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CENTRAL INTELLIGENCE AGENCY

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INTELLIGENCE MEMORANDUM NO. 124

SUBJECT: Continuing Instability in Greece

1. Greece, although still free of Soviet-Communist domination, is in a dangerous state of war and political and economic instability despite almost two years of extensive US military and economic aid totaling approximately 750 million dollars.

2. The economic rehabilitation of Greece would be a long, difficult, and expensive task even if there were no guerrilla warfare or political instability. Extensive damage caused by World War II has been superimposed on a country having such indigenous problems as limited land resources, overpopulation, an agriculture oriented toward the production of semi-luxury products, and primitive agricultural, mining, and industrial methods as well as an archaic communications system.

3. The political situation in Greece has long been precarious, and Greek political leadership has been mediocre. Five years of prewar dictatorship stifled normal political life and prevented the development of young politicians. Moreover, the war itself and postwar excesses have led the politicians to assume bitter and uncompromising positions. Selfish partisan interest, political bickering, and an unwieldy bureaucracy have deprived the Greek people of competent government and of a source of inspiration in their present struggle for survival.

4. The guerrilla war is the immediate cause of continuing Greek instability. The USSR and the satellites are seeking to dominate Greece through the instrument of the local Communist Party and its guerrilla organization. In view of Greece's 500-mile northern frontier and the mountainous terrain of the country, the satellites can easily and at little expense furnish tactical and material aid to the guerrillas in the amount necessary to perpetuate economic and political instability, counteract the psychological and economic value of US aid, and promote a progressive deterioration of the national will to resist. The Greek Army, on the other hand, has suffered from a defensive rather than offensive spirit, lack of aggressiveness, bad timing, and inadequate training for anti-guerrilla mountain warfare, together with poor leadership in the high command and political interference.

5. The US aid program has been attempting to solve this threefold problem. On the economic side, it has made some progress in rebuilding vital roads, ports, and other facilities and in stabilizing the currency and reviving trade. The guerrillas, however, have succeeded in countering

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US aid by sabotage, terrorization of the agricultural population, and creation of an enormous refugee burden for the Greek state. Also, the guerrilla war and its attendant evils have made Greek businessmen afraid to invest their wealth in Greece. While in theory US funds, material, and technicians are sufficient for restoring the economy of Greece, successful completion of the task is prevented by the political and military factors.

6. The elections of 1946 brought to power the monarcho-rightist Populist Party dominated by Tsaldaris. US pressure has on several occasions forced the Populists to "broaden" the government by including Centrists and Liberals. While inclusion of these elements has given at least the appearance of a more liberal government, it has in fact increased dissension, confusion, and disunity. No political party or individual has presented a concrete program, and no political party or individual has so far subordinated party politics to national interests. So far the US has hesitated to interfere directly in Greek politics or to impose needed reforms; the Athens political merry-go-round continues, with the same faces appearing and reappearing, and popular confidence in the government continues to decrease.

7. British training and US military supplies and tactical advice have more than offset corresponding aid obtained by the guerrillas from the satellites. The guerrillas, however, continue to possess the advantages of terrain, mobility, short supply lines, escape routes, and refuge areas. Good leadership and high morale in the Greek Army could probably offset these advantages to the extent of enabling the army to clean up the guerrilla pockets in the Peloponnesus and southern and central Greece, and to contain the guerrillas in the frontier areas.

8. US aid to Greece has fallen far short of achieving its ultimate objective; it has, nevertheless, prevented the development of a situation far worse than that which now prevails. If assured that US aid will not be withdrawn or decreased, and provided competent leadership becomes available, the Greek people and armed forces are capable of continuing the war against the guerrillas. Psychologically, however, the Greeks--after over eight years of war, hunger, disease, and privation--are weary of fighting a war which many of them have come to regard more as a part of the major clash between East and West than as merely their own struggle for existence.