tribute to Miss Greve's energy and industry that the Rehabilitation Centre proposed by the Near East Foundation was able to begin operations on June 21st.

So far as the Rehabilitation Centre is concerned, this is a joint enterprise: The Government providing quarters, utilities and cleaning; The Near East Foundation all staff and maintenance and UNRRA programme planning, some materials and supplies.

The programme of artificial appliances is a serious one. The Government will assume responsibility for all ex-soldiers and for other civilians who cannot afford to pay. UNRRA will supply the temporary services of an expert technician in artificial appliance making, modern models and materials; the Government will provide the labour costs, and the Rehabilitation Centre medical supervision and follow-up walking training.

The Hellenic Society for Crippled Children has obtained through UNRRA the services of a trained physical therapist furnished by the Near East Foundation, which has enabled it to expand its programme. A reception centre or semi-convalescent home will be maintained for crippled children from various parts of Greece as soon as quarters can be secured.

Occupational therapy activities have begun in two large tuberculosis sanatoria. Volunteers are undertaking the work under the leadership of this section.

Much time has been devoted to the affairs of disabled ex-soldiers (veterans), and steps have been taken to aid the Government in dealing with the serious problems to which they may give rise.

The National Institute for the Blind (London, England) will furnish for two months, under UNRRA's auspices, a specialist to help in the development of special workshops for the blind.

SANITARY ENGINEERING SECTION

The month of November, 1944, was spent in making a study of actual conditions in Greece from the standpoint of general sanitation and malaria. A study of the State malaria control organization was made, and it was ascertained that this was to all intents and purposes intact, but that its members and their families were assembled in Athens and Salonica. There was no material available with which control measures could be started, but such equipment as was at hand was worn out or at least badly in need of repair. The programme which was in progress was estimated to give protection to six hundred thousand rural and four hundred thousand urban inhabitants.

It was felt that control could be obtained by the use of recently developed technique and materials to the extent of providing, with a lesser staff, protection to three and a half million rural population and six hundred thousand urban.

The plan which was accordingly drawn up in collaboration with the

Government

Government Malaria Organization envisages an all-out attack against malaria-carrying mosquitoes in both their larval and adult stages of growth. In the attack against larvae it is intended to make full use of aircraft, specially equipped for the aerial distribution of larvicide over the numerous marshlands occurring in the country, as a supplement to hand distribution in areas in which the use of aircraft would be impracticable, or would be undesirable on account of the danger to insects of economic importance. In the latter connection the cooperation of the Ministry of Agriculture has been sought in delineating areas where distribution of larvicide from aircraft should not be undertaken.

The mosquito-control measures are reinforced by treatment provided by ten physicians employing other helpers and general practitioners in malarious areas. Anti-malarial drugs are issued free of cost to inhabitants of the endemic areas.

After a number of false starts provision was made eventually for the necessary funds. A number of hitches occurred which were overcome, and there are now 140 projects under way, which number will increase in proportion to the provision of supplies and of means of transportation, both of which are still totally inadequate.

In the initial steps of operation British Army Malarial Units in several parts of the country gave most valuable help to the UNRRA-Government organization; without them operations could not have been instituted in certain areas at all.

Special arrangements made for the acceleration of the provision of equipment and supplies did not succeed in enabling anything to reach Greece by the end of June. Ten aircraft have, however, been purchased in the United States, and it is hoped that they will be received in time for use during 1946, since it is unlikely that they can now arrive in time for any effective work during the present season.

Estimates have been prepared and submitted of material and equipment for general sanitary work.

A number of lectures have been given at the School of Hygiene to doctors, engineers and inspectors on the various uses to which the new insecticide D.D.T. may be put in general hygiene.

VOLUNTARY SOCIETY TEAMS

An important part of the relief stage of operations is to furnish relief to communities living upon what might be termed the periphery of administrative areas. Such communities are apt to find difficulty in obtaining supplies unless special measures are taken on their behalf. In Greece it happens that the hill villages suffered greater devastation by the war and subsequent occupation by enemy forces than any other communities in the country. To bring medical relief to such places two units were designed and equipped by the Allied Military Liaison to be operated by personnel assigned for the work by Voluntary Relief Societies. These units were (1) the Mobile Hygiene and First Aid Unit, comprising 13 persons and designed to render first aid in sanitation, immunization and general medical care to devastated areas, and (2) the Mobile Medical Clinic, comprising 6 persons, designed to offer general medical practitioners and minor nursing services in areas which have had a preliminary treatment by the Mobile Hygiene and First Aid Unit. Each unit operates its own transport and is completely mobile.

Unfortunately the number of such units required by Allied Military Liaison was never attained so that the scheme of operation outlined above could not be adhered to and the M.E.F.A.U. and the M.M.C. were employed frequently upon such work as presented itself and was within

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the capacity of the unit. Their main task has been immunization of the population against the diseases prevalent in the area, or which might be introduced, such as typhoid fever and smallpox; the treatment of such widely distributed infections as scabies or disinfection of groups from lice and kindred matters.

There were in the field by the end of June, performing the work described, ten units of this nature staffed by voluntary society personnel, whose maintenance was undertaken. In addition to these, working in association with, but operated by Greek personnel under the auspices of the Greek War Relief Association, there were six Mobile Medical Clinics. Princess Frederika's Fund, working in association with the Greek Red Cross but independently of any central administrative relationship with UNRRA operate also with Greek personnel nine Mobile Medical Clinics in association with the Medical Officer in the regions, but virtually independent of him. Those teams have been instrumental in bringing relief to places quite beyond the range of the Government's administrative services which are only now beginning to operate with some degree of efficiency in the more accessible parts of the country.

Mention should also be made of the large Medical Stores and Transport Unit, a unit comprising 36 persons and operating 12 transport vehicles. The primary function of this unit is to act as the feeder of the other field units by replenishing supplies. As, however, supply was organized upon different lines, the unit has been largely employed upon the operation of Regional medical stores and the transport by road of supplies from the central medical store to those of the Regions.

No relief operation could be operated successfully without mobile units of this kind, and it has been almost entirely owing to the efforts of these units that the distribution of medical supplies and relief have reached those in most acute need of them.

REVIEW

The foregoing paragraphs touch only the main achievements of the Division, and it is left to the imagination of the reader to interpret the factual account in terms of the number of interviews, memoranda and other means of obtaining results. The results are reasonably good; it is only when one realizes how much better they might have been if adequate staff and transportation had been provided at the proper time, that one feels that opportunities have been lost and that the programme has not gone with the swing which the energy and enthusiasm of the staff would have imparted to it, had the means of so doing been placed at their disposal.

Welfare Division
BUREAU OF SERVICE OPERATIONS

The first UNRRA Welfare Officer landed in Greece on 16 October 1944, and the main body of the Welfare Division arrived on 15 November. Work was immediately begun on reconnaissance to determine relief needs and to gain familiarity with existing resources.

The need for an adequate governmental organization for handling relief and public assistance became immediately apparent and a basic public assistance program was formulated in conference with capable Greek people, and submitted to ML, and with ML's approval to the Greek Government the latter part of November. This plan received the support and approval of ML, UNRRA and Allied Governments, Economic and Fiscal Advisors on 1 December. It had already been approved by the Ministry of Welfare and was to be submitted to the Minister of Finance on 4 December. On 3 December the revolution began and on 4 December there was no Minister of Finance.

Of necessity, work for the establishment of a basic welfare plan had to be postponed and the entire staff thereafter devoted its attention to emergency welfare services. In the absence of any functioning governmental welfare agency, this work was done largely in support of the Joint Relief Commission and other functioning relief organizations.

Because of the very high respect for UNRRA held by the Greek people, the UNRRA workers were able to move freely through battle lines and were therefore able to reach areas which were inaccessible to the Military Liaison. In the midst of bitter and bloody civil war, UNRRA and Joint Relief Commission (JRC) neutral observers were the recipients of an amazing amount of cooperation from all sides. On condition that UNRRA and neutral observers should accompany each convoy, the ELAS provided drivers and safe-conduct for convoys which drove into ELAS territory, secured food from ELAS-held warehouses and made distributions both in ELAS and Government territory. The ML made available medical and other supplies from ML warehouses in Government-held territory and permitted their distribution in both ELAS and Government-held territory. The Government facilitated the movement of supplies going out into ELAS territory as well as that coming into Government-held territory.

At the time that the Military decision was made to evacuate UNRRA personnel, all of the Welfare Staff sent a protest to the Chief of Mission against the Division leaving Greece at a time when there was so much distress and suffering. Permission was granted by the Military for the Health and Welfare Divisions to remain. All the Welfare personnel remained, and the staff was supplemented by eleven other persons who were selected from a much larger number who volunteered to remain. The Welfare staff was further supplemented by a hastily recruited Greek staff, both paid and voluntary. These additions brought the total staff to about 90.

In

In the midst of the fighting when the people were dying because vehicles were not available to move food into areas where they were starving, thirteen voluntary society workers arrived with 20 trucks. These vehicles were immediately pooled with other available vehicles and the pool was supervised by the voluntary society personnel. The arrival of these vehicles at a time when they were so desperately needed greatly increased the effectiveness of the work.

The type of work accomplished included the transportation of ML and JRC foodstuffs and medical supplies to hospitals, orphanages and preventoria; the removal of bodies to morgues and cemeteries; the evacuation of children, sick and wounded people from areas under fire to less exposed locations; the conveying of foodstuffs for general distribution from ELAS-held warehouses to Government territory and other supplies from Government-held warehouses to distribution points in ELAS-held territory; and the distribution of milk and child feeding supplies to childrens' canteens. Transportation was provided for over 2,000 released hostages and refugees to their homes.

As a number of the vehicles had been put out of commission by mines, hand grenades and machine gun fire, the International Red Cross threatened to withdraw the right of using its symbol due to the fact that it was not being respected by the combatants. To meet this emergency the Welfare Division designed, what we believe was, the first UNRRA banner to be used in the field. It consisted of a blue "UNRRA" in a red circle, on a white background.

Although one of the workers was blown out of a truck when it hit a mine, and many other persons had narrow escapes, there were no serious casualties amongst the Welfare staff.

Following the revolution, the Welfare staff, for the most part, left immediately for the provinces. Emphasis continued on helping to get food to areas which had been cut off during the revolution. In many areas Welfare personnel were the first to enter after the revolution. In the Peloponessus, through the efforts of the Welfare staff, the child feeding program was resumed. Food and clothing were provided to institutions and jails.

At the end of March the staff was close to the point of exhaustion but had the conviction that they had had a rare privilege of providing vitally needed service to the Greek people at a time of dire distress.

ROLE OF WELFARE DIVISION.

After 1 April 1945, with the signing of the Agreement between UNRRA and the Greek Government, the Welfare Division assumed their duties of advising and counselling the appropriate Greek authorities in the following:

- I) Methods of determining need for food, clothing, and shelter and programs for authorizing assistance in accordance with such needs;

2)

- 2) Programs for the care and protection of children, especially those without parental care and support;
- 3) Programs for rehabilitation through the re-establishment of occupational training and home industries;
- 4) Programs for returning internally displaced persons to their homes and land.

The Division was organized so that at Headquarters, in addition to the Director, there were specialists in the various fields mentioned above, with one specialist in charge of a field service section to ensure the steady flow of material between regional and Headquarters offices. All the rest of the staff worked in the regions.

Most of the work at Headquarters level involved close relationship with governmental officials, mainly those of the Ministry of Welfare. It was through these relationships that plans for Welfare programs, the executive responsibility for which lies with the Government, were developed jointly with UNRRA technical assistance.

NEED FOR PUBLIC WELFARE PROGRAM.

Under the UNRRA-Greek Government Agreement, responsibility for meeting the basic welfare needs of the people rests with the Government. The needs for food, clothing, and shelter on the part of the Greek people who suffered such extreme hardships as a result of the war and occupation were tremendous. In view of the short supply of these basic essentials it early became apparent that in order to carry out their responsibilities effectively, the Government would have to set up a nation-wide welfare organization. Through this organization the relative needs of individuals could be assessed so that imported relief goods could be equitably distributed among the population regardless of their purchasing power. This program could become the basis for a broad public welfare program ensuring not only relief to destitute persons but also social services in the field of child welfare, occupational training and home industries, and refugee movements.

The Welfare Division, being forced to establish priorities for itself since it had far less than its full complement of staff, placed N°. 1 priority on a Public Assistance Program. Therefore, in the beginning practically the full time of the staff at Headquarters was devoted to this basic program, and it is only recently that the functional fields have been emphasized.

PUBLIC ASSISTANCE.

In Greece there has never been a country-wide governmental organization for carrying out basic public responsibility with respect to caring for persons who are without resources. Traditionally, the family, the church and private organizations have been responsible for most of the relief activities in Greece. The limited financial resources of the various private organizations have made it necessary for them to restrict their aid to rather narrow classifications of people, with the result that for many groups there simply existed

existed no provision. In all there are over 2,000 private charitable organizations in Greece, but most are completely without adequate resources for carrying out their work.

The lack of any country-wide basic governmental welfare organization made it impossible for the Government to carry out some of the basic UNRRA Resolutions.

To correct this situation the Greek Government is developing, with the technical assistance of UNRRA, a nation-wide public assistance program. The first step was the enactment on 14 June 1945 of a law creating, in each of the 39 provinces, provincial welfare centers or departments. In subsequent decrees and directives the Government has authorized these centers to establish an adequate public assistance system and to develop and coordinate a modern public welfare program.

Purpose of Public Assistance Program.

The public assistance law and decree provide that any person in Greece who does not have sufficient income and resources to provide himself and his dependents with the basic necessities of life is entitled to receive public assistance.

Local Committees.

There is established in each parish a local committee to which a person may apply for assistance. The local committee consists of the priest, the school teacher, and three notable citizens residing in the community. If the local committee finds the person is in need they may authorize assistance immediately. Such aid may be in the form of food, clothing, medical care or supplies, or social services, either free or at reduced prices.

Appeal.

Any person dissatisfied with any decision of a local committee may appeal to a secondary committee. These appeal committees have authority to modify the original decisions. The appeal committees are accessibly located and a judge serves on each committee.

Records.

The facts upon which decisions are made must be recorded by the local committee upon forms provided by the Ministry and these records are available for inspection by appeal committees, inspectors of the Ministry of Welfare, and UNRRA.

Provincial Welfare Department.

The work of the committees is supervised by the provincial departments of welfare through branch offices, located generally in each eparchy. In each province a provincial welfare department or center has been established. This agency has broad authority to supervise and coordinate all public welfare work within the province. Most of the authority of the Ministry of Welfare for dealing with

welfare

welfare and public assistance problems is delegated to these provincial departments. The principles of national decentralization and provincial coordination seems likely to result in improved effectiveness and efficiency of administration and service.

Cash relief.

It is recognized that assistance in the form of cash would have a number of beneficial economic results, particularly in provinces where there is a serious shortage of currency. It would also permit the more effective local utilization of indigenous production which would result in a decreased strain upon imported supply and transport. However, the administrative and psychological problems which would be involved in a cash relief program in a country which is accustomed to commodities but has had relatively little experience in cash relief, have been such that it seemed desirable to begin with a program based primarily upon distribution in kind, leaving the matter of utilization of cash until such time as many of the administrative and organization problems will have been met.

The procedures for establishing the needs of individuals provide that this shall be done in monetary terms, so that although at the present time the assistance granted is in the form of authorizations to receive commodities free or at reduced cost, the basis is laid so that the entire plan can be readily converted to cash assistance.

Personnel.

It is estimated that the administration of a public assistance program will utilize the services of approximately 10,000 people. Of this number 8,000 will be volunteers and 2,000 public employees. As there is an over-supply of public employees in the country, most of these posts will be filled by loans or transfers from other agencies so that there will be relatively little additional personnel expense involved in starting the program. The greater part of these employees will be the members of local committees. Most of the remainder will be employed by the 39 provincial welfare agencies. Due to the decentralized character of the program only a small staff will be required by the Ministry in Athens.

The determination of need by local committees has been mainly a matter of exercising common sense, and in most parts of Greece there are available Greek voluntary personnel who have had experience with such committee work. The basing of decisions upon reported and verifiable facts in accordance with uniform instructions and procedures is a new element and in order that it may be done effectively it is necessary for the Government to undertake immediately an extensive training program.

UNRRA has assisted so that Greek training officers from each of the regions are being sent to Athens for short intensive training on the new forms and methods, and they will assist with the organization of the training work within the various provinces. A duplicate set of training officers will be provided so that as one group receives training

training itself it can go to the field and conduct the training work, while the second group is being trained on teaching the next steps. Most of this training work is being done by Greek people with UNRRA providing advice and counsel to the Government.

In June a conference of all regional welfare officers was held at Headquarters. Officials of the Ministry of Welfare participated in the conference, explaining the significance and operation of the new public assistance law. The conference was highly successful, and another one is planned for the near future with Ministry of Welfare representatives participating fully.

Work.

The assistance program is an integral part of the overall plan for full employment.

All applicants for public assistance are required to register for employment wherever public employment offices exist.

Significance.

Through steps taken during the first three months of the UNRRA period, the Government has established a sound foundation for the development of work to effectively meet the basic welfare problems of the country. It has established the principle that the Government has a basic concern and responsibility for the welfare of the people of Greece. The establishment of this principle and of the organization for meeting this responsibility may be one of the most constructive and enduring results arising out of UNRRA's work in Greece.

Economic Implications of Public Assistance.

In the absence of any adequate relief program the Government and industry have had to keep on their payrolls unneeded and unproductive employees whose salaries inflated the costs of government and industrial production. This has proved to be an expensive and inequitable method of trying to meet a relief problem and the resulting high costs of industrial production has been a serious obstacle to industrial rehabilitation and resulted in unreasonably high costs for the consumer. Much of the support which resulted in the adoption of the public assistance program in Greece came from economists, fiscal experts, and supply and distribution people who realized that it was necessary to have a relief program to meet social needs before it would be possible to adopt price, wage, employment and other economic and distribution policies based upon sound economic considerations.

Improvisations for Care of Needy People.

Although advising the Government on the establishment of a basic relief program has been considered of fundamental importance, this work has been carried on by few persons with technical experience, and the greater part of the Welfare staff has been engaged in the provinces in helping to meet relief problems on an improvised basis.

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The facilities which had been developed during the occupation for the provision of material aid to needy persons were almost completely broken down after the revolution. The lack of direction, the lack of communications, the local distrust and lack of confidence created intense difficulties. In almost every village and town old committees were re-established or new committees were set up for the purpose of caring for destitute people. UNRRA regional Welfare personnel were largely responsible for the resumption of these activities.

Because of changing governments and directions, the policies in relation to the destitute were not clearly established in the early part of the period. There was considerable evidence that certain areas, particularly villages, were not receiving their equitable share of commodities. This was not wholly on the basis of discrimination but was also due to lack of transport. There had been many instances of political discrimination which have been brought immediately to the attention of the proper authorities and rectified.

The emphasis in the field during this three month period has been, of necessity, on patching up and preventing further breakdown of the existing welfare structure.

CHILD WELFARE.

Care of Homeless Children.

Care of homeless and orphaned children in Greece has been mainly provided by state-operated and state-subsidized, though privately operated, orphanages and institutions. There are 30 State orphanages and 73 private institutions and orphanages receiving subvention from the Government. Altogether these institutions have a full capacity of approximately 11,000 children. Most of the institutions suffered considerable material losses as a result of the war.

The first phase of the UNRRA period was devoted to trying to hold the line on existing institutional facilities. Welfare staff endeavoured to do this by assuring regular delivery of foodstuffs to institutions; by withstanding attempts to reduce governmental subventions to private institutions, which were frequently proposed as a way of reducing government expenditure; by procuring, through various means, as much necessary equipment as possible; and by protesting - not very successfully - the use of orphanages for military purposes. The Welfare Division has followed the principle that existing facilities should not be reduced until the government has drafted practical overall plans for the care of homeless children and is prepared to execute such plans.

In order to facilitate the development of such programs a Technical Committee on Child Welfare was established early in April by the Joint Welfare Sub-Committee. On this Technical Committee, chaired by the Director-General of the Ministry of Welfare, there are representatives of the Greek Red Cross, Hellenic Near East Foundation, Swiss Red Cross Mission, Ministry of Education, and UNRRA. The Technical Committee appointed three working sub-committees to draft programs for the following:

I)

- 1) supplementary child-feeding;
- 2) summer camps and colonies for undernourished children;
- 3) care of homeless children.

Up to the present time considerable progress has been made by the Committee's adoption of fundamentally sound principles in the care of homeless children. These are:

- 1) The proper place for a child, wherever possible, is with his own family or, failing that, in the home of relatives;
- 2) For children who have no parent or relatives who can provide a home for them, the next best place is in carefully selected foster homes with a suitable foster family to look after them adequately;
- 3) The programs of existing orphanages must be improved and reserved for children in bona fide need of institutional care;
- 4) Child welfare institutions and agencies, both public and private, must be coordinated in order to avoid over-lapping and duplication of services, and to ensure that children who are in need receive adequate care;
- 5) Specially trained child welfare staff both for licensing and inspecting institutions and for the placement of homeless children in suitable families must be provided.

SUPPLEMENTARY CHILD FEEDING.

Supplementary child feeding held a very important place in the relief programs in Greece during the years of occupation. When food from the Allies arrived for this purpose, the Joint Relief Commission allocated responsibility for supplementary feeding for the various vulnerable groups to the Swiss Red Cross Mission.

Both the Greek Government and UNRRA accept the necessity for continued supplementary feeding programs. As a result of continued UNRRA/Government efforts, supplies for child feeding are going into a large portion of Greece. They are, however, for the most part not as well adapted to their purpose as those furnished while the Swiss Red Cross Mission was operating the programs. Food better adapted to the needs of the children must be brought in. There is a serious shortage in the country of equipment for group feeding. This equipment has been requested through UNRRA and must arrive soon if it is to help meet the present problem.

