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F
Dow
S.
April 26, 1967

BKS:

Here is a response to one of Joe Califano's letters on Andreas Papandreou. On sending it on to him, I suggest pointing out that these letters are probably part of a coordinated campaign of letters and phone calls from Andreas' friends to everyone in the Administration from the Vice President on down.

While we are not disregarding them, we have discussed this problem thoroughly with State and can in good conscience say that we are doing everything we can for Andreas' safety, though it may not be as visible as some of his friends here would like. Specifically, we have not come right out and condemned the coup government because we feel that might encourage civil war in Greece and lead to bloodshed that could cost Andreas and other political prisoners their lives. In any case, we think our chance of getting him out of jail and out of the country will be a lot better if we play it this way than if we pick a public fight with the new regime.

The attached response has been cleared with Luke Battle.

Hal
→ Hal Saunders

Joe is going to call by phone
rather than reply in writing
BKS

DECLASSIFIED

E.O. 12958, Sec. 3.6

NLJ 97-36

By ies, NARA Date 10-16-97

~~SECRET~~

DECLASSIFIED
E.O. 12958, Sec. 3.6
NLI 97-36

By its, NARA Date 10-16-97 April 26, 1967

~~SECRET~~

MEMORANDUM FOR WWR

SUBJECT: Answers to Telegrams on the Situation in Greece

On the surface, the Greek situation has settled down. We now see little likelihood of a counter-coup. There has been almost no leftist reaction since most of the leftists are in jail. The King initially remained aloof from the coup government but is now working his way toward a modus vivendi. He hopes gradually to regain leadership and move this government back into constitutional paths.

We've remained officially silent. However, we've authorized Phil Talbot to talk to the new Prime Minister and to make clear that the government's moves to restore representative government and civil liberties will determine the degree of our future cooperation.

Our major problem here in the White House is domestic concern for the safety of Andreas Papandreou. You have had two telegrams and I have one to Joe Califano to answer. Andreas' friends--Walter Heller, Carl Kaysen and others--have mounted a major telephone campaign, which some of us fear could cause real trouble. They start with trying to get their friend out of jail and end up accusing the USG of acquiescing in the "rape of Greek democracy." The same people who accuse us of violating "American principles" in VietNam will cite our silence on Greece as further evidence of our militaristic bent. It's neither fair nor logical, but there it is.

I have talked extensively with Luke Battle about this. Talbot has already made strong and repeated representations to the coup government for the safety of political prisoners and has received assurances that they will not be harmed. Now, we are sounding Phil out on the possibility of urging the coup government simply to expel Andreas. No one believes that Greek politics can settle down until he is out of the picture, so expulsion would meet our domestic needs while at the same time being a gain for the government. They would probably rather shoot him but know that that would trigger an intolerable world reaction.

We can't talk about this, but it does mean we can say in good conscience that we're doing our best for Andreas. The attached telegrams are examples of some of the wild protest that's in the air. I think my draft response--cleared with Battle--is strong enough to put us in a reasonable light without causing trouble if these fellows release it to the press.



Hal Saunders

~~SECRET~~

THE WHITE HOUSE
WASHINGTON

~~CONFIDENTIAL~~ April 26, 1967

Lois:

Attached is my response to Juanita Roberts' question about sending flowers to the Greek Ambassador. You can either use this as the basis for your own answer to her by telephone or send it up to her as is.

DECLASSIFIED
White House Guidelines, Feb. 24, 1982
By ju, NARA, Date 10-18-96

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

11/a
April 26, 1967

MEMO FOR MRS. ROBERTS

SUBJECT: Flowers for Ambassador Matsas

I understand from Lois Nivens that you are wondering whether the President might send flowers to Walter Reed hospital for the Greek Ambassador. (He'll be there just another day or two.)

You are the best judge of whether the President should establish a precedent of this kind. But apart from that problem, all of us on the foreign policy end would consider this an extremely useful gesture.

As you know, the Greeks are having an especially bad week. Most of the Embassy group here is not at all in sympathy with the military takeover in Athens. A special gesture of this kind would not only demonstrate the President's personal concern for another gall bladder patient but would also--and this is the main point--demonstrate our special sympathy for Greek moderates this week. Since the Greek embassy is in touch with Greek-Americans, this could help say what we have not said publicly.

We have not taken a public stand against the coup in Greece because we preferred to play our cards behind the scenes (and have been doing so extensively). This leaves us vulnerable to critics who say we're standing idly by while Greek democracy dies. A gesture of this kind would show in a very human way that we, too, regret what has happened in Greece.



Harold H. Saunders

DECLASSIFIED
E.O. 12958, Sec. 3.6
NLJ 97-36
By is, NARA Date 10-16-97

~~CONFIDENTIAL~~

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MASTER COPY

#11

Copy sent Wriggins

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~~SECRET~~

S

TELECONFERENCE
BETWEEN
THE DEPARTMENT OF STATE
AND

Am Emb ATHENS

ON APRIL 24, 1967

SANITIZED
E.O. 13526, Sec. 3.5
By isl NLJ 09-278
NARA, Date 4-22-11

~~SECRET~~

~~SECRET~~
SECSTATE/AMEMBASSY ATHENS TELECON 241900Z

PARTICIPANTS: MR. LUCIUS BATTLE - ASST.
SECRETARY
MR. STEWART ROCKWELL
MR. DANIEL BREWSTER

SUBJECT: : GREECE-POLITICAL SITUATION

CLASS: ~~SECRET~~

K

AMEMBASSY ATHENS/SECSTATE TELECON 241900Z

PARTICIPANTS: AMBASSADOR TALBOT
MR ANSCHUETZ - MINISTER
MRS BRACKEN

SUBJECT: GREECE-POLITICAL SITUATION

CLASS: ~~SECRET~~

QSL STATE ITEM 3 AND 4K

TEEX

RI07W6553P273, 353. 1

HAVE YOU RECEIVED 4393 SENT ONE HOUR AGO

END ITEM 1

SECSTATE ITEM 10

CONFEREES HAVE NOT RECEIVED 4393

END ITEM 10 K

-1-
~~SECRET~~

~~SECRET~~

SECSTATE ITEM 1.

WE PLANNING HOLD UP DELIVERY SIGNIFICANT
MILITARY AID ITEMS.

END ITEM 1 K

SECSTATE ITEM 2.

WE BELIEVE US HAS IMPORTANT MEANS LEVER-
AGE ON COUP LEADERS, AS DOES KING, AND WE
SHOULDN'T SELL OURSELVES TOO CHEAPLY.
WE PLAN CONTINUE STAND-OFFISH AND NEUTRAL
ATTITUDE IN HOPES HELPING TOWARD BROAD-
ENING POLITICAL BASE OF GOVERNMENT.

END ITEM 2 K

ATHENS ITEM 2

WE ESTIMATE MEANS OF LEVERAGE DWINDLING
~~CONFIDENTIAL INVOLVZ~~

* WITH GOVERN-
MENT. I CANNOT SAY HOW RAPIDLY REGIMES
ATTITUDES TWARD KING AND ALLIANCE WILL
DETERIORATE, BUT I SHARE VIEW OF MANY
CIVILIAN POLITICIANS AS WELL AS OTHERS
VCAT WE WILL RAPIDLY MOVE INTO POSTUJCSAF
SEEMING TO OPPOSE REGIME UNLESS WE START
TALKING WITH ITS MEMBERS. I AGREE ABSOLUTELY
THAT WE MUST NOT SELL OURSELVES TOO
CHEAPLY. I FEEL HOWEVER THAT WE SHOULD
SOON GO TO BARGAINING TABLE.
THIS ANSWERS SECTATE ITEM 2.

END ITEM 2N

* AGAIN

LONGER WE FAIL TO GET INVOLVED WITH GOVERN-
MENT. I CANNOT SAY HOW RAPIDLY REGIMES
ATTITUDES --

~~SECRET~~

SECSTATE ITEM 11

COMMENT ON ATHENS ITEM 2.

WE NOT SURE IT WOULD BE DISADVANTAGEOUS
TO US POSITION TO SEEM TO THEM TO OPPOSE
REGIME, AT LEAST FOR TIME BEING. (THIS
DOES NOT REFER TO PUBLIC POSITION).
WE AGREE YOU SHOULD TALK WITH MEMBERS,
BUT ARE UNCERTAIN ABOUT BARGAINING WITH
THEM JUST NOW, PARTICULARLY UNTIL WE KNOW,
WHAT WE WANT THEM TO DO.

END SECSTATE ITEM 11.

K

ATHENS ITEM 11

ANSWERING SECSTATE ITEM 11

WE HAVE INDICATED IN ATHENS 4856 AND
4393 LINES WE RECOMMEND BE TAKEN IN
BARGAINING WITH NEW GOVERNMENT.
BROADLY SPEAKING, WE WOULD HOPE TO PRESS
FOR IMPLEMENTATION OF A SPECIFIC PROGRAM
LOOKING TOWARD RETURN OF REPRESENTATIVE
GOVERNMENT, I.E., CONSTITUENT ASSEMBLY,
ELECTION, RETURN OF CIVIL LIBERTIES,
IMPROVING QUALITY OF CABINET, ETC.

END ITEM 11

~~SECRET~~

-2A-

~~SECRET~~
SECSTATE ITEM 3.

WHAT ARE CHANCES COUNTER-COUP FROM LEFTIST SOURCES? IF DANGER SUCH MOVE BECOMES PALPABLE, WOULD COUNTER-COUP FROM OTHER CONSERVATIVE BUT MORE MODERATE MILITARY QUARTERS BE LIKELY?

END ITEM 3.

ATHENS ITEM 3

ANSWERING SECSTATE ITEM 3

CHANCES OF COUNTER-COUP FROM LEFTIST FORCES EXTREMELY SMALL NOW. MOST IMPORTANT LEFTIST LEADERS ARE DETAINED AND APPARATUS BROKEN UP. IF PRESENT COUP REGIME SHOULD DISENTEGRATE AND COUNTRY BE BESET BY DISORDERS, THAT WOULD BE DIFFERENT SOTORY. COUNTERI COUP FROM CONSERVATIVE BUT MORE MODERATE MILITARY QUARTERS STILL SEEMS MOST UNLIKELY (ATHENS 4356) BUT WE CANNOT RULE OUT POSSIBILITY THAT OFFICERS WHO NOW CONFUSED AND ANXIOUS BY OBVIOUS RELUCTANCE OF KING TO EN- DORSE COUP MAY BEGIN LOOKING FOR ALTERNATIVES. I DO NOT REPEAT NOT NOW FORSEE ANY COUNTER-COUP.

END ITEM 3

~~SECRET~~

SECSTATE ITEM 4

IS KING UNDER RESTRAINT? COULD MEMBERS
HIS FAMILY LEAVE IF THEY WANTED? WOULD
IT BE BETTER IF QUEEN AND CHILDREN OUT
OF ATHENS, BUT STILL ON GREEK SOIL?
ABROAD?

END ITEM 4 K

ATHENS ITEM 4

ANSWERING SECSTATE ITEM 4
KING NOT UNDER RESTRAINT. GUARD AT PALACE
NORMAL. PRINCES SOFIA AND CHILDREN HAVE
LEFT. UNDERSTAND QUEEN AND PRINCESS
IRENE HAVE CONSIDERED GOING TO CORFU.
KING APPARENTLY DOES NOT WANT TO TAKE
MORE OVERT ACTION EXPRESSING LACK
CONFIDENCE IN COUP GROUP IN PRESENT
PERIOD WHILE HE IS ENDEAVORING TO WORK
OUT MODUS VIVENDI AND WHEN COUP MANAGERS
ARE POSTPONING ON DAY TO DAY BASIS
CONFRONTATION ON SIGNING OF ROYAL
DECREE DECLARING MARTIAL LAW AND
SUSPENDING CERTAIN ARTICLES OF
CONSTITUTION.

END ITEM 4

~~SECRET~~

~~SECRET~~

SECSTATE ITEM 5

1. WE BELIEVE IT WOULD BE MUTUALLY BENEFICIAL TO EMBASSY AND DEPARTMENT TO HAVE PERSONAL DISCUSSION ON IMPLICATIONS AND POLICIES RE GREEK SITUATION. WE PRESUME THAT TOO MUCH UNDESIRABLE SPECULATION WOULD RESULT IF POLICY OFFICER FROM DEPARTMENT SHOULD MAKE BRIEF VISIT ATHENS AND WONDER WHETHER YOU COULD SPARE ONE OF YOUR OFFICERS INTIMATELY INVOLVED IN DEVELOPMENTS AND KNOWLEDGEABLE YOUR THINKING FOR BRIEF CONSULTATION SOME NEARBY POINT SUCH AS ROME. IF COMMERCIAL FLIGHTS IN AND OUT OF ATHENS NOW BACK TO NORMAL SUCH OFFICER COULD COME AND GO WITHIN A SPAN OF 24 HOURS.

2. IF YOU AGREEABLE WE WOULD PROPOSE SEND ----- CONFER WITH YOUR REPRESENTATIVE SOONEST.

END ITEM 5 K

ATHENS ITEM 5

ANSWERING SECSTATE ITM 5

CONCUR. COULD SEND JOHN DAY TO ROME ANY TIME. I HAVE BEEN WONDERING WHETHER IT WOULD BE WORTH WHILE FOR ANSCHUTZ OR ME TO GO TO BONN TUESDAY FOR TALK WITH SECRETARY. IT WOULD NOT HURT OUR POSTURE HERE FOR ONE OF US TO MAKE TRIP, WHICH OF COURSE WOULD BE KNOWN IMMEDIATELY TO COUP GOVERNMENT. INDEED, THERE MIGHT BE ADVANTAGES. WHAT DO YOU THINK.

END ITEM 5

~~SECRET~~

~~SECRET~~
SECSTATE ITEM 12.

WE DOUBT SECRETARY WOULD, BECAUSE OF CROWDED SCHEDULE, BE ABLE DEVOTE SUFFICIENT TIME TO CONSULTATION IN BONN. WE WOULD PREFER DAY COME WASHINGTON.

END ITEM 12. K

SECSTATE ITEM 5.

IS KING LIKELY TO CAPITULATE TO COUP LEADERS?

END ITEM 5. K

ATHENS ITEM 6

ANSWERING SECSTATE ITEM 6

KING IS INVOLVED IN COMPLEX AND DELEGATE ADJUSTMENT OF RELATIONS WITH COUP GROUP. HE SAW COL. PAPADOPOULOS TODAY (ATHENS 4399) AND CONSIDERED TALK WENT REASONABLY WELL. AT THIS MOMENT KING IS MEETING WITH GROUP OF CABINET MEMBERS AT TATOI. WE HAVE JUST HEARD THAT MEETING IS GOING VERY WELL (AS OF 2120 LOCAL). KING PLAYING COOPERATIVE BARGAINING ROLE. PAPADOPOULOS ALSO PRESSING POINTS BUT GOOD RAPPORT REPORTED ON BOTH SIDES. MEETING HAS GONE ON FOR TWO HOURS SO FAR AND CONTINUES. OUR REPORT IS THAT THEY SEEM TO BE MAKING PROGRESS.

ED ITEM 6

~~SECRET~~

~~SECRET~~
SECSTATE ITEM 13.

PLEASE ANSWER QUESTION NINE NEXT AS
BATTLE LEAVING SHORTLY FOR CONGRESSIONAL
HEARING.

END ITEM 13 K

SECSTATE ITEM 9

WHAT IS LIKELY FATE OF POLITICAL PRISONERS
AND SPECIFICALLY GEORGE ANDREAS PAPANDREOU.

ANY CHANCE OF IMPLEMENTING PLAN TO GET
ANDREAS OUT OF COUNTRY?

PTZREATHENS ITEM 8

ANSWERING SECSTATE ITEM 9

GEORGE PAPANDREOU REPORTEDLY REMOVED TO
MILITARY HOSPITAL. HE IS TECHNICALLY
NO LONGER UNDER ARREST. HE WILL PRESUM-
ABLY BE RETURNED TO KASTRI UNDER SURVEIL-
ANCE WHEN HEALTH PERMITS. HE WAS EXAMINED
BY HIS PERSONAL DOCTOR YESTERDAY AND JUDGED
TO BE IN GOOD CONDITION.

