

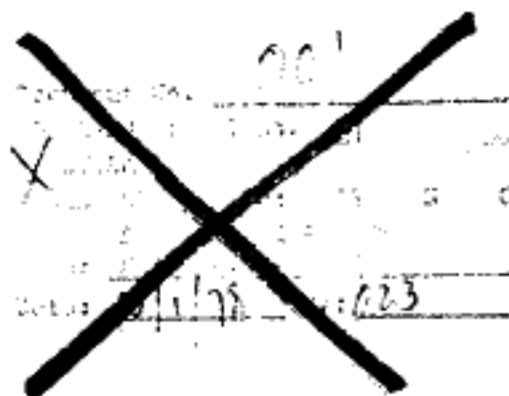
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CENTRAL INTELLIGENCE GROUP

THE GREEK SITUATION

ORE 6/1
7 February 1947

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THE GREEK SITUATION *

The strife in Greece today is the outgrowth of longstanding political differences, accentuated by Soviet-inspired interference and an internal economy severely disrupted during the war. So bitter have these differences become that for months past anti-government forces under Communist leadership have been conducting intensive guerrilla warfare. Furthermore, although the Populist Party group now in power won an over-all majority in the general elections of 31 March 1946, the government has been severely criticized, not only in the free Greek press, but also by opposition groups represented in Parliament. The consistent failure of Tsaldaris to offer these Parliamentary groups genuine and responsible participation in a united Greek government (excluding the extreme leftists, not represented in Parliament) has obstructed the recovery of economic and political stability in Greece. Opposition leaders, too, have been unwilling to compromise their differences with the Tsaldaris government. Unless both sides prove more amenable, there is danger that a large section of the Greek populace composed of political moderates will succumb in disillusionment to the persistent tactics of Soviet propaganda and follow the lead of the extreme leftists.

Such a development would be in line with Soviet policy in Greece and would constitute an important step towards the attainment of the immediate Soviet objective of an independent Macedonia and of the ultimate Soviet objective of the creation of a Communist Greece. With the realization of this ultimate aim, (1) the Soviets would gain control of the Aegean and the approaches to the Dardanelles; (2) their dominance of the Balkans would be complete; and (3) they would achieve a strategic position in the Eastern Mediterranean, thereby outflanking Turkey, threatening the Suez Canal, and endangering the politics of the Near East.

- * Although this report was prepared prior to the recent change in the Greek government, CIG considers that the conclusions are still valid, except as amended by the note on page 3. The intelligence agencies of the State and Navy Departments and of the Army Air Forces have concurred in this report. Comments by the Intelligence Division of the War Department are contained in Enclosure "B" hereto.

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The Soviets will not openly pursue their objectives to the point of precipitating an early major conflict. They will continue to work through their satellites (Albania, Yugoslavia, and Bulgaria) to intensify the dissatisfaction and unrest in Greece by providing clandestine aid to Greek leftists, disseminating propaganda against the Rightist Greek government, opposing the retention of British troops in Greece, and maintaining troops along the northern borders as a psychological threat.

If Greece is to be the free country which the majority of the population and the Western Powers desire, the Greeks must counter these tactics. Before they can do this, however, they must achieve general internal stability. In this matter they can do much themselves, but they will also need outside aid. The British are re-arming, re-equipping, enlarging, and reorganizing the Greek army to make it capable of suppressing guerrilla activities and preserving order. Furthermore, the presence of British troops in Greece, especially at strategic Salonika, acts as a deterrent to more direct interference by the satellites and also prevents the leftist guerrilla bands from controlling the northern part of the country.

The US Economic Mission and the Security Council Investigating Commission are assembling in Greece to make their studies. The Economic Mission will submit a plan for the rehabilitation of the Greek economy and may also indicate that further financial aid is needed from the United States. Such assistance, however, cannot be efficiently applied by the Greek government as now constituted. The Security Council Commission is unlikely to find sufficient evidence to indict the satellite states for interference in Greek affairs. During its investigation, nevertheless, guerrilla operations (at least in the border areas) will probably decrease, and the country should experience a period of comparative calm. The Greeks will thus have an opportunity to make a start along the road to general recovery by working on their economic problems, speeding up military reorganization, and composing their political differences.

