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THE OUTLOOK FOR GREECE

Submitted by the

DIRECTOR OF CENTRAL INTELLIGENCE

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on 18 January 1955. Concurring were the Special Assistant, Intelligence, Department of State; the Assistant Chief of Staff, G-2, Department of the Army; the Director of Naval Intelligence; the Director of Intelligence, USAF; and the Deputy Director for Intelligence, The Joint Staff. The Atomic Energy Commission Representative to the IAC and the Assistant to the Director, Federal Bureau of Investigation, abstained, the subject being outside of their jurisdiction.

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THE OUTLOOK FOR GREECE

THE PROBLEM

To estimate the current situation and probable developments in Greece over the next three or four years.

CONCLUSIONS

1. Greece has seldom enjoyed real political and economic stability and remains handicapped by its poverty of natural resources and by the volatility of a political system in which foreign influences still play an important part. Since World War II, however, Greece has with US and UK assistance crushed the Communist effort to seize power through force, repaired the tremendous damage brought about by the war, and made a start toward building up the economy. Moreover, since the installation of Premier Papagos in 1952, the Greek Government has had a degree of popular support and political effectiveness unusual since World War I. (*paras. 9-11*)

2. So long as Papagos retains active leadership, we believe that the present Greek Rally government will remain in power at least up to the 1956 elections. Although some deterioration of the Rally's cohesiveness and prestige has recently taken place, probably presaging an increase in political intrigue, and some decline in the government's strength and effectiveness, it is unlikely that sufficient Rally deputies will defect to overturn Papagos' now comfortable majority. On

the basis of present indications, if Papagos is still active and on the political scene, the Rally will probably win the 1956 elections, though as compared with its showing in 1952 it will inevitably suffer some loss of electoral strength. (*paras. 21, 23*)

3. If Papagos, who is now 72, should die or become incapacitated, the Rally would soon fall apart, and the centrist Liberal Party would replace it as the strongest political grouping. Since even the Liberals would lack a parliamentary majority in their own right and would probably be unable to gain one in new elections, the eventual outcome would probably be a series of unstable coalition governments, marked by political fragmentation and an increase both in Palace influence and in Communist opportunities for political maneuver. Under such circumstances, there might be an attempt at dictatorship by the secret military society, IDEA, although this would depend to a large degree on IDEA's estimate of the US reaction. (*para. 22*)

4. The Greek economy will probably remain fairly stable over the next three or four years despite a decline in US aid;

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some modest improvements in production and in Greece's foreign exchange position may take place. In the longer term it is improbable that a politically acceptable standard of living can be maintained without some form of economic assistance unless there is a reduction in Greece's contribution to its defense budget. (paras. 29, 30)

5. Regardless of internal political developments, Greece's strongly pro-Western orientation is unlikely to change over the next few years. The US in particular is likely to retain its present predominant influence in Greece, although Greek responsiveness to US advice may decline somewhat as a result of the progressive reduction of US aid and the US position on *enosis* (union of Cyprus with Greece). (paras. 43-45)

6. The British are seeking to restore their influence in Greek internal affairs. While they share the basic US interest in maintaining a stable, non-Communist Greece, they also desire to protect their special interests and influences. They desire a

Greek Government more amenable to their influence than the present one and have been particularly irritated by Papagos' advocacy of *enosis*. (para. 17)

7. Although the *enosis* issue is likely to be a continuing irritant in Greek relations with the UK, Turkey, and the US, it is unlikely that Greece's alliances with these powers will be strained by this or any other issue. Greek relations with its non-Satellite neighbors will probably continue to improve slowly, though underlying suspicions and conflicts of interest will remain. (paras. 46, 47)

8. The development of Greek military capabilities is progressing satisfactorily with continuing US training and material assistance, and the Balkan Alliance military planning has made satisfactory progress. However, growing Greek reluctance to maintain present levels of military expenditures is likely to make the maintenance of a military establishment meeting NATO and US requirements depend increasingly on assistance for meeting military expenses. (paras. 34, 35)

DISCUSSION

I. INTRODUCTION

9. Greece has seldom enjoyed real political and economic stability. Because of its strategic location in the Balkan-Eastern Mediterranean area, it has been repeatedly subjected to conflicting great power ambitions and influences. Moreover, Greece's spirited advancement of its national claims has been a continuing source of friction with its neighbors. The basic source of Greek weakness and instability lies in the inadequacy of its arable land and other natural resources. Despite a high rate of emigration, overpopulation has been a constant problem, and the Greek standard of living remains lower than that of any other NATO country, including Turkey.

