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McNamara Papers

Contacts
Greece (1968-1976)

The Dwight D. Eisenhower
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Contacts with member countries: Greece - Correspondence 01

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GREECE

GREECE

1. 5/30/68 Achilles J. Cominos, Governor of the National Bank of Greece and Alternate Governor, IBRD; Gregory Panas, Governor of the Hellenic Industrial Development Bank; Ambassador Christian X. Palamas
2. 10/7/68 John Rodinos-Orlandos, Alternate Minister, Ministry of Economic Coordination (Governor)
Achilles Cominos, Governor, National Bank of Greece (Alternate Governor)
Costas A. Thanos, Deputy Governor, Bank of Greece (Alternate Governor, IMF)
George Gondicas, General Manager of the National Investment Bank for Industrial Development
- 7/18/69 Frixos Dimou, Business Consultant, Center of Economic Planning and
(Aspen - Research and for other private enterprises, Athens
Eisen. Ex.)
3. 10/6/69 Emmanuel Fthenakis, Alternate Minister of Coordination
Achilles Cominos, Governor, National Bank of Greece
Philocles Assimakis, Adviser to Alternate Minister of Coordination
- 2/24/70 **Constantinos Doxiadis, architect-planner (Athens)**
Representatives and Observers at OECD Meeting:
5/20-22/70 Emm. Fthenakis, Minister, Alternate for Coordination
(Paris) Th. C. Christidis, Head of the Permanent Delegation
Director of the Ministry of Coordination
- Permanent Delegation: D. Manolakis
C. Marcopoulos
Mr. Tzitzis
A. Liontas
- 6/12/70 Constantinos Doxiadis, architect-planner (Athens)
- 7/1/70 Henry Ergas, formerly with FAO; going with Rothschilds in London
4. 10/3/74 Xenophon Zolotas, Minister of Coordination and Planning
Panayotis Papaligouras, Governor, Bank of Greece
Angelos Angelopoulos, Governor, National Bank of Greece
5. 5/14/76 Helene Vlachos, Editor of daily Kathemerini and Member of
Parliament -- at dinner hosted by the Greek Ambassador

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

FROM: S. R. Cope

SUBJECT: Greece

DATE: May 29, 1968

I attach a few notes on Mr. Cominos, Governor of National Bank of Greece, and Mr. Panas, Governor of the Hellenic Industrial Development Bank, who are calling on you tomorrow at 5:00 p.m. They will be accompanied by the Ambassador, Mr. Christian X. Palamas.



Attachment

SRCope:mmr

President has seen

Achilles Jachary Cominos

Governor of the National Bank of Greece; Alternate Governor of
the International Bank for Reconstruction and Development

1911:	Born in Australia
1938:	Doctorate in Economic Sciences at Berlin University.
1946-53:	General Economic Counsellor of the Ministry of Coordination with rank of Secretary General.
1948-53:	Deputy Chief and Economic Counsellor of Greek Delegation to OECD in Paris.
1953-55:	Greek expert at four-member U.N. Work Team for the economic development of Southeastern Europe.
Since 1956:	Chairman of the Board of Greek Line. Chairman and Member of the Board of numerous Greek companies.
Jan. 1968:	Appointed Governor of National Bank of Greece.

The reconnaissance mission to Greece met Mr. Cominos on several occasions. He was well informed on economic developments in Greece.

Europe Department
May 29, 1968

Mr. Gregory Panas

Governor of the Hellenic Industrial Development Bank

1960-64: Deputy Managing Director of the Industrial Development Corporation.

In 1964, when the Industrial Development Corporation merged into the Industrial Development Bank, Mr. Panas left the Corporation.

1964-67: A private industrialist, serving on the Board of several large industrial companies, mainly the St. George Flour Mill Co.

May 1967 - Jan.1968 Deputy Governor of Hellenic Industrial Development Bank.

Jan.1968 - May 1968 Acting Governor

May 1968 Governor

The reconnaissance mission to Greece met Mr. Panas early this month. He is in his late forties. He is reported to be a good engineer, but does not have broad experience in management. His appointment to the Governorship came about because more able people preferred not to take the position in the present political circumstances.