The most urgent requirement is the formation of a broader government. No program of reconstruction can be effectively implemented by a government subjected to constant Parliamentary attack as well as the undermining tactics of extreme leftist elements. Unless the Tsaldaris Cabinet and opposition groups in Parliament make a sincere and wholehearted effort to form a workable coalition with other groups (which seems unlikely except under strong pressure from the Western Powers), Greece will not be able to achieve the stability necessary to thwart the tactics and aims of the USSR.

A complete analysis of the situation in Greece is contained in Enclosure "A" hereto.

NOTE

After this study of the Greek situation had been completed, Tsaldaris finally gave in to the strong demands that he relinquish the Premiership, and on 24 January a new government was sworn in with all Parliamentary parties participating except the Liberal Party of Themistocles Sophoulis. The new government is thus a coalition and controls 86% of the votes in Parliament; without Sophoulis, however, it remains a government of rightist groups. Tsaldaris was replaced as Prime Minister by Demetrios Maximos, a banker and former (1933-35) Foreign Minister. Although associated with the right and with the King, he is not closely affiliated with any party. He was the only man available under whom all party leaders except Sophoulis were willing to serve.

Barring a financial crisis (always possible in Greece's present unstable economy), it seems probable that the Maximos government will last at least long enough to present a united front during the Security Council Commission's investigation of alleged border violations, and the Porter Mission's survey of the economic situation in Greece. Cabinet leaders are aware, moreover, that any loan which the Porter Mission might recommend would hardly be made by the United States to a government lacking bona fide representation and unity. If Constantin Rendis should take over the leadership of the Liberal Party from the aged and ailing Sophoulis, the former might bring into the government some less radical members of that Party. The addition of this liberal element to the Cabinet, in which all the moderate rightist groups are already represented, would broaden and strengthen the government.

Newspapers of the left and center continue to attack the new government as a weak, ultra-conservative compromise, but Maximos is apparently sincere in his promises of pacification and political reform. He has declared that he intends to release all women and children political prisoners, grant amnesty to and even protection for guerrillas who lay down their arms within a stated period, and disarm all illegal bands, including rightists. Such a program, if carried out, should not only prolong the life of the government, but should also bring about a greater measure of unity in Greece than has existed since the liberation, thus paving the way for general recovery.

ENCLOSURE "A"THE GREEK SITUATIONINTRODUCTION

General. Today Greece is virtually in a state of civil war. Left wing elements, opposed to the rightist government and to the monarchist regime, and receiving clandestine aid from the Soviet-satellite states of Yugoslavia, Albania, and Bulgaria, are carrying out intensive guerrilla operations, especially in the border areas.* The guerrilla activities have reached such proportions that the Greek army finds it difficult to suppress them. This situation marks the culmination of long-standing differences between the various political factions of the left and right which became violent during the period of Axis occupation and have not been resolved since the liberation.

Early evidence of the international aspect of the Greek troubles was supplied by local clashes along the Albanian border which began in March 1945. In August 1946 the Ukrainian delegate protested to the Security Council in behalf of Albania (not a member of the UN) against alleged Greek violations of the border. The USSR, however, vetoed the suggestion that a commission be sent to investigate border difficulties.

Following the rightist victory in the Greek Parliamentary elections of 31 March 1946, in which the extreme leftist elements did not vote, guerrilla activities in Northern Greece began to assume serious proportions. They increased in violence after the plebiscite of 1 September 1946, which recalled King George II to Greece. Insisting that the troubles were largely inspired from outside, Constantin Tsaldaris, Premier and Minister for Foreign Affairs, finally decided to go to New York and complain to the Security Council of foreign interference in Greek internal affairs.

