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THE OUTLOOK FOR GREECE

Submitted by the

DIRECTOR OF CENTRAL INTELLIGENCE

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Concurred in by the

INTELLIGENCE ADVISORY COMMITTEE

on 26 June 1956. Concurring were the Special Assistant, Intelligence, Department of State; the Assistant Chief of Staff, Intelligence, 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 Director, Federal Bureau of Investigation, abstained, the subject being outside of their jurisdiction.

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CHART

ALIGNMENT OF GREEK POLITICAL PARTIES FOR THE
FEBRUARY 1956 PARLIAMENTARY ELECTIONS

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THE OUTLOOK FOR GREECE

THE PROBLEM

To estimate the present situation and probable developments in Greece over the next three or four years, with particular reference to Greece's probable role as a member of the Western alliance.

CONCLUSIONS

1. The next three or four years will probably see an increase in internal controversy and political maneuvering, in which leftist and neutralist elements will almost certainly gain strength. A return to a pattern of unstable multiparty coalition governments would provide the strengthened left with further opportunities for developing influence and popular support, particularly if new strains developed with the Western powers or economic conditions deteriorated. Nevertheless, it is unlikely that a Communist or Communist-oriented government will come to power in Greece during this period. (*Paras. 24, 27-29*)

2. Despite serious setbacks on the Cyprus issue, we believe the chances are better than even that the present Karamanlis government will be able to ride out opposition criticism between now and the next meeting of the UN General Assembly in November. Karamanlis' chances for survival over a longer period will depend on his ability to show progress toward an understanding on Cyprus. (*Para. 25*)

3. Given a continuation of US aid at approximately present levels and sustained

demand for Greece's major export products, the Greek economy will probably remain relatively stable over the next few years. Its average annual rate of growth even with the continuation of present US aid will probably not exceed three percent, an increase insufficient to accomplish much toward raising the extremely low standard of living or relieving endemic unemployment and underemployment. There appears to be little likelihood that any Greek government will be able to carry out a program of economic development large enough to cause significant improvements in employment or in Greek living conditions during the period of this estimate. (*Paras. 38-40*)

4. Given a continuation of the Bloc's present tactics of conciliation, some expansion of Greece's economic dealings and other relations with the Bloc will take place, though not to the extent of making Greece economically dependent on the Bloc or of compromising Greece's NATO status. (*Paras. 42, 64*)

5. Military facilities on Greek territory will probably remain available to the US

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and NATO. Present US military influence may decline as a result of the Cyprus and Turkish issues, although such loss would be counterbalanced to a large extent by Greece's military interest in NATO and by its dependence on the US for military assistance. If fears of Communist aggression continue to recede, military expenditures are likely to be reduced somewhat within the next few years. (*Paras. 40, 48-49*)

6. Greece will probably retain its basic pro-US and pro-Western orientation, at least for the period of this estimate. Nevertheless, the absence of a Cyprus settlement will impose serious strains on the relations between Greece and its

allies, particularly the UK and Turkey. Moreover, even if an understanding on the Cyprus issue is achieved, Greece will probably pursue a more independent policy toward the US and UK. (*Paras. 57-58, 63*)

7. We believe that there is about an even chance that some formula for the solution of the Cyprus problem will be agreed upon within the next year or two. Achievement of a Cyprus settlement, however, will at best be a difficult and delicate process which could easily be set back by insufficient flexibility on the part of the principals concerned or new flare-ups of popular feeling. (*Paras. 60-61*)

DISCUSSION

I. INTRODUCTION

8. Modern Greece's history as a nation has been a chronically troubled one. A country with limited amounts of arable land and other natural resources, Greece has from its inception had serious problems of overpopulation despite a high rate of emigration. Its standard of living is lower than that of any other country of non-Communist Europe. Greece's spirited and generally successful advancement of its territorial claims has been a recurrent source of friction with its Balkan neighbors and other states having interests in the area. Because of its strategic location in the Balkan-Eastern Mediterranean area, it has been repeatedly subjected to conflicting great power influences and pressures.

9. These factors have contributed to the volatility of a political system in which personalities have played a dominant role. While the influence of labor and agrarian organizations has increased considerably since World War II, political life continues to be generally dominated by the middle classes, and to be substantially influenced by the Palace, the military, and a small group of wealthy busi-

nessmen who largely control the press and are the principal sources of party campaign funds. Greek politics have reflected Greece's vulnerability to foreign pressures and its need for foreign protection, and Greek parties have often been more or less openly identified with particular foreign patrons.

10. The structure of Greek political and economic life was severely shaken by World War II and the five years of guerrilla warfare which followed. Over and above the tremendous physical damage and widespread disruption of economic activity which took place, the years of occupation and Communist rebellion witnessed a disintegration of many old political patterns. By the time the guerrilla revolt was crushed in 1949, the Populist Party, which had been the principal vehicle of conservative, promonarchist sentiment in prewar Greece, was close to extinction, and the Liberal Party, its traditional rival, was in a state of decline. While these developments marked the waning of feeling over the issue of monarchy-versus-republic, which had been largely responsible for Greece's internal divisions and political instability from the early years of

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World War I down to the beginning of World War II, they also resulted in a high degree of political fluidity and governmental weakness.

11. By 1952, the situation had stabilized to some extent. Most of the economic damage of the war and the rebellion had been repaired and a start made toward building up the Greek economy. The Greek armed forces were strengthened and integrated into the NATO defense system. With the entry into active politics of the almost universally respected Field Marshal Alexandros Papagos, whose Greek Rally encompassing a wide range of rightist and center elements won a decisive parliamentary majority in 1952, Greece obtained for the first time in many years a government with the energy and political strength to give Greece an effective administration. Even before Papagos' long final illness, however, the essentially highly conservative nature of his regime had become evident, causing it to lose popular support, particularly among working class elements. With the progressive decline of the Marshal's physical condition during 1955, political maneuvering over the succession, both among Papagos' lieutenants in the Rally and among opposition groups, became intense. Meanwhile, the worsening of the Cyprus situation was having an increasingly unsettling effect on the Greek political scene.

II. POLITICAL ¹

Present Situation

12. The death of Papagos in October 1955 brought the struggle for political control out in the open. In an effort to preserve an effective and reasonably cohesive government with conservative leanings, King Paul ignored the wishes of the opposition for a pre-election "service" government and the claims of some of Papagos' more senior associates to the premiership. Instead, he called on the young and energetic Konstantinos Karamanlis, Papagos' strongly pro-US Minister of Communications, to form a new government.

¹ See Chart for the alignment of Greek political parties and Annex A for a description of Greek parties and groupings.

13. Karamanlis promptly set about preparing for elections, which he called for February 1956. He succeeded in obtaining the support of most of the Rally deputies and of a few disgruntled Liberals for a total of more than 180 members of the outgoing parliament. Most of these deputies joined him in establishing a new party, the National Radical Union (ERE). On the assumption that he could not repeat Papagos' 1952 electoral victory, Karamanlis also pushed through parliament a complicated and partisan new electoral law. The law set up voting districts and procedures in such a way as to maximize the effects of the expected pro-Karamanlis vote in certain areas and to minimize the effects of opposition votes in others. It also provided that only those two parties receiving the most votes could share in the distribution of seats.

