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## THE OUTLOOK FOR CYPRUS

### THE PROBLEM

To estimate probable developments in the internal affairs and international position of Cyprus over the next few years.

### CONCLUSIONS

1. For the foreseeable future, mutual distrust between the Greek and Turkish communities will dominate the life of the half million Cypriots and prevent the development of a sense of nationhood. However, the moderate approach of the communities' top leaders has reduced tensions somewhat. So long as Greece and Turkey remain determined to keep Cyprus peaceful, a resumption of communal violence is unlikely. (*Paras. 6-8*)

2. The strength of the Communists lies almost entirely within the Greek community, and the chief sphere of Communist influence is in the labor movement, where it is dominant. Archbishop Makarios, the President of the Republic, has accorded the Communists recognition as a significant element in the island's life, but he has successfully limited their power within the government. Nevertheless, AKEL, the local Communist Party, is the best organized political grouping in Cyprus, its strength will probably increase over the next few years, and it could, if Makarios were to retire

from active political life, seriously challenge moderate Greek control in the 1965 elections. However, especially if this development seemed likely, we believe that Makarios would remain active and would rally sufficient support to continue non-Communist control of the Cypriot Government. (*Paras. 9-13*)

3. Cyprus will continue to face an unfavorable trade balance, rising unemployment, water shortages, and low agricultural productivity, problems whose impact is sharpened by unrealistic expectations among the population. Although preliminary development plans have favorably impressed the populace, they appear somewhat unrealistic. Nevertheless, while the Communists may make some capital out of dissatisfactions, slowness of economic progress is not likely to constitute a critical threat to political stability, unless there is a substantial increase in unemployment. (*Paras. 14-17*)

4. Despite a neutralist tendency of the Greek community, Cyprus will remain

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generally pro-Western in outlook. Cyprus will probably be cautious in accepting Bloc aid, although trade and commercial dealings are likely to expand gradually. While the Communists will seize any opportunity to exploit the irrita-

tions caused by the existence of UK bases and other British and US facilities, the US and Britain will probably continue to enjoy use of these during the period of this estimate at least. (*Paras. 18-21*)

## DISCUSSION

5. Since Cyprus became independent in August 1960, only limited progress has been made toward a resolution of its basic problems. The communal disputes between the ethnic Greeks, who make up 80 percent of the population of 550,000, and the 18 percent of ethnic Turks remain and tend to be perpetuated by the rigid constitution. Most Greeks still desire union with Greece (*enosis*); the Turks still fear that they will be submerged by the Greeks; and neither element has developed any sense of loyalty to Cyprus as an independent state. Greece and Turkey, quite aside from their rights under the London-Zurich Accords, play a significant role in the day to day affairs of the island, and maintain garrisons of 950 and 650 men respectively. The UK retains sovereignty over some 100 square miles of base areas, and Cyprus is a member of the Commonwealth. Politically, the Communists are taking advantage of the poor organization among non-Communist Greeks to increase their already strong position. Only limited progress has been made towards the achievement of a self-supporting economy. All these problems make the task of governing Cyprus very difficult and provide readily exploitable issues for the Communists.\*

### 1. THE PROBLEM OF COMMUNALISM

6. The Greek community still regards *enosis* as a legitimate and desirable goal, but recognizes the impossibility of achieving it in the foreseeable future. The Turks for their part are afraid of being swamped by superiority of

\* For fuller background and a summary of the London-Zurich Accords see NIS 32.5-59, "The Outlook for An Independent Cyprus," dated 6 October 1959.

numbers on the Greek side and so resist strenuously any degree of integration. For example, the Turks insist on having the 30 percent of civil service posts allotted to them by the constitution although they cannot produce enough qualified people. Turkish insistence on geographically separate administrations has prevented the establishment of the new administrative entities provided for by the constitution in the five largest towns. Similarly, the Greeks want virtually complete integration of the Cypriot Army while the Turks want separate Greek and Turkish units, at least at company level. Disputes over pending tax legislation are a current source of irritation between the communities. In short, the communal strife of recent years has left a heritage of distrust and suspicion which will not be easy to overcome, and allegiance to one's community still permeates all aspects of life on Cyprus.

