

THE HISTORY OF THE UNITED STATES

OF AMERICA

BY

WILLIAM H. CHAPMAN

AND

JOHN W. HARRIS

NEW YORK

The following information is provided for the purpose of the information provided in the following information:

The information provided in the following information is provided for the purpose of the information provided in the following information:

Information

The information provided in the following information is provided for the purpose of the information provided in the following information:

The information provided in the following information is provided for the purpose of the information provided in the following information:

The information provided in the following information is provided for the purpose of the information provided in the following information:

The information provided in the following information is provided for the purpose of the information provided in the following information:

Information

The information provided in the following information is provided for the purpose of the information provided in the following information:

The information provided in the following information is provided for the purpose of the information provided in the following information:

The information provided in the following information is provided for the purpose of the information provided in the following information:

APPENDIX

The information provided in the following information is provided for the purpose of the information provided in the following information:

APPENDIX

The information provided in the following information is provided for the purpose of the information provided in the following information:

~~SECRET~~

GREECE

CONCLUSIONS

A. The military junta is firmly in control of Greece. Traditional political elements—the parties of left, center, and right, the Palace, the leaders of the armed forces—are in disarray. The only significant challenge to Prime Minister Papadopoulos' leadership comes from a group of hard-liners within the junta itself, but both sides seem inclined to avoid a showdown. If one should occur, we believe Papadopoulos would prevail.

B. The junta asserts that it seeks to purify the society and the political structure of Greece. It has no coherent program for approaching these objectives, yet it is unlikely to yield power until it has made progress in this direction or becomes frustrated at its failure to do so. Hence, the junta leaders may attempt either to postpone parliamentary elections for several years or write into the new constitution provisions that would permit them to monopolize power after elections.

C. The junta's day to day handling of the economy has been reasonably good, and the initial economic dislocations of the coup have been largely overcome. But the regime is not likely to find an effective remedy for Greece's long-term economic deficiencies, in particular, the chronic problem of sufficient foreign exchange to assure sustained development.

D. The coup has severely complicated Greece's relationship with most of its NATO allies. While the junta leaders would like to improve relations with the West, they are not apt to make substantial concessions in their internal policy to do so. They appear to believe that adoption of a constitution will gain them a fuller acceptance by the US and a resumption of major MAP deliveries. If these expectations are disappointed, the junta will be embittered toward the US. Harassments of US interests might occur, but the junta would be unlikely to take actions affecting the basic mission of US installations in Greece.

~~SECRET~~

1
APPROVED FOR RELEASE
DATE: DEC 1999

~~SECRET~~

E. If, on the other hand, the US is forthcoming with the junta, especially by resuming MAP deliveries, its action would contribute to further criticism of the US from opponents of the regime, including not only leftists but more moderate elements as well. On the other hand, restoration of MAP would in Papadopoulos' eyes vindicate his position and might help him to swing the junta more quickly in the direction of constitutional forms. In any event, renewed MAP shipments are not likely to persuade the junta to compromise its social and political objectives or to yield power before it decides for a wider variety of reasons that the time is ripe.

F. On the Cyprus issue, no basic solution can be achieved without the cooperation of Makarios. Nevertheless, the junta has actively sought to reach an accommodation with Turkey on the Cyprus problem, and Greek-Turkish relations are warmer than for some time.

DISCUSSION

I. THE POLITICAL ATMOSPHERE BEFORE THE COUP

1. The Greek political system was already in disarray when the junta seized power in April 1967. The Communists have not been able to play a major role since the Greek Civil War; because of the excesses during this struggle, they are still widely regarded with fear and loathing. Their political resurgence was effectively undercut when George Papandreou assembled the heretofore scattered liberal forces into the moderate left Center Union and won the 1964 elections with the largest majority of the popular vote since the Second World War. But Papandreou's efforts to gain control over both the military and civilian power structures were frustrated by the powerful conservative elements—the Palace, the armed forces, and the rightwing National Radical Union—which had dominated the political scene in postwar Greece.

2. This struggle for supremacy hindered the process of government in the years before the coup. In 1965, Papandreou resigned in frustration after an acrimonious confrontation with the King. But particularly with former Prime Minister Karamanlis in self-imposed exile in Paris, the conservatives were unable to supply effective leadership. The Palace resorted to the uneasy compromise of a government of defectors from the Center Union backed by the National Radical Union. This contributed to the political atmosphere a bitterness that weakened the already dwindling prestige of the monarchy and called into question the viability of the elective political system itself.

