UNITED STATES ECONOMIC AND MILITARY AID TO GREECE AND TURKEY: THE TRUMAN DOCTRINE

Memorandum of Conversation, by the Secretary of State

[WASHINGTON,] January 4, 1947.

The British Ambassador called at his request to see the Secretary. He said his Government was a bit disturbed by a statement that Tsaldaris had made to the press that he expected soon to receive American aid for financial relief. He said they were wondering whether the US did give Greece a loan in anticipation of action by Congress, or at least assurances of a loan.

The Secretary replied that we cannot stop Tsaldaris from making a statement he believes will be helpful to him at home. He stated there was no commitment at all and that it was made plain to him by everyone that it was an exceedingly difficult matter, and that the only way he could get a loan was through the Export-Import Bank. He wanted assistance between now and April 1st because he was disturbed by the immediate financial situation and was convinced nothing could be done as a result of the Economic Mission until late spring. The Secretary stated further that the Department's economic people had talked with Tsaldaris to see if there were any way something could be worked out. The Secretary said he suggested to him on the day he left Washington that he should not make any statement which would lead his people to be optimistic and then later cause them disappointment. He said he regretted Tsaldaris had given the impression that any commitment was made.

The Ambassador inquired if a loan to Greece would have to be approved by Congress.

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1 For previous documentation on these subjects, see Foreign Relations, 1946, vol. vii, pp. 88-288, passim, and pp. 899 ff.
2 Drafted by Dorothy H. Morgret of Secretary Byrnes' office.
3 Lord Inverchapel.
4 Constantine Tsaldaris, Greek Prime Minister and Minister for Foreign Affairs; for an account of his visit to the United States in December 1946, see telegram 8, January 3, 1947, Foreign Relations, 1946, vol. vii, p. 286.
5 For the appointment of Paul A. Porter as Chief of the American Economic Mission to Greece, see telegram 1569, December 12, 1946, to Athens, ibid., p. 278. The Department of State, on January 9, 1947, released the membership and terms of reference of the Mission (Department of State Bulletin, January 19, 1947, p. 136).
The Secretary replied it would not, that the loan through the Export-Import Bank could be made out of funds they now have. He said Tsaldaris was informed that money for lending purposes was restricted by the language of the law and that the Directors of the Bank were disposed to view these applications for loans quite closely and to live within the language of the law.

The Secretary said Tsaldaris then asked for a loan by authority of Congress and stated that his Greek friends here had advised him such a loan would be approved by Congress. The Secretary told him his friends were no doubt being misled by a Congressman or Senator who feels kindly toward Greece, but who would have to stand with the majority of his party when the issue came to a vote.

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761.67/1–847: Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

TOP SECRET

Moscow, January 8, 1947—8 p.m.

43. Deptinfotel 2917 [2197], December 31. We are less inclined than Erkin to feel that recent events in Azerbaijan and possibly Greece hold forth hope that USSR might show reasonable attitude toward Turkey.

We doubt that Soviet dislodgement from Azerbaijan indicates likelihood that Kremlin may abandon its search for strategic lodgement in Turkey.

We have no doubt that Kremlin will resume attempts to encroach on Iranian sovereignty and that it will continue attempts to encroach on Turkish sovereignty.

Soviet policy with respect to Turkey is motivated not only, as Erkin suggested, by considerations of security, but also by urge to gain independent access to Mediterranean and Arab world and by determination to sever British Empire jugular at Suez. To the Kremlin, Turkey represents both a corridor for attack on USSR and an obstacle to achievement of Soviet objectives. USSR will therefore not feel that it has either achieved security for its southwestern frontiers or made a solid advance on its course of Near Eastern aggression until it dominates Turkey.

In light of foregoing it is illusory to talk of a reasonable Soviet attitude or legitimate Soviet requests. Policy of subjugating (or in Soviet jargon "liberating") Turkey is grounded in Czarist history

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2 Feridun Cemal Erkin, Secretary General of the Turkish Foreign Office.
and reinforced by Communist conviction. Any manifestations of Soviet reasonable consideration for Turkish rights will be tactical maneuvers for immediate partial gains. Any inaction or apparent indifference will be a matter of timing, waiting for most favorable moment to move. If Soviet encroachment on Turkey seems to develop with devious deliberation it must be remembered that Soviet policy possesses certain glacial attributes, not least of which is persistency.

Confronted by this chill menace Turkey has little hope of independent survival unless it is assured of solid long term American and British support. It can seek that support through a regional agreement involving USA, UK, Turkey and USSR, as suggested by Erkin, or within framework of UN.

Without examining likelihood of USA being willing to commit itself to such a regional agreement, it is perhaps sufficient to say that it is probable USSR would participate in Turkish agreement with what it regards as its inevitable and greatest enemies—US and UK—only as a strategy, only on basis of providing USSR with an advantage in inevitable forthcoming conflict. And if USA and UK refused to grant that advantage, agreement would probably not be reached. It must be remembered that with respect to Turkey (as was not case in Azerbaijan showdown) USSR has initiative; that if it calculates no advantage will accrue from multilateral negotiations on straits or other Turkish problem it can refuse to participate and bide its time.

We are therefore inclined to conclude that Turkey can rely only—as must all of us menaced by Kremlin’s predatory policy—on wider assurance of indivisible security of non-Soviet world guaranteed by UN. And UN can, of course, have courage and authority for this purpose only so long as USA retains its moral leadership—and its strength.

Department repeat to Ankara as Moscow’s 2, London as 4.

Smith

807.50A/1-1047 : Telegram

The Secretary of State to the Embassy in Turkey

SECRET

WASHINGTON, January 10, 1947—7 p.m.

15. In seeking suitable methods of implementing our desire assist Turkey economically we had at one time considered possibility sending official mission to survey Turk economy and military, naval, air requirements. Such undertaking seems inadvisable at this juncture, however, since Turks would undoubtedly interpret our interest as forerunner extensive financial assistance which, in light Eximbank’s present position, we might not be in position provide.
As alternative, suggestion might be made to Turks that they engage services experienced US firm of consulting engineers to carry out economic survey. Govt Iran just signed contract with Morrison-Knudsen construction firm which is sending consulting group Iran consisting seven or eight experts to study irrigation, dams, agriculture, transportation, power and fuel, industry, mining and communications, submitting detailed report within six months. Total cost $100,000. Report to have as specific object presentation carefully planned case for additional Eximbank or Int Bank loan.

If idea appeals suggest you discuss informally with FonOff. Thought should be put forward as your own rather than as coming from US Govt. Stress importance expert preparation request for loan and try to direct Turk attention to Int Bank which was organized for express purpose financing development. You might point out Int Bank has not yet committed resources and so has greater lending potential for Turkey. Early regularization Turk position Int Bank desirable.

BYRNE

868.00/1-1147: Telegram
The Ambassador in Greece (MacVeagh) to the Secretary of State
SECRET

ATHENS, January 11, 1947—3 p.m.

30. At request of Prime Minister I am cabling in next following message essential parts of his reply to my letter of January 7 (mytel 23, January 8 1). Dept will note that he “now deplores” that internal Greek political questions were untouched during Washington talks, which I also feel unfortunate. Dept will likewise observe that he lays reluctance of opposition leaders to cooperate with him in formation of broadened government chiefly to “difficult economic and financial conditions of country” and that he expresses hope that prompt US aid will overcome this. I long ago informed Dept that belief in collapse of Tsaldaris as result lack of foreign support has been factor in creating offishness of opposition (mytel 1505, November 4, 1946 2 and previous), but I see no reason to accept recent suggestion of British Foreign Office to Norton 3 that Prime Minister himself has been seeking [in] blackmailing fashion, to condition broadening of govt on prompt receipt of US aid. On contrary, his repeated efforts before

1 Not printed; it reported that the letter, which gave the gist of Department’s telegram 8 of January 3, had been sent to the Prime Minister and a copy to the King’s political adviser (868.00/1-847).
2 Not printed.
3 Sir Clifford John Norton, British Ambassador in Greece.
going to US to secure collaboration of opposition (mytels 1658 of November 30, 1500 of November 2, 1478 of October 29, 1946) would appear to have been made quite loyally in keeping with our advice. This also view of British Chargé Lascelles to whom I read the above. British Ambassador departed this morning for London to attend conference of British representatives in this region called by Bevin for January 18. Before his departure I communicated him substance not only of Deptel 8, January 3 but also of my subsequent conversation with King and he agrees with me that in absence of more desirable solution (i.e. formation of wide coalition), best Allied tactics must be to keep pressing present government not only to continue broadening its membership as King suggests, but also to continue liberalizing its program (my airgram A–6 January 3) along line already laid down at our suggestion on dropping of Mavromichalis and passing of amnesty laws. However, in view of powerful nature of forces making for division and eventual anarchy in this country we also believe that such persistent pressure on our part should be given least possible publicity and that every care should be taken as long as present government remains in power to prevent growth of disrupting impressions that it lacks Allied confidence and support.

MacVeagh

None printed.

Ernest Bevin, British Secretary of State for Foreign Affairs.

George II, King of the Hellenes. Telegram 23, January 8, from Athens, not printed, gave details of the conversation of Ambassador MacVeagh with the King (868.00/1–547).

Not printed.

Petros Mavromichalis, a member of the extreme right wing of the ruling Populist Party.

868.00/1–1147: Telegram

The Ambassador in Greece (MacVeagh) to the Secretary of State

Secret

Athens, January 11, 1947—4 p. m.

31. Mytel 30, of January 11. Following are essential parts PriMin’s reply.

"1. As regards the financial question which I brought up in Washington, am particularly happy to see that what you say about the attitude of your government agrees in every respect with the impressions that I carried away from those friendly conversations. I was extremely pleased that the distinguished personalities with whom I conferred stressed the need for ‘urgently’ exploring all possibilities of rendering immediate as well as long-range economic assistance to Greece (official press release of the State Department published in the

1. Issued December 23, 1946; for text, see Department of State Bulletin, January 5, 1947, p. 29.
American Press of December 24 on my visit to Washington). Concerning immediate aid you specifically mention in your letter that 'it (your government) expressed the intention of requesting funds for the relief of Greece from Congress and that it promised to discuss with the Export-Import Bank the possibility of a suitable additional loan in the near future to bridge the gap.'

"From the above announcement it is evident that the American Government is proceeding already to the realization of the policy it has laid down concerning Greece. Moreover, I am fully in agreement with the view of your government that 'it would be unfortunate if the Greek public should be allowed to form any distorted impression of the commitments made.' Personally as you know on being asked I confined myself strictly within the scope of the above-mentioned official press release of the State Department.

"2. As far as the political problem is concerned I now deplore the fact that both Mr. Byrnes and the other Washington officials, with whom I had the pleasure of conversing, in no way touched upon the subject. In fact had that been the case I would have had the opportunity of expounding personally to them all the views that you have been good enough repeatedly to convey to them on my behalf, namely:

(a) My unremitting efforts within the limits set by the result of the elections of March thirty-first and the parliamentary order based on it to broaden the government in order to include all loyal political leaders and parliamentary parties; and

(b) The fact that the main obstacle to the success of these efforts of mine has always been the difficult economic and financial condition of the country. Only yesterday (January 7) the London Times in a leading article says: 'There is reluctance to take responsibility in a precarious economic situation'.

"This vicious circle will be broken as soon as a quick way is found 'to bridge the gap' pending the recommendations to be made by the Economic Mission under Ambassador Porter concerning long-range economic assistance.

"3. As regards the work of the Commission of the Security Council 2 which is expected to arrive here, we should indeed see to it as I suggested right from the beginning to Mr. Byrnes and Mr. Bevin in New York that the commission should 'secure stable conditions in this part of the world'.

"To obtain such a result my government will make every effort. And it was exactly to this end that it has already taken and will continue to take all necessary steps so that security measures may be applied as mildly as possible.

"I would only be too happy if my desperate requests for economic aid to Greece and for a timely increase of the Greek armed forces had been acceded to. Thus, if adequate and well equipped military forces had been put in the field, order would have been restored within a very

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2 The Commission of Investigation was established by the United Nations Security Council on December 19, 1946, to ascertain the facts concerning alleged violations of Greek borders by insurgent forces said to be using the territories of Yugoslavia, Albania and Bulgaria as operational bases; see telegram 983, December 19, 1946, and editor's note, Foreign Relations, 1946, vol. vii, pp. 284; 286.
short time so that no extraordinary security measures would be required while the leadership of the Communist Party of Greece would not have taken the liberty of openly undertaking the responsibility of the rebellion. Again, I would only be too pleased if what was not done months ago could be done now in order that we might be able to lift the security measures entirely for which the government regrets more than anybody else and in the enforcement of which in a country in which there has prevailed such a state of anarchy it is hardly possible for unpleasant excesses resulting from confusion not to take place.

"Rest in any way assured and kindly assure your government that agreeing wholeheartedly with paragraph three of your letter about the 'ultimate aim', I will in any case direct the policy of the Greek Government on this question in a spirit which will be as conciliatory and moderate as possible."

MacVeagh

867.24/1-1747: Telegram

The Ambassador in Turkey (Wilson) to the Secretary of State

TOP SECRET

ANKARA, January 17, 1947—11 a.m.

38. For Henderson. Re letter from Acheson to me November 8 suggesting I advise Turks USA reluctant furnish military equipment and they should submit requests to British. In my reply December 7 I said thought it undesirable do this until we are in position inform Turks they will in fact obtain at least part their military requests from British, and also that USA will give some positive economic support in way of additional credits. Otherwise I felt our completely negative attitude would discourage Turks leading them to feel our support of Turkey's independence is mere matter of words.

I have accordingly said nothing to Turks on this point pending further word from Department. Meanwhile Colonel Roberts has just returned to Ankara and will be obliged in next day or so to call on General Staff and answer inquiries re action in Washington on list items Turks desire. Under circumstances I have requested him reply to effect that he had put matter in mill, done what he could, and now it is on knees of gods, adding that with end of hostilities various problems of course have arisen re general question of furnishing military equipment. I have requested him do this because I continue feel would be most unwise turn Turks down flatly on this without being able indicate to them US able and willing give them at least some support either through military equipment or additional credit for economic purposes. It seems to me essential in our own interests not permit

2 Ibid., p. 920.
3 Frank N. Roberts, Military Attaché in Turkey.
deterioration Turk morale which might well ensue if they come to feel we have diplomatic policy only on paper without willingness or ability to implement it.

If Department on full consideration still desires that statement originally proposed be made to Turks re our inability furnish equipment and that they should turn to British this can be of course done later and made to appear as result of further examination problem. In this connection, however, I venture to urge reconsideration our policy in this matter of supplying military equipment. In fact more I think about this more I have come to feel that if we are able furnish material to British for passing to Turks then it would be sounder policy frankly supply such equipment direct to Turkey. Morale aspect which is important as regards Turkey would be better served thereby and I am inclined to believe such policy would in fact produce more satisfactory results so far as USSR is concerned. I regret decision not send official mission (Deptel 16, January 10). I think Turks may have reservations re idea economic survey by private firm. They consider themselves fairly well advanced in economic experience and thinking certainly as compared with neighbors and may judge proposal bit infra dig. However, I think would in fact prove helpful if they hire such firm to prepare their case for credits and I shall find opportunity soon to mention idea as my personal suggestion.

WILSON

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In telegram 27, January 20, the Department approved Ankara's line of action regarding Colonel Roberts and advised that thought was being given to the Ambassador's recommendation that arms policy toward Turkey be reconsidered (868.24/1-2047).

In telegram 49, January 21, noon, from Ankara, Ambassador Wilson reported that he had made a "personal suggestion" along these lines to Mr. Erkin who replied that such assistance was not needed by Turkey (867.50A/1-2147).

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761.67/12-3046: Telegram

The Secretary of State to the Embassy in Turkey

TOP SECRET

WASHINGTON, January 20, 1947—4 p. m.

26. Embtel 1293 Dec 30 and 16 Jan 10. We have been giving careful consideration to ideas outlined by Erkin. We are inclined to believe it would be definitely unwise just now to suggest regional agreement between US, UK, USSR and Turkey for defense of Straits in time of war. Our position thus far has been that Turkey is and should be primarily responsible for defense of Straits and that if Straits at any time should become object of attack or threat of attack by aggressor resulting situation would constitute threat to international security.

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2 Not printed.
and would clearly be matter for action on part of Security Council. In case Turkey should suggest regional agreement of type envisaged by Erkin Russians would be almost certain to hail suggestion as admission that system founded on Montreux Convention and United Nations does not provide adequate security for Straits and to insist that logical remedy is system resting on arrangement among Black Sea Powers rather than so-called regional arrangement among Great Powers.

They could also point out that regional defense system of Americas is limited geographically to American Republics.

Erkin apparently overlooks fact that if Soviets really have apprehensions regarding security of Straits their fears are most certain to be directed against US or Great Britain or coalition of powers acting under auspices of United Nations since without aid of US or Great Britain it is inconceivable that in near future any powers would have the strength to endeavor to penetrate or gain control of Straits. Suggestion therefore of regional pact including US and Great Britain would not satisfy Soviet Union since Soviet Union obviously would not believe such pact in certain circumstances would prevent US or Great Britain in time of war from making use of Straits to its disadvantage. It seems clear to us that Russians will not be content with any kind of arrangement with regard to Straits which will not enable them unilaterally to assume control of Straits whenever it seems advantageous to Soviet Union for them so to do.

If you agree with our views in this regard you may in your discretion inform Erkin that we do not believe that advancement of suggestion for regional arrangement similar to that outlined by him would serve any constructive purpose in allaying Russian pressure on Turkey. We are in accord with analysis of Moscow’s 43 Jan 8 (rptd Ankara as Moscow’s 2) and agree with conclusions last paragraph thereof.\(^3\)

Sent Ankara; rptd Moscow, London.

BYRNES

\(^3\)In telegram 68, January 29, 7 p.m., from Ankara, Ambassador Wilson reported that he had talked with Mr. Erkin along the lines expressed in this telegram and concluded that the idea was killed for the present (761.07/1-2947).

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SECRET

WASHINGTON, January 21, 1947—6 p.m.

69. Urtel 61 Jan 18.\(^1\) We have noted Tsaldaris’ complaint that we have been unspecific in recommendations for broadening Govt. Recom-

\(^1\) Not printed.
mendations from US must of course be of general nature since we are not in position to make specific suggestions—nor would such suggestions be appropriate—as to what exact political complexion of Greek Govt should be or as to what personalities should be selected. Greek political leaders must themselves assume responsibility for formation of govt which will clearly command support of overwhelming majority Greek people. We continue to feel that American public opinion will not for any protracted period look with favor upon extension by US of support to a Greek govt which does not enjoy popular support of Greeks themselves.

In our opinion with exception of Communists who clearly are endeavoring to undermine territorial integrity and political independence of Greece, most Greeks are loyal and patriotic citizens. We feel that these loyal and patriotic citizens must endeavor so far as circumstances permit, to cooperate politically if Greece is to be saved from great danger which is threatening it. One of difficulties appears to be that international communists by penetrating into certain left-wing and other groups have succeeded in raising doubts as to loyalty and patriotism of these groups and in creating disunity and mutual distrust within these groups themselves. Many former adherents of liberal and center parties, alarmed at presence of communists or condonement of communism, seem to have gravitated towards extreme right while others shocked at reactionary attitude of rightists have gone over to groups controlled or contaminated by communists. As result political strength seems to have been passing from center and liberal groups into hands of totalitarian rightists or leftists. This dangerous situation might be remedied if responsible Greek political leaders would have vision, restraint, and patriotism to form political coalition which would include those leftist, liberal, and center groups sufficiently enlightened and loyal to refuse to have any further dealings or associations with communists and those rightist groups which would be willing loyally to cooperate with all anti-Communist center and leftist groups. Rightist groups unwilling to cooperate with Greek leftist anti-Communist groups should be considered as reactionaries unworthy of membership in such coalition and groups prepared to cooperate with communists should be regarded as disloyal, contami-nated, or politically immature elements the presence of which would be almost certain to create distrust within ranks of such coalition. We realize that it will be difficult for Greek political leaders to lay aside their personal ambitions and rivalries in order to make such front possible. We also appreciate that formation of such front will probably result in splits within ranks of leftist parties in which there are differences with regard to attitude which should be taken toward com-
munists and within ranks of certain rightist parties in which there are
differences as to desirability of cooperation with anti-Communist
leftists. Nevertheless such splits might eventually have constructive
effect on Greek political life since they would serve to isolate and
weaken influence of extremists. Has Sophoulis* made his position
vis-à-vis Communists clear? If not it would seem that he should do
so since it would manifestly be unfair to call upon Greek people to
support leader who has not courage to take steps to isolate communists
and communist-contaminated groups.

In case some kind of broad loyal coalition could be formed it might
be found advisable to place temporarily at its head some outstanding
non-partisan figure such as Damaskinos* at least until it is in position
to function.

If you consider foregoing observations valid and helpful you may
communicate them to Tsaldaris and others in your discretion. Also
please telegraph your comments and let us know whether you consider
public statement here along general lines of foregoing but less specific
would be desirable. Do you consider it advisable for us to suggest pro-
gram which it might be appropriate for coalition govt to adopt? If
so your ideas will be welcome.

Sent Athens 69; rptd London 347.

MARSHALL

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*Themistocles Sophoulis, leader of the opposition Liberal Party and former
Greek Prime Minister.
*Archbishop of Athens and Primate of Greece; Greek Prime Minister from
October 17 to November 1, 1945.

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868.51/1-2247

Memorandum of Conversation, by the Director of the Office of
Financial and Development Policy (Ness)

[WASHINGTON,] January 22, 1947.

Mr. Gouras,* the Greek Chargé, called by arrangement this afternoon
to inquire concerning his proposal that Export-Import Bank free,
perhaps by the device of taking up outstanding letters of credit, the
uncommitted balance of the $25 million credit. This balance is reported
to amount to something under $18 million.

I informed Mr. Gouras that the decision communicated to him by
the Bank in its letter dated January 17,* a copy of which is attached

*Paul Economou-Gouras, whose surname is commonly but erroneously referred
to as Gouras.
*Not printed; the letter conveyed the regrets of William McC. Martin, Jr.,
Chairman of the Board of Directors of the Export-Import Bank, that the Bank
was unable to accede to the Greek request.
hereto, was based on administrative considerations. I explained that by this [was] meant the consistency of his proposal with the original terms of the credit incorporated in the Board’s resolution. I informed him further that at my request the Bank had agreed to place his proposal upon its agenda for consideration on policy grounds at a forthcoming meeting of the Board of Directors. I told him that the considerations which had been influential in determining the Bank’s decision on administrative grounds would likewise be of considerable if not determining weight when the matter was taken up on its policy merits. In short, I gave Mr. Gouras no reason to anticipate a favorable decision in the matter. I did inform him that we would undertake to lay before the Bank such information as we have bearing upon the present Greek financial situation.¹

(I had yesterday learned that the Acting Secretary of the Bank, in reporting a special meeting held this last Friday, incorporated as part of the minutes a record of the Bank’s action on administrative grounds. Upon inquiry this morning I learned that this had been done with the thought of protecting the right of the Department to appeal the decision. Being concerned that inclusion in the minutes would unduly dignify the Bank’s action, I asked that the relevant portions of the minutes be expunged. This was agreed to without question.)

N[orman] N[ess]

¹Mr. Economou-Gouras had called on Under Secretary of State for Economic Affairs Clayton on January 14, pursuant to instruction by the Greek Prime Minister, to discuss the possibilities for extraordinary and immediate financial assistance to Greece. Mr. Clayton had given assurances that “we were genuinely concerned over conditions in Greece and were exploring all possibilities of offering assistance. Because of legal limitations, however, he [Clayton] felt that there was no immediate prospect of direct financial aid to Greece at this time”. Mr. Clayton also had advised the Greek Chargé of the intention of the United States Government to present to Congress in the very near future a bill providing aid to several nations, including Greece, in urgent need of food and essential consumer goods. He had not felt, however, that such legislation would be enacted before the middle or end of March (memorandum of conversation, by William O. Baxter of the Division of Near Eastern Affairs, 868.51/1-14/47).

868.002/1-2547: Telegram

The Ambassador in Greece (MacVeagh) to the Secretary of State

SECRET

ATHENS, January 25, 1947—10 p. m.

99. King’s political adviser Pipinelis called this afternoon to solicit understanding and support for new coalition govt.¹ Said

¹Telegram 114, January 28, from Athens, reported that the cabinet of Demetrios Maximos, with Mr. Tsaldaris as Vice Premier and Minister for Foreign Affairs, was sworn in on January 27 (868.00/1-2847).
Maximos only figure under whom all participating political leaders willing serve and though new govt unlikely survive long time as coalitions always unstable especially in Greece it may tide country over difficult period and lead to better things. Emphasized overwhelming parliamentary majority with only Sophoulis in opposition and expressed view that Sophoulis who has not yet clarified his attitude towards Communists (Deptel 69 January 21) is unable to do so because his following composed partly of conservative bourgeoisie and partly of fellow-travelling intelligentsia. Suggested however that if aged leader disappears (he suffered heart attack in Chamber recently) Rendis might lead more conservative portion party to cooperate with other national minded groups.

Later Maximos also called and I took opportunity let him read Deptstel 69 which he did with care afterwards remarking it expresses "pure reality" of situation and commenting Department well informed. Begged me advise my govt he accepted premiership only for purpose effecting such appeasement as possible and "correcting certain measures taken in contrary sense". This connection and in reply Dept's query telegram 69 I consider that statement by Dept welcoming "broad loyal coalition" which embraces seven-eighths parliament and giving general expression to type of program hoped for could not fail be helpful.  

MACVEAGH

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2The Secretary of State welcomed the recent broadening of the Greek Government in a statement made at his press and radio conference at Washington on February 14; for text, see Department of State Bulletin, February 23, 1947, p. 341.

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The Chargé in the United Kingdom (Gallman) to the Secretary of State

SECRET

LONDON, January 31, 1947—1 p. m.

684. Foreign Office today asked us to call and said following:

Yesterday British Cabinet gave full consideration to Greek situation. It was agreed in principle that Great Britain should lend further assistance to Greece and Foreign Office was authorized to consult with Treasury and Ministry Defence to work out details of British proposals re this situation.

These inter-ministerial discussions will be hurried along as fast as possible and may take only a week. The idea then is for the British proposal to be discussed with US Government. Next item on agenda will be interim assistance to Greece because financial assistance will end on March 31 and it is improbable that long-term proposals can be
worked out until after Porter report is made. It is essential that interim assistance be rendered "in order to stop the rot."

Foreign Office is telegraphing Embassy Washington on this subject.\(^1\)

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\(^1\) A marginal notation dated February 15 states that the British Embassy had heard nothing further from London.

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888.515/2-447

*The Ambassador in Greece (MacVeagh) to the Secretary of State*

**CONFIDENTIAL**

No. 3597

**ATHENS, February 4, 1947.**

[Received February 24.]

*Sir: I have the honor to transmit herewith copies of three recent documents\(^1\) bearing on the precarious monetary situation now existing in Greece which, it is believed, the Department will find enlightening.*

Enclosure No. 1 is a statement dated January 18, 1947 addressed to the Prime Minister (then Mr. Tsaldaris), the Ministers of Coordination and Finance, the Governor of the Bank of Greece, and General Clark (chief of British Economic Mission), by the two foreign members of the Currency Committee (Gregory and Patterson\(^2\)) recommending "immediate" cessation of gold sales by the Bank of Greece. Enclosure 2, dated January 28, is to Prime Minister Maximos (who succeeded Tsaldaris on January 24), likewise from Gregory and Patterson, in which they justify their "utter inability" to approve the Government's proposal for meeting the higher pay demands of the striking government employees by payment of two monthly bonuses involving an aggregate additional expenditure upward of 50 billion drachmas, this money presumably to originate with the printing press for advance to the Government by the Bank of Greece.

It should be recalled that, under the London Agreement of January, 1946, involving a loan to Greece for currency cover, all advances by the Bank of Greece to the Government explicitly require the approval of the Currency Committee which the Agreement established.

Enclosure 3 presents the record of the Currency Committee meeting on January 31, in which the committee, confronted by a *fait accompli* in the Government's earlier decision to make the bonus payments to employees (see Embassy's telegrams 116 and 136 of January 28 and February 1, 1947\(^2\)) records its strong protest against that decision.

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\(^1\) None printed.

\(^2\) Sir Theodore Gregory and Gardner Patterson, British and American members, respectively, of the Greek Currency Committee.
"without their previous approval", but—due to the "very serious political repercussions" which probably would follow a committee rejection—it accepts the decision "leaving to the Government the entire responsibility for any consequences resulting from the adoption of this measure".

Thus the committee's hand was forced, and the door is now open for the issuance of some 50 billions of additional uncovered currency, with no indication whatever as to where the process may stop, or what remedial measures may be devised to correct the situation. Following these bonus payments in February and March, the Government has promised its employees to review their demands at the start of the new fiscal year beginning April 1. Certainly a decrease in their compensation can hardly be expected at that time under existing high-cost conditions in the country. And in the next fiscal year, the Government's revenue prospects will be seriously impaired by a rapid elimination of receipts derived from the sale of UNRRA supplies.

Respectfully yours,

For the Ambassador
H. Lawrence Groves
Counselor of Embassy for
Economic Affairs

868.90/2-747

The Ambassador in Greece (MacVeagh) to the Secretary of State

TOP SECRET
No. 3607

ATHENS, February 7, 1947.
[Received February 21.]

SIR: As of possible usefulness to the Department, I enclose here-with a summary statement of recent guerrilla activities in Greece compiled by the Intelligence Department of the Greek General Staff as of January 17, 1947, a copy of which has been made available, through the Embassy's Military Attaché, to the American delegation on the United Nations (Security Council) Commission of Inquiry into the sources of trouble along the Greek northern frontiers.