10. For nearly a century before World War I Greece was under the international guardianship of the UK, France, and Russia — a guardianship in which the UK played the principal role. Between World Wars I and II the British position was predominant. Greek politics have reflected these foreign influences, and Greek parties have often been more or less openly identified with particular foreign patrons to whom they have looked for the advancement of national and partisan objectives. Within this framework, political life has been dominated by the small upper and middle classes, and has been substantially influenced by the palace and by a small group of wealthy businessmen who dominate most

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of the press and are the principal sources of campaign funds for the major parties. However, labor and agrarian elements have increased in influence following World War II. Since the inauguration of the US aid program in 1947, the majority of Greeks have looked to the US for support and guidance, although British political influence is still important.

11. The most immediate threats to Greece's independence in the post-World War II period have now been averted, mainly due to US and UK assistance and support. The Communist effort to gain power by force was crushed in 1949. The Greek armed forces have been built up and integrated into the NATO defense system. The tremendous physical damage brought about by the war and the subsequent Communist guerrilla campaign has been repaired and a start made toward building up the Greek economy. The divisive issue of monarchy versus republic, which contributed so much to a national cleavage during World War I and to political instability during the interwar period, has faded into the background. Since the victory of Field Marshal Papagos' Greek Rally in the 1952 Parliamentary elections, the Greek Government has enjoyed a degree of popular support and shown a political effectiveness unusual since World War I. However, various recent developments have raised a question as to how long this situation will last.

II. POLITICAL

Present Situation

12. The first five years that followed Greece's liberation in 1944 were marked by a violent struggle against the Greek Communist Party (KKE) which sought to dominate the country by force with the encouragement and support of the USSR and the Satellites. In addition these years were marked by a high degree of political fluidity, the chief result of which was the virtual disintegration of the Populist Party, which had been the principal vehicle of conservative pro-monarchist sentiment in prewar Greece, and the decline of the centrist Liberal Party, its traditional rival. A partial-

ly successful attempt to provide a new focus of popular support came with the creation under General Plastiras of the left-centrist Progressive Union of the Center (EPEK). This effort was eclipsed, however, with the entry into active politics of Field Marshal Alexander Papagos, Greece's leading military figure. Papagos' conservative Greek Rally failed to win a decisive victory in its first electoral test in 1951 under the proportional representation system then in effect. However, under the majority system adopted with strong US advocacy for the 1952 elections, the Rally not only obtained 49 percent of the popular vote but also emerged with some 239 out of 300 seats in the National Assembly. A coalition Liberal-EPEK ticket obtained about 37 percent of the vote but elected only 61 deputies. The Communist-backed United Democratic Left (EDA) polled about 12 percent of the vote but failed to win any seats.¹

13. By and large, the Rally has made a good record during its two years in office. Papagos has been generally successful in holding his heterogeneous following together and in maintaining his personal position of authority. The government has pushed through a number of economic improvement measures, including devaluation of the drachma, has reduced the foreign exchange deficit sufficiently to permit some relaxation of import controls, and has embarked on an extensive economic development program. It can take much of the credit for the development of the Balkan Alliance.

14. Within the last year, however, the Rally's cohesiveness has deteriorated to some extent. In April 1954, Spyros Markezinis, who had been chiefly responsible for organizing the Rally, resigned from the cabinet as the result of growing personal friction with Papagos, and in November he formally withdrew all support from the government, leading 23 other Rally deputies into opposition. There have since been continuing indications of further friction and dissatisfaction within the Rally, although Papagos still retains an over-

¹ See annex for additional information on Greek political parties.

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whelming parliamentary majority and there is no indication that his control over the mass of Rally deputies has been seriously weakened.