The cooperation of private foreign agencies is very important in this field. The contribution of the Swiss Red Cross was a great one. One private foreign agency is operating through its Greek section an extensive special feeding program for Athens and Piraeus children with special health needs. Another large private foreign agency has agreed to make a substantial financial contribution to supplementary feeding, particularly in the more remote areas.

SUMMER

SUMMER CAMPS AND COLONIES FOR CHILDREN.

The Welfare Division has assisted the Ministry of Welfare to establish summer camps and colonies for children. At present there are approximately 10,000 children in such camps throughout Greece, and a total of more than 40,000 children will have been in camp by October 1945.

During 1945 the emphasis has been on selection of children who are underweight, or otherwise sub-normal physically, and who are unable to pay their own way.

OCCUPATIONAL TRAINING & HOME INDUSTRIES.

The Welfare Division has cooperated with the Near East Foundation, the Agricultural Bank of Greece, and the Swiss Red Cross Mission in establishing a demonstration community weaving center for a burned village. The purpose of this demonstration is to show what can be done in burned villages by giving employment to women as well as assisting them in weaving in order to provide clothing and household articles for family use, as has been customary in rural Greece. This Community Center is now well organized and is being carried on successfully by the villagers. This type of community project will be extended to other burned villages, the scope depending on the availability of supplies and financial assistance.

The Agricultural Bank has also made plans for the resumption of its pre-war program of making small loans to rural families for equipment and materials for home industries. Work has already begun on the construction of 1,000 looms for rural families, and in the future the total goal is 100,000 for Greece.

RETURN OF INTERNALLY DISPLACED PERSONS.

It was estimated that there were 350,000 refugees within Greece at the end of hostilities. Of this number some 200,000 were concentrated in Athens, and 150,000 in Salonica and other main towns.

A working committee of four persons - two appointed by the Ministry of Welfare and two by the UNRRA Welfare Division - was set up within the Ministry of Welfare under the Joint Welfare Sub-Committee to study the problems as presented by the representatives in the field and develop plans for mass movement as soon as reception at destination and transport could be assured.

Reports soon indicated that the main difficulties were:

- 1) Lack of transport;
- 2) Lack of facilities for reception at ports of entry;
- 3) Reluctance of people to return.

The emergency program which resulted from the first inconclusive study was as follows:

- 1) In consultation with shipping authorities, a schedule was drawn up to transport refugees as soon as possible;

2)

- 2) Registration Committees were advised to prepare lists of people "who were ready and willing to return, but who would place little or no burden upon reception at the port of entry";
- 3) Circulars were sent to provincial officials instructing them to facilitate the movement of refugees by all means at their disposal;
- 4) A refugee center which had been organized by UNRRA during the revolution was taken over by the Ministry of Welfare, and instructions were sent proposing the establishment of similar centers in the seven or eight main ports of entry;
- 5) A budget of 100,000,000 drachmae was requested to pay transportation of those unable to pay; where government transport was available, the Ministry of Welfare could be charged;
- 6) The Ministry of Supply was requested to supply 10-15 days rations to cover the journey and first days of arrival.

All the recommendations made by the Committee were approved and instituted. Rations and funds were made available to all regional government officials. Reception centers were opened in the ports most in need of them, but are as yet inadequate to care for any mass movement. The work is handicapped by lack of transport.

PRIVATE AGENCIES AND VOLUNTARY SOCIETIES.

Relationships with Voluntary Agencies have been in accordance with Resolution N°. 9. The Greece Mission has had the valued cooperation of American, Australian, British, Greek, and Palestinian Voluntary Agencies, who have provided personnel or material resources.

The personnel of American private agencies are all seconded to UNRRA as individuals from their agencies. They work as integral members of the Mission staff, though remaining on the payroll of the agency by which they are employed. Engaged originally because of their specialized training and experience in welfare work they have been utilized in various staff and field positions.

The British workers, who belong to various societies were formed into teams for emergency relief work under the auspices of the Council of British Societies for Relief Abroad which is their coordinated body. These teams are either "medical" or "relief" units and are attached to the Health, Welfare, or Displaced Persons Divisions respectively. In addition to the teams there are a few workers seconded directly to UNRRA as individuals for special duties.

A similar practice has been followed with the workers from the Australian Red Cross and Palestinian Jewish Council for Relief Abroad which have recently arrived in the country, organized into teams.

The teams function as self-contained units under the direction of the team-leader appointed by the Society. They are assigned to regions and work under the general direction of the UNRRA regional director or the appropriate health or welfare officer.

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This relationship has not been without its problems, but on the whole it has enabled the work to proceed without participation by UNRRA in the internal administration of the units but with cooperation in the general planning and progress of the work under the direction of UNRRA.

The relief units have been engaged mainly in the distribution of food and clothing and in providing welfare services. A great amount of operational work had had to be undertaken by the teams with their transport on account of the inadequacy of local facilities. Now all help is being given in encouraging the local committees in that work. Other units are handling the arrival and assembly of displaced persons from overseas.

Several private agencies and voluntary societies are now initiating supplementary relief and rehabilitation projects.

DISTRIBUTION OF DONATED CLOTHING.

A major contribution of private agencies and voluntary societies during the UNRRA period has been donated clothing. Substantial quantities have been donated by the Greek War Relief Associations of U.S. and Canada, and the Red Cross Societies of America, Australia, New Zealand and Canada, and UNRRA.

On 1 April 1945, when UNRRA officially took over responsibility from ML, it was agreed to continue the Central Clothing Committee as the national policy-making board for free clothing distribution. The Greek Government accepted the chairmanship and strengthened its representation. At the request of the donors of the clothing, the Greek Government assumed responsibility for distribution and UNRRA accepted responsibility for assistance in formulating distribution plans and for observing distribution.

Since 1 April the UNRRA regional welfare division staffs have devoted much of their time to problems of clothing distribution. As a result of their efforts each region now has a central committee composed of representatives from UNRRA and the Government, and leading citizens, which takes responsibility for equitable allocation and distribution throughout the region. Each region has been surveyed and lists made up of those villages where clothing has not yet been distributed. Estimates have been filed with headquarters for the clothing still needed for free issue in each region. Distribution centers have been established where local staff is employed, opening bales, sorting clothes by item and size, and repacking for the individual villages. Each such center is responsible for a specific list of villages. Record systems have been inaugurated and procedures set up for the handling of complaints. UNRRA personnel have observed and supervised distribution in many villages but shortage of staff reduces this to a sampling practice.

From 1 April to 30 June, 1,600 tons, or approximately 3,200,000 garments, were issued from the national warehouses at Piraeus to regional warehouses for distribution throughout the country. In a few more weeks the last of these garments will have reached the ultimate recipient. The following table shows the total quantities of donated clothing which have been distributed up to the present:

	<u>Months</u>	<u>Tons</u>	<u>Garments</u>
During the occupation	6 $\frac{1}{2}$	249	500,000
During the ML period	5 $\frac{1}{2}$	1,900	3,800,000
During the UNRRA period	3	1,600	3,200,000
Total		3,749	7,500,000
Less estimated pilferage and other transport loss			750,000
Less estimated unusable material			750,000
Total garments reaching the Greek people			6,000,000

Use of Proceeds.

The UNRRA-Greece Agreement provides that the proceeds from the sale of UNRRA supplies shall be used for relief and rehabilitation purposes within a reasonable time. During the first three months there has not been any noticeable increase in funds available for welfare purposes as a result of sales of imported supplies. It is hoped that proceeds will be increasingly available for welfare purposes during the coming period.

WELFARE SUPPLIES REQUIREMENTS.

Although it was at first considered that supplies necessary for welfare programs would be covered in basic overall requirements, in May it was recommended that the Welfare Division prepare supply programs. Despite the late start, supplies requirements have been submitted for household supplies, cooking and feeding equipment for child and school feeding programs, for occupational training and home industries, and for paper necessary for printing the forms needed in an efficient public assistance program. These latter two programs have been included in the estimates of requirements prepared by other Divisions.

A program has now been drawn up for welfare institutions supplies and for summer camps and colonies for children. In addition, it has been proposed that UNRRA allocate shipping space for recreational supplies which might be collected in U.S. and U.K. from voluntary groups.

The Welfare Division has taken a major role in the establishment of an Educational Supplies Office for the procurement of basic educational supplies to assist in reopening and re-establishing schools.

CONCLUSION:

Without UNRRA imported supplies many Greek people would die of starvation, disease and exposure. These resources are at the present time inadequate in view of the very great devastation and need.

The Government is beginning to proceed along sound and constructive lines for the effective utilization of these resources in as far as the organization of relief and welfare services are concerned. Governmental officials have utilized, and apparently welcomed, the technical advice and counsel provided by UNRRA.

It is the considered judgment of the Welfare Division that in as far as relief and welfare in Greece are concerned, the basic philosophy embodied in the UNRRA resolutions is practical and its soundness will become increasingly evident during the coming period.

Displaced Persons Division
BUREAU OF SERVICE OPERATIONS

PERIOD NOVEMBER 1, 1944. TO MARCH 31, 1945.

For almost the whole of this period the Division was not in Greece. The staff were withdrawn at the time of the civil war, after they had been in Athens for a fortnight, and it was not until the middle of March that the Director and a very small staff were recalled to Greece.

SUMMARY OF OPERATIONS, APRIL 1 TO JUNE 30, 1945.

The organization of the Division had to start almost from scratch. Very little had been done during the military period to survey the refugee situation; registration had not been begun; CCAC camp supplies programme had been cancelled; there was no tentage and practically no accommodation stores available. As the Greek civil administration had been crippled during the civil war, the country was only slowly being opened up; no machinery existed by which this Division could discharge its responsibilities, whether as a body of advisers or as an agency operating on the Greek Government's behalf.

After protracted discussions in which several branches of the Greek Government joined, a Minister of Repatriation was appointed at the end of May. It is hoped that in course of time this new Ministry will be equipped with staff, organization and adequate funds. In the meantime, as it was felt that the refugee situation might get beyond the possibility of control, this Division has drawn up the plans and operated most of the projects in consultation with the Minister and on his behalf.

The number of Greeks to be repatriated from abroad is estimated at 70,000. Of these about 25,000 come from the Middle East, mostly from UNRRA camps, and their repatriation is an UNRRA operation carried out in conjunction with the military authorities in the Middle East. This large number of refugees have nearly all to be sent to the islands of Samos and Chios, where so large an influx calls for special measures of relief and rehabilitation. Some 6,000 refugees were repatriated during this period from the Middle East. About 7000 refugees have arrived on the northern frontier since the middle of May, partly through Yugoslavia, and a smaller but increasing number through Bulgaria. The total number of refugees expected by these routes from the Soviet Zone is about 40,000. About 20,000 refugees are expected from the SHAEF Zone and other countries through Italy, of whom about 1,200 have so far arrived.

There are an estimated 10,000 United Nations displaced persons in Greece, as well as a very considerable number of stateless persons who will require much individual case work. An agreement has been negotiated by the Greek and Italian Missions for the repatriation of some 7,000 Italian civilians. The registration and assembly of United Nations nationals and stateless people has so far only proceeded slowly, owing to the lack of appropriate Greek Government machinery in the provinces and shortage of UNRRA staff.

Camps and Assembly Centres have been established in Athens, Patras, Salonica, Florina, Kozani and Siderocastro, most of which are operated by Voluntary Society Units under the direction of the Displaced Persons Division operating on behalf of the Ministry of Repatriation. Their primary function at present is to serve as reception centres for refugees reaching the Greek frontier or ports. Refugees reaching the

Jugoslav

Jugoslav and Bulgarian frontiers are met by truck convoys which convey them to one of the above camps in the frontier area, where they undergo fourteen days quarantine for epidemic control. This also provides the Greek authorities with an opportunity for security screening, and the refugees are clothed and registered according to destination to enable the best utilisation to be made of the small amount of onward transport available. A transport service with staging posts to provide over-night shelter is being set up on the main roads and is in part in operation. Coastal shipping is most urgently required. A 2000-calory ration scale has been established for all displaced persons.

The above Assembly Centres, the number of which is being increased as rapidly as buildings or tents can be secured, are also assembly points for United Nations displaced persons, where care and maintenance is offered until arrangements are completed for their repatriation. These arrangements have not yet begun. It is also intended to use these camps to congregate and move internally displaced persons of which there are at least 250,000 in great need. Responsibility for movement and congregate shelter of internally displaced persons was transferred from the Welfare Division to the Displaced Persons Division at the end of the period under review; both are the responsibility of the new Ministry of Repatriation. The total accommodation of existing camps and Assembly Centres is about 9,000. This must be doubled as soon as possible, but the necessary steps cannot be taken until the arrival of tentage from the UNRRA Middle East camps now being cleared by repatriation to Greece and Jugoslavia.

RELATIONS WITH GREEK GOVERNMENT.

Cordial relations have existed throughout this period with the departments of the Greek Government concerned, and it is hoped that a larger measure of coordination in refugee matters will shortly be achieved under the aegis of the Ministry of Repatriation. The Greek Government has expressed its intention to make a Unilateral declaration adhering to the principles of the Multilateral Agreement on Displaced Persons. This will concentrate in UNRRA's hands, in consultation with the Ministry of Repatriation, all negotiations for the repatriation of refugees to and from Greece which, during this period, have been conducted by various branches of the Greek Government and Greek agencies abroad. It will also enable a definite policy to be laid down and applied throughout Greece with regard to the treatment of non-Greek refugees. The Division remains in close touch with the Ministry of Foreign Affairs on these matters.

FINANCE.

Although this Division made detailed proposals to the Minister of Finance as to the minimum scale of expenditure called for, more especially with regard to the care of non-Greeks, very little money was spent during this period by the Greek Government on measures for refugees. It is hoped that the new economic programme will enable the Minister of Repatriation to have adequate funds at his disposal both for sound planning and development and to meet emergencies without delay as they occur.

PERSONNEL.

The position on April 1 was as follows: UNRRA budget line (imported staff) 8; voluntary society units nil; Greek staff 4. As at June 30 it was: UNRRA budget line (imported staff) 16; Voluntary Society Units 4 - about 42 people; Greek staff 14.

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The revised Second Quarter Budget for this Division, which was approved, calls for 35 imported budget line staff. Repeated efforts have been made to secure additional personnel from London, Washington, Cairo and the Yugoslav Mission. The Division is gravely understaffed, and thereby prevented from carrying out part of its obligations to the Greek Government. Moreover the existing staff are working under a strain which cannot continue. It is hoped that immediate steps will be taken to remedy this critical situation by the despatch of reinforcements from the ERO.

REGISTRATION.

Up to the end of the period under review no registration staff had arrived, although they had been applied for from London at the end of March. It has therefore only been possible to begin registration in the capital area, by means of voluntary staff, where so far 1,000 have been registered.

SUMMARY.

Not as much has been achieved as could have been wished during this period. Some of the Division's obligations to the Greek Government have only been partially fulfilled, and one or two not at all. The difficulties can be clearly seen. First and foremost, the responsible operating body, the Greek Government, to whom the UNRRA-Greek Government Agreement of March 1 placed us in the position of advisers, was slow to set up any machinery, and the organization they have set up is still inadequate in almost every respect to the nature and scope of the task in hand. The Division itself is desperately short of personnel and has as yet no camp supplies or other equipment. Transport within Greece has hardly been available at all for refugee movement. Moreover, if there is one solid achievement during this time, this is the reception in Greece of 13,000 refugees from abroad, arriving at widely scattered points with little or no warning, this in itself has diverted much staff to emergency work and delayed progress and planning in other directions.

If a very substantial increase in the Division's staff can be made at once, and the Ministry of Repatriation can be equipped with adequate staff and funds, it is hoped that the bulk of the 60,000 refugees expected from abroad can be repatriated and absorbed before the winter sets in. It is also intended to complete the repatriation of the 7,000 Italian civilians by the end of the summer and to complete registration and other preparations for the repatriation of the United Nations nationals estimated at 10,000. There will remain much individual case work, especially with regard to stateless persons and non-repatriables. It is believed that the Division is acquiring in its operations a fund of experience and information which should be of value towards the ultimate settlement of population questions in the Balkans. The movement and resettlement of some hundreds of thousands of Greeks displaced within their own frontiers will take at least six months and will require a very much larger organization than the Greek Government has so far planned, as well as a substantial increase in UNRRA personnel.

Financial Supplement to Report to the Honorable Herbert H. Lehman,
Director General, United Nations Relief and Rehabilitation
Administration, from Mr. Buell F. Maben, Chief of Mission, UNRRA-
Greece Mission, on organization and operations of the UNRRA
Mission to Greece from November 1944 through June 1945.

1 August 1945,
Athens, Greece

UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION

FINANCIAL
SUPPLEMENT

TO

REPORT

TO

THE DIRECTOR GENERAL

FROM

THE CHIEF OF MISSION

ON

THE UNRRA MISSION TO GREECE

NOVEMBER 1944 - JUNE 1945

1 AUGUST 1945

-

ATHENS, GREECE

UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION
GREECE MISSION

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UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION
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PART I

NOVEMBER 11 - DECEMBER 3, 1944

A. STABILIZATION OF THE DRACHMA

The Papandreou government established in Athens, on 18 October 1944 inherited an economic system which had fallen into utter chaos. Industry had come to a virtual standstill, agricultural supplies from the provinces were intercepted or heavily taxed by the ELAS forces, while Red Cross distributions fell far short of basic food requirements. Aside from Red Cross operations, rationing and price controls were almost entirely lacking; the fantastic rise of prices continued unchecked as budgetary deficits constantly poured new currency into circulation. Governmental employment and pension lists had swollen enormously during the occupation period while tax revenues had declined to negligible proportions. Wage rates had become linked to a cost of living index and reinforced every rise of prices. Speculation against the drachma pervaded the entire economy.

With failure of the new government to take decisive action on any front and continued acute shortages of supplies, the general situation deteriorated rapidly. Prices and wages skyrocketed while the budgetary deficit and note circulation expanded at almost incredible rates:

DATE	QUADRILLIONS OF DRACHMAS	
	Deficit	Note Circulation
4/10/44	10.9	8.8
14/10/44	52.3	30.3
21/10/44	148.7	137.8
1/11/44	942.5	812.0
10/11/44	5,848.8	6,279.9

As governmental demands for new currency mounted, the shortage of banknote paper became more and more acute. Although printing of higher denominations could be expected to produce fresh bursts of inflation, it became finally necessary to issue notes of the 100 billion drachma denomination.

Although it had been intended to restrict the issue of B.M.A. currency to the minimum requirements of the military, the accelerating depreciation of the drachma necessitated resort to B.M.A. for relief expenditure as well. On October 25th, dock laborers refused to accept drachma for unloading relief supplies and returned to work only after promise of payment in B.M.A. notes at a basic rate of five shillings daily. Issue of B.M.A. for both military and civilian purposes

became regulated by the so-called Angelopoulos Agreement between the British and Greek Governments. Under the terms of this agreement, all B.M.A. notes issued in Greece will be called in at some future date for redemption in drachmas. B.M.A. thus acquired by the Greek Government will be disposed of as follows:

1. B.M.A. issued for military purposes shall be redeemed in sterling by the U.K.
2. B.M.A. issued for civilian purposes shall not be redeemable in sterling but shall rather constitute a liability of the Greek Government. The Greek Government, moreover, may be charged with the cost of printing such notes.

Governmental currency requirements were also met in part through sale of sovereigns, the price of which had risen to 3.5 trillion drachmas by October 28th. Official sales provided only a monetary check to the rising sovereign rate, however, and on November 8th the fantastic level of 150 trillion drachmas to the sovereign was reached. On this day, most of the shops closed owing to the momentary loss of value in their drachma proceeds of sale.

Although Greek officials had hoped to defer a formal stabilization of the drachma until a substantial flow of imports had been secured, the imminent collapse of the monetary system necessitated immediate action. Accordingly, a stabilization decree was hastily prepared and promulgated on November 11th. The major provisions of the decree may be briefly summarized as follows:

a. Provision for conversion of old drachmas into new drachmas at the rate of 50 million old to one new drachma. Although the conversion rate adopted represented hardly more than a shot in the dark, the development of inflation in the week preceeding November 10 had become so swift, and such extreme distortions of normal price and wage relationships had occurred, that little justification remained for basing the conversion rate upon prices, wages, production, note circulation and other criteria normally considered. The major significance of the conversion rate lay rather in its official recognition of the virtual annihilation in fact of the old drachma note issue. At the rate of 50 million old to one new drachma, the legal value of the old drachma circulation became reduced to hardly more than 100 million new drachmas, comparing with a note circulation in 1940 of 11.5 billion drachmas. The provinces in particular became almost entirely denuded of currency.

b. Provision for legal payment of debts contracted prior to November 11, 1944 in old drachmas or in an equivalent value of new drachmas. Pre-November 11 debts resulting from taxes owing to the State and other governmental institutions are exempt from this provision and are to be regulated by special legislation.

c. Establishment of a purely formal link with the pound sterling at the rate of 600 drs. to the pound. The stabilization law failed to provide for immediate convertibility of the new drachma into sterling and/or other

foreign exchange, although, with permission of the Ministry of Finance, the Bank of Greece may eventually undertake sale of foreign exchange.

d. Authorisation for issue and circulation as legal tender of British Military Authority notes, together with provision for unlimited convertibility of B.M.A. into drachmas and convertibility of drachmas into B.M.A., on condition that the amount to be exchanged was not less than 12,000 drachmas. The exchange rate established between the B.M.A. pound and the drachma was identical with the formal rate between sterling and the drachma, i.e. 600 drs. = 1 £ stg.

Although no more than a promise of future convertibility of drachmas into sterling was provided by the stabilization law, establishment of relatively free convertibility of drachmas into B.M.A. apparently secured a large measure of public confidence in the new drachma. In actuality, of course, B.M.A. notes were not convertible into sterling but rather depended for their value upon the strength of the drachma, into which all B.M.A. notes placed in circulation were eventually to be converted at the rate of 600 drs. to the B.M.A. pound.