ANDREAS CUT HIS LEG ON GLASS DURING HIS
ARREST. HIS HEALTH SUBSEQUENTLY IS
REPORTED SATISFACTORY. MARGARET HAS RE-
QUESTED AID OF EMBASSY AND OTHER FOREIGN
EMBASSIES TO HAVE ANDREAS REMOVED TO
HOSPITAL TO RECEIVE CARE FOR TUBERCULAR
CONDITION FOR WHICH HE HAS BEEN UNER
TREATMENT IN OR PAST YEAR. MARGARET FEAR-
FUL ANDREAS WILL BE COMMITTED TO DAMP
COP PRISON. DECISION HAS APPARENTLY
NOT YET BEEN MADE WHETHER TO TRY ANDREAS
OR DETAIN HIM INDEFINITELY. FOR THE
MOMENT WE BELIEVE HE IS BEING DETAINED
IN A RURAL HOTEL. WE SEE NO PROSPECT
OF CURRENT REGIME PERMITTING HIM TO
LEAVE GREECE AT THIS TIME.

END ITEM 8

~~SECRET~~

~~SECRET~~

SECSTATE ITEM 7.

IS THERE ANY LIKELIHOOD OF KING LEADING
COUNTER-COUP?

END ITEM 7.

ATHENS ITEM 7

ANSWERING SECSTATE ITEM 7

I DOUBT THIS. KING SERIOUSLY CONSIDERED
IDEA IN FIRST DAYS OF COUP AND DISCUSSED
IT WITH ME. HE WAS DEEPLY AWARE HOWEVER
THAT THIS WOULD PROBABLY PLUNGE GREECE
INTO SECOND CIVIL WAR OF THIS GENERATION.
AS EVIDENCE ACCUMULATED THAT COUP WAS
FAIT ACCOMPLI HE SHIFTED TO POLICY OF
ADJUSTING HIS RELATIONS WITH COUP
GOVERNMENT PROVIDED HE WAS NOT FORCED
TO BIGGER CONCESSIONS THAN HE COULD
SWALLOW.

END ITEM 7

~~SECRET~~

~~SECRET~~

SECSTATE ITEM 8.

DO YOU THINK IT LIKELY CIVIL SERVANTS WILL
CARRY OUT GOVT ORDERS -- OR WILL THERE
BE SIT-DOWN?

END ITEM 8 K

ATHENS ITEM 9

ANSWERING SECSTATE ITEM 8

I BELIEVE CIVIL CSERVANTS WILL DEFINATELY
CARRY OUT GOVERNMENT ORDERS. THIS IS
A NO-NONSENSE REGIME AND THEY KNOW IT.
WE HEAR TODAY THAT SOME RANKING CIVIL
SERVANTS OF KARAMANLIS GOVERNMENT HAVE
BEEN APPOINTED TO POSITIONS UNDER THIS
GOVERNMENT.

END ITEM 9

~~SECRET~~

SECSTATE ITEM 14.

WE HAVE FOUND THIS CONVERSATION MOST USEFUL. WOULD YOU LIKE SET UP ON DAILY BASIS? NOT NECESSARY FOR AMBASSADOR TO GIVE UP HIS TIME BE PRESENT EVERY DAY. OTHER MEMBERS STAFF WOULD BE FINE.

END ITEM 14 K

SECSTATE ITEM 15:

Q. HOW DID YOU FIND OUT THAT CABINET MEETING PRESIDED OVER BY KING IS GOING WELL? ARE PHONES CONSIDERED SECURE?

Q. APPRECIATE COMMENT ON HOLD-UP OF SIGNIFICANT MILITARY ASSISTANCE ITEMS (ITEM ONE).

END ITEM 15. K

ATHENS ITEM 10

ANSWERING SECSTATE ITEM 1

CONCUR FOR TIME BEING. AS REPORTED ATHENS 4398 WE HAVE UNLOADED MAP ARRIVALS . THIS WEEKEND IN US-CONTROLLED DOCK AND HAVE SO INFORMED GENERAL SPANDIDAKIS. HE VERY RELUCTANTLY CONCURRED IN ACTION AND UNDERSTANDS WE ARE STRUGGLING TO DEVELOP US POSITION TOWARD COUP GROUP. FOR LACK OF ADEQUATE US CONTROLLED STORAGE ON DOCK, I BELIEVE WE WILL HAVE TO TURN OVER TO GREECE SMALL QUANTITY OF AMMO DUE TOMORROW OR WEDNESDAY. ALTERNATIVE WOULD BE TO DIVERT SHIP, WHICH WE UNDERSTAND HAS MAP FOR TURKEY STOWED BELOW THIS AMMO. OTHERWISE, WE CAN CONTINUE WITH-HOLDING MAP SHIPMENTS THROUGH COMING WEEKEND WITHOUT DIVERTING SHIPS. I REGARD FORMAL SUSPENSION OF MAP SHIPMENTS AS VERY SERIOUS STEP WHICH WE SHOULD TAKE IF AT ALL ONLY AS PART OF THOROUGHLY CONSIDERED NEW POLICY TOWARD GREECE.

END ITEM 10

-10-

~~SECRET~~

~~SECRET~~

ATHENS ITEM 12

ANSWERING SECSTATE ITEM 15

PHONES ARE NOT CONSIDERED SECURE BUT
I AM CONFIDENT THIS INFORMATION IS
GOOD AND HAS NOT COMPROMISED US. [REDACTED]

3.3(b)(1)

END OF ITEM 12

ATHENS ITEM 13

ANSWERING SECSTATE ITEM 14

LIKE ALL VETERANS OF CYPRUS SCOTCH AND
SANDWITCH WAR, I AM BELIEVER IN TELE-
CONS. BUT LET'S NOT DO THEM MORE OFTEN
THAN YOU FIND THEM REALLY USEFUL.

GOOD NIGHT FROM ATHENS

END OF ITEM 13

ATHENS ITEM 14

WE HAVE JUST LEARNED THAT MEETING OF
KING AND CABINET ABOUT TO BREAK UP
DUE TO EXTREME FATIGUE. REAL PROGRESS
MADE. TO RESUME NEXT WEEK.

END OF ITEM 14

~~SECRET~~

-11-

~~SECRET~~
SECSTATE ITEM 16.

RE HOLD-UP OF MILITARY ASSISTANCE, WE NOT PLANNING FORMAL SUSPENSION BUT HOLD-UP OF SIGNIFICANT ITEMS SUCH AS TANKS AND PLANES. GENERAL CARGO WOULD BE PERMITTED PROCEED. OF COURSE HOLD-UP OF ITEMS MIGHT RESULT IN CONSIDERABLE SLIPPAGE BEFORE THEIR FINAL ARRIVAL ONCE HOLD-UP LIFTED. SHIPMENT OF TANKS DUE MAY 3 AND AT PRESENT WE WOULD NOT WANT SEE COUP REGIME PARADING THESE AROUND.

END ITEM 16. K

SECSTATE ITEM 17.

WE BELIEVE THIS CONVERSATION SHOWS OUR THINKING VERY CLOSE - EXCEPT POSSIBLY FOR QUESTION TIMING OF BARGAINING WITH GOVT MEMBERS.

THERE IS SOME PROGRESS IN DIRECTION WE WANT.

WE ALL VERY IMPRESSED BY JOB YOU ARE DOING AND GRATEFUL YOUR HELP.

BATTLE HAPPY BE IN REVERSE ROLE, ON RECEIVING END OF CRISIS WITH AMB TALBOT.

END ITEM 17. K

ATHENS ITEM 15

ASSUMING SPACE AVAILABLE, JOHN DAY WILL FLY TO WASHINGTON TUESDAY.

GOOD NIGHT FROM ATHENS

END ITEM 15

END OF TRANSMISSION

SECSTATE ITEM 18.

GOOD NIGHT FROM DEPARTMENT.

END ITEM 18. K

-12-
~~SECRET~~

~~SECRET~~

114
April 23, 1967

TO: The Secretary
THROUGH: S/S
FROM: NEA - Lucius D. Battle
SUBJECT: Situation Report on Greek Political Situation
from 7:00 a.m. April 22 to 1:00 a.m. April 23
Report No. 4

Although the situation in Greece appears to have eased somewhat on the surface in the past 18 hours with the removal of military units from the center of the city and the resumption of regular traffic, there appears to be increasing likelihood of a confrontation between the King and the coup leaders.

Ambassador Talbot had a two-hour talk with King Constantine in the morning of April 22 in which the King expressed his apprehension that an immediate showdown would take place with the new government over the question of his signing the royal decrees establishing martial law and suspending certain articles of the Constitution. The King is apparently extremely reluctant to do so, but fears he may be ousted if he does not capitulate. We have sent general guidelines for the Ambassador to use in talking with the King in which we express our belief that the King should remain in Greece and that his approach to the new government should be aimed at indicating to the Greek public that he has not capitulated but has forced the government to make significant concessions. We have authorized the Ambassador to grant official U.S. protection to the Queen and to the King's aide-de-camp and political adviser if in his opinion it becomes necessary. We are also pointing out to the King that while he must make the final decision as to capitulation vs. resistance, if he does capitulate he will have lost all opportunity for leadership.

DECLASSIFIED

E.O. 12958, Sec. 3.6

NLJ 97-34

~~SECRET~~

By ics, NARA Date 8-26-97

Still unknown is the fate of the political prisoners arrested at the outset of the coup, although some conservative politicians may be released today. Ambassador Talbot has expressed U.S. concern to the new Prime Minister about the fate of the prisoners, and he was assured none would be harmed. In this connection, we have asked Ambassador Talbot for his views on the possibility of Andreas Papandreou being released from prison on condition that he leave Greece permanently. There is some uneasiness about the fate of the younger Papandreou should he remain incarcerated.

The Ambassador has requested that one task group of the Sixth Fleet move to take up positions in Greek waters and in response units of the fleet are proceeding in the direction of Greece.

Fourteen new members of the Cabinet were sworn in during the evening of April 22 and included Economou-Gouras as Foreign Minister as well as four former Supreme Court Justices. With the exception of Economou-Gouras, who was also Foreign Minister in the January - March 1967 Paraskevopoulos Government, the new appointees are not very significant personages.

Ambassador Cleveland has reported that he discussed the Greek situation with Secretary General Brosio and the Greek and UK representatives.

Ambassador Talbot has continued to compare notes with the UK Ambassador in Athens.

Our Embassy in Nicosia reports that all is quiet on Cyprus.

We are still not making any public statement, but we are telling the press that the Ambassador has taken up the question of the political detainees with the Greek Government and that he has been assured that they will not be harmed.

NEA/GRK:JP Owens/LMDunn:pvkn

Mr. Rostow

115

~~CONFIDENTIAL~~

April 22, 1967

MEMORANDUM FOR GEORGE CHRISTIAN

SUBJECT: Press Guidance on Greek Situation

State Department recommends that you refer any questions to them. State believes the situation is still uncertain enough that we don't want to take too positive a public posture.

This does not mean that we are going to pussyfoot about our disapproval about what has happened in Greece. If asked, State will describe our position as follows:

"The duly established Government of Greece has been supplanted by a military coup. The United States, by tradition opposed to the changing of democratic government by force, regrets it as a matter of principle whenever this occurs. The circumstances in Greece are still unclear, however, and pending their clarification, more precise comment would not be appropriate. We are following the situation there as closely as possible."

In this case the final statement about circumstances still being unclear is not just bureaucratic jargon for "no comment." While the facts are emerging we still have a lot to learn about the strength of the King and the other factions involved. State rightly fears that too quick a reaction by us could precipitate something close to civil war.

This is the right posture, and one that will put the administration in a respectable light with the Greek American community among other lovers of Greek democracy.

W. W. Rostow

cc: Mr. Manatos

DECLASSIFIED
E.O. 12958, Sec. 3.6
NLJ 97-36
By jis, NARA Date 10-16-97

~~CONFIDENTIAL~~

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

~~TOP SECRET~~

April 22, 1967

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Greek Coup: Morning After Reflections

Where we stand. Athens is quiet and civilian activities are returning to normal today, but the King expects a showdown with the coup group momentarily over whether he signs a decree blessing the unconstitutional regime. There's also still no concrete leftist reaction. Only when we see whether the junta decides to brush the King aside for refusing to cooperate and when we get a better sense of the relative strengths of various groups will we see where we're going.

How we feel. Ambassador Talbot's summing up last night-- "the day of the rape of Greek democracy"--may be a little overdramatic. But we do regret the coup. Greece, like so many other countries, has been feeling its way to a new position in this world of relaxing East-West tensions. While some leaders like Andreas Papandreu wanted to go too fast, the planned May election could have provided a peaceful sorting out. Now the lines are drawn more sharply than ever.

The King's role. It's now clear that a small group within the army--not the King--triggered the coup. However, the New York Times editorial this morning is right in assigning him some of the blame. We know he had been considering an unconstitutional move to head off a Papandreu election victory because he feared the Papandreous would try to do away with the monarchy. He may even have ordered contingency planning within the army. But he does not appear to have given the go-ahead and is now prisoner of his own plans.

Why now? The coup officers claim the Communists were about to stage nationwide disturbances, but that sounds like a weak excuse. Talbot believes rightist military elements feared that the conservative party could not win the election and that a left-of-center victory would threaten conservative control of the army. Talbot thinks they decided that it would be easier to act now than after public and private pressure against dictatorship had built up--especially from the US.

Could we have headed it off? Probably our only chance would have been assuring the conservative party enough effective support to win the election. [REDACTED] Secretary Rusk (I think rightly) [REDACTED]

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(b)(1)

SANITIZED

E.O. 12958, Sec. 3.6

NLI 09-280

By is, NARA, Date 1-15-10

~~TOP SECRET~~

~~TOP SECRET~~

- 2 -

[REDACTED] he doubted we should oppose the strong trend toward liberalization and reform; [REDACTED]
[REDACTED] Ambassador Talbot weighed in heavily with the King against an unconstitutional solution, but of course the King did not trigger the coup. We might have let the army know we would cut off military aid, but that seemed going too far with a NATO ally.

3.3
(b)(1)

What next? The King's main choice--other than leaving the country--is between denouncing the coup and trying to guide it. This is the issue in whether he signs the decree establishing martial law or not. We have not tried to influence him. We don't see any evidence yet that he has enough independent support to push the coup group aside now, and we hope he can avoid a showdown on this issue. The best long run hope is that he can gain control of the situation and guide Greece over time back to democratic government. Until we see reason for taking another tack, we will encourage him down this path. Meanwhile, we are moving one task group of the Sixth Fleet closer to Greece in case we want to evacuate either the King's family or, if the situation worsens, American dependents.

W. Rostow
W. Rostow

~~TOP SECRET~~

MEMORANDUM

(b)
THE WHITE HOUSE

WASHINGTON

117
Saturday, April 22, 1967

~~SECRET~~

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Our Posture on the Greek Coup

So far we have refrained from comment. Yesterday, this made sense because the situation was so unclear that we feared encouraging loyal military factions to split off from the coup group and start a small civil war. This morning, Phil Talbot and Luke Battle were ready to state mildly, if asked, that the U. S. regrets any change of government by force as a matter of principle. Secretary Rusk overruled them and ordered continued silence.

The main issue is the Administration's posture before the intellectual and liberal communities in the U. S. The problem is sharpened by the fact that the most controversial political prisoner in Athens is Andreas Papandreou, who has a lot of friends in the academic community here. His personal friends have been calling high levels in State all day, asking about his safety. Talbot has won the promise of the top military man in the new government that political prisoners won't be harmed, but he looks like a figurehead, so that doesn't guarantee against accidents.

The argument for a mild statement of regret is that we will end up looking as if we support unconstitutional change of power if we remain silent. Whatever the new government may become will not hide the fact that the coup group took over with a series of deceitful and violent -- though not bloody -- acts. We can't do anything more at the moment to save Andreas, but our silence leaves us open to the charge that we're behind the coup.

The argument for remaining silent is that the new leaders are still trying to flesh out their government and broaden its membership as much as possible. With the situation still in flux, we shouldn't do anything to tip the balance publicly, though privately we are working to restore the influence of the King.

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E.O. 12958, Sec. 3.6

NLJ 97-36

By js, NARA Date 10-16-97

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- 2 -

Secretary Rusk so far believes we should remain silent. He points out that the pressures for an expression of view come from a small group -- the personal friends of Andreas. He is correct.

I would not recommend that we do anything without your talking with the Secretary. However, I did wish you to know that this issue exists in case you wish to discuss it with him.

Walt. Rostow

~~SECRET~~

43
MEMORANDUM

THE WHITE HOUSE
WASHINGTON

118
~~SECRET~~

MEMORANDUM FOR THE PRESIDENT

April 21, 1967

SUBJECT: The Greek Situation as of 6:30 p. m.

As the day's events become clearer, it looks more and more as if a small group of middle and lower grade officers triggered the coup and forced it on the King and the High Command. The King told Phil Talbot a couple of hours ago: "Incredibly stupid ultra-rightwing bastards, having gained control of tanks, have brought disaster to Greece." We had earlier thought the King probably was in on the coup all along, but his interview with Talbot sounds like the real thing.