In this document, the Department will note (1) that specially lively guerrilla activity is reported from all Greece's northern regions beginning with mid-November 1946, when the areas of Evros and Xanthi in Thrace began notably to be involved; (2) that the objective is considered as political; (3) that the bands are said to receive reinforcement from across the border and operate in liaison one with another; (4) that an effort is believed in progress to extend activity southward through central Greece to contact and strengthen the bands

2 Not printed.
in the Peloponnesus, and also to "have it appear to the UN Commission that the main source of bandit activity is in central and northern Greece and not along the frontiers"; and (5) in conclusion, that the KKE (Communist Party of Greece) is accepted as "cooperating fully with the Slav Communist Parties" in an effort to bring about a situation in Greece which will call for Russian military and political intervention.

The statement would appear to be thoroughly objective and I believe can be regarded as trustworthy in regard to the facts, which it details and summarizes in full conformity with the reports this Embassy has been regularly submitting on weekly developments. I would criticize only its conclusion, to the extent that it would not appear that communist-engineered anarchy in Greece would necessarily call for "direct Russian intervention" as long as the Russian-controlled forces of the neighboring states are available for such a purpose.²

Respectfully yours,

LINCOLN MACVEAGH

²In note 109, January 11, the Greek Embassy had informed the Department of State that the Greek Communist Party and its collaborators had assumed full and open sponsorship of the rebels and had moved their bands systematically to the south, principally south of Mount Olympus. The purpose of the two steps, according to the note, was to shake the basis of Greece’s appeal to the United Nations and to portray the guerrilla movement as without outside connections and merely as an internal revolt against the regime in Greece and against the general policy of the Western Powers. (868.00/1-1147)

868.515/2-1147: Telegram

The Ambassador in Greece (MacVeagh) to the Secretary of State

SECRET

ATHENS, February 11, 1947—noon.

PRIORITY

196. For the Secretary and Assistant [Under] Secretary Clayton. When Porter consulted us (mytel 187, of February 9 from Porter to Clayton ¹ and previous) Ethridge² and I gave him our views substantially as follows:

The UN Invest Commission is dealing with the external threat to Greece’s integrity and independence and from present indications there would appear to be a good chance of its arriving at conclusions and recommendations satisfactory to the US.

On the other hand the Porter mission, while dealing with the internal problem of preventing imminent financial collapse, is also facing fundamentally the same external threat. This is true because among other factors the loyalty neither of the civil servants who have

¹Not printed.
²Mark E. Ethridge, United States Representative on the Commission of Investigation.
already struck successfully against the Government nor of the armed forces which are already dissident to a dangerously high degree can be expected to withstand another catastrophic inflation, and revolution in this country's present circumstances can mean only one thing, Soviet control.

Thus even should the UN succeed in establishing border security its success can mean nothing as regards objectives of principal interest to the US unless the internal problem is also solved. Moreover from our observation of Russian tactics Ethridge and I feel that the Soviets themselves see matters in exactly this same way. It seems clear to us that they expect that whatever comes of the UN Commission, whose work they are meanwhile constructing with every possible device to make it conducive to the confusion and discredit of the Greek Government, economic deterioration here must soon cause revolution on a nationwide scale which the well organized Communist party can be counted on to dominate if not openly lead.

It is against this background and not only a background of "serious repercussions the results of which would be embarrassing to the Greek Government" that we feel Porter's strong recommendations should be considered. If Greece falls to communism the whole Near East and part of North Africa as well are certain to pass under Soviet influence and to prevent this and the world-wide complications it would entail a premium of not only five but of many times 5 million dollars would seem cheap insurance for the US.

Ethridge has read this telegram and authorized me to say that in his opinion it understates the case.

MACVEAGH

868.50/2-1747

The Chief of the American Economic Mission to Greece (Porter) to the Under Secretary of State for Economic Affairs (Clayton)

TOP SECRET

ATHENS, February 17, 1947.

My Dear Mr. Clayton: The American Economic Mission has now been in Greece for one month, almost half of which has been spent visiting Macedonia and the Peloponnesus in order to observe reconstruction, agricultural production and other activities in the provinces. Athens, comparatively much better off than the provinces, is in an exceedingly inappropriate place to obtain a real prospective of conditions in Greece.

We have worked with the Ministries of the Government in Athens in an attempt to get a detailed picture of their program for the coming year, but have encountered the difficulties and frustrations, usual in
Greece, in getting reliable information. We have, however, made certain progress on governmental reorganization, budget information, trade balances, and related matters.

While I am not prepared at this point to make an interim report, some of my preliminary impressions may be of interest to you and will indicate the extreme gravity of the situation:

(1) From our preliminary analysis of the budget, it appears that during the current fiscal year ending March 31, 1947, expenditures will be approximately $272 million and revenues $185 million, leaving a deficit of $87 million (using a realistic exchange rate of 8,000 drachma to the dollar). In appraising the magnitude of expenditures, it must be borne in mind that the burden of the military was carried with the assistance of a British subsidy valued at $85 million, and the burden of relief and reconstruction with the aid of UNRRA supplies, surplus property and Eximbank credits estimated at $230 million. Furthermore, over 40% of revenues are estimated to have been derived from the sale of UNRRA supplies.

The Government has not yet faced the problems which will follow inevitably from the cessation of UNRRA aid and, possibly, the British subsidy to the Greek Army; they have not in fact prepared a budget for the fiscal year 1947-48. The first tentative Government estimates of revenues and expenditures for 1947-48, received at the time of writing this letter, place gross expenditures at $421 million and gross revenues at $256 million, a deficit of $165 million. This estimate of expenditures assumes a continuation of the British subsidy to the Greek Army.

While the Government has delayed the presentation of its fiscal plans for 1947-48, presumably because of a reluctance to expose its precarious position, it seems clear that if the Government contemplates a loose and disorganized program of expenditures in the amount indicated above, the deficit could hardly be covered even with drastic tax increases which would inevitably reduce further the already low standard of living of the masses of the Greek people. Estimating the national income roughly at the level of about $800 million, the state of bankruptcy becomes even more apparent. I know of no technique by which an impoverished country—or any country—can hope to survive when its Government is spending up to 50% of the national income, in large part for non-productive purposes.

From a purely technical point of view the Greek fiscal problem could be met, given: (1) a drastic curtailment of expenditures including domestic military expenses, increased taxes, and strengthening of the tax administration; (2) American assistance in financing minimum imports of food stuffs; and (3) a continuation of the British subsidy
to the Greek Army. However, the Greek Government has given us little indication thus far that it will take the steps necessary to bring its budget into approximate balance.

You may be interested in knowing that approximately 1% of the national income, less than $8 million, is collected by the Government in direct income taxes. While revenues from this source would not be considerable in any event, and the Government claims that it has no machinery for their collection, there is no doubt in my mind that failure to require the majority of wealthy Athenians, merchants and businessmen, to bear their proportionate share of the cost of government creates a most fertile field for fomentation by the extreme left.

(2) From this dismal fiscal outlook, as well as from other indications, notably a failure on the part of the Government to withstand demands for wage increases by Government employees and others, it is apparent that another serious round of inflation may be approaching. It is inevitable unless the Government will realistically plan its program of expenditures and revenues within the limits of reduced foreign assistance. We are meeting with the Ministers concerned to explore methods of narrowing the gap between what they have been loosely thinking in terms of probable expenditures and receipts.

(3) Statistically we can reduce to about $50 million the $175 million deficit in the too generous balance of payments estimated by UNRRA and the Greek Government. This presupposes, however, effective utilization of United States surplus property and the development of exports to the levels we have indicated to the Government. The situation is particularly acute when one considers the volume of UNRRA supplies which have been poured into the economy during the past two years, although stocks of UNRRA stores in Greece and in the pipeline mitigate the problem to a degree.

(4) While there are a few bright spots here and there on reconstruction, less has been accomplished since liberation than would be expected. Matériel from abroad for the reconstruction of transportation facilities, as well as drachmae for concurrent local expenses, are extremely limited; however, railways are in operation with scant equipment in much of Greece and temporary highway bridges have replaced most of those destroyed. The use of credits granted by the state bank and private banking institutions has aided the recovery of agricultural output and assisted to some extent in furthering trade and commerce, but has not been adequate to finance long term capital investment. Such little liquid capital as there is in private hands has sought outlet in gold or foreign exchange rather than in development. For example, I have been unable to find a single residential unit in Athens that has been built since liberation for investment purposes;
this in spite of an estimated increase of 200,000 in the population of Athens during the past two years. People are not investing in productive enterprise in this atmosphere, and the responsibility rests primarily with the State which has taken no effective steps to create a climate of confidence or to prohibit capital from hedging its risk outside the national economy.

(5) Discussions with Ministers and industrialists always end up on the political note. They claim it is futile to adopt any policies or to undertake any permanent reconstruction until international and domestic security is achieved. I have insisted that the two must go hand in hand; that this country cannot afford to wait until the United Nations Investigation Commission successfully completes its work before instituting obvious economic reforms. However, we have made but little progress in convincing the Government to adopt this view. Expediency and a hand-to-mouth existence are the order of the day.

(6) One of the underlying causes of the lag in recovery in Greece is the unhealthy psychological condition of the people. Much of what we observe may be no more than the inherent differences between Greek and American thinking, but in addition to this there appears to be a sense of helplessness on their part; a feeling that because they suffered during the War they should now be cared for by their richer allies; a belief that the external factors in their problem are so large that their individual efforts are futile. There is a pathetic dependence upon the United States. Our presence here is used by the Government to arouse unjustified hopes among the people. There is a consequent misunderstanding throughout the country of the purpose of the Mission, which I have undertaken to correct on every appropriate occasion. I have been meticulous in pointing out that our only proper function is to make friendly and appropriate suggestions to the Greek Government and to carry back to our own Government information upon which it can make intelligent judgments; this has done little to remove the wide-spread belief that our job really is to bail out Greece irrespective of the cost.

(7) There is really no State here in the Western concept. Rather we have a loose hierarchy of individualistic politicians, some worse than others, who are so preoccupied with their own struggle for power that they have no time, even assuming capacity, to develop economic policy. While I have no actual proof of venality in high places, the discussions current in journalistic and commercial circles claim that there exists a high degree of corruption. The civil service is a depressing farce. I will not burden you with the amazing details of its lack of organization and system, but will set forth fully in our final reports
the almost complete deterioration of competence in governmental services.

There appears to be a willingness on the part of the present Government to accept such reasonable suggestions as we may finally make, but I am skeptical of the capacity of this Government, which although claiming to be a coalition in fact represents only a coalition of the Rightist and Conservative elements of the population, to administer effectively the extensive reforms needed. And frankly alternatives are not clear. Maximos, the present Prime Minister, is a kindly, well-intentioned old man, and I accept at face value his profession of patriotism and his desire to adopt a realistic program. Here again, however, I have reservations as to the capacity of Maximos or his Ministers to really face up to the hard realities.

The situation in Greece as indicated by these random observations is very discouraging, but not hopeless. There obviously are the makings of a financial collapse and I need not point out the resulting political implications. The preventative for inflation are energetic measures on the part of the Greek Government and substantial financial aid from foreign sources. It is characteristic of these people not to take corrective measures until absolutely necessary and then to take only a minimum. Furthermore, we may be judging the competence of the Greek Government by standards too high for this part of the world.

Also on the encouraging side are certain stabilizing factors which might prevent any inflation from resulting in complete breakdown of the economy. Agricultural production has been restored almost to pre-war level and industrial production has passed the halfway mark; neither would completely relapse. Furthermore, the economic structure of Greece has always been relatively simple compared to those countries where money and credits play such a dominating role. It is based on agriculture. Events of recent years—occupation and inflation—have made it even more primitive. Banks, insurance companies and industrial concerns play a relatively unimportant role at present and most transactions of any size are in gold or foreign currency. While the setback which inflation would cause to recovery cannot be dismissed as inconsequential, it can be said that inflation might not have the economic effects it would have in a modern, complex society. Its political repercussions could well be catastrophic.

Being conscious of the possibility of political upheaval in times of economic breakdown, it is reassuring to realize that the Greeks are overwhelmingly and articulately in favor of democracy, although the strength of the Left should not be minimized. Amfogé estimated only 9.3 percent of the voters to be communists. There is a strong devotion to democracy and individual freedom.
Guidance and financial aid from the United States will be telling contributions in the struggle against Greek bankruptcy. I hope that our Mission will present a basic program for the Government which will be sound and practicable. However, because of my stated doubts about this Government’s ability to carry through a program, I believe that day to day guidance by American personal in Greece is going to be necessary. The American and British members of the Greek Government Currency Committee here performed invaluable services in keeping the economy in balance. I am hoping soon to complete an arrangement whereby Buell Maben, Chief of the UNRRA Mission, will be employed by the Greek Government to develop and supervise a program for exports, imports and distribution of supplies. He will, of course, need the informal support of our Government.

We will probably recommend in our final report that American financial aid be conditioned upon effective efforts of the Greek Government to carry out minimum economic reforms such as foreign exchange controls and adequate taxation, and we will recommend that these efforts be judged by several Americans sent to Greece for that purpose. Not only should this lead to a wiser expenditure of the money, but it will give the Greek Government the added benefit of absolutely necessary reforms which it is apparently incapable of imposing itself.

I am hoping after our discussions this week to be able to set a target date for our return. I will advise you within 10 days of our plans.

Best personal regards,

Sincerely,

PAUL A. PORTER
Ambassador

868.00/2-1747: Telegram

The Secretary of State to the Embassy in Greece

CONFIDENTIAL

WASHINGTON, February 17, 1947—4 p.m.

175. For your info and background in event local Greek press reports extensively on Sofianopoulos’ visit to Washington. During past two weeks Sofianopoulos accompanied by Andre Michalopoulos has three times visited Dept. No unusual significance should be attached to length of interviews which were protracted because of Greeks’ verbosity nor to number of calls which resulted from Acheson’s inability to complete first interview and his absence because of illness when Sofianopoulos made second attempt to see him.

In brief, Sofianopoulos advanced as Greek political solution approximately same platform espoused by EAM; i.e., immediate forma-

1 John Sofianopoulos, former Greek Foreign Minister.
2 Dean G. Acheson, Under Secretary of State.
tion govt. representing all parties; complete amnesty; disarming all illegal bands both Right and Left; purging civil service; rigorous tax measures; recompilation electoral lists; and new elections. All Dept. officers who talked with Sofianopoulos are convinced that he is soliciting support for his candidacy as Prime Minister.

Dept. explained frankly to Sofianopoulos that we agree with many of his views particularly that no real progress can be made in Greece until internal order is restored. For many months US has been recommending to Greek officials and party leaders that Govt. should be broadened sufficiently to gain confidence of majority of Greek people, that genuine measures should be taken for amnesty and disarming illegal bands. On economic side we have urged tax reforms, financial controls, and reorganization corrupt civil service. We do not share Sofianopoulos' view that Communists are loyal Greeks willing to co-operate in moderate left-of-center program. It is our view that even though a minority, Communists would attempt to infiltrate important positions or paralyze Govt. administration if they could not by their aggressive methods orient Greeks toward USSR. It was made clear to Sofianopoulos however that exact composition of any broadened Govt. was matter which Greeks themselves would have to decide since ultimate purpose is wide cooperation of Greek parties hitherto unable to work together for general good of country.

Sent Athens; rpt London 777 Moscow 255.

MARSHALL

501.RC Greece/2-1747: Telegram

The United States Representative on the Commission of Investigation
(Ethridge) to the Secretary of State

TOP SECRET

ATHENS, February 17, 1947—5 p. m.

227. Ethridge No. 15. For Secretary and Austin ¹ from Ethridge. Commission moves to Salonika this week with first meeting there Friday. This highly desirable objective attained only after Soviets and Poles helped by their satellite liaison officers had exhausted every means of stalling and after I had spent 3 hours with Lavrishchev ² in which he advanced every argument for staying in Athens. Believe he gave in only after it had become apparent to him that I would force vote in Commission which he realized would be 9 to 2.

Soviet tactics here have been to stall work of Commission and delay as long as possible drafting of proposals invited in last paragraph of

¹ Warren R. Austin, United States Representative at the United Nations.
² Alexander Andreyevich Lavrishchev, Soviet Representative on the Commission of Investigation.
SC resolution. Yugoslavia [*Yugoslav*] had to be roped and tied down to force him to finish his statement. On one occasion he read for 35 minutes and said he had finished for day. He pleaded necessity for further preparation, sore throat and everything else he could think of to secure delay.

Feverish Soviet desire to stay in Athens comes from two things. One is propaganda value involved in taking advantage of free Greek press to belabor Greek Government. Other is much more serious. I am convinced and conviction is shared by other members of Commission that Soviets feel that Greece is ripe plum ready to fall into their hands in a few weeks. Secretary’s statement *a* aroused great interest in Commission but three commissioners have asked me how we proposed implement it.

My own view from what I have seen in Comm and what I have learned through British and American political, economic and military sources is that Soviets have every good reason to feel that Greece may be about to fall. Army enlistments are down, army desertions up with two detachments going over to guerrillas in last three days, army morale at lowest possible. Military maps show that area which government has lost is growing. Communist membership and boldness increasing while Greek Government steadily losing popular confidence through ineffectuality. These factors combined with complete confidence expressed by Yugo liaison officer in statement to newspaper man “we have iron nerves and we will hold on. This situation will be cleared up in a little while” convince me that border problems may be solved by default before Commission gets a chance to propose anything. How fully Ambassador MacVeagh shares this view may be seen from his telegram 196 February 11.

Department of course understands all implications as to Near East. General feeling of commissioners with whom I have close contact particularly British, French, Chinese and Colombian is that if Greece goes not only Near East goes with it but also Italy and France. French commissioner Daux said to me this morning that he was sure France could not withstand pressure if Greece through inadequate support by Britain and America fell into Soviet orbit. These colleagues feel that after having been rebuffed in Azerbaijan and Turkey Soviets are finding Greece surprisingly soft and that matter has gone beyond probing state and is now an all out offensive for the kill. Effect upon UN if that comes about is obvious.

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*a* See footnote 2, p. 13.
Urgently suggest that matter has reached necessity for highest level consideration and action involving coordination with Britain who seem as frustrated as in Palestine. Aside from concrete measures which have been advised by Porter and which MacVeagh and I feel must somehow be effected if immediate collapse is to be avoided we strongly suggest Secretary consider further dramatization of our interest here such as visit by him to Greece on way to Moscow.4 Believe it necessary to make Soviets understand clearly that most serious situation will arise if they permit their satellites and agents to continue to direct and supply guerrilla forces and foment anarchy in Greece.

Will make effort to confine work along border to one month but this will be most difficult to achieve in view of stallings. Soviets will agree to expedite only if they feel they have lost their game.

[ETHRIDGE]

*To participate in the Fourth Session of the Council of Foreign Ministers, which was held from March 10 to April 24, 1947.

501 BC Greece/2–1847: Telegram

The Secretary of State to the Embassy in Greece

SECRET

WASHINGTON, February 18, 1947—8 p. m.

US URGENT

188. Ethridge’s estimate present situation (Embtel 227 Feb 17) being transmitted London for urgent discussion with FonOff. Dept discussing with Brit Emb here. Hope you can talk over situation immediately with Ethridge and Porter and inform Dept of your concerted views as to seriousness of situation and, if collapse seems probable and immediate, how much time remains for any remedial action which US or UK might take.

Urgent consideration being given to your and Porter’s recommendations for financial assistance but Dept handicapped by lack of authority so far as Eximbank and Federal Reserve are concerned. Earliest possible completion Porter report would be of great assistance and hope you can aid in speeding Mission’s work.

Dept informed that substantial amounts of UNRRA supplies remain undistributed in Greece. Please telegraph amount of these undistributed supplies, their value, and reasons for failure of Greek Govt to distribute them.

Sent Athens 188; rptd London 809, Moscow 270.

MARSHALL
TOP SECRET

ATHENS, February 19, 1947—5 p. m.

232. To Cohen \(^1\) from Porter (Personal). Nature of crisis here such that I urge you recommend strongly to Secretary he come to Greece en route to Moscow as MacVeagh and Ethridge have suggested. His presence here even for day should have incalculable effect as manifestation our interest here. Firmly convinced this is real thing and we cannot hope for economic or political stability in absence of all out effort on our part. Next few months should determine whether Greece will collapse and Secretary’s presence here would probably mean we could buy much needed time in which to work out essential measures to prevent complete disintegration which is already far along. Cannot emphasize too strongly gravity of situation and know you understand I would not make this personal appeal to you in absence of well considered conviction developments here next few months could determine the future.\(^2\)

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\(^1\) Benjamin V. Cohen, Counselor of the Department of State.

\(^2\) In telegram 204, February 21, to Athens, Mr. Cohen advised Ambassador Porter that his suggestion for a visit to Greece by the Secretary “was thoroughly and sympathetically considered yesterday by top policy committee. Unfortunately such visit impossible before Moscow”. (868.00/2-2147)

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SECRET

LONDON, February 19, 1947—6 p. m.

US URGENT

1130. Deptel 811, February 18.\(^1\) We discussed today with Foreign Office contents of Ethridge’s message. Following is substance of Foreign Office observations:

Reports from British sources in Greece do not confirm seriousness of internal Greek position as presented by Ethridge. Neither British Embassy, nor Windle \(^2\) have indicated they consider Greece a ripe plum to fall into Communist hands in few weeks. Furthermore, For-

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\(^1\) Not printed; it paraphrased telegram 227, February 17, from Athens, p. 23, and requested the comments of the British Foreign Office on an urgent basis (501.BC Greece/2-1847).

\(^2\) Richard T. Windle, British Representative on the Commission of Investigation.
eign Office has not heard that Greek army morale is at such low ebb. It may be true that guerrilla activity is somewhat more widespread, but this may be because of dispersion of bandit forces, and there is no indication that the area under effective Govt control is diminishing.

Insofar as help from Soviets and satellites to supply guerrillas is concerned, there is every indication that this decreased for obvious reasons before arrival of commission. Nevertheless, Foreign Office takes very serious view of financial-economic situation which, if allowed to deteriorate and to result in a collapse, would precipitate a grave political situation, which in turn might lead to Communist rule.

Conversations being held between British Treasury and Foreign Office have not yet resulted in agreement on document to be laid before Dept for discussion (see Embtel 684, January 31). Due to British financial straits, Treasury is against "pouring any more money down the Greek drain," but Foreign Office is willing to do so for political reasons. Foreign Office is not sanguine of gaining its point. Document will be ready within a week, it is hoped.

Sent Dept as 1130, repeated Athens as 18.

GALLMAN

885.24/2–1947: Telegram

The Ambassador in Greece (MacVeagh) to the Secretary of State

SECRET

ATHENS, February 19, 1947—6 p. m.

237. King called British Ambassador and me to Palace yesterday and expressed his anxiety over delay in obtaining adequate equipment Greek army (mytel 1721, December 16, 1946 1) for spring offensive due open March 31. I informed him duplicate tentative list of requirements forwarded Washington where presumably being studied in view possibility furnish items which British unable (mytel 1798 [Deptel 1598 2], December 19, 1946) but that US action must await British initiative. Norton obviously embarrassed and promised telegraph urgently in effort expedite. Respectfully repeat suggestion in paragraph 1 mytel 1721 that query from Washington might help produce promptness already necessary two months ago.

In addition King complained request to British for agreement expand Greek army by 1500 men (mytel 1699, December 11 3) still unanswered and Norton replied he actively endeavoring secure this. Said believes the situation caused by financial aspects and he urging

2 Not printed; but see footnote 77, ibid., p. 283. The list was forwarded to Washington in telegram 6, January 3, 1947, from Athens.
3 Not printed.
agreement now and settlement of financial question later. King stressed equipment and reinforcement needed both for strengthening offensive strength Greek army and for revival deteriorating morale. Said recruits largely needed to replace elements of older classes now rapidly tiring and he fears serious widespread breakdown of discipline unless relief accorded (see Military Attaché's telegram to War MID 49-47, February 18).

MACVEAGH

501.BC Greece/2-2047: Telegram

The Ambassador in Greece (MacVeagh) to the Secretary of State

TOP SECRET

ATHENS, February 20, 1947—5 p. m.

243. Deptel 188, February 13. Porter, Ethridge, and I desire emphasize that we have been in constant consultation over general situation, and that opinions expressed this subject in my telegrams 187, February 9; 196, February 11; and 227, February 17, represent views of all three. In addition, following concerted during meeting last night:

(1) We feel situation here so critical that no time should be lost in applying any remedial measures, even if only of a temporary character, within possibilities of US and UK. Impossible to say how soon collapse may be anticipated, but we believe that to regard it as anything but imminent would be highly unsafe.

If nothing but economic and financial factors were to be considered, full collapse from Greece's present position might take several months. However, deteriorating morale both of civil servants and armed forces, as well as of general public, owing to inadequate incomes, fear of growing banditry, lack of confidence in Govt, and exploitation by international Communists, creates possibility of much more rapid denouement.

(2) We believe best way combat explosive situation would be to help recreate confidence in state and in future of Greece as democracy of Western type by removing, at least in present acute stage, growing fear of inflation, and consequently of increased misery, and by making plain to everyone, including Soviet Union, our determination not to permit foreign encroachment, either from without or within, on independence and integrity of Greece.

(3) We feel that immediate temporary solution to gold problem should be effected, and that this should be followed closely by such heartening attention to Greece's situation as our suggested visit by Secretary would supply. Coordinated practical and spectacular measures of this sort we believe would help to avert at least the imminent

* Not printed.
danger of explosion, and would “buy time” for eventual application of remedies of a longer term character, such as constitute chief concern of UN and Porter Missions.

(4) Regarding Porter report, we agree this should be completed soonest. Mission is anxious to complete its assignment, and is receiving every help from Embassy. However, economic policies which Mission will suggest cannot immediately be effectuated, and mere filing of recommendations will not avert immediate prospect of ruinous inflation with all its attendant dangers. In addition to preparing report, Mission is seeking by daily negotiations with Government to lay foundation for 1947 program which has some prospect of success, but meanwhile, time element is so critical that temporary measures must be considered if effectiveness of both Porter and UN Missions is to be saved from extreme jeopardy.

(5) Position regarding UNRRA supplies will be subject of subsequent telegram.

MACVEAGH

868.00/2-2147

Memorandum by the Under Secretary of State (Acheson) to the Secretary of State

TOP SECRET

[WASHINGTON,] February 21, 1947.

CRISIS AND IMMEDIATE POSSIBILITY OF COLLAPSE IN GREECE

The Facts:

Reports from MacVeagh, Porter and Ethridge in Athens are unanimous in their alarm over the probability that Greece will be unable to maintain her independence. Determining factors are the probability of an imminent economic and financial collapse and the fact that Greek communists and the Soviet dominated governments of Albania, Yugoslavia and Bulgaria are making every effort to prevent any improvement in Greek internal affairs. These efforts are designed to make untenable the position of any Greek Government not subservient to Soviet aims.

The morale of the ill-equipped Greek army is at low ebb. Areas under the control of guerrilla bands, who receive aid and encouragement from outside Greece, are increasing.

The Greek foreign exchange position is so critical that no one can see at the present time how absolutely essential imports can be financed during the next few months.

1 Based on a top secret memorandum of February 20 by the Director of the Office of Near Eastern and African Affairs (Henderson) to Mr. Acheson (868.00/2-2047).
Greece is the only Balkan country remaining oriented toward the Western democracies. Unless urgent and immediate support is given to Greece, it seems probable that the Greek Government will be overthrown and a totalitarian regime of the extreme left will come to power.

The capitulation of Greece to Soviet domination through lack of adequate support from the U.S. and Great Britain might eventually result in the loss of the whole Near and Middle East and northern Africa. It would consolidate the position of Communist minorities in many other countries where their aggressive tactics are seriously hampering the development of middle-of-the-road governments.

Action and Recommendation:

1. **Political unity of all loyal Greek parties** excluding the reactionary and totalitarian right, as well as the Communists and other extreme left parties which subscribe to Communist aims. Both we and the British have for some time been advising that this type of broad national coalition is the only hope of winning the confidence of the majority of the Greek people in a situation which is as much a national emergency as that which existed during war years. Such advice is much more likely to be heeded if it is accompanied by tangible and substantial aid from the U.S. and Great Britain.

2. **Drastic reform in Government administration and tax program.** Low pay, inefficiency and demoralization of the Greek civil service have led to unprecedented corruption and ineffectiveness in the working of the Government. Neither outside aid nor Greece’s own limited resources can be effectively utilized for the welfare of the Greek people as a whole when administered by the present impotent Greek Government services.

The U.S. Economic Mission has urgently recommended, and the Greek Government has requested, the immediate dispatch to Greece of three American and three British experts in the field of government administration to reorganize the civil service. We are already in the process of recruiting suitable persons for this task.

3. **Economic and Financial Aid.** Credits to Greece from U.S. sources include $25,000,000 from the Export-Import Bank, $45,000,000 for the purchase of surplus property abroad, and approximately $45,000,000 from the Maritime Commission for purchase of ships. The bill for relief appropriations soon to be presented to Congress will permit the allocation of an appropriate sum for Greece.
While all of these credits and the relief grant, if it is approved by Congress, will contribute to the eventual improvement of the Greek economic situation, they are limited to use in specific fields and there seems to be no money available for the most immediate needs during the critical period of the next few months.

Greece's most immediate financial requirements are for free funds to meet ordinary budgetary needs and essential import obligations. The Export-Import Bank has stated that under its charter it is unable to make loans for such purposes and there appears to be no other source within our Government. The British are similarly unable to make funds available for this purpose. The International Bank is not yet in a position to take action, and it is doubtful whether such assistance falls within its scope.