The considerations influencing choice of the rate of 600 drs. to both the pound sterling and B.M.A. are not entirely clear. On the assumption that wages and prices were to be subsequently established without reference to pre-stabilization developments, the stabilization authorities were apparently agreed that the new exchange rate should be primarily based upon the denominations established for the new drachma; thus a high foreign-exchange value of the drachma would create heavy requirements for low denomination notes and vice-versa. Establishment of a rate closely comparable to the pre-war rate was believed to satisfy this criterion, while providing a favorable psychological effect.

There are a number of indications, however, that the assumption of complete freedom in establishing wages and prices after stabilization was by no means justified. Payment of a 5 shilling wage in B.M.A. to dock labor prior to stabilization had created a heavy commitment with regard to wages of labor, which could not be, and was not, disregarded. Even more important, the minutes of the stabilization meeting reveal numerous references to ration costs computed in terms of sterling and recommendation of wage rates, also computed in sterling, on the basis of such ration costs. Mr. Waley in particular urged a daily wage rate of 5/ for unskilled labor on the basis of an expected ration cost of 2/4 for a family of four.

As a result of such computation and payment of wages in terms of sterling and B.M.A. prior to stabilization it became quite impossible subsequently to establish a rate of exchange reflecting and compensating for the increase of money wage rates. The wage rate proposed by Mr. Waley of 5 shillings daily represented a considerable increase over the pre-war rate of less than 3 shillings; following stabilization, basic wage rates were permitted to rise still further to a level of 8 shillings daily for unskilled labor, officially decreed on February 12, 1945.

Owing to the absence of exchange transactions, the heavy over valuation of the drachma did not become readily

apparent to the ML and Greek authorities for several months following the stabilization. With American and British authorization for remittances to Greece in March and commencement of negotiations for exports of tobacco stocks, however, the over-valuation could no longer be disregarded. The revaluation of June 4th, 1945 has finally corrected the errors committed in November, 1944 by successfully re-aligning wages and the exchange rate.

Despite their over-valuation of the drachma, the stabilization operations of November, 1944 proved highly effective in halting the break-neck pace of inflation and providing, at least temporarily, a relatively stable medium of exchange. Achievement of a considerable degree of public confidence in the new drachma enabled the government to escape at least temporarily, from the vicious circle of budgetary deficits, rising prices and wages, and consequently heavier budgetary deficits. For several months, issue of new currency in support of governmental expenditure tended to become absorbed by commercial requirements for currency without exciting inflationary reactions. Since March, the budgetary deficit has re-emerged as a powerful inflationary force, however, and presently constitutes one of the greatest dangers to the economic recovery of Greece.

B. PUBLIC FINANCE

The fiscal position of the Greek State on the date of stabilization was appalling. Over the first ten days of November, the deficit had increased from .9 quintillions to 5.8 quintillions of old drachmas, an increase of no less than six times. Although the stabilization of November 11th was accompanied by announcement of drastic budgetary reforms, it naturally proved impossible to secure any immediate improvement in the fiscal situation. Over the remaining twenty days of November, governmental overdrafts at the Bank of Greece amounted to no less than 1 billion new drs., equivalent to 50 quintillion old drs., or a further increase in the deficit of nearly 9 times.

1. Governmental Expenditure

Budgetary disequilibrium was, and remains, rooted in the overwhelming financial burdens which have been shouldered by the State. Governmental employment had expanded sharply during the occupation period, despite general declines in the volume of activity. Appointment to governmental payrolls had generally served as a form of cash relief to the unemployed, although frequently perverted by political considerations. Pension rolls had also risen sharply, largely as a result of the war against Italy and Germany. Perhaps the most serious development, however, had been the virtual bankruptcy of municipalities and of numerous public institutions, railways, hospitals, charitable institutions, etc. Owing to the destruction of their drachma incomes by the inflation and cessation of foreign contributions after German occupation, such institutions had become almost entirely dependent upon the state for their support. Employees and pensioners of all such public institutions had also substantially increased during the occupation period, thus augmenting the financial burden upon the Greek Treasury.

The Auditor General of the Ministry of Finance estimated in November, 1944 that employees and pensioners then receiving, or entitled to receive, payment from the State amounted to a total of roughly 320,000 for all of Greece. A comparison of pre-war and November levels of employment and pensions reveals the crushing financial burden which had fallen upon the State.

<u>Employees</u>	<u>1938-39</u>	<u>November 1945</u>
1. Civil Servants (including police)	53,379	71,900
2. Employees of Public Institutions (excluding railways)		37,600
3. Employees of Municipalities and Communities		14,000
4. Railway Employees (SEK and SPAP)		29,000
	53,379	152,500
<u>Pensioners</u>		
1. State	87,600	117,000
2. Public Institutions		55,000
	87,600	172,000

If the above estimates are reasonably correct, it would seem that civil employment financed by the State had risen to roughly 285% of pre-war levels. Subvention of bankrupt municipalities and public institutions had been primarily responsible for this development; although civil service employment had increased by only 33 per cent, assumption of payment of municipal and institutional employees represented an effective expansion of more than 150% in governmental employment.

The nominal cost of this tremendous increase in governmental expenditure requirements was further heightened by the substantial rise of governmental salary rates over pre-war levels. Upon the insistence of the ML authorities, salaries of governmental employees were finally stabilized during November at an average monthly rate of 7,200 drs., including allowances, an increase of approximately 130% over pre-war levels. From the budgetary point of view, however, such increases in governmental salary rates were largely offset by equivalent or greater increases in official salary and wage rates of private enterprise, thus expanding monetary tax capacities.

Until February, governmental authority, and consequently expenditure, was largely restricted to the metropolitan area. Governmental outlay during November accordingly covered only a fraction of the month's liabilities, necessitating heavy payments against salary and pension arrears in subsequent months.

2. ML Expenditure on behalf of the Greek Government

A certain, unknown percentage of ML expenditure in Greece from October to March was devoted to relief projects and, in accordance with the so-called Angelopoulos agreement, will not be redeemable in sterling but will rather constitute a liability of the Greek Government. This liability will presumably be recognized through inclusion in the budgetary deficit or treatment as a fiat issue of currency.

3. Tax Receipts and Proceeds of Sale of ML Supplies

The manifold expansion of governmental payrolls and pension lists during the occupation period had been accompanied by an almost complete collapse of the pre-war tax structure. Much of the normal machinery of collection had fallen into disuse during the occupation period; governmental tax authority in November hardly extended beyond the capital area. Even more serious, several major sources of tax revenues had virtually disappeared; thus, the cessation of private imports had deprived the State of customs revenues which had provided roughly 28% of total tax receipts in 1939-40. Moreover, the impossibility of levying taxation upon money incomes or agricultural production for at least a year had eliminated other sources of revenue providing a further 15% of 1939-40 tax receipts. As a consequence, tax receipts during November amounted to no more than 45 million drs., approximately 4% of concurrent governmental expenditure.

Prior to the arrival of ML, prices established upon Red Cross distributions had been intended to cover only drachma costs of processing, distributing, and other local expenses of the Joint Relief Commission. While accepting the ML policy of establishing "economic" prices whenever possible, the JRC authorities continued to retain control of the drachma proceeds of sale of their supplies. Receipts from sales available to the government in November were accordingly limited to the sale proceeds of ML food distributions, comprising only 38% of the total ration cost of 150 drs. in the Metropolitan district. Receipts from sales paid into the Bank of Greece during November did not exceed 30 million drs., or less than 3% of concurrent governmental expenditure.

A decision by ML to increase the nutritional value of the December ration from 1,300 to 2,000 calories, while simultaneously raising the total ration cost from 150 to 900 drs., promised a considerable improvement in governmental receipts from sales. Unfortunately, the outbreak of hostilities on December 3rd completely disrupted the ration program and prevented realization of the expected proceeds.

As a result of the meager flow of tax revenues and receipts from sales during November, the government became compelled to cover no less than 93% of its concurrent expenditure requirements through overdrafts upon the Bank of Greece. The budgetary position as of November 30, 1944 is set forth in the table below:

GOVERNMENTAL ACCOUNT AT BANK OF GREECE

(millions of Drs.)

Drafts upon Bank of Greece		1,133
Tax Revenues	45	
Receipts from Sales	<u>28</u>	<u>73</u>
Overdraft		1,060

C. MONETARY CIRCULATION

As pointed out in an earlier connection, the old drachma circulation was virtually wiped out by the stabilization act of November 11th. At the rate of 50 million old to one new drachma, the legal value of the old drachma circulation became reduced to hardly more than 100 million newdrachmas, comparing with a note circulation in October 1940 of 11.5 billion drachmas. As long as confidence could be maintained, therefore, issue of new drachmas promised to relieve an acute currency shortage rather than to stimulate further inflation.

Owing to delays in arrival by sea of new drachma currency from the United Kingdom, the physical shortage of currency continued until January, necessitating delays in governmental payments and close restriction of banking credits. Industrial and commercial establishments also encountered extreme difficulty in meeting their payrolls. Introduction of new drachmas into circulation in November, as well as in subsequent months, was primarily effected through governmental drafts upon the Bank of Greece. Owing to the virtual restriction of governmental authority to the metropolitan area during November, the circulation of new drachma banknotes and small denominations amounted to only slightly more than 1.2 billion drs. on November 30th. These issues were supplemented by payments of B.M.A. by the ML authorities to an unknown value; it is estimated that roughly £ B.M.A. 1.7 million, equivalent to slightly more than 1 billion drs., had entered into circulation by November 30th.

ESTIMATED MONETARY CIRCULATION AS OF
NOVEMBER 30, 1944

(millions of Drs.)

New drachma banknotes	1,183.6
Old drachma banknotes	113.0
Small denominations	65.8
B.M.A. notes (Est.: £ 1.7 million)	<u>1,025.3</u>
Total	2,387.7

D. COMMODITY PRICES

1. Free Market

Arrivals in Athens of agricultural supplies from the provinces remained at low levels during November with continuance of the economic siege of the metropolitan area by

the ELAS forces. Industrial production in the urban districts had come to a virtual standstill some months before, owing in part to shortages of raw materials but probably in even greater measure to justifiable anticipation of civil disturbances. On the other hand, a very considerable release of hoarded commodity stocks occurred, during November, inspired by expectations of heavy relief imports and by the unusual opportunity of converting proceeds of sale into sovereigns at the low official sale price of the National Bank of Greece. Moreover, November ration distributions represented a very considerable increase over those of previous months. On balance, it is probable that available supplies improved substantially during November and were quite adequate to meet the meager flow of monetary income and demand. The sharp rise of free market prices during November is to be attributed to speculation engendered by acute political difficulties rather than to extreme disproportionality between monetary incomes and available supplies.

As a result of the widespread practice of quoting prices in terms of gold prior to stabilization, establishment of free market prices immediately following stabilization on November 10 was generally effected through translating the gold value of the commodity concerned into new drachmas at the current rate upon the sovereign. Increases during the inflation period in the gold value of many commodities, combined with quotation of the sovereign on November 11 at more than double its pre-war value in old drachmas, produced basic commodity prices averaging roughly four times 1940 levels. The subsequent rise of free market prices during November is reflected in an unweighted, geometric mean of 20 commodity price relatives, based upon price levels of October, 1940.

<u>Date</u>	<u>Index</u>
Nov.11	431.4
Nov.20	510.7
Nov.30	663.7

E. CONTROLLED PRICES OF IMPORTED SUPPLIES

Prior to the liberation of Greece, Red Cross distributions had been effected at prices insufficient in many instances to cover local costs of processing and distribution. It became generally agreed after the arrival of the new Greek Government and of ME, however, that future price policy should be closely linked to wage policy and that, whenever possible, "economic" prices should be established. Unfortunately, no clear definition of such "economic prices" was ever formulated; in practice, "economic prices" involved a concept no more sophisticated than establishment of a total ration cost absorbing a high percentage of monetary incomes, thus curtailing the flow of funds to the free market.

The inadequacy of the November ration (1300 calories daily in the metropolitan district) rendered extremely difficult either restraint of money wage rates or the establishment of "economic" ration prices. Authorization for increase of the monthly ration to 2000 calories was obtained late in November, however, upon the promise that the Greek Government should stabilize money wage and salary rates. After consultation with the Greek Government, a price of 900 drachmas was established

upon the 2000 calory ration of ML/JRC contemplated for December, comparing with an official wage rate for unskilled labor of 200 drs. daily or 5,000 drs. monthly. To provide food for a family of four, an unskilled laborer became thus required to spend no less than 72% of his income upon rationed foodstuffs alone. The advisability of establishing such a high ratio may well be doubted, particularly in view of the lack of efficient administrative machinery for caring for the indigent and the extremely high costs of fuel, transport, and other essential services.

F. WAGES AND EMPLOYMENT

1. Wages

As indicated in an earlier connection, refusal of Greek labor on October 24 to accept old drachmas for unloading relief supplies necessitated payment of such labor in B.M.A. A rate of 5/ daily was provisionally established for dock labor and became subsequently advocated by the ML authorities as an appropriate daily rate for unskilled labor. Simultaneously, ML urged the Greek Government to fix the salary rates of civil servants at levels low enough to produce an average daily rate of 7/. Government ministers, particularly those representing the EAM group, were under considerable pressure to fix higher scales, however, and average rates of nearly 7/ daily for unskilled labor and 8/ for civil servants were finally established. Owing largely to the influence of Porphyrogennis, Communist Minister of Labor, normal wage and salary differentials between the various classes of employment were virtually eliminated. In particular salaries of employees (i.e. white-collar workers) became unified into a single basic rate, supplemented by allowances varying with years of service and dependency, but creating even at maximum levels only a relatively small spread over the wage rate of unskilled labor. This spread was narrowed still more by increase of the daily wage of unskilled labor to 8/ on February 12.

The following tables set forth post-stabilization wage and salary rates for the various categories of employment.

POST STABILIZATION MONTHLY SALARIES OF CIVIL SERVANTS
AND TECHNICAL EMPLOYEES OF THE STATE

Salary Scale, Nov., 1944

<u>Position</u>	<u>Total Salary 1940</u>	<u>Basic Salary</u>	<u>Allowance varying with position (1)</u>	<u>Total Current Salary</u>	<u>Percentage relationship of November 1944 to 1940 salaries</u>
Director General	9,650	4,000	4,800	8,800	91.19%
Director 1st Class	7,475	4,000	3,600	7,600	101.67%
Director 2nd Class	6,716	4,000	3,200	7,200	107.21%
Section Chief 1st Cl.	5,980	4,000	2,400	6,400	107.02%
Section Chief 2nd Cl.	5,060	4,000	2,400	6,400	126.48%
Rapporteur	4,370	4,000	2,000	6,000	137.28%
Secretary 1st Class	3,726	4,000	1,600	5,600	150.29%
Secretary 2nd Class	3,174	4,000	1,200	5,200	163.83%
Attache	2,507	4,000	1,000	5,000	199.44%
Clerk 1st Class	2,185	4,000	800	4,800	219.68%
Clerk 2nd Class	1,725	4,000	800	4,800	278.26%
Chief Usher	2,070	4,000	1,000	5,000	241.55%
Usher 1st Class	1,552	4,000	600	4,600	296.39%
Usher 2nd Class	1,300	4,000	600	4,600	333.33%
Usher 3rd Class	1,150	4,000	400	4,400	382.60%
Usher 4th Class	920	4,000	400	4,400	478.26%

(1) Military, Judicial, Police, and University personnel were granted allowances ranging up to 225% of the basic salary. All employees of the State became also entitled to the following dependency allowance:

- (a) 30% of the basic salary of 4,000 drs. for the first dependent;
- (b) 15% of the basic salary for each successive dependent up to a maximum of 4 dependents.

The average monthly salary, including allowances, of all employees of the State from November to March was officially estimated at 7,200 drs.

Salary scales for employees of private enterprise established in November ranged from 5,000 to 8,500 drs., depending upon the length of service of the employee. This decision not only prevented adjustment of salaries to the relative efficiency of the employee but also reduced the majority of the white-collar class almost to the income level of unskilled labor. Wage rates of labor as established in November, represented considerable increases over pre-war levels. Over the protest of the ML authorities, official rates were raised still higher in February, creating a wage rate for unskilled labor more than 4 times pre-war levels.

PRE-WAR AND CURRENT WAGE RATES OF LABOR

Class	30/6/41 Drachmas	11/11/44-31/1/45		1/2/45 ⁽¹⁾	
		Drachmas	Coefficient of increase over 30/6/41	Drachmas	Coefficient of increase over 30/6/41
A) Men					
Skilled Worker A	150	325	2.16	480	3.20
Skilled Worker B	115-125	300	2.4-2.6	384	3.07-3.34
Skilled Worker C	100	275	2.75	384	3.84
Skilled Laborers	100	250	2.5	312	3.12
Assistants etc.	80	225	2.8	312	3.90
Unskilled Laborers	58	200	3.44	240	4.13

(1) The wage rates set forth above applied to the Athens area. A 5% reduction was established for wage payments in Salonica and a 10% reduction for wage payments elsewhere in Greece.

2. Employment

Aside from reported payment of 80,000 government employees residing in the metropolitan area, no reliable data has become available regarding employment and unemployment, even within the Athens-Piraeus area, during November. Although industrial activity had fallen precipitately from pre-war levels, wage and salary payments had declined much less sharply, owing to legal prohibition of discharge of idle workers and compulsory payment of such idle employees at 50% of their salary or wage rates. Growing exhaustion of industrial assets and acute currency shortages quite probably curtailed wage and salary payments in November, however, intensifying the hardships of the labor groups.

G. GOLD AND FOREIGN EXCHANGE

It is estimated that nearly 2.5 million sovereigns were imported into Greece during the occupation period by both the German and Allied forces. At least a million sovereigns is believed to have been in circulation prior to the war. During the period November 21 to December 2, 1944, a further 43,000 sovereigns were sold by the National Bank of Greece. At a sovereign price of 10,000 drs., the value of the total sovereign circulation would thus amount to more than 30 billion drachmas. Since November, however, the major role of the sovereign has been that of a medium of investment, rather than an important element in the monetary circulation. Actual payment in sovereigns is required for only a limited range of transactions, of which uncontrolled rentals are an outstanding example.

Although sovereign prices quoted in the Athens market on November 11, 1944 were roughly double pre-war levels, these rates were considerably below those obtaining in the Middle East and far below sovereign prices in Italy and France. Since B.M.A. notes were transferable between Greece and higher price foreign markets, arbitrage in sovereigns and B.M.A. inevitably developed with consequent upward pressure upon the sovereign rate in Athens. Keen apprehension of imminent civil disturbances also induced investment of all surplus drachma funds in sovereigns, resulting in further buying pressure upon the sovereign.

In an effort to forestall a swift rise in the sovereign rate and concurrent inflation of commodity prices which might have wrecked the stabilization of November 11th, Mr. Zolotas, Governor of the Bank of Greece during November, authorized official sales of sovereigns on November 20th, at a rate of 2,850 drs. to the sovereign. Subsequent purchases by the public created a heavy drain upon the gold reserves of the Bank, however, and necessitated discontinuance of sales on December 2nd. In view of the development of near panic market conditions late in November as the threat of civil war grew, the stabilization of the sovereign rate undoubtedly contributed strongly to the restraint of commodity prices and encouraged release of hoarded commodity stocks through providing a profitable medium of investment of the drachma sale proceeds.

Like the sovereign, foreign currencies in circulation serve as media of investment and, as such, have maintained consistent price relationships with the sovereign. Owing to the extremely low sovereign rate in November, free market rates upon all major foreign currencies except the Swiss franc remained below parity levels.

FREE MARKET PRICES OF FOREIGN CURRENCIES

	<u>Parity</u>	<u>Nov. 30, 1944</u>	
		<u>Drachmas</u>	<u>Percentage of Parity</u>
Swiss Franc	34.60	36.90	107
U.S. Dollar	149.00	120.80	81
£ Egyptian	615.40	529.60	86
£ Sterling	600.00	485.50	81

The general position at the outbreak of hostilities on December 3rd may now be briefly recapitulated. Introduction of the new drachma on November 11th had successfully halted the breakneck pace of inflation, through securing a considerable recovery of public confidence. Stabilization of wages and salaries reinforced the formal stabilization of the currency; the simultaneous elimination of normal wage and salary differentials, and establishment of average wage and salary rates several times above pre-war levels without compensating alteration of the exchange rate, however, could not possibly be maintained. While governmental expenditure continued to be financed almost in its entirety through the printing-press, the virtual annihilation of the old drachma note issue and consequent currency shortage temporarily permitted issue of new currency without strong repercussions upon the price level. The sharp rise in free market prices late in November is primarily attributable to a break in confidence with the growing threat of revolution. Stabilization of the sovereign rate at low levels probably restrained the advance of free market commodity prices. Aside from determination to absorb as much purchasing power as possible through sale of relief supplies, the ML authorities failed to evolve a clear-cut price policy for imported supplies. Announcement of manifold increases in December ration costs, coupled with failure to control rising free market prices, threatened a serious impairment of real wages and undoubtedly contributed to the outbreak of hostilities in December.

PART II

JANUARY 13 - MARCH 31, 1945

A. ECONOMIC EFFECTS OF THE INSURRECTION

The ELAS forces were cleared from Athens by January 13th and governmental authority extended throughout Attica shortly thereafter. By the Varkiza Agreement of February 12th the ELAS forces undertook to lay down their arms, permitting gradual restoration of governmental authority throughout Greece. The position of the central government remained weak in certain provinces, however, particularly Macedonia, Eastern Thrace, Larissa and Trikkala.