May 29, 1968
International Bank for
Reconstruction and Development
Europe Department

OFFICE MEMORANDUM

TO: Files

DATE: June 18, 1968

FROM: S. R. Cope

SUBJECT: Greece

1. Mr. Cominos, Governor of National Bank of Greece, and Mr. Gondicas, General Manager of National Investment Bank for Industrial Development, called to see Mr. McNamara on May 30. I was present.
2. After the usual exchange of courtesies, it emerged that the main purpose of the visit was to interest Mr. McNamara in the Bank's participating in the development of certain areas in Crete and in Western Peloponnesus which were covered by an agreement between the Greek Government and Litton Industries. They were careful to emphasize that the Bank would have direct access to the Greek Government, and that their fee would not be payable on a Bank loan. They suggested that in order to avoid any conflict, it would probably be best for the Bank to finance infrastructure, leaving tourism and industry to be financed from sources tapped by Litton. Mr. McNamara said that, in principle, regional development was not outside the Bank's scheme of activities, and he showed cautious interest in the possibility of the Bank becoming involved in financing in Crete. He would be glad to look at any material that Litton cared to send on this subject, including a copy of the Litton contract.
3. I made the point that we would expect to use Bank lending to Greece as a means of bringing about reforms and influencing development in the country as a whole. Mr. Cominos did not think there was necessarily any conflict between this objective and the Bank's financing development in a particular region.



SRCope:mmr

IBRD

cc: Mr. J. Burke Knapp
Mr. R. Steckhan
Mr. D. J. Fontein/Mr. B. Cheek

OFFICE MEMORANDUM

TO: Files

FROM: Norman Horsley

SUBJECT: Mr. McNamara's Meeting with the Greek
Delegation to the Annual Meeting

DATE: October 14, 1968

Members of the Greek Delegation to the Annual Meeting met with Mr. McNamara in his office at the Bank on October 7, 1968. Representing Greece were:

Mr. John Rodinos-Orlandos, Alternate Minister, Ministry of
Economic Coordination (Governor)
Mr. Achilles Cominos, Governor, National Bank of Greece
(Alternate Governor)
Mr. Costas A. Thanos, Deputy Governor, Bank of Greece
(Alternate Governor, Fund)
Mr. George Gondicas, General Manager of the National Investment
Bank for Industrial Development (Adviser)

Messrs. Knapp and Horsley attended the meeting.

The Minister presented a general review of prospective Bank operations in Greece. He expressed appreciation for the passages on planning in Mr. McNamara's Annual Meeting address and said that he thought Greece fitted into the framework outlined by Mr. McNamara; he hoped that we could proceed within that framework. With regard to roads, he said that the Government had recently sent feasibility studies to the Bank and he hoped that there could now be accelerated progress with this project.

The Minister said that education was a field where much had to be done and the Government was in close contact with the Bank; he mentioned particularly the need for technical schools. There were some very sound irrigation and agricultural projects that he wished the Bank to look into. Concerning Crete, the Minister stressed that the regional development of Crete was very important to his Government, not only for the sake of the Island, but also for Greece as a whole. Two aspects should be kept in mind: first that Crete was a part of Greece and, secondly, that it was a self-contained unit and a sensitive and vulnerable area. This was a matter in which his Government particularly wanted the Bank's help. The Minister said that they would like a line of credit for the Hellenic Industrial Development Bank (HIDB) similar to that obtained for the National Investment Bank for Industrial Development (NIBID); there were some very important industrial projects in prospect and HIDB offered the best way to develop them. Finally, the Minister welcomed the forthcoming Bank economic mission and expressed the hope that it would study all the matters he had raised.

Mr. McNamara replied that we had a real interest in all these projects. With regard to roads, he said that we intended that any construction project should be linked with road maintenance. Mr. Thanos reported that the Government had recently appointed road maintenance consultants and Mr. McNamara

responded that we could not finance a road construction project until the maintenance report had been received and acted upon. Concerning agriculture, Mr. McNamara pointed out that the Bank's interest was not just one project but included the necessary framework of policy changes; the forthcoming mission would, therefore, examine both the agricultural sector and agricultural policies. Mr. Thanos said that the agricultural policy recommendations of the earlier Bank mission had been partly incorporated in the new development plan and much progress had already been made in putting them into effect.