He also asked: (a) whether there's any possibility we could land Marines if necessary to help him and his generals reassert their control over the armed forces; (b) whether we could urge the new government to take his orders; (c) whether Sixth Fleet helicopters could evacuate his family if necessary.

The line now being worked out in State--Secretary Rusk will focus on it shortly--is to continue saying nothing publicly but to use our influence privately to help the King get on top of this government. But we want him to know that this is his job and that we aren't going to move the Marines in to bail him out. We still don't know enough about how the forces line up to take sides publicly; a mis-step could encourage dissatisfied military to strike back, and the fighting could get out of hand.

Since the situation is far less clear than we had originally thought, I think we will do best to avoid all public comment tomorrow unless the situation is radically different in the morning.

Walt
W. W. Rostow

DECLASSIFIED
E.O. 12958, Sec. 3.6
NLJ 97-36
By ics, NARA Date 10-16-97

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MEMORANDUM

THE WHITE HOUSE
WASHINGTON

119

~~CONFIDENTIAL~~

April 21, 1967

Rec'd
10:5a

MEMORANDUM FOR THE PRESIDENT

SUBJECT: The Greek Coup as of 9 a. m.

Reports are still fragmentary. Ambassador Talbot is of the view that a small army group triggered the coup. But the State Department specialists suspect the King was in on it from the beginning. However it was started, the King, High Command and coup group together are actively planning next steps. Principal political figures have been arrested, including Prime Minister Kanellopoulos and the King's arch-enemy, Andreas Pependreou.

They have reaffirmed loyalty to NATO, so no change in foreign policy appears imminent.

Bill of rights type provisions of the Constitution have been suspended, and Talbot is urging military leaders not to liquidate those political opponents they now hold in custody.

The immediate question is what we say. At some point soon, I feel we should express regret--even if softly--that democratic processes have been suspended. I fear that our posture before the Greek Americans and the Greek people will look weak-kneed if we completely avoid judgment. Greek democracy is something all the world cherishes, and we have made a strong effort through Ambassador Talbot to stave this off. However, State logically argues that we should hold off on any substantive comment this morning lest we encourage violence against the coup government. We will be in touch with George Christian.

W. W. Rostow

DECLASSIFIED
E.O. 12958, Sec. 3.6
NLJ 97-36
By is, NARA Date 10-16-97

~~CONFIDENTIAL~~

~~SECRET~~

OCI No. 0721/67

120

CENTRAL INTELLIGENCE AGENCY
Directorate of Intelligence
21 April 1967

INTELLIGENCE MEMORANDUM

Military Takeover in Greece
(Situation Report Number 2--1130 EST)

1. Athens has been quiet the last few hours. Recent reports show that the coup was engineered by a group of middle echelon army and air force officers who had previously referred to themselves as the "Revolutionary Council." They allege that they had solid information that the Communists were preparing "to start riots, strikes and general upheaval in Athens" on Saturday. King Constantino and most of the military high command now seem to support the coup and Lt. Gen. Spandidakis, Chief of the Hellenic Army General Staff is reported to have assumed command of the group. It remains to be seen if the high-ranking officers will really have a say in the future activities of the junta or whether they will only be used for window dressing.

2. The "Revolutionary Council," which has been in existence since about 1963, has become progressively more disillusioned with the deteriorating political situation and the inability of the politicians to solve Greece's problems. Many of them had been transferred from Athens to the provinces in 1964 after George Papandreu became Prime Minister.

3. The spokesman for the coup, General Patakos, told the US Air Attache that the coup was designed "to insure domestic tranquillity, loyalty to the king,

NOTE: This memorandum was produced solely by CIA. It was prepared by the Office of Current Intelligence and coordinated with the Clandestine Services.

DECLASSIFIED
E.O. 12958, Sec. 3.6
NLI 96-308
By CB, NARA Date 9-21-99

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and allegiance to NATO and the West as well as to unify the people" who had been divided by the politicians.

4. The announcement that former Attorney General of the Supreme Court, Constantine Kolias, would be the new Prime Minister with Gen. Spandidakis as his deputy indicates the intention of the junta to attempt a break with the old political figures while maintaining a predominant voice in the government.

5. An unconfirmed press report that elections will still be held on 28 May, as scheduled is a clear attempt to calm public fears of a dictatorship and maintain a business as usual appearance. It is a foregone conclusion, however, that the main opposition elements, the Papandreous now jailed, will play no part in the elections. There is no further word on their fate. There has been no reaction yet from the supporters of the Papandreous or from the far left. They may attempt to start trouble when they recover from their initial shock, but the security forces should be able to maintain order.

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DECLASSIFIED
E.O. 12958, Sec. 3.6
NLJ 97-34
By is, NARA Date 8-26-97

DEPARTMENT OF STATE
ASSISTANT SECRETARY
~~SECRET~~

S/S 6743 121

g am. Rosta

April 21, 1967

TO: The Secretary

THROUGH: S/S SWR

FROM: NEA - Lucius D. Battle LDB

SUBJECT: Situation Report on Greek Political Situation as of 2 p.m.
INFORMATION MEMORANDUM

Shortly after midnight this morning a military group seized power in Athens, arrested the Prime Minister and various party leaders (including George and Andreas Papandreu) and then announced over the Athens radio that the Army had "taken control" of the country. A "royal decree and proclamation" were issued suspending a number of articles of the Constitution pertaining to protection of individual rights, freedom of press, assembly, etc. The reason for the action was given as the "internal threat to the country's public order and security" (In talks with the Embassy air attache, Greek military officers have claimed that the Communists planned to stage a general strike and disorders this forthcoming Saturday.) The consulate general in Thessaloniki reported that the city had been taken over by military forces but as in Athens, there were no disturbances. **Martial law** has been imposed.

According to Embassy Athens, the coup appears to have been staged by middle and lower grade officers, who presented a fait accompli to the King and the military high command. The King's position is still somewhat ambiguous although he reportedly will swear in the new government, he may be under duress, and reportedly his aide de camp had been seized (although later released). A clearer indication of the King's position should be obtained following meeting scheduled for this afternoon (8:00 p.m. Athens time) between the King and Ambassador Talbot.

According to the Athens radio, a new government will be sworn in late this afternoon consisting (up to the present) of the following persons: Prime Minister Constantine Kollias (the prosecutor of the Supreme Court), Deputy Prime Minister and Minister of Defense General Spandidakis (chief of staff of the army), Minister to the Prime Minister, Colonel Papadopoulos (army officer), Minister of Public Order Karabetsos, (former chief of Athens police) and Labor Minister Apostelakos (a former member of Stephanopoulos government). All of the new government members are known conservatives and presumed to be loyal to the King.

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PRESERVATION COPY

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According to the Constitution, the King may suspend the Constitution but must appear before Parliament in 10 days to have it approved; the Embassy notes that there has been no indication the present government leadership intends to do so.

Concerning recognition, since the chief of state remains King Constantine, and the constitution remains (at least up to the present) there is no need for formal recognition on our part.

P.S. I am briefing the
NEA Subcommittee
of Senate Foreign
Relations Committee
and possibly ESO
subcommittee of
House Foreign Affairs
this afternoon.
Luttrell

NEA/CRK:JPWens:mb1
4/21/67

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122

21 April 1967
12:30 AM, EST

MR. PRESIDENT:

Ambassador Talbot, on the basis of limited information, reports from Athens that the Greek Government appears to have been overthrown by a military coup early on the morning of 21 April. The Prime Minister has been arrested as well as other political leaders. The Ambassador has no information yet on the coup instigators but assumes it must have been run by very senior military officers.

White House Situation Room

John J. Murray
Briefing Officer

MARCH 11, 1967 123

Office of the White House Press Secretary
-----THE WHITE HOUSEMESSAGE FROM THE PRESIDENT TO
KING CONSTANTINE OF GREECE

Twenty years ago today, President Harry S. Truman asked the American people to help the Greek nation preserve its freedom. Before a joint session of the Congress, he declared:

"I believe it must be the policy of the United States to support free peoples who are resisting attempted subjugation by armed minorities or by outside pressures."

The message and the program he conveyed on that historic occasion became known as the Truman Doctrine.

In commemoration of that decisive hour, in thanksgiving for his courage and vision, and in celebration of the friendship that endures between our peoples, I extend to you and the citizens of Greece my warm greetings and best wishes. In this I am joined by every American who rejoices that Greece is today free and prospering.

President Truman recognized that the security of the United States was intimately related to that of Greece. He warned our people -- who, like yours, had just emerged from a savage conflict with another terrorist aggression -- that

"We shall not realize our objectives unless we are willing to help free peoples to maintain their free institutions and their national integrity against aggressive movements that seek to impose upon them totalitarian regimes. This is no more than a frank recognition that totalitarian regimes imposed upon free peoples, by direct or indirect aggression, undermine the foundations of international peace and hence the security of the United States."

The American people responded to his call for assistance to a people struggling to be free -- and their decision has affected, not only the security of your great nation, but the security of the world for two decades.

I am aware of the sacrifices made by the Greek people in the past 20 years. I am proud of the fact that throughout that period, the United States and Greece have worked together in close partnership toward common goals. I revere the Greek spirit, that for thousands of years has inspired the world, and that has taught men to cherish freedom above all else in life.

Today we mark a moment in man's long quest for freedom. I salute you and your people on this proud anniversary, and I look forward to a future of continued friendship and cooperation between our nations.

#

Mr. Rostow *Mecca*
F
S
124

January 16, 1967

MEMORANDUM FOR BESS ABELL

My soundings on Princess Irene show Labouisse non-committal and the fullest insight from the State escort officer who has been with her since she arrived.

He reports her to be shy, withdrawn and not confident. When he broached the idea of a dinner dance, her first reaction was, "But I don't do the Watusi." She does like dancing, however, and told him she often stays up till 2:00 a. m. in the palace dancing--but mostly with people she knows well.

That seems to be the key. She likes this sort of social activity but really only relaxes and enjoys herself when she is with people she knows well or can feel at home with. Her own comment ("many friends") quoted in the attached Times story tends to bear this out.

Against this, you can weigh the fact that the Greeks will be pleased by the invitation. Under these circumstances, a lunch might be more awkward because at least an evening affair is long enough to let her get into the swing of things and the dancing provides something to do.

On top of this is the fact that, after you called State Friday, the escort officer raised the question of a dinner dance directly with the Princess.

On dates, she countered with the idea of a dinner dance 17 February or a lunch on 11 February. She has been invited to a concert by Eugene Ormandy on the 11th and would rather not break that date.

The conclusion of everyone I've sounded is that a dinner dance would work; this may not be the ideal candidate for it but she'll be pleased.

Hal Saunders

Irene of Greece on Informal Visit

*Princess, a Pianist,
Is Hearing Music
in 17 U.S. Cities*

By STEPHEN R. CONN

"SHE'S here as a musician," said Gina Bachauer, the Greek pianist, glancing toward her student, a tall, slender young woman making her way through the receiving line in the Board Room of Philharmonic Hall this week.

The young woman in question is actually better known as a princess—Irene of Greece—but if she had not been born into a royal family 24 years ago, she might be playing the piano professionally today.

The 5-foot 7-inch Princess leaves New York today, having completed the first stop of a five-week music tour that will take her to 16 other cities around the nation. She will attend about 25 concerts or rehearsals.

The tour, which ends when Princess Irene flies back to Greece from New York on Feb. 19, is at the invitation of Lincoln Center for the Performing Arts, with coordination by the State Department.

"We've never arranged a tour like this for anyone," said a spokesman for Lincoln Center, "but then there aren't many important people or royalty who have the tremendous interest and musical ability of the Princess.

"She inherited her father's musically and his beautiful hands—big and supple," said Miss Bachauer, who instructed Princess Irene and her father, the late King Paul, in the piano.

Until Queen Anne-Marie, wife of the Princess's 26-year-old brother, King Constantine, gave birth to a daughter, Alexia, on June 13, 1965, Irene was first in line for the Greek crown.

"I've always loved music," said the brown-eyed Princess, who sees her tour as an opportunity to "visit some musical activities and learn some of their tricks."

While in New York, she at-



The New York Times (by Arthur Brower)

Princess Irene of Greece

tended rehearsals, receptions and dinner parties at, among other places, the Metropolitan Opera House, Philharmonic Hall, the New York City Ballet, the New York State Theater and the Juilliard School.

This is the Princess's second visit here. Three years ago she accompanied her mother, Queen Mother Frederika, who had come to receive an honorary degree from Columbia University.

Apart from music, the Princess is keenly interested in archeology. "You can't help it at home," she said in her fluent English. "Wherever you go there are archeological finds."

She also likes discotheques.

"They're fun when you go with many friends," she said.

But she doesn't care for miniskirts. Like her mother and her 28-year-old sister, Princess Sophia, she gets most of her below-the-knee dresses from Jean Dessès, the Greek-born designer. (Sophia is the wife of Prince Juan Carlos de Borbon, son of Don Juan, pretender to the Spanish throne.)

"But this is Spanish," said the unpretentious Princess, referring to her pink tweed suit with buttons on the cuffs.

"The buttons pretend to be gold," she said, flashing her wide smile, "but I don't think it fools anyone."

THE WHITE HOUSE
WASHINGTON

1246
file
January 9, 1967

WWR: ✓

Several weeks ago Lynda Bird asked you to get word to Princess Irene of Greece that she would very much like to see the Princess while she is in the United States. You sent a note to Phil Talbot who passed this word along.

The Princess will arrive in Washington Sunday morning February 12 and will remain here until the morning of February 15.

Ambassador Matsas will host a dinner for the Princess but would obviously defer his timing to anything that Lynda wanted to do. The Vice President also considered a dinner for her, but according to State has, at least temporarily, stepped aside.

I don't know whether you want to relay this information to Lynda directly or through Bess Abell, but whatever channel you use the attached memo will give you a base to work from.


Hal Saunders

Mr. Rostow

file 124c

January 9, 1967

MEMORANDUM FOR BESS ABELL

Several weeks ago Lynda Bird asked me to get word to Princess Irene of Greece that she would very much like to see the Princess while she is in the United States.

The Princess arrived in New York yesterday to begin a long tour of the United States which will bring her to Washington the morning of February 12. She will leave here the morning of February 15.

Greek Ambassador Matsas is planning a dinner for her but does not wish to set a date that would interfere with anything that Lynda would like to do. The Vice President was for a time considering entertaining the Princess, but has apparently stepped aside for the moment. The only other function scheduled for the Princess in Washington is an afternoon function for the General Federation of Women's Clubs at a time still to be determined.

I wonder if you could put this information to Lynda so that we can decide what she would like to do. Other people's plans are now materializing, and it would help to have Lynda's desires known.

Because the Princess is here largely on a private cultural tour, the State Department rather than the Greek Embassy is arranging her schedule, so I would suggest that either you or I ought to rely on Mr. Dan Brewster (182:3095) for scheduling Lynda's time with the Princess.

W. W. Rostow



DEPARTMENT OF STATE
WASHINGTON

January 6, 1967

42
124-d
Wriggins 1/7

MEMORANDUM FOR MR. WALT W. ROSTOW
THE WHITE HOUSE

Subject: Visit of Princess Irene of Greece

In response to the request of Mr. Wriggins concerning the interest of Miss Lynda Bird Johnson in the visit of Princess Irene of Greece to the United States, the following information relating to the visit is provided:

The Princess will arrive in New York January 8 via Olympic airlines. Following a week's stay in New York, she will make a swing around the country. The Princess will arrive in Washington February 12 via American Airlines flight 517 at 10:50 a.m. and remain until the morning of February 15, when she will leave for New York. Her Highness is scheduled to depart for Greece on February 19.

We have been informed that the Vice President is planning a dinner in honor of the Princess on either the 13th or 14th of February. In addition, the Greek Ambassador also plans a dinner for the Princess, to which he would like to invite Miss Johnson. The Ambassador is waiting for the Vice President to make his choice of evenings, following which he will plan his own dinner for the remaining evening.

Miss Johnson has indicated that she would like to see the Princess at some point during her stay in Washington. Other than the two dinners mentioned above, the only other activity scheduled for the Princess in Washington is an afternoon function with the General Federation of Women's Clubs at a time to be determined.

Understand from State that this is no longer true. HHS.

Samuel Walker
Benjamin H. Read
Executive Secretary

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ROSTOW'S OFFICE

1967 JAN 7 AM 9 33



EMBASSY OF THE
UNITED STATES OF AMERICA

Athens, Greece

January 4, 1967

The Honorable
W. W. Rostow
Special Assistant
to the President
The White House

Dear Walt:

I have passed on to Princess Irene the message that Lynda Bird Johnson would be delighted to see her. I understand from Mme. Karolou, the Lady-in-Waiting responsible for her arrangements, that Princess Irene is very pleased at the prospect. Since the Greek Embassy in Washington is arranging the Princess' schedule in Washington, something convenient to all parties could be worked out through the Embassy.