Property damage within the metropolitan area during the insurrection was considerable, further intensifying the already acute housing problem. Fortunately, however, power installations, tramways, and other public utilities escaped relatively unscathed. Extensive losses of industrial and commercial stocks were claimed but were probably extravagant in the majority of cases. A certain amount of relief supplies - particularly meat - was looted while a number of military lorries were also seized by the ELAS forces. The major loss sustained by the Greek economy from the insurrection, however, was the virtually complete interruption of the relief program for nearly two months, temporary diversion of shipping from civilian to military uses, and development of an abnormal sensitivity in the gold and commodity markets to external political developments.

B. PUBLIC FINANCE

1. Expenditure

The insurrection of December 3rd, coupled with the acute shortage of drachma currency, paralyzed the governmental fiscal services during December, and necessitated a loan of £ B.M.A. 144,000 from the British military. Restoration of order in Athens-Piraeus coincided with arrival of sufficient drachma currency supplies, however, and permitted payment in January of all governmental expenses against salaries and pensions in the metropolitan area for December and January. With subsequent extension of governmental authority to the provinces, the governmental salary and pension bill rose sharply; full payment of salary and pension arrears back to November was undertaken and reportedly completed by March.

Unfortunately, not even rough estimates of governmental expenditure against relief and rehabilitation during the ML period have become available. It is evident, however, that expenditure for such purposes was seriously restrained by heavy expenditure commitments in other directions. Thus, with the exception of substantial cuts in employment by the railways, governmental civilian payrolls and pension lists remained virtually unchanged from November levels. Although payment of 40-50,000 idle employees obviously constituted a highly iniquitable system of cash relief, the Plastiras government was extremely reluctant to face the political dangers of large-scale suspension or dismissal of surplus employees. An even more rigid and more expensive commitment has been the mobilization and upkeep of military, naval, and air forces for maintenance of internal order.

Salaries and bonuses established for military personnel far exceeded comparable rates in private enterprise or the civil service. The rates listed below compared in February with an average civil service salary of 7,200 drs. and a maximum salary of 8,500 drs. in private enterprise.

<u>Position</u>	<u>Basic Salary</u>	<u>Allowances varying according to position</u>	<u>Allowances for war-time service</u>	<u>Total</u>
Lt. General	4,000	6,400	17,000	27,400
Major General	4,000	5,600	16,000	25,600
Colonel	4,000	3,600	14,500	22,100
Lt. Colonel	4,000	3,200	13,000	20,200
Major	4,000	2,800	11,500	18,300
Captain	4,000	2,400	8,500	14,900
Lieutenant	4,000	2,000	6,500	12,500
2nd Lieutenant	4,000	1,600	4,500	10,100
W.O.	4,000	1,200	3,300	8,500
Sergeant Major	4,000	1,000	1,500	6,500
Sergeant	4,000	800	500	5,300

Demands by the civil service for increases comparable to the military rates inevitably developed and, late in March, necessitated grant of bonuses ranging from 2,000 to 10,000 drs., thereby increasing average monthly salary payments by nearly 85% to a level of roughly 13,000 drs. As a result of such bonuses, expansion of the army, and payment of salary and pension arrears, expenditure during March increased by more than 100% over February levels. The development of budgetary expenditure from November to March, as recorded by drafts upon the Bank of Greece, is set forth in the table below:

<u>Period</u>	<u>Drafts upon Bank of Greece</u> (millions of drs.)
November, 1944	1,133
December, 1944- January, 1945	2,453
February, 1945	2,751
March, 1945	5,804

2. Tax Revenue

The swift expansion of governmental expenditure over the period January-March was partially offset by a very substantial growth in governmental revenues. Although the impossibility of ascertaining past incomes prevented application of the normal income tax, an effort at direct taxation was made through introduction of a war profits tax. Under its provisions, profits of any nature realized during the occupation period are to be determined by investigation of contracts with the forces of occupation, investment in business enterprise, and purchase of gold, foreign exchange, real estate etc. Tax rates established are severe, rising to a maximum rate of 90%. Although the Ministry of Finance has expressed confidence that 15 billion drs. will ultimately be obtained from such taxation, receipts to date have been negligible.

<u>Taxable War Profits</u> (drachmas)	<u>Tax Rate</u>
500,000 - 1,000,000	30%
1,000,000 - 1,500,000	40%
1,500,000 - 2,000,000	50%
2,000,000 - 3,000,000	60%
3,000,000 - 4,000,000	70%
4,000,000 - 5,000,000	80%
5,000,000 and above	90%

While realization of expected revenues of 15 billion drs. from war profits taxation would considerably ease the budgetary position, strict enforcement of war profits legislation may have several undesirable effects. Since acquisition of foreign exchange during the occupation period is regarded as evidence of war profits, declaration and sale of such exchange assets to the Bank of Greece will undoubtedly be checked by the threat of taxation. Similarly, investment of liquid funds, presently retained in the form of sovereigns, in new enterprises may also be restrained by fear of revealing war time profits.

After repeated recommendation by foreign advisers, taxation upon tobacco was finally re-introduced in March. A tax rate of 50% was levied upon retail tobacco prices for which official maxima, closely approaching free market prices, were established. A supplementary tax of 400 drs. per kilo of cigarettes was also introduced and passed on to the consumer in its entirety through authorization for increase of price maxima from 3,500 to 5,000 drs. per kilo of cigarettes. Yields of these taxes developed swiftly and constitute a high percentage of total tax collections to date. Substantial revenues were also realized during March from a stamp tax averaging roughly 3% on the value of many transactions. Amusement taxes, and alcohol tax, and monopoly sales provided the bulk of the remaining revenues during March.

The spectacular rise in revenue collections during March is set forth in the table below.

<u>Period</u>	<u>Tax Revenues</u> (millions of drachmas)
November, 1944	45
Dec.-Jan., 1945	32
February, 1945	171
March, 1945	1,384

3. Receipts from Sales of ML Supplies

The general interruption of wage and salary payments during December and January prevented assessment of a ration price in excess of local costs of processing and distribution. With general economic improvement in February, however, the ML authorities secured increases in the cost of the 2000 calory ration for the metropolitan district to 798 and 821 drs. in February and March respectively. Increase of the price of bread from 3 to 6 drs. per ration of 125 dramia permitted coverage of all costs of processing distribution, and transport, and application of a small surplus against landed costs. Grocers' commissions and other distribution costs paid through the JRC absorbed no more than 12% of the sale proceeds of the other rationed foodstuffs, while governmental expenditure for expenses of distribution was negligible. ML outlay against distribution expenses, unreported to date, was presumably financed through issue of B.M.A. or drafts upon the Bank of Greece against the account of the British Military Authorities.

Quite aside from the virtual restriction of relief distributions to rationed foodstuffs, receipts from sales continued to be checked by the extremely high incidence of indigence. Of the 1,200,000 holders of ration cards in the metropolitan district on December 1st no less than 240,000 or 20% possessed indigent ratings entitling them to free issue of all rationed foodstuffs except bread. In the provinces, indigence frequently ranged as high as 90% of the population, necessitating distributions at a financial loss.

Growth of receipts from sales was further restrained by public distaste for a number of items in the food ration, owing either to their poor quality or excessive consumption during the occupation period. Thus, grocers returned unsold no less than 62% of the coffee issued in February and 66% and 50%, respectively, of soup and chick peas issued in March. Lack of purchasing power is not a partial explanation since desirable items, such as sugar, could easily be resold on the black market at a considerable profit.

On balance, however, the sharp increase in the cost of the ration was sufficient to produce a spectacular rise in receipts from sale paid into the Bank of Greece.

<u>Period</u>	<u>Drachma Receipts paid into Bank of Greece (millions)</u>
November	28
Dec.--Jan.	31
February	15
March	856

4. Overdraft at Bank of Greece

The encouraging growth of the tax revenues and receipts from sales during March was far outstripped, however, by the heavy increase in expenditure, with the result that no less than 62% of governmental outlay was covered by overdrafts upon the Bank of Greece.

GOVERNMENTAL EXPENDITURE AND REVENUE
(millions of drs.)

Period	Drafts upon Bank of Greece	Revenue		Receipts from ML sales	Overdraft at Bank of Greece
		Ordinary	Monopoly		
November	1,133	43	2	28	1,060
Dec.-Jan.	2,453	25	7	31	2,389
February	2,751	162	9	15	2,564
March	5,804	712	668	856	3,564
	12,141	942	686	930	9,576

C. MONETARY CIRCULATION

Ample supplies of drachma currency became available after January and permitted gradual discontinuance of issue of B.M.A. against governmental or ML expenditure. The budgetary deficit continued to act as the primary medium of introducing new currency into circulation, although loans through the Agricultural Bank and drafts upon the account of the British Authorities also developed swiftly. The following table sets forth the major sources of increase and decrease of the drachma note issue as of the end of March. B.M.A. note circulation as of the same date is estimated at roughly £ 3.3 millions, equivalent to 1,980 millions of Drs.

THE DRACHMA NOTE ISSUE
(millions of drs.)

A) New Drachma Issue	From November 11, 1944 to :		
	Jan. 31 1945	Feb. 28 1945	March 31 1945
<u>Sources of Increase</u>			
Credits to the State ⁽¹⁾	3,573	6,316	12,105
Various Investments	229	1,077	1,693
Bank Expenses	31	52	116
Expenses of printing banknotes	45	82	143
Branches' & Correspondents' Account (including acknowledged sendings ⁽²⁾)	1,549	2,360	1,657
Exchange of old Drachmas	98	121	129
Payments to Account of British Authorities	150	571	831
Net purchases of Foreign Exchange ⁽³⁾	69	-	13
Various Accounts	68	613	803
T o t a l	5,812	11,192	17,490

(1) Includes certain costs of distributing relief supplies.

(2) An unknown percentage of acknowledged sendings represents cash in bank vaults rather than in active circulation.

(3) Includes purchases of B.M.A.

Sources of Decrease (continued)	From November 11, 1944 to :		
	Jan. 31 1945	Feb. 28 1945	March 31 1945
Governmental Cash Balance	592	1,579	1,976
Various Deposits	5	43	740
Ordinary Revenue (1)	68	230	946
Gross proceeds of relief supplies paid into Bank of Greece,	60	74	931
Gold Sales	97	100	105
Net sales of Foreign Exchange	-	85	-
Various Accounts	-	121	56
T o t a l	882	2,232	4,762
New Drachma Issue	4,990	8,960	12,728
B) Old Drachma Issue	72	56	52
C) Small Denominations	167	209	330
T o t a l	5,229	9,225	13,110

(1) Excludes certain Monopoly receipts which presumably appear under "Various Accounts".

Despite gradual extension of governmental payments to the provinces, the note circulation remained abnormally concentrated in the Athens-Piraeus area. Outflows of currency in exchange for agricultural produce continued to be hampered by lack of communications and absence of marketable crops in the early Spring months. The impact of the swiftly expanding note circulation was consequently intensified by a continuing maldistribution of the new issues.

D. COMMODITY PRICES

1. Free Market

Commodity markets were thoroughly disrupted by the outbreak of hostilities on December 3rd and few of the price quotations secured during the insurrection are of any overall significance. Increase of the price of bread in Athens by 250% from November 11 to January 13 is indicative, however, of an approach to starvation levels of subsistence during the insurrection. With restoration of order and free communication within the metropolitan district, prices settled down to levels averaging roughly 3 times those of November 11th.

By the end of January, prices had receded considerably and continued to decline slowly until late in March. The development of such price declines in the face of a rapidly expanding budgetary deficit and note circulation may be largely attributed to several favorable circumstances. With the end of the insurrection and disbandment of the ELAS forces, a general

recovery of business confidence occurred and undoubtedly induced a considerable release of hoarded stocks. Continuance of relatively low rates upon the sovereign further encouraged sale of commodity stocks through providing a cheap medium of investment of the drachma proceeds. Partial restoration of access to the provinces also permitted a small influx of vegetables to the metropolitan markets and drained off a certain amount of currency which had been dammed up in the capital district. Sharp increases of the calory value and drachma cost of the February and March ration distributions undoubtedly curtailed the flow of funds to the free market. Most important of all, the revival of commercial transactions created a need for additional currency which tended to absorb the new issues without disturbance to the price level.

Midway in March, however, prices leveled off, and, by the end of the month, were moving steadily upwards. Gathering political difficulties, both internal and external, and continuing budgetary disequilibrium had begun to undermine the precarious structure of confidence; grant of substantial bonuses to governmental employees in March further heightened expectations of price inflation. Disillusionment regarding the import of relief supplies was also developing and was intensified by reports of profiteering on industrial supplies already distributed. The general strengthening of speculative forces became reflected in the accelerated rise of the sovereign rate which, in turn, reacted upon commodity price levels.

While the psychological factors were quite possibly dominant, considerable importance should also be attached to the swift expansion of the note issue and excessive concentration of currency in the metropolitan district. By the middle of March, the metropolitan markets had probably satisfied their requirements for currency and had become confronted with a steadily growing excess of drachma funds, with resultant upward pressure upon the price level.

The table below sets forth the course of free market commodity prices during the ML period, as recorded by a geometric index of the price relatives of 20 basic commodities. A base of October, 1940 prices has been employed.

<u>Date</u>	<u>Index</u>
November 11	431.4
20	510.7
30	663.7
January 15	1116.2
20	1050.3
31	994.5
February 10	950.5
20	825.7
28	782.6
March 10	785.4
20	778.8
31	791.9

2. Controlled Prices of Imported Supplies

The December ration distribution was completely disrupted by the outbreak of hostilities, and fell far short of anticipated levels. Disorganized conditions continued to prevail throughout January and necessitated distribution of a 1700 calory ration to

the metropolitan area at a cost of only 294 drs., barely adequate to cover local costs of processing and distribution. With general economic improvement in February, it became possible to increase the cost of a 2000 calory ration to the metropolitan district (including a state distribution of olive oil) to 800 drs. and to maintain closely comparable ration costs in March and April. Although the wage rate of unskilled labor was officially increased to 240 drs. daily on February 12, the ML authorities were of the opinion that this increase of money wages was more than offset by the lack of meat in the February and subsequent ration issues.

Oil prices, which constitute important costs to industry, agriculture, and transport, were fixed at levels indicated in the following table. A breakdown of the constituent elements of final oil prices is also provided. It has been frequently charged that estimates of overhead and other expenses of the oil pool are excessive.

FINAL PRICE STRUCTURE - GREECE
(Drachmae per Metric Ton)

<u>Product</u>	<u>CIF Cost</u>	<u>Co.Overhead & Trnshpng</u>	<u>Margin for Duty & Txs.</u>	<u>Current sale Price</u>	<u>1941 Sale Price</u>
80 Octane Benzine	9032	12500	18468	40000	17197
Kerosene	7716	10100	19184	37000	20236
Gas & Diesel Oil	6430	4700	1870	13000	7436
Fuel oil	5183	3700	1117	11000	7000 (est.)
Lub. Oils & Grease (all grades)	37000 (1)	30500	32800	100000	50000

(1) Cost of most expensive grade in 55 gal. drums.

It is evident that oil prices were based in varying but always substantial degree upon C.I.F. cost, calculated at the rate of 150 drs. to the dollar. Since the drachma at that rate was heavily overvalued, the advisability of basing prices upon landed costs might be doubted; incorporation in the price of heavy customs duties provided an opportunity, however, for offsetting probable increases in landed costs through drachma devaluation by reduction in tariffs.

Late in February, the Joint Co-ordinating Committee, composed of representatives of the Greek Government, ML, UNRRA, and the JRC, established a Price-Fixing Sub-Committee, endowed with purely advisory functions. Early meetings of the Sub-Committee were characterized by an appalling vagueness with regard to appropriate principles of price policy; while committee members seemed agreed that prices established should cover drachma landed costs whenever possible, this criterion provided no more than a rough gauge of minimum price levels for imported supplies. Moreover, adherence to the ML policy of establishing a ration cost equivalent to at least 50% of the income of an unskilled laborer with a family of four, simultaneously demanded assessment of ration prices considerably in excess

of landed cost in order to make up a monthly ration cost of approximately 800 drs. Within the broad limits thus established, fixation of any single ration price was accomplished by a process of haggling all too reminiscent of the market place.

In an effort to rationalize the price-fixing process, the UNRRA representatives on the Joint Price Fixing Sub-Committee secured adoption as a fundamental principle that import prices established should, on the average, represent roughly the same increase over comparable pre-war prices as the average increase in wage rates over the same period. Individual import prices, however, might be set above or below the levels indicated by the average increase in wages in accordance with:

- (a) Expected permanent changes in the cost of importation, and
- (b) Governmental tariff policies designed to produce revenue or to protect local industry.

The price policy set forth above was based upon the assumption that money wage rates would ultimately become the major determinant of price levels and the exchange rate. The UNRRA representatives were convinced that drachma landed costs, computed at the then official rate of 150 drs. to the dollar, must eventually increase sharply through a devaluation of the drachma; the UNRRA representatives further believed that the prospective devaluation would increase the dollar rate, and consequently landed costs, by 3-5 times, in order to offset increases of 3-5 times in wage rates over pre-war levels. Immediate establishment of import prices linked to wage-rates would consequently involve no more than an anticipation of future increases in drachma landed costs and protect the economy from variation in import prices with subsequent alteration of the exchange rate. These predictions were fully justified by subsequent developments.

Another important advantage to be secured from the price policy advocated by UNRRA was a re-alignment of price relationships in accordance with the only available pattern, that of the pre-war period. There was naturally no desire to freeze this pattern; it was believed, however, that alterations should be deliberate and consciously directed to some specific end whenever possible. Linking of ration prices to wage rates also promised to guard against establishment of an excessively high ratio of ration costs to income; the UNRRA authorities had become extremely concerned over frequently reported cases of inability among the lower income groups to purchase the February and March ration issues.

Application of the principles of price policy introduced by UNRRA was initially hampered by lack of agreement upon the average increase of wage rates over pre-war levels; compromise was finally secured upon a coefficient of 3 which has subsequently become regarded as almost a magic figure by governmental representatives. Lack of clear-cut decision by the Greek government upon the question of price uniformity throughout Greece, has also created difficulty. Since internal transport charges had increased much more sharply over pre-war levels than wage rates and other costs, establishment and control of import prices only at Piraeus and other ports promised discriminatory increases in the final price to the rural consumer.

In accordance with the policy introduced by ML, the majority of prices established to date have been uniform throughout Greece, necessitating either governmental subsidy or overall increase of the final price in order to cover inland transport and other costs of distribution. Long run policy in this regard must obviously consider economic as well as social considerations, however, and deserves more thought than it has apparently as yet received. Application of the price policy introduced by UNRRA has also been severely embarrassed by lack of reliable information upon landed costs of imported supplies in terms of dollar, sterling, and other foreign exchange. Estimation of changes in costs of importation since pre-war has been virtually impossible, therefore, introducing considerable uncertainty into the price-fixing process.

Although March ration prices had been set prior to adoption of the new price policy, prices of a number of agricultural and industrial supply items were established at levels averaging roughly three times their pre-war prices. In view of probable increases in costs of importation since 1940, these prices were probably somewhat low. A distinct tendency to subsidize agriculture is apparent.

<u>Item</u>	<u>Pre-war Price</u> (drs.)	<u>Official Price</u> <u>March, 1945</u> (drs.)
Tractors, Fordson	90,000.0	125,000.0
Sulphur, kilo	5.0	21.0
Copper Sulphate, kilo	15.0	45.0
Wheat seeds, cke	10.0	20.0
Soda Ash, kilo	6.5	18.0
Caustic Soda, kilo	14.5	41.0
Sulphuric Acid	5.0	15.0

E. WAGES AND EMPLOYMENT

1. Wages

Increase of labor wage-rates (20% in the case of unskilled labor) in February, together with establishment of high salary rates for military personnel, incited strong demands for comparable increases to civil servants and white collar employees of private industry. The government yielded during March by granting bonuses to civil servants ranging from 45 to 114% of the monthly salary. On the assumption that the March bonus to civil servants would be continued, foreign economic advisers recommended that employers be granted the right of classifying their employees for salary purposes within the limits of 6,000 and 18,000 drs. monthly. These recommendations were withdrawn, however, following governmental announcement that the March bonus was not permanent. Although the government favored establishment of a maximum of 18,000 and a minimum of 8,000 drs., it failed to reach a firm decision in this matter until June.

2. Employment

During the occupation, industry and commerce were forbidden to discharge idle employees and compelled to continue payment of such idle employees at 50% of their salary or wage

rates. Although industrial enterprises in the district Attica were relieved of this obligation on February 13th through grant of permission for discharge, commercial enterprises remained obligated to pay idle employees, unless special permission for discharge were obtained from the government.

Grant of permission to industrial enterprises in the Attica area to discharge surplus employees was accompanied by establishment of an Unemployment Fund from which discharged personnel may obtain assistance. Unemployment allowances have been established at 30-40% of the former wage in the case of laborers and 40-50% of the former salary in the case of employees. Such payments by the Fund are to be supported out of (1) a tax of 10% upon the salaries of all employees and laborers on the payrolls of industrial enterprises (2) payment to the Fund by industrial employers of amounts equal to the monthly salary of each discharged employee and 15 days' wages of each discharged workman, and (3) periodic subsidies by the State.

As of April 19, 152 industrial enterprises, for the most part within the thread and weaving industry, had discharged 3888 laborers and employees. Owing to administrative difficulties no more than 650 of those discharged have received relief payments from the Fund.

F. GOLD AND FOREIGN EXCHANGE

1. Gold

Despite the shock to confidence administered by the insurrection of December and January, the sovereign rate had risen to no more than 3,300 drs. or B.M.A. 5.50 on January 9, 1945. In succeeding weeks, however, the sovereign rate rose steadily although temporary recessions in its price appeared in the latter half of February. After the end of February, the rate of advance accelerated rapidly, producing an increase of more than 40% in March. Although general preference for placement of rising business profits in sovereigns rather than in the banking system, together with arbitrage operations, were basically responsible for the upward trend of the rate, the sharp rise in March reflected the growth of strong speculative pressures, inspired by domestic and international political difficulties, continued budgetary disequilibrium, and threat of rising wage and salary rates.