II. THE JUNTA

3. Upon coming to power, the junta banned all political activity, detained for a period some conservative as well as Center Union leaders, and rounded up over

~~SECRET~~

6,000 suspected Communists—about 2,400 of whom are still being held without charges. In order to promote acceptance both at home and abroad, the junta at first ruled largely through a facade of civilian nonentities. It sought to conciliate the Palace and moved cautiously toward establishing full control of the military establishment. The King and some of the senior generals believed that they would soon lose all their remaining power. The failure of their attempted counter-coup in December 1967 permitted the junta to consolidate its grip on the political order by assuming the top government posts, neutralizing the Palace, and purging the military establishment.

4. The only significant challenge to the regime's present leadership now comes from within the junta itself. While Prime Minister Georgios Papadopoulos has steadily increased his predominance over the dozen or so former field-grade army officers in the revolutionary council which comprises the junta, he does not command the unquestioning allegiance of this group. A younger hard-line faction, impatient at the obstacles the junta's rule is encountering, has begun to emerge. These more extreme nationalists, whose most prominent figure is former Colonel Ladas, serve in important positions in government, for the most part at the under-secretary level in various ministries. They would like to see a more authoritarian government established and a firmer policy followed in respect of the King and the Western democracies. On some issues, they have been able to mobilize a substantial proportion of the junta and to alter or even reverse some of the courses advocated by Papadopoulos. For example, their influence evidently slowed the release of political prisoners and prevented any early return of the King.

5. The position of these hard-liners, however, has been somewhat weakened since Papadopoulos obliged them to resign their military commissions early in 1968. They recognize Papadopoulos' edge in personality, ability, and position, and seem inclined to avoid a showdown. As long as they accept his general primacy, Papadopoulos probably sees little advantage in risking the instability inherent in purging this group. Should the extremists nonetheless stumble into a confrontation, we believe Papadopoulos would prevail. He has thus far demonstrated effective control of the military establishment. While we do not have detailed information on the allegiance of the officer corps, Papadopoulos appears to command the loyalty of most, including the more important figures, such as General Angelis, Chief of the Greek Army General Staff.

6. The junta represents a new breed of leader in Greece. Strongly motivated by vaguely defined ideas of social and economic justice, these nationalistic activists profess a highly moralistic, intensely anti-Communist outlook. They are agreed that Greek society must be purged of the corruption, confusion, and demagoguery which they associate with civilian politicians and which they believe were destroying the machinery of government and the moral fiber of the population. But while they profess to seek to reform rather than to destroy the church, the political and economic system, the bureaucracy, and the monarchy, they are not wedded on the grounds of either emotion or expediency to the preservation of these institutions. The hard-line faction in particular is prepared to be ruthless in suppressing opposition from any quarter.

~~SECRET~~

7. The junta took office without any clear program for achieving its aspirations to purify Greece and give it honest and efficient government. To date the regime has tackled its problems piecemeal, concentrating more on details than on the development of programs. It has directed its main attention to consolidating its power, to eliminating Communist influence in Greece, and to reforming the bureaucracy. Bureaucratic efficiency has improved somewhat and some deadwood has been removed. But the regime's performance continues to be handicapped by lack of experienced, qualified civilian personnel; many competent people have refused to serve. More significantly, the junta members themselves appear unable to agree on what courses of action are best suited to attain their broad objectives. Hence, despite its talk of radical change, the regime has kept pretty much to the traditional ways of doing business. Its own members recognize that it has not made much progress toward achieving its goals; hence, the junta probably feels the need to govern Greece for some time—a couple of years at least.

III. PROBLEMS FACING THE JUNTA

8. *The Political Situation.* Even before they had consolidated power, the military rulers found themselves faced with the question of determining Greece's future political order. The junta moved almost immediately to appoint a constitutional commission, at least partly in an effort to mollify the crown and to disarm both domestic and foreign criticism. More recently, it has publicly committed itself to present a constitution for a plebiscite on 1 September 1968. We believe that the junta is likely to keep this commitment, though the hard-line faction harbors reservations about this process and this timetable.

9. The draft constitution prepared by the commission has now been published and public comment has been solicited. The junta has made it clear that it is dissatisfied with the draft and will submit its own version. It has, however, not yet revealed what modifications it may have in mind. Nevertheless, we are reasonably certain of some of the broad lines of the constitution as it is finally likely to emerge. It will probably invest considerable authority in the Prime Minister and the Cabinet. The monarchy will almost certainly be retained because the junta regards it as a stabilizing force; its powers, however, will be reduced, and Constantine himself would probably accept such a lesser role. The commission's draft contains provisions for a Constitutional Court which would not only rule on the validity of acts of the legislature, but would also have extensive powers to enforce political conformity. We believe that the people will, for want of an alternative, vote for the constitutional draft as put forward by the junta.