With best wishes for 1967,

Yours sincerely,

Phillips Talbot
Ambassador


*Cy to Mrs. Asell
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Mr. Saunders
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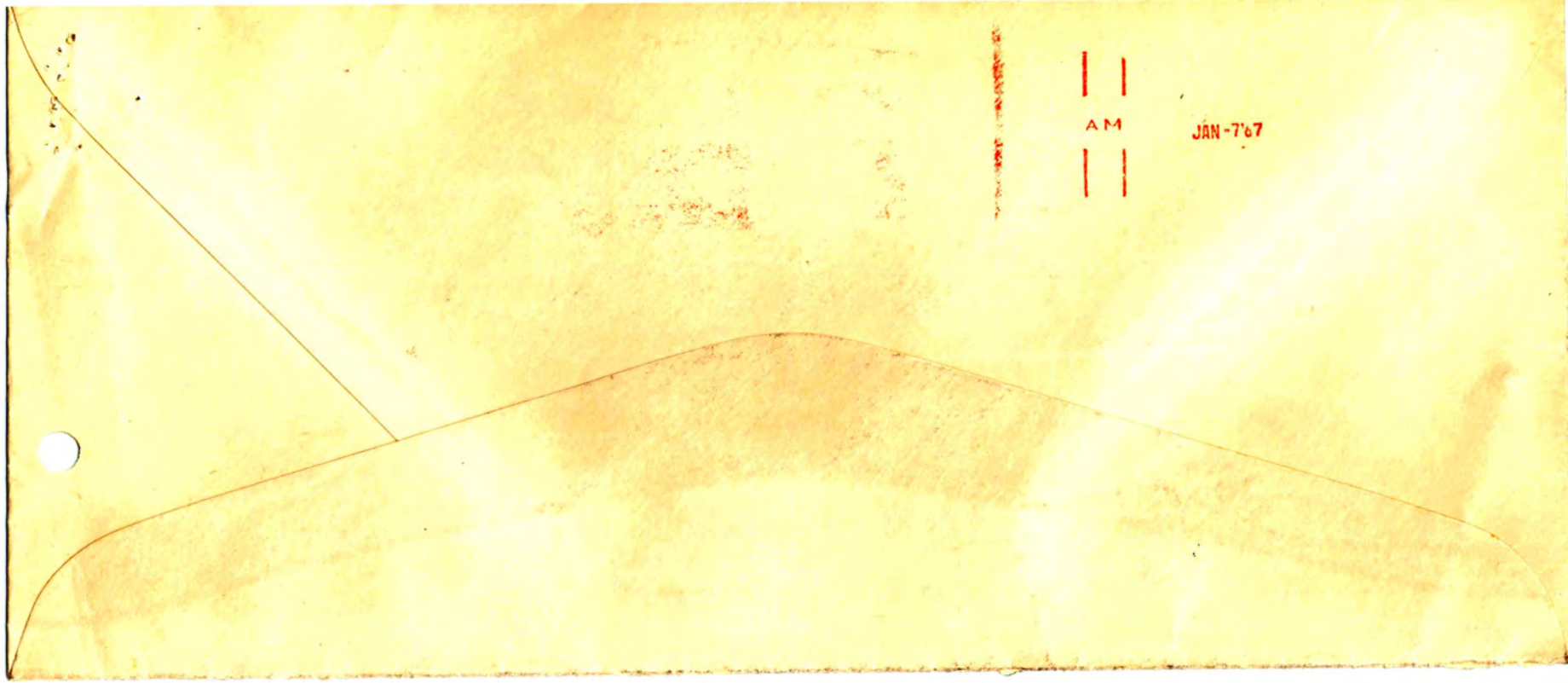
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EMBASSY OF THE
UNITED STATES OF AMERICA

Athens, Greece



The Honorable
W. W. Rostow
Special Assistant
to the President
The White House





EMBASSY OF THE
UNITED STATES OF AMERICA

Athens, Greece

December 21, 1966

The Honorable
W. W. Rostow
Special Assistant
to the President
The White House

Dear Walt:

Princess Irene is due to return to Greece in a few days after a lengthy visit to India. I'll be glad to pass on the word that Linda Bird Johnson will be delighted to see her while she is in the United States. To keep the channel informal, I'll pass her response to you.

With best wishes,

Yours sincerely,

A handwritten signature in cursive script, appearing to read "Phil".

Phillips Talbot
Ambassador

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CC. Ben Akell
done
12/26/66
rhw

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

December 20, 1966

TO: W. W. Rostow

FROM: Howard Wriggins

SUBJECT: Resignation of Present Greek Government

The Greek desk at State has just informed me that Kanelopulos, head of ERE (the party holding 95 of 152 seats in Parliament) is withdrawing support from the Government. The Prime Minister Stephanopolous is tendering his resignation, to be effective tomorrow.

Tactically this is unexpected. Most observers assumed the Government would last at least through the Christmas holidays, though no one was placing bets on its longevity much beyond that.

We will have something on the possible significance of this in a day or two.

NATIONAL SECURITY COUNCIL

November 11, 1966

Walt,

The summary of the attached memo on Greek internal politics would be worth scanning before you see Phil Talbot on Tuesday or Thursday of next week.


Howard Wriggins

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CONTROLLED DISSEM

U.S. DEPARTMENT OF STATE

DIRECTOR OF INTELLIGENCE AND RESEARCH

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N. S. C.

Nov 10 10 17 AM '66

RNA-59, November 8, 1966

Research
Memorandum

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TAYLOR
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To : The Secretary
Through: S/S
From : INR - Thomas L. Hughes *Thomas L. Hughes*
Subject: Clouds on the Greek Political Horizon

The political stalemate in Greece entered its second year this past summer. The government of Prime Minister Stephanopoulos, which is kept in power by conservative support, continues to face heavy pressure for early elections from former Prime Minister Papandreou's Center Union. Parliament is expected to reconvene November 12, and the political factions and parties are already jockeying for political advantage. At the same time, a consensus may be developing among the politicians in favor of a change of government that might break the political impasse. This paper examines the prospects for such a change and assesses various alternatives.

ABSTRACT

The political stalemate that has existed in Greece since George Papandreou's resignation as Prime Minister in July 1965 has entered a more tempestuous phase in recent weeks. The furor has increased following the publication of the report concerning the activities of ASPIDA, a clandestine group of army officers who allegedly aimed at overthrowing the monarchy. Several politicians were also implicated, including Andreas Papandreou, the controversial son of the former Prime Minister who aspires to succeed his father as Center Union party leader, as well as three members of the Stephanopoulos cabinet. Although the ASPIDA affair as such is not likely to have cataclysmic effect on the political scene, it has accentuated existing political cleavages and renders more difficult the resolution of the political impasse.

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DECLASSIFIED
E.O. 12958, Sec. 3.6
NLJ 96-306

By jis, NARA Date 6-24-97

GROUP 1
EXCLUDED FROM AUTOMATIC
DOWNGRADING AND
DECLASSIFICATION

The Stephanopoulos government, which assumed office in September 1965, has been kept in power by the support of the two conservative parties. It has only 48 deputies of its own (all of whom are defectors from the Center Union) out of 300 in Parliament. In essence, it has conducted a holding operation until elections can be held without their resulting in a victory for the elder Papandreou's Center Union forces, which hold 121 seats in Parliament. The Center Union advocates early elections as the only means of resolving the political impasse and is convinced that it has retained the 53 per cent of the popular vote it won in the 1964 elections; in particular, the conservative Center Union politicians would favor early elections before Andreas Papandreou could obtain additional electoral support. (Andreas himself, however, may need more time to improve his position within the party and to campaign for increased support in the countryside.)

Kanellopoulos, the moderate leader of the major conservative party, the National Radical Union (ERE), also appears to favor early elections in the belief that the conservatives would regain most of the votes they lost to the Center Union in 1964. However, ERE's ultra-conservative wing insists on delaying elections; the ERE hard-liners fear that early elections would favor the Center Union and hope that former ERE leader and ex-Prime Minister Karamanlis will have returned to take over the party before elections become mandatory by February 1968.

The pro-Communist United Democratic Left (EDA) remains hopeful that the disarray of the Center Union will result in further splits and that the numerous left-of-center, anti-monarchist "protest" voters might swing over to

- iii -

EDA if their base in the center camp is eroded by intra-party tensions and factionalism. Because of its demonstrated weakness at the polls, EDA advocates the formation of a "Popular Front" with the Center Union, though George Papandreou has rejected cooperation with either the left or the right. EDA publicly endorses the elder Papandreou's advocacy of early elections, but probably would welcome a continuation of the political impasse, hoping that it would hasten the fragmentation of the Center Union. However, as long as Papandreou manages to hold his forces together, EDA is not likely significantly to increase its share of the popular vote over the 12 per cent it won in 1964.

The Palace, for its part, apparently hopes that Stephanopoulos will be able to secure additional defectors from the Center Union and thereby avoid elections until Parliament's term expires in 1968. Because the government is not likely to obtain additional support from center deputies sufficient to strengthen significantly its position in Parliament, Stephanopoulos may be willing to back an ERE government or to agree to some other coalition arrangement. These alternatives would constitute more reshuffles of existing political elements, not a broadening of the government's parliamentary base.

Postponement of elections until 1968 might further strengthen republican sentiment. To forestall this, the King would have to work out a compromise with George Papandreou that would prevent the polarization of the political scene over the issue of the monarchy. The King does not seem to read his prospects this way, however, for despite the reappearance of the monarchical issue during the past year, he appears prepared to endeavor to form a new coalition of center and rightist elements on grounds that a resurgence of the Center Union under the Papandreous might be more dangerous than a continuation of the status quo.

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In the continuing stalemate and the present acrimonious atmosphere in Greece, there are three possible developments: (1) the disintegration of the two major political combinations -- the center and the right -- to which the proportional representation system that the government has advocated for the next elections would contribute; (2) the formation of a rightist "National Front" of anti-Papandreou elements to oppose the alleged EDA-Center Union "Popular Front" in elections conducted under a majority system of voting, and (3) the suspension of certain constitutional provisions and the installation of a government of the Palace's choice.

Although the Stephanopoulos government has remained in office longer than had been anticipated, the Greek political scene appears destined for continued or perhaps increased political controversy. This controversy could eventually lead to a major political upheaval, and, in the shorter terms, there could be further political fragmentation and a sharper polarization between left and right. Moreover, the imposition of an authoritarian regime as a means of restoring political order cannot be entirely excluded. The alternative to such general deterioration appears to be the preservation of party unity within the two major political groupings, but the essential condition -- a reconciliation between the Center Union and the Palace -- appears unlikely, given Andreas Papandreou's criticism of the King and the determination of the Palace to prevent the assumption of power by any leader intent upon restricting royal prerogatives. A more likely denouement than the emergence of authoritarianism or the preservation of party unity is continued political fragmentation and a succession of makeshift coalition cabinets. Out

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CONTROLLED DISSEM

- v -

of these coalitions, however, may emerge new alignments and the leadership necessary to revitalize Greece's political institutions without the potential for civil strife inherent in intensified bipolarity.

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CONTROLLED DISSEM

The Current Political Scene

Greece has been in a state of political ferment ever since George Papandreou resigned as Prime Minister in mid-July 1965. The Stephanopoulos government, which assumed office in September 1965 after the failure of three earlier attempts by the Palace to put together a viable cabinet, has only 48 deputies of its own out of 300 in Parliament. It has been kept in office by the combined support of the two conservative parties, the National Radical Union (ERE) with 99 deputies and the Progressive Party (KP) with 9 deputies. It has thus only a slim majority in Parliament. The Stephanopoulos cabinet consists of 32 defectors from the Center Union and two watchdogs from the supporting conservative parties. In essence, it has conducted a holding operation pending the time elections can be held without the likelihood of their resulting in a victory for Papandreou's Center Union forces, which hold 121 seats in Parliament.*

Fear of Papandreou's return to power has induced the conservative parties to continue their support of the Stephanopoulos government. As a result, Stephanopoulos has remained in office longer than had been anticipated, but his government remains caught between the demands of his conservative supporters, on the one hand, and the opposition of the Center Union deputies on the other. Adding to the uneasy stalemate is the rise to political prominence of Andreas Papandreou, the controversial son of the former Prime Minister who aspires to the leadership of the Center Union. Chairman of the Department of Economics at the University of California before his return to Greece in 1961, Andreas entered politics early in 1964. He has introduced a free-swinging style of political action to Greece which is a mix of currently popular issues and traditional Greek demagoguery. Thus he has questioned the role of the monarchy in Greek politics and has taken King Constantine to task for his alleged inclination to go beyond the bounds of a constitutional monarchy. Andreas also has made an issue of alleged American "interference" in Greek politics. He has appealed to the electorate for a more equitable distribution of national income and attacked the "moneyed class"; his efforts as Co-Minister of Coordination in his father's cabinet to carry out economic reforms have won him a measure of peasant and labor support, as well as the ire of the conservative politicians who have accused Andreas of being a crypto-Communist.

The Issue of Elections

The timing of the next elections has been a major political issue ever since Papandreou's resignation in 1965. Kanellopoulos, the moderate leader of ERE, favors early elections, either this fall or next spring at the latest, since he believes that many of the more moderate and conservative Center Union supporters have become disillusioned with George Papandreou's leadership of the party. The ERE hard-liners, however, who exercise

* RNA-23 of March 30, 1966, "The Political Stalemate in Greece," (SECRET/NO FOREIGN DISSEM/CONTROLLED DISSEM) assessed Stephanopoulos' first six months in office.

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considerable influence over the Palace, favor delaying elections until the term of the present Parliament expires in February 1968. They fear that early elections would help Andreas Papandreou and hope that by 1968, former ERE leader Karamanlis will have returned from his self-imposed exile in Western Europe to resume the leadership of the party, a reflection of their lack of confidence in Kanellopoulos.

The Center Union leadership maintains that early elections are the only way to prevent further political polarization between left and right and the loss of public confidence in Greece's parliamentary institutions. The political stalemate, for which the Center Union blames primarily the Palace, has revived the fundamental issue of monarchy versus republic, which had been dormant since the plebiscite of 1946. The more conservative Center Union politicians also favor early elections in the hope that they would consolidate the party before Andreas Papandreou is able to obtain additional electoral support and achieve his objective of taking over party leadership when his father withdraws from the scene. The Center Union forces themselves, however, are not agreed on election strategy. George Papandreou appears confident that his party has retained the 53 per cent of the popular vote that it won in the last elections. Nevertheless, intra-party tensions and growing factionalism make many of his followers dubious about their political prospects. Moreover, Andreas himself probably is not eager to have early elections as he may need more time to improve his position within the party and to campaign in the countryside for increased support.

The pro-Communist United Democratic Left (EDA), whose popular vote in the 8 elections since 1946 has averaged about 11 to 13 per cent, also faces difficulties over the election issue.* As long as George Papandreou manages to hold his Center Union forces together, EDA is not likely significantly to increase its share of the popular vote over the 12 per cent that it won in 1964. Because of its demonstrated weakness at the polls, EDA has publicly advocated an alliance with the Center Union. The Communist effort to form a "popular front," and thereby to capitalize on the Papandreous' voter appeal, has led to charges by his opponents that Andreas Papandreou has made a secret agreement with the Communists. Andreas, for his part, has not taken a public position in favor of a "popular front," nor has he denounced cooperation with EDA. His father, however, has reiterated his earlier position that Center Union policy excludes political alliances with either the left or the right.

EDA remains hopeful that the disarray of the Center Union will result in further splits and that the left-of-center, anti-monarchist "protest" voters, who may number as much as 20-30 per cent of the electorate, might be obliged to swing to the extreme left and vote for EDA candidates in the

* RNA-62 of November 22, 1965, "Communist Aims and Tactics in the Present Greek political Crisis" (SECRET/NO FOREIGN DISSEM/CONTROLLED DISSEM), examined the effect of Papandreou's resignation on EDA's political prospects.

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next elections if they find no political comfort in the Center camp. The rightists consistently have maintained that the left-of-center voters actually "belong" to EDA and that they have been used by the Communists in tactical support of Papandreou's Center Union since 1961. In a reversal of earlier policy, EDA has recently declared that its candidates will run in all electoral districts, which probably indicates either that the Communists believe that a "popular front" is no longer possible or that they have gained sufficient respectability by supporting the Papandreous' political line during the past year to run on their own ticket throughout the country in the next elections. Publicly, EDA still endorses Papandreou's position in favor of early elections, but it probably would welcome a prolongation of the political impasse, hoping that it would hasten the fragmentation of the Center Union.