It was understood when the British loan was made last year that no further requests for direct loans to foreign governments would be asked of Congress.

If we are to act at all, we recommend presenting a special bill to Congress on an urgent basis for a direct loan to Greece, stressing the fact that if inflation and chaos are not prevented within the next few months, the gravest consequences will ensue and the country will be beyond our help.

4. Military Aid. It has been informally agreed that Great Britain should be responsible for equipping the Greek armed forces while U.S. assistance to Greece would be confined to the economic and financial field. However, if the Greek Army is to become an effective organization able to deal with guerrilla activities and maintain internal order, it must be increased and better equipped in the very near future. The British are unable to meet scheduled needs.

Under present arrangements Greece will receive neither adequate economic aid from the United States nor adequate military aid from Britain.

We recommend reconsideration of our policy and decision to assist Greece with military equipment.

Attached are four pertinent telegrams from Ambassador MacVeagh, Mr. Ethridge and Mr. Porter. (Athens Top Secret telegrams 196, February 11; 227, February 17; 232, February 19; 243, February 20).

DEAN ACHESON

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2 The informal agreement had been reached by Secretary Byrnes and Foreign Secretary Bevin while they were participating in the Paris Peace Conference, which met from July 29 to October 15, 1946; see Mr. Acheson's letter of November 8, 1946, to Ambassador MacVeagh, Foreign Relations, 1946, vol. vii, p. 282.
AIDE-MÉMOIRE

His Majesty's Government are giving most earnest and anxious consideration to the important problem that on strategic and political grounds Greece and Turkey should not be allowed to fall under Soviet influence.

2. It will be remembered that at the Paris Peace Conference Mr. Byrnes expressed full realisation of the great importance of this question and proposed that the United States Government should give active help in sustaining the economic and military position in those two countries, the United States Government in particular taking care of the economic side.

3. On various occasions subsequent to the meeting referred to above the United States Government have exchanged views with His Majesty's Government, indicating the acute interest of the United States Government in the future of Greece, and from these exchanges His Majesty's Government have understood that the United States Government does not exclude the possibility of helping Greece on the military side as well as the economic.

4. The State Department will recollect the conversation between Mr. Byrnes and the Minister of Defence which took place on the 15th October, 1946, subsequent to which the whole question of British military and economic help for Greece has been carefully examined by His Majesty’s Government. On the economic side, the reports received by His Majesty's Government from their representatives in Greece show that the Greek economic situation is on the point of collapse, owing to the virtual exhaustion of Greece’s foreign exchange reserves and the low level of industrial activity resulting from political instability. In this connection His Majesty’s Embassy attach to this Aide-Mémoire Appendix “A”, which is a report dated the 5th February, from His Majesty’s Representative in Athens, on the acute economic and financial situation in Greece.

1 This Aide-Mémoire and the one infra were handed informally to Mr. Henderson by Herbert M. Sichel, First Secretary of the British Embassy, on February 21. They were formally delivered to the Secretary of State by the British Ambassador on February 24; see Mr. Henderson’s memorandum of conversation of that date, p. 43.

2 See the memorandum of November 5, 1946, from the British Embassy in Greece to the American Embassy in Greece, Foreign Relations, 1946, vol. vii, p. 918.

3 Not printed.
5. The United States Government are as well aware as His Majesty’s Government that unless Greece can obtain help from outside there is certain to be widespread starvation and consequent political disturbances during the present year. The Experts Committee of the United Nations have estimated Greek relief needs in 1947 at £21 million. This figure is based on the maintenance of the present subnormal standard of industrial activity and will, in the view of His Majesty’s Government, be wholly inadequate to achieve our political objective of maintaining stability. His Majesty’s Government estimate the actual needs of Greece, excluding the foreign exchange cost of the armed forces, at a minimum of £40 million in 1947. However, the serious economic plight of Greece as outlined above is already well known to the United States Government from the reports of their representatives in Greece and is no doubt being supplemented at the present time by preliminary reports from the Porter Mission.

6. In view of the position outlined in the above paragraph, His Majesty’s Government take the view that it is most urgent that the United States Government should be able to decide what economic help they will give to Greece and what form it will take.

7. In the event of the United States Government being able to offer economic aid to Greece, it would no doubt consider the despatch of a United States economic mission. If this should be done, the future of the British Economic Mission in Greece would have to be considered.

8. On the military side, Greek needs have been very carefully considered by the British military authorities during the last few months, and the position has been investigated personally by the Chief of the Imperial General Staff during his recent visit to Greece. His Majesty’s Government have agreed to pay the foreign exchange cost of the Greek armed forces, both in regard to maintenance and initial equipment, until the 31st March next. This is likely to cost H.M.G. during 1946 and the first 3 months of 1947 approximately £18 million for maintenance, together with £11 million for initial equipment. This, in view of H.M.G.’s financial difficulties, can be regarded as a very generous measure of assistance to Greek reconstruction. Hitherto the Greek armed forces have been built up on an establishment which allows for an army of 100,000 men, the total foreign exchange cost of which is estimated at about £16 million a year. In order to meet the present emergency caused by the bandits, the British service authorities consider that the Greek armed forces should now be reorganised to enable them to make an all-out assault on the bandits in the Spring. The reasons why this reorganisation has become necessary are set out in papers which are now in the possession of the British Joint Staff.

Mission in Washington, who also have full details of the present organisation of the Greek armed forces and of the reorganisation proposed by the British military authorities. These details are available for study by the State Department and the United States Chiefs of Staff. The Joint Staff Mission are also in a position to provide the United States Government with a list of the equipment required by the Greek armed forces which cannot be supplied from British sources.

9. His Majesty’s Government suggest that, if the United States Government agree, the various military questions involved should be taken over for urgent consideration by the combined Chiefs of Staff.

10. In view of the extreme urgency of taking some immediate action to enable the reorganisation proposals to be undertaken, His Majesty’s Government have agreed to make available additional equipment to the value of £2 million free of charge to the Greek Government. This, supplemented by American supplies of equipment which is not available to H.M.G., will enable the Greek armed forces to be put in a position to undertake operations in the Spring against the bandits, provided that means can be found to meet the rest of the foreign exchange cost of such operations. On the assumption that operations will last six months, the foreign exchange cost of this reorganisation, together with the foreign exchange cost of the operations themselves, will over this period amount to £20 million. (The foreign exchange cost after the end of the operations will be smaller but will remain considerable.)

11. His Majesty’s Government had hoped that part of the foreign exchange cost of the Greek armed forces after 31st March, 1947 could be met out of the money due to Greece by His Majesty’s Government for the supply of currency and local services to the British forces in Greece. But £5 million out of the amount so due was recently placed at the disposal of the Greek Government for the purchase of food and is therefore no longer available to cover part of the cost of the armed forces.

12. Thus the total amount of assistance for civilian and military needs which Greece requires during 1947 appears to be between £60 million and £70 million. His Majesty’s Government have already strained their resources to the utmost to help Greece and have granted, or undertaken to grant, assistance up to 31st March, 1947 to the amount of £40 million. The United States Government will readily understand that His Majesty’s Government, in view of their own situation, find it impossible to grant further financial assistance to Greece. Since, however, the United States Government have indicated the very great importance which they attach to helping Greece, His Majesty’s Government trust that the United States Government may find it possible to afford
financial assistance to Greece on a scale sufficient to meet her minimum needs, both civil and military.

13. His Majesty's Ambassador is instructed to express the earnest hope of His Majesty's Government that, if a joint policy of effective and practical support for Greece is to be maintained, the United States Government will agree to bear, as from the 1st April, 1947, the financial burden, of which the major part has hitherto been borne by His Majesty's Government. In view of the extreme urgency, both on economic and military grounds, that the Greek Government should know what financial help is going to be available in the present year, His Majesty's Government express the hope that the United States Government will indicate their position at the earliest possible moment.  

WASHINGTON, 21 February, 1947.

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6 In his Memoirs President Truman states that Acting Secretary Acheson telephoned him immediately about the contents of this note. See Memoirs by Harry S. Truman: Years of Trial and Hope, vol. II (Garden City, N.Y., Doubleday & Company, 1956), p. 100.

AIDE-MÉMOIRE

In the course of his conversations with the Minister of Defence on October 15, 1946, Mr. Byrnes emphasized that the United States Government was as interested in developments in Turkey as in Greece, and stated that the United States Government was prepared to do everything possible to help Turkey economically, expressing the hope that His Majesty's Government on their side would be able to provide the military equipment required to bring the Turkish forces into a sufficient state of readiness.

2. His Majesty's Government subsequently undertook a fresh study of the Turkish military and economic situation, the latter being carried out jointly by the British and American Commercial Counsellors in Turkey, in accordance with arrangements made with the United States Government.

3. On the military side, the Chiefs of Staff have examined the strategic importance of Turkey, the state of the Turkish Armed Forces, and the assistance necessary to bring these forces into a reasonable state of preparedness. The conclusions of the British Chiefs of
Staff, which are available at the British Joint Staff Mission in Washington, are briefly as follows:—

(a) that it is of the greatest importance that Turkish independence should be maintained;

(b) that the Turkish Armed Forces as they exist at present would not be able to offer effective resistance to aggression by a first-class power;

(c) that in their present state of efficiency the mere provision of modern weapons would do little to increase the Turkish Armed Forces' power of resistance. The first requirement is to strengthen Service requirement in Turkey with a view to advising the Turks how best to improve the organisation and raise the general standard of training of all three Services;

(d) that when this has been done it would be possible to estimate more clearly what amount of material assistance would be required. As at present advised, the Chiefs of Staff consider that the Turkish Army will require a very large measure of re-equipment and they do not consider that this task could be undertaken by the United Kingdom owing to shortage of manpower and productive capacity. Consequently the task would have to be undertaken by the United States. His Majesty’s Government could probably look after the needs of the Navy and Air Force, provided satisfactory financial arrangements can be made.

4. The economic situation has been exhaustively discussed locally between the British and American Commercial Counsellors, and His Majesty's Government understand that a very full report was sent to Washington by the United States Commercial Counsellor on December 23, 1946. His Majesty's Government have no reason to dissent from the main conclusions of the American representative's report, and the following appear to be the salient features of the Turkish economic situation:

5. Turkey can finance her current foreign exchange requirements out of the proceeds of her exports; she can also maintain her existing industry without further foreign financial assistance. On the other hand, she would not be able to finance any extensive programme of industrial development, such as the Turkish Government have in mind, or meet any substantial foreign exchange demands for armaments without either drawing on her gold resources or borrowing from abroad. As regards foreign exchange, current income and liabilities roughly cancel out over a period of twelve months. On the other hand, the last available Central Bank statement shows gold reserves of approximately pounds sterling 59 million. It is understood that the Finance Minister insists that he must hold at least half of this amount as cover for the note issue if confidence in the currency is to be maintained. The balance could reasonably be used either for a programme of economic and industrial development, transport, ports, agricultural,
coal-mining etc., or for the purchase of armaments. There is clearly not enough for both. If, therefore, Turkey is to be able to carry out any plan of extensive military reorganisation and also a plan of economic development, which in itself would be desirable in order to increase the military preparedness of the country, Turkey must look for financial assistance from abroad. In their existing financial situation His Majesty’s Government could not, as the United States Government will readily appreciate, contemplate themselves making any further credits available to Turkey. Consequently, Turkey would have to look either to the United States Government or to one of its lending agencies, such as the Import-Export Bank, or to the International Bank or the International Monetary Fund.

6. In view of the great interest shown by the United States Government in the situation in Turkey, His Majesty’s Government wish now to suggest that the strategic and military position of Turkey should be considered by the Combined Chiefs of Staff in the light of the conclusions reached by the British Chiefs of Staff in their recent studies, with a view to making recommendations to the United States Government and His Majesty’s Government regarding the measures which should be taken to bring the Turkish Armed Forces up to a reasonable state of preparedness. For their part, His Majesty’s Government would be ready, if the Combined Chiefs of Staff agree that this would be useful, to send to Turkey additional Military, Naval and Air Advisers amounting to some 60 officers, for whom the Turkish Government asked some months ago. On the economic side, His Majesty’s Government would be glad to know whether the United States Government have any suggestions to make as to how a programme of military reorganisation that may be recommended by the Combined Chiefs of Staff should be financed.

WASHINGTON, 21 February, 1947.

1 The British Embassy corrected this sentence in an aide-mémoire of March 6, which stated: “While His Majesty’s Government in the United Kingdom are prepared to provide sixty British officers in all, the reference in the aide-mémoire [of February 21] should have been to only thirty additional officers as thirty are already there.” (867.00/3-647)

501. BC Greece/2-2147 : Telegram

The United States Representative on the Commission of Investigation
(Ethridge) to the Secretary of State

TOP SECRET

ATHENS, February 21, 1947—1 p. m.

253. Ethridge No. 18. From Ethridge for Secretary and Austin. British Foreign Office spokesman quoted by Gallman in London’s
telegram 1130, Feb 19 disagrees on Greek internal situation not only with me but also with other commissioners with whom I have talked including Windle, and with British, Greek and American military people who gave me the information. British Colonel Metcalfe who drafted despatch of Feb 14 quoted [by] Ambassador MacVeagh in his telegram 252 of Feb 21 repeated last night that he and Miller, Assistant American Military Attaché here, regard military situation as extremely bad. Windle blows hot and cold but he has said to me three or four times that situation is “sticky” and “extremely bad”. Metcalfe said to me late last night that Windle has been slow in appraising situation. I have not talked to Ambassador Norton but would refer to MacVeagh’s telegram and strongly believe Dept would be subscribing to egregious mistake if it should view situation here as anything but serious. I am not an alarmist. On the contrary I think situation can be pulled out if taken in time, but it certainly cannot be saved by a complacent policy that allows it to go too far before we do all we can about it.

British Foreign Office interpretation of how bands are growing and extending their control does not jibe with our information or that of British and Greek military officials. My information is that both Greek and British army morale is low—British if for no other reason than that half their troops have been withdrawn in face of deteriorating situation and withdrawal of other half already projected. Information that Communist membership is growing came to me from Greek Govt sources. (See also Ambassador MacVeagh’s despatch 3579 of Jan 28.)

It is notable that British Foreign Office official admits ultimate possibility of Greece falling into Communist hands but implies that this can come only if “financial-economic situation is allowed to deteriorate”. I know of no way of separating economics and politics. Reduced to simplicity the situation here is that a desperate economic crisis and bitter internal strife are being exploited to the full politically. If Dept will keep in mind that Soviets never wanted border investigation, that they have resorted to every trick to focus on Greek internal affairs and to stall work of commission to gain time for themselves, complacency of British Foreign Office may be put in proper perspective which may be true that help to guerrillas from outside has decreased since commission was appointed, but decrease is only temporary and can be attributed either to Soviets knowing we have good deal of information about what they have been doing, or to naive idea they can delude us until investigation over. But if they have de-

1 Telegram 153, February 4, 5 p.m., from Athens, reported that the British Embassy had that day publicly announced that a reduction of 50% in the number of British troops in Greece would take place shortly (841.2365/2-447).

2 Not printed.
creased physical help they have stepped up political pressure. There is no better way of saying it than that Soviets and satellites have thrown book at Greek Govt. They have undertaken to use commission as propaganda carnival. We have defeated them to some extent in this, but effort will be renewed at Salonika.

I take it that one function of commission which Soviets also realize and are trying to defeat, is to decrease or stop physical help to Greek bandits from outside. Certainly I have in mind proposals which if accepted will at least disclose Soviet hand to world as well as to other commissioners who came here with the innocence of ignorance of Balkans but are fast losing it.

Realization they must move quickly has intensified Russian political pressure. It seems to me our policy should be directed toward giving commission time enough to see what can be done, and Greek Govt help enough to have new elections in at least relatively normal atmosphere. Dept is fully aware that in all Soviet states minorities have seized power by exactly same methods they are trying here. We are in better position here because among other reasons, Russians have no troops in uniform inside Greece and because Greeks have some tradition of democracy.

I again urge consideration by Dept of extent to which our own security and future of UN are bound up in situation here. In my own thinking, and in talks with commissioners who have given me their confidence, I have tried to canvass situation with these things in mind:

1) If Greece goes through our default, have we released force stopped in Azerbaijan and Turkey?
2) If that force is released, where does it stop? At France? Italy? The Middle East and North Africa? Or does success make it go beyond that to China and the Far East?
3) Is hope of peace really in UN?

My own answer to last question is that UN is our best hope at moment, but a hope that will be greatly impaired if its first intervention is not effective. If Dept feels Greece is vital to our policy, then nothing should be left undone. If we let it go, I think we must realize that there also goes the hope of many other nations, including the small ones who gratefully look on US at the moment as a colossus.

I do not know Russia’s timetable as to Greece. But regardless of British Foreign Office I do know that she is on the march here, and that time presses if we are to do anything about it.⁸

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⁸ In telegram 252, February 21, noon, from Athens, Ambassador MacVeagh, in commenting on telegram 1130, February 19, from London (p. 26), recommended that the views of the British Foreign Office should not weigh heavily with the Department and urgently advised that it would be unsafe to defer “any possible action” to bolster the Greek state when elements required to bring about its sudden collapse were present in such high degree (501.BC Greece/2–2147).
The Chief of the American Economic Mission to Greece (Porter) to the Secretary of State

TOP SECRET

ATHENS, February 22, 1947—10 p.m.

MOST IMMEDIATE

255. For Clayton from Porter. Greek economic situation rapidly deteriorating. Food prices up 4 percent this week, Govt deficit hit new high for last reporting period, imports mere trickle, food supplies about exhausted. This has resulted in widespread unrest which causes Govt to face serious labor crisis. Pending immediately are demands of merchant seamen for 110 percent wage increase, Piraeus dock workers for double present wages, threatened strike textile mill workers and repetition of last month’s civil service strike. Policy of Govt appears to be to make concessions all along line which would add wage inflation to present alarming budget inflation. Early this week Maximos issued declaration of principles of Govt’s economic policy under pressure of Currency Committee, British Economic Mission and ourselves. However, these policies are meaningless unless given content and implementation. Met for 3 hours Saturday with Maximos, his principal ministers concerned, Currency Commission and BEM on crisis precipitated by above described conditions. Maximos has requested Currency Commission and ourselves to suggest methods of effectuating what he professes to be his policies. Meeting Monday with BEM and Currency Commission to undertake formulation of accorded program of action. If Greek Govt awaits final recommendations of our mission after return to Washington situation will have deteriorated to point where little could be accomplished. Hope to get agreement British and Currency Commission Monday on program specific immediate undertakings by Govt that may prove helpful. Have grave reservations as to capacity of Govt effectively to meet this crisis but feel obligation to make attempt. This will delay plans for winding up inquiries here this week and much against desires of mission may delay for week or more our plans to finish assignment two months. Felt it necessary to advise you of current developments and request instructions if procedure proposed not acceptable.

[Porter]
TOP SECRET

Memorandum Regarding Proposals Contained in British Aide-Mémoires of February 21 Relating to Greece and Turkey

[WASHINGTON, February 24, 1947.]

[Here follows portion of memorandum printed with slight variations in language as "Analysis of Proposals Contained in British Notes of February 24 Relating to Greece and Turkey (For Discussion Purposes Only)", page 48.]

It is recommended that:

(1) The Department of State, at the highest level, enter into immediate discussions of this matter with the Departments of War, Navy and Treasury.

(2) The four Departments lay their findings before the President.

(3) In case the four Departments agree that the United States, in cooperation with Great Britain, should render assistance along the lines suggested to Greece and Turkey, the matter be discussed frankly and secretly with the appropriate Congressional leaders in an effort to obtain Congressional support.

(4) Instructions be issued at once for the Combined Chiefs of Staff to begin an examination of the technical aspects of the problem, including the study of the documents at the disposal of the British Joint Staff Mission in Washington.

(5) The British and American Governments should begin to confer regarding the exact character and extent of the assistance which must be extended.

(6) Appropriate steps be taken to acquaint the American people with the necessity of rendering assistance of the character contemplated to Greece and Turkey and to let the Governments and peoples of those two countries know that the United States is prepared to implement its avowed policies with regard to them.

(7) Appropriate measures be taken to arrange the immediate delivery to Greece of such military equipment as may be transferred without the passage of special legislation. Similar efforts should be made to furnish Turkey those supplies of which, in the opinion of the Combined Chiefs of Staff, Turkey stands in urgent need at the present time.

(8) Appropriate measures be taken by the Administration to enlist the wholehearted support of all executive agencies of this Government in rendering this assistance.

1 Transmitted to the Secretary of State by R. Borden Reams in a memorandum of February 24. Mr. Reams was Special Assistant to Secretary of State Marshall.
(9) Appropriate legislation be drafted and presented to Congress at the earliest possible date which would enable the United States Government to extend large credits or grants to Greece and Turkey in amounts and under conditions which would enable their utilization under American supervision for strengthening the economy and promoting the stability of those countries.

(10) Such additional legislation be drafted and presented to Congress at the earliest possible time as may be required to enable this Government to furnish to Greece and Turkey necessary military equipment.

(11) Every effort be made at the highest Governmental levels to find means, without waiting for legislation, to furnish Greece with sufficient funds to enable it to meet its current requirements for foreign exchange.

867.00/2-2447

Memorandum by the Director of the Office of Near Eastern and African Affairs (Henderson) to the Secretary of State

TOP SECRET

[WASHINGTON,] February 24, 1947.

We have learned that the British Minister Sir John Balfour, when calling on you this morning at 9 o’clock, will present you two notes, one relating to Greece and the other to Turkey. Summaries of these two notes are attached hereto.²

The essence of these two notes is that although Great Britain appreciates how important it is that Greece and Turkey should not fall under Soviet influence, it feels itself unable, in view of the economic situation in Great Britain, any longer to bear the major share of the burden of rendering assistance in the form of money and military equipment which Greece and Turkey should have if they are to preserve their territorial integrity and political independence. In the notes, therefore, the British Government asks whether the U.S. Government is willing to undertake the major share of this burden.

In view of the urgency of this situation, the notes also suggest that there be immediate consultation in Washington between the British and American members of the Combined Chiefs of Staff in order to determine what type of assistance should and could be extended to enable Greece and Turkey to survive.

Because of the major importance of the British decision reflected in these notes, it is believed that you may care to limit any remarks to—

¹ The notes were actually presented by the British Ambassador; see Mr. Henderson’s memorandum, infra.
² Neither printed.
Sir John Balfour when receiving them to a statement to the effect that you are fully aware of the economic difficulties which Great Britain is facing at the present time; that the notes will be given urgent sympathetic study; and that a reply will be given at the earliest possible moment.

L[ox] W. H[ENDORSON]

868.00/2-2447

Memorandum of Conversation, by the Director of the Office of Near Eastern and African Affairs (Henderson) ¹

TOP SECRET [WASHINGTON,] February 24, 1947.

Participants: The Secretary.
Mr. Loy Henderson, Director, NEA.
Lord Inverchapel, British Ambassador.
Mr. Herbert M. Sichel, First Secretary, British Embassy.

The British Ambassador, accompanied by Mr. Sichel, First Secretary of the British Embassy, was received at their request by the Secretary this morning at 9 o'clock. The Ambassador informed the Secretary that, upon instructions from his Government, he had come to hand him the two aide-mémoires attached hereto,² one relating to Greece and the other to Turkey.

After reading the aide-mémoire relating to Greece, the Secretary stated that he realized that the matter treated in it was of the utmost urgency and importance, that it would be discussed at once with the President and the Chiefs of Staffs, and that he hoped that a reply could be made in the near future.

After examining the aide-mémoire relating to Turkey, the Secretary stated that what he had said with regard to the first note also applied to the second; that the question of Turkey would also be given the urgent attention of the United States Government. He added that the problem with regard to Turkey seemed to be somewhat different, however, from the Greek problem. The Ambassador agreed, adding that the Greek problem was undoubtedly the more urgent of the two; nevertheless, it seemed wise to the British Government that the problem of Turkey should not be neglected.

The Secretary said that it was his understanding that the Russians had made no move with regard to Turkey for some time and asked if the Ambassador had any ideas regarding the reasons for the Russian

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¹ Initialed by the Secretary of State.
² The aide-mémoire of February 21, pp. 32 and 35.
silence. The Ambassador said that in his opinion no foreigner knows why Russia takes or fails to take certain actions. Therefore, as an honest man, he must admit that he is not in a position to explain what is responsible for the present Soviet attitude towards Turkey. He could make guesses, but his guesses would be of no more value than those of any other person.

The Ambassador emphasized the fact that neither the Greek nor the Turkish Government had as yet been informed of the decision of Great Britain that it could no longer extend financial assistance to Greece and Turkey. He added that it probably would be disastrous to give such information to the Greeks or the Turks unless they could be informed at the same time that the United States Government had definite plans to aid them.

L[ox] W. H[enderson]:

868.00/2-2447

Memorandum by the Under Secretary of State (Acheson) to the Secretary of State

TOP SECRET

[WASHINGTON,] February 24, 1947.

This morning the British Ambassador handed me two notes of the most vital importance. These notes inform us that, in view of the British economic and financial situation, they can no longer continue to carry the burden of the economic and military support of the Greek and Turkish Governments. Their estimate is that the foreign currency needs of Greece for the remainder of 1947 will be in the neighborhood of $250,000,000 and that more will be needed for next year. Smaller but equally important sums will be needed for Turkey.

The notes point out that, without this aid, the independence of Greece and Turkey will not survive. This of course means that they and the rest of the Middle East will fall under Russian control. Our own mission in Greece (MacVeagh, Ethridge, Porter) inform us that the crisis in Greece is only a few weeks off and that, without help, the Government and economy will collapse.

1 A carbon copy of this memorandum, filed under 868.20/3-447, contains the following marginal notation by John D. Jerne, Assistant Chief of the Division of Near Eastern Affairs: "The substance of this was conveyed by the Secretary to the President on Feb. 24. The notes were handed to the Secretary, not Mr. Acheson. This memorandum was intended to be from the Secretary to the President."

President Truman's Memoirs note that Secretary Marshall brought the official copy of the British note to him on February 24 (Memoirs by Harry S. Truman, vol. ii, p. 100). Mr. Forrestal's account of his conversation on the matter with the Secretary of State prior to their lunch with the President is given in Walter Millis, (ed.), The Forrestal Diaries (New York, The Viking Press, 1951), p. 245.
I believe that the British are wholly sincere in this matter and that the situation is as critical as they state. This puts up the most major decision with which we have been faced since the war. I think that War, Navy, Treasury and State should give this immediate study, make recommendations to you, and that a decision in which the leaders in Congress should participate must be made within the week.

Dean Acheson

865.00/2-2447

Minutes of the First Meeting of the Special Committee To Study Assistance to Greece and Turkey, February 24, 1947, 3:00 p. m. ¹

TOP SECRET

Present:  Mr. Henderson (NEA) Chairman
          Mr. Baxter (NE)
          Mr. Bohlen (S)
          General Crain (A–H)
          Mr. Eddy (SA/E)
          Mr. Gange (S/S)
          Mr. Gullion (U)
          Mr. Havlik (ED)
          Mr. Hickerson (EUR)
          Mr. Jernegan (NE)
          Mr. Kennan ²
          Mr. Merriam (NE)
          Mr. Ness (OFD)
          Mr. Spiegel (FN)
          Mr. Thompson (EE)
          Mr. Villard (NEA)

Mr. Henderson opened the meeting by summarizing the two notes on Greece and Turkey delivered by the British Ambassador to the Secretary on the morning of February 24. ³ He went on to say that these notes appeared to be in line with recent British moves in getting out of Burma, India and Palestine, remarking that the British Government seemed to feel itself unable to maintain its imperial structure on the same scale as in the past.

As background, Mr. Henderson caused to be read a top secret telegram of August 15 ⁴ sent by the Department to Secretary Byrnes, who was then in Paris. The telegram contained the text of a statement of

¹ Drafted by Mr. Jernegan.
² George F. Kennan, detailed to the National War College as Deputy for Foreign Affairs.
³ See footnote 1, p. 32.
policy calling for full support of Turkey and made it clear that this policy had received the approval of the War and Navy Departments and of the President. It was explained that this policy had also been enthusiastically approved by Mr. Byrnes. Mr. Henderson went on to point out that Greece was considered to be in virtually the same position as Turkey so far as our policies are concerned and that the telegram therefore applied in general to Greece as well.

With reference to the notes presented by the British Ambassador, Mr. Henderson explained that NEA had drafted a memorandum which Mr. Acheson had seen and approved in principle as a basis for discussion. The memorandum was then read aloud.

Mr. Henderson and Mr. Hickerson expressed the conviction that this Government must accept the responsibility which the British Government was proposing to turn over to us with regard to the two countries in question, if we did not Greece and probably Turkey would be lost.

After a lengthy discussion it appeared to be the view of most of those present that this Government should decide in principle to assume the responsibility involved, leaving for later determination the question of whether it was financially possible to do so and how it should be done. General Crain disagreed with this view, holding that the British Government had arrived at its present precarious financial state as a result of trying to do just what it was now proposing that the U.S. should attempt. He felt that it would be better policy for the U.S. to conserve its resources for the final trial of strength; that we should attempt to achieve our ends in defending Greece and Turkey by advising the Soviet Government that we would use force if necessary to keep it from seizing control of those countries.

It was brought out that a very important element of the question was the future policy which might be followed by the British Government in Greece and Turkey and elsewhere if we consented to take up the burden Great Britain wished to transfer to us. The Committee agreed that this must be clarified at an early stage and that appropriate assurances of continued cooperation should be sought.

As a further consideration it was mentioned that American action in Greece and Turkey on this line might be only one of many instances of the same kind and that this must be frankly admitted when it came to discussing the question with members of Congress.