The following table sets forth the course of the sovereign rate since Nov. 11, 1944 to March 30, 1945.

<u>Date</u>	<u>Drachmas</u>	<u>B.M.A.</u>
1944 Nov. 11	2,100	3.50
Dec. 2	3,080	5.15
1945 Jan. 13	3,475	5.80
Jan. 31	4,200	7.00
Feb. 15	4,780	7.96
Feb. 28	4,540	7.56
Mar. 15	5,050	8.40
Mar. 30	6,400	10.66

2. Foreign Exchange

For several months following its liberation, Greece continued to be officially classified as "enemy territory" by the American and British Governments and consequently remained subject to stringent regulation of all commercial or financial transactions with the U.S. and U.K. On March 5, 1945, however, the U.S. Treasury Department announced removal of Greece from the category of "enemy territory" and simultaneously granted permission for transfer of remittances under general license to Greece. The British government extended similar privileges upon the same date.

Transfers may be executed only through deposit of funds with the American or British banking systems for subsequent credit to an authorized Greek bank, and eventual payment in drachmas to the beneficiary. Currency, money orders, checks, and drafts may not yet be used for remittances to Greece as their transmission remains prohibited.

Although the Bank of Greece originally sought to centralize in itself all receipts and disbursements of remittances; for purposes of improved control, it became subsequently compelled to permit acceptance of remittances by the National Bank of Greece, the Commercial Bank, the Bank of Athens, and the Popular Bank of Greece. All banks receiving remittances, however, are required to transfer the foreign exchange credits to the Bank of Greece.

Although Mr. Zolotas, Governor of the Bank of Greece during November, frequently expressed concern over the inflationary implications of remittances, his successor, Mr. Varvaressos, has been quite willing to permit an unrestricted flow of such remittances. The only policy restraint upon resumption of a free flow of remittances lies rather in the reluctance of the American and British Governments to permit unrestricted capital transfer until the Greek Government develops satisfactory financial and "trading with the enemy" controls. Remittances have been accordingly limited to amounts deemed necessary to cover the maintenance expenses of the beneficiary. Similar restrictions have been imposed upon remittances to France and other nations which have been subjected to German occupation or control.

Remittances from the U.S. are presently restricted to \$ 500 per individual or family per month while those from the United Kingdom are restricted to £ Stg. 30 per person or £ Stg. 125 per family per month. The beneficiary is required to sign an affidavit stating that neither he nor members of his family received during the month remittances exceeding the limits referred to above. So called "cultural remittances" from the U.S. in support of charitable activities, etc. may, under special license, exceed the monthly limit of \$ 500.

It is believed that the limitation of \$ 500 has not seriously checked the flow of remittances since the average monthly remittance is considerably below the legal maximum. The major influences determining the rate of inflow may be briefly analyzed as follows: There is, first of all, a secular downward trend in remittances, owing to restraints upon immigration into U.S., which will undoubtedly re-assert itself in the post-war years. This long-run influence should be more than offset in the immediate post-war period, however,

by the substantial wartime rise in monetary income in the U.S. and consequent likelihood that American of Greek descent will be enabled to contribute more heavily to support of relatives in Greece. Moreover, since "remittances" often include income from investment in family enterprises in the U.S., a certain accumulation of such income has undoubtedly occurred during the war period and should temporarily swell the volume of transfers over the coming year. Payment of arrears to American war veterans residing in Greece will similarly increase the initial flow of remittances.

The influence exerted by the over-valuation of the drachma from March to June has been somewhat uncertain. The discrepancy between the free and official rates upon the dollar excited much adverse comment by recipients of remittances from the U.S., and reportedly caused requests to relatives in the U.S. to withhold remittances until the exchange rate became more favorable. It has been argued in certain quarters, however, that the low official rate on the dollar has incited even heavier financial demands upon relatives in the U.S., thereby further stimulating the flow of remittances.

FREE MARKET RATES OF FOREIGN CURRENCIES

	<u>Parity</u>	<u>Nov.30</u>	<u>Jan.31</u>	<u>Feb.23</u>	<u>March 31</u>
Swiss Franc	34.60	36.90	51.85	53.40	61.70
U.S. Dollar	149.00	120.80	165.55	189.20	218.18
£ Egyptian	615.40	529.60	700.00		857.10
£ Sterling	600.00	485.50	672.00	605.30	720.00

Grant of permission for remittances was accompanied by authorization for drawings upon deposits in the U.S. and U.K. within limits identical with those established upon remittances. Drawings may be effected only through letter communication, requesting credit of the amount withdrawn to an authorized Greek bank, which will, in turn, make payment in drachmas.

A March decree also required delivery to the Bank of Greece of all titles to foreign exchange acquired during the occupation period. This action contemplated eventual transfer of title to such exchange to the Bank of Greece as a means of satisfying American, British, and other exchange control regulations, and reimbursement of the present owners of such exchange in drachmas at the prevailing rate of exchange. Delivery of such titles during March and subsequent months has been negligible.

G. SUMMARY

The major economic developments in Greece during the ML period may be briefly re-capitulated as follows. Suppression of the ELAS insurrection and extension of central governmental authority throughout Greece restored the broad geographic frame work of the economy although lack of organized transport and monetary instability continued to impede the normal flow of commodities from surplus to deficiency areas. Despite inefficient utilization of supplies available within Greece, issue of a 2000 calory ration in the Metropolitan district and 1000-1100-calory rations in the provinces ensured at least subsistence levels

of consumption to the great bulk of the population. Comparatively little progress was made, unfortunately, with regard to the rehabilitation of industry while distribution of urgently needed agricultural supplies and equipment also fell far short of anticipated levels. At the end of March, therefore, the Greek economy remained virtually as dependent upon the flow of imported supplies as in November.

The swift development of governmental expenditure during February and March overwhelmed the encouraging rise of tax revenues and receipts from sales, necessitating heavy resort to overdrafts upon the Bank of Greece and manifold expansion of the note circulation. Public anxiety over the state of the government finances, disillusionment with regard to arrivals and equitable utilization of imported supplies, and increasing political tension began to undermine the precarious structure of confidence. Anticipations of rising prices soon produced their realization though stimulating consumer and investment demands while simultaneously accentuating tendencies to hoard. Continuing expansion of monetary income and the note circulation reinforced the speculative rise of prices. Price controls remained almost entirely lacking.

The upturn of prices in March incited even heavier demands for salary increases on the part of employees of the government and private industry whose income status was only slightly higher than that of unskilled labor. Although grant of substantial bonuses to civil servants late in March improved their relative position considerably, much of their absolute gains became subsequently cancelled out by the continued rise of the price level.

The over-valuation of the drachma on November 11th became increasingly apparent after authorization for remittances from abroad and investigation of export possibilities called attention to serious discrepancies between internal and external price levels at the current official exchange rates. Continuance of exchange over-valuation threatened to check the flow of emigrants' remittances while seriously hampering the recovery of exports; in view of the importance of acquisition of foreign exchange to the recovery of Greece, such a development would have been disastrous.

PART III

APRIL 1 - JUNE 30

On assuming responsibility for relief and rehabilitation operations in Greece on April 1st, UNRRA, Greece Mission was thus confronted with an economy which had not only failed to effect any basic recovery during the ML period but which was rather in full process of deterioration. Budgetary disequilibrium, lack of price and production controls, rising prices, disintegration of the wage and salary structure, exchange - over-valuation, and swift growth of speculation against the drachma - all threatened to overwhelm the meager supply resources with which the Greece Mission was equipped. The fall of the Plastiras government on April 7th provoked a further break in public confidence while also necessitating an almost complete re-establishment of the liaison and advisory relationships which had been laboriously developed between the Mission and the State.

A. RELIEF IMPORTS AND PRODUCTION

1. Relief Imports

Since the progress of import and distribution of relief supplies have been discussed in considerable detail in other reports emanating from Greece Mission, only a very brief outline of issue of foodstuffs will be attempted. In general, UNRRA has continued the policy inaugurated during the ML period of seeking to provide to everyone in Greece a minimum dietary standard of 2,000 calories daily. Since imported foodstuffs are intended only to supplement local production, ration scales vary considerably between urban and rural areas as well as between regions in accordance with their varying output and accessibility to local foodstuffs. It is believed that the ration scales have become progressively more equitable in recent months as more accurate information on local supplies and improved communications have become available. The major alterations in ration scales from those established during the ML period have been substantial improvement of ration issues to the rural areas in the pre-harvest period. Considerable increases in wheat, pulses, and soup distributions in the provinces have been effected.

Ration scales in the Metropolitan area have deteriorated somewhat in recent months, however, owing to supply shortages. Reduction in issue of sugar and fat, and elimination of issue of rice, since March have been particularly noteworthy.

MONTHLY RATION ISSUES OF FOODSTUFFS
IN DRAMIA (METROPOLITAN AREA)

<u>Item</u>	<u>Nov.</u>	<u>Jan.</u>	<u>Feb.</u>	<u>Mar.</u>	<u>Apr.</u>	<u>May</u>	<u>June</u>
Bread (daily)	112	78	66.6	125	125	125	125
Flour	400	600	800	400	400	400	400
Fish	283	400	600	133	200	200	200
Pulses	400	1000	800	800	800	600	400
Lard	50	50	100	200	62	60	60
Sugar	100	250	250	400	300	300	150
Meat	106	-	-	-	-	-	-
Soup	133	133	133	-	-	72	60
Cheese	53	-	-	-	-	-	-
Coffee	-	-	85	20	37.5	-	60
Spaghetti	-	200	-	400	400	400	400
Milk	-	-	-	133	142	125	-
Rice	-	-	-	50	50	-	-
Sausages	-	-	-	-	142	144	125
Olive oil	-	-	-	-	-	-	100
Daily Calory Value	1300	1700	2169	2139	2175	1978	1800

2. Domestic Production

Although a considerable recovery of industrial production has occurred since March, only a fraction of the resultant output has been reaching the consumer market. Speculative hoarding was rampant during April and May; despite the abrupt decline of prices in June, there has been no evidence of widespread dumping of hoarded commodity stocks. Although substantial supplies of raw cotton and certain other raw materials are on hand or expected in the near future, the government has been unable to date to establish satisfactory processing arrangements. Mr. Varvaressos has announced his intention of establishing price and marketing controls over the textile industry before the end of July, however, and of extending similar controls to other industries processing UNRRA supplies soon thereafter. In order to secure the co-operation of industrialists, the Government will probably be forced to concede profit margins somewhat higher than the present economic situation would seem to urge.

The Ministry of National Economy has recently issued estimates, of unknown reliability, of current output of various industries as compared with pre-war levels.

<u>Category of Industry</u>	<u>% of Pre-war output</u>	<u>Category of Industry</u>	<u>% of Pre-war output</u>
Machinery	20	Seed-oil	14
Tiles	18	Kernel-oil	10
Cement	12	Soap	60
Cotton	30	Colophony & turpentine	15
Wool	15	Aniline dyes	50
Silk	30	Lacquer	30
Artificial silk	7	Rubber	15
Knitting	40	Pharmaceutical	35
Jute and hemp	2	Glass	90
Thread	40	Fertilizers	60
Flour	80	Tanning	20
Paste	85	Paper-mills	35
Grape sugar	25	Alcohol	40

Latest estimates by the Agricultural Division of UNRRA of agricultural production and livestock population for 1945 indicate very substantial declines from pre-war levels. It is anticipated that wheat production will amount to no more than 64% of the 1933-37 average, while expected production of barley and maize represent similar declines to 47 and 70%, respectively, of average output over the period 1933-37. The potato crop, however, is relatively unimpaired. Of the major export crops, tobacco and currants are expected to be far below normal, although anticipated production of olive oil approaches pre-war levels.

PRODUCTION IN THOUSANDS OF METRIC TONS

<u>Crop</u>	<u>1933-37 Average</u>	<u>Estimate 1945 as of June 15</u>	
		<u>Metric tons</u>	<u>% of 1933-37</u>
Wheat	712.1	456.0	64
Rye	59.3	27.5	46
Barley	198.4	93.9	47
Oats	112.4	64.5	57
Maize	256.9	180.1	70
Pulses	55.7	31.3	56
Cotton	36.2	23.8	65
Tobacco	58.0	30.5	52
Potatoes	129.5	125.4	96
Olive oil	115.0	102.0	88
Currants	159.0	70.0	44

The livestock population of Greece is also seriously reduced from pre-war levels. Latest estimates developed by the Agricultural Division of UNRRA are as follows:

LIVESTOCK POPULATION
(thousand head)

	<u>1933-37</u>	<u>Estimate 1945 as of June 15</u>	
		<u>Thousand head</u>	<u>% of 1933-37</u>
Cattle	960	487	50
Horses	355	187	52
Mules	177	91	51
Donkeys	390	294	75
Sheep	8,082	5,521	68
Goats	5,249	2,711	51
Pigs	557	262	47
Poultry	11,679	7,557	64

The economic effect of curtailed agricultural production and livestock population has been heightened by disruption of the normal flow of surplus stocks from production to deficiency areas. While interregional exchange has been seriously hampered by acute shortage of transport, lack of confidence in the drachma has probably exercised an even stronger restraint. Hoarding of non-perishable agricultural output is prevalent and may be expected to continue as long as any threat of monetary instability remains.

A most unfortunate aspect of such agricultural hoarding has been the necessity of granting heavy relief issues of grain within grain producing areas, known to contain surplus stocks. Lack of satisfactory means tests have even compelled issue of grain to individual grain producers. The Mission has recently

secured agreement from the Greek government, however, to a withholding of grain rations from grain producers during the period over which their production suffices for their own needs. The regional authorities, both Mission and governmental, have been charged with determining the self-sufficiency of individual grain producers.

In order to secure release to metropolitan markets of Cretan olive oil, the Mission has recently authorized the government to barter imported cloth and wheat against olive oil. A joint UNRRA governmental mission is presently in Crete endeavoring to arrange for the collection and shipment to Piraeus of this vital commodity. Similar barter collection schemes of wheat against olive oil during the occupation period encountered extreme difficulty owing to establishment of exchange ratios unfavorable to olive oil producers. Through providing an extremely favorable price - 90 okes of wheat, 4 1/2 pics of khaki, 6 pics of blue denim, 7 pics of white cabot, and 8,500 drs. per 85 okes of high grade olive oil - the current scheme promises to secure the release of very substantial quantities of olive oil.

B. PUBLIC FINANCE

1. Expenditure

Budgetary expenditure continued at high levels during April and May, approaching an annual rate of roughly 65 billion drs. Payment of monthly bonuses to all governmental employees at 75% of the March bonus levels required heavy outlay while costs of distributing relief supplies naturally increased with extension of issues in the provinces. Although a governmental decree in April authorized revocation of all appointments and promotions within the governmental service during the occupation period, strong resistance on the part of the Association of Government Employees delayed realization of the intended reforms. Upon assuming the office of Deputy Prime Minister, on June 4th, however, Mr. Varvaressos announced that a purge of the civil service would be carried out immediately; such action would relieve the State of heavy financial burdens and is long overdue. Simultaneously, however, Mr. Varvaressos granted substantial salary increases to civil servants averaging roughly 50% over May levels, although resisting demands for comparable increases in salaries of military personnel.

Budgetary expenditure, as recorded by drafts upon the Bank of Greece, rose spectacularly in June, representing an increase of approximately 21% over May levels, and suggesting a rise in the annual rate of expenditure to 80-90 billion drs. Although sharp increases in salaries of civil servants has required heavy additional expenditure, substantial increases in outlay in other directions are apparently also developing.

GOVERNMENTAL DRAFTS UPON THE BANK OF GREECE

<u>Period</u>	<u>Drachmas</u> <u>(millions)</u>
November	1,133
December-January	2,453
February	2,751
March	5,804
April	5,451
May	5,768
June	7,889
	31,249

Unfortunately, the government has failed to provide a breakdown of expenditure for any part of the period November, 1944-to date. Budgetary estimates prepared in May provide only a rough outline of expected allocations of expenditure.

<u>Category of Expenditure</u>	<u>Expected Expenditure</u> (millions of drs.)	<u>Percentage</u> of total <u>Expenditure</u>
1. Salaries and Allowances (including military, naval and air-force)	17,340	33.33
2. Pensions	8,280	15.91
3. Administrative Expenses	3,200	6.16
4. Monopolies	1,160	2.22
5. Grants to Municipalities	500	0.96
6. Rents	190	0.36
7. Public Security	2,000	3.85
8. War Ministries	4,500	8.65
9. Public Works	4,500	8.65
10. Agriculture	3,260	6.27
11. Health and Welfare	4,000	7.69
12. Maintenance and repair of gov't property	700	1.35
13. Subsidy to railways	2,200	4.22
14. Miscellaneous	200	0.38
	52,030	100.00

Expected annual expenditure for salaries and pensions appeared to be a serious under-estimate even in May and has become even less realistic following the heavy increases in governmental salaries in June. Current salary and pension payments are estimated to exceed an annual rate of 50 billion drs. Budgetary estimates of other categories of expenditure are believed to exceed current annual rates of expenditure for such purposes; realization of contemplated expenditure for welfare, public works, etc. must be regarded as highly problematical.

2. Tax Revenues

The swift growth of tax revenues since March has been most encouraging; tax receipts during June offset no less than 38% of concurrent governmental expenditure. It is understood that the great bulk of revenues to date has been derived from tobacco taxation and stamp fees upon a variety of transactions; during May, yields of these two taxes accounted for roughly 62% and 9%, respectively, of total revenues. Entertainment and alcohol taxes contributed relatively small yields while collections from the war profits tax have been negligible. The growth of tax revenues from November to June is set forth in the table below:

<u>Month</u>	<u>Tax Receipts</u> (millions of drs.)
November	45
Dec.-Jan.	32
February	171
March	1,384
April	1,667
May	2,012
June	3,032
Total	8,344

Budgetary estimates of revenue yields over the fiscal year 1945-47 were formulated in May and may be briefly outlined as follows:

<u>Type of Revenue</u>	<u>Expected Yield</u> (millions of drs.)	<u>Percentage</u> <u>of Expected</u> <u>Total Yield</u>
1. Direct Taxes		
(a) Property	200	0.4
(b) Industry & Commerce	1,150	2.25
(c) Salaries	50	0.10
(d) Agriculture	1,040	2.03
(e) Capital transfer	<u>365</u>	<u>0.72</u>
	2,805	5.50
2. Indirect Taxes		
(a) Import duties	50	0.10
(b) Consumption		
Tobacco	6,000	11.74
Alcohol	350	0.68
(c) Monopolies (gross)	1,718	3.36
(d) Stamp duty	700	1.36
(e) Entertainments	950	1.82
(f) Other	<u>924</u>	<u>1.85</u>
	10,692	20.91
3. Extraordinary Receipts		
(a) Transactions Tax	600	1.08
(b) War Profits Tax	15,000	29.35
(c) Proceeds of Sale of UNRRA Supplies	<u>22,000</u>	<u>43.16</u>
	37,600	73.59
	51,097	100.00

Heavy reliance upon tobacco consumption taxation follows pre-war practices; current yields appear substantially to exceed revenues estimated in May. Taxes upon tobacco production also constitute a high percentage of anticipated yields from agricultural production. The bulk of direct taxes listed above are expected to be derived from industrial and commercial income; the government remains extremely reluctant to impose a salary tax of more than 1%.

The most striking weakness of the revenue estimates formulated in May was their extremely heavy dependence upon receipts from sale of UNRRA supplies and war profits taxation, expected to provide 43% and 29% of total revenues respectively. Expectation of 22 billion drs. in receipts from sales was admittedly based upon a naive calculation of imports to a value of \$ 150 millions translated into drachma values at the then current rate of exchange of 150 drs. to the dollar. According to this school of thought, revaluation of the drachma on June 5th to 500 drs. to the dollar would presumably increase anticipated revenues considerably. Quite aside from the many uncertainties surrounding the dollar value of imports over the coming year, it would seem evident that any budgetary calculation should have considered the probability of sales of imports above landed costs (at former rate of 149 drs. to the dollar) and the patent likelihood that a substantial

percentage of such imports will have to be distributed free of charge. Current net receipts from sales do not exceed an annual rate of 7 billion drs. Expectation of 15 billion drs. from war profits taxation would also seem a highly optimistic shot in the dark; receipts to date have been negligible although industrial assets to the value of 1 billion drs. were seized by the government during May.

On balance, therefore, although estimates of annual tax revenues formulated in May apparently under-rated yields from tobacco and other indirect taxation, anticipated receipts from sales of UNRRA supplies and war profits taxation were much too optimistic. With rising rates of expenditure, a budgetary deficit of 40-50% of total outlay appeared inevitable and threatened to provoke extreme inflationary reactions throughout the entire economy.

Upon taking office, Mr. Varvaressos quite properly recognized budgetary equilibrium as the very keystone of his program of economic recovery and promised heavy and direct taxation upon the commercial and industrial classes. On June 21st, Mr. Varvaressos issued the text of his expected tax measure. The general principle underlying the new tax is concisely set forth in Article 1 of the decree as follows.

"All individuals of Greek or foreign nationality engaged within the State, in trade, industry or any other profession intending to secure profits or earn a living, and not included in the exceptions provided for by this present Law, are considered as gaining special profits under today's financial conditions and are, consequently, in a privileged position as compared with the total population. On such persons, a special (monthly) contribution will be levied in respect of the period between 1st July 1945 and 31st March 1946".

The tax liabilities of all commercial, industrial, and professional establishments, excepting banking, coastal shipping, and inland transport enterprises, will be determined as follows. The monthly tax payable by each enterprise concerned is to be a multiple of 150% of the pre-war monthly rental, or, in the case of premises occupied by their owners, what is judged to be a "reasonable" rental of such property. In the case of industrial enterprises owning the property occupied, "reasonable" monthly rentals have been arbitrarily established as follows: on the basis of the "original cost" of the buildings and installations concerned.