15. There are also signs that the government's popular and political prestige has slipped. While Papagos remains the most widely respected political figure in Greece, some of the glamor he possessed for the voter in 1952 has rubbed off. Up to July 1954, when a new electoral law, which virtually abolished by-elections, was passed, the Rally had won all the by-elections by a comfortable margin. However, popular support of the government, particularly among centrist and left-of-center elements, has been weakened by continuing dissatisfaction over the cost of living and by the government's efforts to establish control over union activities. Although the government's failure to achieve US support in the UN for Cypriot self-determination has provided some grounds for criticism, the UN's implied recognition that Cyprus is not a purely British domestic affair has redounded to the advantage of the Rally.

16. Meanwhile the parliamentary opposition has been having troubles of its own. EPEK disintegrated after the death of General Plastiras in 1953. The Liberal contingent in parliament, though subsequently joined by about a quarter of the 31 EPEK deputies, has been torn with doubts as to whether George Papan-dreou, the party's present titular head, can retain the support of pro-EPEK and other left-of-center voters. However, Sophocles Venizelos, former head of the Liberal Party, is now attempting to form a broad coalition to be called the United Center. Moreover, increasing cohesion among the left-of-center opposition was revealed in the November 1954 municipal elections, when five out of six of the principal urban constituencies were captured by left-of-center coalition tickets supported by the Communists. In almost all of these cases this Communist support was essential. However, it should be noted that in accordance with Greek tradition the Rally and the Liberals refrained from designating candidates.²

² Three of these six elections are being contested in the courts.

17. The British are seeking to restore their influence in Greek internal affairs. They desire a Greek government more amenable to their influence than the present one and have been particularly irritated by Papagos' advocacy of *enosis* (union of Cyprus with Greece). While the UK shares the basic US interest in maintaining a stable, non-Communist Greece, the British also desire to protect their special interests and influence. Most of the UK's military and administrative advisors to the Greek Government have now departed, but a British admiral sits alongside the US MAAG chief on Greece's Supreme National Defense Council, and the British are represented on the Currency Control Board. Moreover, a high proportion of Greek political, military, and administrative leaders have long records of association with the British. Despite a sharp decline in Britain's substantial prewar trade with Greece, the British continue to play an important role in Greek financial affairs through their \$280 million investment in banks, utilities, and other enterprises, and through the fact that British investors hold about three-quarters of Greece's prewar external debt. (In comparison French investments in Greece total \$66 million and those of Germany \$55 million.)

18. The Greek Communist Party (KKE) is a small underground organization. Outlawed in 1947, KKE has been severely hampered by government antisubversive measures. Present party membership within Greece is probably no more than 35,000. KKE headquarters and several thousand members are in sanctuary behind the Iron Curtain. The KKE has gained de facto recognition in Greek politics through the Communist-controlled EDA, which has consistently polled 10-12 percent of the national vote through most of the post-war period. KKE's principal objective is to gain control of the left-of-center voters, who represent 20-25 percent of the electorate.

19. In a future election the Communist front will almost certainly increase its vote somewhat by winning a portion of the vote that had previously been given to EPEK. On the labor front, the KKE's principal labor arm is the Communist directed United Syndicalist

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Movement of Greece (ESKE), which controls about 15-20 percent of Greek labor. A significant recent development is the Communists' effort to extend their popular front activities beyond the EDA. On 25 November the KKE announced that it would for the time being put aside the objective of establishing a "Peoples Democracy" and instead work for the development of a broad united front. Another potential source of Communist strength is the increasing number of Greek refugees and young adults abducted as children now being returned from the Soviet Bloc countries. The security burden alone is such that the US is assisting Greece with the screening and processing at entry points.

20. Other noteworthy factors in the situation are the Palace and the Army. The Palace has been on poor terms with Papagos and probably hopes for a more fluid situation in which its own influence would count for more. The Army has long been a center of pro-Papagos sentiment and its leadership is dominated by men personally loyal to the Marshal. Members of a secret political organization within the army known as the Sacred Bond of Greek Officers (IDEA) were active in attempting to promote an army mutiny in 1951 with the stated purpose of reinstating Papagos as Commander-in-Chief of the armed forces. Recent information indicates that IDEA has become sufficiently influential to control many of the key positions in the armed forces, including the Army Chief of Staff and the Chief of the Central Intelligence Service, which is the keystone of Greece's security system.