Mr. Havlik suggested that the financial part of the problem be approached on a global basis, urging that it must be presented to

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*See memorandum by Acting Secretary Acheson to President Truman, August 16, 1946, Foreign Relations, 1946, vol. VII, p. 543.
*James K. Crain, Deputy Chairman of the Policy Committee on Arms and Armaments.
Congress as part of a worldwide program. Mr. Hickerson concurred, and said he felt a program of the kind could be presented to Congress in such a fashion as to electrify the American people. However, the Committee was not in complete agreement and no attempt to arrive at a decision was made.

It was decided that a telegram should be sent to London at once summarizing the British notes for the information and comments of Mr. Gallman and Mr. Matthews 7 (who was expected to arrive there the following day).

A drafting committee, composed of Messrs. Kennan, Thompson 8 and Jernegan was appointed to prepare a memorandum for the Secretary setting forth the views and recommendations of the Committee.

It was agreed that the Committee should meet again at ten o'clock next morning.

Mr. Henderson pointed out that Mr. Acheson had directed the members of the Committee to give its work first priority and postpone other work whenever necessary.

7 H. Freeman Matthews, Director of the Office of European Affairs, at this time en route to the Embassy in the United Kingdom on a visit of inspection. In telegram 591, February 24, to London, the Department summarized the British Embassy notes and requested the urgent comments of Messrs. Gallman and Matthews on the sincerity and accuracy of the British statements (865.00/2-2447).

8 Llewellyn E. Thompson, Jr., Chief of the Division of Eastern European Affairs.

865.00/2-2547

Memorandum by the Chairman of the Special Committee To Study Assistance to Greece and Turkey (Henderson) to the Under Secretary of State (Acheson)

TOP SECRET

[WASHINGTON, undated.]

REPORT OF THE COMMITTEE APPOINTED TO STUDY IMMEDIATE AID TO GREECE AND TURKEY

The attached document 1 sets forth the findings of the committee appointed by you to study immediate aid to Greece and Turkey, especially the interpretation of the recent British notes on this matter and recommendations as to what our Government should do if this immediate situation is to be met successfully.

The committee recognizes, however, that this may be only part of a much broader problem arising for this country in consequence of Britain’s economic and political situation.

1 Actually, there were two attached documents, both of which are printed infra.
It also recognizes the possibility that it may not be possible to organize action by this Government on a sufficient scale and in sufficient time to prevent a sweeping deterioration of the Greek situation with profound repercussions in other parts of the Near East and Europe.

For these reasons, it recommends that a small State-War-Navy committee be appointed at once to prepare at once an estimate:

A. Of the broad foreign policy implications to this country of Britain's position and of other responsibilities which this Government may be asked to assume in consequence thereof—in other words, to what extent this Greek-Turkish situation is something in itself and to what extent it is only part of a larger complex of problems which we would logically be compelled to accept as our responsibility if we accept the responsibility in this instance.

B. Of the probable results of our failure to take prompt and effective action in the Greek-Turkish situation and possible similar situations; and

C. Of the adjustments in this country's political and military policy which would have to follow if the situation envisaged in "B" were to mature.

LOY W. HENDERSON

[Annex 1]

ANALYSIS OF THE PROPOSALS CONTAINED IN BRITISH NOTES OF FEBRUARY 24 relating to GREECE AND TURKEY (FOR DISCUSSION PURPOSES ONLY)

TOP SECRET

[WASHINGTON, undated.]

OBLIGATIONS OR COMMITMENTS WHICH BRITISH PROPOSE THAT THE UNITED STATES UNDERTAKE

1. With reference to Greece:

The British propose that as of April 1, 1947 the United States Government assume financial responsibilities hitherto borne by Britain with regard to Greece. The British estimate that during the last nine months of 1947 Greece will require between $240,000,000 and

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*On a carbon copy of Mr. Henderson's memorandum appears the following marginal notation in the handwriting of Mr. Jernegan: "This memorandum, with its attachments, was considered and approved in substance by a meeting of top officers of the Department presided over by Mr. Acheson on Feb. 25. The attachments were submitted to the Secretary on Feb. 26 and approved by him. Attachment B was considered and approved by the Secretaries of War and Navy at a meeting with Secretary Marshall on Feb. 26."

The editors are unable to find in Department of State files a record of the meeting of February 25; for the minutes of the meeting of the three Secretaries on February 26, see p. 56.

†This annex is tabbed "A".

The notes were dated February 21, pp. 32, 35.
$280,000,000 from abroad for its civilian and military needs in addition to that already furnished by the British. Since the British Government is unable to spend more on Greece, it expresses the hope that the United States Government will find itself in a position to afford this assistance.

The note, with its enclosures, also points out that the conclusion is inescapable that for several years subsequent to 1947 Greece "will not have anything even remotely approaching minimum financial resources needed to preserve its integrity and independence as such," and makes it clear that unless the United States continues after 1947 to give Greece financial aid and help in the form of military equipment, Greece cannot survive as an independent country.

In this connection the note expresses the hope that "if a joint policy of effective and practical support for Greece is to be maintained, the United States Government will agree to bear as from the first of April 1947 the financial burden of which the major part has hitherto been borne by His Majesty's Government".

It is suggested in the note that the State Department and the United States Chiefs of Staff examine papers now in the possession of the British Joint Staff Mission in Washington which have full details of the present organization of the Greek armed forces and of the reorganization proposed by the British military authorities; and that, in addition, the various military questions relating to Greece should be given urgent consideration by the Combined Chiefs of Staff.

The note further suggests that if the United States Government should find itself able to offer economic aid to Greece, it would probably desire to send to Greece a United States economic mission. It would appear that the role of this United States economic mission would be to supervise the utilization of funds made available to the Greek Government and to give the Greeks advice in the field of economic reconstruction.

2. With regard to Turkey:

With regard to Turkey, the British Government takes the position that in order to bring the armed forces of Turkey into a reasonable state of preparedness a large measure of re-equipment and considerable training will be necessary. It indicates that the British Government is not prepared financially to re-equip the Turkish armed forces. The British Government, however, is prepared to look after the needs of the Navy and the air forces, provided satisfactory financial arrangements can be made (apparently by the United States), and to furnish

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* The British note had but a single enclosure.
* This quotation is taken from the enclosure to the British note.
to Turkey additional military, naval and air advisers amounting to
some sixty officers for whom the Turkish Government has asked.

It is pointed out that if Turkey is to be able to carry out any plan
of extensive military reorganization and also a plan of a kind of
economic development which would strengthen the ability of the Turks
to defend themselves, Turkey must obtain financial assistance from
abroad. It is emphasized that the British Government, in the existing
financial situation of Great Britain, cannot make further credits avail-
able to Turkey and that, therefore, Turkey must look either to the
United States Government or some American lending agency, such
as the Eximbank, or to the International Bank or the International
Monetary Fund. The British Government makes it clear that it has
come to the conclusion that economic and financial assistance from
abroad should be given to Turkey. It does not, however, indicate how
much financial assistance will be necessary. The specific suggestion
is made that a study of the strategic and military position of Turkey
should be made by the Combined Chiefs of Staff. The British ask
whether the United States Government has any suggestions as to how
a program of military reorganization that may be recommended by
the Combined Chiefs of Staff should be financed.

DISCUSSION

The argument might be advanced that the British are not entirely
sincere in presenting the proposals contained in these notes; that the
world situation will compel them to continue to extend assistance to
Turkey and Greece regardless of what we might or might not con-
tribute; and that the notes have been presented with the idea of push-
ing the United States Government out in front in the Near East and
of prevailing upon the United States to assume the financial and other
economic burdens which otherwise must be borne primarily by Great
Britain. It might also be suggested that Great Britain has already
decided to change its basic policies towards the Soviet Union and is
now planning, instead of continuing to try to resist Soviet pressure,
to endeavor to come to terms with the Soviet Union on a basis involv-
ing respective spheres of influence in various parts of the world, in-
cluding Europe and the Near East, and the conclusion of a close
military alliance extending perhaps beyond the framework of the
United Nations. Persons following this line of reasoning might fur-
ther argue that the notes have been sent in the belief that the United
States will refuse to bear what the British Government considers to
be an appropriate share of the financial and economic burdens and
that this refusal would justify the British Government, in the eyes
of the British people and before the whole world, in making such a change of policy.

After examining carefully the notes in the light of the present international situation and of the economic conditions in Great Britain, we are inclined to believe that the British Government is really convinced that it is unable any longer to expend funds, supplies and manpower in the Near East in the future as it has in the past; that it hopes that the United States, realizing how important it is that the independence of Turkey and Greece be maintained, will undertake to relieve Great Britain of these financial responsibilities and that the two Governments will be able in cooperation to resist Soviet pressure in the Near East. We feel, however, that if the United States finds itself unable to render assistance to an extent which promises successfully to resist Soviet pressure, the British Government may well find that it will be compelled to approach the Soviet Government in an effort to work out some arrangement which would have the effect of at least slowing up the Russian advance in the Middle East and elsewhere. Such an arrangement would undoubtedly mean widespread concessions to Russia in one or several areas.

We do not believe that the British Government has any present plans to enter into an arrangement of this kind, particularly since the effect of it would be certain to weaken the authority of the United Nations, on which the British Government gives every indication of basing its foreign policy. Nevertheless, the possibility exists that if Great Britain finds that the United States is unwilling to finance and otherwise back up the avowed policies of the American Government it may come to the conclusion that it has no other course open to it than to seek a breathing spell by coming to terms with the Soviet Union.

In the event that we should refuse to assume the type of responsibility for Greece and Turkey which the British are asking us to undertake, a number of consequences are possible, among which might be mentioned the following:

(1) Greece and Turkey, without financial and other aid from either the United States or Great Britain, may become Soviet puppets in the near future. Their loss to the western world would undoubtedly be followed by further Soviet territorial and other gains in Europe and in the Near and Middle East. The resulting chaos would be accompanied by an immediate weakening of the strategic and economic position of the whole western world, particularly of Great Britain, and the very security of the United States would be threatened.

(2) The British Government might decide that, in order to avert the immediate Soviet conquest of Greece it must come to an arrangement with the Soviet Union, including a military alliance and the setting up of spheres of influence. Such an arrangement would greatly
strengthen the Soviet Union, would weaken Great Britain and would
tend to isolate the United States. The restoration of spheres of in-
fluence would furthermore undermine the foundations of the United
Nations.

In our opinion, either of these two consequences would bring us
closer to a third world war in which we would find ourselves in a
much more disadvantageous position than that in which we are at
present. In case an arrangement should be effected between Great
Britain and the Soviet Union of the character referred to above, we
might become eventually involved in a world conflict, possibly without
the effective military support of Great Britain. We feel, therefore,
that it would be in the interest of the United States for this Govern-
ment to relieve the British Government of the major share of the
financial burden which it has been bearing on behalf of Greece and
Turkey. We realize, however, that grave difficulties are involved since
certain responsible officials of the Administration and members of
Congress, as well as large sections of the general public, are not as
yet fully cognizant of the seriousness of the situation and would not
like for the United States to expend large sums of money in the Near
East or for it to undertake to play a leading role in that part of the
world. It is not yet generally realized that the future of the Near East
is no less important to the security and welfare of the United States
than is that of the Far East and Europe.

An accompanying document sets forth the Department of State’s
position and recommendations on this problem.⁷

[Annex 2*]

POSITION AND RECOMMENDATIONS OF THE DEPARTMENT OF STATE RE-
REGARDING IMMEDIATE AND SUBSTANTIAL AID TO GREECE AND TURKEY

TOP SECRET

[WASHINGTON, undated.]

1. In view of the wording and timing of the memoranda handed
by the British Ambassador to the Secretary of State on February 24,
the Department of State regards their presentation as a clear indica-
tion that unless the United States is willing to shoulder at once major
financial and economic responsibility and a portion of the military
responsibility for Greece and to discuss with the British joint measures
which should be taken for the military and economic strengthening of
Turkey:

⁷ Infra.
⁸ This annex is tabbed “B”.
(a) Britain will no longer be able to collaborate with us in joint efforts to hold the line in those countries in order to prevent a complete collapse which would lay these countries open to Russian domination.

(b) In an effort to salvage something of her political positions she may consider herself compelled to pursue policies of her own with regard to these countries.

2. In the light of Britain's situation the Department considers this warning to be serious and founded in fact.

3. The Department considers that this Government has only this choice: (a) either to accept the general responsibility implied in the British memoranda or (b) to face the consequences of a widespread collapse of resistance to Soviet pressure throughout the Near and Middle East and large parts of western Europe not yet under Soviet domination or the adverse consequences, from the standpoint of United States interests, of a possible new British deal with the Russians.

4. For this reason the Department considers that this Government should accept the responsibilities in question and should do its best to discharge them in such a way as to maintain confidence in the United States and in their own ability to resist Soviet pressure.

5. The Department considers, however, that before accepting such responsibilities, this Government should obtain satisfactory assurances from the British that we shall have their continued loyal cooperation in our joint efforts to prevent further extension of Soviet power at the expense of the independence of other peoples.

6. With respect to Turkey, the Department notes that the only specific British proposal thus far is for discussion in the Combined Chiefs of Staff of the strategic and military position of Turkey. The Department recommends that we agree to the immediate undertaking of such discussions and that if as the result of them the Departments of State, War and Navy find that certain assistance in the form of military supplies is important to the maintenance of Turkish independence, this Government endeavor to furnish an appropriate share.

The British also point out the need for further economic assistance to Turkey. The Department is giving further consideration to this question. It recommends at this time, however, that if in the light of the studies of this Government and after consultation with Great Britain and Turkey the American Government should come to the conclusion that economic and particularly financial assistance to Turkey from abroad is important to the maintenance of Turkish independence, the United States Government endeavor so far as possible to furnish an appropriate share of such assistance under stipulated conditions assuring its most effective utilization.

7. With respect to Greece, the Department views the problem as falling into two parts, military and economic, which will require sepa-
rate consideration and treatment. The Department's tentative views on these points are as follows:

(a) Military
The Department recommends that the United States Joint Chiefs immediately enter into conversations in the Combined Chiefs of Staff, as suggested in paragraph 9 of the British memorandum, with regard to the various military questions involved, and that if as a result of these conversations the Departments of State, War, and Navy should come to the conclusion that Greece must have continued assistance from abroad in the form of military supplies if it is to maintain its independence and restore domestic tranquility, the United States Government so far as it is able furnish an appropriate share of such supplies.

(b) Economic
It is the view of the Department that the charges upon this Government involved in the assumption of military responsibility in Greece may continue indefinitely unless economic reconstruction in Greece is assured. The need for external assistance is unquestioned, though its exact magnitude cannot now be specified except to assert that such need is considerable. The British estimates as to the total external assistance which will be required to support both military and civilian programs need to be checked.

If this Government is to provide immediate financial assistance to Greece, U.S. interests can be adequately served only by establishing immediately the controls necessary to assure the effective utilization of such assistance. The Greek Government cannot itself provide these controls in the near future.

Nor is it possible for the Greek Government, as now organized and administered, to undertake by itself the detailed and systematic program of restoration required to make the Greek economy self-supporting within the near future. This consideration seems to the Department to call for the establishment of an American Administrative Organization to undertake Greek rehabilitation. Such an Organization should have wide powers over Greek economic life. The establishment and operation of such an Organization would call for a considerable additional outlay in American funds and in American personnel of the highest competence and personal integrity. The Department would expect that such an Organization would be terminated as soon as its services were no longer required.

8. The Department considers that the program set forth in paragraphs 6 and 7, if put into effect promptly and in its entirety, offers a reasonable chance of success. Half-way measures will not suffice and should not be attempted. They would result merely in the waste of American money and manpower.

9. The Department recommends that the above program, if agreed to by the Secretaries of War and Navy, be submitted immediately by the three Secretaries to the President for his approval.

10. If the President's approval is forthcoming, the Department considers that the following further steps should then be taken:
(a) An appropriate reply be made to the British Government and the specific assurances mentioned above be sought, and this Government at once propose top secret conversations at a high level in regard to the whole international situation with a view to ascertaining British capabilities and intentions.

(b) The Secretary of the Treasury, the Secretary of Commerce, and various other members of the Cabinet be informed of this decision and the Secretary of the Treasury be invited to arrange for Treasury participation in any future discussions bearing on financial assistance. Steps be taken by the Administration to obtain the wholehearted support of all other interested executive agencies of this Government in executing the program outlined.

(c) Every effort be made at the highest governmental level to find means, without waiting for legislation, to alleviate the present Greek financial situation.

(d) That steps be taken to see that the Greek Government requests at once in a formal manner the assistance of this Government in the rehabilitation of its economic life.

(e) The problem be discussed privately and frankly by the leaders of the administration with appropriate members of the Congress.

(f) Legislation be drafted, in the light of these discussions with members of Congress and of the findings of the Combined Chiefs of Staff, and this legislation be submitted to Congress; such legislation might well include authorization for the President under certain conditions within prescribed limits to extend loans, credits, or grants to Greece and/or Turkey; also for the transfer to Greece or Turkey or both of military supplies not transferable under existing law; and any necessary authorization for the supply of personnel.

(g) In the meantime measures be taken immediately to transfer to Greece such available military equipment and other supplies as the three Departments find are urgently needed by Greece and are transferable under existing legislation.

(h) Measures be adopted to acquaint the American public with the situation and with the need for action along the proposed lines.

865.00/2-2547

The British Embassy to the Department of State

TOP SECRET

AIDE-MÉMOIRE

His Majesty's Embassy has been instructed to inform the State Department that His Majesty's Government in the United Kingdom have decided that, pending an expression of the views of the United States Government on the points raised in the Embassy's Aide-Mémoire of February 21st, they do not intend to inform the Greek Government that His Majesty's Government will not be able to meet the financial commitments of the Greek Armed Forces after March 31, 1947.
2. His Majesty’s Government would therefore greatly appreciate a very early expression of the views of the United States Government, in order that the Greek Government may have as much time as possible to adjust themselves to the new conditions.


868.00/2-2647

Minutes of a Meeting of the Secretaries of State, War, and Navy, February 26, 1947, 10:30 a.m.

TOP SECRET

STATE
Secretary Marshall
Under Secretary Acheson
Mr. Henderson
Mr. Gange
Mr. Moseley (SWNGC), Recorder

PRESENT
WAR
Secretary Patterson
Lt. General Ridgway

NAVY
Secretary Forrestal
Under Secretary Sullivan
Captain Tichenor

I. GREEK AND TURKISH SITUATION WITH REFERENCE TO BRITISH NOTES OF FEBRUARY 24, 1947

IMPLEMENTING ACTION

1. Discussions to be undertaken by the British and United States Members of the Combined Chiefs of Staff on the military position of Turkey and Greece.

2. The State Department to consult with the Governments of Turkey and Great Britain regarding the need for economic and financial assistance to Turkey.

3. The following steps set forth in paragraph 10 of the State Department memorandum on this subject distributed by Secretary Marshall.

[Here follow paragraphs lettered (a) through (h). Their language is broadly paraphrased or quoted in the memorandum from the Secretaries of State, War, and Navy, page 59, except that the content of paragraph numbered two in the latter does not appear in these Minutes.]

DECISION

The Committee agreed:

1. Subject to the changes set forth below, to approve in general the program set forth in the memorandum introduced by Secretary Marshall entitled “Position and Recommendations of the Department of
State Regarding Immediate and Substantial Aid to Greece and Turkey."

2. That the program set forth in this memorandum be submitted immediately to the President for his approval.

3. The Committee agreed to the following changes in the State Department memorandum:

Paragraph 6 and Paragraph 7(a):
Instead of introducing the matter formally into the Combined Chiefs of Staff, the matter will be taken up directly with the British and United States members.

Paragraph 6:
If, as a result of discussions with members of the Combined Chiefs of Staff, it is determined that military supplies should be provided to Turkey, it was generally agreed that it would be preferable for the British to provide the supplies if feasible.

Paragraph 8:
The Committee disagreed with the statement in this paragraph that "half-way measures will not suffice and should not be attempted".

DISCUSSION

1. Secretary Marshall referred to the British notes and asked for the views of the other members. Secretary Patterson said that from a military point of view the independence of Greece and Turkey were of vital importance to the U.S. strategic position. He then presented a Staff Study on the Greek and Turkish situation. Secretary Forrestal pointed out the strategic value of these areas to the Navy.

2. Mr. Acheson explained the difficulties of the British in their present financial situation. Secretary Marshall said that after careful consideration of the British notes the State Department was of the opinion that the British were definitely sincere in their presentation of these problems. Mr. Henderson said that aid to Greece from UNRRA would be of only inconsequential value to their overall needs and that to prevent collapse Greece will need several hundred millions.

3. There was considerable general discussion of the position of Greece and Turkey in relation to the present financial difficulties of Great Britain and the implications of the situation to the United States' strategic position. There was also further discussion of the general difficulty being encountered in obtaining necessary appropriations from Congress to back up U.S. world responsibilities. Particular note was given to the need of advising the public of the present critical situation. In general, the Committee recognized that the Greek and Turkish problems were only part of a critical world situation confronting us today in many democratic countries and that attention must be given to the problem as a whole.
Memorandum by the Secretary of State to President Truman

TOP SECRET

WASHINGTON, February 26, 1947.

Subject: Immediate Aid to Greece and Turkey

Two notes from the British Government were received by me on February 24. These notes inform us that, in view of the British economic and financial situation, they can no longer continue to carry the full burden of the economic and military support of the Greek and Turkish Governments. Their estimate is that the foreign currency needs of Greece for the remainder of 1947 will be in the neighborhood of $250,000,000 and that more will be needed for next year. Smaller but equally necessary sums will be needed for Turkey.

I have discussed these notes with Secretary Patterson and Secretary Forrestal. On the basis of information available to us we are convinced that the British Government is sincere when it tells us that its financial position prevents it from extending further aid to Greece beyond March 31, 1947; that the situation, particularly in Greece, is desperate; that the collapse of Greece would create a situation threatening to the security of the United States; and that we should take immediate steps to extend all possible aid to Greece and, on a lesser scale, to Turkey.

We recognize that similar situations requiring substantial aid from this Government may develop in other areas and such possibilities are now being studied by the three Departments. The time factor for Greece, however, requires immediate action, and we recommend the measures set forth in the attached paper.

G. C. MARSHALL

1 Marginal notation in the handwriting of Mr. Jernegan: "Taken to the White House by the Secretary on Feb. 26, 1947."

2 President Truman's Memoirs state that at 3 p.m., February 26, Secretary Marshall and Under Secretary Acheson brought him the studies of "our experts" and that the Under Secretary made the presentation (Memoirs by Harry S Truman, vol. II, p. 100). The studies presumably were the analysis of the British position and the position and recommendations of the Department of State, pp. 48, 52.

It was after Mr. Acheson's presentation, presumably, that President Truman approved in principle the measures for immediate aid to Greece and Turkey called for in the latter paper; see Mr. Acheson's letter of March 5 to the Secretary of War, p. 94.
MEMORANDUM BY THE SECRETARIES OF STATE, WAR, AND THE NAVY

[WASHINGTON, undated.]

MEASURES TO MEET THE BRITISH REQUEST FOR IMMEDIATE AID TO GREECE AND TURKEY

It is recommended that:

1. The British Government be informed of the decision of the Executive Branch to do all that is possible to meet the needs outlined in their notes, indicating however, that the Executive Branch cannot commit the Congress but will do its best to enlist Congressional support; and that this Government at once propose top secret conversations with the British at a high level in regard to the whole international situation with a view to ascertaining British capabilities and intentions.

2. This Government should ascertain that the British on their part will continue, within the limits of their means, to assist in the solution of the problem presented by Greece and Turkey.

3. The Secretary of the Treasury, the Secretary of Commerce, and various other members of the Cabinet be informed of this decision and the Secretary of the Treasury be invited to arrange for Treasury participation in any future discussions bearing on financial assistance. Steps be taken by the Administration to obtain the wholehearted support of all other interested executive agencies of this Government in executing the program outlined.

4. Every effort be made at the highest governmental level to find means, without waiting for legislation, to alleviate the present Greek financial situation.

5. That steps be taken to see that the Greek Government requests at once in a formal manner the assistance of this Government in the rehabilitation of its economic life.

6. The problem be discussed privately and frankly by the leaders of the administration with appropriate members of the Congress.

7. Legislation be drafted, in the light of these discussions with members of Congress and of the findings of the Combined Chiefs of Staff, and this legislation be submitted to Congress. Such legislation might well include authorization for the President under certain conditions within prescribed limits to extend loans, credits, or grants to Greece and/or Turkey; also for the transfer to Greece or Turkey or both of military supplies not transferable under existing law; and any necessary authorization for the supply of personnel.
8. In the meantime measures be taken immediately to transfer to Greece such available military equipment and other supplies as the three Departments find are urgently needed by Greece and are transferable under existing legislation.

9. Measures be adopted to acquaint the American public with the situation and with the need for action along the proposed lines.

Marginal notation: "Signed by G. Marshall."

868.00/2-2747

Memorandum by the Secretary of State to President Truman

TOP SECRET WASHINGTON, February 27, 1947.

Attached is a copy of the substance of the remarks I made this morning to the group in your office. I think possibly it would be better to use this paper in your talk with Cong. Taber rather than the memorandum I gave to you from the Secretary of War, the Secretary of the Navy and myself. In any event, I attach it for your consideration.

G. C. MARSHALL

[Annex]

Statement by the Secretary of State

TOP SECRET [WASHINGTON, undated.]

A crisis of the utmost importance and urgency has arisen in Greece and to some extent in Turkey. This crisis has a direct and immediate relation to the security of the United States.

For the past ten days our representatives in Greece, Ambassador MacVeagh, Mr. Ethridge and Mr. Porter, have been warning us that economic collapse is imminent, that the morale of the Greek Army, already low, will be deeply shaken and that the integrity and independence of the country itself is threatened. What the Greek Govern-

1 Infra.
2 President Truman's Memoirs state that: "At ten o'clock on the morning of February 27 Senators Bridges, Vandenberg, Barkley, and Connally, Speaker Martin, and Representatives Eaton, Bloom, and Rayburn took their seats in my office. Congressman Taber had been invited but was unable to be present. He called later in the day, and I discussed the situation with him. . . . I told the group that I had decided to extend aid to Greece and Turkey and that I hoped Congress would provide the means to make this aid timely and sufficient. (Memoirs by Harry S. Truman, vol. II, p. 103)
3 Supra.
4 Marginal notation in the handwriting of Mr. Jernegan: "Statement made by the Secretary to Congressional leaders at the White House on the morning of February 27, 1947. Copies given to Senators Vandenberg and Bridges."
ment needs urgently are funds to meet the needs of the military and civilian population in foreign purchases and certain amounts of light military equipment in order to suppress the bandit groups which, under Communist leadership, are threatening the Government and the tranquility of the country.

Hitherto the British Government has been meeting the foreign currency needs of the Greeks and has been giving them such military items as they have. It is now clear that the grave difficulties into which the British are plunged will not make this help possible for many weeks more. It is estimated that for the remainder of the year the needs of the Greek Government may amount to $250,000,000. It is altogether possible, and indeed probable, that there will be further needs next year. In addition to financial help it is essential that the Greeks be given assistance in the expenditure of these funds in the reconstruction of the essential services in the country such as railroads, harbor facilities, bridges, highways, et cetera, and in the reorganization of the civil service which has been shattered by the occupation and the inflation.

Our interest in Greece is by no means restricted to humanitarian or friendly impulses. If Greece should dissolve into civil war it is altogether probable that it would emerge as a communist state under Soviet control. Turkey would be surrounded and the Turkish situation, to which I shall refer in a moment, would in turn become still more critical. Soviet domination might thus extend over the entire Middle East to the borders of India. The effect of this upon Hungary, Austria, Italy and France cannot be overestimated. It is not alarmist to say that we are faced with the first crisis of a series which might extend Soviet domination to Europe, the Middle East and Asia.

There is no power other than the United States which can act to avert this crisis. The British, as the recent coal crisis has demonstrated, are in extreme economic distress. They are liquidating their positions in Burma, India, Palestine and Egypt. There is no reasonable basis for doubting that the same considerations are operating to terminate their expenditures in Greece and Turkey.

We can give you no assurance that American assistance to Greece will unquestionably save the situation but it is plainly evident that that situation cannot be saved without American assistance. The choice is between acting with energy or losing by default.

The problem in Turkey is slightly different. The Russians, by conducting a war of nerves, have kept the entire Turkish Army mobilized with the resulting drain upon the economy of that country which it cannot long support under its present antiquated economic structure. It needs two things, financial assistance to increase its productiveness
and some help to the end that its military forces may be rendered equally effective with fewer men. Here again only the United States can render effective help in view of the situation of Great Britain. Our military authorities are united in the view that the maintenance of the integrity of Turkey is essential to the entire independent structure of the eastern Mediterranean and the Middle East.

Improved relations and better understanding with the Soviet Union will be much more difficult of achievement if we allow the situation in Greece and Turkey to deteriorate.

As you see from what I have said the present situation is not one which permits of delay or inaction. We are at the point of decision. We cannot enter upon the first steps of policy without the assurance and determination to carry it through. To do this requires the support of the Congress and certain legislation. I hope this legislation may be obtained with bi-partisan support and without protracted controversy. Internal division and delay might gravely imperil the success of the program we are proposing.

I do not wish to minimize the importance of the decision which has to be made. What the Administration seeks at the present time is as follows:

1. Your support for a statement by me to the Greek and British Governments that the United States Government is prepared to render substantial financial assistance to the Greek Government (as I said before, this may reach $250,000,000 in the present year) and to transfer such light military equipment as is necessary to restore order and the authority of the Government. We shall, of course, require assurances from both the Greek and British Governments that they will act to the full extent of their capacities to achieve the result which we are seeking. We shall also insist that there is full American supervision of the expenditure of such assistance as we may give.