King Constantine apparently hopes that the Stephanopoulos government will be able to secure additional defectors from the Center Union and thereby avoid elections until they become mandatory by February 1968. Stephanopoulos, however, is not likely to obtain significant additional support from Center deputies and may, therefore, be willing to back another arrangement, such as an ERE government under Kanellopoulos or a coalition government either under Markezinis, the leader of the small, conservative Progressive Party or Pipinelis, an ERE deputy and former interim Prime Minister who is close to the Palace. None of these alternatives would significantly broaden the government's slim parliamentary base as they would constitute merely variations of existing political alignments. If additional Center Union deputies could be persuaded to support and participate in a coalition, the Center Union "rump" would remain, and the chances that it might fall under Andreas Papandreou's domination probably would increase.

Postponement of elections until early 1968 might confront the Palace with a further strengthening of republican sentiment. Conceivably the Palace, therefore, might eventually be willing to work out an arrangement with George Papandreou that would prevent the polarization of the political scene over the issue of the monarchy. However, it is more likely that the Palace will endeavor, with Stephanopoulos' cooperation, to form a new coalition of center and rightist elements on grounds that a resurgence of the Center Union under the Papandreous might be more dangerous than a continuation of the status quo.

The Issue of the Monarchy

In recent years, disapproval of the Palace's political activities appears to have increased in both rightist and centrist circles.* The forced resignation of Prime Minister Karamanlis in June 1963, and particularly the resignation of Papandreou in July 1965, in the midst of a

* The political role of the monarchy was analyzed in RNA-28, "The Position of the Monarchy in Greece," September 25, 1964 (CONFIDENTIAL/NO FOREIGN DISSEM).

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controversy with the Palace over the control of the armed forces, have tended to accentuate popular misgivings about the political involvement of the Palace and have raised the broader question of the future of Greece's parliamentary institutions.

During the past year, the question of who holds power -- the elected Prime Minister or the hereditary King -- has become a significant issue in Greek politics. While this so-called "regime question" has not been clearly stated in terms of republicans versus monarchists, the Papandreous have challenged the Palace's propensity for direct political involvement in the name of stability and anti-communism. Andreas has carried this issue much further than his father, indeed even further than the communist leaders. He has gone so far as to say that there can be no dictatorship in Greece without the approval of the King and that if a dictatorship were permitted, then the Palace itself would be raising the "regime question." A significant aspect of the seeming increase in anti-monarchist sentiment is that the liberals and even many of the moderate rightists may not be inclined to accept indefinitely the Palace's interpretation of the Constitution by which the King both reigns and rules.

Possible Developments over the Short Term

In the normally tempestuous course of Greek politics, the political impasse could bring about the resignation of the Stephanopoulos government at any time (ERE leader Kanellopoulos has indicated readiness to withdraw his support). If the government falls, either ERE or the plurality party, the Center Union, would expect to receive the mandate from the Palace to form a new government. If neither party received a vote of confidence Parliament would be dissolved, and elections would be held within 45 days, in accordance with the Constitution. Such a development, in the present political atmosphere in Greece, is improbable. Moreover, political tensions have been increased in recent weeks by the ASPIDA affair.*

The report covering the 15-month investigation of ASPIDA, a secret, pro-Center Union military organization formed during George Papandreou's tenure of office as Prime Minister, was released to the public on October 1. Although much of the evidence appears to be circumstantial and inconclusive, the report seems to have lent substance to allegations made during the past year and a half that ASPIDA's main strength was in the Greek Intelligence Service and that Andreas Papandreou was in contact with the ASPIDA officers whose trial by court martial is scheduled to begin November 14. The report

* RNA-54 of October 14, 1966, "The ASPIDA Affair in Greek Politics" (SECRET/NO FOREIGN DISSEM/CONTROLLED DISSEM), examined the charges and evidence in connection with this case and assessed its possible impact on the political scene. The background and nature of the politico-military relationship was analyzed by RNA-34, "Palace, Praetorians, and Politicos in Greece," July 13, 1965 (SECRET/NO FOREIGN DISSEM).

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also implicates other Center Union politicians, including three members of Stephanopoulos' cabinet. Prime Minister Stephanopoulos would be loath to lose any of the ministers named in the report and would have difficulty replacing them with additional Center Union defectors. He may, therefore, seek to delay forthcoming investigation of the civilian role in ASPIDA. The Palace itself has a stake in the trial of the army officers and the investigation of the civilians: the King had based his case against George Papandreou in July 1965 largely on ASPIDA's alleged threat to the monarchy and on the assumption that Andreas Papandreou was the organization's leader. The Papandreous, on their part, already have begun to probe vigorously the weaknesses of the case. If they can make it believable that the charges were trumped-up, the monarchy's prestige would suffer. Should the subsequent investigations and trials be unconvincing, Andreas may be able to exploit the case to broaden his popular support and consolidate his position within the Center Union. It is also possible, however, that the ASPIDA affair will leave serious doubts in the minds of the more conservative Center Union voters and further split the party. Thus, while the ASPIDA case as such is not likely to have a cataclysmic effect on the political scene, it probably will accentuate existing cleavages and render more difficult the resolution of the political stalemate. The fact that conventional methods of resolving this impasse are not likely to be employed raises the question of possible alternatives. Three disturbing eventualities are discernible:

(1) Resurgent Factionalism -- Tensions within both ERE and the Center Union are likely to increase after Parliament reconvenes November 12. ERE leader Kanellopoulos and his supporters already have found themselves in opposition to the ultra-conservative elements within the party who believe that political stability can sustain only a limited measure of democracy and requires as well an active monarch. Within the Center Union, both Papandreous are at odds with the more conservative elements who are believed to advocate a policy of reconciliation with the Palace. There is also the question of the leadership of the Center Union as the elder Papandreou fades from the political scene. Andreas appears to have the lead in the struggle to succeed his father which brings him into opposition with the followers of the more conservative centrist, George Mavros.

These intra-party tensions could result in increased political fragmentation within the right and the center. A proportional representation electoral system, which the Stephanopoulos government so far has advocated for the next elections and which would tend to lessen the dependence of a candidate for Parliament on party unity, would aggravate the possibilities of fragmentation. Although the Palace, by exploiting political factionalism, may hope in time to counter the growth of republicanism, the Communists would derive the most immediate benefits if the major parties splintered. In the present Greek political structure, in which the center and the right can compete with each other for power, the Communists have had little chance to form alliances with various respectable political factions, and their efforts to win significant popular support so far have been held in check. A

fragmented political environment, on the other hand, would deprive the left-of-center voters of their party base in the Center Union and push them toward EDA.

(2) Political Polarization -- There is currently under way an effort on the part of the ultra-conservatives to form a "National Front" that could oppose the alleged EDA-Center Union "Popular Front" in elections conducted under an electoral law based on a majority system of voting. This system, in effect, would permit only two tickets to compete effectively. The National Front-Popular Front dichotomy probably would deprive the Communists of the opportunity to elect their own deputies, but might oblige them to come to terms with and support individual Center Union candidates. This support might alarm the more conservative center elements, and they could feel compelled to vote for the "National Front." A precedent for an effort to form a National Front was established during the 1956 elections, when Prime Minister Karamanlis obtained passage of an electoral law that was designed to favor ERE to such a degree that all the principal opposition parties were compelled to run on a "Democratic Union" ticket. The National Front won 47 per cent of the popular vote and a majority in Parliament in 1956, but a similar combination might not do so well in the next elections even under an electoral law intended to favor it.

In theory, the National Front would involve a political alliance of ERE, the Progressive Party, and the Stephanopoulos group that would stand in opposition to Papandreou's Center Union forces, presumably supported by EDA. ERE's most influential newspaper, Kathimerini, supports such an alliance, but Kanellopoulos has denounced the left-right polarization that would result. Behind his denunciation is the fact that Kanellopoulos is a moderate rightist whose political future would be endangered by the formation of a National Front which presumably would require a leader with a "strong man" image like that of Karamanlis. In fact, it is conceivable that Karamanlis could be induced to return from Europe by an offer to head a National Front.

Given the apparent confidence of the Center Union that it has retained its previous 53 per cent of the popular vote, cooperation with EDA during the elections appears doubtful. As a result, EDA probably would either have to run candidates on its own ticket with the expectation of attracting a substantial number of left-of-center voters or come to terms with political realities and support individual candidates running on the Center Union ticket. The National Front, on its part, would expect to regain the approximately 15 per cent of the voters that ERE lost to the Center Union in the elections of 1963 and 1964. The outcome of these left-right combinations is not certain. If ERE recovered control of Parliament, a stable government might emerge, but political tensions would continue. The center political forces probably would disintegrate, and the Communists might stand to make gains among the disenchanted center voters. A Center Union election victory, however, would pose a dilemma for the Palace, and it is not clear whether the Palace and the army would accept a government that would be committed to restricting their influence.

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(3) Authoritarianism -- The King appears to have become increasingly concerned that the present political situation may be allowing the Center Union to gain strength. He reportedly is considering possible alternative combinations which would replace the Stephanopoulos government and which could prepare the ground, over a period of several months, for elections in such a way as to prevent the Center Union from regaining power. To this end, it might prove necessary for the interim government to adopt a "weighted" electoral law. If Parliament would not approve an interim cabinet for an extended period, the Palace might be inclined toward a "non-parliamentary" solution -- the dissolution of Parliament and the installation of a government of its own choice. While the King is reliably reported opposed in principle to an extra-parliamentary solution, he apparently feels compelled, on a contingency basis, to consider the possibility of an emergency situation that might render such a course necessary. It is also reported that if the King became convinced that the elections would be won by the Center Union under the domination of Andreas Papandreou or would result in a government dependent upon EDA support, he would declare an emergency and install a dictatorship before the elections could take place. Setting aside the election results and the installation of a government of the Palace's choice has happened before in Greece. In 1915, King Constantine's refusal to give the victorious Eleftherios Venizelos the mandate to form a government led to the Liberal revolt of 1916 and the establishment of a second Greek government in Thessaloniki. (The King subsequently was dethroned and a republic declared in 1922 which lasted until 1935.) Again in 1936, King George II dissolved Parliament and proclaimed martial law, an action he justified by the Communist threat, and permitted Prime Minister Metaxas to install a dictatorship. This development drove the Communists and the non-Communist republicans underground where the resistance to General Metaxas developed into the Communist-controlled National Liberation Front (EAM) during the war which paved the way for the post-war Communist insurgency.

Outlook

Although the Stephanopoulos government has remained in office longer than was anticipated, the clouds over the Greek political scene portend continued or perhaps increased political controversy. Over the longer term, this controversy could lead to a major political upheaval, and, in the shorter term, there could be further political fragmentation and a more sharply defined polarization between left and right. Nor can the imposition of an authoritarian regime to break the present impasse be entirely excluded. The alternative appears to be the preservation of party unity within the two major political groupings -- the center and the right. Particularly important is the continued viability of the Center Union, which is itself a more fragile coalition than the ERE combination. This, in turn, is contingent upon a reconciliation between the elder Papandreou and the Palace by which the Palace would cease its attempts to fragment the Center Union, and the Center, on its part, would no longer rely on the monarchical issue

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as the means to return to power. This prospect, however, remains unlikely, given Andreas Papandreou's stance on the monarchical issue and the apparent determination of the Palace to prevent the assumption of power by any leader intent upon restricting the royal prerogatives.

The most likely denouement is continued political fragmentation and the resultant succession of patchwork coalition governments under a string of relatively ineffective Prime Ministers. Out of these combinations, however, may emerge new alignments and the rejuvenated leadership that is needed to revitalize Greece's political institutions without the potential for civil strife inherent in intensified bipolarity or a return to authoritarianism. The principal leaders have all declared themselves against an imposed regime, and the international climate and Greece's ties with the West are not conducive to the imposition of a dictatorship, however temporary. The army leadership, which remains responsive to the Crown, would be likely to move against parliamentary institutions only in the context of a clear and present danger from the Communists. In the 17 years since the suppression of the insurgency, Communism has been contained, and Greece's socio-economic framework is fundamentally sound. Moreover, there are indications that the elder Papandreou may be moving toward a moderation of his position, although Andreas may try to block an accommodation between the Center Union and the Palace on grounds that it would merely postpone the inevitable showdown on the issue of the monarchy. Nevertheless, the process of relaxing political tensions may be able to get under way once the furor over the ASPIDA affair dies down.

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28 October 1966

SC No. 00793/66B

Copy No. 1

CURRENT INTELLIGENCE WEEKLY SPECIAL REPORT

THE GREEK POLITICAL SCENE ON EVE OF PARLIAMENTARY SESSION

CENTRAL INTELLIGENCE AGENCY
DIRECTORATE OF INTELLIGENCE

DECLASSIFIED
E.O. 12958, Sec. 3.6
NLJ 96-308

By CB, NARA Date 9-21-99

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THE GREEK POLITICAL SCENE ON EVE OF PARLIAMENTARY SESSION

The uneasy calm that has characterized the Greek political scene since early last summer probably will soon end. Parliament is scheduled to open on 12 November and the atmosphere has been heated by the recent publication of the so-called ASPIDA report which accuses a number of military officers and politicians of political activity in the army, intelligence, and security forces.

The present "palace" government of Premier Stephan Stephanopoulos, a motley assortment of former Center Union (EK) followers of ex-premier George Papandreou, is supported by the National Radical Union and Pro-gressive parties. Its precarious balance is preserved mainly by a "unity of fear" of the Papandreou popularity with the electorate. With the backing of the crypto-Communist United Democratic Left, Papandreou continues to demand new elections, while his controversial son Andreas continues to exploit the Papandreous' differences with the royal family in his own efforts to take over the EK.

The King prefers to delay elections as long as possible, although he may be forced to agree to them some time in 1967. The Stephanopoulos faction probably will not emerge from an election with a workable parliamentary base.

Background

Following the ravages of World War II and the guerrilla war against the Communists (1947-49), Greece experienced over a decade of unusual political and governmental stability. In 1952 the Greek Rally--a consolidation of a multitude of conservative parties--took power. In 1956 the rally was reorganized into the present National Radical Union (ERE) party and in the election of that year Constantine Karamanlis was swept to power. In the

early 1960s Karamanlis' popular image was tarnished by EK charges that he was using police tactics. Finally, a quarrel with the palace led to Karamanlis' resignation in the summer of 1963, and to the assumption of power by George Papandreou. In the new elections in February 1964 Papandreou's EK party received 53 percent of the popular vote, the first clear electoral majority in postwar Greece.

The EK emerged as a viable if somewhat loosely organized

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Principals in Greek Political Crisis



KING CONSTANTINE



Prime Minister STEPHANOPOULOS



**Former Prime Minister
GEORGE PAPANDREOU**



ANDREAS PAPANDREOU

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non-Communist alternative to the conservative ERE. Its influence soon began to spread under the leadership of the popular Papandreou, an articulate and eloquent figure whose political sympathies historically had swung between the left-of-center and the right.

In early 1965 Papandreou began to encounter serious difficulties with his policies. King Constantine, the 26-year-old monarch brought to the throne by his father's death the previous spring, was becoming increasingly concerned with Premier Papandreou's attempts to "democratize" the normally tradition-bound and conservative army, intelligence, and security forces by placing EK supporters in key positions. He was especially irate over the premier's intentions to assume the defense ministry portfolio, charging that Papandreou was doing so to cover up the political shenanigans of his son. Andreas Papandreou had been implicated in ASPIDA, allegedly a secret, pro-EK, and antipalace organization of military officers.

A confrontation between the King and Papandreou in July 1965 led to the premier's resignation and the ensuing government crisis. Today, it is doubtful that a peaceful reconciliation between the adversaries is possible. Instead, the EK may split beyond repair, with the forces of left and right exploiting their respective republican and promonarchy sentiments regardless of the harm to their country.

The "Meddling" Monarchists

The confrontation between the King and Papandreou has raised the issue of the role of the monarchy in the country's political affairs. This same theme is likely to be the most important issue in the next elections. Historically, the monarchy has had its share of difficulties, having been banished three times in this century alone. King Constantine risked the same fate by maneuvering Papandreou out. His action led to charges from the Papandreou faction, and the crypto-Communist United Democratic Left (EDA), that Constantine acted unconstitutionally by trying to rule rather than reign.

The King appears sincerely to believe that the Papandreous, particularly Andreas, represent a threat to the country's Western orientation and to his own future. He has so far been unwilling to compromise with the former premier, and may even be willing to risk the consequences of a dictatorship if the Papandreou power is not curbed.