Probable Developments

21. We believe that the Rally will remain in power at least until the 1956 elections provided that Papagos retains active leadership. Papagos remains a commanding figure with a comfortable parliamentary majority. Political maneuvering will increase as the election approaches, probably leading to some decline in the government's strength and effectiveness. However, it is unlikely that Rally deputies will defect in significant numbers unless

they become convinced that the opposition had gained sufficient strength, cohesion, and outside support to be able to take over, and that the US would at least acquiesce in such a change. These developments they would now judge to be unlikely. It is also unlikely that any foreseeable issue would arouse sufficient popular opposition to force the government to resign.

22. If Papagos, who is now 72, should die or become incapacitated, a period of government instability would ensue, marked by intense jockeying and deal-making among all political elements. The Greek Rally would almost certainly fall apart, in a relatively short time. We believe that many of its more conservative elements would eventually tend to coalesce into a new group similar to the old Populist Party, but for the moment the Liberals would almost certainly emerge as the strongest political grouping. Since even the Liberals would not have a parliamentary majority in their own right and would probably be unable to gain one in the event of new elections, the eventual outcome would probably be a succession of unstable coalition governments, with a marked increase in Palace influence and in political fragmentation. This tendency would be confirmed if, as is likely, the rival party leaders yielded to parliamentary pressure for a return to proportional representation in the new elections. In this situation, Communist opportunities for political maneuver would be increased. Should there be a series of short-lived and ineffectual governments, a military dictatorship might be attempted by IDEA, although this would depend to a large degree on IDEA's estimate of the US reaction.

23. On the basis of present indications, if Papagos is still active and on the political scene the Rally will probably win the 1956 elections, though as compared with its showing in 1952 it will inevitably suffer some loss of electoral strength, particularly among labor and traditionally pro-Liberal elements. The opposition will almost certainly be unable to defeat the Rally unless the non-Communist opposition leaders succeed in accommodating their conflicting partisan ambitions and re-

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ceive substantial British, Palace, or business support. Moreover, unless there is a sharp decline in Papagos' popular appeal, even a "united center" would probably not be able to defeat the Rally if EDA ran on its own ticket, thus dividing the opposition vote. Although EDA's Communist backers have advocated a broad united front, it appears unlikely that they would actively cooperate with the center parties except on terms which the latter would be unwilling to accept in view of the probable adverse reaction of centrist voters and of the US. Another possibility, which appears unlikely at this time, is that EDA might not run as a party, but would release its supporters to vote for the center. Under these conditions, the Rally's control of Parliament would be seriously threatened.

24. Even if Papagos and the Rally were voted out of office, the Greek Government would probably remain for the foreseeable future in the hands of relatively conservative elements desirous of preserving Greece's US connection. Any non-Rally government is likely to be headed by the Liberals, who are essentially middle-of-the-roaders conscious of Greece's need for US support. The continuing poverty of the Greek people might eventually stimulate the development of a strongly leftist movement, but such a development does not appear to be in prospect at present.

III. ECONOMIC

Present Situation

25. Greece is the poorest country in free Europe, with a GNP of only about \$1.8 billion (\$210 per capita GNP as against \$268 for Spain and \$397 for Italy). Although 60 percent of the population of approximately eight million lives on the land, only about a fourth of Greece's territory can be used for farming or grazing and much of this soil is of poor quality. As a result of this condition, coupled with the prevalence of archaic methods and an uneconomical small-holding system, agriculture accounts for only 35 percent of national income. In spite of a remarkable increase in agricultural production, Greece must still import between 15 and 20 percent

of its foodstuffs. Nearly all of Greece's fuel oil and coal requirements must also be imported. The Greek standard of living is further held down by population growth, which, though not high in rate, creates a problem because of Greece's meager resources. This has contributed to a persistence of widespread unemployment and underemployment.