Greece and the UN. On 3 December the Greek appeal was presented in a letter to the Secretary General of the United Nations. The letter was accompanied by a memorandum containing details of incidents with supporting photographs. It requested the Security Council to investigate a situation "which is leading to friction between Greece and her neighbors, by reason of the fact that the latter are lending their support to the violent guerrilla warfare now being waged in northern Greece against public order and the territorial integrity" of Greece.

* See map accompanying this report.

The letter claims that aid from abroad is being given to guerilla bands in Western Macedonia and that the war is being supported by NOF (the Slav National Liberation Front), an organization which has for its aim the expansion of Yugoslav Macedonia to the Aegean Sea. It further claims that insurgents (Slav-speaking Greek nationals, fugitives from justice, and "anarchists") are trained at Buljkes in Yugoslavia and then, under the protection of frontier guards, are returned to Greece to join insurgents already there. The letter also contains allegations that certain statements have been made which indicate that these activities have the official support of the Yugoslav government. Although the main weight of the Greek appeal is thus directed against Yugoslavia, Albania and Bulgaria are also held responsible for their alleged part in the affair.

The Security Council opened its examination of the Greek appeal on 10 December. During the sessions, Yugoslavia, Albania, and Bulgaria all made counter-charges, accusing Greece of violating their borders. They also denied any responsibility for the present unrest in Greece and claimed that the trouble lay in attempts by the Tsaldaris government to coerce and terrorize the Greek people. The USSR member, Andrei Gromyko, repeated these counter-charges and added that one main cause of all the troubles was the presence of foreign (i.e., British) troops in Greece.

On the 19th of December the Council unanimously decided to dispatch an investigating commission, not later than 15 January 1947, "to ascertain the facts relating to the alleged border violations along the frontiers." The Commission has a mandate to visit any part of Greece, Yugoslavia, Albania, and Bulgaria, and consists of one representative of each member of the 1947 Security Council, with technical assistants. It is empowered to question government officials and private citizens. The Soviet and UK members of the Security Council, who were over-ruled, both indicated their preference that the investigation be confined to border areas. The Commission's task will probably be made more difficult by the efforts of those to whom guilt might be attached to cover up damaging evidence. There have been reports, for example, that the training camp at Buljkes, in Yugoslavia, is being broken up.

POLITICAL AND ECONOMIC BACKGROUND

Political. After seven months of resistance to Italian and later to German forces, organized Greek operations against the Axis ceased on 1 June 1941. On this date, King George II and a makeshift Cabinet headed by Prime Minister Emmanuel Tsouderos, formed in April in Athens, went into exile. The various puppet governments set up in

Greece by the occupation forces had no influence on the people, who soon formed underground resistance groups. The leftist EAM (National Liberation Front), with its own army ELAS (National Popular Army of Liberation), became the largest of these groups by systematically eliminating other groups until the only remaining one of any consequence was the conservative EDES (National Democratic Greek Army). EAM was dominated by KKE (Greek Communist Party). By stressing patriotic motives and with the advantage of a well-integrated organization, the Communists succeeded at first in enlisting the support of many liberals and republicans and even some of the clergy and royalists who saw in EAM the best means of resisting the common enemy. The main objective of EDES was also expulsion of the enemy; it soon crystallized, however, into a wholly rightist, royalist organization which before long came into open conflict with the much larger anti-royalist ELAS forces.

Although the resistance groups fought over their differences, which were accentuated by German propaganda, all except EDES and a few minor groups had in common their dislike of the Tsouderos government and the King. Most Greeks had not forgotten the King's violation of the constitution in condoning a dictatorship. Differences between the Government-in-Exile and the underground forces of resistance grew steadily. In the summer of 1943, representatives of EAM and other resistance groups, including EDES, visited Cairo, where the government was then established, in an unsuccessful effort to secure representation in the government for the underground forces and to obtain from the King a promise not to return to Greece until the people had had an opportunity to express their wishes on the matter by plebiscite.