14. These moves created new pressures for unity among center opposition elements, whose previous efforts to get together had been frustrated by continuing personal rivalries and by differences of opinion over the advisability of cooperating with the fellow-travelling left. The provisions of the law virtually forced the opposition elements into an electoral coalition. What finally emerged was an unwieldy political grouping calling itself the Democratic Union. This grouping embraced four center parties, three leftist parties—including the Communist-controlled United Democratic Left (EDA)—and the remnants of the highly conservative Populist Party. The center elements, united in a sub-coalition of their own—the Democratic Center—included the two rival branches of the old Liberal Party under Sophocles Venizelos and Georgios Papandreou respectively, the slightly more left-of-center EPEK, and the small, conservative Agrarian Party. Two disaffected ex-Rally leaders, Spyros Markezenis and Stephanos Stephanopoulos, entered independent rightist tickets of their own.

15. The ensuing campaign was a confused one, in which the opposition, united by little more than a common desire to defeat Karamanlis, attacked the Greek Rally and its domestic policies, as well as its inability to gain international support for Greece's posi-

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tion on the Cyprus issue. Karamanlis' principal campaign issue, in turn, was the threat of a Communist-dominated popular front.

16. As a result of the balloting on 19 February 1956, Karamanlis' ERE, with the blessing of the Palace and the support of substantial elements of the press, obtained 165 of the 300 parliamentary seats. However, this margin reflected ERE's special advantage under the new electoral law and included a critical 8-10 seats made possible by the suspiciously high 80 percent majority rolled up for the Karamanlis ticket in the armed forces voting. ERE polled 47.5 percent of the popular vote, one percent less than the 48.5 percent registered by the Democratic Union opposition coalition.

17. Of the 135 seats won by the Democratic Union, the four center opposition parties obtained 91. The leftist parties, which had failed to win any seats in the 1952 elections, won 40 seats; of these 18 went to the Communist-controlled United Democratic Left (EDA), which made a strong showing in the cities, particularly in Athens, Piraeus, and Salonika.

18. Thus Greece is currently ruled by a conservative party which enjoys the backing of the Palace and the army, but is dependent for continued parliamentary control on the ability of a new and inexperienced leader to hold the party together. Karamanlis stands to benefit by the inherent disunity of the opposition. Following the elections the center opposition, as permitted by the pre-electoral agreement of the Democratic Union, broke off its alliance with the left and reaffirmed its support of pro-Western policies. While basic personal cleavages within the center opposition still exist there are also signs of stress within the governing party.

19. The elections demonstrated that conservative sentiment in Greece continues to be strong. Right wing elements now constitute a clear theoretical majority of about 54 percent. This includes not only the Karamanlis supporters, but also about six percent of the traditionally rightist voters who opposed him. On the other hand, the center parties lost votes to the left group in the Democratic

Union. The Communist-controlled EDA not only held on to the traditional 10-15 percent of hard core leftist voters but also appears to have made substantial inroads among the followers of EPEK and the Liberals.

20. *The Greek Communist Party (KKE)* is still outlawed and subject to strong police antisubversive measures. Within Greece active membership probably amounts to about 20,000, mainly in urban areas. The party's top leadership and several thousand ex-guerrillas, probably including many of its most determined members, are still in exile at various places behind the Iron Curtain. Although outlawed, the KKE has re-emerged in Greek political life through its fronts, the United Democratic Left (EDA) and United Syndicalist Movement (ESKE), its labor arm. The KKE has laid great stress on promoting a broad leftist coalition in which a relegalized Communist Party could assume open leadership. The recent demotion from the KKE's top post of Nikos Zachariades, a hard-bitten exponent of Stalinist militancy and ruthlessness who had ruled the party since the early 1930's, almost certainly presages further efforts to re-establish the KKE's respectability and pave the way for its relegalization.

21. *IDEA*. An off-stage influence of great importance in Greek political life is the Sacred Bond of Greek Officers (IDEA), a secret organization within the armed forces. Its membership now controls many of the top posts in the Greek military hierarchy and the Central Intelligence Service (KYP). Founded during World War II with the professed aim of protecting Greece against Communism, IDEA has concentrated on making the armed forces a bulwark of conservative strength. It gave strong support to the late Field Marshal Papagos in his political activities and was solidly behind Karamanlis in the recent election. IDEA will probably intensify its efforts to increase its political influence and its reaction against any government inimical to its interests would probably be strong. A move for a military coup, however, would depend on IDEA's estimate of the Palace attitude, public opinion, and the US reaction under the circumstances then prevailing.

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22. *The Palace* is an important conservative influence in Greek political life. In theory the king is a limited, constitutional monarch on the British pattern who appoints the prime minister and exercises only nominal executive power through the cabinet, which is responsible to parliament for the government's actions. In reality, although the degree of power which the Palace can exercise varies with the type of government in power, under normal political conditions the king and queen frequently exercise considerable behind-the-scenes influence on policy matters. While the monarchy as an institution has not been in question since the plebiscite of 1946, King Paul's partisan political activities have been a source of political dissension.

23. *The Orthodox Church* of Greece,² whose adherents constitute about 97 percent of the Greek people, plays an important role in Greek society. The Church, which is strongly anti-Communist, is generally regarded as a guardian of Greece's national integrity and as a spokesman for the country's national interest. In this sense, the Church's present efforts on behalf of self-determination for Cyprus leading to its union with Greece is in the tradition of leadership expected by the public. Short of an attempted Communist takeover, the church will probably not adopt an open political stand in opposition to any party and will probably respect any government's authority in dealing with national issues, domestic or foreign.

Probable Developments

24. The political situation over the next three or four years will probably be marked by considerably greater controversy and partisan maneuvering than was the case under Papagos. Despite his electoral victory, Karamanlis is still politically vulnerable. His government faces a number of serious problems which can be exploited by the numerically strong opposition in parliament. Setbacks on the Cyprus issue³ have probably already reduced his pop-

² See Annex B, Paragraph 4, regarding the Orthodox Church of Cyprus.

³ See Annex B, "Development of the Cyprus Problem."

ular support. Greece's low standard of living and unemployment are continuing sources of popular discontent. Karamanlis' strong pro-West position will make him a particular target of the leftists who favor a shift toward a neutralist foreign policy. Karamanlis lacks the commanding prestige of his predecessor and is therefore in a less strong position to defend himself against charges of having failed to safeguard Greek interests on the Cyprus issue with sufficient vigor. The opposition has already sought to exploit this situation by demanding that Karamanlis form a broad coalition government of national unity to undertake the responsibility of resolving the Cyprus issue. Opposition elements are also likely to intensify their demands for new elections on the basis of proportional representation.

25. Despite serious setbacks on the Cyprus issue which have increased popular frustration and dissatisfaction, we believe the chances are better than even that Karamanlis will be able to ride out increasing pressures from the opposition between now and the next meeting of the UN General Assembly in November. However, in order to retain power over a longer period, Karamanlis will have to show progress toward an understanding on Cyprus.

26. Except with respect to the Cyprus question, Karamanlis is likely to discover that the elements on which he depends for support may at the same time constitute obstacles to the carrying out of the long-range policies needed to achieve economic, political, and social stability in Greece. The prime minister's obligations to the Palace, the armed forces, and certain conservative press and financial interests may hamper his ability to undertake economic development on a scale sufficient to result in a significant increase in the standard of living. With his ability to maneuver restricted by the same elements which support him, Karamanlis will probably be forced to base his appeal for popular support on reiteration of the Communist threat, the amount of US military, economic, and technical aid that his government is able to obtain, and especially on the all-important

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argument that his government is able to gain US support for Greece's objectives in Cyprus. In following such a course his task will be increasingly difficult. The unifying effect of the Communist threat is no longer as great as in the past, US aid has been diminishing, and the psychological dividends from Karamanlis' strong stand on Cyprus during the electoral campaign are beginning to disappear. Finally, despite the country's recovery and postwar gains, many Greeks, especially on the lower income level, are increasingly discontented because their actual standard of living has remained extremely low.

