

October 4, 1961

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Excellency:

The Mission is concerned about the magnitude and urgency of the problems presently confronting the Greek Government. Delays in dealing with these problems, occasioned in part by the elections, have contributed to the spirit of urgency with which they must now be faced.

While no attempt is made in this letter to analyze the causes or to propose solutions, the fact is that the indices of internal stability indicate the need for forceful and early action. Coupled with evidences of increasing instability are indications that the level of economic aid to Greece is going to be below the level on which the State budget and the import and investment programs were based.

Judicious planning dictates, therefore, that the Government apply itself at once and forcefully to a series of difficult tasks in order to cope with current realities. Specifically, the Mission suggests that steps be taken at once to accomplish the following:

1. Maintain suitable relationship between wages and prices by
 - (a) announcing and enforcing price controls on a limited number of essential commodities, (b) continuing to extend the expanded rationing program as agreed by our respective Governments, and (c) taking all decisions necessary to set up and to maximize the effectiveness of the Wage Stabilization Board.
2. Review and revise the Greek State budget for the purpose of reducing expenditures to a bare minimum and increasing revenue estimates to the maximum which the Government is willing and able to enforce.

His Excellency

The Prime Minister

S. Venizelos

Athens

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His Excellency, S. Venizeles - 2

3. Review and revise the import and investment programs to bring them within established availabilities, while at the same time providing the best balance of current requirements and investment for Greece.
4. Develop and promulgate a comprehensive, defensible agricultural price and subsidy policy.

In addition to the fundamental problem of financial stability, the Government is faced with the present necessity of working out the short-term and long-term solutions to the complex tobacco problem. The policy of applying half-way, makeshift measures to this basic problem of long standing can lead only to further heavy financial burdens on the State. It has become obvious that only a firm and broad-scale attack on this problem-front will produce lasting results.

While the above constitute the large problems of immediate and pressing concern, there are many others pending which directly concern various ministries of your government. These include, for example, such matters as strengthening the well drilling program, reorganization of the reclamation service, effective implementation of the civil service law and agencies thereunder, and effective audit and supervision of reconstruction projects. The Mission is presently preparing a list of these items for presentation to and consideration by your government.

The Mission has been and is eager to assist appropriate officials of your Government in an immediate attack on these problems.

Accept, Excellency, the renewed assurances of my highest consideration.

/s/ Roger D. Lapham, Chief
ECA Mission to Greece

cc: Ministry of Coordination

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