Mr. McNamara expressed concern with the slow-down in the Greek economy and especially its effect on foreign exchange receipts. He said that these receipts would be the basis for the repayment of Bank loans and that the mission would look particularly at Greece's foreign exchange prospects. Unless these, and the country's economic policies were sound, the Bank could not lend to Greece. The Minister replied that the Greek economy was now moving rapidly upward and he had no fear that the mission's view would be negative. Mr. Thanos said that the decline in foreign exchange receipts had been arrested and they were now on the upswing. Foreign exchange reserves now stood at over \$300 million and Greece's debt service burden was comparatively very low.

Mr. McNamara concluded by saying that the Bank was anxious to embark on a long-term program of assistance to Greece, and that he hoped Greek economic policies would enable us to do so.

cc. Messrs. Cope, Fontein, Karasz,
van der Mel, Steckhan,
van Helden/Alexander,
Stewart, Harma, Gustafson
and Miss Wahl

NH:es

CURRICULUM VITAE

Name and Surname: Costas Andreas Thanos
Date of Birth: September 27, 1928
Place of Birth: Polydrossos Parnassidos, GREECE
Address: 129 Vas. Sophias Ave., ATHENS-602

EDUCATION

- (1) ATHENS SCHOOL OF ECONOMICS - B.A. 1955
- (2) LONDON SCHOOL OF ECONOMICS - Certificate on Money @ Banking 1956
- (3) MCGILL UNIVERSITY - M.A. 1958
- (4) COLUMBIA UNIVERSITY - Ph. D. 1960

DECORATION

De "Commandeur de l' Ordre" by the President of the Republic of Italy

PROFESSIONAL OCCUPATION

- (1) Deputy Governor of the Bank of Greece, January 5, 1968
- (2) Alternate Governor for Greece at the International Monetary Fund, February 1968
- (3) Associate Professor of Economics, December 1967
- (4) Chairman of the Greek-Turkish mutual relations Committee, September 1967
- (5) Chairman: Interministerial Committee on European Cooperation (with the rank of Ambassador), July 1967
- (6) Alternate Governor for Greece at the World Bank, May 1967 - February 1968
- (7) Chairman: Planning Committee, May 1967
- (8) Secretary General: Ministry of Economic Coordination, April 29, 1967 - January 5, 1968
- (9) Economic Advisor to the Federation of Greek Industrialists and the "Dracos-IZOLA" Group of Electrical Appliances, July 1964 - April 24, 1967
- (10) Director of the International Economic Relations Division: Ministry of Economic Coordination. April 1961 - July 1964
- (11) Economist: Research Department: Bank of Greece. July 1960 - March 1961

TEACHING EXPERIENCE

MCGILL UNIVERSITY, Assistant Lecturer 1957 - 1958
CITY COLLEGE OF NEW YORK, Lecturer 1959 - 1960

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PUBLICATIONS

BOOKS

- In Greek: Three books dealing with the functions of Central Banks, the Financial Systems and Problems of Economic Policy in Greece.
- In English: Open Market Operations - A Theoretical and Empirical Study, Athens 1966 (pages 100)

ARTICLES

Numerous articles published in the Greek economic journals and the press.

- In English:

1. The Definition of a Central Bank and its Practical Implications, Economia Internazionale, February 1958 (p. 110-117). The same article was republished in Spanish in 1959 by the Latin American Institute of Monetary Research established in Mexico.
2. Types of Central Banks, Economia Internazionale, November 1960 (p. 672-687).
3. Open Market Operations and the Portfolio Policies of the Commercial Banks, Economic Journal, September 1961 (p. 566-571).
4. The Relative Security-Market Impact of Open-Market Sales and Equivalent Reserve Requirements Increase: A Rejoinder. Economic Journal, December 1962 (p. 1000-1005).
5. Greece on the Way to Industrialization, NATO LETTER, May 1967.

- In French:

1. Note sur la Politique des Taux d'Escompte, Economie Appliquée, Septembre 1959 (p. 357-373).
2. Marché Monétaire et Operations d' "Open-Market", Economie Appliquée, Septembre 1962 (p. 289-317).