27. In view of these circumstances, the strength of leftist and neutralist elements in Greece will almost certainly increase over the next three or four years. The acceptability of the "popular front" concept and even of the extreme left was greatly enhanced in the recent elections; it is evident that fear of Communism among left-of-center elements is declining. The Communist-controlled and fellow-travelling deputies will probably follow a moderate line in parliament, which offers them increased opportunities to exert their influence on Greek public opinion. In this they will probably be considerably assisted by Soviet economic and diplomatic gestures toward Greece.

28. The Karamanlis cabinet, if it fell, would probably be succeeded by a coalition of ERE and center opposition elements. Despite the increased willingness of the latter groups to cooperate with the extreme left for tactical political purposes, most of its members will probably retain their basic racial and ideological prejudices against the Slavic Communist world and its partisans in Greece and a strong sense of Greece's need for Western friends. Nevertheless, a return to a pattern of unstable multiparty coalition governments would provide the strengthened left with further opportunities for developing influence and popular support, particularly if new strains developed with the Western powers or economic conditions deteriorated.

29. We nevertheless consider it unlikely that a Communist or Communist-oriented government will come to power in Greece during the

period of this estimate. If it became apparent, however, that an extreme leftist bid for power had good prospects for success, this would produce a strong reaction from military and conservative elements, which would probably set up an authoritarian government.

III. ECONOMIC

Present Situation

30. Greece is the poorest country in free Europe, with an estimated GNP in 1955 of only about \$1.97 billion (\$235 per capita as against \$254 for Spain and \$442 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 farming methods and an uneconomic system of small holdings, agriculture accounts for only 35 percent of national income. In spite of a remarkable postwar increase in agricultural production, Greece must still import between 15 and 20 percent of its foodstuffs. Nearly all of its oil and coal requirements must also be imported. In addition, the country must purchase abroad a majority of its manufactured consumer goods and industrial requirements. Greece's dependence on such a high volume of imports has made it particularly dependent on favorable export markets to maintain balance in its economy. Though the rate of population growth is not high, emigration—which was extensive before World War II—has been greatly reduced since that time and unemployment and underemployment are widespread.

31. The economic dislocations attributable to World War II and the subsequent guerrilla war have been largely overcome. Agricultural production in 1954-1955 has been estimated at 126 percent of the prewar level, and industrial production had by the end of 1955 reached 155 percent of the prewar level. Power production also expanded, primarily as a result of US aid and at the end of 1955 the new power plants and the completion of a transmission system that extends throughout the country brought power production to 460

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percent of the very low and inadequate prewar level. Export markets have been largely regained in considerable measure after the 1953 currency devaluation removed monetary handicaps and made Greek products again competitive in world markets. Confidence in the currency, which had been badly shaken by a series of inflationary upsurges since 1941 has been to some extent restored, as evidenced by increased private bank deposits and by some repatriation of Greek capital. Moreover, the balance of payments, a key factor in stability, was brought into approximate balance by the end of 1955. Including utilization of US aid of about \$70 million, foreign exchange reserves actually increased by \$62 million during 1955 and totalled \$213 million by the end of the calendar year. Increased exports, larger revenues from tourism, a rise in invisible assets, and some return of shipping to the Greek flag have all contributed to the improvement in the Greek balance of payments.

32. These economic improvements were made possible only through the massive financial and technical aid extended by the US between 1948 and 1952 and in much reduced, but still considerable amounts since then.⁴ However, another factor of great importance has been the increased demand for Greek agricultural products, particularly tobacco, created in the past several years by the growth and liberalization of trade in the Western European economy and capitalized on by the drastic devaluation of the drachma.⁵

33. The government has sought to restrain an upward movement of prices through a series of fiscal and financial measures. In 1955 the government slowed down its rate of investment expenditure and increased the income

tax, as well as a wide range of indirect taxes. Subsequently the government cut duties on imports of primary necessities to reduce the pressure on prices. The new Karamanlis government recently announced that while it plans to impose no new taxes this year, it will enforce existing levies more rigorously. It may also seek to call in certain long-standing government loans to private industries.

34. While the ambitious economic development program announced by the government in 1954 has not made the desired headway, progress is being made in the development of hydroelectric power. In addition, there has been some development of mineral resources, particularly lignite and bauxite, and further progress may be expected in the near future. (Greece also has undeveloped iron, magnesium, chrome, nickel, lead, and possibly other mineral deposits.) As Minister of Communications in the Papagos cabinet, Karamanlis pushed ahead vigorously on the construction of roads and other public works. His new government has indicated it will continue to press forward with various programs of economic development.

35. Despite Greece's recent economic gains, there are still a number of weaknesses in the economic situation which are likely to confront the government with major problems over the course of the next three or four years. With a yearly addition of 50,000-60,000 to the labor force the existence of extensive unemployment, particularly in the cities, presents a formidable problem. Moreover, the standard of living of the average Greek remains the lowest in non-Communist Europe and constitutes a continuing problem to every Greek

⁵The drachma was devalued in April 1953 by 50 percent.

NON-MILITARY US AID TO GREECE

(Thousands of US dollars)

	3 April 1948 through 30 June 1951	1952	1953	(US Fiscal Years)		
				1954	1955	1956*
Obligations	527,476	179,276	81,144	21,865	34,110	33,300
Expenditures	389,827	198,523	109,007	60,983	46,055	60,500

*estimates

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government. The gains in national income during the past five years have been largely absorbed by reconstruction needs, investment requirements, and the expanded cost of supporting the armed forces, or have accrued as windfalls to favorably placed groups as a result of inflation.

36. With the sharp cutback in US aid in 1952 and 1953, the rate of investment in the fields of agriculture and industry declined. Industrial production has already shown signs of slackening. In 1955 (excluding power) it exhibited no over-all increases and in the case of the important textile industry declined by 10 percent. However, the effects of the declining rate of investment in the major sectors on the rate of economic growth have not yet been fully felt.

37. A further weakness in the current situation is the slow rise in wholesale and retail prices. There has been an increase of about six percent in 1955 in the cost of living index. Although this movement of prices reflects the accumulation of exchange reserves — a temporary factor — it also reflects governmental resort to deficit financing. Consequently, maintenance of relative internal price stability remains a significant problem, but it is one which a Greek government determined to maintain stability should be able to control. The continued upward movement of prices is an index of the limited area of maneuverability open to the government in any attempt to significantly increase its investment outlay while maintaining existing defense expenditures.

Probable Developments

38. Given a continuation of US aid at approximately present levels and sustained demand for Greece's major export products, the Greek economy will probably remain relatively stable, with economic growth running at the rate of about three percent a year. Such modest advances, however, would do little to improve the extremely low living standards of the bulk of the population or to deal with the endemic problems of unemployment and underemployment. Moreover, popular and political pressure for improvement of these conditions is

likely to increase. Should Greece suffer a sharp decline in world demand for its export products, economic stability would be seriously threatened.

39. The rate of economic growth may be increased if the government is successful in encouraging the flow of private savings into productive investment, in persuading foreign investors to capitalize on existing opportunities for developing Greek natural resources (especially minerals), and in carrying out its announced plans for tightening up on tax assessment and collection. However, great progress along these lines is unlikely.

40. The current reluctance of Greek investors to invest in long term productive projects probably cannot be readily overcome by the means politically open to the present government. Foreign private investment seems unlikely to be a major factor in the Greek economy over the next few years. It seems unlikely that the government will increase taxation or be able to float public loans to support an expanded investment program. Military expenditures, now totalling about \$130 million, amount to about three times present governmental investment outlays. Even with a more effective collection of taxes, only a substantial reduction of military expenditures would enable the government to increase its investment program significantly. Although some cuts may be made, any substantial reduction would run counter to the present government's indebtedness to the military, its judgment of the country's defense needs, and its desire to meet NATO preparedness standards. In summary, there appears to be little likelihood that any Greek government will be able to carry out a program of economic development large enough to cause significant improvements in employment or in Greek living conditions during the period covered by this estimate.

