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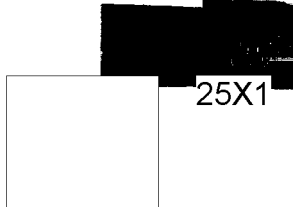
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EUROPE

1. GREECE: New Cabinet formed--According to US Charge Minor in Athens, the Venizelos Cabinet appointed on 23 March creates the impression of an imposed solution to frustrate the freely expressed will of the Greek people and exposes the Palace to charges of political favoritism and intrigue. Minor expresses the view that the Venizelos Cabinet will not receive the support of the other centrist leaders (Plastiras and Papandreou), will be tolerated by the rightist parties only so long as they see fit, and does not even have the full backing of Venizelos' own Liberal Party. Minor adds that the new Cabinet will seek a vote of confidence and then suspend Parliament for at least three months, but that the first meeting of Parliament may be postponed from 30 March until 17 April.

(CIA Comment: CIA believes that the Venizelos Cabinet may, with considerable difficulty, be able to stay in power temporarily, but lacks the basis for effective parliamentary government. The centrist majority in the present parliament, upon which any viable government would have to depend, has been seriously split by Venizelos' action, and an impasse may develop necessitating a new national election soon. In such an election, the Greek people would show increased displeasure with the established major political parties, and as a result of the Palace's political intriguing might again become sharply divided into traditional monarchist and republican camps, to the great detriment of the nation's stability.)



State Dept. review completed

Document No. 69

NO CHANGE in Class.

DECLASSIFIED

Class. CHANGED TO: TS S (C)

DDA Memo, 4 Apr 77

Auth: DDA REG. 77/1463

Date: 16 MAR 1978 By:

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T O P S E C R E T

FAR EAST

2. **AUSTRALIA: Anti-Communist action** --US Ambassador Jarman in Canberra reports that the newly-elected Liberal-Country Government has invoked strong emergency powers for use against the current series of Communist-led strikes. In Jarman's opinion, this "bold and vigorous" action indicates the new government's determination to force a showdown with Communist union leaders. The Ambassador points out that the action appears to have strong popular support and predicts that the government "stands a good chance of victory."



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