

MARSHALL PLAN IN GREECE

I am glad that I have the chance to evaluate a part of the American aid to my country. I believe that the Marshall Plan has affected the destinies of Greece in a most decisive and favourable way. We all know from history that disagreeable developments are very often foreseen and that the steps to be undertaken in order to overcome them could be carefully and thoroughly investigated and planned without however leading always to satisfactory results. This may be the consequence of too long discussions, of continuous efforts to improve decisions already taken or of the tendency to secure general agreement on the decisions to be carried out as soon as possible. Developments were different with the Marshall Plan. The conception of the needs to be satisfied within a very short time, the approval by the Congress and by the Senate of the United States, before it was too late, the working out of the Plan's operation and the settlement of many important technical points, the organisation and the choice of the staff of the services involved with the various aspects of the Plan were carried out so satisfactorily that changes were not needed when the Marshall Plan got in full swing. Minor improvements proved necessary in order to increase and to accelerate success as it happened with the way indirect aid was to be used by the recipient countries.

There is a general agreement now that the Marshall Plan was very successful and that its application was quite easy considering how satisfactory its results have been. However, the situation and the feelings were quite different in the late forties when the Marshall Plan was discussed and decided in the United States and accepted by the European countries involved. We have to consider that the War was just over, that many people particularly in the United States had not yet understood the expansionist aims of the Soviet Union (which did not insist on a change of frontiers but would have been quite happy with the establishment of Communist or even of National Union' governments provided of course the Communist Party was not excluded) and that the heavy toll in human life, money and comfort by the United States was not yet forgotten. The same people—a free nation in 1947 of 145 million people— were asked to assume new heavy sacrifices

of about \$ 20 billions in order to improve the life of their European ex-allies whose prestige on this side of the Ocean was then not very high. The unfavourable comments in most U.S. newspapers and periodicals about European developments whose background was often ignored or misunderstood and whose importance was sometimes exaggerated, also mixed reactions and memories of the United States army personnel from their fighting and from their stay in Europe 1941-7, made the task of those who understood the need of the Marshall Plan and of those who had to win the approval of the Congress very difficult. Actually they had to persuade the American people to accept a substantial increase of their already heavy tax burden not in order to prevent enemy landing or bombing in the U.S., but in order to prevent the Communists from taking over Western European countries. Of course this would have meant the shift of the balance of power to the disadvantage of the United States. In those days the crossing of the Ocean lasted much longer than now, the United States were the only atomic power, and the income per head in the United States was much lower than the \$3.500 obtained in 1966, independently of the dollar's greater purchasing power in the forties. In 1947 the national product of the United States amounted to some \$234 billions against 739 in 1966, the income per capita was \$1.626 against \$3.560 in 1966, the receipts of the Federal Government amounted to \$44 billions against 143 in the year 1966.

In judging the importance of an act or of an expense or of an investment we have to consider not only the amounts involved in absolute figures. Comparisons are necessary. Greece got about one billion dollars through the Marshall Plan and this amount at that time corresponded to imports of three years whilst now it hardly covers one year of Greek imports. We may think in this connection of the very substantial increase of the commodities needed now in Western Berlin compared with those carried through the air lift in the forties when the blockade was enforced in wrong estimate of the ability of the United States Air Force to face it. In judging the latter we should not forget that in a new blockade the task of the Western Air Forces would be more difficult although more planes and airports are now available.

Let us return to Greek imports compared with Greek exports in 1938 and during the Marshall Plan in million dollars whose purchasing power has diminished by about 50% compared with the prewar years.

	1 Imports	2 Exports	Relation 2 : 1
1938	125	80	64%
1948	391	89	23%
1949	368	83	23%
1950	434	85	20%
1951	435	102	23%

The importance of these figures is better shown in the following tables, 1 and 2, where all the amounts are in million \$ according to the reports of the Bank of Greece.

Table 1

Years	Aid	Imports paid	Imports—aid	Invisible expenses	Gold sales in Greece	Total to be covered by Greek sources
1948	230	391	161	18	7	186
1949	259	368	109	18	4	131
1950	266	434	168	23	15	206
1951	259	435	176	26	12	214
Total	1014	1628	614	85	38	737

Table 2

Years	Exports	Invisible Receipts	War Indemnities	Net Capital Imports	Technical Assistance	Foreign Balances of Bank of Greece	Under Settlement	Total
1948	89	64	6	9	—	18	—	186
1949	83	41	8	17	—	-18	—	131
1950	85	52	28	47	—	-6	—	206
1951	102	62	31	14	2	1	2	214
Total	359	219	73	87	2	-5	2	737

1. Increase

These figures do not include military aid which is not disclosed in Greece or in the United States.