2. Such emergency legislation, probably in the form of an authorization to the Export-Import Bank, to make funds available without hampering restrictions. This may have to be followed with other legislation after we have received the report of the economic mission now in Greece.

3. Support for similar action in the case of Turkey as a result of more mature examination of that situation.

4. Your support, should the legislation be necessary, for such amendments to existing law as are necessary to permit the transfer of essential military equipment referred to above.
Memorandum by the Under Secretary of State (Acheson) to the Director of the Office of Near Eastern and African Affairs (Henderson)

TOP SECRET

[WASHINGTON,] February 27, 1947.

Subject: Implementation of Measures for Aid to Greece and Turkey

The President has approved in principle the measures for immediate aid to Greece and Turkey as set forth in the memorandum entitled “Position and Recommendations of the Department of State Regarding Immediate and Substantial Aid to Greece and Turkey” which had previously been approved by Secretary Marshall and Secretaries Patterson and Forrestal. Congressional leaders were informed at the White House this morning by Secretary Marshall of the nature of the problem and the urgency of the need for our assistance to these countries and they also approved in principle the general program for aid.

The action to be taken now includes the following:

1. A reply to the British notes which should incorporate a request for the initiation of top-secret conversations at a high level in regard to the whole international situation and for immediate assurance of the continuation of British assistance and full cooperation in meeting the problems presented by Greece and Turkey.

2. Preparation of an agenda of matters to be discussed with the British in the conversations referred to above.

3. Despatch of a telegram to Ambassador MacVeagh informing him of developments and instructing him to arrange a formal request from the Greek Government for the assistance required; the controlling conditions and arrangements desired by us to be included in the telegram to the Ambassador and in the Greek request.

4. The Secretaries of War, Navy, Treasury, and Commerce to be informed fully of the decision of the President and the Congressional leaders and their full cooperation requested in implementing the necessary program.

5. Legislation to be drafted along following lines:

   a. A joint resolution by Congress authorizing the Export-Import Bank to make available immediately such sums as are urgently required;

   b. A joint resolution, or if found necessary, a law authorizing the detail of American governmental personnel to supervise the expenditure of these funds and otherwise assist the Greek Government in making the most effective utilization of such aid as may be given;

   c. Enabling legislation for subsequent appropriations by the Congress to meet needs in Greece and Turkey beyond the competence of the Export-Import Bank;

   d. Such legislation as may be required to authorize the expeditious transfer of military and other supplies to the Greek and Turkish Governments.
6. a. Preparation of a message for the President to deliver to Congress recommending the enactment of the legislation indicated, outlining the circumstances which have produced the critical situation in the Near East, and stating why it is in the vital interest of the United States that immediate aid be given.

b. Preparation of a speech to be made by the President to the American people.

7. The preparation of a program for acquainting the responsible officers of this Government and the public generally with the seriousness of this situation in order to assure prompt support for an energetic program of assistance to these countries.

The prompt carrying out of this action is considered to be of primary importance and the interested offices of the Department are hereby directed to treat them as a matter of first priority and to cooperate fully in their execution. The appropriate offices should promptly initiate the necessary confidential consultations with the other executive agencies concerned, particularly the War and Navy Departments and the Department of the Treasury. The Office of Near Eastern and African Affairs is responsible for the coordination of all action called for herein.

All personnel will bear in mind the importance of maintaining complete secrecy on all phases of this matter except as to the extent that they are made public under proper authority by the persons designated to do so.¹

DEAN ACHESON

¹ Undated marginal notations indicate the offices and/or individuals assigned to undertake the various actions required by Mr. Acheson. They also describe all of the actions as "done", except for No. 2, assigned to EUR and NEA, and Item 69, marked "canceled".

863.06/2-2747

Memorandum by the Director of the Office of Near Eastern and African Affairs (Henderson) to the Under Secretary of State (Acheson)

CONFIDENTIAL

[WASHINGTON,] February 27, 1947.

Copies of the memorandum which you have addressed to me on the subject of "Implementation of Measures for Aid to Greece and Turkey" will be sent to Messrs. Clayton, Cohen, Benton,¹ Hildring,² Thorp,³ Fahy,⁴ Eddy,⁵ Hickerson, and Ness. This will give all the

¹ William Benton, Assistant Secretary of State for Public Affairs.
² John H. Hildring, Assistant Secretary of State for Occupied Areas.
³ Willard L. Thorp, Assistant Secretary of State for Economic Affairs.
⁴ Charles Fahy, Legal Adviser.
⁵ William A. Eddy, Special Assistant to the Secretary of State for Research and Intelligence.
interested offices an official statement of the decision made by the President to support this program. I believe, however, that something further is necessary to impress the gravity and difficulties of the situation upon the officers who will be devoting a large part of their time in the next few weeks to this problem.

I suggest that, when the carbon copies of your memorandum to me are distributed, the officers who will receive them be asked to indicate the persons in their offices who will be actively and substantially involved in the necessary work. The persons so designated should be assembled early tomorrow morning for a brief meeting, at which time they should be informed of the background of this problem, the program which has been approved and the procedures for further action on the program. I believe that such a meeting would be most effective if you could make the opening remarks and set the tone for any discussion which might follow.6

[OY] W. H[ENDERSO]

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6 Mr. Acheson indicated his approval in a marginal notation on February 27. An attached memorandum of February 28 (authorship not indicated), entitled "Agenda for Meeting on Implementation of Aid to Greece", stated that the steering group comprised Messrs. Henderson, Chairman; Ness, economic aspects; Russell, public relations; Sandifer, Congressional relations; Hickerson, British aspects; Jernegan, Secretary for the group; and Gange, for the Secretary's Office. Francis Russell was Director of the Office of Public Affairs and Durward V. Sandifer was Acting Legislative Counsel.

868.00/2-2747: Telegram

The Secretary of State to the Embassy in Greece

TOP SECRET WASHINGTON, February 27, 1947—7 p. m.

224. Brit Amb Feb 24 presented two notes re Greece and Turkey respectively summaries of which are set forth as sections two and three this message. Brit Emb informs Dept that substance these notes has been given you by Norton. Greeks have not yet been informed.

Would appreciate urgently your and Porter's comments on note concerning Greece particularly re sums mentioned and your opinion magnitude US financial aid required for all-out assistance to Greece as well as suggestions on implementation.1

Subsequent telegrams will outline US position, Dept's reply to British, and will contain instructions re approaches to Greek Govt.

1 In telegram 305, March 3, from Athens, Ambassador Porter gave his opinion that: "Assuming US Government intends to bear full burden military, relief and reconstruction expenses, figures used in summary British note re Greece check approximately with our data." (868.50/3-347)
No answer has yet gone to Brit and subject is not yet to be discussed with Greeks either here or Athens.

[Here follow summaries of the British notes of February 21.]

MARSHALL

SWNCC Files, Lot 54-D202

Report on the Meeting of the State-War-Navy Coordinating Committee Subcommittee on Foreign Policy Information

TOP SECRET

[WASHINGTON,] February 28, 1947.

Mr. Russell summarized Mr. Acheson’s review of the Greek situation: ¹

Great Britain has just informed the United States that it is going to withdraw economic assistance from Greece as of March 15 [31]. The question now arises as to the position of the United States in regard to Greece, Turkey.

At a meeting at the White House, representatives of Congress were informed that it was the position of the Executive branch of the government that a loan should be given to Greece so that its economy would not collapse, and that steps should be taken to make arms and equipment available to the Greek army.

As to the effect of an announcement at this time upon Secretary Marshall’s position at the Moscow Conference, Mr. Acheson had reported that Secretary Marshall believes that everything that is necessary to be done to hold the position in the Near East should be done regardless of the effect upon the Conference.

In the last 18 months the position of the democracies in the world has seriously deteriorated. While Byrnes negotiated on settlements in central Europe, the Russians were maneuvering in other parts of the world, notably in the Near East. In Iran their activities were not particularly successful. In Greece they have partially achieved their purpose through the EAM and the border raids. In Turkey, Hungary, Austria, Italy and France, Communist activities are growing.

Secretary Marshall takes the position that the world has arrived at a point in its history that has not been paralleled since ancient history. The present problem is not one of bailing out the British, or one of giving aid to loyal Allies.

¹ Possibly a reference to the staff meeting suggested for February 28 in Mr. Henderson’s memorandum of February 27, p. 64; for an account of that meeting, see the memorandum by the Director, Office of Public Affairs (Russell), March 17, p. 121.
It is the intention of the President and the Secretary to bring the matter formally to Congress and to the American people in about a week.

Secretary Marshall is leaving on Wednesday. He must know before then the nature of the position that will be announced to the American people.

Mr. Acheson believes that the matter must be put over forcefully; the U.S. position must be made strong and clear.

Developments in the situation have leaked out in London this morning. There may be a good deal of comment in the papers this afternoon.

Secretary Marshall spoke to the press last night in an off-the-record meeting, briefed them on the situation. Mr. Russell said that for the information of the Subcommittee, *World Report* carried an article that is accurate.

Russell said that Henderson listed the objectives of the U.S. in Greece as:

1. Equip the Greek army so that it can restore order.
2. Reduce army after order has been restored.
3. Bring about reconstruction of Greek economy and administration so that country can be self-supporting.

A group in the State Department is working on the reply to the British, an agenda of the matters to be discussed with the British, and legislation.

Legislation will be:

1. Joint Resolution by Congress authorizing Export-Import Bank to grant such sums as are urgently required.
2. Joint Resolution or law authorizing detail of American government personnel to supervise expenditure of funds.
3. Enabling legislation for subsidiary appropriations by Congress to meet the needs of Greece and Turkey.
4. Legislation to authorize transfer of military and other supplies to Greek government.

[Here follows further discussion.]

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*Mr. Russell, later in this report, stated that the Secretary’s meeting with about 20 State Department reporters was the first step in the information program and that “a large degree of candor” was exhibited. Joseph M. Jones, states that it was Mr. Acheson who held this press conference (*Joseph M. Jones: The Fifteen Weeks (February 21–June 5, 1947)*, New York, The Viking Press, 1955).*
SECRET

LONDON, February 28, 1947—5 p. m.
US URGENT

1371. For Henderson from Matthews. Reurtel 891, February 24.¹ Warner ² showed me British file of telegrams on the situation in Greece and Turkey. There is little to add to Gallman’s telegram 1274, February 25.³ I am convinced that the Foreign Office is fully aware of the desperate situation in Greece differing from Ethridge only on the matter of the immediacy of the collapse.

However, the seriousness of Britain’s own financial situation resulted in the failure of Bevin to rally any support whatsoever against Dalton ⁴ in the Cabinet in favor of continuing any financial aid to the Greek Army after April 1. It was only Norton’s unanswerable telegram on the consequences of such action that enabled the Foreign Office to obtain authorization for him to delay informing the Greek Government of the proposed termination of financial assistance March 31 pending some indication from US whether US is or is not in position to extend the required assistance by June. If some positive assurance to this effect is received from US in the next few days he believes it possible that the Cabinet could be persuaded to extend the funds necessary to cover the interim period; but he could give no firm statement that even this would be likely. I found he is under no illusion of the strategic effect upon Turkey’s position should Greece fall behind the iron curtain.

As to the maintenance of British troops in Greece he said that while the British were careful to avoid in any way linking the two questions in the public mind they probably would retain the few thousand in Greece until Russian troops were removed from Bulgaria in the stipulated 90 days after ratification of the Bulgarian treaty. He expressed the hope that everything possible is being done to expedite

¹ Not printed; but see footnote 7, p. 47.
² Christopher F. A. Warner, Assistant Under Secretary of State in the British Foreign Office.
³ Not printed; Chargé Gallman advised that there was no reason to doubt British sincerity “in light of Britain’s over-extended foreign position and serious financial plight, plus political pressure within the Labour Party in case of Greece. As indicated, there has been no serious study in London of Turkish requirements in actual money or equipment. However, the estimates covering Greece give no indication, so far as we can see, of being inaccurate.” The Chargé also noted information from a Foreign Office official that although half of the British troops in Greece were now being withdrawn, the remainder, amounting to 5,000 or 6,000 men, would remain for the time being. Their expenses would continue to be paid for by the British (841.50/2-2547).
⁴ Hugh Dalton, British Chancellor of the Exchequer.
the report of the Porter mission to which he attaches much importance.

As to Turkey he had nothing to add to the information reported in Embtel 1274. [Matthews.]

GALLMAN

868.00/2-2847: Telegram

The Secretary of State to the Embassy in Turkey

TOP SECRET

WASHINGTON, February 28, 1947—7 p. m.

98. Brit Amb Feb 24 presented two notes re Greece and Turkey respectively summaries of which are set forth as sections two and three this message. Turks have not yet been informed and should not be approached by you until further notice.

Would appreciate urgently your comments on note concerning Turkey, suggestions on implementation and Roberts' estimate of probable extent US milit obligations if it should be decided to implement par. 3 (d) of Turk note.

Matter is receiving urgent and thorough consideration at topmost level Executive Branch this Govt. Major decisions are being taken and you will be informed of developments.

If queried you should avoid at all costs any mention of Brit notes and confine your remarks to general observations on present Brit economic crisis and known interest US Govt in supporting Turkey.

[Here follow summaries of the British notes of February 21.]

MARSHALL

868.00/2-2847: Telegram

The Secretary of State to the Embassy in Greece

TOP SECRET

WASHINGTON, February 28, 1947—midnight.

245. Section 1 of 2. Following discussions between Greek Chargé and Dept officials, Greek Emb is telegraphing text of note which Dept hopes Greek Govt will authorize Greek Emb to present Dept without delay. Unless you see grave objections you should discuss this with appropriate Greek officials pointing out urgency of request if US Govt is to initiate immediate steps to implement extraordinary assistance to Greece, emphasizing importance of paragraph in note which requests American personnel to help supervise and administer any US financial aid extended to Greece. Congressional support and favorable US public opinion dependent on assurance that financial assistance utilized under effective US supervision. Please
do not until further instructed intimate to Greeks that British Government is planning to cease furnishing financial assistance.

Text of proposed Greek note follows as Section 2 this message.

Section 2 of 2. Following is text proposed Greek note.

My Govt has instructed me to present urgently to Your Excellency the following message:

Owing to the systematic devastation of Greece, the decimation and debilitation of her people and the destruction of her economy through three invasions and protracted enemy occupation, as well as through disturbances in the wake of war, further and immediate assistance has unfortunately become vital. It is impossible to exaggerate the magnitude of the difficulties that beset those survivors in Greece who are devoting themselves to the restoration of their country. Such means of survival as remained to the Greek people after the enemy withdrew have now been exhausted so that today Greece is without funds to finance the import even of those consumption goods that are essential for bare subsistence. In such circumstances the Greek people cannot make progress in attacking the problems of reconstruction, though substantial reconstruction must be begun if the situation in Greece is not to continue to be critical.

The Greek Govt and people are therefore compelled to appeal to the Govt of the US and through it to the American people for financial, economic and expert assistance. For Greece to survive it must have:

1. The financial and other assistance which will enable her immediately to resume purchases of the food, clothing, fuel, seeds and the like that are indispensable for the subsistence of her people and that are obtainable only from abroad.

2. The financial and other assistance necessary to enable the civil and military establishments of the Govt to obtain from abroad the means of restoring in the country the tranquillity and feeling of security indispensable to the achievement of economic and political recovery.

3. Aid in obtaining the financial and other assistance that will enable Greece and the Greek people to create the means for self-support in the future. This involves problems which unhappily can not be solved unless we surmount the crisis immediately confronting us.

4. The aid of experienced American administrative, economic and technical personnel, not only to assure the effective utilization of the financial and other assistance given to Greece, but to help to restore a healthy condition in the domestic economy and public administration and to train the young people of Greece to assume their responsibilities in a reconstructed economy.

The need is great. The determination of the Greek people to do all in their power to restore Greece as a self-supporting, self-respecting democracy is also great; but the destruction in Greece has been so complete as to rob the Greek people of the power to meet the situation
by themselves, It is because of these circumstances that they turn to America for aid.

It is the profound hope of the Greek Govt that the Govt of the US will find a way to render to Greece without delay the assistance for which it now appeals.²

End of message.

MARSHALL

¹In telegram 249, March 2, the Department informed the Embassy in Greece that: “If practicable we hope Greek Govt will withhold publicity re this request and allow us reveal it first, possibly in message President will send Congress about Mar 10. This would help dramatize matter and enlist popular and Congressional support.” (868.00/3-247)

868.00/3-147

Memorandum of Conversation, by the Under Secretary of State (Acheson)

TOP SECRET

[WASHINGTON,] March 1, 1947.

The British Ambassador called at my request. I read him the two Aide-Mémoire dated March 1,¹ attached hereto.

I stressed two points: First, that we could not commit the Congress but that we were working very hard to get a favorable expression of Congressional opinion; second, that we wished to be sure that the British would continue to support the integrity of the Governments concerned with all possible efficacy. The Ambassador said that he hoped that we did not seriously believe that the British Government would do otherwise. I told him that I did not entertain such belief, but since this was a matter of the utmost seriousness for us we wished clear assurances.

In the afternoon the Ambassador telephoned me to inquire exactly what was meant by the second note’s suggestion of discussions about other areas. I said that the purpose of this was to compare notes on what other situations might develop and to ascertain the intentions and capabilities of the two Governments in regard to them. He expressed satisfaction with this explanation and the foresight of the request.

DEAN ACHESON

¹Infra.
The Department of State to the British Embassy

TOP SECRET

AIDE-MÉMOIRE

The Government of the United States has given urgent attention to the aide-mémoire dealing with Greece and Turkey (Nos. 658-47 [G58/-/47] and 693-47 [G93/-/47]) left by the British Ambassador at the Department of State on February 24, 1947. The Executive Branch of the Government of the United States is of the opinion that the political and territorial integrity of Greece and Turkey must be maintained and has therefore decided to make every effort to extend the aid necessary for that end and for developing a sound economy in those countries.

However, action by the Congress will be necessary to provide funds and authority to furnish the substantial assistance required by Greece and Turkey. Although the Executive Branch will do its best to obtain such action, it cannot guarantee that favorable action will be taken.

In view of the need for Congressional action and of the obvious difficulty of organizing any program of assistance in so short a time, this Government doubts that despite its best efforts it will be prepared within the next few weeks to undertake substantial financial responsibility for Greece. It trusts, therefore, that the British Government will continue on an emergency basis such financial advances to Greece as may be necessary to prevent the collapse of the situation there.

In connection with its proposed program of aid, this Government further wishes to receive confirmation of its assumption that the British Government will continue, to the extent of its ability, fully to cooperate in supporting the political independence and territorial integrity of those two countries.

This Government agrees that questions concerning the Greek and Turkish armed forces be discussed informally between appropriate representatives in Washington of the armed forces of the United States and Great Britain and that these discussions begin at once.

It is further suggested that consultations begin immediately between the Department of State and the appropriate British officials at Washington regarding the financial, economic and administrative needs of Greece and Turkey. In this, as in the case of military requirements, it is believed that precedence should be given to the problems of Greece, as being the more urgent.

WASHINGTON, [March 1, 1947].

1 This aide-mémoire and the one printed infra were drafted by Messrs. Henderson and Jerneian.

2 Ante, pp. 32 and 35, respectively.
The Department of State to the British Embassy

TOP SECRET

AIDE-MÉMOIRE

The Secretary of State refers to the aide-mémoire delivered today to the British Embassy expressing the decision by the Executive Branch of the Government of the United States to extend aid to Greece and Turkey.

In this aide-mémoire it was pointed out that the Government of the United States desires confirmation of its assumption that the British Government will continue to the extent of its ability, fully to cooperate in supporting the political independence and territorial integrity of Greece and Turkey. It is the view of the Government of the United States that the problem of the maintenance of Greek and Turkish independence and territorial integrity is closely related to problems of common concern involving other countries in Europe and Asia.

It is suggested, therefore, that informal conversations be entered into at the earliest possible moment between the two Governments with regard to these problems. These conversations might begin initially in Washington and continue in Washington and elsewhere as they develop. These discussions would undoubtedly involve considerations of the respective intentions, capabilities and responsibilities of the two Governments.

WASHINGTON, [March 1, 1947].

868.50/2-147: Telegram

The Secretary of State to the Embassy in Greece

SECRET

WASHINGTON, March 1, 1947—6 p.m.

US URGENT

248. For Porter from Ness. To develop and explain overall Greek program (see Deptel 241, Feb 28, 1947 ¹) Dept urgently desires quick review past estimates and further information regarding Greek foreign exchange requirements 1947 and ensuing period years in which substantial assistance appears required. Please base estimates on assumption that economic assistance would be furnished Greece to extent

¹ Not printed; it informed Athens that the President had approved United States policy towards Greece and set forth 11 steps towards implementing the policy. The text of telegram 241 was sent to Ankara in telegram 101, March 1, 1 p.m., which noted that while the specific application of No. 241 was to Greek rather than to Turkish aspects of the problem, similar though less urgent consideration was being given to Turkey. (868.00/2-2847)
and period necessary stabilize Greek economy and assure self-supporting status by end period. Following desired:

A. Relief Deficit.

(1) Review past estimates relief deficit 1947. In light recent developments and possible resumption major inflation would you now reduce substantially estimate actual 1947 exports and increase deficit contained urtels 161, Feb 5. We now feel estimate may be optimistic.

(2) Dept needs also full year 1947 balance of payments separately for dollars, sterling and other currency. Pts relate to figures urtels 161 and 194. Assume sterling not convertible in last half 1947.

(3) Advise your rough estimate magnitude relief deficit (if any) 1948.

B. Reconstruction Needs.

(1) Amount total investment reconstruction equipment and supplies (by categories) required to assure reasonably self-supporting Greek economy, and amount foreign exchange required. This should bear realistic relation to absorption capacity. Indicate total period required for such transition and annual or total amounts foreign exchange required. Indicate also requirements assuming 5 year maximum period.

(2) Indicate assumptions re level internal investment Greece could maintain. Could Greeks soundly finance by internal means all local expenditures in reconstruction?

(3) What, if any, additional imports consumption goods above minimum level urtel 161 are required 1947 and later years to assure stability and make possible high rate drachma outlays for internal sources on reconstruction? (Note recent British estimate minimum foreign exchange needs 1947 for civilian purposes 160 million dollars, including UN estimate relief 84 million dollars.)

C. Overall Civilian Picture.

Taking into account all factors, (i.e., relief, stability, reconstruction), estimate annual foreign exchange needs for (a) 5 year period and (b) period transition to self-supporting basis.

D. If possible, indicate amount and period during which assistance required in order make Greece reasonably good prospect for loans from International Bank, or private sources.

E. Following assumptions appear appropriate in answering above questions. If differ, please explain.

* Not printed.
* No. 194, dated February 10, not printed.
(1) Greek military operations during 1947 on scale adequate to suppress armed resistance and restore internal order;
(2) Maintenance of Greek armed forces for period 1948–51 on scale gradually reduced from 1947 level;
(3) That all foreign exchange costs of military will be met by outside assistance;
(4) Reasonable success reform public administration;
(5) U.S. administrative and technical assistance and control on substantial scale in planning and administration economic programs.

[Ness]

MARSHALL

868.00/3–147: Telegram

The Ambassador in Greece (MacVeagh) to the Secretary of State

SECRET

ATHENS, March 1, 1947—midnight.

299. [Here follow two paragraphs dealing primarily with the Greek Prime Minister’s address of February 26 before Parliament reviewing the Government’s policies of economic retrenchment to meet the financial crisis and of firmness and conciliation to restore public order; and with the reply by the leader of the opposition Liberal Party.]

In surprise move morning February 27 designed embarrass Government and curry public favor, opposition deposited draft resolution calling union of Cyprus with Greece “imperious and unanimous demand of entire Hellenic nation”, expressing confidence that “Britain, great and staunch friend of Greece, will give full satisfaction this demand,” and calling for communication of resolution to British Government and Parliament. During day Minister Foreign Affairs conferred on matter with British Ambassador, who agreed Government forced to take some action but advised any measure adopted be “as mild as possible” and not commit Greek Government to take matter up officially with British. Pointed out possible unfavorable reaction in UK at time when British “scrapping barrel” to help Greece economically. (Told me privately later that “no one in England interested” and Bevin strongly opposed to ceding Cyprus.) Accordingly, Tsaldaris introduced substitute resolution stating issue in softer terms and confiding solution to “friendly negotiations” between Greek and UK Governments which adopted by acclamation.

MACVEAGH
1. A cardinal objective of United States foreign policy is a world in which nations shall be able to work out their own way of life free of coercion by other nations. To this end the United States has just finished fighting a war against Germany and Japan who were attempting to impose their will upon other nations. To the same end, the United States has taken a leading part in establishing the United Nations which is designed to make possible freedom and independence for all of its member nations.

2. The intent of this country to maintain a world of free peoples is directed equally against aggressive movements and against the imposition through whatever means from without of dictatorial regimes whether fascist, nazi, communist, or of any other form.

3. This principle of our foreign policy recognizes that only in such a world can the United States maintain its freedom and security.

4. A frank appraisal of the present world situation requires a recognition of the fact that a number of the countries of the world either have had forms of government imposed upon them against the will of a majority of the people or are in imminent danger of such a fate.

5. There is, at the present point in world history, a conflict between two ways of life. One way of life is based upon the will of the majority, free institutions, representative government, free elections, guarantees of individual liberty, freedom of speech and religion, and freedom from political oppression. The second way of life is based upon the imposition of the will of a minority upon the majority, upon control of the press and other means of information by the minority, upon terror and oppression. Such minority terrorist groups have various objectives. They may seek a fascist, a feudal, a communist or other...
order. But the major issue that is posed for the world is not one of objectives, not one between socialism or free enterprise, not one of progress or reaction, not one of left versus right. The issue is one of methods: between dictatorship and freedom; between servitude of the majority to a minority and freedom to seek progress.

6. The defeat of the axis powers was a milestone in the struggle for freedom. The end of the war, however, did not resolve the issue for all time. It is, in fact, alive in several areas of the world at the present time.

7. It is the policy of the United States to give support to free peoples who are attempting to resist subjugation from armed minorities or from outside forces. The United States will, within the framework of the Charter of the United Nations, assist in assuring the ability of peoples, who are now free, to work out their own destiny.

8. This is not a new policy. It was stated in the Atlantic Charter and in the Declaration of the United Nations, and was carried forward in the Yalta Agreement.

9. Through the granting of economic assistance and otherwise, we intend to help the Greek nation to preserve its free institutions.

10. This assistance should of itself give encouragement to other free nations through the notice that will thus be served that the United States recognizes the interdependence of all free countries.

11. A policy based upon the interdependence of free peoples does not necessarily betoken an increase in world tension nor an approach to war. On the contrary, the possibility of war will be greatly lessened. The continuing solidarity and strengthening of the free nations of the world will give support to the United Nations and thus strengthen the foundations of peace.

12. The free countries of the world, whether free enterprise or not, can co-exist peacefully provided there is no plan of conquest, domination or infiltration by any of them. The United States desires earnestly to effect with the Soviet Union a thoroughgoing understanding that will promote such a peaceful living together. It hopes and believes that this can be done.

13. The granting of economic assistance to Greece is consistent with the wholehearted support which the United States is giving to the United Nations. Steps taken by the United Nations to promote reconstruction and insure the stability of nations has proceeded upon assumption that there would be inter-governmental economic assistance. The United States will continue to support and work through the United Nations in every way possible.

14. The present power relationships of the great states preclude the domination of the world by any one of them. Those power relationships
cannot be substantially altered by the unilateral action of any one great state without profoundly disturbing the whole structure of the United Nations. Though the status quo is not sacred and unchangeable, we cannot overlook a unilateral gnawing away at the status quo. The Charter of the United Nations forbids aggression, and we cannot allow aggression to be accomplished by coercion or pressure or by subterfuges such as political infiltration.

15. The national security of the United States depends to a large degree on the maintenance of the principles of the United Nations and on maintaining the confidence of other nations in these principles. A seizure of power by a Communist minority in Greece would seriously impair that confidence.

Memorandum of Conversation, by Mr. William O. Baxter of the Division of Near Eastern Affairs


Participants: Mr. Acheson—U
  Mr. Economou-Gouras, Greek Chargé
  Mr. Baxter—NE

Mr. Gouras called today to present an urgent message addressed to the President and the Secretary from the Greek Prime Minister and Deputy Prime Minister ¹ which, after referring to the desperate economic situation of Greece, requests from the United States vital financial and other assistance for the reconstruction and pacification of Greece, as well as experienced American personnel to assist in the utilization of such aid. In presenting this Mr. Gouras said that he wished to express the profound gratitude of his country for all that the U.S. had done for it and for the sympathetic reception which he was sure would be given to this new appeal.

Mr. Acheson assured Mr. Gouras that he would immediately transmit the note to the Secretary and to the President upon his return from Mexico at the end of the week. Although it might take some little time for a reply to be prepared, the Greek Government may be sure that the questions involved are being given the most active and serious consideration at the present time.

¹ For the text of the Greek Chargé’s note of March 3 which incorporated the message of Greek Prime Minister Maximos and Deputy Prime Minister and Minister for Foreign Affairs Tsaldaris, see Department of State Bulletin, May 4, 1947, Supplement, p. 827.
AID TO GREECE AND TURKEY

SECRET

Memorandum of Conversation, by the Acting Secretary of State

[WASHINGTON,] March 4, 1947.

Participants: Mr. Acheson
Lord Inverchapel, British Ambassador
Mr. Henderson, Director, NEA

At his request, the British Ambassador called upon me today for the purpose of handing me the attached aide-mémoire with regard to aid to Greece and Turkey.

