DEPARTMENT OF STATE
Washington

March 22, 1946

My dear Mr. Lehman:

I have received from Mr. Clayton your letter of January 31, 1946, in which you describe the situation in Greece as it affects the United Nations Relief and Rehabilitation Administration. I wish to thank you for making available to me this thoughtful analysis of conditions in Greece.

As you know, the Government of the United States has viewed with great concern the Greek economic situation as it has developed over the past year. The Export-Import Bank credit to Greece which you mention in your letter represents an effort on the part of this Government to offer support and assistance to the Greek Government in its attempt to establish normal conditions in the country. There has also recently been extended to Greece a credit for the purchase of surplus property and this Government stands ready to assist Greece with economic and financial advice. It is hoped that these measures, coupled with the British currency stabilization loan, will do much to help Greece get back on its feet.

In the history of Greece since its liberation, UNRRA has played a vital role. The organization of which you are Director General has stood between the mass of the Greek people and starvation. There is absolutely no doubt whatsoever that had it not been for the expert manner in which UNRRA has brought essential supplies to Greece, conditions in that country would be infinitely worse than they are today.

I share your pessimistic view of economic conditions in Greece at present. The instability and temporary character of the succession of Governments which have been installed since the liberation have hampered any serious efforts toward revitalization of the country's economic and financial system, and if the situation continues as it is at present, the withdrawal of UNRRA in December 1946 will present a very serious problem to Greece. As you point out, UNRRA naturally cannot be responsible for such situations, which are entirely beyond its competence.

The Honorable
Herbert H. Lehman
Director General, United Nations Relief and Rehabilitation Administration
Washington, D.C.
I agree with you that it is not too soon to consider the problems which will arise when UNRRA withdraws from Greece, and I understand your natural desire to bring the present state of affairs to the attention of the member governments of UNRRA. However, I am glad to see that you do not propose to do so until you have observed the results of such action as the Greek Government may take in line with the measures adopted by the United States and British Governments in their desire to assist Greece in its attempts at economic rehabilitation. I understand that in recent months there have been encouraging indications of an improvement in the Greek basic economy, such as the sowing of larger acreage of ground, the resumption of some foreign trade, and an increase in industrial operations. Although, of course, much greater strides must be made if Greek economy is to recover satisfactorily, it is hoped that the trend mentioned above, when reinforced by economic assistance from Britain and the United States and coupled with the possible establishment of a vigorous Government as the result of the elections scheduled for March 31st, will be accelerated to an extent which will enable Greece better to stand by itself. The developments of the next several months should give us a good picture of what conditions will be in Greece at the end of the year, and should clearly indicate the line of action you should take vis-a-vis the member governments of UNRRA.

We must work together in assisting the Greek Government to stabilize its economy, and to this end I am in complete agreement with your statement that the representatives of UNRRA and of the British and American Governments in Athens must maintain the closest working relations. I should appreciate receiving such further thoughts on the problem of Greece as you may care to transmit to me.

Sincerely yours,

(Sgd) James F. Byrnes