/ath



OFFICE MEMORANDUM

TO: Memorandum for the Record

DATE: October 15, 1969

FROM: David Richardson^{WN}SUBJECT: Greece - Mr. McNamara's Meeting with
the Greek Delegation to the 1969 Annual Meeting

Members of the Greek Delegation to the Annual Meeting met with Mr. McNamara in his office at the Bank at 2:15 p.m. on October 6, 1969. Representing Greece were:

Mr. Emmanuel Fthenakis, Alternate Minister of Coordination
(Governor - Bank)

Mr. Achilles Cominos, Governor National Bank of Greece
(Alternate - Bank)

Mr. Philocles Assimakis, Adviser to Alternate Minister of
Coordination (Adviser - Bank)

Messrs. Knapp, Lejeune and Richardson attended the meeting.

1. Mr. Fthenakis expressed his appreciation for the opportunity of meeting with Mr. McNamara and his thanks for the cordial and constructive cooperation between the Bank and Greece which he hoped could be further strengthened.

2. Mr. McNamara noted there had been a big step forward two weeks ago by the Bank Group in its relations with Greece with the approval by the Executive Directors of an IFC investment in Aluminium de Grece, S.A. This illustrated our desire to support good projects which have sound economic justification. The Bank was an economic and not a political or social organization, although we wished to assist social advances. The Bank had two primary standards for its operations, first, the economic performance of the borrowing country, and second, the soundness of the project. Bank activities in Greece have been limited by the progress achieved against both these standards. First there were delays in reaching agreement on settling foreign debts, and there were differences of opinion on individual project proposals, especially roads. Approval of the aluminium project shows that we do act when there is a sound project.

3. The Minister believed Greece provided an example of the effective use of foreign aid received in substantial amounts. Greece had developed rapidly in the past ten years, had maintained monetary stability, and was now almost able to sustain itself without concessionary aid. Greece felt it could contribute to the Bank's work by setting this example of good economic performance. Its development plan is ambitious and it needs foreign capital. Greece had liberalized its attitude toward foreign

investment, but it still needs assistance from the World Bank. The Government was looking forward to cooperation with the Bank in education, roads, private development banks and in agriculture. The Greek Delegation was delighted to hear Mr. McNamara's new policy in his speech for expanding the Bank's activities worldwide. Greece would be willing to make its contribution to this effort in any way it could. The Minister announced that Greece would release its outstanding 90 per cent (\$2.268 million) IDA subscription starting July 1, 1970, but he did not specify whether it would be in drachmas for use in Greece or convertible, or whether it would be released in total or in stages.

4. Mr. McNamara expressed his deep appreciation of Greece's decision. He then inquired about Greece's need for foreign capital and whether under present conditions in Greece there was any reluctance on the part of foreign investors to invest.

5. The Minister said there was no such reluctance and cited the very large figures of applications for foreign investment made to the Government, and actual investment that had materialized in the past two years. Greece needs an average of about \$300 million per year of foreign capital under its development plan, and it received somewhat less last year, i.e. around \$250 million, (presumably meaning calendar year 1968), and the level is increasing. This is not exactly reluctance. The Government does seek to establish priorities for the needs of foreign investment, within the limits of the authority which the Government can exercise on the private sector. Next year Greece expects to receive over \$250 million in foreign capital, excluding the large oil investments. The Esso Pappas investment is about \$150 million in several stages. Other such major investments pending, consisting of oil, power and other industries, might total between \$500 to \$600 million over several years. Most of this would be additional foreign investment, although not all of it.

6. In reply to Mr. McNamara's question on the effect these investments would have on export earnings, the Minister cited significant increases including \$45 million this year from Aluminium de Grece, and a certain amount of export earnings from an oil refinery, even though its production was primarily import substitution for domestic needs.

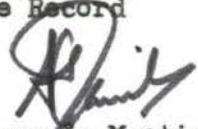
7. In reply to Mr. McNamara's question whether private capital inflows can be expected to continue at the present level given the controversial internal situation in Greece, the Minister believed it would probably not have much effect. He stated that the figures on the Greek economy which Mr. Caramanlis had included in his recent statement were not correct, that in fact there had been a substantial increase in the flow of foreign capital to Greece. Nevertheless, the Government fully recognized the balance of payments and trade problems of the economy. The important fact is that the Government has a firm grasp of the situation and believes it is under control. The Government knows that from 1971 to 1973 there will be balance of payments problems, but it is devising means to meet them. The Government has already taken measures to improve the development of the economy, to increase the rate of growth of GNP, and to restrain credit expansion. This year the real rate of growth of GNP should be 8-1/2 per cent, and per capita GNP should reach \$790 by the end of the year.