26. With the virtual completion of the program of economic rehabilitation undertaken by the US in 1947 and to date involving approximately \$1.2 billion, the economy has shown a considerable increase in productivity and within the past two years has achieved a reasonable degree of stability. In October 1954 the index of industrial production stood at 160 percent of 1950 and 185 percent of 1939. The balance of payments deficit has dropped from about \$200 million in FY 1952 to about \$40 million in FY 1954, even though a relaxation of import controls has swelled the deficit by about \$22 million in the last nine months. In FY 1954 the reserves in gold and foreign exchange increased by \$32 million. Any deficit in the FY 1955 balance of payments seems likely to be covered by US aid (including offshore procurement, direct forces support, and defense support), which is expected to total about \$50 million for the current fiscal year as against \$307 million at the height of the US assistance effort. The cost of living appears to have levelled off at about 150 percent of the 1951 level. Rises in retail prices, amounting to about four percent during 1954, are largely attributable to wage increases made early in the year. The present stability of the drachma is evidenced by the fact that there has been no significant dollar black market since 1950.

27. Early in 1954 the government embarked on an ambitious \$236 million economic development program emphasizing the development of hydroelectric power and agricultural and mineral resources. (Greece has undeveloped iron, bauxite, magnesium, chrome, nickel, lignite, and lead deposits.) The government appears likely to succeed in floating the domestic loan — totalling the equivalent of approximately \$100 million and including

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a dollar clause — called for under the financing plan but is having considerable difficulty in raising projected foreign exchange requirements. Although the World Bank has approved in principle a loan for Greece, it has postponed action until Greece reaches a satisfactory understanding with the bondholders on its external debt, which amounts to about \$200 million. West Germany has recently appeared as a promising source of foreign capital and has conditionally made available \$24 million in credits.

28. Greece is currently devoting about seven percent of its GNP to military expenditures. Although somewhat less than the NATO average, this is a higher percentage than those of Denmark, Portugal, Italy, and Norway. It represents a heavy economic burden for a poor country.

Probable Developments

29. The Greek economy will probably remain fairly stable over the next three or four years, despite the decline in US aid. Although the government will probably not be able to raise all of the funds called for under its economic development program, it will almost certainly achieve some increase in production, and the foreign exchange situation is likely to improve. However, pressures for expansion of credit and for higher wages and salaries will pose a continuing threat of inflation.

30. If Greece can maintain or improve its present rate of capital formation, it can look forward to moderate increases in total production and per capita income. But since per capita GNP is roughly \$210 per year, an increase of two to three percent, or even an improbable five percent per year, would provide no assurance of social stability. Moreover, since 65 percent of Greek export earnings are normally provided by tobacco, fruit, and olive oil, it can be expected that problems will arise with the fluctuations which are fairly common in the markets for these products. In the longer term it is improbable that a politically acceptable standard of living can be maintained without some form of economic assistance unless there is a reduc-

tion in Greece's contribution to its defense budget.

IV. MILITARY

31. Greece's position in the eastern Mediterranean and the Balkan area gives it a strategic importance out of proportion to its own military strength. Greece provides valuable air base facilities for NATO forces, as well as an important defensive position covering the NATO Mediterranean flank. Greece's armed forces are sizable for a small country and make a significant contribution to the NATO alliance. The Greek armed forces are generally loyal and reliable. While some Communist infiltration almost certainly exists in all the services, it appears to be a significant problem only in the air force. Greece's growing military cooperation with Yugoslavia constitutes a strong potential tie between the latter's military power and that of the NATO nations.

32. *The Greek Army*, numbering 105,000 men, and organized into four combat-ready divisions, plus additional division cadres and supporting troops, is primarily a defensive force. By M+30 it can be expanded to 270,000 organized into 12 combat divisions of varying effectiveness. Greek soldiers are well-disciplined, patriotic, and physically hardened. The chief weakness of the army is that its reserve training system, a key element in Greece's defense plans, has only recently been adopted and is not yet fully developed. Its other weaknesses include: shortages of AA and AT weapons, and of armor; poor equipment maintenance; poor training of staff officers; and a deficiency of career noncommissioned officers. The peacetime army is capable of maintaining internal security, but its capabilities against any other external enemy except Albania are limited to delaying action and local counterattacks. With the army expanded to its wartime strength of 12 divisions, Greece could defend the central and southern parts of the country against an attack by Bulgaria alone. If the Greek armed forces operated in close coordination with Yugoslavia, as contemplated in present planning, these capabilities would be increased.