41. *Economic Relations with the Bloc.* Although Greece now has regular trade relations with the USSR and all of the Satellites except Albania, trade with the Bloc has thus far been relatively small. In 1954 and 1955, dealings with the Bloc accounted for only about four percent and three percent, respec-

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tively, of total Greek foreign trade.⁶ The Bloc countries have repeatedly failed to fulfill their delivery quotas under their trade agreements with Greece and have also irritated Greece to some extent by their refusal to meet their commitment to settle in dollars at the end of each trade year. However, indications are that during the latter half of 1955 the Bloc began to fulfill delivery quotas under these agreements.

42. While the Greeks will go slow in making new commitments, they will probably be receptive to Soviet Bloc offers of increased trade and credits similar to those being made in other areas of the world. The Greeks recognize that the Soviet-Satellite area, which in 1938 accounted for about 16 percent of Greek foreign trade, is a potentially important market for Greek agricultural products and minerals and that expansion of trade ties with the Bloc would provide some protection against downward fluctuations in Western demand for Greek products. However, Greece is unlikely to permit its trade with the Bloc to expand to such an extent as to make Greece economically dependent on the Bloc. In order to obtain additional funds for economic development, Greece may accept at least small amounts of Bloc long-term credits. In the event of the elimination of US aid or a general letdown in existing economic barriers between the Bloc and the West, Greece might be more willing to accept sizable Bloc credits.

IV. MILITARY SITUATION

43. 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, although some limited Communist infiltration almost certainly exists in all the services. Despite the eclipse of the Balkan alliance and the currently strained Greek-Turkish relations, Greek-Yugoslav military cooperation has continued in a reasonably close manner.

44. *The Greek Army*, numbering 105,000 men organized into three combat-ready divisions, plus additional cadres and supporting troops, is primarily a defensive force. In theory it can be expanded by M + 30 to 278,000 men, organized into 12 combat divisions of varying degrees of effectiveness. Greek soldiers are well disciplined, patriotic, and physically hardened. However, the army has two critical weaknesses. First, the three frontline (M-Day) divisions guarding the northern defense line are undermanned, being maintained at no greater than 60 percent of wartime strength as compared to the minimum NATO requirement of 75 percent. As a consequence, these divisions are not capable of fulfilling their primary mission of absorbing the initial shock of any Soviet or Bloc attack and allowing the remainder of the army to mobilize. The second major deficiency is the lack of a program for systematic refresher training for reservists. Consequently, the potential combat effectiveness of its wartime army, almost two-thirds of which would be reservists, is gradually deteriorating. Other weaknesses in the army include shortages of certain weapons; poor maintenance of communications, electronic, and other equipment; poor training of staff officers; and a deficiency of noncommissioned officers. The army is capable of maintaining internal security, but

GREECE'S TRADE WITH THE SOVIET BLOC

(Dollar equivalents at Greek ports)

	Jan.-Nov. 1954			Jan.-Nov. 1955		
	Total	Soviet Bloc	% of Total Trade	Total	Soviet Bloc	% of Total Trade
Exports	\$126,114,000	\$8,519,000	6.7	\$152,639,000	\$7,027,000	4.5
Imports	300,823,000	8,295,000	2.7	344,622,000	8,519,000	2.4
Total Trade	\$426,937,000	\$16,814,000	3.9	\$497,261,000	\$15,546,000	3.1

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its capabilities against any external enemy except Albania are limited to delaying action and local counterattacks. Without outside reinforcements and support Greece would not be capable of sustained resistance against a full-scale attack involving Soviet forces.

45. *The Royal Hellenic Navy*, with a personnel strength of 12,000 men, consists of 1 cruiser, 3 destroyers, 4 submarines, 20 patrol vessels, as well as mine and amphibious vessels. It has limited capabilities for escort and patrol, amphibious, antisubmarine and mine warfare duties in conjunction with other NATO naval forces. The navy's general effectiveness is limited by obsolescence, lack of modern equipment, and a serious manpower shortage. In its present state of readiness, the Greek navy cannot fulfill its NATO commitments.

46. *The Royal Hellenic Air Force (RHAF)*, with a personnel strength of about 15,000 (including 600 pilots) is a compact air force of high combat readiness. Its basic strength consists of 6 fighter bomber squadrons (approximately 150 F-84 G's), 3 interceptor day fighter (IDF) squadrons of 25 F-86's each, 1 reconnaissance squadron, 2 transport squadrons, and several hundred miscellaneous aircraft. The RHAF's principal weaknesses are: (a) the absence of an all-weather fighter capability; (b) the lack of an efficient air control and warning network to direct air defense operations; and (c) the inadequacy of control facilities necessary for close support operations. Existing plans for overcoming the all-weather deficiency have not been implemented. However, it is probable that inadequacies in air defense and close support will be largely overcome by 1959-1960.

47. Construction and improvement of Greek airfields is progressing at a substantial pace with primary emphasis directed toward those facilities which will enhance over-all NATO air capabilities. Currently, there are eight important airfields basically suitable for use by jet fighter and light bomber aircraft, half of which were built or improved to meet NATO infrastructure standards. Five additional NATO airfields (including three new sites) will be improved over the next 18 months so that by early 1958 the entire NATO airfield com-

plex in Greece will be capable of supporting sustained air operations. A significant element in this capability will be an extensive system of POL pipelines, storage depots, pumping stations, and related facilities. Completion of the airfield program, by 1958, will improve substantially the over-all air capabilities of the RHAF and at the same time provide excellent base facilities in an emergency for other NATO air units.

48. The development and maintenance of Greek combat capabilities has made reasonably satisfactory progress under continuing US training and material assistance programs.⁷ While the Balkan alliance has failed to achieve its full purpose, there are indications that Greek-Yugoslav military coordination will continue. However, the attainment of full understanding and coordination in all details of mutual defense arrangements between the two countries does not seem likely. Military facilities on Greek territory will probably remain available to the US and NATO, although problems will continue to arise with respect to the UK and Turkey because of Greece's strained relations with those countries. Present US military influence may de-

MILITARY ASSISTANCE TO GREECE

(In Thousands of Dollars)

Type of Assistance	Fiscal Years 1950-1955	Fiscal Year 1956	Proposed Fiscal Year 1957
Equipment and Supplies	\$550,488	---	\$112,735
Repair and Rehabilitation of Excess Equipment	6,522	---	---
Training	4,875	---	1,270
Total	\$561,885	\$5,521 ¹	\$114,005

	Fiscal Year 1955	Fiscal Year 1956	Proposed Fiscal Year 1957
Defense Support ²	\$33,685	\$26,200	\$25,000

¹ The figure for Fiscal 1956 includes the sum of \$4,028,000, which was allocated by the Department of Defense (ISA) on 6 April 1956. A breakdown showing the division of these funds between equipment, training, and repairs is not yet available.

² Local currency obtained from sale of imported agricultural commodities and used for military activities. Figures for 1955 and 1956 are reflected in the table of nonmilitary aid on page 7.

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cline as a result of the Cyprus and Turkish issues, although such loss would be counter-balanced to a large extent by Greece's military interest in NATO and by its dependence on the US for military assistance.

