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TOP SECRET



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CYPRUS

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EOKA may have asked for a truce because the security

forces have been making progress in their antiterrorist campaign and because many Cypriots are beginning to be disillusioned with EOKA's policy of violence. The organization may also have considered that the influence of the nationalist spokesman, Archbishop Makarios, who has been in exile for six months, was diminishing and a truce would give an excuse for bringing him back into the picture.

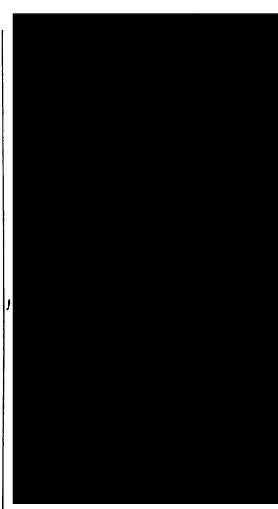
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Greek prime minister Karamanlis, although pleased at the improved prospects for settling the dispute, has complained that his government should have been consulted so it could have laid the diplomatic groundwork for American support of compromise attempts. Greek officials reportedly feel that only Makarios has sufficient prestige to negotiate a compromise with the British that would be acceptable both to Cypriot nationalists and the Greek government.

Greek foreign minister Averoff has expressed the intention of resuming talks with the British and of sending the Greek ambassador back to London. He hopes thus to clear the way for the return of Makarios from the Seychelles to London and the opening of substantive talks. Averoff plans to offer a simple agreement reaffirming the principle of self-determination, with the application to be worked out over an indefinite period between the Cypriots and the British government. He also envisages that police powers on the island would be retained by London for two years, after which consideration could be given to turning these powers over to the local government. Britain would retain responsibility for defense and foreign affairs indefinitely.

Averoff also would suggest a lower house of parliament with proportional Greek and Turkish representation and an upper house with equal representation.



Greek and Cypriot nationalist reaction to Harding's offer has been unfavorable. The mayor of Nicosia declared that EOKA had not been defeated and therefore probably would not surrender.

Both EOKA and Athens consider Makarios the key to further negotiations with Britain and will probably consider that only the archbishop's return from exile will prove British good faith.