Upon handing me the aide-mémoire, the Ambassador pointed out that his Government had instructed him particularly to impress upon the American Government the fact that, in view of the financial situation of Great Britain, it would be impossible for the British Government to incur further expenditures with regard to Greece other than the two-million-pounds-a-month loan for April, May and June.

I asked the Ambassador if he had any information with regard to what present Greek commitments were to Great Britain. I said that it was rather important that we would be in a position to assure Congress, if queried, that American financial assistance to Greece to enable that country to meet its needs for foreign currency would not be used to pay services on Greek indebtedness to Great Britain. The Ambassador stated that he was sure nothing of the kind was in the mind of the British Government. He would, however, inquire regarding what Greece might be called upon to pay Great Britain in the form of services on indebtedness during the next few years.

The Ambassador also said that his Government had instructed him to assure the American Government of the cooperation of Great Britain in supporting the political and territorial integrity of Greece to the extent of its ability.

1 Drafted by Mr. Henderson.
2 Infra.

The British Embassy to the Department of State

SECRET
Ref: G58/-/47

AIDE-MÉMOIRE

His Majesty’s Government in the United Kingdom have studied the State Department’s Aide-Mémoire of March 1st concerning Greece and Turkey.

2. As they understand it the position of the United States Government with regard to assistance to Greece is that they agree as to
the importance of maintaining the political and territorial integrity of that country and that they have therefore decided to apply to Congress for authority to furnish financial assistance to Greece of such quantity that His Majesty’s Government for their part will thereafter be relieved of any financial responsibility for Greece. On this assumption His Majesty’s Government have considered the United States Government’s suggestion that His Majesty’s Government should continue their help on an emergency basis in order to prevent a collapse of the Greek situation between the 31st March and the date of American assistance becoming available. They have decided, in spite of their own financial difficulties and in response to the United States Government’s request, to make available to Greece, in addition to the two million pounds they have already decided to offer, further contributions of two million pounds a month for the maintenance of the armed forces until American aid becomes effective and for a period not exceeding three months. This contribution would be in the form of a loan.

3. At the same time His Majesty’s Government are very ready to give assurances that it is their intention to continue to the extent of their ability fully to cooperate in advancing the political and territorial integrity of Greece. They are also prepared to discuss on the lines proposed in the State Department’s Aide-Mémoire under reference the military, financial, economic and administrative needs of Greece.

4. As regards British forces in Greece, His Majesty’s Government wish to take this opportunity to state that they intend to carry out the decision they arrived at long ago. They will reduce their troops to one brigade by 31st March; that brigade will be withdrawn during the summer. Mr. Bevin explained to Mr. Byrnes that His Majesty’s Government could not keep their troops in Greece after Soviet troops had been withdrawn from Bulgaria as they are bound to be ninety days after the entry into force of the Bulgarian Treaty. There was considerable feeling among all parties in the House of Commons on the 3rd March when a press report appeared to the effect that the United States Government were going to make the grant of assistance to Greece conditional on British troops remaining in the country. This was all the more embarrassing as His Majesty’s Government have shortly to obtain a supplementary vote for eighteen million pounds for the Greek forces. They therefore found it necessary to issue a statement to the press in the terms annexed to this Aide-Mémoire.2

1 The statement read: “With reference to reports in the press that conversations with the United States Government are proceeding on the basis that British troops will be retained in Greece it is learnt in authoritative circles that there is no change in present arrangements for the reduction of British forces in Greece nor in the Government’s decision to withdraw the remainder as soon as practicable.”
5. The observations concerning Greece in paragraph three above apply equally to Turkey but His Majesty's Government agree with the United States Government that the problems of Greece should be given priority as being more urgent.

6. In communicating the offer of continued financial assistance referred to in paragraph two above to the Greek Government it will be necessary to inform them whether His Majesty's Government agree that the proposed reorganisation of the Greek forces, to enable them to undertake early operations against the bandits, should be put into effect. The present intention of His Majesty's Government would be to inform the Greek Government that they would see no objection to these proposals being put into effect provided that this can be done within the limits of the financial assistance His Majesty's Government are now prepared to offer, namely two million pounds on account of equipment plus two million pounds a month as a loan for maintenance for a period not exceeding three months until American financial assistance becomes effective. His Majesty's Government desire to learn as a matter of urgency whether the United States Government agree with this proposed communication to the Greek Government.

WASHINGTON, 4 March 1947.

Memorandum by General James K. Crain to the Assistant Chief of the Division of Near Eastern Affairs (Jernegan)

SECRET

[WASHINGTON,] March 4, 1947.

Subject: Résumé of action to date with respect to making available military supplies to Greece.

1. General Crain as representative of A–H was designated by Mr. Henderson on February 28, 1947 as officer responsible for the implementation of sub-paragraph 5d, page 2, of memorandum to Mr. Henderson of February 27, 1947.

2. General Crain decided to use the Rearmaments Subcommittee of SWNCC as the coordinating agency to effect the above mentioned directive. This subcommittee was called together at 4:00 p.m. the same date with Mr. John B. Howard, Le, attending the meeting.

The Rearmaments Subcommittee membership comprises an officer from the Plans and Operations Division of the War Department General Staff, an officer from the Army Air Forces, an officer from the office of the Commander in Chief of the Navy, [Chief of Naval Operations?] and an officer from A–H as steering member. An officer

1 Assistant Legal Adviser for International Organization Affairs.
from the Service, Supply, and Procurement Division of the War Department General Staff attends all meetings as an adviser.

3. At the meeting the following points arose:

a) Mr. Howard was requested to draft legislation in two parts:

(1) Broad and general authority under which the President might authorize procurement and transfer of military supplies to the government of any country whose defense he deems vital to the security of the United States, but such action would not reduce the funds appropriated for the Armed Forces of the United States.

(2) Specific appropriations to meet the Greek requirements.

Note: After considering the entire legislative program it has been decided to embody the military supplies and personnel legislative requirements into one overall act.

b) The War Department member agreed that the War Department would:

(1) Inquire of the British Staff mission (a) as to the completeness and correctness of their preliminary list, and (b) as to the extent of United States matériel, if any, included as “Available from British Sources” (this in connection with maintenance computations).

(2) Furnish General Crain by 10:00 a.m., Tuesday, March 4, 1947, an estimate of approximate costs:

(a) for equipment to be provided initially.

(b) for one year's maintenance of

(1) the initial equipment to be provided, and

(2) the U.S. equipment already in Greek hands.

Note: See attached statement.²

c) The War Department representative stated that for obvious reasons military discussions by the Combined Chiefs of Staff would be informal, and that the State Department would be the proper agency to resolve on a governmental level discussion of the extent of the participation to which the United States would be committed and the extent to which the British would continue.

d) It was agreed that formal and official requests for transfer of military supplies should come through diplomatic channels. General Crain undertook to obtain a decision on this point. Reference is made to memorandum of February 28 from General Crain to Mr. Henderson on this subject.

e) General Crain agreed to ascertain what FLC credit, if any, remains for Greece.

² Infra.

*Not printed; it noted the recommendation of the SWNCC Subcommittee on Rearmament that requests for definite quantities of military equipment should be received from the United States Ambassador in the requesting country. In a memorandum of March 3 to General Crain Mr.詹姆森 replied that Mr. Henderson agreed with the recommendation but suggested that the “diplomatic representative in Washington of the foreign government should also be regarded as an acceptable channel for communication of such requests.” (800.24/2-2847)
Note: There is ample credit remaining and more can be provided if necessary (UE—Mr. McGhee*).

[Annex]

MEMORANDUM OF COST RELATIVE TO UNITED STATES MILITARY SUPPLIES TO BE FURNISHED GREEK GOVERNMENT BASED UPON BRITISH INFORMATION

1. The War Department does not yet possess complete information as to the availability of the items listed by the British as being necessary to equip the Greeks.

2. The following assumptions were made in estimating the cost of furnishing all the items on the British list, including replacement, maintenance, and ammunition for this initial equipment and also maintenance and replacement for the United States equipment already held by the Greeks. The replacement and maintenance is for a period of one year.

Assumptions:

a) That none of the equipment is now in possession of the War Department and that consequently all of it must be procured.

b) That by reason of the relatively small amounts to be procured as compared with war time procurement quantities and because of the post war increase in material cost and rates of wages military items now procured would cost twice the war time figure.

c) The replacements required were based on figures obtained during the actual operations in the European theater of war.

d) The maintenance facilities will be poor and the personnel engaged in maintenance will be untrained. For this reason and based on other experiences the maintenance costs have been fixed at twenty per cent of the purchase cost of the items.

Based upon the above assumptions the estimated costs are as follows:

a) For new equipment to be furnished by the U.S.—$11,000,000.

b) One year’s replacement, maintenance, and ammunition for the foregoing initial equipment — 22,000,000.

c) Maintenance and replacement for one year for the U.S. equipment already held by the Greeks — 2,500,000.

Total $85,500,000.

It is considered that the above total is an outside figure. That figure will be reduced if surplus equipment becomes available as it will be

*George C. McGhee, Special Assistant to the Under Secretary of State for Economic Affairs.
*Drafted by General Crain on March 4.
sold for a much lower figure than the cost of the same item estimated under the above assumptions.

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868.00/3-447

Memorandum by the Assistant Legal Adviser for International Organization Affairs (Howard) to the Under Secretary of State (Acheson)

SECRET

[WASHINGTON,] March 4, 1947.

The attached memorandum ¹ on proposed legislative measures to provide aid to Greece and Turkey was prepared in consultation with Messrs. Henderson—NEA, Labouisse—EUR, Ness—OFD, Havlik—ED, Jernegan—NE, Robertson—NEA, and Wolkin—La.

Authority to provide assistance under existing legislation and various types of legislation for obtaining additional authority needed were considered.

The most difficult problem was that of providing adequate Congressional control without sacrificing administrative practicability. ² The proposal contained in the outline of legislation attached, which provides for Congressional approval of the President’s findings that assistance should be provided to a particular country, is submitted on the basis of a recognized inadequacy in our present knowledge as to what Congress may be prepared to accept. A second Congressional control is, of course, in the over-all limitation on appropriations. This type of control might be extended by providing in the appropriations for stated amounts for specified countries, subject to emergency use under proper safeguards for other countries not so specified. Still another type of control, which would probably be too rigid, is a requirement of Congressional approval of the individual agreements made with countries which are prospective recipients of assistance.

[Annex]

Memorandum on Proposed Legislative Measures To Provide Aid to Greece and Turkey

SECRET

[WASHINGTON, undated.]

1. It is recommended that a single legislative measure be sought along the lines of the attached outline, ³ rather than a number of legis-

¹ Intra.
³ Intra.
lative measures covering separately the various forms of aid, viz., the furnishing of funds to countries needing assistance, the detailing of military personnel, the detailing of civilian personnel, and the procurement and furnishing of military and other supplies.

2. It is recommended that the single legislative measure be in the form of a general enabling authority, requiring implementation by appropriations from time to time, rather than in the form of authority for assistance to particular countries specified in the legislation.

3. It is recommended that only if, after introduction and consideration by Congress of the proposed legislative measure, it appears that certain immediate needs of Greece or Turkey must be met prior to the probable date of enactment of the measure, the Congress be asked by concurrent resolution to request and authorize the President to direct the Export-Import Bank to make a loan of a modest amount to one or both of these countries. A concurrent resolution would probably be effective for this purpose since the limitation on the exercise of the Bank’s powers was expressed in the form of a statement of the policy of Congress.

[Sub-Annex]

OUTLINE OF PROPOSED ENABLING LEGISLATION

The principal provisions of the proposed enabling legislation would be along the following lines:

1. Authority

   Alternative A. The President is authorized to furnish assistance to any country for the purpose of promoting its stability and independence whenever he finds such assistance is in the interest of the national security. (Preferred by majority.)

   Alternative B. The President is authorized to furnish assistance to any country requesting assistance for the purpose of promoting or sustaining within its territory a democratic form of government whenever he finds such assistance is in the interest of the national security and welfare.

   Alternative C. The President is authorized to furnish assistance to any country whenever he finds such assistance is in the national interest.

2. Congressional Approval. The President shall transmit to the Congress the name of any country which he finds eligible to receive assistance. Such assistance may be furnished beginning thirty days thereafter, unless the Congress by concurrent resolution within such period disapproves the furnishing of assistance to such country, or begin-
ning at an earlier date upon approval of the Congress by concurrent resolution.

3. **Nature of Assistance.** The assistance, which the President is authorized to furnish through any agency of the Government, shall include

a. funds;
b. military, industrial and agricultural supplies;
c. details of military and civilian personnel, and other services.

4. **Safeguards.** A foreign government prior to receiving any assistance must agree (i) to utilize funds, supplies or services for the specific purposes agreed upon; (ii) to permit full disclosure to its people through press and radio of the source, amount and general nature of assistance furnished; (iii) to permit free access of United States Government officials for the purpose of observing that the assistance is utilized effectively and in accordance with the undertakings of the recipient government; (iv) not to transfer title to or possession of supplies received without the consent of the President; and (v) to enforce effective security restrictions when requested to do so with respect to particular supplies furnished.

5. **Termination of Assistance.** The furnishing of assistance shall be terminated at any time the President finds that the undertakings of the recipient government are not being fulfilled or for any other reason in the interest of the United States.

6. **Repayment.** The terms of repayment or other benefits to be received by the United States shall be determined by the President.

7. **Delegation of Authority.** The President may delegate the authority of administering the program of assistance to the Secretary of State.

8. **Reports.** The President shall make periodic reports to the Congress.

9. **Terminal Date.** The enabling legislation will expire on June 30, 1950.

868.24/3-447: Telegram

_The Secretary of State to the Embassy in Greece_

SECRET

WASHINGTON, March 4, 1947—2 p.m.

PRIORITY

263. After consultation with Brit and unless you perceive objection, please inform Greek Govt we studying possibility supplying some of equipment required by Greek armed forces. As guide and basis for this Greeks should immediately submit through you formal detailed request for all essential items Brit not able furnish. Indication rela-
tive importance and urgency different items would be useful. Telegraph full summary articles and quantities desired.

For your info we already actively considering Greek supply needs as presented by Brit. Greek request desired primarily to serve as formal basis for action and also as check on Brit figures. Any comments you or MA feel able make on Brit or Greek estimates in light present situation would be welcome. Comments Brit military mission on Greek request also desired.

MARSHALL

868.50 Porter/3-447: Telegram

The Secretary of State to the Embassy in Greece


NIAGT

264. Following is text of statement to press by Secretary March 4:

"For some time this Government has been endeavoring in various ways to assist in the restoration of the economy of Greece. Spurred by appeals from the Greek Government, it has been studying ways and means of providing additional assistance. This study impelled the dispatch of the economic mission headed by Paul A. Porter which is now in Greece. It has also involved consultations and exchanges of ideas with the Greek Government and the British Government, which has likewise been bending every effort to help Greece.

Recently reports from our own representatives and from the Greek and British Governments have shown that the economic condition of Greece has deteriorated to the verge of collapse. The Greek Government has renewed its request for help. In the light of the world situation, this is a matter of primary importance to the United States. It has received the urgent attention of the President and the executive agencies concerned. It has been discussed with the appropriate Congressional leaders.

I cannot say anything today regarding the action which may be taken, other than that a full public statement will be made very soon, when the executive agencies have completed their consideration of the matter. The problems involved are so far-reaching and of such transcendent importance that any announcement relating to them could properly come only from the President himself. The final decisions will rest with the President and the Congress."

In response to correspondents' question Dept's spokesman said that Greek Chargé had delivered communication March 3 from Greek Govt requesting aid. In answer to further question Dept's spokesman said that Greek communication made no reference to Brit.

Text Greek note March 3 being released Washington today March 4, 5:30 p. m. Please notify Greek Govt.

Sent Athens 264; rptd London 1022.

MARSHALL

332-774-72-72-7
ANKARA, March 4, 1947—2 p. m.

156. Turk press past two days published circumstantial reports from Washington and London regarding British notes to US on Greece and Turkey (top secret Deptel 98, Feb. 28). Late yesterday afternoon Foreign Minister 2 asked me call on him. He read me other press reports received by press bureau not allowed be published of sensational and alarming character. These to effect Britain on point collapse asking US assume all political commitments Middle East; also implying imminence serious international events. Saka said Cabinet met in morning consider these reports and later he called by President 2 who asked him confer with me and set forth Turk position in light these reports.

Saka said Turk Govt seriously disturbed. He said Turkey in past looked to UK for supply military equipment. In Feb. 1946 when London for UN he presented to Bevin list Turk Army requirements to bring army up to strength value 80 million liras. Upshot was Britain unwilling sell except for cash, Turkey unwilling buy except on credit and nothing accomplished except number airplanes purchased on virtual cash basis. Saka said our Military Attaché informed of Turk military requirements last autumn and Saka now requested that Colonel Roberts call without delay at General Staff be informed present status requirements. He said if press reports true then Turkey must turn to US for assistance it had previously sought from Britain regarding military equipment. He mentioned Turk Army about 80 percent equipped with German matériel and would be helpful if US could supply further German equipment captured during war. He added Turk Govt must seek credit terms as unable pay cash.

Furthermore Saka said if reports of impending international crisis true Turk Army must take immediate steps get on footing meet any emergency and would require assistance from US to that end.

Without indicating I had any knowledge contents British notes I sought allay his evident concern. I said if British had sent notes to US as reported it seemed to me this meant only that situation had now come to head which has been in making for some time. British bore brunt two great wars and now suffering economic crisis. However I did not for moment believe British unable continue critical commitment this area and if note sent I assumed Britain only seeking financial cooperation which understandable in view present economic

2 Hasan Saka.
3 Ismet Inönü.
crisis. So far as alarming reports regarding international situation concerned I believed nothing to justify this. As regards Turkey only threat could come from Soviets and seemed obvious that Soviets, also suffering severe economic difficulties, war weary and unpossessed atomic bomb, not likely provoke general war at present. Under circumstances I thought Turk Govt bearing in mind interest US in Turk situation, should remain calm, and in its thinking about military equipment take long range view of gradually strengthening effectiveness and not rush into any immediate war footing. As regards list required matériel given Roberts last October I said when Roberts returned from US recently he explained to General Staff Turk requirements still under active study Washington. I said I would ask Colonel Roberts call as requested at General Staff for further info. I pointed out Greece in much more serious situation than Turkey, in fact in state incipient warfare and in case US should be called on furnish military equipment anywhere seemed to me priority lies in Greece. I thought Turkey should agree with this since if Greece should fall under Communist domination Turkey’s position would be greatly weakened.

Saka agreed with what I said, repeated his request that Roberts call at General Staff and said he would appreciate any info I could give him regarding developments at Washington as Turk Govt naturally seriously concerned. I hope Department will modify soon as possible instructions last paragraph Deptel 98 as good share of story seems to have been broken already in press and will begin to look soon to Turks as if I am holding back on them.

I expect to cable later today (Deptel 98) comments on note concerning Turkey.

WILSON

368.50 Porter/3-447: Telegram

The Ambassador in Greece (Maevagh) to the Secretary of State

TOP SECRET

ATHENS, March 4, 1947—5 p. m.

315. Deptel 241, March 1 [February 28]. After receiving Dept’s most encouraging message I have had long conferences with Porter and Ethridge as a result of which we have agreed on the following specific comments:

1. We feel it most desirable that British share responsibility here to fullest extent possible both economically and militarily and suggest US might continue avoid direct military assistance to Greece

¹ Not printed, but see footnote 1, p. 73.
even if it must grant credits to British in this connection. Distinction admittedly narrow, but might have some psychological value in connection Anglophobe feeling in US and argument we being "left holding bag".

2. Our assistance to Greek Govt should be clearly conditioned on latter’s acceptance and implementation of specific economic policies which will put end to present exploration [exploitation] of such aid for political purposes and private gain (e.g. mishandling of UNRRA supplies).

3. Greatest care should be taken to avoid giving impression that US aim at financing Greek “civil war” or maintaining in power an essentially reactionary govt incapable of developing sound economic program on democratic principles. Perhaps aim might be stated to insure opportunity for broader democratic govt and greater implementation of political, social and economic responsibility than now is possible. In this connection it might help if Congressional leaders were told privately that present govt is not representative of nation under normal conditions, having been elected under fear of Communism both external and internal and that our policy will be directed towards liberal changes here at opportune time when this fear removed.

4. Provisions for supervision by American experts of relief reconstruction and development should be broad and inclusive. They should begin with civil service reorganization and include teams of technical experts on port, highway, water power and reclamation development. Specific plans for such supervision will be contained in Porter report which now being expedited.

5. Finally in view desirability of ending bandit situation soonest we feel it might usefully be stated that if UN Commission successful in settling border problem our Govt will seriously explore possibility of obtaining internal pacification here on generous terms.

MACVEAGH

867.00/3-447: Telegram

The Ambassador in Turkey (Wilson) to the Secretary of State

TOP SECRET

ANKARA, March 4, 1947—5 p. m.

157. Department’s telegram 98, February 28. Comments and suggestions re note on Turkey as follows:

(1) Our thinking in this matter based on assumption that Turkey is not faced with likelihood imminent attack. Probability exists continuance for several years present war of nerves by USSR but not aggression resulting in general war.

(2) Recommendations as to material assistance for Turkish armed forces must necessarily depend upon mission which we expect those
forces to perform. If we plan to give effective support to Turkey then presumably we want Turkish armed forces in case of ultimate aggression against Turkey to carry out delaying action providing us time to come to their support. If on other hand we decide against direct support for operations in Turkey then presumably we should want Turkish forces resist long as possible inflict major losses on enemy with maximum employment guerrilla tactics. In absence knowledge decision on this point our assumption is that we plan bring effective support to Turkey in case she is attacked.

(3) Bearing in mind assumption under paragraph 1 above that no immediate aggression likely and war of nerves continue indefinitely we estimate Soviet policy towards Turkey as aimed at obliging Turkey keep large standing army thereby in long run hoping disrupt Turkish economy. Therefore in any program improve Turkish military establishment we must be careful not unconsciously play Soviet game by saddling Turkey with too heavy financial burden for equipment furnished. We should either make military equipment available at nominal cost or if we insist on anything like full payment should bear in mind that Turkey’s relatively limited ability service additional loans will mean whatever goes for military purposes that much less will be available for economic projects. We should also bear in mind many economic projects, e.g. communications, transport, port developments, would improve Turkey’s overall defense position.

[Here follows paragraph numbered 4 giving replies to specific points raised in telegram 98.]

Colonel Roberts’ estimate as follows: In making any estimate of probable extent of US military obligations to Turkey it must be assumed that (a) war between Turkey and a first class power is not imminent and (b) present strength of Turkish armed forces is maximum that can and will be maintained. Also considered that any long range reorganization of Turkish Army with view to increasing its efficiency by mechanization and motorization while maintaining present strength will be subject limitations imposed by ruggedness of terrain combined with very poor road net and inadequate rail communications. Added is fact that men capable of being trained in use of modern equipment are very ones required to increase industrial capacity of country. For these reasons it is believed a real modernization of Turkish armed forces will be long slow process and that meanwhile best procedure is fully to equip these forces with arms, ammunition and equipment with which they are familiar.

The best available index of immediate Turkish requirements is contained in list Military Attaché handed Director Intelligence last October. List was accompanied by troop basis of Turkish Army. List was however obtained from Turkish General Staff at time when they ex-
pected imminent attack and hence represents what they believed would be needed within period of months if not weeks in order sustain all-out attack. Military Attaché has just been requested to call at General Staff to discuss new list requirements. Possible that new list will show longer range needs with emphasis on training rather than combat. Immediate report will be made. In any case recommend War Department agencies which have latest data on combat and training requirements, not in possession this office, make study of Turkish list as compared their troop basis. Point here is that assuming Turks must pay for what they get, there is no use letting them load up with war stocks when what they currently need is only enough for thorough training. An example of this is list of ammunition requirements which appear too large for training needs only.

Should be borne in mind however that Turkish Army is deficient in some categories which should be supplied soon as possible. Most outstanding is additional tank division which would be vital to successful defense of Erzurum Arnj against airborne attack. Yet no request for such unit equipment appeared in October list, possibly because they thought not time to organize and train troops.

Another important point is that since large part Turkish Army equipment is German and since only partial and temporary replacement can be made from available German stocks, it obvious that eventually bulk of replacements must come from US sources. This must be long range project.

It is noted that British intimate they could supply navy and air force needs. Connection air force it was idea of General Ritchie AAF plans\(^1\) thought \[that?\] some squadrons of our combat planes should be furnished Turks as their ground echelon would be at least some extent familiar our combat types. Military Attaché believes this warrants careful consideration.

This preliminary estimate will be supplemented on receipt General Staff information.

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\(^1\)This reference is presumably to Brig. Gen. William L. Ritchie, Chief of the War Plans Division of the Army Air Forces.

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868.50/3-447: Telegram

The Chief of the American Economic Mission to Greece (Porter) to the Secretary of State

SECRET

ATHENS, March 4, 1947—6 p. m.

316. For Ness from Porter. Agree reply Deptel 248 March 1 must be made with assumptions such as those under paragraph E and first
paragraph as working basis and following prepared accordingly, but
do not wish endorse them as predictions. Caveat necessary because fail-
ure assumed conditions to materialize will substantially change costs
to US; moreover, possibility of failure is itself important considera-
tion in determining policy of implementation. Comments specific
assumptions:

Re 1. Uncertainty some circles here that, lacking government re-
form and changes in government social and economic policy, Greek
Army capable suppressing armed resistance.
Re 2. This assumes success campaign 1947 and effective pressure US
or UK in forcing Greeks reduce army they probably will wish main-
tain regardless success or failure 1947 campaign.
Re 3. No comment.
Re 4 and 5. US personnel and efforts control economic program
probably will be ineffective in inducing Greeks take measures for own
aid unless performances self-help measures made condition precedent
US aid each quarter. Assurance generous unconditional aid over long
period may result continued gross misconduct of government, pauper-
ization of people and recurrence present situation at end aid period.

All conversions of drachmas at arriving foreign exchange value re-
flected this telegram made at rate 8000 to 1. All value figures in millions
dollars.
A-1. Summary balance of payments, details of which given last
part this telegram follows:

Column one receipts: (1) Exports 99.6; (2) Remittances 32; (3)
Shipping 10; (4) Miscellaneous 3; (5) extraordinary receipts includ-
ing UNRRA, Exim Bank and FLC credits 75.6. Total receipts 219.2.
Column two expenditures: (1) Food imports 89; (2) Non-food items
for consumption 146.5; (3) Reconstruction 25; (4) Miscellaneous 10.
Total expenditures 270.3.
Deficit post UNRRA relief basis 51.1.
Extraordinary deficit: (1) For extraordinary relief and budget
subsidy under new program 85; (2) Reconstruction 10; (3) Foreign
exchange cost Greek Army 120. Total foreign aid 266. Combined pro-
grams plus use Exim Bank and FLC credits 318.

Believe important differences in balance of payments estimates on
basis this program will be: (1) Extraordinary aid consisting of sup-
plies for reconstruction and other government operations and large
US subsidy toward meeting immediate government budget difficulties
part of which ultimately will be used for import consumption goods
to offset inflationary effects drachma expenditures. (2) Grant to meet
foreign exchange cost Greek Army exclusive heavy military equip-
ment. Believe inflation eliminated by stated assumption stabilization
Greek economy. However, should inflation occur, naturally would have
serious effects extent of which unpredictable. Possible reduction ex-
ports under new program more likely due diminished incentive for Greeks utilize own resources.


A-8. Total deficit 1948 roughly estimated 180. Value exports and cost imports dependent 1948 prices and other unknowns. However, with recovery and administration under American guidance, assume reduction to 60 in aid toward balancing budget. Foreign exchange costs reconstruction 45. Assume successful 1947 campaign and gradual reduction military expenditure after 1947 would mean reduction to 75 of aid for army in 1948.

[Here follow further details of the Greek financial situation, including an estimate of $460,000,000 for a five-year reconstruction program, which the Greek Government would not be in a position to finance.] 1

1[PORTER]

In telegram 325, March 6, 4 p. m., from Athens, Ambassador MacVeanh stated: “Embassy generally agrees with views and estimates embodied in Embtel 816, March 4 from Porter for Ness. Believe considerable weight should be given, however, to possibility of Greeks themselves financing large measure of national recovery once reasonable confidence in political economic stability of country established through our proposed aid. Estimates of Greek private assets now held abroad available for possible repatriation range from 200 million to 500 million dollars.” (868.50/3-647)

The Acting Secretary of State to the Secretary of War (Patterson) 2

WASHINGTON, March 5, 1947,

MY DEAR MR. SECRETARY: Subsequent to our meeting Wednesday morning, February 25 [26], 1947, President Truman approved in principle the measures which you endorsed for immediate aid to Greece and Turkey as set forth in the memorandum entitled “Position and Recommendations of the Department of State Regarding Immediate Aid to Greece and Turkey”. Congressional leaders have been informed of the nature of the problem and the urgency of the need for our assistance to these countries. They also approve in principle the general program for aid.

In the course of our discussions on the Greek and Turkish problem, frequent reference was made to the fact that this is only part of a much larger problem growing out of the change in Great Britain’s strength and other circumstances not directly related to this development. I believe it important and urgent that study be given by our most competent officers to situations elsewhere in the world which may require analogous financial, technical and military aid on our part.

2Mr. Acheson sent an identical letter to Secretary of the Navy Forrestal on March 5.
I have asked Assistant Secretary Hilldring as Chairman of the State-War-Navy Coordinating Committee to direct the attention of that committee to this important problem and, in consultation with the Treasury Department, undertake a thorough study to be submitted to me or Secretary Marshall as soon as possible.  