49. Maintenance of the military establishment places a heavy burden on the Greek economy, military expenditures accounting for about 35 percent of the ordinary government budget and about six percent of national income. Popular and political pressure for retrenchment has already appeared. Although the present Greek government and its military supporters will probably be able to resist such pressure for a time, if fears of Communist aggression continue to recede military expenditures are likely to be reduced somewhat within the next few years. In any event, continuation of present equipment and training programs will remain almost entirely dependent on foreign aid.

V. FOREIGN AFFAIRS

Present Situation

50. The Greek foreign policy outlook has historically been 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. Until 1922 Greek statesmen were largely preoccupied with building up and consolidating the Greek state. More recently, successive Italian, German, and Communist threats to Greek independence have led Greece to emphasize the quest for security.

51. Maintenance of close ties with the US and strong support of the Western alliance have been the central elements in Greece's post-war foreign policy. Greece has been an active participant in the UN and in NATO, which it joined in 1951. It took a leading role in formation of the Balkan alliance with Turkey and Yugoslavia. It has also sought to patch up its relations with its World War II enemies. Largely as a result of Greek initiative, amicable relations with Italy have been developed. Trade with West Germany, one of Greece's major prewar trading partners, has increased considerably, thanks in part to credits ex-

tended by Germany for the Greek economic development program.

52. Within the last year, however, Greece's relations with its principal Western allies have been subject to strains, largely because of growing popular emotionalism over the Cyprus issue.⁸ Although sentiment for union of Cyprus with Greece is probably far stronger among the Greek-speaking majority in Cyprus than among the Greeks themselves and almost certainly far stronger with various elements of Greek public opinion than with Greek political leaders, the Greek government has been under increasing pressure to give vigorous support to Cypriot claims against their present British rulers. It has experienced increasing frustration and political embarrassment over British refusal to meet Cypriot terms and over the increased firmness of British moves to put down agitation on Cyprus. The British, in turn, have become incensed over Greek support for the *enosis* (union with Greece) movement and Greek failure to condemn *enosis* terrorism.

53. Another major by-product of the Cyprus issue has been the revival of historic suspicions and animosities between Greece and Turkey, particularly following the extensive anti-Greek rioting which broke out in Istanbul and Izmir in September 1955 in the course of demonstrations for the cession of Cyprus not to Greece but to Turkey. Although Greek anger has been somewhat reduced by Turkey's ceremonial reraising of the Greek flag torn down at Izmir and by its belated passage of a bill to compensate the victims, there is still considerable popular feeling on both sides.

54. Greek anger has to some extent been vented against the US and Greece's other NATO partners for their failure to bring effective pressure on the UK and Turkey and for their failure to support Greece on the Cyprus issue in the 1954 and 1955 UN General Assembly sessions. Although Greek criticism has been directed mainly at the US, there has also been some tendency to deprecate Greece's NATO connection.

⁸ See Annex B for a brief resume of the development of the Cyprus issue.

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55. Various factors, including the Cyprus issue, have contributed to a more independent attitude on the part of Greece toward its Western allies. With the passage of time, Greek fears of a revival of the Communist guerrilla campaign or of Bloc military aggression have become less immediate, although most Greek political leaders still recognize a need to maintain adequate defenses against their traditional Slav enemies. Many Greeks feel less beholden to the US than in the days of imminent peril and see less justification for supporting the heavy military expenditures needed to meet Greece's NATO commitments, particularly in view of the progressive curtailment of US economic and military assistance to more modest levels. Finally, the energetic efforts being made by the Soviet leaders to portray themselves as reasonable and friendly men who are doing their best to liquidate the evil ways of Stalin have almost certainly encouraged a belief among some Greeks that they might profitably emulate Yugoslavia, Egypt, and India in seeking to make the best of both worlds.

56. Since the end of the guerrilla war in 1949, successive Greek governments have indicated an increased willingness to re-establish normal contacts with the Bloc. Greek relations with the Bloc, however, are still only partially restored. Full diplomatic relations were re-established with the USSR in 1953 and a limited amount of trade between the two countries has developed. However, despite increasing Bloc efforts to cultivate Greek good will, notably through their UN support of the Greek case on the Cyprus issue, Greece has resumed full diplomatic relations only with Czechoslovakia of the Sino-Soviet Bloc members. It has yet to reach an understanding with Albania regarding termination of the technical state of war which still exists between them and at the same time has thus far been reserved in its response to Bulgarian overtures for rapprochement because the Bulgarians have given no assurances that they would make good their reparations obligations to Greece. In the absence of an understanding with Bulgaria, Greece has thus far been

cool toward efforts by Rumania and Hungary to normalize relations.

Probable Developments

57. Greece will probably retain its basic pro-US and pro-Western orientation, at least for the period of this estimate. The present Karamanlis government is committed to achievement of Greek national objectives within the framework of Greece's present ties with the US and NATO. Moreover, most of the Greek people will probably continue to recognize the need for strong friends and protectors in the West and will probably continue to look to the US for political support and as the principal source of economic and military aid. Following the February 1956 election, the center opposition leaders hastened to reiterate their support of pro-Western policies despite their irritation over apparent US preference for a Karamanlis victory and despite their campaign advocacy of a more independent "Greek policy" vis-a-vis Greece's allies. Support for a loosening of Greece's ties with the West exists only among Communist and other extreme leftist elements which are supported by about a fifth of the electorate.

58. The Karamanlis government is under continuing heavy criticism not only from the political opposition but also from the powerful Cyprus Ethnarchy for having failed to push the Cypriot case with sufficient vigor and effectiveness. In the face of such opposition, it will almost certainly increase its already strong pressure on the US for support in obtaining a satisfactory Cyprus solution and is likely to be less responsive to US counsels of moderation. Unless the Greek government reaches an understanding with the UK, Greece will almost certainly seek to raise the question again at the UN General Assembly meeting in the fall of 1956. As long as the situation remains unresolved, Greece's attitude will gradually harden toward the UK, Turkey, and NATO. Its willingness to participate actively in NATO affairs, especially in those matters involving direct cooperation with Turkey or the UK, will probably decline. If there is a new anti-Greek flareup in Turkey the Greeks might break relations with the Turkish government and withdraw their rep-

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resentation from the NATO headquarters at Izmir. It is unlikely that Greece would withdraw from NATO or sever relations with the UK, even if the situation on Cyprus deteriorates further. Nevertheless, Greece's relations with its allies will be under continuing strain so long as the Cyprus issue continues to dominate Greek political attitudes and popular aspirations.

59. With US encouragement, the British and the Greeks have explored the possibility of a renewal of negotiations. The Greek government appears prepared to accept major aspects of the British proposals, calling for early self-government under a Cypriot prime minister responsible to an assembly with an elected majority, but with foreign affairs, defense, and internal security still reserved to the British governor for the present. Should the British make it clear that the Greek ethnic majority would be permitted to elect a proportionate number in the assembly and, more importantly, come forward with a more definite commitment regarding the right of eventual self-determination, the Greek government would probably urge the Cypriot leaders to accept. The Turks, for their part, could probably be persuaded in time to accept such a solution provided there were special provisions for the rights of the Turkish ethnic minority and continued control of military bases on the island either by the UK or NATO.

60. We believe that there is about an even chance that some formula for the solution of the Cyprus problem will be agreed upon within the next year or two. Within the UK, the government's unbending policy on Cyprus has come under increasingly heavy criticism from the Labor and Liberal opposition and from influential independent circles and appears to be losing support not only among the general public but also within the Conservative Party. There are already indications that some modification of policy is in the making. The Greek government, despite the necessity to maintain a firm public stand, appears genuinely anxious to eliminate the Cyprus issue as a subject of popular emotionalism and is increasingly irritated over the pressure tactics being applied against it by the Cyprus ethnarchy. On Cyprus itself, British antiterrorist measures

may succeed in weakening the grip which the extremists now hold over much of the population.