- .10% on property acquired prior to 1924,
- .15% on that acquired between 1925 and 1929,
- .20% on that acquired between 1930 and 1934,
- .25% on that acquired between 1935 and 1939, and
- .30% on that acquired between 1940 and 1944.

The multiple which shall be applied to 150% of the rental (payable or arbitrarily fixed) in order to obtain the tax liability will vary with the type of enterprise concerned. Thus, enterprises listed in Group "A" below will be subject to a multiple of 15 times the rental, those in Group "B" to a multiple of 10, and those in Group "C" to a multiple of 6. The following lists are not exhaustive, serving only to indicate the major categories.

Group "A"

Tradesmen

1. Clothing
2. Leather Articles
3. Footwear
4. Carpets - rugs etc.
5. Cosmetics
6. Antiquities
7. Jewelry
8. Glassware
9. Soap
10. Construction material
11. Confectionery
12. Drugs
13. Fuel
14. Fish
15. Various luxuries

Producers and Professional Men

1. Dyes & other chemicals
2. Alcoholic drinks
3. Spinning, weaving, cotton ginning
4. Metal working
5. Cement, bricks, tile etc.
6. Paper
7. Printing
8. Tobacco processing
9. Olive pressing
10. Flour milling
11. Machinery
12. Leather
13. Laundry and cleaning
14. Florists
15. Brokers
16. Contractors

Group "B"

Tradesmen

1. Furniture and electrical appliances
2. Dairy products.
3. Books
4. Meat
5. Foodstuffs in general
6. Cattle
7. Druggists

Producers and Professional Men

1. Tanneries
2. Mines and quarries
3. Bakers
4. Photographers
5. Carpenters

Group "C"

1. Dealers in fruit and vegetables
2. Tradesmen and producers of articles not listed under "A" and "B".

Cinemas and theatres have been accorded special multiples of one and one-third respectively. In the case of banks the basis of the tax is to be payrolls during June, 1945 rather than rentals. Monthly tax liabilities will amount to 25% of such expenditure against salaries and wages of personnel. Owners of vessels in coastal service will be assessed at 200 drs. monthly per ton of capacity of the vessels concerned. On other shipping, the monthly tax is fixed at one-third of the special trimestrial tax upon such shipping. Owners of inland motor transport will become subject to a monthly tax equal to the annual license fee of the vehicles concerned. Such license fees vary with horsepower and capacity.

All individuals or enterprises subject to the new tax law must declare their tax liability, and make payment thereof, within ten days following the end of the monthly tax period. Thus June tax liabilities must be settled in full before July 10.

Enterprises under total requisition are automatically exempted from the new tax, as are those defined in the Income Tax Code as having "small incomes", and also members of the liberal professions, excluding doctors, dentists, veterinaries, and chemists.

Enterprises partially requisitioned, idle for at least two years, or damaged during the wartime, occupation, or insurrection periods may request a reduction or total exemption of their tax liabilities. Such requests will only be accepted, however, when accompanied by certificates attesting that payment of the tax has been completed. On the other hand, Ephors are instructed to increase tax assessments if a rental should appear disproportionately small in view of the current volume of transactions.

Failure to submit a declaration of tax liability incurred under the present law and to make full payment against such liability will subject the individual or enterprise concerned to possible closure of his establishment and loss of protection by the Rent Moratorium Act. Individuals legally responsible for all establishments covered by the present law are subject to severe penalties for attempted evasion of the provisions of the law.

In order to prevent transfer to the consumer of the burden of the tax in the form of higher prices, the decree states that all individuals or enterprises subject to the tax "have no right to increase, in full or in part, the price of the commodity sold by them".

Yields of the new tax have been estimated at between 2 and 3 billion drs. monthly. Realization of such estimated yields would permit achievement of budgetary balance if expenditure can be restrained to the levels of May, 1945. There is a strong possibility, however, that increases in expenditure during June and subsequent months may very largely absorb the expansion of revenue and leave the monthly deficit virtually unchanged.

The new tax law of Mr. Varvaressos is avowedly based upon the conviction that the great bulk of current monetary income is being appropriated by the entrepreneurial and professional groups. The monetary incomes of salary and wage earners are regarded as grossly inadequate to support even present rates of direct and indirect taxation falling upon them; the heavy revenue requirements of the State may be covered, therefore, only through imposition of direct taxation upon the entrepreneurial and professional groups, in accordance with their ability to pay. Mr. Varvaressos believes that these groups are capable of contributing to the State no less than 24-36 billion drs. annually and has regulated his tax rates accordingly.

Mr. Varvaressos' assertion of the ability to pay principle represents a much needed re-orientation of tax policy and has deservedly met with general approval. His assessment of the tax capacity of the entrepreneurial and professional group has been keenly criticized in certain quarters, however, as a serious over-estimate.

Unfortunately, reliable statistics regarding the current distribution of monetary incomes are not available. The Economic Research Division of the Bank of Greece, has formulated, however, the following rough estimates of monetary income during May, 1945 by general categories.

ESTIMATED DISTRIBUTION OF MONETARY INCOME
AS OF MAY, 1945

	Number of Income units	Average Monthly income in Drs.	Total Monthly income in Drs.
1. Agricultural producers	1,000,000	3,000	3,000,000,000
2. Small traders in rural areas	150,000	3,000	450,000,000
3. Destitute peasants	200,000	500	100,000,000
4. Destitute persons in urban districts	200,000	2,000	400,000,000
5. Persons maintained by the Budget	350,000	7,623	2,668,000,000
6. Employees of private enterprise	155,000	6,903	1,070,000,000
7. Laborers	300,000	10,133	3,040,000,000
8. Trades and Professions	157,000	112,739	17,700,000,000
9. Industrialists	20,000	325,000	6,500,000,000
Total	3,229,960		35,528,000,000

The significance of the above estimates is seriously impaired by numerous arbitrary decisions necessary to their formulation. Estimated income of individuals maintained by the Budget, of employees of private enterprise, and of labor is believed, however, to be a reasonable approximation to actuality; realization of sufficient tax revenues from these groups to cover monthly governmental expenditure of 5 billion drs. would seem impossible, quite aside from the social undesirability of such taxation. With regard to the incomes of the Trading, Professional, and Capitalist groups, however, estimated average incomes are largely based upon highly unsatisfactory sampling techniques and may grossly over-rate the tax capacity of the entrepreneurial class. Reduction of the estimated incomes secured by this class by as much as 50%, however, would still permit a tentative conclusion that Mr. Varvaressos' tax levy is well within their tax capacity as a group.

It should be noted, however, that full payment, or even general expectation of full payment, of 2-3 billion drs. monthly in taxes by the entrepreneurial group may seriously impair their future tax capacity. In so far as high entrepreneurial incomes have been linked to consistent budgetary deficits, one may expect sharp reductions of such incomes with rising tax revenues. In so far as high entrepreneurial incomes have been derived from commodity scarcities, one may expect further reductions in such incomes with heavier importation and distribution of UNRRA supplies. The decline of the sovereign rate (with which many non-perishable commodity prices vary directly) by 33% during June has probably been accompanied by a substantial decline in commercial profits.

The second, and much more disturbing, charge directed against Mr. Varvaressos' tax is that of severe inequities in its individual incidence. There is no evidence of a high degree of correlation between 1940 rentals and current profits; such profits are primarily determined by past acquisition or production of commodity stocks at lower price levels than those currently prevailing and bear little if any relationship to pre-war rentals.

This criticism is only partially met through reference to the differential rates of taxation applicable to the various establishments subject to the tax, presumably in accordance with their estimated ability to pay. Profit rates are obviously not uniform among the various industries and trades classified together, nor even among establishments within the same industry or trade.

Tradesmen have also complained over the comparatively heavier tax burden upon trade than upon industries which own their own property and may calculate their tax liabilities through imputed rentals. Official monthly rentals, ranging between .1% and .3% of the original cost of the property, produce annual rentals of no more than 1.2% to 3.6% of the capital value which is based, in the majority of instances, upon pre-war costs.

Further criticism has arisen over the alleged failure of the law to provide adequately for cases of hardship. Thus, exemptions are automatically granted only to establishments which have been totally requisitioned. Although partial requisitioning, property damage, and enforced idleness are accepted in principle as justifiable causes for reduction of, or full exemption from the levy, reductions or exemption will be extended only after investigation of the individual case. Moreover, application for reduction or exemption will be accepted only after full payment of the tax liability which has become due.

Inequities may also arise from the lack of overall price controls. While retail traders in basic foodstuffs are required to sell at or below specified prices, other traders and producers are subject to no more than a broad injunction prohibiting price increases. Opportunities for passing the tax on to the consumer will accordingly vary considerably and tend to create serious inequities.

On balance, there would seem to be little doubt that the tax will be severely inequitable in its individual incidence. It must be recognized, however, that continuance of price inflation would entail perhaps even more serious inequities in income distribution, while retarding still further the recovery of the economy.

The industrial and commercial community is presently endeavoring to mobilize a solid front of opposition to Mr. Varvaressos' tax measure. Although threats of closure of shops have been frequently voiced, the majority of tradesmen appear intimidated by recent governmental injunctions against such closure and by the possibility of civil disturbances. While admitting that serious inequities will result from the tax and promising lenient treatment of cases of hardship, Mr. Varvaressos has continued to insist that July tax liabilities must be paid in full.

3. Receipts from Sale of UNRRA Supplies

The agreement between UNRRA and the Greek Government signed in February permitted transfer to the Government account of all proceeds of sale of UNRRA supplies. In return, the Greek Government undertook to provide the UNRRA Mission with sufficient drachma funds to meet its local expenses and agreed "to use for relief and rehabilitation purposes, within a

reasonable time after the commencement of the Administration's operations in the country, funds equivalent in amount to the sums recorded as net proceeds, less such amounts as are transferred to the Administration for its expenses". Doubts current in February concerning the probability of proper utilization of the net proceeds of sale have been subsequently overwhelmed by the failure of the net proceeds of sale to attain their anticipated volume.

Ration prices were maintained at roughly the same levels in April and May as in March and February. The total ration cost declined sharply, however, owing to reduction in issue of sugar and fats in April and elimination of rice and coffee from the ration in May. Upon his appointment to the Ministry of Supply on June 4th, Mr. Varvaressos took the position that ration prices of earlier months were excessively high and effected sharp price reductions all along the line. Despite a simultaneous addition to the June ration of olive oil and coffee, the monthly ration cost declined to no more than 615 drs. in June. For a family of four, the cost of the June ration amounted to less than 25% of the monthly income of an unskilled laborer, comparing with a percentage of approximately 55% in March. In view of the grave deficiency of governmental revenues in May and June, the reduction of the ration price was viewed with concern by the Mission. Acquisition of very substantial tax revenues from new taxes during July promises to ease the budgetary position considerably, however, and lessens the need for reliance upon the proceeds of sale to meet expenditure. The June reduction of ration prices remains of great concern for price policy, however, and will be subsequently treated in some detail under that heading.

Growth of the gross proceeds of sale has been even more seriously handicapped by the necessity of extensive distributions without charge. Unfortunately, grant of indigence ratings has not been based upon a satisfactory and uniform means test with the result that underestimation as well as overestimation of the extent of indigence has occurred in many areas. On balance, however, the extent of free ration issues would appear abnormally high. No less than 18% of the population of Athens-Piraeus possess indigence cards while in Macedonia 700,000 out of 1,200,000 are obtaining their rations without charge.

The bulk of receipts to date has been realized from sale of foodstuffs. Although substantial supplies of clothing and industrial raw materials have been imported, only a comparatively small percentage has been actually distributed owing to governmental failure to develop satisfactory rationing and control schemes. Agricultural Supplies have been generally issued on credit and will not produce receipts until after the fall harvests.

While the gross proceeds of sale have failed to reach their expected volume, the net proceeds are a much greater disappointment. With extension of distributions to the provinces through the Agricultural Bank and rising wage and price levels, distribution costs have risen sharply; in June, reported distribution costs absorbed no less than 52% of the gross proceeds during that month.

There is set forth below latest available information.

upon receipts from sale of relief supplies paid into the Bank of Greece from April 1st to June 30, together with costs of distribution reported for the same period. The Greek Government has failed to date to provide the Mission with any statement of the gross and net proceeds of sale; the following figures are derived from an analysis of the Government account at the Bank of Greece.

Month	Receipts Paid into Bank of Greece	Reported Costs of Distribution	Provisional "Net" Proceeds
April	835,666,859 drs.	175,000,000 drs.	660,666,859 drs.
May	1,156,720,053	605,007,120	551,712,933
June	1,197,524,678	613,675,000	578,849,678
April-June	3,189,911,590 drs.	1,396,682,120 drs.	1,791,229,470 drs.

On the basis of the net proceeds as reported above, less Mission drafts of 155 million drs. over the same period, it would appear that the Greek Government has profited by no more than 1,636 million drs. from the sale of relief supplies from April to June. Although concurrent expenditures upon relief and rehabilitation have not yet been officially reported, it is safe to assume that at least 1,636 million drs. were spent for such purposes from April to June. Total governmental outlay over the same period, exclusive of reported costs of distribution, amounted to no less than 17.7 billion drs., of which at least 10% should be classifiable as expenditure for relief and rehabilitation.

4. Overdrafts

As of the end of June, tax revenues and receipts from sale had covered no more than 40% of total governmental expenditure over the same period. Although during June, a ratio of 53% was attained, the absolute spread between expenditure and receipts was wider than in any previous month. The development of expenditure, tax revenue, receipts of relief sales, and overdrafts since November is recapitulated in the table below:

Period	Drafts upon Bank of Greece	Tax Revenue	Receipts from ML - UIRRA Sales	Overdraft at Bank of Greece
November	1,133	45	28	1,059
Dec.-Jan.	2,453	32	31	2,389
February	2,751	171	15	2,564
March	5,804	1,334	856	3,564
April	5,451	1,667	836	2,949
May	5,768	2,012	1,157	2,599
June	7,889	3,032	1,198	3,659
Nov.-June	31,249	8,343	4,121	18,783

Resumption of the inflationary trend of prices since March is largely attributable to the steady growth of the budgetary deficit. Owing to the hypersensitivity of the Greek economy to budgetary disequilibrium after the disastrous experience of the occupation, the consistently heavy monthly overdrafts at the Bank of Greece have excited strong speculative reactions, thus magnifying the impact upon money incomes

of the deficit spending of the government.

Budgetary prospects for July and subsequent months promise to relieve much of the inflationary pressure which has been generated through the deficit in the past months. Realization during July of expected revenues of 2 billion drs. from the new tax upon industry and commerce would provide total revenues of nearly 5 billion drs., if June rates of collection from other taxes and monopoly sales are maintained. Simultaneously receipt of somewhat more than 1 billion drs. in gross receipts from sales of UNRRA supplies would permit coverage of more than 75% of monthly expenditure at June rates. In view of the extravagantly high levels of governmental expenditure, attainment of such a ratio would be a truly remarkable achievement.

C. BANKING CREDITS

Loan operations by the banking system have expanded considerably since March, reflecting as well as assisting a concurrent recovery of industry and commerce.

<u>Period</u>	<u>Banking Loans in millions of drs.</u>	
	<u>Industry and Commerce</u>	<u>Agriculture</u>
March	215	1,379
April	387	2,447
May	620	3,243
June	771	4,553

According to various bank officials, industrial loans have generally been limited to one month maturities in an effort to prevent speculation in the gold sovereign and commodity stocks. Verification of the proposed uses of loan funds has also been attempted; there have been, unfortunately, indications that such controls have not been entirely effective. The comparative stability of the sovereign rate and commodity prices during June, however, has presumably reduced the danger of speculation considerably.

Preference has been shown to industries producing necessities and which possess, or may obtain at reasonable prices, sufficient raw materials and equipment to resume production. Credits have been withheld from enterprises active during the occupation period on the grounds that such enterprises probably possess sufficient liquid capital to meet their financial needs.

The following table sets forth a breakdown of loans granted as of June 30 to the major categories of industry:

BANKING CREDITS TO INDUSTRY

(Through Head Offices of Major Banks)

<u>Category of Industry</u>	<u>Millions of drs.</u>
Mining	4.1
Iron and steel	61.0
Building and Construction	123.7
Cotton textile	76.5
Food processing	125.9
Chemical	211.4
Leather tanning	2.0
Paper	10.4
Clothing	.8
Wood-working	.5
Utilities	89.5
Tobacco	65.1
	<u>770.9</u>

Since the volume of private deposits with the banking system has remained at comparatively low levels, it has been necessary for the Bank of Greece to extend credits to the various banks for re-loan to agriculture, industry and commerce, as well as for payment of their operating expenses. The great bulk of these credits have been advanced to the Agricultural Bank which had on June 30th more than 4.5 billion drs. in loans outstanding. The heavy predominance of loans to agriculture is a natural reflection of the economic structure of Greece.

Interest rates were reduced from the occupation period levels of 11% to 7% on February 11, 1945. For credits to other banks, the Bank of Greece assesses an interest charge of 1.5% upon loans against bank operating expenses, 3.1% upon credits for re-loan to industry, and 3% upon credits for re-loan to agriculture.

D. NOTE CIRCULATION AND BANK DEPOSITS

1. Note Circulation

a. New Drachma Banknotes

Aside from the governmental overdraft and banking credits, the major sources of increase of the new drachma note issue have been net purchases of foreign exchange, redemption of B.M.A. notes, and payments to the account of the British Authorities. As of June 30, the drachma equivalent (including indemnities) of no less than \$ 4.7 millions and £ Stg.338,000 had been disbursed to beneficiaries of remittances from the U.S. and U.K. Redemption of B.M.A. notes in circulation has involved a change in the composition although not the total of the currency circulation. Drachma payments to the account of the British Authorities have developed swiftly since discontinuance of issue of B.M.A.

The following table recapitulates the operations in new drachma by the Bank of Greece since November.

OPERATIONS IN NEW DRACHMAS BY BANK OF GREECE

(11 November 1944 - 30 June 1945)

Sources of Increase of Note Circulation

Disbursements to the State ⁽¹⁾	31,249,609,000	
Various investments	5,929,468,000	
Bank expenses	329,713,000	
Expenses of printing Banknotes	156,700,000	
Branches and Correspondents' A/c ⁽²⁾ (including acknowledged sendings)	649,961,400	
Net Purchases of Foreign Exchange	2,190,845,000	
Exchange of B.M.A.	1,995,650,000	
Exchange of Old Drachmae	173,796,000	
Payments to account of British Authorities	1,337,674,000	
Various Accounts	446,819,000	44,460,235,400

Sources of Decrease of Note Circulation

Gov't Cash balance	2,675,061,000	
Various Deposits	682,737,000 ⁽³⁾	3,357,798,000
Ordinary Revenue		8,263,518,000
Gross Proceeds of ML-UNRRA Supplies paid into the Bank of Greece	4,121,284,000	
Proceeds of sale of gold	105,310,000	
Various Accounts	109,140,200	15,957,050,200

New Drachma Issue as of June 30, 1945 28,503,185,200

(1) Includes certain costs of distributing relief supplies.

(2) An amount of 6,252,448,600 new drachmae representing cash in vaults of provincial branches of the Bank of Greece and the National Bank of Greece has been deducted.

(3) Includes receipts of monopoly sales to the value of 80,070,000 drs.

b. Old Drachma Banknotes

Conversion at the rate of 50 billion old drs. to one new drachma on November 11th reduced the old drachma circulation to the equivalent of 125.6 million new drs. Exchange of old drachmas proceeded rapidly until March; the decline in conversions in subsequent months suggests that much of the 49 millions remaining on the books as of June 30th has been destroyed.

c. Small Denominations

Issue of small denomination notes, ranging from 1 to 20 drs., is a function of the Central Government rather than of the Bank of Greece; such notes constitute a liability of the State. The comparative stability of the small denomination issue since April, despite concurrent sharp increases in the new drachma banknote circulation, reflects lessened public requirements for such currency at the higher price levels of May and June.

d. B.M.A. notes

Arrival of adequate supplies of drachma currency in January permitted gradual discontinuance of issue of B.M.A. notes. Owing primarily to the unfamiliarity of B.M.A. currency, a steady return flow of B.M.A. to the Bank of Greece in exchange for drachmas developed as early as November. Although it has proved necessary to make several extensions of the final conversion date from May 31st, delays in conversion are primarily owing to communication difficulties rather than to any public delusion that B.M.A. notes are preferable to their drachma equivalent.

Return of B.M.A. to the banking system has proceeded swiftly as indicated by the following table of end of month holdings of B.M.A. by the Bank of Greece and National Bank of Greece.

<u>As of</u>	<u>Total Issue of B.M.A.</u> (estimates)	<u>Bank holdings of B.M.A.</u>
November 30	£ 2.2 millions	£ 491,219 8/6
January 31	3.1	432,979 3/6
February 28	3.9	581,529 17/6
March 31	4.2	913,889 6/-
April 30	4.7	2,047,425 11/4
May 31	4.5	3,942,292 8/6
June 15	-	4,387,960 18/-

e. Total Currency Circulation

Owing to communication difficulties, the Bank of Greece has been unable until recently to provide official statements of the drachma note circulation. While daily statements of note issues have been provided, the significance of issue figures has been impaired by periodic sendings to provincial branches of large consignments of currency which have been disbursed only gradually. Recently, however, official statements of end-of-month holdings in provincial branches of drachma and B.M.A. currency have become available and permit estimation of the development of the note circulation since November. Increase of the note circulation by 111% between the end of March and the end of June is at least symptomatic of the development of strong inflationary forces; space will not permit a detailed analysis of its precise causal significance.