Shortly thereafter, EAM formed in Greece a Political Committee of National Liberation (PEEA) to counteract and dispute the authority of the Government-in-Exile. The persistent refusal of the King and his Cabinet to form a coalition government had led to general dissatisfaction, and eventually even to serious mutinies in the Greek armed forces in the Middle East. Finally the British, who had consistently supported the King and the government, assisted in the suppression of the mutinies and installed as Prime Minister the anti-EAM George Papandreou. Papandreou set out to form a coalition as agreed upon in May 1944 in Lebanon, where representatives of all important resistance groups from inside Greece had met with the Government-in-Exile. Three members of PEEA and two Communists joined the Cabinet. In September, the new government moved from Cairo to Caserta, Italy, and there in a formal agreement received assurances of collaboration from EAM and EDES, who placed themselves under the orders of the Commander of the British forces in Greece. The government entered Athens on 19 October 1944.

With the aid of the newly appointed British Commander, the government then tried to reorganize the Greek army, which would involve

the demobilization of all guerrilla organizations in accordance with the Caserta Agreement. EAM was strongly opposed to this move, being reluctant to give up its power and feeling that the government was trying to make the army a mere royalist tool by purging it of anti-royalist elements. Disagreement became bitter, and early in December the Communist and EAM ministers resigned from the Cabinet. A few days later, fighting (for which ELAS had long been preparing) broke out in the streets of Athens, and British troops gave armed support to the established government. On Christmas Day, Prime Minister Churchill went to Athens in an effort to resolve the difficulties. After his return to England, he persuaded King George II to appoint Archbishop Damaskinos as Regent, and the King himself promised not to return to Greece until a plebiscite on the constitution had been held.

General Plastiras, an anti-royalist, was selected as Premier by the Regent. He formed a new government, which drew up an agreement with EAM at Varkiza, near Athens, in February 1945. This agreement provided, among other things, for an end to martial law, an amnesty for political offenders, reorganization of the army, demobilization of ELAS, and a plebiscite on the monarchy, to be held in 1945. The plebiscite was to be followed as soon as possible by Parliamentary elections, to which the "great Allied powers" would be requested to send observers.

Although the disarming of ELAS began at once, many members retained their best weapons, and large numbers of them fled to the hills. A few members and many sympathizers, dissatisfied by EAM's refusal to abide by the letter and spirit of the Varkiza Agreement and angered or disillusioned by ELAS excesses, went over to the royalist camp. It had become apparent to many Greeks who had supported EAM during the occupation as the best means of combatting the common enemy, that the organization was now concerned solely with its own narrow political interests and that its aim was identical with that of its dominant member group, KKE (the Greek Communist Party): namely, to establish a Communist regime in Greece oriented towards the Soviet Union. From there on, EAM began to lose many of its non-extremist members.

Various cabinet permutations followed during the next few months. Contentions on the proposed Parliamentary elections and the plebiscite became so bitter that Regent Damaskinos, after visiting the Greek King in England in the autumn of 1945, announced that the elections would be held before the plebiscite rather than after, as had been stipulated in the Varkiza Agreement. There was also considerable disagreement on the general amnesty demanded by EAM to include the approximately 18,000 prisoners held in detention camps. Under

British guidance, the Regent experimented with several governments. Each, however, was short-lived during this transitional period before the elections, partly because none was willing to modify its own narrow interests for the sake of effective coalition.

On 31 March 1946, the elections were held. EAM realized that because of continued defections, it could not substantially influence the vote, and consequently abstained. The royalist right wing, dominated by the Populist Party, won an over-all majority of 234 seats out of a total 354. The National Political Union (a coalition group right of center) won 69 seats; the Liberal Party (anti-royalist and center) won 48; independents won the remaining 3. The Populist Party formed a royalist Cabinet under Constantin Tsaldaris.