61. Achievement of a Cyprus settlement, however, will at best be a difficult and delicate process which could easily be set back by insufficient flexibility on the part of the principals concerned or new flareups of popular feeling. The British government's will and ability to shift to a significantly more conciliatory policy will probably continue to be inhibited by a number of factors: its belief in the legal and moral merits of its present position; its fear of providing an appearance of weakness in the face of growing opposition attacks on the government at home and widespread attacks on the British position throughout the Middle East; and its lack of confidence in the good faith of Greek and Cypriot leaders. While the UK is apparently becoming reconciled to some concessions on the self-determination issue, it will almost certainly continue to insist that restoration of order in Cyprus is a necessary preliminary to agreement on a formula for a settlement. It will probably remain reluctant to release Archbishop Makarios prior to an agreement, since his refusal to renounce terrorist support has been a particular source of irritation to the British.

62. The Greek government, for its part, will find it politically difficult to resume formal discussions so long as Makarios remains in British custody. The issue of Makarios' prestige as the established spokesman for the *enosis* movement will probably continue to limit Greek freedom of action regarding the substantive issues in the Cyprus dispute. While the Greek government will presumably continue to exercise some influence on the Cypriots, it will find it extremely difficult to give open support to any proposals which are not considered by Makarios and his colleagues to meet their essential conditions.

63. Even if an understanding on the Cyprus controversy can be achieved, some weakening of Greece's ties with the West will probably take place over the next few years, though not to the point of seriously altering Greece's position as a member of the Western alliance.

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Greece's historic tendency to look to the UK for guidance and support has now virtually disappeared as a result of the hardening of Greek feeling over Cyprus, and even if the chief source of irritation were removed it is unlikely that any significant special ties with the UK would be restored within the period of this estimate. Greek-Turkish relations will probably continue to be marked by uneasiness and suspicion for some time to come despite the probable desire of both governments to re-establish effective cooperation. And while the Greek government and politicians will probably continue to place great importance on the maintenance of good relations with the US and will probably continue to support the US on most international issues, it is likely that they will display a somewhat more independent attitude toward the US than in the past.

64. Given a continuation of the Bloc's present tactics of conciliation, some expansion of Greece's economic dealings and other relations with the Bloc will take place. Greek cooper-

ation in such a rapprochement will almost certainly remain contingent on Bloc willingness to settle various Greek claims against the Satellites and on a Greek appreciation that the steps under consideration would not jeopardize its freedom of action or its relationship with the West. If US aid were eliminated, the Greeks might be more willing to accept Bloc economic assistance.

65. As a result of its search for support on the Cyprus question, Greece might also accept closer political relations with Yugoslavia and the Arab states. However, Greek leaders are almost certainly concerned about the ultimate effects of the Yugoslav rapprochement with the Bloc and about Tito's ultimate intentions regarding the Slavo-Macedonian minority of northern Greece. At the same time, Greece is likely to seek closer links with such countries as West Germany and Italy, not only for economic reasons but also for the purpose of making itself less exclusively dependent on the US.

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ANNEX A

GREEK POLITICAL PARTIES AND GROUPINGS

National Radical Union (ERE): The conservative party in power, formed by Prime Minister Konstantinos Karamanlis in January 1956 largely from elements of the Greek Rally headed by the late Field Marshal Papagos. In the elections of February 1956 ERE polled 47.5 percent of the popular vote and secured 165 of the 300 seats in parliament.

Democratic Center (DK): A loose union of the principal center political groups containing the Liberal Party, the Liberal Democratic Union, the National Progressive Party of the Center, and the Rally of Agrarians and Workers. It was formed as an electoral coalition in December 1955, and participated in a broader electoral coalition known as the Democratic Union, in which most of the opposition parties from left to right took part in an effort to defeat the governing party. The Democratic Center comprises four groups which control 91 of the 135 seats won by the opposition parties in the February 1956 elections, including the three independent deputies from Crete.

Liberal Party (KF): The oldest Greek political party, founded in 1910 by Eleftherios Venizelos, who consolidated and led the country's liberal political forces. Today, under the titular leadership of Georgios Papandreou the Liberal Party represents mainly the conservative elements of the center. It secured 26 parliamentary seats in the last elections.

Liberal Democratic Union (FDE): A grouping of Liberal Party elements under the leadership of Sophocles Venizelos, who formed this faction as a rallying point for uniting all center elements. Venizelos was the co-leader of the Liberal Party, of which he still considers himself the President. FDE won 41 seats in the last elections.

National Progressive Party of the Center (EPEK): A left-of-center party,

formed in 1949 by the late General Plastiras, and currently led by Savvas Papatitis. Originally supported by 25 percent of the electorate, EPEK has declined in strength and prestige since Plastiras' death. It elected 14 deputies on the Democratic Union ticket.

Rally of Agrarians and Workers (SAE): An agrarian group of the center, often referred to as the Agrarian Party, under the leadership of Alexandros Baltadjis. Its influence is confined mainly to the tobacco provinces in Northern Greece. The party is represented by seven deputies.

National Movement for Change (EKA): A leftist political grouping, which was formed in January 1956, including the United Democratic Left, the Democratic Party of the Working People, and the Movement of National Democratic Initiative. It consists of two principal political groups and some independent leftists, but it has no structural organization or unified leadership. However, it provides the political framework for a possible Communist-directed "popular front." EKA participated in the electoral coalition of the Democratic Union, and elected 41 of its candidates on the ticket.

United Democratic Left (EDA): The legal front for the outlawed Communist Party of Greece. Under its present leader, Ioannis Passalidies, EDA elected 18 deputies in the last elections — the number of seats allocated to it by the Democratic Union coalition. The 1956 returns indicated an increase in EDA's popular support.

Democratic Party of the Working People (DKEL): A socialist party formed in July 1953 out of leftist elements of EPEK and the ELD socialists led by the late Alexandros Svolos. It cooperates with

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EDA politically under the leadership of ex-Populist Georgios Kartalis. In the present parliament DKEL has 20 deputies—more than its own popular vote probably justifies.

Movement of National Democratic Initiative (DP): A leftist group without an organizational structure or political leader, formed in November 1955 on the basis of a manifesto which calls for radical changes in foreign and domestic policies. Five of its candidates on the Democratic Union ticket were elected, two of whom shortly joined the Democratic Party (DKEL) and three remain as independent leftists in parliament.

Populist Party (LK): The oldest conservative party, created in opposition to the Liberal Party. Since winning the first postwar elections in 1946 the Populist Party suffered political-eclipse. In 1956, after four years without parliamentary representation, its leader, Konstantinos Tsaldaris, and two other Populist candidates were elected on the Democratic Union ticket.

Party of the Progressives (KTP) and Populist Social Party (LKK): These two conservative opposition parties led respectively by Spyros Markezinis, architect of the now defunct Greek Rally, and Stephanos Stephanopoulos, an old Populist and former Rally Minister of Foreign Affairs, polled about four percent of the total vote, but failed to elect any deputies.

Communist Party of Greece (KKE): The Communist Party was outlawed in December 1947. It has since operated as an underground organization directed from within the Soviet Bloc. Its long-time leader, Nikos Zachariades, was degraded in March 1956, and replaced by another old-time Communist, Apostolos Grouzos, in line with the new Soviet line of collective leadership. The move was probably designed to facilitate the relegalization of the KKE, which had previously silenced its clandestine radio station "Free Greece." There are probably about 20,000 Communists in Greece, but their influence is much greater than this number would suggest. The KKE controls EDA, which polls about 15 percent of the popular vote. It now appears capable of forming a "popular front" of left-wing parties which would attract a greater number of voters.