10. The junta has apparently not yet decided how its own place can best be assured within the new constitutional order, and it may be some time in devising a legal means to stay in power. It would probably like to postpone parliamentary elections for several years, and it may insert a provision to this effect in the constitution presented for referendum. If such postponement were to generate stiff opposition, especially among Greece's Western allies, the junta might write

~~SECRET~~

into the constitution or the electoral law provisions that would facilitate its monopoly of power after elections—perhaps by disqualifying most former politicians. But in any event we doubt that Greece will have more than the symbols of a free democracy for some years to come.

11. *The Opposition.* In this situation, opposition to the junta is likely to grow and become more open. Already conservative as well as Center Union leaders have publicly refused to cooperate in debating the draft constitution. After the referendum, even figures like present Foreign Minister Pipinelis would be tempted to advance their claims to lead the presently disorganized conservative forces and press for early elections. More determined opposition is likely from aspirants to the leadership of the Center Union, though this party, which had lost important members before the coup, has further fragmented. Military figures, too, might become somewhat disaffected, either because they desired a more speedy return to democratic processes, or more likely because they did not like the shape of the political forces they saw emerging.

12. Nonetheless, we do not believe that this opposition would threaten the junta's control for some years to come. The disarray in the National Radical Union will be hard to overcome. Nor are efforts to reconstitute the Center Union as a powerful united bloc likely to succeed, at least until the thorny problem of choosing a successor to George Papandreou has been settled. Within the country, few of Andreas Papandreou's followers as yet seem willing to risk open opposition to the junta, and the other recent emigres generally command little organized support. Moreover, in Greece it has never been easy to put together an effective political bloc from the warring and jealous factions, built for the most part on personality, which pass for political parties. Hence the political scene is likely to remain fragmented for some time to come. Given the extensive precautions taken by Papadopoulos and his colleagues, it would not be easy for dissidents within the military establishment to organize a sufficient body of support to upset the regime. The Communists, badly split and severely repressed, are unlikely to emerge as a significant force for at least several years.

13. *The Economy.* By the time the junta took power, the overall rate of economic growth was substantially below the remarkable performance of the previous decade, when annual increases in gross national product of eight percent or more were common. Agricultural productivity was lagging despite large government subsidies. While overall industrial production in the first quarter of 1967 grew as rapidly as in the same period of 1966, rises in wages and salaries were pushing up production costs. Official gold and foreign exchange reserves were gradually declining. The recession in Germany had begun to retard the growth of remittances from workers abroad, and long-term capital inflow had fallen to less than half of its previous heavy rate.

14. The coup exacerbated Greece's economic problems. Even though the junta leaders have not introduced any basic changes in the management of the economy, their behavior has alienated some business interests and important foreign lenders. Private foreign investment in 1967 fell 23 percent below the level of the previous

~~SECRET~~

~~SECRET~~

year. The rate of growth of industrial production slumped even further following the military takeover. Tourism also declined considerably after the coup, partly because of the war in the Middle East and the Cyprus crisis, and receipts for the year were 11 percent below the total for 1966. Emigrant remittances, too, were affected somewhat.

15. The junta has sought to cope with these problems by relying somewhat more heavily on private enterprise as the driving force behind Greek economic development. Reviving a five-year plan originally prepared in 1965, the regime has announced plans to cut public investment by eliminating a number of "pork barrel" projects. The regime is also actively pursuing private investors both foreign and domestic. Its principal achievement is the negotiation of a previously proposed contract with a US firm that has been commissioned to attract \$830 million in foreign investment over the next decade.¹ Greece has also received an IBRD loan of \$12½ million for the privately owned National Investment Bank for Industrial Development. At the same time, the junta is increasing government subsidies to the agricultural sector in an effort to increase the share of income of the rural areas.

16. The junta's day to day handling of the economy has been reasonably good, and the initial economic dislocations of the coup have been largely overcome. Declines in tourist earnings and emigrant remittances have been offset by an increase in other receipts, particularly from shipping, which expanded greatly following closure of the Suez Canal. The trade deficit actually declined slightly in 1967, and total gold and foreign exchange reserves² at year end were only slightly lower than their level in December 1966. Prices are now stable and credit not overextended. We believe that the economy will grow at a rate of about five percent for the next year or so.

17. The junta is not making much progress in solving Greece's chronic problem of assuring a supply of foreign exchange adequate to sustain prolonged and rapid development. The manufacturing sector remains too small to allow either substantial import substitution or rapid development of new exports. This structural weakness is likely in the long run to lead to a further decline in the rate of growth, to increased unemployment, and to a rising balance of payments problem. These developments would seriously undermine Greek efforts to prepare for full membership in the European Economic Community (EEC). Though the junta may be generally aware of these problems, it has yet to advance any new ideas or any coordinated plan for attacking them. Nor do we believe that the regime is capable of coming up with an effective remedy for these long-term deficiencies.