Although the main political issue in Greece is the Communist-extreme rightist conflict, it is apparent from these election results that there are various shades of opinion within the limits of the chief issue. Of the numerous groups, parties, and associations inside and outside Parliament, some can boast considerable support; others are merely "name parties" headed by ambitious politicians who have managed to enlist a few followers. Among most of the parties there is general agreement on such large objectives as the restoration of the national economy (which, they agree, can be achieved only with foreign financial aid) and the fulfillment of territorial ambitions, which include Northern Epirus (now part of Albania), a strategic strip on the Bulgarian border, and the Dodecanese Islands. Such agreement, however, does not extend to the ways and means of accomplishing them, and the many factions seem unwilling to compromise their differences and work together for the common good.

It is superfluous to list all the political parties, groupings, and associations existing in Greece at any given moment. Many of them grow like mushrooms and die as quickly. (A Washington report earlier this year spoke of the number of Greek parties in existence "as of Monday".) The parties or organizations, however, fall more or less into five main groups:

1. The extreme right, consisting of conservative and royalist parties. Their chief aim is to preserve the Greek constitutional monarchy, patterned after the British, but there is also a strong tendency within this group to return to a totalitarian, Metaxist regime. Prime Minister Tsaldaris' Populist Party belongs to the extreme right.

2. The moderate right, consisting of conservative parties with a republican outlook. Although their avowed purpose is to re-establish the Republic, they acquiesced in the people's verdict for a monarchy, as expressed in the plebiscite of 1 September 1946

3. The center, composed of liberals and progressives. They conceded the royalist victory decided by the plebiscite, but will continue to work for re-establishment of the Republic.

4. The moderate left, which has seceded from EAM. This group, which is small, cooperated with the extreme left in abstaining from the elections and refuses to recognize the results of the plebiscite.

5. The extreme left, consisting of the several parties which make up EAM and dominated by KKE (Greek Communist Party). It aims to make Greece a Communist state oriented towards the USSR.

When the plebiscite was held on 1 September, there were no abstentions for political reasons, and 68.3% of the voters favored the continuation of the monarchy. This large majority does not mean that the Greeks had forgiven King George for past misdeeds; it was, rather, due to the desperate conviction that his return to the throne would provide a core of resistance to the extreme leftists, whose purpose of achieving full control of Greece had become more and more manifest ever since Varkiza. In 1936 the alleged menace of Communism had brought about a totalitarian government in Greece. Now, ten years later almost to the day, the people of Greece, most of whom assuredly did not want him, voted for the return of their King.

Economic. Greece emerged from the war and occupation with her national economy severely disrupted. Crop production, upon which this primarily agricultural country heavily depends, was far below minimum needs. Industrial equipment had been ruined or lost, and the continued lack of such equipment is preventing a return to normal production. Transportation was in a particularly bad state; roads were, and continue to be, in an appalling state of disrepair; rail communications and rolling stock were damaged and destroyed; most of the merchant fleet had been sunk; and harbor facilities, especially at the chief ports of Piraeus and Salonika, were largely destroyed.

To complicate the conditions caused by these difficulties, the Greek government has been unable to prevent inflation and the flight of capital abroad; nor is it in a position to recapture private investments abroad.

The Greek people, furthermore, are suffering from malnutrition and disease; almost half a million, according to some estimates, died of starvation during the occupation. And worst of all, perhaps, political factionalism of the most bitter kind was still rampant on the day of liberation and grew worse.

These difficulties have united to cause the virtual destruction of Greece's foreign trade. Nor can it revive without more stable political conditions and greater financial aid from abroad to rebuild the industrial machine, help feed and clothe the people, and re-establish confidence in Greek currency.