Sacred Bond of Greek Officers (IDEA): While it is not a political party, IDEA is an ultra-conservative secret politico-military society which controls the most important army and air force posts, as well as the important civilian Central Intelligence Service (KYP). Its professed objective is to prevent the Greek government from slipping into Communist hands, but its immediate concern is to safeguard IDEA's control of the armed forces. IDEA supported Karamanlis in the last elections, and appears to have been instrumental in giving about 80 percent of the military vote to the National Radical Union.

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ANNEX B

DEVELOPMENT OF THE CYPRUS QUESTION

1. *Background.* The British Crown Colony of Cyprus, the largest island in the Eastern Mediterranean, is 40 miles off the coast of southern Turkey and 60 miles from Syria. The distance from Athens is 500 miles and the nearest Greek island is 163 miles away. It is 240 miles to Port Said, Egypt. The island has an area of 3,572 miles, about 65 percent of which is cultivable and about 20 percent forest area. The population is estimated at 520,000. Agriculture is the chief source of income. Mining, now the colony's second most important industry, is its principal source of dollars.

2. Eight centuries of Byzantine rule, from 395 to 1191, interrupted by Arab invasions, gave the Cypriot population a predominantly Greek Orthodox character which still persists. Later the island changed hands frequently until its capture from the Venetians by the Turks, who held it from 1571 to 1878. The Greek Cypriots joined in the Greek revolt against Turkish rule in 1821, but Cyprus, like Crete and most of the Aegean and Ionian islands, was not included in the independent Greek kingdom which was created in 1830. The Greeks, however, regard the movement in Cyprus for *enosis*, or union with Greece, as part of the process of Greek independence, which has been attained by degrees during the 19th and 20th centuries. The island represents the largest remaining area against which modern Greece has active territorial aspirations.

3. Following 300 years of Turkish rule, which left it with a Turkish minority now constituting about 18 percent of the population, Cyprus was leased by Britain from the Ottoman Empire in 1878. At the time, the British were hailed by the Cypriot Greeks, who believed the new tenants would eventually transfer the island to Greece, as they had done in the case of the Ionian islands. The British formally annexed Cyprus following the outbreak of World War I, an action which was

confirmed by the Treaty of Lausanne in 1923. When the British declared Cyprus a Crown Colony in 1925, Cypriot hopes for union with Greece (*enosis*) waned. Shortly afterward the *enosis* movement reasserted itself and culminated in the disturbances of 1931. The British were obliged to suspend the constitution, which provided a legislative council, and established the present system of government in which the Governor exercises legislative power with the advice of an appointed Executive Council. The British in 1948 offered a limited form of self-government, which was rejected by the Greek Cypriots, and are currently preparing a new version of the same constitution.

4. *The Greek Case.* The Greek government has supported Cypriot demands for union with Greece on the grounds that some 81 percent of the islanders are of Greek ethnic stock and thus have strong cultural and racial ties with Greece. The Cypriot Orthodox Church, which wields great authority among the islanders, has provided the leadership for the *enosis* movement. Following World War II it appeared that the Cyprus Communist Party (AKEL) might gain control of the movement. Cypriots who might otherwise have favored a more gradual approach have as a result been forced to take an extreme position in order to prevent the Communists from assuming the initiative in the movement. In January 1950 the Cypriot ethnarchy (i. e., the spiritual and political leadership of the Orthodox community) conducted a plebiscite, with a nonsecret ballot, which was denied official sanction by the UK, resulting in an almost unanimous vote favoring union with Greece.

5. *British Position.* The British point out that Cyprus has never been under the control of the modern Greek state established in 1830. They have placed great emphasis on the maintenance of their position in Cyprus, particularly since the transfer of the British Middle

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East military headquarters and key troop detachments to the island following the Suez settlement. Since World War II, the UK has unsuccessfully advanced various proposals to give the inhabitants of Cyprus a greater measure of self-government. However, the British have adamantly opposed any arrangement which might open the way to early loss of the island, not only because of its strategic value but also because of fear that such a retreat would encourage intensified pressure on other UK positions in the Middle East. After first refusing even to discuss the Cyprus question with Greece, the UK in mid-1955 invited Turkish and Greek representatives to meet in London to discuss "political and defense questions of the Eastern Mediterranean, including Cyprus." At the three-power meeting, the Turks insisted on maintenance of the status quo, the Greeks stood firm for recognition of the principle of self-determination for the Cypriots, and the British made it clear that their strategic interests were paramount. The UK expressed willingness, however, to discuss immediately a constitution leading to self-government "under proper safeguards" and to leave open for later consideration Cyprus' future international status. The British envisaged a progressive transfer of all government departments except foreign affairs, defense, and public security to Cypriot ministers responsible to a legislative assembly, a majority of whose members (elected and appointed) would have been Greek Cypriots. The Turkish community would have received a proportion of reserve seats in the Assembly and in the cabinet. A tripartite committee to consider constitutional details, including suitable guarantees for minorities, was also proposed.

6. *Turkish Views.* Cyprus contains a Turkish minority totalling 18 percent of the population which — like the Turkish government — prefers a continuation of British rule or, alternatively, reversion to Turkish authority. The Turks claim a right to participate in any disposition of the island on the basis of their interpretation of the Treaty of Lausanne, their interest in the welfare of the Turkish-speaking residents of Cyprus, and their concern over its geographical location off the Turkish coast. The Turks argue, as have the

British, that they cannot run the risk of having Cyprus under Greek control, considering that it might fall under Communist domination, thus "encircling" Turkey from the sea. Turkey also maintains that the principle of self-determination is not the sole determinate in this instance, citing in support of their belief the award of the Aland Islands to Finland because of strategic considerations despite their preponderant Swedish population. To date, both the Turks and the UK have rejected Greek proposals to make bases on Cyprus available to NATO and/or the UK.

7. *Recent Developments.* Inflammatory statements by Turkish officials before and during the 1955 conference with Greece and the UK not only made compromise impossible, but also rekindled old Greek-Turkish animosities. The bomb explosion in Salonika which slightly damaged the birthplace of Ataturk, founder of the present Turkish state, and the almost simultaneous anti-Greek riots in Istanbul and Izmir on 6 September 1955 caused a severe strain on relations between the two countries. Although the Cyprus issue *per se* was somewhat submerged in the diplomatic melee which followed these events, they served to harden the Greek and Turkish positions on the issue. Following the UN General Assembly's reluctance to act on a Greek appeal in 1954, the Greeks failed to get the Cyprus issue inscribed on the agenda in 1955, thereby adding to their sense of outrage and frustration.