Constantine's youth lends credibility to charges of political immaturity, but there are signs that he has learned a great deal from the confrontation. Much of the blame for his seemingly harsh action can be laid to the bad advice he received from members of his royal household, none of whom can be said to harbor republican or pro-Papandreou sympathies and who favor the establishment of a more authoritarian government.

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Traditionally, the chief support for the monarchy has come from the army and the conservative social and political groups. A group of large entrepreneurs sometimes called the "economic oligarchy" is also identified with the palace. The monarchy's role in the fight against Communism helped to enhance its popularity. However, the passage of time has blurred the image of the guerrilla struggle and instances of political meddling from the palace have resulted in some misgivings about the monarchy even within conservative circles.

On balance, the King is probably not as incompetent as his enemies claim, his political judgment has probably matured, and most important, he possesses the courage to cling to his beliefs. Although he will probably allow the politicians every opportunity to arrive at some accommodation he is unlikely to give up without a fight, and may even succumb to the advice from some factions within ERE and the army who favor an "extraparliamentary" solution. It is clear that his fear of a Papandreou victory will dictate his holding out on elections as long as possible, perhaps until February 1968 when they are constitutionally required.

The "Apostate" Government

The Stephanopoulos government itself typifies the murky state of Greek politics. Made up of "defectors" from the EK and kept in power by the reluctant support of ERE and the Progressive

Party, the government has been no more than a holding operation from its outset last fall. With only a slim majority in Parliament, it has been unable to pass any major legislation which might help strengthen its political foothold. Many members of the government are obscure politicians with no recognized administrative ability, their qualifications based solely on their willingness to desert their former leader and make themselves available for high office. Some have engaged in corrupt practices in dealing with the financial and patronage connected with their office. Stephanopoulos himself has described many of them as being "sick or psychopaths."

The group has organized a party cell, the Liberal Democratic Center (FDK), which they say represents the "true center," but some of the ministers have yet to join. Lacking the necessary popular following and the solid support of any of the politically potent newspapers, the FDK members will be hard pressed to survive a new election unless they manage to run on a new ticket.

The government has surprisingly survived a number of periods of tension during its year of tenure, chiefly because no one of the opposition factions is sufficiently well organized to push for early elections. Its monetary control measures during a gold crisis last winter brought satisfactory results. However, this may be due chiefly to the basic soundness of the economy which

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allows it to survive temporary political maladjustments.

The old bugaboo Cyprus is also a thorn in the side of the Stephanopoulos "experiment." While the government must be credited with the courage to reopen the dialogue with Turkey over the peculiar and perennial problems with the island, its inherent weakness is one of the biggest difficulties in finding a Cyprus solution acceptable to the Turks, as the necessary concessions could prove unpopular with the Greek electorate.

In spite of its precarious existence, the government does amble on. However, with all the opposition factions beginning to make at least preliminary adjustments for the eventual election, the government members realize their days may be numbered. The publication of the ASPIDA report at least superficially touched the government itself and, although the report will probably not change the average person's views in regard to his vote in any election, it will surely contribute to increased political tension in the coming months.

The National Radical Union

The nominally opposition National Radical Union finds itself in a most uncomfortable and politically embarrassing position. Combined with the eight Progressive deputies under Spyros Markezinis, the ERE deputies comprise the basic support in parliament for the "apostate" government. Thus, although they

are reluctant to be identified with the government, they are faced with the inglorious task of supporting it, sharing in its faults and failures, but not sharing in the dispensation of political favors and patronage to help preserve their own incumbency.

The dominant element in ERE is a variety of rightist factions which generally view the monarchy as a symbol of solidarity and source of prestige for the state. ERE has the support of the army which has historically chosen its officer corps from the country's more conservative families. Like its counterparts in many other countries, ERE receives the majority of its popular support from the more conservative rural areas.

ERE has been without effective leadership since Karamanlis' voluntary "exile" to Paris after the elections in early 1964. Its present leader, Panagiotis Kanellopoulos, has been forced to retreat from many of his espoused positions for lack of support within the party organization. Kanellopoulos has been bothered by the specter of Karamanlis, and much of his effort has been based on his desire to improve his personal image rather than to promote the party's program. Although many deputies are becoming increasingly restless, his periodic threats to withdraw ERE support from the government have failed to materialize, chiefly because of the fear that the ERE popular image has not recovered from its low state

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which allowed the EK to win overwhelmingly in 1964.

A question mark for ERE is the present image of ex-premier Karamanlis, both within the party and among the voters. Toward the end of his term as premier, Karamanlis was under some criticism for his alleged authoritative policies which led to disfavor with the people and the politicians, as well as the eventual break with the palace. There are doubts whether his return would bring about the rejuvenation of the party necessary to allow a promising ERE showing in an election. In addition, his relationship with the palace is not much improved and he also is reported to have some misgiving about the need for the monarchy. Personally, he regards himself as the only real answer to the impasse--as do many others in the conservative circles. However, he will probably return only under circumstances which he believes most beneficial to himself and reportedly would prefer to return as the result of popular acclaim.

Papandreou's Center Union

The course the EK selects will largely determine the tenor of the coming election campaign.

The EK, formed in 1960, brought together many diverse elements of the political center. Its main electoral strength has come from the lower middle class, the intellectuals, skilled labor, and a significant portion of the youth of the country. It

also has the support of a strong, high-circulation portion of the press. Its strength within the peasant class also increased in the last two elections. Its many republican elements traditionally have fought for limitations on the monarchy and have generally outdone the ERE in pressing for economic and social reforms. EK's principal intraparty problem has been the maintenance of party unity.

A key factor in the EK is, of course, the position of George Papandreou himself. He still remains the most popular and charismatic figure in Greek politics, but his nearly 80 years and apparently failing health presumably rule him out as a leader much longer. It is uncertain whether he is physically able to wage a long, hard political campaign.

Most interesting is the relationship of the elder Papandreou with his son Andreas, a former US citizen and an able economist, who is politically inexperienced and has been attacked by conservatives both in and outside his party for left-wing sympathies. Papandreou has long been grooming his son to take over the EK. However, there is a marked dissimilarity in their public utterances, especially in regard to Andreas' attacks on the King. Some observers believe that the father is not in sympathy with his son's increasingly bitter attacks on the monarchy, but at the same time he does not have the influence to turn his son away from his radical course.

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Most certainly Andreas is the leading candidate to take over at least the EK left wing, although possibly under a different banner. The long-awaited publication of the ASPIDA investigation report, which accuses him of being among the leadership of the conspiracy, has so far linked him with the organization by implication only and has largely resulted only in the usual stir in the widely read and highly partisan Greek press. If a court examination fails to unearth new evidence which points to Andreas' direct involvement in the plot, he will probably exploit the case as another example of the way the "dark forces," among which he includes the US, are working to the detriment of democracy in Greece.

Andreas charges that the King acted in July 1965 to transform Greece from a constitutional to an absolute monarchy and that whole sections of public life, national defense, public order, foreign relations, and education have become extensions of the palace. The younger Papandreou denies he is raising the regime issue, but insists he merely questions the functioning of the monarchy--whether the King or the people should "govern." Andreas also denies he is in collusion with the Communist-front EDA, which supports and profits from his confrontation with the King. However, some of the EDA leadership may be apprehensive about the effect heavy popular support for Andreas could have in any election in which he heads an EK ticket that did not cooperate with EDA.

Moderate elements within the EK violently oppose Andreas' taking over the party and deplore his scathing attacks on the King. So far, however, they have found no device to thwart his drive for power. They are unwilling to declare an open break in the party, realizing that their own best chance for re-election to parliament lies in running under the banner of an EK headed at least symbolically by the ex-premier. Nevertheless, if the ASPIDA affair should upset Andreas' applecart, some EK members may pull out and set up a new party to offset the pro-Papandreou faction.

The Extreme Left

The United Democratic Left (EDA) swiftly seized upon the July 1965 "coup" to establish the appearance of a united front with the EK in its opposition to the King's "meddling" politics. EDA leaders organized demonstrations and supported pro-Papandreou rallies in their drive for unity at the "street" level.

The elder Papandreou has consistently denied that he solicited the support of EDA. However, for purposes of his popular image, he probably welcomed it on some occasions. His son Andreas' contacts with a prominent Communist friend have led to charges of EDA-EK collaboration.

The precise electoral strength of EDA is difficult to measure. Declared membership of the party is probably less than ten percent of the populace, but a protest

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vote by disgruntled nationalists in 1958 swelled a normal 10-15 percent of the vote to nearly 25 percent. EDA support is derived chiefly from the industrial and port workers in the urban areas of Athens, Piraeus, and Thessaloniki. The party also has an active youth movement. It has served as a front for the outlawed Communist Party of Greece since 1951, but its ability to exploit the unequal distribution of income, along with the ebbing memory of the guerrilla war, has given the party an increased air of respectability. Its effectiveness is somewhat marred by organizational problems, much of which revolve around the Sino-Soviet dispute.

EDA will continue to support the Papandreous in their demands for new elections. Further, the possible repolarization of the Greek political structure cannot but help the fortunes of the party. What is not certain, however, is whether open EDA-EK cooperation will reap benefits for the Communist front. If Andreas becomes the principal political figure and proves to be a foil for the EDA, the party's popular support could rise higher than it did in 1958. However, should he isolate EDA, the effect could be disastrous for the party, as he would probably draw much of the marginal EDA vote.

Considering these alternatives, EDA will probably bide its time and continue to profit from the infighting within the nationalist parties. It may also

gain more respectability from its support for the increasing popular, though nonetheless controversial, Andreas Papandreou. It will also hope that George Papandreou's early departure from the scene will increase the opportunities for a popular front.

Dark-horse Candidates

There are other potential personalities who would like to benefit from the renewed political activity. One such player is Spyros Markezinis, the highly egotistical leader of the small, right-of-center Progressive Party, who has remarked to the US ambassador that his deep knowledge of his country gives him a "superiority complex" in parliamentary debates. However, he has never been able to create a popular image and his main hope would appear to be in the King's turning to him in desperation.

Within the EK and the "defectors" there are at least three others who may emerge among the new leadership. George Marvros, a former cabinet member for Papandreou who resigned over a dispute with Andreas, has re-entered center politics as a possible counterweight to Andreas. However, he has no particular political standing and will find difficulty in drumming up electoral support. Nikitas Venizelos, the grandson and nephew of two of modern Greece's most prominent liberal politicians, may be interested in reviving the now defunct Liberal Party.

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Constantine Mitsotakis, the minister of coordination for Stephanopoulos and the holder of the same post under Papandreou, would also like to lead many of the maverick FDK deputies and additional EK defectors in a new center group which they would herald as the "true center." However, he does not have a powerful political standing in Parliament nor does he possess a particularly popular image outside of his home constituency in Crete. He has also been implicated in the ASPIDA scandal.

Conclusions

Irrespective of how the political forces line up, the next few months should bring a period of intense political activity. The King will probably delay elections as long as he can, but

he may be forced to agree to them sometime next year. Andreas Papandreou will probably continue to be the most controversial figure on the political scene and he could assume actual leadership of the EK, especially if his aging father should pass from the scene. Andreas' takeover of the EK could result in complete disarray in the party. Should the King decide to institute a dictatorship, a complete polarization of the political spectrum could endanger the present structure of the government. In addition, the failure to come to a political compromise in its domestic affairs complicates the country's relations with its neighbor Turkey and increases the improbability of a satisfactory solution to the Cyprus problem. ~~(CONFIDENTIAL)~~

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CENTRAL INTELLIGENCE AGENCY
WASHINGTON, D.C. 20505

128

MEMORANDUM FOR: The Director of Central Intelligence

SUBJECT : Greek Prime Minister Stefanopoulos' Concern
over Possibility of Soviets' Gaining Control
of Number of Greek Merchant Ships

The enclosed report [redacted] reveals the present concern of Greek Prime Minister Stefanopoulos over current Soviet shipbuilding negotiations with a private Greek shipowner. Specifically, Stefanopoulos is worried about an arrangement whereby the Soviets could hold 60-percent ownership in a fleet of 70 Greek merchant ships. Stefanopoulos' situation is worsened by the fact that the Greek Government is finding it hard to dispose of large stocks of tobacco, one of the items the Soviets are willing to accept as barter for the ships.

[redacted]
Desmond Fitzgerald
Deputy Director for Plans

Enclosure: [redacted]

SANITIZED
E.O. 12958, Sec. 3.6
NLJ 09-279
By *isl* NARA, Date 2-17-10
E.O. 12958
3.3 (b)(1)

GROUP 1
Excluded from automatic
downgrading and
declassification

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Distribution: The Director of Central Intelligence
Special Assistant to the President
The Director of Intelligence and Research
Department of State
The Director, Defense Intelligence Agency
The Director of Naval Intelligence
Department of the Navy
Deputy Director for Intelligence
Director for National Estimates
Director for Current Intelligence

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CENTRAL INTELLIGENCE AGENCY

Intelligence Information Special Report

COUNTRY Greece

DATE OF INFO. 9 September 1966

DATE

SUBJECT

Greek Prime Minister Stefanopoulos' Concern
over Possibility of Soviets' Gaining Control
of Number of Greek Merchant Ships

SOURCE

1. A private interest in Greece is negotiating a barter arrangement with the Soviet Union, under which the Soviets would exchange ships for Greek tobacco.¹ The original arrangement called for 34 ships. Now the arrangement has expanded to 70 ships, with the Soviets retaining 60-percent ownership. The ships would sail under the Greek flag and be operated by the private Greek shipowners. Greek Prime Minister Stefanos Stefanopoulos is apparently concerned over the economic leverage the Soviets could gain by controlling a fleet of 70 Greek ships.

2. Stefanopoulos had received an offer of five million U. S. dollars for a quantity of tobacco which the Greek Government was inclined to accept.² To satisfy the Greek shipping interest, Stefanopoulos wants to convert this amount and subsequent orders into shipbuilding enterprises.

3. Stefanopoulos was anxious to obtain information about the cost of building ships in U. S. yards.

GROUP 1
Excluded from automatic
downgrading and
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[REDACTED] Page 2

- a. The Italians have shipbuilding facilities which are competitive, and they are likely to offer a better deal because their yards are good and not too busy.
- b. Japanese and West German yards will finance 80 percent of the cost of each ship. Thus, the five million U. S. dollars might provide 20 percent payment on a substantial number of ships, and the balance could be paid over an eight-to-ten year period through earnings under charter or other forms of contracts.

1. [REDACTED] Comment: There have been a number of recent reports on the Frangistas-Soviet ship deal. American Embassy telegram 674 from Athens reported that Greek shipowner Achillefs Frangistas had informed the Embassy on 9 August that he was negotiating with the Soviets for the purchase of 35 more vessels.

Also, [REDACTED]

the report would tend to discredit the notion that the Soviets are negotiating to expand the original deal. According to paragraph 6 of that report, Frangistas reportedly discussed opening a Piraeus office for CUFLET, the Cuban Government firm controlling freighters of the Cuban merchant fleet.

2. [REDACTED] Comment: The Greek Government is having difficulties in disposing of 60,000 tons of accumulated tobacco stocks. As of May 1966, the value of these stocks was estimated at 90 to 100 million U. S. dollars. Attractive Soviet offers to barter ships for this tobacco would be hard for the Greek Government to refuse.

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THE WHITE HOUSE
WASHINGTON

129

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Ken Jones informed
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[redacted] He will
coordinate with CIA
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EO 12958 3.3(b)(1)>25Yrs
(C)

SANITIZED
E.O. 13292, Sec. 3.5
NLJ 03-299 09-280
By ils, NARA, Date 4-23-04 1-15-10

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

DECLASSIFIED

Authority MLJ 87-172

By W/lop, NARA, Date 10-4-96

~~CONFIDENTIAL~~

June 25, 1966 - 4:30 p.m.

Mr. President:

Linc Gordon recommends that the Secret Service provide a security detail for Governor Connally when he attends the Mendez Montenegro inaugural because of recent kidnappings by Communist elements in Guatemala.

While we have no specific information of Communist plans directed against the US delegation, Linc's suggestion is a useful precaution.

I recommend that you authorize a small Secret Service detail.

Approve ✓

Disapprove _____

Speak to me _____

W. Rostow

ask Christian to call
for need tell him he
can take any of
his own security
detail if he chooses

~~CONFIDENTIAL~~

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being accurate - from being excessive
no evidence of anti-US or anti-foreign~~

2066
298

ASSISTANT SECRETARY OF STATE
WASHINGTON

June 25, 1966

~~CONFIDENTIAL~~

MEMORANDUM FOR THE PRESIDENT

Subject: Security of Chief United States Delegate
to the Guatemalan Inauguration

The security situation in Guatemala City has deteriorated somewhat in recent weeks. The Communists operating through the so called Revolutionary Armed Forces (FAR), have recently kidnapped three high level officials of the Guatemalan Government one of whom has escaped. We also have reports that members of wealthy families have been kidnapped for the purpose of getting ransom money to finance FAR operations. These kidnappings have created a certain amount of tension in Guatemala.