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Without outside reinforcements and support, however, Greece would not be capable of sustained resistance against a full-scale attack involving Soviet forces.

33. *The Royal Hellenic Navy*, of about 12,000 men has one cruiser, three destroyers, four submarines, and 14 escort vessels. It has limited capabilities for escort operations, and amphibious, antisubmarine, and mine warfare operations in conjunction with other NATO naval forces.

34. *The Royal Hellenic Air Force (RHAF)* is a small compact tactical air force of high combat readiness. It consists of six fighter bomber squadrons (approximately 140 F-84 G's), one reconnaissance squadron, two transport squadrons, and 300-400 miscellaneous types. The RHAF's most serious operational deficiency is in air defense. In an effort to offset this deficiency three intercept day fighter squadrons (25 F-86's each) are being organized and probably will become operational by the end of 1955; concomitantly, a radar early warning net is scheduled for completion later in 1956. Both of these improvements, however, will fulfill only minimum requirements. During the next 3 to 4 years, the RHAF will assume an even more integrated role in the NATO defense structure. Current weaknesses in training as well as maintenance and supply procedures will probably be improved; other deficiencies such as serious shortages of spare parts and the low level of jet fuel supplies will probably be corrected as storage facilities become available. The combat capability and operational efficiency of the RHAF during this period will depend largely upon the following factors: (a) the extent of US assistance; (b) the effectiveness of the government and top air force officials in countering Communist infiltration; and (c) the ability of top level air personnel to resolve factional differences.

35. The development of Greek combat capabilities appears to be progressing satisfactorily with continuing US training and materiel assistance. Considering the inherent difficulties, Balkan Alliance military planning has developed surprisingly well. There has al-

ready been a considerable exchange of information among the staffs, and arrangements have been made for the entry of Greek troops into southern Yugoslavia under certain war-time contingencies.

36. At the same time, however, increasingly widespread popular and official doubts have arisen over Greece's ability to sustain the present level of military expenditures, which now amount to about 40 percent of its budget exclusive of US aid. During 1954 the Greek Army was reduced from 135,000 to 105,000 in response to internal pressures for an easing of the defense burden; a further reduction to 70,000 was averted only by a US commitment to furnish \$10 million in direct forces support, i.e., specifically for meeting military operating expenses. (Part of the saving resulting from this reduction was offset by an increase in the RHAF.) The Greek Government and people are likely to become increasingly reluctant to maintain even their present reduced level of military expenditures, particularly if there is no new intensification of tensions between the Soviet bloc and the West. Thus the maintenance of a military establishment meeting NATO and US requirements is likely to depend increasingly on the availability of assistance for meeting military expenses. In any event, the Greek forces will remain dependent on outside help for most of their equipment and for training assistance.

V. FOREIGN AFFAIRS

Present Situation

37. The Greek foreign policy outlook is characterized by a strong sense of national, religious, and cultural identity and by keen awareness of Greece's weak and exposed position in world affairs. Up through World War I, Greek statesmen were preoccupied with a largely successful effort to build up and consolidate the Greek state. More recently, successive Italian, German, and Communist threats to Greek independence have led Greece to emphasize the quest for security. However, the earlier irredentist policy still persists in Greece's latent claims to Northern Epirus (Southern Albania), in underlying

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differences between Greece and Yugoslavia over Macedonia, and in the active popular and political support for *enosis*.

38. In their efforts to preserve Greek independence, Greek leaders have realistically recognized the need for strong allies. Despite the easing of the Communist threat, they continue to regard maintenance of US support as the cornerstone of their foreign policy. Greece attaches great importance to collective safeguards to its security and has been an enthusiastic participant in the UN and in NATO affairs since its admission in 1951. It has also taken a leading role in creation of the Balkan Alliance, which provides for political and military cooperation between Greece, Turkey, and Yugoslavia over a twenty-year period. Greece now possesses a realistic basis for putting up a coordinated defense with its neighbors.