CIRCULATION IN MILLIONS OF

<u>End of</u>	<u>Drachma notes</u>			<u>B.M.A. notes</u> (Drachma Equivalent)	<u>Total Currency Circulation</u>
	<u>New Banknotes</u>	<u>Small Denoms.</u>	<u>Old Banknotes</u>		
November	1,183.6	65.8	113.0	1,025.3	2,387.7
January	3,258.9	155.4	72.2	1,630.2	5,116.7
February	7,358.4	192.1	56.4	1,991.1	9,598.0
March	11,184.4	278.6	52.1	1,971.7	13,486.8
April	16,480.0	402.3	50.5	1,609.5	18,542.3
May	22,055.7	410.8	49.3	355.6	22,871.4
June	28,503.2	417.9	48.8	-	28,969.9

2. Bank Deposits

Banking deposits have risen only very slowly, reflecting the general lack of confidence in the drachma over any period but the very short run. Although the virtual doubling of private deposits from April to May is encouraging, it should be pointed out that the May level of total deposits of 1.9 billion drs. remains far below 1940 levels of 23.1 billions, despite manifold increases in note circulation and money incomes.

PRIVATE DEPOSITS IN HEAD OFFICES OF ALL MAJOR BANKS (millions of drs.)

<u>End of</u>	<u>Compulsory Deposits of Public Institutions</u>	<u>Private Deposits</u>	<u>Total Deposits</u>
March	1,087.8	82.9	1,170.7
April	721.3	350.0	1,071.3
May	1,344.7	547.1	1,891.8

E. COMMODITY PRICES

1. Free market

Free market prices continued their upward course in April and May at a steadily accelerating pace. Expectations of an inflationary spiral of budgetary deficits, rising prices, and rising wages and other monetary incomes strengthened rapidly and were soon realized in actuality. The unexpected fall of the Plastiras government on April 7th administered a considerable shock to public confidence; pessimism grew as the succeeding "service government" failed to formulate a cut program of economic recovery. International political difficulties arising at San Francisco, in Trieste, and elsewhere produced almost instantaneous repercussions upon the hypersensitive markets of Athens.

With the development of inflationary psychology and growing disillusionment over the volume of relief supplies, with-holding of commodity stocks became steadily more prevalent and reinforced the upward pressure upon prices. Acceleration of consumer and speculative purchases further quickened the rise of prices. The sovereign rate resumed its occupation period role as a barometer of inflationary psychology and carried nearly all non-perishable commodity prices, both in Athens and the provinces, along in its train. A geometric index of 20 free market commodity prices registers an increase of very nearly 100% between March 31st and May 31st.

By May 23rd, the sovereign had been bid up to no less than 25,000 drs., a purely speculative rate which could not be long maintained without supporting increases of money incomes. Announcement of sharply increased relief imports by the Chief of the UNRRA Mission on May 24th was sufficient to break the market and by May 29th, the rate had plummeted to 15,000 drs. After recovering sharply to 19,000 drs. on May 31st, fresh declines in the rate set in with announcement on June 4th of Mr. Varvaressos program of economic recovery.

Commodity markets reacted much more slowly to the

announcements of heavier relief imports, and budgetary and other reforms. On June 7th, however, many commodity prices broke sharply; the inflationary trend of April and May became transformed overnight into a steep deflationary spiral. Retailers hastened to release foodstuffs upon which price controls had been promised while simultaneously curtailing purchases from wholesalers; anticipation of declining commodity prices checked consumer demand, further intensifying the forces of deflation. A coincident relaxation of international tension eased public anxiety and contributed to a further decline of the sovereign rate, upon which many commodity prices directly depend. The strength of the deflationary forces created by the UNRRA and Varvaressos announcements was reflected in the decline of a number of commodity prices below official levels, while the majority of controlled commodities remained in sufficient supply to meet demands. A geometric index of 20 commodity prices registered a decline of no less than 26% from May 31st to June 10th.

By the end of June, however, the downward trend of prices had been checked and, in subsequent weeks, price indices have held steady around 10-11 times pre-war levels. The following geometric index recapitulates the average movement of 20 commodity prices from November to June.

UNWEIGHTED GEOMETRIC INDEX OF 20 COMMODITY PRICES,
ATHENS-PIRAEUS AREA
(Oct. 1940 = 100)

<u>Date</u>	<u>Index</u>
November 11	431.4
20	510.7
30	663.7
January 15	1116.9
20	1050.1
31	994.5
February 10	950.5
20	825.7
28	782.7
March 10	785.4
20	778.9
31	792.0
April 10	822.5
20	856.5
30	986.8
May 11	1048.2
20	1223.9
31	1544.4
June 10	1147.3
20	1024.4
30	1002.7

A breakdown of the movements in recent months of the individual prices comprised in the above index is set forth below:

Commodities	Nov.11	Apr.30	May 31	June 10	June 30
1. Bread, oke	20	65	100	75	55
2. Veal, oke	240	380	420	400	460
3. Fish, oke	93	260	240	200	140
4. Olive oil, oke	144	340	560	340	360
5. Olives, oke	110	150	230	210	180
6. Sugar, oke	190	720	1500	950	1200
7. Macaroni, oke	80	180	340	220	190
8. Rice, oke	184	460	1030	850	840
9. Cheese (white), oke	360	360	560	480	480
10. Beans, oke	110	160	190	160	100
11. Eggs, each	18	20	23	25	25
12. Potatoes, oke	40	110	215	140	90
13. Soap, oke	160	236	470	360	350
14. Charcoal, oke	20	50	80	60	50
15. Wood, oke	6	18	30	18	14.50
16. (Drill) cloth, 3/4 m.	350	950	1600	1050	700
17. Calico, 3/4 m.	80	200	275	170	170
18. Leather for soles, pair	200	660	1375	770	687.50
19. Cigarettes, (medium), box	20	80	100	84	65
20. Wine, oke	40	140	230	160	160

Unweighted Geometric
mean of Price Relatives

Oct. 1940=100	431.4	986.8	1544.4	1147.3	1002.7
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Clothing prices have risen much more sharply over pre-war levels than foodstuff prices and currently display an extreme sensitivity to the sovereign rate. The following table illustrates the course of clothing prices in recent months; the very sharp declines in June are noteworthy.

CLOTHING PRICES IN ATHENS MARKET

	Oct.1939	Oct.1940	Mar.1945	Apr.1945	May 1945	June 1945
1. Suits	3,309.33	3,732.33	37,300	42,000	85,000	65,000
2. Hats	545.40	617.50	6,000	7,000	9,000	6,500
3. Shoes	457.50	555.75	9,000	12,000	24,000	15,000
4. Shirts	283.16	375.80	2,725	3,200	6,500	6,000
5. Socks	49.80	66.00	480	600	1,200	600
6. Underwear	215.00	288.00	2,200	2,300	4,600	2,500
7. Handkerchiefs	28.20	40.50	490	600	1,000	500
Geometric Index	100	126.8	1219.9	1446.3	2656.4	1696.3

2. Controlled prices

a. Domestic Supplies and Services

Public utility rates have not as yet been submitted to the Joint Price-Fixing Committees for analysis of their cost bases although they have apparently received governmental approval. The striking increase in tramfares which heavily burdened living costs during the early spring months has become much less oppressive after the substantial increases of wages and salaries in May and June.

<u>Service</u>	<u>October 1940</u>	<u>April-June 1945</u>
Gas, cubic meter	8.40 drs.	30.00 drs.
Electricity, kw hour	13.28	33.50
Tram ticket (Athens)	2.87	20.25
Water:		
Cubic Meter	15.00	60.00
Rent of Meter	2.00	30.00
Telephone, per call	1.15	5.00

Aside from the above utility rates, price controls were almost entirely lacking until appointment of Mr. Varvaressos to the Ministry of Supply. On June 10th, Mr. Varvaressos fulfilled his promise of price controls by imposing price maxima upon 17 basic commodities sold in the metropolitan markets. The new official prices represented, on the average, a cut back to the levels of May 5th and involved considerable reductions from the free market levels of June 9th.

<u>Item</u>	<u>Free Market Price</u> <u>June 9</u>	<u>Official Price</u> <u>June 10</u>
Meat, oke (ave.)	460 drs.	400 drs.
Fish, oke (ave.)	200	140
Cheese, oke	680	480
Macaroni, oke	280	220
Fire-wood, oke	30	18
Charcoal, oke	75	60
Olive oil, oke	480	360
Wine, oke	240	160
Potatoes, oke	150	150

Simultaneously with imposition of price controls, Mr. Varvaressos appealed to the public to restrain all unnecessary purchases, particularly of clothing, in anticipation of even lower prices in the near future as the volume of UNRRA imports expanded. The response of the public has been remarkable, contributing heavily to the decline of commodity prices and facilitating the imposition and extension of price controls in the metropolitan area. Controlled prices of charcoal, wood, potatoes and certain other vegetables and fruits were reduced still further on June 17th. Successful imposition of similar price controls in many provincial centres has been reported.

In general, fears of hoarding and black market operations consequent upon price controls have not yet materialized although deterioration of qualities has been reported. Supplies of fruits, vegetables, macaroni pastes, soap charcoal, and wood are adequate to meet demands; prices of potatoes and certain fruits have tended to fall below official levels. Early shortages of meat and fish have been largely relieved following a decree requiring restaurants to observe alternative meatless and fishless days. On the other hand, cheese and olive oil have become increasingly scarce while rice and sugar are almost totally unavailable.

The scope of the price controls imposed to date has been comparatively narrow, applicable only to public utilities and retail sales of the basic foodstuffs. Sellers of nearly all other commodities are subject only to a general injunction

under the June tax upon industry and commerce against transfer of the tax to the consumer in the form of price increases. Mr Varvaressos has announced his intention of extending similar price controls, however, over the processing and final sale of all raw materials imported by UNRRA. Controls will allegedly be imposed upon the cotton textile industry by the end of July and extended to other industries shortly thereafter. On balance, the price controls introduced on June 10th have enjoyed a spectacular success, particularly with regard to curbing purely speculative maneuvers. It should be pointed out, however, that there has not been any strong buying pressure against the majority of controlled prices and that the machinery of price control remains relatively untested.

b. Imported Supplies

The Greece Mission has repeatedly expressed its extreme concern lest the termination of relief imports without foreign exchange payment into Greece necessitate sharp increases in drachma import prices with consequence disturbance, and perhaps disruption, of the entire price and wage structure. Unfortunately, establishment of import prices capable of economic maintenance in the post-UNRRA period has so far involved extreme difficulty. Import prices requiring no increase in the post-UNRRA period must presumably be sufficiently high to cover future landed costs, customs' duties, and importers' margin. Assessment of future costs of importation in terms of foreign exchange, unfortunately, has been almost entirely impossible; quite aside from the difficulty of estimating post-war alterations in foreign price levels and shipping costs, the Mission has not been provided with even current landed costs of importation for the majority of relief supplies.

Moreover, even if quotations of current landed costs, and satisfactory estimates of future costs, in terms of foreign exchange had been available, establishment of appropriate drachma prices would have been severely handicapped by the heavy over-valuation of the drachma upon the foreign exchanges until June 5th. It had become increasingly obvious that import prices fixed on the basis of the pre-June 5th exchange-rate of 149 drs. to the dollar could not possibly be maintained; exchange-depreciation was inevitable and would eventually upset any price calculations based on the 149 drs. to the dollar rate. Aside from such acute difficulties with regard to landed cost, import price policy was further hampered by lack of assertion of governmental policy with regard to the import tariff structure and importers' profit margins.

As indicated in an earlier connection, import price policy during most of the ML period lacked any consistent guiding principle. While decision to establish a ration cost absorbing a high percentage of average wage incomes resulted in ration prices frequently in excess of landed costs (provisional quotations on the basis of 149 drs. to the dollar), drachma prices fixed upon coal and oil were on the other hand, largely based upon their landed costs, again at a rate of 149 drs. to the dollar.

Upon the original instance of the Financial Analyst, Greece Mission, the UNRRA representatives secured adoption

by the Joint Price-Fixing Sub-Committee of the following general principle of price-policy; that import prices should represent, on the average, the same percentage increase over pre-war levels as the average increase of wage rates over the same period; and that individual prices might be set above or below the levels suggested by the increase of wage rates in accordance with (1) governmental alteration of pre-war tariff policy and (2) approved estimates of permanent alteration in the foreign exchange cost of importation.

The principle outlined above was advocated only as a interim guide to price policy, pending revaluation of the drachma to levels appropriate to the increase of wages since 1940 and availability of landed cost quotations at the new exchange rate. Expectation of an eventual drachma devaluation of roughly 3-5 times to counter a roughly equivalent increase of wage rates since 1940 was thoroughly justified by the revaluation of June 5th from 149 to 500 drs. to the dollar.

If one assumes that the current official exchange rates satisfactorily relate internal and external wage levels, the interim price policy introduced by the Greece Mission may now be abandoned as soon as accurate quotations of landed cost become available. Price policy should then be based upon such landed costs, with adjustment for expected declines in shipping charges etc. and governmental import tariff policies. In the event, however, of resumption of past inflationary trends, return to the interim price policy of the Greece Mission would be highly advisable.

As indicated in an earlier connection, March ration prices were fixed prior to adoption of the interim price policy introduced by UNRRA while ration prices for April were established without prior consultation with UNRRA. Despite official increases in salaries of employees of the government and of private industry, together with widespread grant of higher labor wage rates, ration prices were maintained relatively unchanged during April and May. The total ration cost declined sharply, however, owing to reduction in issue of sugar and fats in April and elimination of rice and coffee from the ration in May. These decisions of the government represented a breach of the price policy adopted by the Joint Price-Fixing Sub-Committee which was not convened to discuss and advise upon appropriate ration prices.

Moreover, upon his appointment to the Ministry of Supply on June 4th, Mr. Varvaressos took the position that ration prices of earlier months were excessively high and effected sharp price reductions all along the line. Further price reductions have been announced for July. Despite simultaneous addition to the June ration of olive oil and coffee, the monthly ration cost declined to no more than 615 drs. in June.

As a result of June revisions in official wage and salary structure, wage and salary rates currently average roughly 5 to 6 times pre-war levels. The average increase of ration prices over pre-war levels upon the free market is considerably less; the following table compares pre-war and recent ration prices of a number of basic foodstuffs.

Ration Item	Unit	Free Market Price 1940	Ration Prices					
			May		June		July	
			Drs.	% of 1940	Drs.	% of 1940	Drs.	% of 1940
Bread	oke	11.44	19.20	167.8	19.20	167.8	26.40	230.7
White Flour	"	22.50	50.00	222.2	40.00	177.8	40.00	177.8
Macaroni	"	22.00	80.00	363.6	60.00	272.7	60.00	272.7
Beans	"	30.70	70.00	228.0	70.00	228.0	30.00	97.7
Lard	"	40.00	200.00	500.0	200.00	500.0	133.00	333.0
Sugar	"	44.00	160.00	363.6	160.00	363.6	104.00	236.4
Coffee	"	182.00	-	-	332.00	182.4	332.00	182.4
Rice	"	22.70	-	-	-	-	120.00	528.6
Olive oil	"	50.60	-	-	140.00	276.7	-	-
Soap	"	30.05	76.80	255.5	-	-	56.80	189.0

The most striking example of disproportionality between increase of ration prices and increase of wages is the case of bread. Establishment of an appropriate price for bread has been severely complicated by the existing ration system under which indigents must pay for bread although receiving other rationed foodstuffs without charge. The price-fixing authorities have always felt themselves constrained, moreover, by the probability that many truly indigent families have failed to secure indigence status. Revision of the indigence card system is currently in progress but has not yet achieved satisfactory results. Meanwhile, in accordance with ML and UNRRA directives, it has been deemed necessary to establish a heavily subsidized price for bread in order to ensure that lack of funds does not prevent acquisition of the ration.

The bread subsidy has been effected through virtual disregard of the landed cost of wheat or flour, a practice inaugurated during the occupation period. To date, bread prices have been intended to cover local costs of processing and distribution, plus whatever additional amount is required to avoid quotation in fractions of a drachma. This additional amount has been credited to the landed cost of the imported wheat. In February and again in May and June, however, increases in baking costs caused even local expenses of processing and distribution to exceed the price of bread, necessitating subsidy to the bakers and entirely eliminating any credit against the landed cost of the wheat consumed. The average cost elements in the price of bread since February may be broken down as follows:

Month	Total Baking Costs	Milling, Transport of wheat	Price of Bread	Surplus of Deficit per oke of wheat
February	12.15 drs.	3.48 drs.	13.90 drs.	- 1.73 drs.
March	11.08	4.42	18.78	+ 3.28
April	11.80	6.30	19.20	+ 1.10
May	12.46	7.31	19.20	- 0.57
June 1-20	18.53	7.31	19.20	- 6.64
June 21-30	18.95	7.31	19.20	- 7.06

The situation outlined above has been somewhat improved during the first week of July by increase of the price of bread to 8 drs. while reducing the ration from 125 to 120 dramia daily.

A very serious problem of price policy has arisen since June 5th with regard to revision of drachma prices of coal and oil. Early in the ML period, coal was priced at 4,000 drs. per ton at Piraeus, largely on the basis of its landed cost of £ 5.15, converted at the then official rate of exchange of 600 drs. to the £ sterling. The drachma revaluation of June 5th to 2000 drs. to the £ Sterling naturally upset this calculation and immediately raised the issue of whether or not the drachma price should not be increased to cover the increase in drachma landed costs. The major arguments supporting increase of the drachma price have been (1) the possibility of thereby assisting the production of lignite, badly needed to offset prospective declines in coal imports; (2) heavy governmental revenue requirements and (3) the importance of eventually re-aligning the price of coal with other prices. These arguments have been more than countered, however, by the absolute necessity at the present moment of preventing substantial increases in the present price and wage structure, which might engender strong speculative reactions; sharp increases in the price of coal would ramify throughout the entire price structure. While decision has finally been taken to increase the price of coal to 6,600-7,000 drs. per ton, the new price is to be uniform throughout Greece, in contrast with the former price which applied to Piraeus alone. It is believed that recent increases in landed costs of oil will be similarly prevented, at least for the present, from sharply increasing the final price to industry and commerce.

After a virtually complete suspension of the Price-Fixing Committees during April, May, and June, a new Committee on Allocations has begun to function in July. A detailed study of the price policy and decisions of the new Committee will be attempted as soon as time permits.

3. Cost of Living Indices

Construction of cost of living indices has been severely hampered to date by the pronounced change in patterns of consumption which have occurred since 1940. Many commodities formerly consumed are no longer available on local markets while manifold increases in prices since 1940 have further distorted pre-war patterns of consumption. The Economic Research Division of the Bank of Greece has partially circumvented the above difficulties through employing a pattern of consumption based upon minimum food, clothing and other basic requirements of the average civil servant. Food requirements for a family of four are calculated in terms of calories, proteins, and fats; in so far as ration distributions fail to provide for these requirements, recourse to the free market is assumed. Thus, a reduction in monthly ration distributions will probably increase expenditure upon free market foodstuffs and induce a rise in the index figure.

Under special rent restriction decrees in effect prior to June 1, 1945, civil servants were entitled to claim reduction of their house rentals to 37 1/2% of pre-war levels. This privilege was withdrawn as of June 1st, resulting in an increase of rentals payable by civil servants to 75% of pre-war levels in accordance with the general rent restriction legislation. An average pre-war rental of 1500 drs. has been assumed. Estimates for light and heating are based upon minimum requirements and exclude expenses for winter heating.

Estimates for clothing exclude expenses of renewal but assume certain minimum expenditure for repairs. Miscellaneous expenses are set at low levels; 12 newspapers and 10 packages of cigarettes per month have been assumed.

A breakdown of the minimum family expenses assumed by the index in the base period of 1935-37 and in recent months is set forth below:

	<u>1935-37</u>	<u>April</u>	<u>1945</u> <u>May 31</u>	<u>June 30</u>
1. Food				
Ration	-	3,004 drs.	2,784 drs.	2,236 drs.
Free market	1,237 drs.	2,440	4,270	4,025
2. Rent	1,500	562	562	1,125
3. Light & Heating	242	2,078	3,169	2,064
4. Clothing	158	1,786	3,654	2,106
5. Miscellaneous	465	2,995	4,580	3,715
	3,602 drs.	12,865 drs.	19,019 drs.	15,271 drs.

PROVISIONAL COST OF LIVING INDEX
(1935-37 = 100)

<u>Date</u>	<u>Index</u>
Oct. 1940	114.4
March 1945	305.7
May 1, 1945	382.5
June 1, 1945	588.0
July 1, 1945	421.5

F. WAGES AND SALARIES

As indicated in an earlier connection, the wage and salary structure established in November had disintegrated considerably by April 1st. Sharp increases in labor wage rates in February, grant of extraordinarily high salaries to military personnel, and concession of very substantial bonuses to civil servants in March had disrupted November wage and salary relationships and created considerable increases in monetary incomes. With sharply rising price levels in April and May, very heavy pressure for wage and salary improvements developed throughout the entire economy and forced widespread concessions of wage and salary increases.

Government employees received bonuses during April and May at 75% of the March bonus rates which, in the case of civil servants, ranged from 45 to 114% of the basic salary. The government successfully resisted demands for a special Easter grant of 3,000 drs., however, despite a brief protest strike of employees of the Bank of Greece on May 4th.

Development of a slowdown strike among the stevedores at Piraeus in April necessitated grant of increases in basic wage rates from 315, 330, and 350 drs. to 400, 420, and 440 drs. per day. In May the government was virtually driven to the wall by a growing flood of strikes and deliberate slowdowns of productions primarily inspired by the swift increases in the cost of living. Foreign economic advisers

became reluctantly forced to accept the government's position that refusal to grant wage increases would precipitate a general strike, with which the government was ill-prepared to cope. The foreign advisers refrained, however, from any comments upon specific wage rates but rather urged the government to purchase time if necessary but to minimize the cost of such purchases and to impose urgently needed price controls in the meantime. By the end of May, tobacco, cinema, gas, sanitation, printing, transport, and textile workers had all received substantial official wage increases, ranging up to 100% in many instances. Laborers and employees in the Salonica area secured a general increase of 125%. In addition to official wage increases, many employers freely granted raises through re-classification of labor in higher official categories and payment of overtime and price rates which were not subject to official maxima.