8. The meeting then adjourned.
Clearance & cc: Mr. Benjenk cc: Mr. Thompson, Mr. Billington/Lell, Mr. Nijhof
DRichardson/pm

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OFFICE MEMORANDUM

TO: Memorandum for the Record

FROM: A. S. El Darwish 

SUBJECT: GREECE: Mr. McNamara's Meeting with the Greek Delegation
at 5:00 P.M. - October 3, 1974

DATE: October 15, 1974

Present Greece - X. Zolotas, Minister of Coordination & Planning
P. Papaligouras, Governor of the Bank of Greece
A. Angelopoulos, Governor of National Bank of Greece

IBRD - J. B. Knapp, M. P. Benjenk, M. P. Bart and
A. S. El Darwish

1. Minister Zolotas expressed concern regarding problems of inflation, balance of payments and budgetary deficit in Greece, and handed over to Mr. McNamara a note on the current economic situation of Greece. He said measures had been introduced to reduce inflation from about 31% last year to an estimated 12% in 1974. A temporary surtax had been imposed on higher incomes and corporate profits to reduce the current budgetary deficit and restrain expenditure. Considerable borrowing had been necessary on the international market at hard terms. The new democratic government was, however, trying to avoid causing a recession soon after taking office, and was targetting at a modest 3 to 4% growth, if financing could be found for the investment budget. He appealed to Mr. McNamara for additional Bank help to meet the extraordinarily difficult circumstances. He mentioned in particular a possible transport sector loan to finance various projects advanced in preparation.

2. Governor Papaligouras stated explicitly the appeal of the Greek Government to the Bank for exceptional additional help in the following order of priority: (i) a new NIBID loan, which would be quick disbursing, help the balance of payments situation and assist a good institution at difficult times; (ii) the expansion of the Roads Project, currently under preparation, into a broader and larger transport sector loan, as requested by Minister Zolotas, and (iii) a line of credit to the agricultural bank. He pointed out that Greece's apparently high per capita income had to be viewed against very rapid inflation and particularly difficult circumstances recently that will put the transition in government to severe test.

3. Mr. McNamara explained that: (i) a special loan to the transport sector, which basically resembles a program loan, will have to be looked into; (ii) the Bank is prohibited from making balance of payments/budget support loans or loans for purchase of oil-based products, and (iii) that Greece had been a phase-out situation as regards Bank lending owing to the high per capita income and it was in consideration of its exceptional circumstances that the Bank would be prepared to consider these additional requests. He concluded that he could see the logic behind the request for an additional NIBID loan. The concept of a transport sector loan in Greece's circumstances was less obvious but would have to be examined. Though some of the same logic behind the NIBID loan might apply to an agricultural credit loan, it was a new and difficult field. Furthermore,

October 15, 1974

so many additional operations over and above the existing program would bring the aggregate amount beyond the Bank's range in Greece. Mr. McNamara promised to look further into these requests and to advise the government.

ASED:lgv

cc: Messrs. R. McNamara (2)

J. B. Knapp

A. Ljungh

M. P. Benjenk/M. P. Bart/E. Asfour

W. Wapenhans/H. Pollan/E. Sekse/Howard/Frank

BIOGRAPHICAL DATA

Governor (Bank)

Zenophon Zolotas - Minister of Coordination and Planning.

Mr. Zolotas was appointed Minister of Coordination and Planning in July 1974 by the civilian government of Prime Minister Caramanlis. He is a well-known economist and author, with a distinguished career in government prior to 1967. He was Governor of the Bank of Greece from 1955 to 1967; represented Greece at the UN General Assembly (1948-53), and the Economic Commission for Europe (1949-55). He was Greece's first Governor of the IMF in 1946-47. Mr. Zolotas has published books on monetary theory, planning, economic development, and inflation, among others. He is seventy years old.

Alternate Governor (Bank)

Angelos Angelopoulos - Governor, National Bank of Greece.

Mr. Angelopoulos was appointed Governor of the National Bank of Greece in mid-1974 after the ouster of the military regime. He is an academic and author, specializing in public finance, taxation and economic development. He was publisher of the New Economy journal from 1946 to 1967, when it ceased publication. He was in government briefly as Finance Minister in the Papandreaou war cabinet, resigning in December 1944. Mr. Angelopoulos is seventy years old.