18. Over the longer run, political rivalries within the junta or economic setbacks might prompt the regime to opt for a more tightly controlled economy.

¹ To date only \$3 million has been invested and this by the US firm itself, Litton Industries.

² Including not only official reserves, but also the unofficial "gold sovereign account."

~~SECRET~~

Such a course, involving controls on imports of consumer goods, on foreign exchange, on prices, and on investment, would run counter to the agreement with the EEC and would thus probably force Greece into more extensive bilateral trade agreements with Communist countries. The junta might also engage in selective nationalization of industry in an attempt at better organization and control of the instruments of economic planning and the forces of growth, especially if it felt that the economic oligarchy was not cooperating sufficiently with the regime.

19. *Foreign Affairs.* The coup has severely complicated Greece's relationship with most of its NATO allies. The military takeover has been almost universally reviled in the Western press. Athens' relations have become especially frigid with the Scandinavian countries, where Greek emigre opposition figures such as Andreas Papandreu have encountered warm support. The US has suspended MAP shipments of major military items to Greece since the coup. Moreover, reflecting the unpopularity of the junta abroad, the European Investment Bank has canceled \$10 million in credits promised prior to the coup.

20. Thus far, the junta has borne these pressures with resignation. The leaders are obviously unhappy at the extent of distaste expressed by their allies. Nonetheless, they continue to value highly Greece's NATO connection and would like to improve relations with the West. But there are limits on what they are willing to do to satisfy their foreign critics. They are not likely to consider abandoning power until they are considerably closer to achieving their objectives, or considerably more frustrated at their failure to do so. Nor are they apt to seek to enlarge their popularity in Europe by relaxing domestic political controls they deem essential. Indeed, in some cases, relations may be further strained as a result of political maneuvering by Greek exiles who are attempting to organize and foment opposition to the junta.

21. *Cyprus.* The improvement of Greek relations with Turkey over the Cyprus issue forms an exception to this trend. The junta's firm political control at home enables it to be more forthcoming than previous Greek regimes regarding Cyprus. Papadopoulos has apparently convinced his colleagues that continuation of this dispute is so harmful to Greece's long-range interests that its resolution should be sought, even at the price of significant concessions to Turkey. Following the crisis of November 1967, the junta abandoned insistence on any early union of Cyprus with Greece. Nonetheless, no basic solution can be achieved without the cooperation of President Makarios of Cyprus. Makarios is now pursuing a conciliatory policy toward the Turkish Cypriots, and communal tensions on the island have declined substantially. Athens would probably welcome initiatives that gave promise of reaching a lasting accommodation with Turkey. For as long as the Cyprus issue remains unresolved, Athens would find it difficult to remain aloof from controversies on the island, and current good relations with Turkey could rapidly deteriorate.

~~SECRET~~

~~SECRET~~

IV. IMPLICATIONS FOR THE US

22. Greece has traditionally relied on a great power protector—for the past 20 years, the US. While some leftist elements have objected, this relationship has been welcomed by most Greeks. The junta does not want to upset this tradition. It recognizes that any rupture of relations with the US would alarm important elements of its military support. It would almost certainly like to have its own policies harmonize with those of the US, provided that they do not derogate significantly from the junta's control over Greece.

23. In this situation, the junta leaders have been especially sensitive to the coolness in their relations with the US and to the suspension of major MAP items which they feel has delayed the modernization of the Greek Armed Forces. Restoration of normal diplomatic contact, temporarily suspended after the King's abortive coup, has eased the strain somewhat. But the Greek leaders continue to have underlying suspicions that the US does not support their regime and would be glad to see it weakened or supplanted.

24. The junta leaders appear to believe that approval of the constitution by referendum would substantially fulfill US expectations for a return to constitutional government. Hence, particularly after the referendum, they are likely to step up pressure on the US to release the major MAP items held up since the coup. The Greek Armed Forces feel increasing need for these items, and delay in resumption of MAP would probably strengthen the voice of the hard-line faction within the junta and lead the junta to slow down movement toward the forms of constitutionalism. It would undoubtedly embitter Greece's relations with the US, and could lead the junta to undertake a variety of harassments and threats to US interests. Nevertheless, we believe that it would be a long time before the junta would take any actions affecting the basic mission of US installations in Greece.

25. If, on the other hand, the US is forthcoming with the junta, especially by resuming MAP deliveries, its action would contribute to further criticism of the US from opponents of the regime, including not only leftists but more moderate elements as well. On the other hand, restoration of MAP would in Papadopoulos' eyes vindicate his position and might help him to swing the junta more quickly in the direction of constitutional forms. In any event, renewed MAP shipments are not likely to persuade the junta to compromise its social and political objectives or to yield power before it decides for a wider variety of reasons that the time is ripe.

