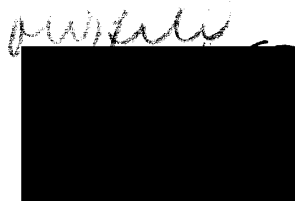


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**CENTRAL INTELLIGENCE GROUP**  
**INTELLIGENCE REPORT**

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COUNTRY Greece

Document No. 10 DATE:

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SUBJECT Political Development  DECLASSIFIED

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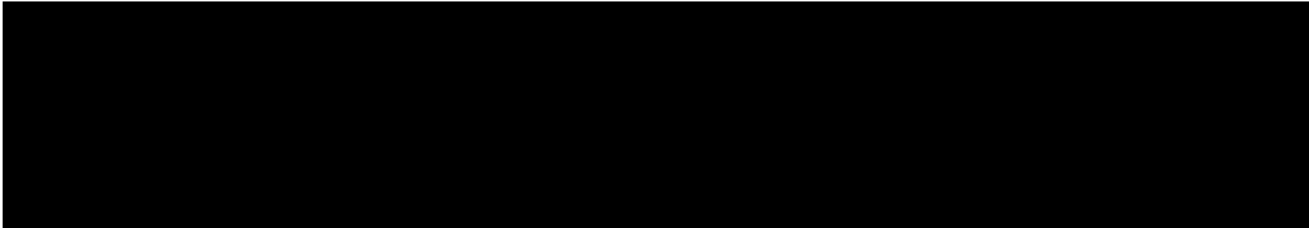
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Date: 050478 By: 025

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2. The recent failure of the Greek Government and the opposition leaders to reach a compromise solution in the matter of the formation of a broad coalition government has created a political impasse which many non-government political figures, as well as some government personalities, believe will end within two months by the creation of a new government. It is not yet clear, even in the minds of those politicians of the Center and the Left, exactly how this impasse will be pierced and overcome, in view of the clear majority held by the Populist Party in the Chamber. Factors which will operate to effect the downfall of the present government are said to be a deteriorating economic situation (according to the Governor of the Bank of Greece), a probable increase in bandit activity in the north (according to opinion among informed members of the KKE), and a feeling of uncertainty and loss of confidence which the trend of the recent abortive negotiations engendered in the minds of many people vis-a-vis the present government. For the most part, it is the Center and the Left who predict this ending of the deadlock, without indication or probable clue as to how it will come about, technically speaking. Adherence to strict constitutional interpretation has been the banner of the Populists and, so far, the shield of the King.

3. Demetrios Lambrakis, editor of the "Vima" and "Nea" is the guiding hand in Greece's democratic politics. Admittedly brilliant and effective, he has been the rock of Venizelist ideology for many years and is extremely antipathetic to the monarchy. It is known that he has recently undertaken to support strongly, almost militantly, Emmanuel Tsouderos and his new Republican Progressive Party. (This party comprises the remnants of Kafandaris' group, the Kartalis deputies, the Faltakis group, and hopes to include some of Venizelos' Cretan deputies.) It is also known that, since Sophoulis made clear his policy of cooperation with the non-extreme Left, he has earned Lambrakis' full support. Lambrakis, according to his own statements expressed privately three days ago, would like to see Sophoulis and Tsouderos aided by Svolos, Tsirimokos and Askoutsis in the formation of a Center-to-moderate Left government to succeed the present one. Svolos, Tsirimokos and Askoutsis were three of the five Left-wing ministers whose resignation in December 1944 preceded the civil war. None of these three is known as a member of the Communist Party, although all three, and especially Askoutsis, have favored cooperation with the KKE.

3. Lambrakis, in predicting the demise of the present government by the end of the year, indicated that the succeeding coalition government, with Sophoulis at the helm because of his unassailable prestige and history as a Greek democrat, and

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CLASSIFICATION

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with Tsouderos as either Finance or Coordination Minister, should include several political figures of the Left, which is not represented in the Chamber, as well as a few moderate Right-wing figures. It is Lambrakis' considered opinion that only with a broad government which is mainly Center and moderately Left-of-Center can the two equally evil extremes be neutralized.

4. Whether or not Lambrakis foresees the manner in which the present government will be ousted and Sophoulis installed is not clear. However, one may gather from the recent open letter of Tsouderos to the Greek King, published by Lambrakis in lieu of an editorial, that the change of governments, when it happens, may well have to happen through exercise of royal prerogative in much the same manner as Metaxas was installed in 1936. Again, it is not inconceivable that a deteriorating situation, with approaching winter, will cause defections within the Populist Party, especially if the government's prestige continues to weaken. These defections could come in the Markezinis-Zalocostas quarter, the Avromihalis group, the Zervas group and the Gonatas group. At present, the determination of almost all the Populist deputies seems to be that they must all definitely hang together along with Tsaldaris; and it will take a courageous King to spite the sole party on whose platform sits the throne if the Populists remain united. Nevertheless, increasing internal pressures are going to require more dynamic and bolder solutions, especially since there are no signs of improvement. These bolder solutions can be either in the direction of a further turn to the Right, which would be catastrophic according to Lambrakis, or a turn to the moderate Left under Sophoulis, Tsouderos and Svolos with participation of the present opposition leaders and members of the moderate Left and Right wings. This is the only way in which Communism can be successfully and solidly averted, in Lambrakis' view.

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