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THE CURRENT SITUATION IN GREECE

ORE 51

20 October 1947

Copy No. 11

Document No. 001
 NO CHANGE in Class.
 DECLASSIFIED
 Class. CHANGED TO: TS S C
 Auth: EPA Memo 4 Apr 77
 Date: 16/1/79 By: ell

This copy was
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 the Historical Review
 and Central Intelligence

Date: 21 Jul 92
 SER: 92-4

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17 October 1947

Copy No. 11Date 21/10/9292-4THE CURRENT ~~PRESENT~~ SITUATION IN GREECE

1. STRATEGIC IMPORTANCE OF GREECE.

Greece is the last Balkan state resisting Soviet domination. Should the USSR obtain control of Greece directly or through the satellites, the USSR would: (a) complete its domination of the Balkans; (b) be able to extend and consolidate the position in the Aegean which control of Macedonia and Thrace would give the Soviet Union; (c) secure Salonika, historical southern terminus of the land route from the Danubian Basin; and (d) gain a strategic position in the Eastern Mediterranean, thereby outflanking Turkey and the Dardanelles, threatening the Suez, and endangering the politics of the Near East.

In recognition of these facts the Greek-Turkish aid bill was formulated. The extension of aid to Greece and Turkey was the first clear announcement to the world at large that the United States intended to help and support those countries which resisted Soviet encroachment. The continued ability of Greece to resist with US aid will therefore be closely watched by both the Eastern and Western blocs and will have an important influence on the future success of US foreign policy in Europe and the Near East.

While Greece has had many forms of government, the great majority of the Greeks have remained highly individualistic and have a strong sense of political freedom. Today among the leaders of both the Right and the Left there is a strong tendency, born of fear, towards extreme politics. Were Greece given a guarantee of national independence, the vast center elements in the country would again be able to assert their democratic principles and would be able to give constructive support to the Western democracies and the United Nations.

Militarily Greece could not withstand an attack by a major power or by a combination of the Balkan satellites. Its independence and the continued security of its important strategic points can at the moment be guaranteed only by the United States.

2. PROBABLE FUTURE DEVELOPMENTS.

In the over-all strategic plans for the Near East, a top priority objective of the USSR is to take control of Greece, through the Balkan satellites, the Greek Communists, or both. Should complete realization of the objective fail, Yugoslavia may attempt to detach Greek or "Aegean" Macedonia for incorporation, along with Yugoslav Macedonia, as a state in a federated Yugoslavia. Detachment of Macedonia would be accompanied by detachment of Thrace by Bulgaria.

To accomplish its ends in Greece, the USSR will continue to: (a) disseminate propaganda to discredit the Greek Government; (b) attempt to block every effort of the UN to solve the Greek problem; (c) attempt, through guerrilla sabotage and des-

Note: This paper has been coordinated with the intelligence organizations of the Departments of State, Army, Navy, and Air Forces.

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struction, to cripple the Greek national economy and nullify the American Aid Program; and (d) furnish clandestine aid to the guerrillas through the satellites. The USSR may even extend recognition to the "democratic" army and eventually to the "free" Greek government in opposition to the Athens government.

The extent to which Greece can counter the tactics of the satellites and the USSR depends most immediately on the ability of the army to subdue the guerrillas. During the winter of 1946-47, the creation of a broadly representative and sincere government in Athens could have done much to stop the internecine strife; now, however, the general situation has so deteriorated and the Communists have become so determined that, although a majority coalition Populist-Liberal government has been formed (7 September 1947), a purely political solution of Greece's troubles is not probable.

So long as the war continues, with the wholesale destruction and paralyzing fear which it creates, there can be no real social and economic reconstruction. Originally, some \$149 million of the \$300 million appropriated by the US to aid Greece was earmarked for military purposes; it has now become necessary to transfer nine million dollars for military needs from the funds allotted to economic reconstruction.

With increased US equipment and more vigorous leadership, the army should be able to subdue the local Greek guerrillas. However, army leadership is still inadequate for the task at hand, and the guerrillas are receiving aid in men and material on an increasing scale from the satellites. Under these circumstances, the Greek Army, as presently constituted and employed, cannot accomplish its mission and the Greek people, weary, terrorized, and without effective leadership, can do little to help themselves.