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

DATE: May 14, 1976

FROM: John E. Merriam

SUBJECT: Eleni Vlachos

Mrs. Vlachos, a spirited lady in her early sixties, has for many years been an editor of a conservative Greek daily, Kathemerini (which means "every day") and an English language monthly magazine entitled Greece Today. Kathemerini was closed down during the junta period.

5/14
You have met socially, I understand, Mr. Leslie Feiner, who is the local correspondent of Kathemerini. Feiner is Graecophile Englishman who lived many years in Greece. He may be present this evening. Feiner, incidentally, is working for other journals as well as Kathemerini. He is looking for an interview with New York magazine (about which I am dubious, though I like Feiner).

Currently a Member of Parliament with Prime Minister Karamalis' party, Mrs. Vlachos was in exile in London during the time the junta was in power and was very active among European and American liberals in the anti-junta course. I believe she testified on the Hill at one time, and, if I'm not mistaken, was somehow identified with Henry Reuss.

JEM/PBR:pam

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara, President

DATE: May 14, 1976

FROM: W. A. Wapenhans, RVP EMENA

SUBJECT: GREECE - Background Information for your Dinner on May 14, 1976
at the Greek Embassy

1. I understand that you will be attending a dinner at the Greek Embassy on May 14 in honor of Ms. Helen Vlahos, a member of the Greek Parliament and a Greek newspaper publisher. This memorandum responds to your request for some background information on the economic and political situation and the ongoing program in Greece.

Recent Economic and Political Developments

2. The civilian government of Prime Minister Karamanlis, which was formed after the military junta was thrown out of power in 1974, has gained considerable popular support and has been able to initiate sound domestic policies. The thrust of the Government's external relationships has been to establish friendly relations with neighboring countries, de-escalate the tension with Turkey over Cyprus and the question of Aegean oil, and to press for Greece's early entry into the EEC. By seeking an early entry into the EEC, Mr. Karamanlis has not only responded to the popular Greek aspiration to be effectively considered as a part of Europe, but appears to also hope that he will be able to persuade his countrymen that the economic and administrative reforms which are needed in Greece are a price for EEC entry. Meanwhile the problem of significant disparities in both the incomes and the quality of life between several regions of Greece vis-a-vis the highly developed Athens-Piraeus region continues. The Government, however, recognizes this problem and wishes to undertake pilot programs of integrated regional development, which could be emulated later as a model in other parts of the country. The Bank has been approached to develop such a project in the prefecture of Evros.

3. Our economic mission to Greece in March 1976, found that 1975 was a better year than what was anticipated in last June. With the economic and fiscal policies introduced by the Karamanlis Government, there are clear signs that the economy is beginning to recover from the slump in 1974, when GNP dropped by nearly 4 percent. The recovery began around mid-1975 and gained momentum towards the end of that year. Provisional data indicate that GDP increased by over 3 percent in real terms over the depressed 1974 level. The major source of growth was an increase of 4.2 percent in industrial output and of 3.5 percent in services. An active public investment policy, accompanied by private investment activity, is being credited for the gradual recovery of the economy.

Bank Activities

4. Bank lending to Greece commenced in 1968, after disputes regarding its pre-war external debt had been substantially settled. Since then, and up-to-date, Greece has received 11 loans totalling \$303.9 million. These include: 5 loans (\$96.6 million) to the National Investment Bank for Industrial Development (NIBID) to support industrial development; 3 loans (\$82.3 million) to support reforms in Greece's traditional education system; 3 loans (\$95 million) for irrigation and 1 loan (\$30 million) to support institutional reforms in the highway sub-sector. The highway loan was approved by the Board as recently as March 30, 1976; with it, the Bank has lent \$70 million to Greece in the current fiscal year.

5. Project implementation has generally been satisfactory, although quite slow and subject to substantial cost overruns due to both domestic and international inflationary pressures. Future projects include the appraised Wastewater Disposal project in Volos-Salonica, which will emphasize institution building; the aforementioned regional development project in Evros and a fourth education project (both are under preparation); a Fruit and Vegetable project for export has recently been identified. Our present plans envisage lending for all these projects before the anticipated Bank phase out by the end of FY78.

Cleared with and cc: Messrs. Bart, Davar

RGregory/AJDavar:sc