7. Nevertheless, Cyprus is fortunate in having essentially moderate men as community leaders. Archbishop Makarios, the Greek President of the Republic, and Fazel Kuchuk, the Turkish Vice President, are under pressure from their own extremists, the most dangerous of which are probably Greek elements formerly associated with the EOKA terrorist movement of George Grivas. Thus, Makarios and Kuchuk can afford to make only limited concessions. However, both have generally worked for communal harmony, and tensions have subsided somewhat in the past two years. The administrative machinery inherited from the British is still running, but it is suffering from a shortage of competent personnel.

8. So long as Greece and Turkey remain determined to keep Cyprus peaceful, it is not likely that there will be a recurrence of widespread communal violence. Should Ankara or Athens come to believe that Greek-Turkish cooperation in Cyprus or elsewhere was no longer essential to their national interests, extremist elements in the Cypriot communities would be encouraged and communal violence would probably break out again. On balance, we believe that the chances of such a development are less than even and that the two communities will make some progress in learning to live with one another; it is unlikely, however, that effective intercommunal cooperation will develop in the foreseeable future.

## II. THE PROBLEM OF COMMUNISM

9. Another of Cyprus' major problems is that of communism. The Cypriot Communist Party (AKEL) is the best organized and most efficient political grouping on the island and is growing in strength. The exclusively Greek AKEL has a membership of about 10,000. It controls the 40,000-man Pan-Cyprian Federation of Labor (PEO) and a number of front organizations. It exerts substantial influence over an important segment of the press and holds mayoralties in three of the largest towns. PEO, in particular, is an important source of strength because it has a record of getting benefits for the workers and because it has virtually a free hand in the labor field. Its only opposition is the Cyprus Confederation of Workers, a government-supported group which is riven with factionalism and poorly led.

10. Neither the presidential election of 1959 nor the 1960 election to the House of Representatives gives a clear picture of Communist voting strength. In the presidential election, anti-Makarios Greek elements polled 33 percent of the vote, the bulk of which was probably Communist-controlled. The system under which the House elections were conducted made it doubtful whether AKEL would have won any seats. Makarios, however, felt that exclusion of AKEL from representation would increase instability. Accordingly an

agreement was made to give AKEL five of the Greek community's 35 House seats.

11. Unable to exert much influence in Parliament, AKEL will probably concentrate on strengthening its hold on labor and on exploiting dissatisfactions in the Greek community. It will probably exercise its capability of fomenting demonstrations and strikes, and continue to expand its strength. Makarios and his supporters will speak out against AKEL from time to time, but are likely to be more concerned with communalism and their own internal squabbles than with taking timely action against the growing strength of the Communists.

12. Makarios is in fact the linchpin of Greek Cypriot politics. His role as a leader in the struggle for *enosis* and his position as head of the Cyprus Orthodox Church combine to give him island-wide appeal. In 1959 he established the Patriotic Front, the only significant political group in the Greek community other than AKEL. The Front, however, is primarily a personal vehicle and lacks organization and proven second echelon leaders. Makarios has indicated that he would like to retire from politics at the end of his term in 1965 and devote himself to religious affairs. Should he do so, a divided right might fare badly in that year's elections and be forced to share the government with the Communists.

13. This prospect, of which Makarios cannot fail to be aware, constitutes a strong pressure against his retirement from politics. The Greek Government, if it continues its present orientation, would be loath to see a Communist-dominated or influenced government in Cyprus and would probably press Makarios to remain in politics. Also, Makarios himself may enjoy increasingly being the political as well as religious leader of Cyprus. In any event, while we cannot specifically predict the decision Makarios will take in 1965, we believe he probably will remain active politically and that his appeal will rally sufficient voter support to give the non-Communist Greeks continued dominance in the Cypriot Government. At the same time, some growth in AKEL strength appears virtually inevitable.

### III. THE ECONOMIC PROBLEM

14. Cyprus has economic difficulties to contend with. Its economy expanded rapidly during the past decade. Between 1951 and 1957 per capita income increased by about a third to about \$400. Favorable markets for copper and citrus fruits resulted in good export earnings. Heavy military-connected British spending in the emergency years 1953-1959 caused rapid though uneven economic growth. However, little was done to create a base for future economic growth, and since 1958 unemployment has been steadily rising. The cumulative effects of a three-year drought drastically reduced grain crops and forced the island to rely to an unusual degree on imported foodstuffs—including PL 480 wheat. Export earnings have fallen off since 1957. Cyprus thus arrived at independence with its people expecting economic betterment but in a position where much basic work needed to be done before lasting progress could be made.