UNRRA has contributed heavily toward the general reconstruction of Greece. The greater part of an allotment of \$420,000,000, chiefly of US origin, had already been applied by the end of 1946. The US has extended a Surplus Property Credit of \$45,000,000, together with an Export-Import Bank loan of \$25,000,000, and the Federal Reserve Bank has extended short-term loans secured by Greece's gold holdings with the Bank. The US Maritime Commission has granted a credit of \$45,000,000 for the purchase of ships to replace Greece's lost tonnage. The British have extended credits, and the Turks have given and sold small shipments of food. Collection of war reparations would also help to expedite reconstruction.

Additional measures which would contribute to the economic recovery of Greece include the following:

1. Stimulation of export trade.
2. Increased domestic production of essential commodities.
3. Currency stabilization.
4. Foreign loans, carefully circumscribed by the lenders in order to prevent uneconomic use by the Greeks, and investments of foreign capital.
5. Reduction of non-productive government expenditures, which would make funds available for reconstruction.
6. Control and effective utilization of foreign exchange acquired by the national economy.
7. Government reforms in administration and taxation.
8. Planned conservation of national resources.
9. Restoration of communications facilities, including roads, rail lines, and harbors. Rolling stock and the merchant fleet must also be restored.

THE CURRENT SITUATION

Political confusion and strife (complicated by Soviet-inspired interference) and a depleted economy are major factors making for instability in Greece today and are, therefore, largely responsible for the intensive guerrilla activities especially prevalent in the northern parts of the country. (See attached map.)

The guerrilla bands are of various types, the most numerous and active being those of the Communist extreme left. Control and organization of these extremist guerrilla bands is exercised principally by two associations: EAM (National Liberation Front), still dominated by its most powerful member, KKE (Greek Communist Party); and NOF (the Slav National Liberation Front). Other leftist bands, associated to some extent with EAM but non-Communist, operate more or less independently, though aided by the organizations named because they, too, are fighting against the rightist, monarchist government. There are also anarchists, intimidated peasants, and fugitives from justice, whose purposes are not political and who are raiding and looting simply as a means of keeping alive or because of dissatisfaction with conditions in general. Membership in any particular group, far from being confined to one type of insurgent, frequently includes men of varying shades of political opinion (or of none in particular) who have been recruited by, or have voluntarily decided to join, one leader or another.

These various types of insurgents are very efficient for sporadic fighting; they descend from the mountains, from which it is difficult to evict them, to raid, pillage, and destroy, and return to their hiding places when the job is done. Their field leaders hold the power of life and death over them and demand complete obedience. There are also rightist bands in existence, their chief activities consisting of reprisals for murder, theft, and destruction wrought by the far more numerous guerrilla bands of the opposite political wing. The government has been bitterly assailed by leftists for not suppressing these rightist bands.

There is a considerable amount of evidence that many of the insurgents have been trained, indoctrinated, armed, and equipped at various camps beyond the Greek borders. Infiltration into Greece of such insurgents is believed to have begun as far back as last March, following a speech delivered at a camp at Buljkes (in Vojvodina, northwest of Belgrade) by Nicholas Zachariades, the Greek Communist leader. Camps are also alleged to have existed in Korça (Koritsa) in Albania and at Mandritsa and other points in Bulgaria. The majority, if not all, of the insurgents trained at these camps, however, originally came from Greece.

The insurgents have a variety of arms, including Sten guns, mortars, mines, machine guns, rifles, and grenades. Some of these items have been stolen from Greek stores; others are part of the stock provided the Greeks by the British during the war. Italian, German, and Soviet arms, probably left over from the war, have also been reported. There is some evidence, too, that UNRRA supplies, including food, clothing, and transport vehicles, have been used to assist the insurgents while they are outside Greece.

Apparently the immediate objective of the rebels is to cut off Macedonia from the rest of Greece. To this end, they have concentrated on driving government forces (army and gendarmerie) and rightist bands south of a line from Mt. Grammos on the Albanian border to Mt. Olympus near the Aegean Sea. (See map.) These operations have achieved a measure of success, but most of the key areas and communications facilities north of the line remain under government control, notably the Salonika district, where British troops are stationed.