8. *Situation on Cyprus.* Following the failure of the London talks, terrorist activities on Cyprus were intensified. The "National Organization of Cypriot Fighters" (EOKA) apparently decided that continued violence would force the British to make concessions on self-determination for the island. While security measures have been imposed, the terrorists appear well organized and trained, and operate with considerable popular support. The British Governor, Field Marshal Sir John Harding, has estimated that it may take as long as two years to stamp out the wave of violence, which has claimed some 164 lives in the past year (including about 60 British servicemen, about 15 police, and 1

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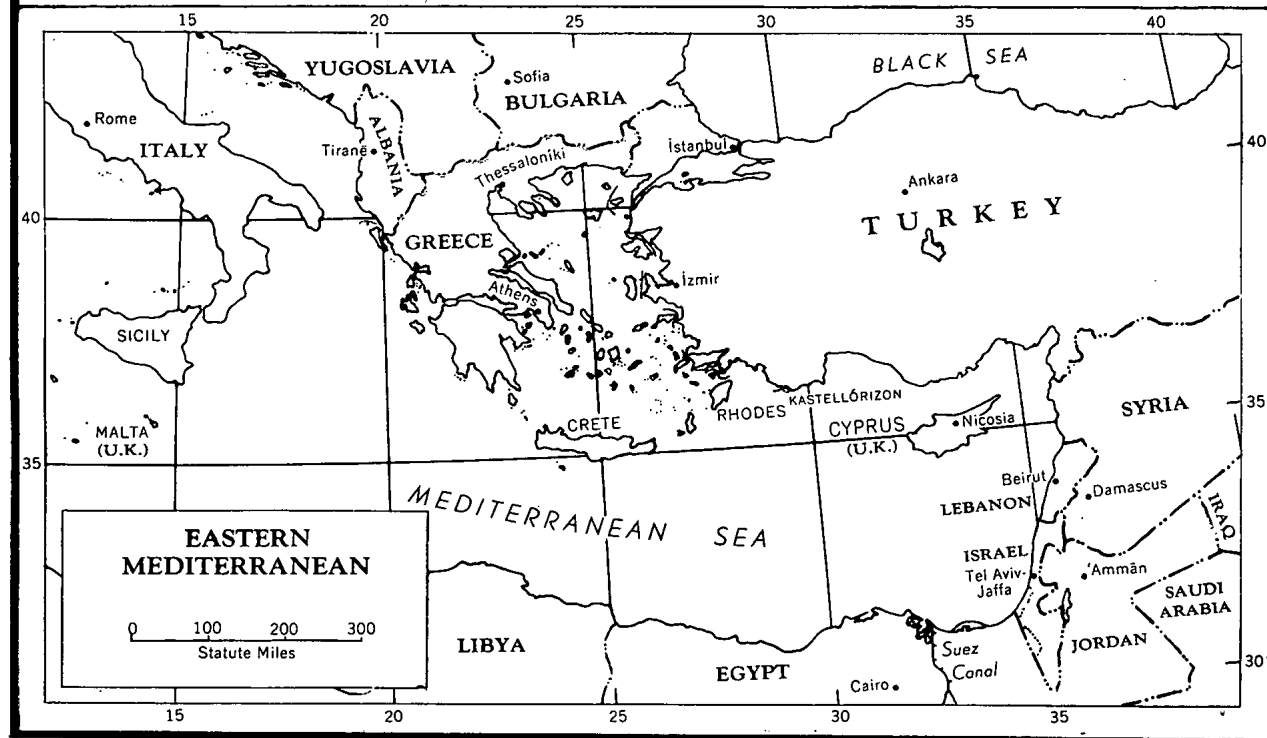
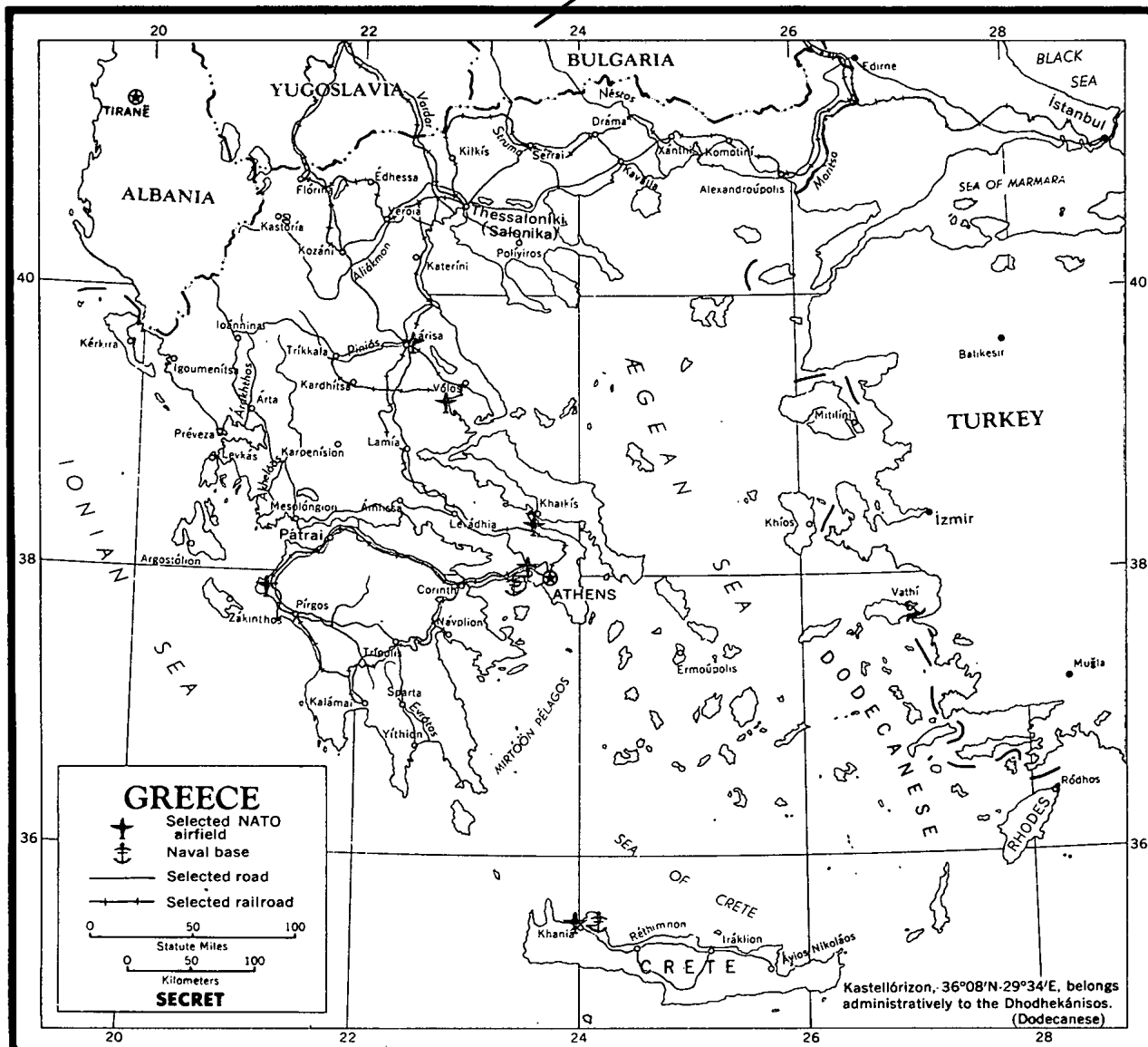
US consular official), despite the efforts of some 20,000 British regular and special security forces.

9. The next British attempt to reach an agreement was made through a series of direct talks with the spiritual and temporal leader of the Greek Cypriots, Archbishop Makarios, beginning in the fall of 1955. Although it appeared for a time that agreement might be reached on the basis of a British formula looking to the possibility of eventual self-determination for the island, these talks were suspended on 1 March 1956 when Makarios rejected the final British offer. The Archbishop apparently took this stand because of suspicion that the UK intended to manipulate the subsequent

constitutional negotiations envisaged by the formula so as to deny the Greek element an elected proportional majority in a Cypriot legislature. Makarios also renewed demands for an amnesty for political offenders and a time limit on the governor's control over public security. While he may have done so as a means of exerting pressure for a concession on the proportional representation issue, it is also possible that more extreme advocates of *enosis* forced his hand. On their part, the British charged that Makarios had refused to agree to help end terrorism on the island and, in fact, had aided and abetted it. They therefore found cause to deport Makarios and two aides to the Seychelle Islands.

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