I believe it would be prudent, therefore, to take some special precaution with respect to the personal security of Governor John B. Connally, the Head of the United States Delegation to the Inauguration.

I recommend that the Secret Service provide a security detail to accompany the Governor.


Lincoln Gordon

~~CONFIDENTIAL~~

DECLASSIFIED

Authority NLJ 87-174
By jw/jap NARA. Date 10-4-96

RECEIVED
ROSTOW'S OFFICE

1966 JUN 25 AM 11 35

Make cy & ¹³⁰

Send with this
note:

Done 6/24/66
JH

~~SECRET~~

June 22, 1966

MEMORANDUM FOR THE RECORD

Greek Ambassador Matsas came in this morning to emphasize to Mr. Rostow the importance of the latest Greek aid request as outlined in Minister Tsouderos' 4 May letter to Ambassador Hare.

Mr. Rostow promised the request would get a fair review but generally challenged the notion that Greece needs heavily concessional non-project aid. He made these points:

1. It is difficult to justify foreign exchange loans for a nation with a 7% growth rate and satisfactory foreign exchange reserves. To this Ambassador Matsas replied that Greece in the first quarter suffered a \$60 million balance of payments deficit. Mr. Rostow elicited the fact that net tourist income and workers' remittances are each running about \$70 million yearly.

2. Greece might use more imagination in coming up with bankable projects. There are lots of imaginative ways to use project loans to save domestic resources. Matsas complained that, when we had terminated grant aid, we had promised that soft-term loans would still be available. Most of the consortium's aid is on almost commercial terms. Since Greece's economic problems result chiefly from its defense burden, Greece is very unhappy that more has not been done to marshal NATO aid.

3. Greece ought to think further about solid tax reform. Greece's problem is not so much a foreign exchange problem as a local currency and tax problem.

4. US must be very careful of new PL 480 commitments. We are now reviewing worldwide food requirements against our unexpectedly low food stocks. Matsas is looking for a three-year PL-480 agreement with about \$18 million yearly in feedgrain and oil.

Ambassador Matsas concluded by saying he had wanted to bring Greece's problem to Mr. Rostow's attention. Mr. Rostow reiterated the promise that Greece's request would have a fair hearing.

DECLASSIFIED

E.O. 12958, Sec. 3.6

NLJ 97-36

By is , NARA Date 10-16-97

Harold H. Saunders
Harold H. Saunders

~~SECRET~~

130b

THE WHITE HOUSE
WASHINGTON

6/24/66

S/S Mr. Walsh

For appropriate state
distribution.

Brombuth

~~CONFIDENTIAL~~

June 22, 1966

WWB:

The Greeks are pushing us again, as they did last fall, for more PL-480 and program loans. Ever since we ended program lending in 1963, they have refused to accept the fact that they're doing too well for that kind of aid (8% growth rate, good foreign ^{exchange reserves}, \$625 per capita GNP).

Last fall we made an exception and gave them a \$14 million Title IV deal as a psychological boost in the heat of their government crisis. Even in those dire straits, we couldn't bring ourselves to a program loan, though Ex-Im credit is available.

The reasons today for sticking to this position are:

1. The political situation is still shaky--but much better.
2. Basically Greece is doing well enough to use less concessional aid--Ex-Im, IMF, IBRD, etc. Program lending in this case is not economically justifiable. Fiscal discipline, not aid, is the answer to Greece's problems. Foreign ^{exchange} reserves are good; what Greece needs is more drachmae.
3. Schnittker has told the Greeks (uncleared by anybody) that we will not talk Title IV until Greece cuts wheat support prices as it promised to do last fall. They want our feedgrain at concessional rates so they can export their wheat surplus. Either they export their surplus and forget PL 480 or cut subsidies, lower exports and qualify for PL 480.
4. Ex-Im money is still available if Greece comes up with projects.

One Greek complaint hard to handle is that we are still giving AID loans to Israel (per capita GNP \$1250, growth rate 10-11%). Touché! But the best answer is that we are still offering \$300 million in grant military aid to Greece over the next five years, and Israel's program loan amounted to \$10 million this year (military help was credit sale).

DECLASSIFIED
E.O. 12958, Sec. 3.6
NLJ 96-309
By CG, NARA Date 8-4-97


Hal Saunders

~~CONFIDENTIAL~~

FORM M-120
4-18-47

DEPARTMENT OF STATE

 13/a
ENCLOSURE

COMMUNICATION ADDRESSED TO

Mr. Rostow

OFFICE }
DIVISION } NEA/GTI:RWB

FILE NO.


THE WHITE HOUSE
WASHINGTON

1316
9841

June 21, 1966

MEMORANDUM FOR MR. BEN READ

The Greek Ambassador is coming in to see me tomorrow, Wednesday, June 22, at 10:00 a.m. Could someone give me some quick guidance re attached.


W. W. Rostow

1966 JUN 21 PM 4 54

THE WHITE HOUSE
WASHINGTON

FS

5/14/68, ble

To: OSS

Attn: Robert O'Neill
Greek Desk
Room 5248-A

sent
via LDX
5/14

ROYAL GREEK EMBASSY
WASHINGTON, D. C.

May 12, 1966

Dear Mr Rostow,

I am instructed to send to you herewith a letter from Mr. John Tsouderos, Alternate Minister of Coordination in the Greek Cabinet, together with a copy of a letter which he had addressed to Assistant Secretary of State Raymond Hare, during the latter's brief stay in Athens.

Please allow me to call all your kind attention on the serious aspects of the Greek situation as described in these documents. I shall appreciate it very much if you would let me know at your convenience when I could come and see you to discuss these matters.

*With warm regards
yours sincerely
Alexander Matsas.*

The Hon.
Mr. Walter Rostow
Special Assistant to the President
The White House
Washington, D. C.

Athens, May 10, 1966

MR. WALTER ROSTOW
SPECIAL ASSISTANT TO THE PRESIDENT
THE WHITE HOUSE
WASHINGTON D.C.

Dear Mr. Rostow,

I am taking the liberty of writing to you directly in view of the critical importance I attach to the continued official United States role in the present difficult circumstances facing Greece. The enclosed letter from me delivered to Assistant Secretary Hare during his recent visit here sets forth our position on this matter.

You will note that the necessity of receiving adequate assistance from our Western Allies including the United States is intimately connected to our prospects for maintaining stability, an effective defence force under NATO, and a respectable rate of social and economic development.

I hope you will see fit to give this communication your close attention in the common interest of both the United States and Greece.-

Sincerely



John Tsouderos

Minister of Coordination
Alternate

Copy

1314

DECLASSIFIED
E.O. 12958, Sec. 3.6
NLJ 97-34
By us, NARA Date 8-26-97

THE HONORABLE RAYMOND HARE
ASSISTANT SECRETARY OF STATE
U.S. EMBASSY
ATHENS

May 4, 1966

Dear Mr. Hare,

In view of your limited stay in Athens I will not have the opportunity of having an exchange of views with you along the lines of my recent talk with Assistant Secretary Solomon.

The Minister of Coordination, Mr. Mitsotakis will convey to you the essence of our economic problems. In view, however, of the critical problems which Greece now faces (of gaining the cooperation of her Western Allies) in carrying forth her programs of economic and social development, as one of the responsible Ministers in the field of economic policy I thought it essential that I present to you as concisely as possible the Greek position as I see it.

Last fall as you know we were faced with a severe economic and political crisis. The economic crisis was basically one of confidence in the monetary stability of the country and could have led to a complete collapse of our economic system, a reimposition of direct controls and as a consequence the loss of much that had been achieved since the end of the war. The political crisis endangered the very foundation of our free society and could have led, if unchecked, to anarchy and a loss of our Western orientation.

I would like to address myself primarily to the economic situation although you will recognize that the maintainance of the tenuous political stability which has been achieved is closely related to our success in dealing with our internal and external economic problems.

Basically, the economic crisis was overcome by a series of harsh and courageous measures designed to restrain internal demand both private and public, including a cut back in State investment

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- 2 -

spending and tax revenue increases of over \$50 million in order to bring the budget into better balance. Other measures included the successful abolition of the free gold sovereign market, restraining wage rate increases, effective resistance to a series of politically inspired and potentially costly strikes, and freezing of expenditures in each Ministry at the level of last year. Commercial bank credit was severely curtailed with restrictive effects on both productive industrial activities as well as on non productive activities.

Despite these measures inflationary pressures on prices are acute and the situation is potentially dangerous. A price stabilization board has been created to cope with the problem. An important outlet for internal demand is the rising level of imports under the free import policy. In addition the balance of payments must bear the brunt of heavy continuous imports of capital equipment and raw materials required to achieve the rates of growth and structural changes anticipated in our development policy and our new five year program for economic development. As a result the balance of payments is endangered and a further decline in external reserves may be anticipated.

The pressures on resources (revenues) available to the State in carrying out its program of economic and social development is further increased by the high and rising level of expenditures required to maintain our defense commitments in the NATO alliance.

Finally, despite the successes achieved in preventing the crisis of last fall from becoming a disaster, the Greek economy remains highly vulnerable to any crisis which may occur in the short run.

At a point when the short run crisis is barely under control and the demands for resources are increasing in order to resume and accelerate the social and economic development of the country our Western Allies are showing less and less inclination to provide useful credit resources on reasonable terms. In short, a vacuum is being created which threatens to endanger our entire program.

./..

The Consortium despite years of negotiation and cooperation on our part has yielded very little in the way of development assistance. Member countries rather design their loans (in their contributions to the Consortium) in order to sell capital equipment on commercial terms. The major exception was the \$10 million U.S. Program Loan of 1963.

The Export Import Bank credit of \$20 million announce at the Consortium meeting in January is almost unusable as new development assistance. By requiring us to purchase major items of capital equipment in the U.S. which are part of approved projects, the loan, in fact, becomes usable only by such public agencies on the State Railways, the OTE and the PPC. These agencies already had similar and ample lines of credit available from the Export Import Bank and other international agencies. Our need is for foreign exchange assistance (untied dollar credits) which will also yield drachmas for the investment budget, and which simultaneously safeguards the balance of payments. Unless Western assistance meets this criteria of the countrys' foreign credit needs it does not contribute anything new to our development effort or to covering our increasing balance of payments gap. The investment budget consists of a large number of projects each of which contain relatively small foreign exchange needs and which therefore do not meet Export Import Bank criteria or these of similar credits. Even though the announcement of the Export Import credit through the Consortium was highly appreciated for psychological reasons. In terms of internal consumption in Greece as well as for its effect on other members of the Consortium, the fact is that it cannot be considered seriously and substantively as responding to the development needs of Greece. (The proof of this is the fact that the loan may not be drawn down for many years under the present restrictive terms).

The World Bank is only just beginning its review of development projects in Greece. It will take many years to get selected projects under way and therefore the contribution to the resources needed will be small for some time to come.

The European Investment Bank has promised \$125 million to assist our adaptation to the Common Market. Less than \$18 million has been absorbed of this in over 3 years because of the complex and cumbersome procedures imposed by this Institution.

On the other hand Greece is making every effort to help itself within the limits of a structurally deficient economy with a backward public administration, hampered by political instability. Certainly the progress made in the last 15 years compares favorably with the results achieved in other areas under development. In brief, Greece has achieved at least respectable overall rates of growth with financial stability under conditions of a free economy.

However, with all good will and effort one cannot expect miracles. In industry output has risen by over 10% a year for the last three years even though the industrial base remains small. In agriculture the problem is more intractable and serious. Agriculture employs about 50% of the population and produces only 25% of the national income. As part of the long run program of rationalizing the structure of agricultural output we have embarked on a program of expansion and improvement in animal husbandry. It will take time to force the necessary changes in thinking, to provide training and to create the economic conditions for such a program to be a success. We anticipated the continued support of your Government in carrying out this transformation in line with President Johnsons' announced policy of helping those countries, under PL 480, which take steps to raise their own agricultural output. (Spectacular changes have already taken place in sugarbeets, fruits, vegetables, cotton, rice, poultry, fishing etc. in the last ten years). As part of the remaining intractable problems which we must solve we have to find ways of disposing of excess wheat. The surpluses are being reduced by measures taken already. However, the final solution to uneconomic production is to provide sound, competitive alternatives for our farmers and within the framework of harmonizing our agricultural production and prices with the forthcoming common agricultural policy of the Common Market. Your assistance has been requested in obtaining a new PL 480 agreement, on

more favorable terms than in the past, which will enable us to acquire necessary feedgrains to feed our cattle and chickens while carrying out the animal husbandry program. We have suggested methods and are willing to discuss other ways of exporting wheat, which cannot be absorbed as animal feed at home, to India where it can be used to avoid starvation. Surely given Greece's need for feedgrains for development and India's for wheat for its people, some mutually acceptable solution can be found by U.S. authorities, which would assist both countries.

Conclusion

Greece is and will remain a loyal and effective member of the Western Alliance. She is facing enormous problems in finding free world credit resources for her State Investment Budget and foreign exchange to cover her increasing balance of payments gap. The Greek authorities are constantly beset with the dilemma of finding adequate resources for defense and for economic development. Ultimately we know that only sound progress towards economic and social development will assure our place as a viable and valuable member of the alliance. Greece has elected to become a fully integrated member of the Common Market in order to ensure its economic, social and political future. She has also paid almost all her prewar debts in order to reestablish her international credit credentials.

In this situation it is no exaggeration to say that the sources of assistance from our Western allies instead of increasing now threaten to be reduced to nothing.

The United States can continue to be of great assistance to Greece by agreeing to provide a relatively small program compared with the resources which are being spent in other areas with perhaps far fewer returns. In fact, this relatively small assistance will serve to secure the large investment already made by the United States in Greece in the past and will not leave a vacuum to be filled by the forces of subversion.

Specifically, we would like early assurance of a new PL 480 agreement containing a provision permitting the export of our surplus wheat stock.

In addition we would like the \$20 million Export-Import Bank credit converted to terms which make it usable in the near future. The basic need is for development assistance rather than short term emergency credits such as are available from the IMF.

We have already borrowed \$30 million in European Monetary Fund credits and we intend to reserve the use of any future drawing of such credits for crises which directly affect the level of reserves. As you know such credits as IMF and ENEF are not appropriate to cover the financing of economic development.

Finally we would like consideration be given to reactivating assistance to Greece on a multilateral and realistic basis from NATO and the Consortium and for this purpose enlist your advice as well as good offices.

I am looking forward to having the opportunity of meeting you and discussing these matters on any occasion which may arise. On your return to the United States I trust you will convey to your Government my sincere appreciation for the vital assistance it has rendered to Greece in the past and for its continued support.-

Sincerely Yours



John E. Tsouderos

Minister of Coordination, Alternate

Copy



9841

DEPARTMENT OF STATE
WASHINGTON
LIMITED OFFICIAL USE

June 21, 1966

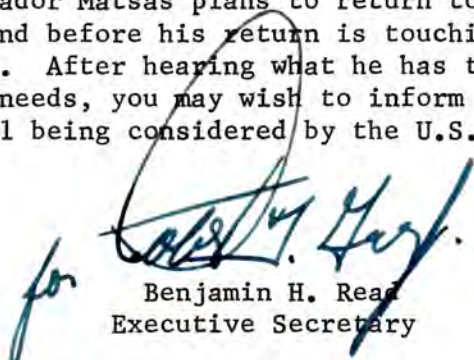
MEMORANDUM FOR MR. WALT W. ROSTOW
THE WHITE HOUSE

Subject: Greek Ambassador's June 22 Appointment
with Mr. Rostow

I refer to your memorandum of June 21 concerning your appointment with Ambassador Matsas on June 22 and your request for guidance on the questions raised by Mr. John Tsouderos, Alternate Minister of Coordination, in his May 4 letter to Ambassador Hare. A copy of this letter was forwarded to you on May 12 by Ambassador Matsas.

The letter of Mr. Tsouderos reviews the current Greek economic situation and presents a plea for further U. S. economic assistance to Greece. The Department is now considering the points raised in the letter and is in touch with other agencies concerned. We have informed the GOG of this both through Ambassador Matsas and through our Embassy in Athens. For your background, there are enclosed copies of pertinent communications, including the Greek Consortium communique announcing bilateral offers of \$58 million. Of particular interest are the comments from Embassy Athens on the Greek request.