A recent recrudescence of guerrilla warfare in the Peloponnesus may have been staged by leftists to create the impression abroad that the fighting in Greece is not confined to border areas and is of a purely internal character rather than foreign-inspired. Meanwhile, non-fighting political sympathizers are doing their utmost, through propaganda in the press and elsewhere, to weaken the government.

SOVIET POLICIES AND POSSIBLE GREEK COUNTERMEASURES

Under Soviet direction, Greece's northern neighbors--Yugoslavia, Bulgaria, and Albania--are conducting a drive which presumably has for its ultimate objective the establishment of a Communist Greece. Short of this supreme goal, there are less drastic objectives which are important because they admit of more immediate achievement: (1) The Soviets appear determined to prevent the expansion of Greece through territorial revisions at the expense of Albania and Bulgaria. So far they have been successful, since the Council of Foreign Ministers has not recognized Greek claims for boundary changes. (2) In the hope of bringing about a Greek government less unsympathetic to the USSR, the Soviets will seek to weaken and discredit the present rightist, royalist government by promoting insurgent activities in Greece. Accomplishment of this end would constitute an important step towards the ultimate goal. (3) Present guerrilla activities and propaganda indicate that the Soviets hope to create an independent Macedonia, which may eventually become part of the Yugoslav Federation, and possibly to add Greek Thrace to Bulgaria. If successful, the USSR would obtain control of Aegean ports, thus gaining a dominant position in the Aegean Sea and outflanking the Dardanelles.

In line with their usual policy, the Soviets may also be expected to use Greek instability and the presence of Communist elements in Greece as bargaining power to obtain desirable concessions elsewhere in the world at future international conferences.

Should Greece eventually become a Communist state: (1) the Soviets would be able to consolidate and extend the gains in the Aegean which control of Macedonia and Thrace would give them; (2) their dominance of the Balkans would be complete; (3) they would achieve a strategic position in the Eastern Mediterranean, thereby outflanking Turkey, threatening the Suez Canal, and endangering the politics of the Near East.

The Soviets, however, will not in the immediate future pursue these objectives to the point of precipitating a major conflict. They will concentrate on intensifying the present dissatisfaction and unrest in Greece. To accomplish this purpose, they will provide clandestine aid to Greek leftists through their satellites, disseminate propaganda to discredit the government, continue to oppose the retention of British troops in Greece, and exert psychological pressure by retaining troops along the northern borders. (Some of these tactics may be prejudiced and temporarily abandoned during the Security Council's investigation in the area.)

The extent to which the Greeks can counter these tactics depends on the degree of general internal stability they can achieve. Although leftist elements, and through them the Soviets, appear to be responsible for much of the chaos prevalent today, great responsibility also attaches to the refusal of Populist leaders to form a broader government, honestly implement an effective political amnesty, introduce administrative reforms necessary for an efficient program of economic recovery, and adopt a less intolerant attitude generally. The Government was chosen by the Greek people (although fear and disillusionment may have prompted many of them to vote as they did): the extreme right won a victory in the elections, and the plebiscite committed the country to a constitutional monarchy. Nevertheless, legitimate Parliamentary groups (whose leaders are also to be blamed for their unwillingness to compromise their differences with the Tsaldaris government in favor of unity during a critical period) are sufficiently strong to embarrass the government seriously and even to jeopardize its efficiency as a working organization. The uncompromising attitude of the Tsaldaris Cabinet and the fact that 34% of the seats in Parliament are not held by the extreme right, serve to justify the demands of the opposition for a broader government. Unless the government liberalizes its general policies and heeds these requests, some political moderates who compose a large section of the population may become so disillusioned as eventually to succumb to the persistent Soviet propaganda emanating from abroad and given prominence in certain sections of the free Greek press, and to

follow the lead of the extreme leftists. By instituting suitable reforms within its own ranks, however, the government could win substantial support from these moderates and thus reduce the potentialities of the extreme leftists and to a great extent nullify the effect of Soviet propaganda.