15. Several of the troublesome aspects of the Cypriot economy are long-term problems. Unemployment and underemployment have appeared with the reduction of heavy UK spending. While industry and mining can absorb some of the labor force, job opportunities are limited and unemployment is likely to remain high. Indeed, it would rise sharply if legislation currently under consideration in the UK seriously reduces the customary emigration of Cypriot workers to Britain. Emigration averaged about 5,000 yearly through 1959, but has risen to about 15,000 annually in 1960-1961. Cyprus' exports are limited to a few products, which are subject to fluctuations in foreign markets. British subsidies and military expenditures are lessening and can no longer cover balance of payments deficits.

16. Agriculture is likely to be the most troublesome spot in the economy for many years. Water supplies are insufficient and unpredictable and much water is wasted or used inefficiently. Old-fashioned farming practices and fragmented holdings are also responsible for low agricultural production. Even if steps are taken to correct these deficiencies,

Cyprus will need to rely on imports of grain and other foodstuffs for years to come.

17. In an effort to deal with these fundamental problems, the government is trying to attract foreign capital and promote tourism. More importantly, it has recently announced the outline of a five-year development program (1962-1966) costing nearly \$175 million. At present the plan, which has had a favorable impact on the populace, appears to be more a list of useful things to do than a balanced development program. Both the overall figure and the amount of foreign aid required to support it (almost half of the total) are considerably higher than a team of UN experts proposed earlier in 1961. A lower level seems more in line with the current capability of Cyprus to absorb economic aid, but a realistic basis for determining foreign assistance is still lacking. Regardless of what is done, the populace will probably continue to expect more than the economy is likely ever to give. AKEL will be able to make some capital from popular dissatisfaction, but unless there is a substantial increase in unemployment, slowness of economic progress is not likely to pose a serious threat to political stability.

### IV. FOREIGN AFFAIRS

18. Cyprus' foreign policy is strongly influenced by the attitudes of its two communities and by its relations with Greece and Turkey. Generally pro-Western in outlook, the Cypriot Government also has a tendency toward neutralism largely due to anticolonial attitudes developed by the Greek Cypriot community in its struggle against the British. Consequently, one finds Cyprus, on the Greek community's initiative, attending the conference of nonaligned countries in Belgrade and playing up to Nasser; at the same time a Turkish Cypriot delegation has toured Israel in conformity with Ankara's policy of friendship with Tel Aviv. This sometimes contradictory outlook is likely to continue for several years at least and will shade Cyprus' basically pro-Western orientation.

19. Relations between the Cypriot Government and the UK, while distinctly cool following the years of terrorism, are slowly improv-

ing. Cyprus has joined the Commonwealth for a five-year trial period. Britain is going ahead with construction of facilities in the two base areas, and has already made the first payment on a 12 million pound aid commitment which the Cypriot Government regards as payments for the bases. We believe that for the period of this estimate at least, the Makarios government, with the support of Athens and Ankara, will maintain favorable relations with the UK and permit the continued use of the bases, though particular uses offensive to Cyprus' Mid-Eastern neighbors could raise serious frictions with the Cypriot Government. In addition, it is likely that the sovereign enclaves and the other UK and US facilities will continue to produce various irritations. The Communists may attempt at some time to blow these irritations up into major issues, particularly if they see a good chance of reducing the usefulness of these facilities to the West.

20. Relations between Cyprus and the US will probably remain good. While less closely connected with the US than with the guarantor powers, Cyprus looks to the US as a poten-

tial source of major economic aid. The US has important communication facilities on Cyprus, established by agreement with the UK prior to Cypriot independence, and Makarios has agreed informally to their retention. The Makarios government will probably confirm this in more formal negotiation yet to take place but is likely to ask a price in terms of aid.

21. Cyprus' relations with the Soviet Bloc will probably continue to increase gradually. The USSR has established a large diplomatic mission in Cyprus and will exploit opportunities for economic penetration and for political influence both directly and through AKEL. Makarios is likely to be cautious in accepting Bloc aid, although trade and commercial dealings are likely to expand, as shown recently in the acceptance of a Polish bid for the improvement of Famagusta harbor. In any event we believe that for the next few years at least Cyprus is likely to maintain a basically pro-Western orientation, partly because of Makarios' own inclinations and partly because of the influence of the guarantor powers on Cypriot policy.