39. The development of closer relations among the three Balkan powers has tended to push into the background the political and territorial differences which have disturbed their relations in the past. Largely as a result of Greek initiative, relations with Italy have developed amicably. Trade with West Germany, one of Greece's major prewar trading partners, jumped from about \$52 million in 1950 to \$78 million in 1952; despite a slight decline in 1953, it will probably reach even higher levels as a result of the West German credits which were conditionally made available to the Greek Government in 1954 for its development program.

40. Relations with the Soviet bloc have gradually improved. As a result of Soviet initiative, full diplomatic relations with the USSR were restored within the last year and a half, and Rumania, Hungary, Bulgaria, and Albania have sought to follow suit. Limited nonstrategic trade with the Soviet bloc has been resumed, and there have been some moves from the Communist side for adjustment of Greek-Bulgarian border and reparations differences.

41. The only active source of major international friction for Greece at present is the *enosis* issue. There has been persistent agitation for union with Greece among the 80 percent Greek majority in Cyprus, led by the

Orthodox Church. Although the Communists would be outlawed if Cyprus were united with Greece, they have exploited pro-*enosis* sentiment, counting on the determination of the British to remain on the island. Thus far *enosis* has been stoutly resisted by the British, who regard the island as an important strategic asset, particularly with the removal of their Middle East headquarters to the island. *Enosis* has also been opposed by Turkey, which wants to preserve British interest and strength in the area and is reluctant to have the Turkish minority on Cyprus come under Greek rule.

42. Although the *enosis* movement originated on Cyprus, Greek sentiment over *enosis* has become strong enough to persuade the Greek Rally Government to take the initiative in advancing the issue to the international level. Following British refusal to discuss the issue bilaterally, Greece submitted a resolution recommending self-determination for Cyprus to the UN General Assembly in August 1954. Although Greece was successful in having the issue inscribed on the UN agenda, consideration of the Cyprus issue was finally postponed under a compromise resolution of 17 November supported by both Greece and the UK, as well as by Turkey and the US. The airing of the *enosis* issue stimulated some popular feeling, not only against the UK and Turkey, but also against the US, whose unwillingness to support the original Greek resolution resulted in several riots with a distinctly anti-US flavor. However, no significant weakening of Greece's ties with these three countries has resulted.

Probable Developments

43. Regardless of internal political developments, Greece's foreign policy orientation is unlikely to change over the next few years. Although some elements may be inclined to criticize the government for failure to pursue certain national aspirations with sufficient vigor, the country's present foreign policies, including their emphasis on close ties with the US and the NATO bloc, have the support of all groups except the Communists and the small socialistically-inclined Democratic Party of the Working People (DKEL).

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44. Greece will almost certainly remain firmly aligned with the West vis-a-vis the Soviet bloc. Although the USSR's drive for "normalization" of relations between the bloc and the West will probably result in further improvements in Greek relations with the Communist powers, a genuine rapprochement will continue to be precluded by Greece's continuing suspicion and hostility toward Sofia and Moscow. Greek trade with bloc countries, which never amounted to more than about 14 percent of the trade of Greece, will be limited by the absence of a substantial bloc demand for Greece's principal export items. The chief dangers of the Soviet bloc's pursuit of a soft policy, therefore, are that it will increase Greek desire to reduce the burden of defense expenditures and increase the Bloc's opportunities for propaganda, subversion, and espionage.

45. The Greeks regard the US as the most powerful and disinterested member of the Western Alliance. Accordingly, the US is likely to retain its present position of predominant influence in Greece, even though Greek responsiveness to US advice may decline somewhat as a result of the progressive reduction of US aid and the US position on *enosis*. There may be recurring difficulties with the US over the extraterritoriality provisions of the military facilities agreement. However, major Greek-US friction is unlikely to develop on this or any other issue. British influence will remain substantial, and German political influence may eventually emerge with the growth of Greek-German economic relations.