Sincerely yours, 

DEAN ACHESON

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2 For the report of the Special Ad Hoc Committee of SWNCC, dated April 21, 1947, dealing with the "countries to which the U.S., for its own security and national interests, may find it desirable to extend aid in the next few months", see volume III.

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868.00/3-547 : Telegram

The Acting Secretary of State to the Embassy in Turkey

SECRET  

WASHINGTON, March 5, 1947—7 p. m.  

US URGENT  

113. While not revealing exact contents Anglo-American interchange (Deptels 98, 100, 101 and 110)1 you may now inform Turk Govt of general nature of high level discussions now taking place Washington. Avoid revealing complete and definite character of Brit disclaimer of future responsibility. (Re last para Embtel 156 Mar 4.) You were entirely correct in seeking allay Saka’s concern and arguments adduced in support your thesis fully approved. Turks should be told no immediate international crisis envisaged. In general you may say that, subject to Congressional action, US Govt expects take more active part in meeting economic and military needs of Greece and Turkey. Greece being in more difficult position, it is necessarily object first attention. We consider this in Turkey’s interest as well. For same reason, we hope Turkey will make every effort obtain funds from other sources, as its relatively good economic position should enable it to do.  

We appreciate Roberts’ military estimate and wish to be kept abreast developments of any conversations he has with General Staff.

ACHESON

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1 No. 98, February 28, p. 69; No. 100, February 28, was a repeat of telegram 246 to Athens, which gave the texts of the aide-mémoire handed to the British Ambassador on March 1, pp. 72, 73; regarding No. 101, March 1, see footnote 1, p. 73; No. 110, March 5, was a repeat of telegram 268 to Athens, which gave the text of the aide-mémoire of March 4 from the British Embassy, p. 79.
The Acting Secretary of State to the Secretary of War (Patterson)  

SECRET

WASHINGTON, March 6, 1947.

My Dear Mr. Secretary: As you know the President has recently approved a policy which, recognizing the existing threat to the independence of Greece and Turkey and the inability of the British to continue major financial responsibilities in connection with these countries, calls for immediate steps to be taken by this Government to extend all possible aid to Greece and in a lesser extent to Turkey. It is of importance to the security of the United States that these two countries should be able to maintain their independence and territorial integrity. The situation in Greece is desperate and the President, who has already discussed his intentions with Congressional leaders, plans to present to Congress within the next few days proposed legislation which would permit this Government to extend financial aid to Greece for economic reconstruction, to furnish arms and equipment in sufficient quantity to permit the Greek Army to restore internal order, and to detail American personnel to insure the effective utilization of such aid. It is felt that in view of the President’s decision and of the urgency of the situation in Greece, first priority for transferable military equipment should be assigned to Greece.

It is suggested that in order to expedite action on the approved policy towards Greece, a committee be formed at once of representatives from the War, Navy and State Departments under the chairmanship of a War Department representative. This committee could immediately initiate steps to determine the kind and extent of military supplies needed by the Greek armed forces, to take all required steps for their procurement and shipment, and make the necessary arrangements, through American observers on the spot, to insure their effective utilization in Greece.

If such a procedure is acceptable, I am prepared to designate appropriate officers of the State Department to cooperate in such a committee.

Sincerely yours,

DEAN ACHESON

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1 Mr. Acheson sent an identical letter to Secretary of the Navy Forrestal on March 6.

SECRET

Memorandum by the Secretary of War (Patterson) on the Meeting of the Cabinet on March 7, 1947

[WASHINGTON,] March 7, 1947.

[Here follows one paragraph on disposition of Selective Service records.]
The President then brought up the subject of Greece. He said that he had already discussed the matter in a confidential session with the leaders of Congress. Under Secretary Acheson made a general presentation of the case, showing the movements of Soviet aggression in the Middle East, evidently with the aim of isolating Turkey and thereafter gaining the Dardanelles and other Turkish regions. They had received a temporary setback in Iran, but on the other side of Turkey they had had considerable success, through the assistance given to guerrilla bands by Yugoslavia, Albania and Bulgaria, to the point where the condition of Greece was extremely critical. Greece is a war-ravaged land, with a weak economy and an inefficient and incompetent government. The result of the border warfare in the north was that no agriculture could be carried on there, the need for economic assistance being increased by this factor. We have given considerable aid to Greece to avert starvation, through our contributions to UNRRA. The British have been aiding Greece through means to maintain the Greek army, now the messages come from the British that they will be unable to continue this aid to the Greeks.

Mr. Acheson also pointed out that the picture should be seen as a whole; that if Greece fell within the Russian orbit, not only Turkey would be affected but also Italy, France, and the whole of western Europe.

The President pointed out that the decision to give economic aid to Greece was a momentous one and he called for opinions by all present. He indicated that the question was whether he would send a message to Congress in favor of a loan.

I stated that from the military point of view it was of great importance to the security of the United States that western Europe should not fall under the domination of Russia; more particularly that our policies in the occupation of Germany would be defeated by such a development. I gave it as my view that Greece, while the present government is ineffective, is a nation with good possibilities, that it had had fairly good governments in the past and had had a good fighting record in 1940 and 1941. I thought that in connection with any loan, terms and conditions would have to be imposed to make sure that the proceeds of a loan were not frittered away by incompetence.

The Secretary of the Treasury, the Attorney General, the Secretary of the Navy, the Secretary of the Interior, the Secretary of Commerce, and the Secretary of Labor,—all the Cabinet members present—expressed themselves as in favor of giving assistance to Greece. The Secretary of the Navy laid stress upon getting the aid and assist-

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² For an account of this Cabinet meeting by the Secretary of the Navy, see Millis, The Forrestal Diaries, p. 250.
ance of American business, not only in this matter but in our economic policy overseas in all areas. The President said he was in favor of this, and he designated the Secretary of the Treasury as chairman and the Secretary of the Navy, Secretary of Commerce, Secretary of Labor, and Secretary of Agriculture as a group to inquire into the matter and formulate a program.

The President had a draft of a message, prepared by the State Department, and he mentioned that he might deliver it on Monday.

Several of those present laid stress on the fact that the entire situation should be made clear to the American people.

ROBERT P. PATTERSON

2 Copy not found attached. Among the drafts of President Truman's message in Department of State files are a "Jones" draft of March 3 (Joseph M. Jones was Special Assistant to the Assistant Secretary of State for Public Affairs) and a "Revised Draft" prepared on March 6 by George F. Kennan (868.00/3-447, 868.00/3-647). Clark M. Clifford, Special Counsel to President Truman, transmitted the "final draft" to Mr. Acheson on March 11. It is entitled "2nd draft of March 11, 1947". Attached to it is a "Suggested Draft", revised on March 9 (868.00/3-1147). These latter two drafts bear no indication of authorship. President Truman's comments on the drafting of his message appear in Memoirs by Harry S. Truman, vol. II: p. 105. He delivered the message to the Congress on March 12.

The Acting Secretary of State to President Truman

TOP SECRET

WASHINGTON, undated.

Subject: Program for aid to Greece and Turkey.

In accordance with the conversation Secretary Marshall and I had with you on February 26, 1947, and our subsequent talk with Congressional leaders, I submit herewith a calculation of the costs involved in an extensive program of aid to Greece and Turkey; draft legisla-

1 Copy sent on March 7 to Col. Joseph B. Bastion, Jr., by Carlisle H. Humelsine, Director of the Executive Secretariat, with information that Mr. Acheson had discussed it with President Truman "this morning". Colonel Bastion was the War Department's Liaison Officer with the Department of State on the Greek-Turkish aid program.

Mr. Humelsine's transmitting memorandum to Colonel Bastion stated that Mr. Acheson had requested that the memorandum on Greece and its three attachments be sent to Secretary Patterson and that the general problem would be discussed the following day at 11 a.m. with the Secretaries of War, Navy, Commerce, and Treasury in the office of Secretary of the Treasury, John W. Snyder.

The Cabinet Committee on Foreign Aid Programs, with Secretary Snyder presiding and with the Secretaries of Agriculture and Labor also present, met on March 8. The minutes disclose that "the meeting was to consider the most appropriate method for discussing the proposed program of aid to Greece and Turkey with influential business leaders for the purpose of making clear what the objectives of the Administration are and to enlist" their support. Mr. Acheson also discussed various administrative problems of the program. (868.00/3-847)
tion to provide authority for such a program; and a draft message from you to the Congress explaining this problem.²

The figures on the cost of the program (Tab A) show a total of $400,000,000 for Greece and Turkey for the balance of the period ending June 30, 1948. This covers the cost of military equipment and maintenance, essential economic development and supervisory administration of these expenditures.

The draft legislation (Tab B) is in the form of a single bill with language broad enough to cover the extension of financial aid, military equipment and other supplies and the detail of technical and professional personnel. The legislation is so drawn as to cover other countries should analogous situations develop requiring similar aid from this Government.

The draft message (Tab C) from you to the Congress describes the circumstances which have produced the current critical situation in Greece, with a reference to Turkey’s somewhat different status and needs, and the consequences which may flow from a failure on our part to assist Greece at this time. The message presents also the figures on costs, referred to above, and an outline of the legislation to be submitted to Congress.

² None found attached.

885.00/3-747

The Acting Secretary of State to the Secretary of State, at Berlin

SECRET

WASHINGTON, March 7, 1947.

DEAR GENERAL MARSHALL: I hope this pouch will reach you before you leave Berlin.

The situation on the Greek-Turkish matter is as follows:

At a meeting this morning with Secretary Snyder, Admiral Leahy,¹ Mr. Clifford, and myself, the President reached the conclusion that he had no choice but to go forward with the program. He called a Cabinet meeting and got the unanimous support of the Cabinet. He thereupon canceled his trip to the Caribbean and finding important members of Congress absent from Washington, called a meeting of the Congressional leaders for Monday morning. At that time the fuller explanation, for which they asked at the last meeting, will be given them and the President’s decision communicated. He expects to address a joint session of Congress on Wednesday, March 12. He is planning to have his message to Congress broadcast from the Capitol.

The President has appointed a Cabinet Committee of the Secretaries

¹ William D. Leahy, Chief of Staff to the Commander in Chief of the Army and Navy.
of War, Navy, Treasury, Commerce, and me, to call together next week some financial, business, and labor people, both to get their energetic support at home and to provide recruits for missions which may have to go to Greece to work there.

We have obtained further information from Porter in Greece but need still more before we really can be well prepared for Congressional hearings.

[Here follows a paragraph dealing with the question of China.]

With all good wishes.

Sincerely,

DEAN ACHESON

868.24/3-747

Memorandum by the Chief of the Division of Near Eastern Affairs (Merriam) to the Chief of the Munitions Division (Cummins)

SECRET

[WASHINGTON,] March 7, 1947.

Pursuant to policy decisions made by the President on recommendation of the Secretaries of State, War and Navy, and at the suggestion of the War Department, NEA has requested General Disposals Division of FLC to make an urgent survey of FLC stocks which might be available to fill the needs of the Greek Armed Forces. FLC has obtained a list of these requirements from the War Department and has agreed to circularize its appropriate field offices by telegraph.

So far as I know, no special action is required of your Division in this matter, but I feel you should be kept fully informed. As you probably know, it has been decided that Greece should have priority over all other foreign nations with regard to purchases of surplus military equipment. Consequently, we have asked FLC to include in its reports even material which may have been tentatively allocated for sale to other purchasers.¹

GORDON P. MERRIAM

¹ In telegram 323, March 7, to Cairo, the Office of the Foreign Liquidation Commissioner directed OFLC officials at Cairo to make an immediate survey of inventories in order to determine the availability of some 30 items of equipment for the Greek Army and to freeze available items pending instructions (868.24/3-747).

868.00/3-747: Telegram

The Secretary of State to the Acting Secretary of State

TOP SECRET

US URGENT NIAC T

PARIS, March 7, 1947—noon.

1013. For Acting Secretary Acheson’s eyes only from the Secretary. I consider the following changes in the President’s draft message...
highly desirable. Subject to the changes noted below I approve the statement. Paragraphs are numbered 1 through 44 as received here.¹

Changes follow:

In paragraph 14 which commences "In order to create conditions", delete the terminal phrase "regardless of whether effected in the name of Fascism, Nazism or Communism".

Delete in its entirety paragraph 27 which commences "The Greek King returned", and ends "as in England".

In paragraph 40 delete the first sentence which is "This, then, is the situation in Greece and Turkey that is upon us". Change the second sentence of paragraph 40 to read as follows: "The situation, in my opinion, requires immediate and resolute action".

Paragraph 48, which consists of the single sentence "I consider that the security of the United States demands that such funds and authority shall be made available immediately" should be deleted in its entirety.

End of changes.

[Marshall]

¹ Draft under reference not found in Department of State files.
The Ambassador in Greece (MacVeagh) to the Secretary of State

TOP SECRET

ATHENS, March 7, 1947—7 p. m.

334. Mytels 312, March 4, and 330, March 6. In connection with recent summary arrests and deportations by Minister Public Order, I have privately spoken to MinFonAff, PriMin, King’s political adviser and King himself urging most strongly that, in my view, however real may be need of counteracting subversive activity here Greek Govt should not use tactics which can possibly be characterized as dictatorial, especially at this time when US Govt seriously considering aid to Greece. In particular, PriMin, who is very old friend, has allowed me to say that, in my opinion, he would do well to “debarrass himself of General Zervas” as Minister Public Order, and to replace him with some gentleman of known liberal views who could protect state just as efficiently, but less spectacularly, and with greater observance of due process of law.

My British colleague, who was present during this talk with Maximos, and who is just as disturbed as I am, fear possible foreign repercussions gave my advice his full and urgent support. Maximos replied by justifying Zervas actions on grounds national emergency and denying they imply any danger of dictatorship, but I begged him think matter over carefully. Meanwhile, though all my conversations this subject completely private, FonOff appears to have advised press that Norton and I “protested” arrests, and that we were told these justified for reasons of state. In addition, Communist controlled EAM in keeping with its propaganda to effect that new US attitude toward Greece is support to Fascism has embroidered story by saying Maximos told me my views not in agreement with Secretary Marshall pronouncements.

In expressing my views to Greek leaders, I studiously avoided committing Dept, and should latter consider me wrong, I believe no harm has been done, particularly as I was unsuccessful with either King, who was wholly sympathetic in his dislike of Zervas and comprehension of problem but felt as usual unable to take action, or with others who appeared more frightened of immediate local situation than of possibility losing our support. Meanwhile, I feel that I have proceeded utmost in private expressions, and anything further to be said must be said officially. Should Dept decide intervene, I believe best course would be follow my lead in pointing out to Greeks danger they are running from their own point of view, and leave decision to them rather than to insist on any specific action their part.

¹Neither printed.
They seem now in panicly mood very similar to that of 1923 when direct British intervention to stop shooting of six cabinet ministers resulted in immediate execution despite obvious deterrent to country's interest. It is quite possible that Zervas and all he stands for would be strengthened here enormously if it could be said that his removal was "demanded" from outside.

MacVeagh

863.515/3-747
The Ambassador in Greece (MacVeagh) to the Secretary of State
CONFIDENTIAL
No. 3753
ATHENS, March 7, 1947.
Subject: Greek Economic Crisis: Recent Developments
Sir: In sequence to the Embassy's Despatch No. 3597 of February 4 I have the honor to transmit herewith copies of two communications from the foreign members of the Currency Committee to the Prime Minister, together with a summary statement of Government economic policy, as outlined below:

Enclosure No. 1.
Letter of February 7, 1947 from the foreign members of the Currency Committee (Gregory and Patterson) to the Prime Minister, in which they refer again to the urgent need for terminating the sale of gold by the Bank of Greece, and add a series of recommendations on economic policy, the adoption of which they strongly urge.

Enclosure No. 2.
Summary statement of Greek economic policy issued by Prime Minister Maximos on February 17, 1947. It will be noted that the Prime Minister's policy statements, in very generalized terms, are based closely on the recommendations contained in the above mentioned communication of Messrs. Gregory and Patterson.

Enclosure No. 3.
A letter of February 28, 1947 from Gregory and Patterson to the Prime Minister, in which they again refer to the increasingly critical financial and general economic situation in the country and make certain specific recommendations which they feel it essential for the Government to adopt as preliminary measures in an effort to maintain some degree of economic stability in the country. With regard to these specific recommendations, the Embassy is informed (by Patterson) that subsequent discussions with the Prime Minister and his Cabinet associates have produced the following results as of March 6, 1947:

1 Enclosures not printed.
1) Currency Committee. The Prime Minister has agreed to accept in toto the recommendation of Gregory and Patterson.

2) Wage Policy. The Prime Minister has reluctantly accepted the recommendation for a general wage “freeze”, including the specific points enumerated under the general heading.

3) Prices and Hoarding. The Prime Minister and his advisers appear extremely reluctant to accept measures involving severe sanctions such as confiscation of hoarded merchandise, excess inventories, etc.; no final decision has been reached thus far regarding this recommendation.

4) Control of Exports, Imports, State Supplies. This recommendation appears acceptable to the Prime Minister including the proposal to establish a centralized “Foreign Trade Administration”. Discussions are said to be well advanced looking to the probable appointment of Mr. Maben, present chief of UNRRA Mission,² as head of this new agency.

5) Merchant Marine. No progress has been made thus far in convincing the Greek authorities that the amount of foreign exchange derived from the Merchant Marine can be substantially increased beyond the amount presently foreseen for 1947, aggregating approximately eight million dollars.

6) Olive Oil. The Prime Minister has agreed that edible olive oil must no longer be used for industrial purposes. He has also agreed to authorize the exportation of olive oil, but no determination of exportable quantities has been reached. The Government is fearful that exports of important quantities of oil will jeopardize the domestic price of this product.

7) Black Market in Foreign Exchange. Thorough discussion of this subject has not yet been undertaken. It appears that the Greek authorities are opposed to the introduction of a financial censorship of the mails, but the question involves the whole aspect of the foreign exchange position of the drachma, including the problem of correlating the official exchange rate, now 5,000 drachmas to the dollar with the “street” rate at present around 8,000.

What effect our recently declared policy of all-out assistance to Greece may have on the Greek Government in its readiness to adopt remedial economic measures remains to be seen. The Embassy believes however that the situation has degenerated to a point where the Government must, and will, adopt measures more in keeping with the seriousness of the situation.

Respectfully yours,

For the Ambassador:
H. Lawrence Groves
Counselor of Embassy for Economic Affairs

²Buell F. Maben, Chief of the UNRRA Mission in Greece.
Memorandum of Conversation, by the Acting Secretary of State

SECRET

WASHINGTON,] March 8, 1947.

The British Ambassador called at his request. He reminded me that at our last conversation I had asked him to ask the British Government to be more specific as to its intentions on the form of the aid which it was prepared to continue to Greece for the next ninety days. He had informed me that pending the effective operation of American assistance the British Government would continue to make available two million pounds a month for Greek military use for three months. He told me this morning that he had inquired and had the reply that it was the British Government's intention to make these advances in the form of loans to Greece which it wished to have repaid as soon as possible either by the United States Government or by the Greek Government out of funds made available to it by this Government. He asked what the attitude of the American Government would be toward such a proposal. I said that I thought our attitude would be unfavorable and that it would be a mistake on the part of the British to press such a point. I added that we were doing all we could to make American assistance available and available as soon as possible. My strong recommendation to the British was that they should continue their help as they had in the past until we could take over and not attempt to be reimbursed directly or indirectly from us.

The Ambassador stated that this was exactly the view which he himself had already expressed by cable to London.¹

DEAN ACHESON

¹ A British Embassy note of March 7 entitled “Financial Aid to Greece after March 31st, 1947” contains a marginal notation reading “orally” (868.00/3-747). Presumably, Lord Inverchapel read the note to Mr. Acheson during their conversation on March 8.

The Secretary of War (Patterson) to the Secretary of State

TOP SECRET

WASHINGTON, [undated.¹]

DEAR MR. SECRETARY: With reference to your letter of 5 [6] March 1947 on the Greek situation, the War Department has obtained from the British Joint Staff Mission in Washington an estimate of the military equipment initially required to accomplish a reequipping of the Greek army to make it more effective for the conduct of operations against the dissident bands in Greece. Urgent efforts are being made

¹ The record copy of this communication in the files of the Defense Department is dated March 11, 1947.
to determine the availability of the items included in these estimates, which it is understood the British are unable to furnish. The War Department is making inquiries through the Military Attaché in Greece to determine the adequacy and appropriateness of the British estimates, and War Department staff officers have been sent to consult with U.S. officials in Greece. In accordance with your indication as to priority, this determination of availability is being made on a basis of according Greece a higher priority for equipment than that accorded Iran, which to date has had top priority among foreign programs in War Department planning.

It does not seem practicable or desirable to set up a committee outside the established mechanism by which the Departments now conduct their operations around the globe and charge it with the whole range of responsibilities, from legislation to consultation with the Greeks, which pertain to military assistance to Greece. The War Department proposes to handle the matter through the War Department General Staff which controls the machinery by which it might be practicable to implement the War Department side of the program. The Director of Service, Supply and Procurement has designated Colonel Wolfe, of his Division, to handle all matters of procurement and shipment which fall within the province of the War Department. It would seem that the formal and informal relationships through SWNCC would continue to be an adequate medium for integrating policy and general supervision of the program. The Assistant Secretary of War is specifically charged with the policy and general supervision of the program in the War Department.²

The immediate problems are the determination of availability of equipment by the War and Navy Departments and the determination by the State Department of ways and means by which this equipment can be transferred to the Greeks.

The War Department agrees with the view that the independence of territorial integrity of Greece and Turkey is of importance to the security of the United States. In the case of this present emergency concerning Greece and Turkey, we had little forewarning since apparently we had reason to believe the British would continue the needed support for some time. I believe that we should now critically analyze our policy with a view to determining a course of action which

² On April 1, Acting Secretary Acheson replied in part: “The formation of such a committee was suggested only because of our feeling that the situation is an urgent one and of our desire to provide arrangements that would carry out our proposed program with utmost speed and efficiency. If, in the opinion of the War Department, the program can be expeditiously handled through the existing machinery of the General Staff and SWNCC, the State Department has no objection to proceeding on such a basis. However, should it be deemed more feasible in the future to set up some special arrangements, I should like to feel free to advance the suggestion again.” (888.00/3-1147)
achieves the results we desire on a preventative basis rather than on a basis of a critical emergency, such as the current Greek problem. The analysis that you propose in your letter of 5 March 1947, with reference to the British Empire, is a major step along the line of determining the forehanded action which might prevent situations drifting to a point where the only possible successful measures are those of a critical and highly expensive nature. There are other places in the world aside from portions of the British Empire where crises may arise which adversely affect our security, and there are some places, such as the Americas, where no one is going to assist in maintaining stability, except ourselves. We should be particularly careful to be forehanded in such areas.

In keeping with a forehanded determination of over-all policy, it might be well to direct the efforts of the SWNCC Subcommitteee on Foreign Policy Information to keep in step with the conclusions as to developing policy, with a view to establishing beforehand the public support necessary to back this policy with required authority and appropriations. Perhaps the people and the Congress should be informed frankly of the drastic emergency measures which may be required in case we fail to undertake either timely or adequate preventative action in the various areas throughout the globe which are important to our security. It is not enough that the heads of the Executive Departments understand the cost of the foreign policy required to achieve our essential objectives. The Congress and the people must also come to realize it if we are to have any hope of winning this battle.

I offer the above thoughts for your consideration, believing that we are now engaged in a battle to save the peace and that we have not yet completely appraised the cost of this battle and of the measures that must reasonably be taken to assure the preservation of the peace. A complete appraisal should show the total cost of measures required and the probability of meeting this cost with the resources likely to be available. I feel that such an analysis will show that, from the standpoint of resources in funds, manpower, military equipment, etc., we have little chance of meeting the requirements unless we press a policy of preventative action in all areas in which we are vitally concerned.

Sincerely yours,

Robert P. Patterson

868.50 Porter/3-447: Telegram

The Acting Secretary of State to the Embassy in Greece

SECRET

WASHINGTON, March 11, 1947—6 p.m.
297. Urteil 315 Mar 4 delayed in transmission. 1. Your views and those of Ethridge and Porter most welcome to Dept.
2. Highest level decision, provided necessary Congressional action taken, is to abandon stopgap measures and embark on program of substantial aid to maintain Greek independence which may require several years. This of course represents major decision in US policy. Leading part played by US in establishment UN had as cardinal objective world in which nations shall be able to work out own way of life free of coercion by other nations. We intend to support free people who are attempting to resist subjugation by armed minorities or by outside pressure.

3. In order that Congress and US public be fully informed program is being implemented of frank and detailed background discussions with members of Congress, correspondents, radio commentators, columnists, foreign policy associations and the like.

4. One of Dept’s main aims in initiating such program is to make clear to US public and rest of world (para 1 your reference telegram) that any aid extended to Greece is in interest of world peace and US security and is not to assist carrying on any Brit policy in Greece. Therefore, we shall not hesitate to give aid in military eqpt direct to Greece for purpose of reestablishing internal order without which no real reconstruction possible. Following establishment of tranquility Greek armed forces would be organized primarily on basis of patrolling borders and policing country. It will be made clear that no US financial help will be advanced to Brit for expenses Brit troops in Greece.

5. Proposed legislation and any resultant agreements with Greek Govt will include adequate provision for US supervision in order to assure maximum effective utilization all aid extended.

6. US statements and briefing of correspondents will emphasize that aid is for purpose of enabling Greece to become a tranquil self-supporting country and is not for benefit of the particular Greek Govt which happens to be in power. Shortcomings of present and past Greek Govts will neither be emphasized nor glossed over and firm position will be taken on reforms considered necessary to reestablish and maintain free institutions contributing to welfare of whole Greek people.

Acheson
Minutes of a Meeting of the Secretaries of State, War, and Navy,
March 12, 1947, 10:30 a.m.

[Extract]

TOP SECRET

PRESENT

STATE
Acting Secretary Acheson
Asst. Secretary Hilldring
Mr. Henderson
Mr. Gange
Mr. Moseley (SWNCC), Recorder

WAR
Secretary Patterson
Asst. Secretary Petersen

NAVY
Secretary Forrestal
Captain Tichenor
Rear Admiral Wooldridge

II. AID TO TURKEY
IMPLEMENTING ACTION

With a view to probable inquiries on the exact nature of the proposed aid to Turkey, Secretaries Patterson and Forrestal to consult with their staffs to obtain more detailed data on appropriate assistance to be given to Turkey.

DISCUSSION

Mr. Acheson said that difficulties were being encountered in drafting appropriate legislation for aid to Turkey inasmuch as it had not yet been determined to what extent and to what degree Turkey needs economic and military assistance. He added that it would undoubtedly be necessary to justify the proposed Turkish loan of 150 million before Congressional Committees, and inquiries of a specific nature could be anticipated.

Mr. Patterson said that he believed that only economic assistance should be given to Turkey rather than military aid. Mr. Acheson pointed out that Presidential approval had been given to furnishing both economic and military assistance to Turkey. Mr. Patterson said that of course he would support an approved program but that he was of the opinion that emphasis should be placed on economic aid to that country.

Mr. Henderson described the economic difficulties of the Turks, pointing out that the British were withdrawing support and that Turkey obtained only 25 million from the Export-Import Bank on a request for a 250 million reconstruction loan. With respect to military aid, he said that the data of the British Joint Staff Mission was of little value in determining the exact military needs of Turkey, but that it was the State Department’s view that military assistance should be in the nature of long-term assistance.
Mr. Acheson stated that Turkey has been obliged to keep its army fully mobilized and that this has placed a great strain on her Treasury. He said that we should seek means to make her armed forces smaller but yet effective. Mr. Forrestal said that Turkey's naval arm might be strengthened by giving her some destroyers and naval air aid.

Mr. Petersen stated that with respect to Congressional inquiries on the nature of assistance to Turkey, he believed that it would be best to be frank and state that a survey is necessary before specific types of aid are outlined. Mr. Forrestal said that Congress should be told that the 150 million represents an estimated figure and that a military and economic mission should be sent to Turkey to report on exact needs. Mr. Acheson pointed out that he needed as much specific data as possible on planned assistance to Turkey in order to draft appropriate legislation and meet inquires of all types. Mr. Patterson and Mr. Forrestal said that they would consult with their staffs immediately on this problem.

Mr. Forrestal added that steps should be taken to acquaint the public with the significance of the proposed aid to Turkey.

____________________________________________________

Editorial Note

President Truman delivered a message before a joint session of the Congress on March 12, 1947, requesting aid to Greece and Turkey. The message expressed his belief that "it must be the policy of the United States to support free peoples who are resisting attempted subjugation by armed minorities or by outside pressures"; for the full text of his message, see Department of State Bulletin, March 23, 1947, page 534.

867.00/3-1347

Memorandum by the Joint Chiefs of Staff to the Secretary of War (Patterson) and the Secretary of the Navy (Forrestal)¹

TOP SECRET

WASHINGTON, 13 March 1947.

Subject: Military Assistance to Turkey.

The Joint Chiefs of Staff, in furtherance of State Department recommendations regarding immediate and substantial aid to Greece and Turkey which were approved in principle by the President about

¹Copy transmitted to Acting Secretary of State Acheson by the Secretary of War and the Secretary of the Navy in a joint letter of March 13 which noted their concurrence in the views expressed in the memorandum.
27 February 1947, review the Turkish situation in this paper. They recognize that, to date, the integrity of Turkey has been of primary concern to Great Britain and that the British military have in the past given much more detailed thought to the problem than have the United States military. It is believed the views in this paper are in substantial accord with British military thinking on the subject.

