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NIE 29.1-64 ADVCON  
28 OCTOBER 1964

*NATIONAL INTELLIGENCE ESTIMATE*

2

THE OUTLOOK FOR GREECE

- The Political Scene
- Political Outlook
- Economic Trends
- Foreign Affairs



NOTE: This is an advance copy of the conclusions of this estimate as approved by the United States Intelligence Board. The complete text will be circulated within five days of this issuance.

*Central Intelligence Agency*

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*Submitted by the*

**DIRECTOR OF CENTRAL INTELLIGENCE**

*The following intelligence organizations participated in the preparation of this estimate: The Central Intelligence Agency and the intelligence organizations of the Departments of State, Defense, and NSA.*

*Concurred in by the*

**UNITED STATES INTELLIGENCE BOARD**

*on 28 October 1964. Concurring were the Director of Intelligence and Research, Department of State; the Director, Defense Intelligence Agency; and the Director of the National Security Agency. The Atomic Energy Commission Representative to the USIB and the Assistant Director, Federal Bureau of Investigation, abstained, the subject being outside of their jurisdiction.*

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## CENTRAL INTELLIGENCE AGENCY

28 October 1964

SUBJECT: NIE 29.1-64: THE OUTLOOK FOR GREECE

## THE PROBLEM

To estimate probable developments in Greece over the next three to four years.

## CONCLUSIONS

A. The Center Union's electoral victory in early 1964 symbolizes a general liberal shift on the Greek political scene. Hence, though Papandreu has made a slow start in carrying out his promised reform program and has thus far not provided firm and decisive leadership, the position of the Center Union is likely to remain strong over the next few years.

B. This prospect could be altered by the death or incapacity of the 76-year-old Papandreu; the ensuing struggle for power within his own party might become so intense as to disrupt it. The government could also fall if Papandreu suffered real humiliation on the Cyprus issue.

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A radical shift to the left in Cyprus, unopposed by the government in Athens, might lead the conservative forces, both civilian and military, to attempt to oust the Papandreou government.

C. Barring these contingencies, we believe that there is a fair chance that the Center Union will hold together even after Papandreou departs. If it split, Communist strength would be considerably enhanced, but the conservative National Radical Union (ERE) would probably succeed to power. Another possibility would be a reshuffling of allegiances and the emergence of a new alliance between the more liberal ERE elements and the more conservative elements of the splintered Center Union.

D. Greece has made notable economic progress over the past decade, has established a favorable relationship with the EEC, and has improved its access to the international investment market by the recent settlement of long-defaulted indebtedness. Rapidly growing imports and difficulties in expanding exports could impair its foreign exchange position, particularly since much of Greek foreign earnings derive from the vulnerable fields of tourism and shipping. Nevertheless, it seems likely that adverse factors will be controlled, and the economy is likely to expand by about five or six percent annually for the next few years.

- 2 -

S-E-C-R-E-T

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E. Greece under Papandreou is pursuing a more flexible and independent foreign policy than in recent years. At present, it is almost wholly preoccupied with the Cyprus controversy. Prospects for any early solution are dim, and this will continue to cloud Greek relations with the US and NATO. Greek-Turkish relations have been severely strained and are likely to remain uneasy for years even after a Cyprus settlement. Normalization of relations with the USSR and Eastern Europe will probably continue, particularly in the economic sphere. Nevertheless, we expect that Greece's basic orientation will continue to be pro-Western.

- 3 -

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