Thus, the future of Greece rests with the USSR and the US. It is not likely that the USSR and the satellites will relax their tremendous pressure on Greece, or that the American Aid Program will have sufficiently revived the morale and economy of the country by June 1948 for Greece to stand alone. If the Greek Government cooperates honestly and energetically, the Program may keep Greece afloat until that time provided the USSR and its satellites do not overtly intervene; for some time thereafter the survival of Greece as an independent country will depend on how much and what kind of aid is forthcoming from the US.

3. POLITICAL SITUATION.

Chronic political instability in Greece has, since liberation, been aggravated by widespread Communist activities. Moreover, even in the face of national disaster, many politicians in Athens have refused to surrender their personal and party interests for the common good. It is doubtful whether the present government, although a coalition of the two largest parties, has the full confidence of a majority of the people. Without firm US guidance, the conflict of ideas and of personalities within the cabinet may make the government ineffectual.

While the government operates under a liberal and enlightened constitution, chaotic conditions and terror have resulted in many extreme measures and inconsistencies in the administration. Thus, while for a long time the Communist Party and press were allowed legal operation, the government has jailed or exiled hundreds of non-Communists simply because they were members of the political opposition.

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The seditious Communist press has now been closed down. Political injustices against the non-Communist opposition continue, though on a rapidly decreasing scale.

In 1946 the people rallied behind the Rightist Populist (Royalist) Party out of fear of the Communists. Continued blunders by the reactionaries, however, shook the people's belief in the Rightists' ability to cope with the Communist problem. American representatives in Greece, recognizing this situation, were from time to time able to bring about a broadening of the government. No really effective coalition has yet been formed, however. The Centrists, who normally represent the predominant political sentiment of the country, have been politically frustrated through a combination of external pressures; consequently, despite the fact that the present government is headed by a Liberal prime minister, the tenacious, perennial politicians of the Right still have a controlling voice.

Most non-Communist leaders agree that the chief task of the government is to eliminate the Communist threat, but many take violent issue over the method by which the guerrillas can be defeated and the country set on the road to economic recovery. Most politicians, realizing the vital necessity of American aid to Greece, accede to US suggestions concerning recovery; others still attempt to exploit the situation and the American Aid Program for their own political ends.

The large majority of Greek people are democratic and pro-Anglo-American; they fear the USSR and hate the Greek Communists who have conducted a ruthless campaign of terror in the countryside. Given assurance of hope and stability through American aid, the people should eventually be able to reaffirm their democratic principles; given continued fear and hopelessness, they will succumb, however unwillingly, to the persistent pressure of the determined, militant Communists.

4. ECONOMIC SITUATION.

Greece has always been a poor nation with one of the lowest standards of living in Europe. World War II, enemy occupation, and continuing guerrilla strife have further damaged Greece's chronically precarious economy, and since liberation a bare subsistence level has been maintained only through foreign relief shipments. Natural resources and industry are under-developed, and agricultural methods are antiquated. Food and consumer goods are scarce, prices are high, the currency is inflated, unemployment is widespread, and business morale is low. Although a large-scale reconstruction of transportation and port facilities is beginning, roads and railroads continue to suffer damage from guerrilla action.

While the Greek economy is primarily agricultural, only 20 per cent of the land is arable, and the soil is suited mainly for specialty crops which are exported to pay for imports of basic foodstuffs. An infant light industry normally supplies 80 per cent of the country's manufactured consumers goods but is dependent on imports for most raw materials, machinery, and fuel. Extensive mineral deposits are a valuable source of potential wealth, but mining methods are inefficient and processing facilities inadequate. A flourishing merchant marine currently contributes little to the Greek economy because of the practice of registering ships in foreign countries and investing earnings abroad. Inadequate transportation hampers internal communications and distribution of foodstuffs. The rivers of Greece are a potential power supply, but

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their development would require large capital investment and a considerable period of time.

Funds for military supplies and for reconstruction have been obtained from foreign sources. The American Aid Program, which has undertaken to meet needs for the period May 1947 through June 1948, depends for its success in restoring economic stability on carefully planned control of all important phases of Greek economic life and on a speedy restoration of internal military security by the Greek Army.

So far, failure of the army has not only delayed recovery but has also necessitated a transfer of money allotted for reconstruction to military needs. Furthermore, the damage to this year's promising grain crop caused by drought and guerrilla action has also necessitated transfer of funds from reconstruction to relief.

While at the present time Greek economic survival is completely dependent on direct US aid (and is likely to continue so regardless of the Marshall Plan), it is probable that continued civil war will prevent national reconstruction within the time limit of the American Aid Program.