We understand that Ambassador Matsas plans to return to Athens next month for consultations and before his return is touching base with a number of USG officials. After hearing what he has to say on the subject of Greek economic needs, you may wish to inform him that Mr. Tsouderos' request is still being considered by the U.S. Agencies concerned.

for 
Benjamin H. Read
Executive Secretary

Enclosures:

1. Embassy Analysis of Greek May 4 Request.
2. Greek Consortium Communique.
3. A-844 from Embassy, May 20.
4. Letter from Under Secretary of Agriculture Schnittker to Ambassador Matsas.

Exempt from automatic decontrol.
LIMITED OFFICIAL USE

UNITED STATES GOVERNMENT

Memorandum LIMITED OFFICIAL USE

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132a

TO : The Ambassador

DATE: May 11, 1966

FROM : Frank P. Butler

SUBJECT: Analysis of Tsouderos' letter of May 4 to Assistant Secretary Hare

In general Mr. Tsouderos' analysis of Greece's long and short term economic problems is consistent with the view of the Embassy as expressed in our messages to Washington. In particular, we would agree that the balance of payments position will continue to be difficult for sometime to come and the pressures on the Greek budget for both ordinary and investment expenditures will be very heavy. His point that defense expenditures, which have been increasing during a period when assistance from Greece's NATO allies has been declining, is well taken.

We would agree that the bold actions of the Greek Government in December did a great deal to restore a rapidly deteriorating situation, not only in terms of actual fiscal and monetary responses to these actions, but equally importantly because of the psychological effect these measures had on public confidence.

He overstates his case somewhat when he mentions tax revenue increases. New taxes are being collected under the government's interim authority, but there is no assurance at all that Parliament will enact into law much of the contemplated tax program. In this connection it should be noted that although we are well into the 5th month of the Greek fiscal year of 1966, there is no formal Greek State Budget for that year.

Mr. Tsouderos also writes of the government's action to reduce the cost of crop subsidies. The interim analysis we have been able to make, based on incomplete data, indicates that the measures so far taken will be largely ineffective and, at least in the case of wheat, we expect the surplus and the consequent drain on the budget to continue.

Tsouderos' complaints about the lack of action by the Consortium and the "suppliers credits" type of loans offered by many of the Consortium members have considerable foundation in fact. However, although he refers to the progress made in settling Greece's pre-war debts, he does not make the connection between this settlement and the reluctance of the Consortium President to move ahead with aid to Greece until it happened. He also does

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not mention the fact that Greece's attitude in the Cyprus crises undoubtedly influenced her allies, both with respect to NATO defense aid and Consortium aid.

With regard to the United States, Tsouderos' objections to the terms under which the Ex-Im credit of \$20 million has been offered are the same that he and his colleagues have voiced many times. We have argued over and over, both here and in Washington, that these objections are not valid, and that, in our opinion, if the Greek Government were to adopt more flexible procedures, it should be possible to find suitable projects, or groups of projects, to use this line of credit within the State Investment Budget, and at the same time generate drachmas. In this connection we are anticipating a visit to Athens by Mr. Linder of the Ex-Im Bank and it is hoped that he will be able to get our point of view across in direct discussions with Mitsotakis and Tsouderos. With regard to PL-480, the prospect of a continuing Greek wheat surplus makes it virtually impossible for the United States to respond affirmatively.

It is true that the World Bank Review will take a long time, as will the projects developed by the Review. This is no argument for not getting on with the Review, nor for not preparing the feasibility studies demanded by the Bank.

We hope the Consortium meeting scheduled for May 18 will produce help of a genuinely useful nature for Greece and we think our Ex-Im line of credit can be fitted into the Consortium frame work, given cooperation by the GOG.

In sum, we agree with much of what Mr. Tsouderos says about Greece's difficulties, we agree that the United States should have a continuing long-term interest in the welfare of Greece, we will encourage our allies and the international financial institutions to be helpful, and we will help ourselves to the extent consistent with our own problems and policies. At the same time we feel that none of this will be effective if the Government of Greece does not (1) proceed vigorously with its own self-help measures, and (2) show the necessary flexibility to make it possible for the friends of Greece to help her.

INCOMING TELEGRAM *Department of State* **DECD-3 RB** ^{2.}

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SUBJECT: GREEK CONSORTIUM - PRESS RELEASE

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PASS: EXIM BANK

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1. FOLLOWING IS AGREED PRESS COMMUNIQUE TO BE RELEASED MAY 20:
2. "THE G.E.C.D. CONSORTIUM FOR GREECE HELD ITS SIXTH SESSION ON 18TH MAY. AT THE FIFTH SESSION HOLD ON 25TH AND 26TH JANUARY, 1966, IT HAD BEEN AGREED THAT THE CONSORTIUM WOULD MEET AGAIN TO REVIEW THE FINAL DECISIONS OF MEMBER COUNTRIES ABOUT THEIR CONTRIBUTIONS.

RSR

3. REPRESENTATIVES OF AUSTRIA, BELGIUM, CANADA, DENMARK, THE FEDERAL REPUBLIC OF GERMANY, FRANCE, ITALY, LUXEMBOURG, NETHERLANDS, THE UNITED KINGDOM, THE UNITED STATES AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT REVIEWED THE PROGRESS MADE, IN BILATERAL NEGOTIATIONS

PAGE 2 RUFJC 1002 UNCLAS

WITH THE GREEK GOVERNMENT, IN IMPLEMENTING THE OFFERS OF OFFICIAL CREDITS GRANTED SO FAR. THEY HEARD FROM A GREEK DELEGATION HEADED BY MR. JOHN E. TSODAROS, ALTERNATE MINISTER FOR CO-ORDINATION, AN ACCOUNT OF DEVELOPMENTS SINCE THE LAST MEETING AND OF REQUIREMENTS FOR THE CURRENT YEAR, AS WELL AS NEW SUGGESTIONS TO BE EXAMINED BY THE CONSORTIUM.

4. THE BILATERAL OFFERS OF CREDITS FOR THE 1966 EXERCISE NOW TO TAL \$58 MILLION.

5. THESE PLEDGES OF CONTRIBUTIONS INCLUDE VARIOUS TYPES OF CREDITS, THE PRECISE TERMS AND DETAILS OF WHICH REMAIN IN SOME INSTANCES TO BE AGREED THROUGH BILATERAL NEGOTIATIONS WITH THE GREEK GOVERNMENT.

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-2- CEDTO 1120, May 19 from Paris

6. THE CONSORTIUM HAS TAKEN NOTE OF THE PROGRESS MADE BY THE WORLD BANK IN PREPARING THE GROUND FOR ACTIVE PARTICIPATION IN THE GREEK DEVELOPMENT PROGRAMME, NOTABLY THROUGH ROAD IMPROVEMENT PROJECTS FOR UP TO \$20 MILLION.

7. THE CONSORTIUM HAS ALSO BEEN INFORMED OF THE ACCELERATION OF THE FINANCIAL ASSISTANCE OF THE EECC THROUGH THE EIB."

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UNCLASSIFIED

AIRGRAM

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AID(US) is all Greece.

FOR RM USE ONLY

A-844

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HANDLING INDICATOR

1966 MAY 25 AM 11 58

132C

TO : SECSTATE WASHINGTON

INFO : Department of Agriculture

Agency for International Development

RM/AM
ANALYSIS & DISTRIBUTION
BRANCH

FROM : American Embassy ATHENS

DATE: May 20, 1966

SUBJECT: Title IV PL 480 Request

REF :

Transmitted herewith is a request from the Government of Greece for an extension of the Title IV agreement to provide for 300,000 metric tons of feedgrains. In the same communication the Government of Greece requests that wheat exports be permitted while importing feedgrains under a new agreement.

The Embassy has on all occasions tried to discourage the Greek Government from making the present request. We have repeatedly pointed out that the renewal of the Title IV agreement in January was a major concession and an exception to policies governing the administration of PL 480.

With regard to the outlook for wheat production, present indications are that the 1966 wheat crop will be somewhere between 1,900,000 and 2,000,000 metric tons. The Greek Government has contracted for export and shipment by June 30, 1966, an amount (350,000 metric tons) equal to the export limitation in the present agreement. By April 30, 1966 an amount of 180,000 metric tons had been shipped. It is presently estimated that Greece will be required to export at least an additional 700,000 metric tons after June 30, 1966 in order to bring stocks down to a manageable level.

Enclosures:

1. GOG request for new Title IV Agreement
2. GOG letter explaining livestock program

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FORM 4-62 05-323

Drafted by: JAG:JFM:lla 5/19/66

Contents and Classification Approved by:
Phillips Talbot, Ambassador

Clearances: Frank P. Butler, Economic Counselor.

1966 MAY 25 PM 2 25

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Page 2
Airgram A-844
From ATHENS

The Embassy has concluded that the principal reason why a new Title IV agreement is so strongly desired is for the purpose of providing drachmae proceeds for budgetary support for the investment budget.

Although some progress is being made toward the implementation of an expanded livestock program, it will be years before sizeable amounts of wheat will be utilized for animal and poultry feed. This is due primarily to ineffective organization and management of government services, which are essential to the implementation of a livestock program. Attached as an enclosure are answers to four questions raised by the Embassy upon receipt of the original request. The Livestock Development Program described would be of considerable value if it could be implemented. The provision in the current agreement earmarking 25% of the drachmae proceeds for livestock development should prove effective in helping the GOG to adopt projects which can be accomplished.

In December 1965 when the decision was made to reactivate the Title IV agreement a serious economic crisis existed. The announcement of the new agreement at that time was the turning point of the crisis. The psychological effect of the additional aid was truly and perhaps decisively effective. However, in view of present circumstances and the need to insist that the Greeks adopt measures and programs to assist themselves the Embassy is unable to support the present request.

Should economic and political conditions in Greece take sharp turns for the worse in future months, the Embassy would review its position.

Meanwhile, we would recommend that the Greek Government continue to avail itself of the CCC credit for such feedgrain imports as may be required. Also, we will continue to urge the Government to submit well planned projects in order to utilize Export Import Bank Credits which have been offered. Finally, we would like to be able to offer the GOG support and non-monetary assistance in the carrying out of a livestock development program.

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DEPARTMENT OF AGRICULTURE

OFFICE OF THE UNDER SECRETARY

WASHINGTON, D.C. 20250

4.
132d
May 27, 1966

His Excellency
Alexander A. Matsas
Ambassador of Greece
2221 Massachusetts Ave., N.W.
Washington, D. C. 20008

Dear Mr. Ambassador:

We have been giving the most serious consideration to Minister Kothris' request for an indication of this Department's views regarding the continuation of the Public Law 480 program with your country. I have called this to the attention of the Secretary of Agriculture, who has taken note of the requirements of the Greek economy and is prepared to give full attention to them within the framework of legislation now before the Congress of the United States. Progress made in agricultural adjustment in your country would be an important factor in such considerations under the terms of the bill before the Congress.

There was a considerable delay last year in acting on your request to implement the feed grain portion of the Title IV agreement. This delay was occasioned by our concern that at the time Greece was asking for a supply of feed grains on concessional terms, it was also asking for authorization to export a substantial amount of its own wheat into the commercial markets of the world. Despite this problem, the agreement was approved.

I understand that in recent years we have raised the question of increasing wheat production in your country at the time PL 480 agreements were negotiated. We have urged the Greek Government to attack this problem of over-production. It is not yet clear that an effective program to reduce wheat production and to get the surplus stocks used in Greece for animal feed has been devised. We are concerned that continuation of the supply of grain from the United States on concessional terms may be delaying the time when Greece institutes the necessary reforms with respect to her own domestic grain policy.

It is not our intention to inject ourselves into your domestic affairs. You must obviously make such decisions affecting your farmers and the Greek economy in the light of your own objectives. However, we believe it important that you find a way to solve your wheat surplus problem by reducing production and diverting surplus stocks to animal feed in Greece.

The resources of this Department are at your disposal to help develop such a plan, particularly with respect to the use of wheat for feeding purposes.

Sincerely yours,

John A. Schnittker
John A. Schnittker
Under Secretary

Kofner
133

March 16, 1966

FOR THE RECORD

Subject: Meeting between The President,
Mr. Thomas Pappas and Mr. Califano

Pappas said that it was the proudest moment of his life to meet with President Johnson, that the people of Greece were very much in favor of President Johnson, that they were "horrified" by the statements made by Senator Robert Kennedy on Vietnam, that Stephanopoulos (the Prime Minister of Greece) was a good man with only one vote to spare in his Legislature and was having difficulty in keeping the Government together.

Mr. Pappas recommended that the President invite Stephanopoulos to the United States. He said that Ambassador Talbot said such a meeting would not be advisable if Stephanopoulos left the White House empty handed. Pappas said "a handshake was enough."

Pappas said Papandreou had done great damage to the economy of Greece and that Stephanopoulos needed bolstering. He also said that Papandreou's son was greatly influenced by extreme leftists.

The President asked Mr. Pappas whether the enemies of Stephanopoulos would use a visit to the United States against him (Stephanopoulos) Pappas said they might urge the President to propose a two to three year moratorium on the Cyprus question. Pappas said de Gaulle was trying to get into Greece in some significant ways.

The President asked Pappas what the United States could do to help Greece. Pappas said the U. S. could build a college to train young men for industry or put a nuclear reactor in Greece.

After the meeting, Mr. Pappas asked me to urge the President to send Mike Manatos to the opening of his industrial complex in Greece in May.

cc: ✓ Bromley Smith
Marvin Watson
Mike Manatos

Joseph A. Califano, Jr.
Special Assistant to the President

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DEPARTMENT OF STATE

Approved in M
1/20/66

Memorandum of Conversation

1966 JAN 28 PM 2 44

DATE: January 11, 1966

SUBJECT: Greek Request for NATO and OECD Assistance

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E.O. 12958, Sec. 3.6

NLJ 96-306

By ics, NARA Date 6-24-97

PARTICIPANTS: Under Secretary Mann.
 Alexander A. Matsas, Ambassador of Greece.
 Costa P. Caranicas, Minister for Economic Affairs.
 Alexander A. Coundouriotis, First Secretary.
 Richard W. Barham, OIC, Greek Affairs.
 Howard Funk, Special Assistant.

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Ambassador Matsas, on instructions from Athens, called on Under Secretary Mann January 11 regarding the NATO defense exercise for Greece and the OECD Consortium for Greece. The Ambassador first reviewed the background of the NATO defense exercise, starting with the Athens decision in 1962 to establish a special working group to help Greece meet its defense needs. He mentioned the heavy burden that defense outlays place on the Greek budget, expressed regret that NATO defense support for Greece has not met expectations, and then asked that 1) the U. S. try to stimulate the NATO allies to provide more aid and 2) the U. S. itself make an additional contribution as an encouragement to the others. The Ambassador referred to a communication from Greek Finance Minister Melas to NATO Secretary General Brosio outlining the Greek defense problem and pointing specifically to a \$23 million defense shortfall for 1965 resulting from the failure of Greece's allies to cooperate in the defense exercise. Matsas asked that the USG support Greece on the problem set forth in that communication.

Under Secretary Mann assured the Ambassador that we understand this problem and have actively encouraged our NATO allies to be more responsive to Greece's needs. He mentioned specifically the supporting statements made by Secretaries Rusk and MacNamara at the December NATO Ministerial meeting and added that the U. S. will certainly continue to encourage Greece's allies to be more helpful. With regard to a possible further U. S. contribution, Mr. Mann pointed to our problems, especially Vietnam, and indicated that it is difficult for for / shoulder additional burdens at this time. He also called attention to the

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 not automatically declassified.

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large portion of Greece's defense burden that we already share through MAP support.

On the OECD Consortium for Greece, Ambassador Matsas reviewed its background, mentioning particularly the U. S. role in getting it started, and asserted that thus far it has not been very successful from the Greek point of view. One of the principal problems, he said, has been the unwillingness of Consortium members to consider budgetary support for Greece; they usually insist on projects tied to exports from the lending country, and the terms in general are too onerous to be helpful to Greece. They seem to look at Greece in terms of the 1962 economic situation, forgetting that Greece has suffered an economic relapse. In this connection, Ambassador Matsas stressed Greece's need for the kind of support that generates drachmas.

Mann

Under Secretary/replied that he could not be optimistic about our ability to provide budgetary support but we would certainly continue to encourage others to help in that way. Mr. Mann pointed to our continuing interest in this problem as evidenced by the assistance we have already given and our endeavors to get Consortium members to look favorably on Greek requests for assistance. He also noted in this connection the work of Ambassador Cochran and expressed hope that the Consortium would prove helpful. For our part, he said, we will continue to examine ways of helping to meet Greece's economic problems.

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