The Soviets are constantly protesting against the presence of British occupation forces in Greece. The present government, remembering how British troops in December 1944 prevented a leftist minority from seizing the government by force, relies too heavily on the continued presence of the British, feeling that in the event of another such attack, British troops will come to its defense. It accordingly has not seen any urgent necessity for compromising with other political groups and extending Cabinet positions to them.

Early evacuation of the British troops, however, would produce intensified strife and instability in Greece. The mere presence of the troops, particularly in strategic Salonika, acts as a deterrent to more direct interference by the satellites and also keeps the leftist guerrillas from gaining control of the northern part of the country. Furthermore, a British Military Mission is supervising the reorganization of the Greek army into small, self-contained commando units designed to quell guerrilla disorders within the country. As part of this program, the Mission is continuing to supply modern arms and equipment; it is also increasing the size of the army from 84,000 to 99,000, and has made plans for an even greater expansion.

PROBABLE FUTURE DEVELOPMENTS

Two foreign missions are assembling in Greece to investigate certain aspects of its difficulties. The US Economic Mission, headed by Paul Porter (former chief of the Office of Price Administration), will study Greek reconstruction needs with a view to determining the extent to which they can be met by the Greeks themselves and the amount of foreign economic aid necessary for rehabilitation. The Security Council's Investigating Commission will examine the Greek government's allegation that Albania, Yugoslavia, and Bulgaria have interfered in Greece's internal affairs.

Although Greece cannot achieve political or economic stability without foreign aid, the success of any program of recovery depends in large part upon the Greek government itself. The Porter Economic Mission will submit a detailed plan for putting the country's economy on a sounder basis, and it may also indicate that Greece needs further financial help. Such assistance, however, cannot be efficiently applied

towards national recovery by a government which is under constant attack not only by the extreme left but also by more moderate groups constitutionally represented in Parliament.

Investigation by the Security Council Commission, to commence in Athens at the end of January, will be hampered by winter conditions as well as the difficulty of digging out evidence which will have been hidden before the Commission's arrival. It may turn up enough evidence to indict such an agency as the Balkan organization NOF (Slav National Liberation Front) for having fomented internal Greek strife. The possibility is remote, however, that the evidence will be sufficient to implicate the Soviet satellite governments beyond charging that they acquiesced in border violations and took no active steps to prevent them.

Regardless of the Commission's findings and recommendations, internecine strife in the border areas should decrease and the country should be comparatively tranquil during the course of the investigation. Such a period of relative quiet would provide an opportunity for Greek Parliamentary groups to begin settling their political differences; a program of economic recovery could then be developed, and military reorganization could be speeded up for pacification of the country. It is unlikely, however, that the Tsaldaris Cabinet, except under strong pressure by the Western Powers, will take full advantage of the opportunity and open its ranks to representatives of other groups, thus abandoning its narrow, legalistic thesis that the Populist group alone has been given a mandate to govern. The formation of a government of national unity (excluding the extreme left, which is not represented in Parliament) would be a great step toward stability. Complete unity cannot be expected, perhaps, but a government much broader than the present one is attainable. Unless such a step is taken, civil strife will probably be intensified, and Greece will be unable to achieve the stability necessary to thwart the tactics and aims of the USSR.

ENCLOSURE "B"COMMENTS BY THE INTELLIGENCE
DIVISION OF THE WAR DEPARTMENT

The Intelligence Division of the War Department concurs in substantial measure with the subject report but notes a continuous emphasis which, it is believed, may be seriously misleading. The general tone of the paper, despite isolated statements in the contrary sense, attributes to the Leftists, and particularly the Leftist bands, a strength and national character which they lack. Concurrently, the paper places in question the representative character and competence of the Rightist parties or leaders to an extent which does not correspond to known facts, particularly the results of the recent elections.