5. FOREIGN AFFAIRS.

Greek foreign policy, beginning shortly after liberation, has of necessity been a defensive policy against the expansionism of the Balkan satellites and the USSR. With the increase of Greek internal disorders in 1946, the satellites (which have traditionally sought an outlet to the Aegean) adopted an offensive policy toward Greece. The press and radio in these countries and in the USSR repeatedly attacked the Greek Government, and finally Tito boldly announced that Yugoslavs "could not remain indifferent" to the fate of their brothers in "Aegean Macedonia." By the end of 1946, the satellites, although following the outward forms of normal diplomatic relations with the Greek Government, were blatantly aiding the Greek insurgents materially as well as morally.

Greece has traditionally depended on Great Britain as the great sea power in the Mediterranean to maintain its independence and to bolster its economy with national loans and capital investments. With the retrenchment of the British in the Near East, however, the US has assumed major commitments in Greece. The Greeks have thereby become economically dependent on the US, to which they have long been oriented sentimentally. A violent Soviet propaganda program against US intervention in Greek affairs does not widely affect US-Greek relations, and so long as the Soviet threat exists, Greece will cooperate with and follow the lead of the US.

6. MILITARY SITUATION.

The effective reconstruction of Greece depends immediately on the ability of the army to eliminate the guerrilla forces. Yet after seven months of the anti-guerrilla campaign which started in April, the guerrillas are numerically stronger than ever before and the situation has reached what might be called a deteriorating stalemate.

At the beginning of 1947 the resurgent guerrillas, by forcing the villagers to flee to large towns, by destroying villages, and by cutting lines of communications, were paralyzing national recovery. An under-trained army was therefore forced to begin operations against the bands, which were receiving concrete support from the satellites in the form of men and materiel. The strategy planned by the General Staff was to

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clear individual areas of guerrillas and then to seal the northern border of Greece to prevent re-infiltration from the satellite countries. Tactically it was planned for field units to surround single areas, thereby preventing escape to other areas, and then to crush the trapped guerrillas. In both strategy and tactics the army has failed. Some of this failure lies with the army itself—a defensive rather than an offensive spirit, bad timing, the use of field methods in mountain warfare; but the chief causes of failure have been inadequate troops, terrain which favors highly mobile bands not committed to defend given points, and, in the border areas, the ability of the guerrillas to slip to safety in the satellite countries.

Until July 1947, the guerrillas contented themselves with evasive action, but since then there have been occasions on which they have attempted to stand and defend certain areas, probably as a test of the feasibility of protecting a "free" government should one be established on Greek soil.

The guerrillas number some 18,500. Well over half of them are forced recruits, but they are effectively held by threat of death or of reprisals to their families. The hard core of the guerrillas, probably about 20 per cent, are determined, are effectively led by officers thoroughly familiar with the local terrain, and are encouraged, advised, and aided by the satellites. Their principle of operation is one of destruction and terror to produce the greatest amount of chaos possible.

Operating against the guerrillas is an army of 120,000, temporarily increased by 20,000 recruits inducted to permit the release of a similar number of veterans. The efficiency of the army high command is decreased by involvement in politics. The lower echelons are affected by lack of training and initiative, and by over-dispersion which prevents the marshalling of a sufficient concentrated striking force. The army initially held a temporary advantage over the guerrillas by virtue of air support. This advantage has now been greatly reduced by increasingly effective air defense on the part of the guerrillas and by pilot fatigue and low morale in the air force. The UK's decision to withdraw its remaining troops from Greece before the end of 1947 will have an adverse effect on Greek morale, for although the troops have not participated in the guerrilla fighting, their presence has been reassuring to the Greek Army and the government.

The military stalemate might be broken in several ways: (a) a shakeup in the General Staff* which, coupled with US aid in material and US advice in tactics, may enable the army to assume an effective offensive; (b) more overt aid by the satellites in the form of heavier weapons and of international brigades which at the most would defeat the army and at the least would force Greek morale and economy to a breaking point; (c) overt participation by actual satellite units which would result in defeat of the army and loss of northern Greece. The last of these possibilities is not likely at this time; the Kremlin appears satisfied with the present disruptive effort in Greece and probably does not need to risk further world censure. Most probably the destructive stalemate will continue; if so, the American Aid Program will be rendered ineffective, and no appreciable recovery will have been accomplished by June 1948, when the program expires.

*On 23 October, the Prime Minister approved certain changes in the General Staff the effect of which cannot yet be determined.

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