

GREEK ARMY FIGHTS TO CLOSE FRONTIER

Rebel Escape to Albania From Slimnitsa Pocket Seen Cut—
Athens Economy Surveyed

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ATHENS, Aug. 22—Today's reports from the Grammos area said heavy mop-up fighting was continuing in the Slimnitsa region.

The Athens radio late tonight said that while the village of Slimnitsa had not been captured, the army had now closed off the frontier area immediately to the north, known as the Slimnitsa pocket. It indicated the Government troops were now in position to stop the rebels' escape into Albania through that gap.

The number of Communist Guerilla Gen. Markos Vafiades' men who have got away into Albania, many of them covered in their escape by artillery placed on Albanian soil, was put in army statements yesterday as up to 3,000. These beaten Markos troopers may recoup and fight again in Greece.

While Greek Army reports stress the large quantities of arms and equipment left by the fleeing rebels in the Grammos, the army's informant is that Albania is continuing to be an arsenal for the Greek guerrillas.

[Foreign Minister Constantin Tsaldaris announced in Athens that Greece was lodging a new strong protest with the United Nations against Albania, charging her with having allowed General Markos' forces to regroup on Albanian soil after their defeat in the Grammos operations, Reuters reported.]

Warning on Economic Situation

Meanwhile, grave aspects of Greece's economic situation, coupled with a warning against the lifting of trade controls here, were contained in a long report published in Athens today by the American members of the Foreign Trade Administration.

Its authors are Roland J. Stanger and William Diamond, who are leaving Greece as soon as their terms of service are ended. They are departing, they say, "with regret and full of admiration for the Greek people."

The report recalls that the Foreign Trade Administration, a joint Greek-American regulatory body, was established June 15, 1947, to prevent repetition of "the tragic errors of 1946" when, the report states, goods were imported by Greece "for the profit of speculators only."

The report stresses that Greece relies on foreign [United States] aid to meet pressing needs and the requirements of reconstruction.

"In this connection, it has been stated by some uninformed critics that a large part of foreign aid granted Greece since last summer has been lost," it remarks. "This statement is wholly incorrect."

The report further asserts that the import licensing, exchange and import price controls established in the autumn of 1947 assured that the United States aid funds for the fiscal year ended June 30, 1948, were "wisely spent in the interests of the whole nation."

"We know," the report goes on "that the system of internal distribution has been disrupted by civil war, that industry is not operating at anything like its full capacity and that large sections of

the Greek people are living in direst poverty. But for these conditions we do not find a remedy through increase of imports."

The report then lays emphasis on "the annual program originally fixed for the year July 1, 1947, to June 30, 1948, which was in the general range of \$300,000,000."

"This target was actually achieved by an expenditure of \$306,817,000 for consumer goods alone," it notes.

"The funds available for consumer goods were almost entirely spent. There was left only a margin of 2.3 per cent of the funds provided, all of which was carried over for use in the current fiscal year."

Turning to the question raised by Greek officials whether the funds allotted to Greece by the Economic Cooperation Administration [Marshall Plan] will be "adequate," the authors of the report decline to give an opinion.

"We wish only to point out," they state, "that on the showing made by responsible Greek Government officials the deficit on balance of payments predicted for this fiscal year is \$285,098,000; that it is entirely a dollar deficit, and it represents 85 per cent of all dollar imports requested."

[In the current Marshall Plan allocations proposed by a special committee of the Council of the Organization for European Economic Cooperation, as reported to THE NEW YORK TIMES from Paris last week, Greece would receive this year \$146,000,000. State Department proposals would give her \$106,000,000.]

In the field of exports, the report comments:

"The revival of Greek exports will depend not only on measures taken in Greece but on the reconstruction of European economy.

"Within Greece itself, the difficulties are great. The high internal costs of Greek export commodities reflect the damage and dislocation done by the World War and civil war. The revival of foreign markets is delayed by the nature of most of the Greek export commodities themselves—semi-luxuries with which foreign countries can dispense. And yet the restoration of exports is an essential condition of the restoration of Greece itself as a functioning member of the European community."