Upon taking office as Deputy-Prime Minister on June 4th, Mr. Varvaressos was thus confronted with a developing upward spiral of wages after prices. It is one of the major accomplishments of Mr. Varvaressos' program that this upward spiral has been halted, the wage and salary structure thoroughly revised, and price and wage stability subsequently maintained. Labor wage rates were revised on June 5th in accordance with the following schedule.

<u>Glass of Labor</u>	<u>Official wages February- May</u>	<u>Official wages June</u>	<u>Monthly income June</u>	<u>Percentage Increase May-June</u>
Apprentices up to 2 yrs.employment	120 drs.	220 drs.	5,500 drs.	83
Apprentices over 2 yrs.employment	156	270	6,750	76
Unskilled worker	240	400	10,000	66
Skilled worker	310	500	12,500	60
Technician	384	600	15,000	56
Head Technician	480	720	18,000	50

Excepting the apprentice class, male labor thus secured wage increases over the basic rates of February-May ranging from 50 to 66%. Differentials between Athens and provincial rates were simultaneously abolished. As pointed out above, however, wage rates of many occupations had already obtained wage increases frequently ranging up to 100%. In general, therefore, the new wage scales introduced by Mr. Varvaressos did not substantially improve the wages of labor actively employed. Very considerable improvements in real wages were produced, however, by the striking decline of commodity prices in June.

Salaries of private employees were increased much more sharply. Previous scales ranging from 9,000 to 15,000 drs. monthly in accordance with seniority were replaced by a minimum rate of 10,000 drs. and a maximum rate of 30,000. For bank employees, a minimum rate of 12,000 and maximum of 30,000 were established. The new salary decrees should permit a much greater differentiation among salary rates than has hitherto obtained. Salary scales established in November for employees of private enterprise regulated the remuneration of employees in accordance with length of service alone, without regard for the relative skill and efficiency of the individual employee.

Employers may now adjust salary rates between minimum and maximum limits in recognition of individual output; the government has undertaken, however, to prevent possible abuse of this privilege in the form of excessively low classifications.

The new salary scales for governmental employees announced on June 22nd provide substantial increases over April rates for nearly all categories of employment. The average increase has been estimated at roughly 50% and is expected to add roughly 500 million drs. to monthly expenditure at current levels of employment. Salaries of military personnel remain unchanged for the present although pressure for comparable increases is developing.

MONTHLY SALARIES OF CIVIL SERVANTS

<u>Position</u>	<u>May 1945</u>	<u>June 1945</u>	<u>Percentage Increase, May to June 1945</u>
Director General	16,300	23,000	41.10%
Director 1st class	13,600	20,000	47.05%
Director 2nd class	13,200	19,000	43.93%
Section Chief 1st cl.	10,900	17,000	55.96%
Section Chief 2nd cl.	10,900	16,000	46.78%
Rapporteur	9,750	14,500	48.71%
Secretary 1st class	8,600	13,000	51.16%
Secretary 2nd class	8,200	12,500	52.43%
Attache	7,250	11,000	51.72%
Clerk 1st class	7,050	10,000	41.84%
Clerk 2nd class	7,050	9,000	27.65%
Chief Usher	6,500	10,000	53.84%
Usher 1st class	6,100	9,500	55.73%
Usher 2nd class	6,100	9,000	47.54%
Usher 3rd class	5,900	8,500	44.07%
Usher 4th class	5,900	8,000	35.59%

Dependency allowances have also been revised, the new rates providing grants of 10% of the basic salary for the first dependent and 5% for each successive dependent up to a maximum of four dependents. These new allowances compare with former grants of 1,200 drs. for the first dependent and 600 drs. for each successive dependent up to a maximum of four. High ranking civil servants will consequently benefit from the new allowance rates while those of lower ranks will suffer losses. Long service allowances ranging up to 20% of the basic salary and other bonuses for illness, duty in Macedonia and Thrace, etc. have also been granted.

Mr. Varvaressos has also announced his firm intention of suspending all civil servants appointed during the occupation period and of revoking all promotions made at that time. Such action is long overdue; the civil service remains overburdened with surplus employees and distorted by an excessive concentration of employees in the higher grades, involving the State in considerable unnecessary expense.

The new salary scales and proposed administrations reforms have aroused strong protests from the Association of Government Employees. The Association regards the new rates as excessively low, particularly in view of prospective demotions; many employees will allegedly receive less than

before. The government has so far resisted the demands of the Association for (1) higher salary rates, (2) a "qualitative" purge of the civil service, based upon individual investigation, and directed against collaborationist and communist elements and (3) lowering of the retirement age.

While the above revisions of the wage and salary structure will undoubtedly expand monetary incomes, the probable magnitude of expansion is somewhat uncertain. It may be expected that the widespread wage increases obtained by labor in recent months will be superseded by the new wage decrees only where current rates are below official rates. On balance, therefore, the new wage laws should increase the monetary income of labor although not to any substantial degree.

Since employers are at comparative liberty to classify their employees within the maxima and minima salary rates, it is quite impossible to estimate probable increases in average salaries at this time. In the past, private employers have displayed comparatively little resistance to salary demands since they were generally enabled to pass on to the consumer any increases in the salary bill. It would seem doubtful that the present price controls will be sufficiently effective to check this practice; substantial increases in salary incomes appear probable and may be expected to react upon prices, both through increasing costs and through expanding consumer income. In the case of bank employees, any increases in their salary rates must be met through drafts upon the Bank of Greece. The sharp increases in salary scales of civil servants, also requiring finance through drafts upon the Bank of Greece, have expanded monetary incomes to a much greater degree.

Despite the very considerable increase of wage and salary incomes since May, there has been little evidence of increasing buying pressure upon either free or controlled prices. While a certain release of hoarded stocks in June has partially offset rising wage and salary incomes, the major explanation of price stability would seem to lie in sharp declines in the velocity of monetary circulation and, consequently, the total of monetary incomes.

Unfortunately, no reliable data upon employment and unemployment, even within the metropolitan district, have as yet become available. Employment registration conducted in connection with the ration issue of clothing is expected, however, to provide the required statistics.

G. GOLD AND FOREIGN EXCHANGE

1. The Sovereign Rate

The sovereign rate plays an extraordinarily important role in the present economy of Greece. This phenomenon is owing in part to the natural popularity of gold during the hyper-inflation of the occupation period and possibly in even large measure to the unusually large circulation of sovereigns in Greece. The course of the sovereign rate not only serves as a barometer to market dealers but is anxiously

followed by every household.

It would appear that the sovereign rate is primarily determined by (1) expectations of the future course of commodity prices and (2) the current volume of commercial and industrial profits. Expectation of price inflation will naturally urge immediate investment of such current profits in sovereigns as a means of safeguarding their value; the extent of the consequent rise in the sovereign rate will depend on the strength of such expectations and the volume of cash profits. Commercial and industrial stocks will also seek investment in other media such as commodity stocks, the prices of which will rise in concert with the sovereign rate. A sharply rising sovereign rate will also tend to generate further increases in the general price level. Many commodity prices are quoted in sovereigns or at the sovereign rate and consequently tend to move in close accordance with the rate upon the gold pound. The widespread tendency to regard the sovereign rate as a barometer of economic and political conditions tends to create sympathetic reactions in all commodity markets.

Perhaps most significant of all, the sovereign rate is symptomatic of the reinvestment of commercial and industrial profits. The degree to which such profits are reinvested in sovereigns, commodity stocks, or other media of investment has a strongly determining effect upon the total flow of monetary income. Full and immediate investment of all business profits will tend to magnify the impact budgetary deficits, payment of remittances, banking credits, and other income creating expenditure. During April and the first three weeks of May, such full and immediate investment of business profits occurred and undoubtedly produced a very considerable increase in the flow of monetary incomes.

Since the end of May, however, expectation of heavier UNRRA imports and a declining commodity price level has not only permitted but has encouraged a temporary retention of current industrial and commercial profits in cash form. Investment in sovereigns has been negligible while investment in commodity stocks has also declined; construction has remained hampered by fears that new investment will be regarded as evidence of war profits. As a result, the continuing expansion of the budgetary deficit, remittance payments, and banking credits have been heavily offset by a growth of idle savings and consequent check upon the flow of monetary incomes.

The significance of such variations in investment is heightened by the probability that entrepreneurial earnings constitute a very substantial percentage of the national monetary income. The Economic Research Division of the Bank of Greece estimated in May that the entrepreneurial and professional class, constituting roughly 7% of all monetary income earners, was appropriating approximately 70% of the national monetary income. Although these estimates probably overemphasize the current maldistribution of income, it is nevertheless apparent that the extreme lag of wages behind the general price level has permitted the entrepreneurial class to secure an abnormally high percentage of the national income. It is probable, moreover, that the entrepreneurial class is enabled to save a very substantial percentage of

its income and that the volume of savings is abnormally high in relation to the national monetary income.

If such an abnormally high ratio of savings to the national monetary income exists, variations in expectations and consequent variations in investment will react with extraordinary strength upon the flow of such monetary income. Expectations of rising prices will immediately produce extensive expansions of monetary incomes while anticipations of declining price levels will institute very considerable contractions of such incomes. As a result of the general optimism engendered by Mr. Varvaressos' program, it is possible that the flow of monetary incomes has actually declined since the end of May, despite concurrent increases in wages, salaries, the budgetary deficit, and note circulation.

Until Mr. Varvaressos' entrance into the government, efforts to rid the Greek economy of the influence of the sovereign rate were largely restricted to prohibition of transactions in gold and foreign exchange. Although enforcement was not strict, the inevitable result was to raise the sovereign rate through reducing the supply. Mr. Varvaressos' program, fortunately, promises to strike at the roots of the problem through restraining the demand for sovereigns. Introduction and energetic implementation of numerous reform measures, coupled with announcement of enlarged UNRRA imports, have considerably alleviated fears of further inflation and lessened the urge to immediate investment of all drachma profits in sovereigns. It would seem probable moreover, that the absolute volume of net profits declined considerably during June and July owing to a striking drop in the velocity of circulation, contraction of the flow of monetary income, sharp reduction in commodity prices, and simultaneous imposition of heavy taxation upon commercial and industrial incomes. Demand for sovereigns has accordingly fallen off sharply; during June and the early weeks of July transactions have been so limited that daily quotations have been of hardly more than nominal significance. There has been no evidence, however, of a general liquidation of sovereign hoards: expectations over any but the very short run remain pessimistic. It would seem probable that such long-run pessimism, assuming it to be unfounded, may be overcome only very gradually; in the meantime, even moderate shocks to confidence may generate, through the sovereign market, widespread inflationary repercussions.

The comparative movements of the sovereign rate and certain commodity prices from March to June are set forth in the table below:

SOVEREIGN RATE AND INDEX OF COMMODITY
PRICES
(Athens Market)

<u>Date</u>	<u>Sovereign Rate</u>		<u>Geometric Index of 20 Commodity Prices (Oct.1940 = 100)</u>
	<u>Drachmas</u>	<u>Index (Nov.11,1944=100)</u>	
March 31	5,400	257.1	778.9
April 10	6,800	323.8	822.5
April 20	8,550	407.1	856.5
April 30	10,300	490.5	986.8
May 11	11,600	552.4	1048.2
May 21	20,000	952.3	1223.9
May 31	19,500	928.5	1544.4
June 11	12,500	595.2	1147.3
June 20	12,700	604.8	1024.4
June 30	13,000	619.0	1002.7

2. Foreign Exchange

a. Free market rates

Since November, free market rates upon foreign currencies have moved in concert with the sovereign rate. Such free market rates bear no necessary relationship to exchange parities but, like the sovereign rate are rather linked to expectations of future commodity price levels. Since the Bank of Greece refuses to accept such currencies at official rates, no barrier exists to a decline of free market prices below parity levels. Percentage deviations of free market from parity exchange rates since November are set forth in the table below; the consistently high premia upon the Swiss franc are noteworthy.

PERCENTAGE RELATIONSHIP TO PARITY

<u>Date</u>	<u>Swiss Franc</u>	<u>U.S. Dollar</u>	<u>£ Egyptian</u>	<u>£ Sterling</u>
Nov.30, 1944	107	81	86	81
Jan.31, 1945	150	111	114	112
Feb.28	154	127	-	101
Mar.31	178	146	139	120
Apr.30	298	277	257	201
May 11	335	311	290	227
May 21	679	559	542	392
May 31	610	523	488	353
June 11(1)	127	109	94	89
June 20(1)	129	110	95	91
June 30(1)	133	113	97	93

(1) On June 4, 1945, the dollar parity was altered from 150 to 500 drs; sterling from 600 to 2000 drs., etc.

In June, the Bank of Greece attempted to secure the withdrawal of Bulgarian levas currently circulating in Greek territory by requesting possessors of such notes to deposit their holdings with the banking system. Depositors of levas will be subsequently indemnified if the Greek government succeeds in obtaining compensation from Bulgaria against leva notes placed in circulation in Greece during the occupation period.

b. Devaluation of June 5, 1945

It had become increasingly obvious during the spring months that the drachma had been heavily overvalued in November and was becoming progressively more so as further wage and salary increases developed. In May, the official wage rate of unskilled labor was roughly 3-4 times pre-war levels, unofficial wage rates were even higher, while exchange parities remained relatively unchanged from pre-war levels. Maintenance of the November exchange parities threatened to repress any natural recovery of exports while arousing keen resentment among foreign donors and Greek beneficiaries of remittances.

The decision to revalue was taken in great secrecy and announced on June 5th as an integral element in Mr. Varvaressos program of economic recovery. The sterling parity was altered from 600 to 2000 drs., while the dollar became officially quoted at 500 drs., slightly above the dollar-sterling cross-rate. The new rates represent increases over pre-war rates of roughly 3.6 times, comparing with revised official wages of unskilled labor of approximately 5-6 times above pre-war levels. Unfortunately, it has not proved possible to date to undertake an analysis of the economic validity of the new rate; the usual complications surrounding assessment of the most appropriate rate of exchange are multiplied in this instance by extreme uncertainty concerning the pattern and channels of Greek foreign trade in the post-UNRRA period. Although the new parities probably err on the side of over-valuation rather than under-valuation, unfortunately, they undoubtedly represent a much closer approach to equilibrium rates than those established in November.

Revision of the exchange parities was accompanied by grant of indemnities of 150 drs. to the dollar and 600 drs. to the pound sterling upon all remittances paid out to beneficiaries up to the end of May. Payment of such remittances has required a very substantial expansion of the note circulation. Thus, grant of indemnities upon remittances disbursed as of May 31st necessitated payment by the Bank of Greece of roughly 500 million drs. while payment, at the new rates, of remittances received but not yet paid out as of the same date involved nearly 1,400 million drs. more. Receipt during June of dollar and sterling remittances to the value of 3 million dollars has created total payment liabilities against remittances during June of nearly 3 1/2 billion drs., almost equal to the budgetary deficit during June. It is evident that the inflationary significance of remittances is considerable.

The development of receipts and disbursements of remittances is set forth in the table below. The sharp rise in sterling remittances in recent months is reportedly owing to earlier delays in effecting clearance of such remittances.

RECEIPTS AND DISBURSEMENTS OF REMITTANCES

<u>Period</u>	<u>From U.K.</u>		<u>From U.S.</u>	
	<u>Received</u>	<u>Disbursed</u>	<u>Received</u>	<u>Disbursed</u>
March 12-31	£ 44,771	£ 8,980	\$ 1,330,721	\$ 189,940
April 1-15	£ 37,428	£ 37,674	\$ 1,200,741	\$ 503,213
April 16-30	£ 86,724	£ 43,054	\$ 1,100,761	\$ 750,190
May 1-15	£ 37,873	£ 38,936	\$ 575,604	\$ 722,035
May 16-31	£ 137,884	£ 47,660	\$ 896,251	\$ 820,863
June 1-15	£ 179,564	£ 85,801	\$ 627,798	\$ 709,845
June 16-30	£ 137,471	£ 75,407	\$ 976,997	\$ 1,034,452
Total	£ 661,715	£ 337,512	\$ 6,708,873	\$ 4,730,538

To date, the Greek government has failed to provide this Mission with an official statement of its foreign exchange resources. It has been unofficially reported, however, that on March 1st, foreign exchange assets amounted to the equivalent of roughly 173 million dollars, composed as follows:

U.S. Dollars	-	\$ 28 millions
Sterling	-	£ 29 millions
Gold	-	£ 7 millions

The above total has been supplemented by emigrant remittances from the U.S. over the period March 12-June 30 amounting to \$ 6.7 millions while sterling remittances of £ 662,000 have also been received.

C. SUMMARY

The general deterioration of economic and financial conditions, which had begun during the last month of the ML period, developed at an accelerating pace during the first two months of UNRRA responsibility. Internal and external political difficulties produced almost panicky reactions in the hyper-sensitive markets of Athens; expectations of early economic recovery grew steadily more pessimistic as the new "Service Government" failed to cope with the acute problems of the budgetary deficit, price controls, and the organization of production. Disillusionment over arrival of relief supplies developed swiftly and was further intensified by governmental failure to secure equitable and efficient distribution of supplies on hand. Consequent anticipations of rising prices were in themselves sufficient to produce their realization; commodity stocks became increasingly withheld from the market while an acceleration of consumer and investment purchases further intensified the upward pressure upon prices. The flow of monetary income expanded swiftly with full and immediate investment of business profits and governmental concession of substantial wage and salary increases. By May, the government was rapidly approaching the point of loss of control; failing drastic budgetary, price, wage, production, and distribution controls, development of a swift inflationary spiral appeared imminent.

In view of the powerful inflationary forces which had been generated by the last week of May, the subsequent

rolling back of prices and achievement of comparative stability during June and July is an accomplishment of major proportions. Announcement of heavy increases in future arrivals of imported supplies, coincident relaxation of international tension, and reports of the prospective appointment of Mr. Varvaressos to the government produced an abrupt reversal of expectations and collapse of speculative pressure during the last week of May; the sovereign rate plummeted from 23,000 drs. on May 23rd to 15,000 drs. on May 29th. The less sensitive commodity markets resisted the developing forces of deflation, however, until announcement and immediate implementation of the numerous reform measures of Mr. Varvaressos. Energetic application of price controls finally broke the market and instituted a downward spiral which carried many free market prices below official levels. Growth of idle savings out of business profits and general declines in the velocity of monetary circulation largely offset the continuing expansion of the governmental overdraft, increase in wage and salary rates, and heavy disbursements against remittances.

The tremendous success achieved through restoration of confidence alone has been subsequently reinforced by intelligent, courageous, and energetic action on the part of Mr. Varvaressos, strongly supported by the advisory services of UNRRA. Market price controls have been steadily extended, both over a wider range of commodities and throughout the provinces. Distribution of finished relief supplies has been speeded up considerably while arrangements for processing and equitable distribution of clothing raw materials are reportedly on the point of completion. Imposition and uncompromising collection of a heavy tax upon industry and commerce has encouraged hopes of budgetary balance while simultaneously absorbing funds which might otherwise have flowed to the sovereign market. Upward revision of wage and salary rates, combined with the precipitous decline of prices, has temporarily halted agitation among wage and salary earners. Devaluation of the drachma has moved internal and external price and wage levels into closer alignment and should encourage both exportation and receipt of remittances.

Although much has been accomplished since the end of May, much remains to be done. The current recovery of confidence primarily relates to short-run expectations; local markets remain abnormally pessimistic concerning developments over the medium and long-run periods. Largely as a result of the experiences of the occupation and insurrection, the Greek economy is of an almost neurotic type; political and economic developments which affect foreign markets only slightly may produce almost panicky reactions in the Athens market. Utter lack of confidence in the protective role of the State in moments of crisis has engendered a sauf qui peut psychology; possession of gold or commodity stocks is still regarded as the major guarantee against future hunger and want. There remains an acute danger, therefore, that some untoward political or economic development may at any time generate speculative pressure strong enough to smash the machinery of control and wipe out much of the gains achieved to date in a burst of inflation.

Aside from domestic and foreign political developments,

possibly the most important determinant of the state of confidence in Greece is expectations of future arrivals of UNRRA supplies. It is absolutely essential to the current stability and ultimate recovery of the Greek economy that the supplies which have been promised will be actually forthcoming. Disappointment of currently optimistic expectations would immediately provoke speculative reactions of almost unmanageable strength. Virtually as important as adequacy of relief imports is an approach to budgetary equilibrium. As a result of the inflation of the occupation period, local markets are abnormally sensitive to governmental deficits. Much of the current recovery of confidence is owing to expectation that Mr. Varvaressos' tax upon industry and commerce will produce sufficient revenues to avoid recourse to overdrafts upon the Bank of Greece. It is of crucial importance that the expected increase in tax revenues should not be reduced by evasions, offset by rising expenditure, or become a burden on the cost of living through being passed on to the consumer. There is, unfortunately, no present assurance that any or all of these dangers may not materialize.

Governmental price controls remain virtually untested and, with the exception of imported supplies and governmental monopoly products, are not supported by rationing. Lack of satisfactory means tests continues to hamper the distribution of relief supplies. The current disappearance of olive oil from the Athens official market and development of black marketing foreshadows a general breakdown of price controls in the event of sharp increases in monetary purchasing power. Although barter purchases of olive oil from producers have marked a first step in the liquidation of agricultural hoards, the general problem of transfer of agricultural surpluses from producing to deficiency areas has not yet been met. Similarly, controls of industrial production are still in the planning stage, and may encounter extreme difficulties in application. The sharp rise in the clothing prices in recent weeks indicates market depreciation of the proposed controls. The acute lack of governmental experience in devising and administering controls has already thrown an enormous burden upon the Mission staff which cannot long be sustained without reinforcement. In general, the organization and distribution of domestic production remains in a most preliminary stage; Greece will continue to be abnormally dependent upon relief imports of consumers' goods until efficient utilization of domestic productive capacity, both for local consumption and export, is secured.