Greek imports and invisible expenses were covered by Marshall Plan Aid as follows:

1948	64%
1949	68%
1950	58%
1951	56%

These percentages would have been much higher if military aid would have been included, inasmuch as fighting the Communists ended only in the fall of 1949. This is enough to prove that their defeat would have been otherwise impossible as the Communists received food, munition, medical and hospital care and transportation from the Northern neighbours of Greece. Without the Marshall Plan Aid our country would not have been able to reconstruct nor to cover vital needs because imports were very severely restricted to the indispensable necessities under both Greek and American controls, expenses abroad and even foreign travel were strictly curtailed, no capital repatriation abroad was permitted and even interest and dividends due to foreigners had to be paid into blocked accounts and were not allowed to be transferred abroad.

The limitation of imports to a real minimum is shown by comparing prewar imports when no reconstruction was needed and when local production was in full swing with the imports carried out during the Marshall Plan years always in million dollars without leaving out of consideration the diminution of the purchasing power of the dollar :

Increase in Comparison with 1938

1938	125 = 250	
1948	391	56%
1949	368	47%
1950	438	74%
1951	435	74%

Increased imports of the two last years of the Marshall Plan were due to late arrivals of orders passed earlier, to the possibility of accelerated reconstruction as the fighting was over, to the necessity of supplying 700,000 farmers returning home with furniture, tools, seeds, cattle and foodstuffs until the

time of the next harvest, last but not least to new investments particularly in public utilities and in housing. The power investments were carried out according to Ebasco's New York proposals mainly by Italian firms acting on behalf and at the expense of their government complying to the conditions of the Paris Peace Treaty of October 1946. The payments involved every year rose from about 6 to 31 million dollars.

The importance of the Marshall Plan Aid to Greece was not limited to the neutralization of the substantial deficits of the balance of payments both in absolute and in relative figures. It also contributed through counterpart funds to cover the budgets' deficits, to supply credits to firms in order to expand investment and to secure the working capital, last but not least to increase production when most needed. Counterpart funds constituted the receipts of the American mission to Greece (AMAG) from commodities sold to the population through merchants, factories and bankers. These receipts were transferred to the Greek Governments' account after some delay which obliged the latter more than once to require credit from the Bank of Greece. When these credits were repaid the inflationary pressure could not be cancelled. Of course as long as the proceeds from the above sales were paid at once in the Bank of Greece the exact date of transfer to the governments' account was of only minor importance.

Reduced possibilities of Greek production in the Marshall Plan years are also shown by the very poor export figures despite the sellers market of those years, despite the heavy Greek devaluation of 1949 and despite the intensified demand all over the world due to the impact of the Korean war. Greek exports amounted in million \$

Decrease in comparison with 1938

1938	80 = 160	
1948	89	44%
1949	83	45%
1950	85	47%
1951	102	36%

The importance of this development is strengthened by the depression which prevailed in the world economy in 1938.

These figures show that the adverse Greek trade balance deteriorated sharply in the forties not only because Greek imports expanded under the influence of the need of reconstruction and of the replacement of home produced

commodities by foreign origin commodities until the Greek production machinery was restored, but also because of low production and of low exports. Let me add that the invisible items of the Greek balance of payments not only had not reached the very high levels of the late fifties and of the sixties but were below their prewar level when considering the diminution of the dollars' purchasing power inasmuch as many remittances were replaced by the dispatch of foodstuffs and used clothes or were channelled through the illegal market where the agio was about 50% until September 1949. It became unimportant after the complete defeat of the Communists. Capital transfers to a belligerent country are not carried out on a large scale anyhow. The foreign exchange expenses of the Bank of Greece were also increased by the local gold sales in order to avoid the deterioration of the drachma gold relation which in those years affected upwards the price level. American experts were not aware of this necessity and by vetoing these gold sales for some months contributed to a substantial rise of the price of gold and of all prices without trying to understand the mentality of a country which was not simply the 49th State of the Union. I am sorry to add that this mentality of American personnel which could not always be of a high class did not improve Greek-American collaboration nor did facilitate the realisation of the Plans' objectives. On the other hand very often the Greek people had some tendency to underestimate the necessity of hard work after a war and great suffering of about 10 years.

These data cannot prevent anybody, provided that he is of good faith, to acknowledge that the Marshall Plan saved Greece as a free nation and in view of conditions prevailing in the Balkans also as a nation. Greek surrender to the Communists would have destroyed the Greek nation without solving her economic problems as we would have lost foreign capital, the invisible items of the balance of payments and the outlet of emigration. All these are indispensable to keep the standard of life where it is and to improve it continuously and as quickly as possible.

In conclusion I should like to state that Greece owes to the Marshall Plan its survival as a nation, its reconstruction and the foundations of its speedy and continuing economic development. Without it the fate of the Greek people would have been as gloomy as that of the Baltic people in the early forties.