46. Greece's relations with Turkey, Yugoslavia, and Italy will probably further improve to some extent. Additional progress is likely to be made in development of a system for coordinated defense of the Balkan area. The development of more cordial relations between Greece and its neighbors, however, will continue to be hampered by the persistence of long-standing animosities, suspicions, and conflicts of interest. Although Greece appears prepared to leave its Northern Epirus claims in abeyance so long as Yugoslavia and Italy take a similarly restrained attitude toward Albania, each of the three powers will continue to eye the others' aspirations in this area with some suspicion. And while Greek leaders appear convinced that Yugoslavia is a reliable ally, they are almost certainly concerned about the ultimate effects of the USSR's current attempts to woo Tito and about the latter's ultimate intentions regarding the Slavo-Macedonian minority of northern Greece. Greek-Turkish relations will probably continue to be marked by recognition of the advantages of cooperation.

47. The Cyprus issue will probably continue to be a recurrent irritant in Greece's relations with the UK, Turkey, and possibly the US, since it appears very difficult to reconcile the conflicting Greek and British positions. However, the Greek Government will almost certainly wish to avoid any serious rift with its allies, and it is unlikely that popular sentiment within Greece will become sufficiently aroused to produce such a rift.

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ANNEX

GREEK POLITICAL PARTIES

Greek Rally. A conservative group formed in 1951 by Papagos and Markezinis, largely from elements of the Populist Party. It won a plurality of the vote in 1951. It has governed Greece since the 1952 elections, when it received 49 percent of the popular vote and secured 239 out of 300 seats in parliament. A group including Markezinis and 23 others defected in late 1954, but have not yet formed a party of their own.

Liberal Party. The leading opposition party, appealing to centrist and slightly left-of-center elements. Formerly one of the two leading parties with the Populists, it participated in several coalitions in the years 1944-1952. It now holds only 36 out of 300 seats in parliament. Its titular head is George Papandreou. Sophocles Venizelos, who retired as co-leader about a year ago, is again active and is trying to form a coalition of center parties.

National Progressive Union of the Center (EPEK). A left-of-center party formed by the late General Plastiras in 1950. In 1951 and 1952 it formed coalition governments with the Liberals. In the 1952 elections the coalition's popular vote declined from 43 per-

cent to 37 percent. Since Plastiras' death in 1953, EPEK has lost to the Liberals, EDA, and DKEL. It has little future as a party.

United Democratic Left (EDA). A communist-controlled organization, it polled 10-12 percent of the vote in 1951 and in 1952, but occupies no seats in parliament. In the 1954 municipal elections it supported the "Anti-Rally" ticket, which won in 5 out of 6 major cities. Its titular leader is Ioannis Passalides.

Democratic Party of the Working People (DKEL). A leftist party formed out of EPEK and Socialist elements in mid-1953. It is represented in parliament by five former EPEK deputies. It supported the "Anti-Rally" ticket in the 1954 municipal elections. Its leaders are George Kartalis and Alexander Svolos.

Populist Party. Formerly the leading conservative-monarchist party, it is now in political eclipse. It commands little popular support and has no seats in parliament. Its leader, Constantine Tsaldaris, is largely discredited; Papayiotis Pipinellis, a Palace favorite, is contending for leadership.

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POPULAR AND PARLIAMENTARY STRENGTH OF PARTIES, 1951-1955

PARTY	1951 National Election		1952 National Election		Parliamentary Seats Held on 18 January 1955
	% Popular Vote	Parliamentary Seats Won	% Popular Vote	Parliamentary Seats Won	
Greek Rally	36.5	114	49.3	239	214
Liberals	19.1	57	} 36.9	30	36
EPEK	23.5	74		31	14
DKEL	<i>did not exist</i>	...	<i>did not exist</i>	...	5 ¹
EDA	10.6	10	11.3	0	0
Agrarians	1.2	1	0.7	0	6 ²
Populists	6.7	2	<i>did not run</i>
Markenzinis Group	<i>did not exist</i>	...	<i>did not exist</i>	...	24 ³
Others	2.4	0	1.8	0	1 ³
	100%	258	100%	300	300

¹Defected from EPEK.²Defected from Rally & EPEK.³Defected from Rally.

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