Further studies confirm the general point of view adopted by the Joint Chiefs of Staff in the Enclosure to J.C.S. 1704/1. This enclosure, a memorandum dated 24 August 1946 to the Secretaries of War and the Navy for transmission to the Secretary of State, indicated the great importance which the United States must attach to the military strength and independence of Turkey.

The current circumstance which most sharply affects the continuing military security and independence of Turkey is the weakening, at least temporarily, of that stabilizing power which Great Britain has long exerted in the Mediterranean. The British withdrawal from Egypt and possible relinquishment of sole responsibility in Palestine affects Turkish security adversely. The projected discontinuance of British economic and financial aid to Greece strikes directly at vital Turkish security interests. An extension of Soviet power into Greece, which might well eventually result were all aid to the present Greek Government to be abandoned, would place that power on a flank particularly dangerous to the Turks in that it would strengthen Soviet ability to cut off allied supply and assistance in event of war.

Implications to Turkish security, if Greece is not made secure from the control of a Communist minority, will not be lost upon the Turks. Despite the vigor with which they uphold Turkish independence and the detestation in which they hold the USSR, fear of ultimate and unavoidable Soviet domination might induce the Turks to compromise with the Soviets. The amount and extent of assurances and assistance which would be required on the part of the United States and Britain to prevent such an occurrence would be far greater than if Greece were held secure from Communist domination. Accordingly, the continuing maintenance of Greek security is most desirable because of its consequent favorable effect upon the resolution and the strategic situation of the Turks.

It is believed that the Soviet Union currently possesses neither the desire nor the resources to conduct a major war. Further, the Soviet Union must now have a clear appreciation that open aggression, of

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2 Not printed, but for J.C.S. 1704, August 23, 1946, see Foreign Relations, 1946, vol. vi, p. 857. J.C.S. 1704 and J.C.S. 1704/1 are the same, except that the latter contains a covering statement that on August 23, 1946, the Joint Chiefs considered No. 1704 and agreed to forward a copy to the Secretary of War and the Secretary of the Navy (SWNCC files, SWNCC 091—Russia Miscellaneous).
the type which she undertook with something less than complete success against Finland in 1939, might inevitably result in war with the Western powers, which alone, for the present, possess atomic bombs. The Soviet Union will not hesitate to continue the political pressure and subversive tactics adapted to the situation prevailing in Greece. It appears most doubtful that she would attempt in the near future the direct military measures which would be required in order to impose her will on a Turkish nation whose political and psychological temper remains sufficiently strong to resist successfully Soviet aggressive measures short of war. The danger remains that Turkey, unless given positive assurances including concrete assistance, might so interpret the possibilities of the future as to yield the [60] Soviet pressure short of direct military measures. The probability of such an adverse occurrence will be materially increased in the event that aid to Greece is denied or, if undertaken, fails of its purpose.

In peace Turkey holds a key position with respect both to the Middle East and to the Arab world generally. Turkey’s determination to stand up to Russian pressure and the western democratic ability to support her will prove a test case to all Middle East countries. Should Russia dominate Turkey in peace time we consider it highly probable that all the Middle East countries would then come rapidly under similar Soviet domination. If Russia can absorb Turkey in peace our ability to defend the Middle East in war will be virtually destroyed.

In war Turkey presents a natural barrier to an advance by Russia to the Eastern Mediterranean and Middle East countries, Palestine in particular.

It appears from the discussion thus far in this paper that the objectives of any assistance to the Turks are:

a. Primarily, to stiffen the Turkish will and ability to resist to the end that the Turks continue a firm national posture against Soviet pressure.

b. Secondarily, to improve the Turkish military potential so that in the unlikely event of war, either in the form of an attack on Turkey by the Soviets or development of hostilities in other areas, the Turks will resist with force any Soviet aggression and will have the maximum possible military capability to undertake a holding and delaying action in their own country.

In general, means and measures contributing to the achievement of the one objective contribute to the other. Economic and direct military assistance, even if furnished in small quantities, indicates a will on the part of the western democracies to support Turkey in case of an emergency and gives hope to the Turks in a situation where otherwise they might reasonably estimate that they have no recourse but
progressive acquiescence to the probable progression of Soviet demands.

An analysis of Turkish military capabilities in case of attack by the Soviets depends on so many imponderables that it is impracticable to reach any detailed conclusions concerning them or concerning the improvement which might be occasioned by provision of specific items of aid. The military history of recent years contains examples of major errors made by the best military analysts concerning the capabilities of specific nations to resist aggression. These examples include Finland's resistance to Soviet attack, Greek resistance to Italian attack and, on the other hand, the collapse of Poland and the collapse of France. The course of events in case of Soviet attack on Turkey, as an isolated operation or as an incident in a global war, turns on such items of uncertainty as Soviet commitments on other fronts, the season of the year, the morale of Turkish forces and Turkish people at the time, and capabilities of allies to furnish military aid. The last item turns primarily on the period of warning and the extent of mobilization undertaken before hostilities occur.

Turkish armed forces consist of 41 ground divisions, 7 fortress commands, an air force having some 300 operating aircraft, and a negligible navy, with a total mobilized strength of over 600,000 men. Specific proposals for military assistance to the Turks can only be made on the basis of a detailed analysis of the present armed forces and an integration of this analysis with practical considerations, such as Turkish capabilities to provide the support for these forces from their own economy and availability of equipment and other aid from the U.S. and Great Britain. The preliminary view is that aid to Turkey should take account of the following:

a. The greatest emphasis should be placed on the ground army and on defense against air attack.

b. The organization and the equipment should be designed for effective defensive action in Turkish terrain. The equipment should in general be of types readily manned and operated by the Turks and, to the greatest degree practicable, be capable of manufacture in Turkey.

c. Most serious consideration should be given to a program by which the Turks are assisted to attain arms and equipment through operation and development of their own arsenals. In this connection, about 80 per cent of the present equipment in the Turkish army is of German design.

d. Economic aid for Turkey should be integrated with a program of military assistance, not only for the purpose of enabling the Turks to provide their own equipment but also for the purpose of improving selected communications and logistical facilities in the country. Such action should improve the mobility and logistical support of Turkish forces so that a particular force could be employed in any
one of several areas in case of attack, thus making it unnecessary for
the Turks to keep full strength garrisons mobilized in all such areas.
With improved transportation equipment the Turks may then feel
free to reduce the strength of their mobilized forces, thereby relieving
some of the present strain on the economy of the country.

e. It appears that it will be some time before the Turks could hope
to approach self-sufficiency in certain important items of equipment
and maintenance, such as airplanes, for their armed forces. The only
practicable sources for filling such deficiencies appear to be the United
States and the British Empire. The continuation of the present politi-
cal and psychological toughness of Turkey and the Turkish people
may turn in considerable part on the receipt of tangible assurance,
or at least tokens thereof, that items of this nature may be made avail-
able to Turkey.

The Joint Chiefs of Staff consider that effective assistance to Turkey
is important to the security of the United States, but that this assis-
tance involves political, economic and psychological factors which are
primary as compared to the military factor. All these factors are
so intertwined that no one can be separated and viewed apart from
the others. Hence, the Joint Chiefs of Staff are unable to provide de-
finite views on the problem without benefit of considerations out-
side the province of the strictly military. They therefore request that
their views be provided the Secretary of State with the suggestion
that the matter be referred to the State–War–Navy Coordinating Com-
mittee for thorough analysis in the light of all the factors involved.

For the Joint Chiefs of Staff:

Dwight D. Eisenhower
Chief of Staff

868.00/3-1347

Memorandum by the Acting Legislative Counsel (Sandifer)

SECRET

[WASHINGTON,] March 13, 1947.

Subject: Foreign Relations Committee Hearing (Executive) on the
Greek-Turkish Question

The Senate Foreign Relations Committee held an informal executive
session today to consider the President’s message on Greece and
Turkey. Mr. Acheson, Secretary of War Patterson, and Secretary of
the Navy Forrestal attended at the request of the Committee. The
following points developed in the course of the meeting.

1. It would be difficult to take action in “two bites”, a possibility
suggested by Senator Vandenberg. Mr. Acheson pointed to the provi-
sion in the draft bill worked up in the State Department for the
$100,000,000 advance by the Reconstruction Finance Corporation.
2. The reasons for the inability of the Export-Import Bank and the International Bank to advance funds were explored. It was clear that the International Bank could not deal with a situation such as that in Greece where there is total economic collapse. A small part of Turkey's needs might be met by a Bank loan.

3. As to whether the funds should be provided as a loan or gift, it was indicated that only part of it could be as a loan.

4. Turkish needs were said to derive from the strain on her resources caused by the long-continued mobilization of 500,000 to 600,000 men.

5. Senator Vandenberg objected to the language in paragraph 1(c) of the draft bill concerning the detailing of officers and enlisted men as military advisers. It was agreed that this language should be put in a more restricted form.

6. There was extended discussion of the reasons for the inability of the United Nations to handle this question. In summarizing, Senator Vandenberg said that the United Nations did not have the military resources immediately available and that it did not have funds of its own for relief. As to the former, the delay was due largely to stalling tactics of the Russians. On the latter, funds, if provided as a result of United Nations action, would have to come largely from the United States, and the position of the United States has been that it wants to control funds supplied by it.

7. In connection with the discussion of the United Nations and of the military reasons for the action to be taken, there was a general feeling of need for a clear and emphatic statement to the American public of the fundamental reasons for the proposed action.

8. Senator Vandenberg called attention to a statement issued by the North American Newspaper Alliance to the effect that there is in London $220,000,000 in blocked funds. Mr. Acheson pointed out that the real question here was that of the convertibility into dollars of sterling.

9. There was a review of the extent of contributions made to date to Greece by the United States. This was said to amount in all to about $900,000,000, a considerable part of which has been contributed through UNRRA.

10. There seemed to be agreement that the reasons for the proposed action should be made public promptly. This would be done in hearings in the House and Senate Committees. There was special discussion of how far the military aspects of the situation should be publicly discussed.

11. It was stated that these funds would cover a period of fifteen months and that probably additional funds would be needed at that time.
12. The military implications of the proposed action were reviewed by the Secretary of War and the Secretary of the Navy. Senators present were Vandenberg, Connally, George, Thomas, Capper, Wiley, White, and Smith.

DURWARD V. SANDIFER

740.00119 Council/3–1347; Telegram

The Acting Secretary of State to the Secretary of State, at Moscow

SECRET

WASHINGTON, March 13, 1947—8 p.m.

509. Secdel No. 1332. This is a progress report on the Greek matter. The President’s message yesterday was received by the Congress and press in a most sober but generally favorable way. This morning I appeared with Forrestal and Patterson for two hours at Executive Session of Senate Foreign Relations Committee. We will appear tomorrow morning at a similar session of House Committee. There was no opposition but many doubts and worries at today’s meeting. We have spoken to meetings of bankers and businessmen and will address a meeting of publishers. We expect legislation to be introduced in the House today and hearings to start there first. At present Vandenberg, though most helpful, inclines to believe that in Senate leadership should be taken by Democratic side. We hope that on further thought he will be willing to take equal place in leadership in Senate.

We need help from you with Bevin on following matter. Apart from British brigade in Greece British have approximately 280 officers and 1100 enlisted men acting as training mission with Greek Army. War Department believes it to be of great importance to continue and maintain this mission. They believe it would take us many months to duplicate it with much loss of efficiency in the meantime. In our opinion this is the type of cooperation which the British can and should give us in Greece.

ACHESON

841.2365/3–1447

Memorandum of Conversation, by the Acting Secretary of State

[WASHINGTON], March 14, 1947.

Upon the occasion of the Ambassador’s call upon me on which I have written a separate memorandum, I took the occasion to raise with him the following three points on which I asked for his help with his Government.

1 The British Ambassador.
(1) We desire that the present British military and naval training missions in Greece shall continue. We have no reason to believe that the British have a different view. We have asked General Marshall to take this up with Mr. Bevin and I asked the Ambassador to supplement our efforts in London.

(2) We do not have adequate information in Washington regarding precise matériel requirements of the Turkish Army. The British Staff Mission does not have adequate information although it is altogether possible, indeed probable, that substantial information exists in London. I asked the Ambassador to request all available information in London to be sent to the British Staff Mission here. I suggest that Mr. Hickerson supplement this with a cable.²

(3) The present notice from the British Government informs us that assistance will stop on March 31. We received this information on February 24. It must be plain to the British that, under our representative system, we could not be expected to take action between the two days so as to render effective assistance to Greece on April 1. The British have stated that they are willing to continue after March 31 assistance to the Greek Army to the extent of £2,000,000 per month provided that they are reimbursed.

I told the British Ambassador some days ago that I thought this suggestion inadequate, that obviously this Government could not accept it because, unless Congress acted, it would not have funds and also because it was an unnecessary burden for us to carry in this already difficult legislative problem. I told him that it seemed to me that the British, without making any positive commitment, should be willing to continue such aid as was necessary without the requirement of reimbursement for a sufficient period after the first of April to give us a chance to act legislatively on the matter.

The British Ambassador asked me to put my request to the British Government in writing and send it to him. I said that I would do this.³

The Ambassador said that he had been asked from London whether they could expect a reply to their earlier suggestion regarding aid to the Greek Army on a reimbursable basis and that he had told them that we are not likely to reply to this.

I ask that the Secretariat get the appropriate officers of the Department to prepare as speedily as possible the communication suggested above.

Dean Acheson

²This was done on March 15, in telegram 1191 to London; the communication was drafted, however, by Mr. Jernegan (876.24/3-1547). Ambassador Douglas, in telegram 2065, April 4, from London, informed Mr. Acheson that the “Turks have never been willing to reveal their intentions or to give British more than an unrealistic list of requirements unrelated to the condition of the Turkish armed forces.” (868.24/4-447)

³In the light of Mr. Acheson’s talk with the British Ambassador on March 15 (see p. 119), the Department decided not to send the written communication (memorandum of March 17 by Mr. Jernegan to Mr. Acheson and marginal notation by Mr. Humelsine, 841.2368/3-1447).
The Ambassador in Turkey (Wilson) to the Secretary of State

SECRET

ANKARA, March 14, 1947—11 a.m.

192. A number of Turkish Government officials, deputies, etc., have expressed to me warm appreciation President’s message re aid to Greece and Turkey. Erkin told me President Inonu greatly pleased.

Erkin asked whether Turkish Government should make formal request for financial, etc., assistance as Greece has done. I said not at present. I would advise him later on this. I pointed out Greek situation urgent and must be dealt with first.

Erkin said as regards “supervision” and “control” of use any funds made available to Turkey, he was sure we would have in mind susceptibilities Turks on such points. He understood perfectly we would wish to make sure funds utilized most effective manner but hoped this could be done in much same way as Export-Import Bank approved specific projects under $25,000,000 credit. I said he need have no concern on this point: Turkish situation very different from Greeks; latter on verge collapse needing thorough reorganization and consequently close supervision. Turkey on other hand is going concern in relatively good economic condition. Furthermore I was not sure what we had in mind for Turkey. I felt as I had previously told him Turkey should be looking to new International Bank for economic development credits. Possibly assistance for Turkey now under contemplation in Washington would be in connection with needed military equipment. Erkin said nevertheless he knew Turkish Government earnestly desirous that United States program assistance Turkey include credits for economic development since projects this field closely tied in with overall problem national defense.

WILSON

Editorial Note

On March 15, 1947, President Truman issued a statement noting receipt of messages from Greek Prime Minister Maximos and from Themistocles Sophoulis, leader of the Greek Parliamentary Opposition, which welcomed the prospect of American assistance to Greece. The texts of the President’s statement and of the messages from the Greek leaders are printed in Department of State Bulletin, May 4, 1947, Supplement, pages 833–834.

The Prime Minister’s message was in the form of a telegram of March 13 sent by private facilities; that of Mr. Sophoulis was transmitted by the Embassy in Athens in telegram 367, March 13 (868.00/3–1347).
Memorandum of Conversation, by the Acting Secretary of State

SECRET

[WASHINGTON,] March 15, 1947.

The British Ambassador called at his request and handed me the attached Aide-Mémoire.\(^1\) He said that his understanding of the term, "Angellopoulos monies in London" at the end of paragraph 2 was that it referred to some funds owed by the British Government to the Greek Government for materials supplied British forces in Greece.\(^2\) The Ambassador said that he assumed that this message was sent after he had informed the Foreign Office that the Department was not ready to agree that any advances made by the British would be reimbursed directly or indirectly out of funds made available by the United States.

The Ambassador inquired whether he could say that the United States Government agreed to a communication to the Greeks along the line outlined above. I said that we had no objection to the British so informing the Greeks. We did not and could not commit ourselves to any date as of which this Government would be prepared to start advancing funds to the Greeks. This had to await the action of Congress. I did not see that the arrangements between the Greeks and the British contained in this message affected us.

DEAN ACHESON

\(^1\) *Infra.*

\(^2\) In a note of March 18, the British Ambassador advised Mr. Acheson that the Angellopoulos monies were the sterling equivalent in London of the drachmae provided for British troops in Greece by the Greek Government. The Greek claim on British sterling resulted from an agreement between the British and Greek Governments on October 17, 1944, commonly referred to as the "Angellopoulos Agreement". (868.51/3-1847)

The British Embassy to the Department of State

SECRET

Ref: G58/—/47

AIDE-MÉMOIRE

His Majesty's Government in the United Kingdom consider it most important that they should at once inform the Greek Government of their proposals for bridging the gap between the 31st March and the date when American assistance becomes effective.

2. His Majesty's Government propose to modify in some degree the communication outlined in paragraph 6 of His Majesty’s Embassy's Aide-Mémoire of March 4th. They now propose to inform the Greek Government that they can go ahead with the reorganisation of the
Greek forces on the line proposed by the Chiefs of Staff, involving expenditure at the rate of two million pounds sterling a month. For that purpose His Majesty’s Government had already agreed to provide free of charge two million pounds sterling on account of equipment and they would now in addition make available one million pounds sterling on the assumption that the interim period will cover the first half of April. This one million pounds would be released from the Angellopolous monies in London and it should be part of the arrangement that the Greek Government agree to this.

3. His Majesty’s Government hope that the United States Government will agree to a communication on these lines being made to the Greek Government forthwith. They will realise that time is short before the expiry of the British commitment on the 31st March.

WASHINGTON, 15 March 1947.

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868.00/2-1547
The Acting Secretary of State to the Secretary of State, at Moscow

PERSONAL AND CONFIDENTIAL

WASHINGTON, March 15, 1947.

DEAR GENERAL MARSHALL: Supplementing my recent cable to you the status of work on the Greek and Turkish situation is as follows:

1. The two secret sessions which the Secretaries of War and Navy and I had with the Senate and House Foreign Committees, respectively, did not disclose opposition to the President’s proposal. They did disclose the inevitable pain and anguish of the Congress in facing a difficult decision. This was manifested in a series of questions which are becoming almost standardized. Why can’t the United Nations do something about this or do it all? Why do we have to provide military assistance? Where is this going to lead and why doesn’t the Administration tell us the whole story and the whole cost now? Where is the trouble going to break out next? Are we going to give relief to Poland while we are combatting communism in Greece? I think that we can handle this situation but it may take a little time. The House Committee has asked for another secret session before public hearings begin. This will probably take place on Tuesday, March 18.

2. A bill has been prepared and we expect it to be introduced in the House on Monday, March 17. It provides for the grant of the necessary powers to the President, an authorization of $400,000,000 to be appropriated and an authorization of an immediate advance of $100,000,000 by the RFC to be reimbursed out of the appropriation when made. This will enable us to get started as soon as this bill is passed and not wait for the action of the Congress on the appropriation.
3. Senator Vandenberg’s present attitude is that the legislation should start in the House and be acted upon by the Senate only after the House has passed the bill. When it gets to the Senate he thinks that the major load should be carried by the Administration although he is entirely willing to help. I am going to see Senator Barkley Monday in the hope that together we may persuade Senator Vandenberg to agree to concurrent action in the Senate with joint leadership by himself, Senator White, Senator Barkley and Senator Connally. Otherwise the respective authorizations may require almost a month.

4. The British have now agreed to inform the Greek Government that they will make two million pounds available without charge for the reorganization of the Greek Army and another million pounds available to be charged against the “Angelopoulos monies in London”. I understand that this refers to some obligations of the British to the Greeks for supplies which the Greeks have furnished British forces in Greece. This is also on the assumption that we will be ready to act by the middle of April. I have agreed to the British so informing the Greeks but without any commitment as to whether or not we would be prepared to act by April 15. Prior to this communication the British had proposed that we reimburse them for any advances made, a proposal to which I refused to agree.

[Here follows discussion of matters other than the Greek and Turkish situations.]

DEAN ACHESON

865.00/3-1747

Memorandum by the Director of the Office of Public Affairs (Russell)

TOP SECRET

Memorandum on Genesis of President Truman’s March 12 Speech

On Friday, February 28, Mr. Acheson called a meeting in his office attended by Mr. Henderson, Director of the Office of Near Eastern and African Affairs; Mr. Hickerson, Deputy Director of the Office of European Affairs; Mr. Thompson, Chief of the Division of Eastern European (Russian) Affairs; a representative of the Legal Adviser’s Office; representatives of the economic offices; and myself.

Mr. Acheson said that a note had been received from the British Government saying that they were discontinuing economic aid to Greece on March 31. A meeting had been held at the White House the previous day attended by Congressional leaders, Secretary Marshall and Mr. Acheson. The problem posed by the British note had been discussed and it had been decided to ask Congress to make the necessary appropriations and take other necessary action to enable the
United States to assist the present government in Greece. It had been agreed, however, that if such a request was to have any chance of success it must be couched in terms that would make clear the nature and gravity of the world situation. It could not be based solely in terms of assisting a former ally.

At the meeting in Mr. Acheson’s office an agenda was worked out. Mr. Henderson was to carry on the discussions with the Greek Government concerning the nature and extent of their requirements. The economic offices were to make a study of the economic situation in Greece. The office of the Legal Adviser was to formulate the legislation which would be requested.

Mr. Acheson asked me to give consideration to the way in which the broad problem should be put up to Congress and the American public. He said that Secretary Marshall was leaving the following Wednesday for Moscow; that he did not wish the fact that the Moscow conference was about to be held to weaken any statement that should be made to Congress and the American people to an extent that would undermine the success of the request to Congress. On the other hand, it was obvious that the statement should not be any stronger than was necessary. Mr. Acheson said that it had been agreed at the White House that the President should personally address Congress and that a recommendation should be made whether that message should be broadcast or whether the President should address a separate message to the American public.

Friday afternoon I called a meeting of the SWNCC Subcommittee on Foreign Policy Information and laid the problem which Mr. Acheson had outlined before it. There was an hour and a half discussion of the problem. (The minutes of the meeting are attached.1) It was decided to set up a working party to prepare for the Subcommittee a report which Mr. Acheson could discuss with Secretary Marshall on Monday.

The working party met Saturday morning and there was further discussion for about two hours. The working party consisted of Mr. Thompson, Chief of the Division of Eastern European Affairs; Mr. Villard, Deputy Director of the Office of Near Eastern and African Affairs; Mr. Strong of the Office of Financial and Development Policy; Mr. Joseph Jones (detailed to PA from Mr. Benton’s office); Mr. Victor Hunt of the Office of International Information and Cultural Affairs; representatives of the War and Navy Department; and myself. (Attached are minutes of working party meeting.2) Following discussion by the working party, it was decided that Mr. Thompson, Mr. Villard and I would draft a paper for the Subcommittee to be submitted at a meeting on Monday at 2:30.

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1 Not found attached.
AID TO GREECE AND TURKEY

I undertook to prepare a section on general policy in an effort to meet the question which Mr. Acheson had posed of how to couch the existing world conflict, i.e. whether as a conflict between U.S. and Russia, between free enterprise and socialism, between capitalism and communism, or however. Mr. Thompson agreed to prepare the section on the existing situation in Greece and Mr. Villard agreed to prepare the section on the background of the Greek problem.

Attached is the SWNCC report. Pages 1 to 7 and 14 to 21 were drafted by me; pages 8 to 13 by Mr. Thompson; and several of the appendices by Mr. Villard.

I gave the SWNCC report to Mr. Acheson at 6 P. M. Monday. He discussed it with Secretary Marshall that evening and the next morning asked that the report be put in the form of a message to Congress. Joseph Jones of the Subcommittee was asked to put it in message form. (Attached is the President’s speech.)

(Mr. Henderson had prepared a draft built around the necessity for continuing to combat “destructive forces in the world”. Mr. Kennan had submitted a draft confined largely to the needs of the Greek people.)

FRANCIS H. RUSSELL

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^2 For extract, see p. 76.
^3 Not found attached.

868.00/3-1747: Telegram

The Chargé in the United Kingdom (Gallman) to the Secretary of State

SECRET

US URGENT

LONDON, March 17, 1947—7 p. m.

1679. From Douglas. Today Gallman and I called informally on Attlee, in his capacity as Acting Foreign Secretary, and on McNeil and Sargent. In the course of the conversations I had with them, I was able to point out to each the significance of the President’s address on Greece and Turkey, and the immediate importance, in view of the hearings and discussions in the Senate and House, of doing here whatever was possible to show support of the objectives mentioned by the President and of avoiding any action that might be interpreted to mean that Britain had no further interest in either Greece or Turkey, without at the same time giving the inference that they [we?] were pulling Britain’s chestnuts out of fire. I then mentioned three specific ways in which the ends I had mentioned could be furthered. The first

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^3 Hector McNell, British Minister of State, and Sir Orme G. Sargent, British Permanent Under Secretary of State for Foreign Affairs.
of these was by retaining in Greece the British Military Mission; the second was supplying US immediately with data on Turkish military needs; and the third, by making available, not as a loan but as a gift, funds extended for general relief purposes in Greece between March 31 and the date on which funds from US, subject to Congressional approval, would become available.

Attlee, McNeil and Sargent showed appreciation of the significance of the President’s address and of the desirability of avoiding actions giving the impression of lukewarm support of the objectives mentioned by the President, or of lack of British interest in Greece and Turkey.

With reference to the three specific questions I raised, Attlee said that the Cabinet was now considering the retention of the British Military Mission in Greece and that I was free to inform you that it was likely that the Cabinet would agree to its remaining there. As to Turkish military needs, he said such information as was now on hand would be made available immediately through the British Military Mission in Washington and that the Chiefs of Staff here were checking to see if any additional information on these needs was available in London, and if so that it would be transmitted to Washington forthwith. With reference to any funds made available for general relief purposes during interim period, Attlee said that he had just been informed by Dalton that these funds would be extended as a gift and not as a loan.2 [Douglas]

GALLMAN

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2 Marginal notation: “See Deptel 1191 to London Mar 15th”; regarding this telegram, see footnote 2, p. 117.

865.00/3-1847

Memorandum by the Director of the Office of Special Political Affairs (Rusk) to the Under Secretary of State (Acheson)

CONFIDENTIAL

[WASHINGTON,] March 18, 1947.

A number of arguments for and against sending a letter from the President2 to the United Nations concerning proposed action by the United States in Greece and Turkey have been made. Arguments in favor of sending such a letter include:

(1) It would demonstrate to the Congress, the U.S. public and to the world that the President did not consider his proposals contrary

2 A draft letter to be sent by Ambassador Austin (rather than by the President) to the Secretary-General of the United Nations was transmitted to Mr. Acheson by Mr. Rusk with a memorandum of March 18 (865.00/3-1847); neither printed.
to the spirit and letter of the U.N. Charter and would clearly be consistent with the Charter.

(2) It would help to meet the question being raised on the Hill and in the U.S. press as to why the U.S. did not take the Greek and Turkish questions to the U.N. Such a letter would also refute the Soviet press campaign which takes the line that the U.S. by-passed the U.N.

(3) It would assist in removing from public discussion the point that the proposed U.S. action undermines the United Nations.

(4) It might strengthen the hand of the United States in the United Nations in the unlikely event that the question of U.S. action in Greece and Turkey is raised in one of the organs of the United Nations.

(5) It would serve as a useful background against which to launch discussion with other members of the Big Five in case that ultimately appears to be a useful course.

(6) It would open the way for periodic reports by the United States to the United Nations on the Greek-Turkish program if, later on, that proves to be a desirable course.

(7) It would lay the groundwork at the outset for the transfer sometime in the future of part or all of the responsibility now lodged in the United States under the President’s present program, to the United Nations and related specialized agencies in case that proves to be a helpful course of action after the emergency job is completed under the present emergency program.

(8) The Department has thus far been unable to accept a number of Senator Vandenberg’s suggestions about relating this matter to the United Nations; a letter provides a good opportunity for meeting his views at least in part.

Arguments against the proposed letter include:

(1) It might establish a precedent requiring the United States to report to the United Nations in future instances where the United States wishes to render assistance directly to another nation.

(2) It would leave the assumption that the U.S. felt obligated to report such programs as those proposed for Greece and Turkey.

(3) It might be open to criticism as an afterthought, brought on purely by domestic political considerations.

(4) It might be interpreted as reflecting a “guilty conscience”.

(5) It might concede a United Nations jurisdiction on matters on which we might wish to argue later that such jurisdiction does not exist.

(6) It might be interpreted as offering a degree of UN participation in our aid-to-Greece program which we are not in fact willing to accept.

(7) The treatment of the Turkish aspect is and must be weak. Furthermore, it is understood that the Turkish Government has not asked us directly for assistance, and might resent a statement by the U.S. reflecting even by implication on its efficacy as a government.

(8) The distribution of the letter to UN Members might be the occasion for action by the USSR in the United Nations designed to embarrass us.

(9) It might prejudice action by Congress to an extent which would be resented by the latter.
SPA recommends:
That the above letter be despatched by Senator Austin on the day on which legislation to give effect to President Truman's program is introduced to the Congress.

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868.24/3-1847: Telegram

The Chargé in Greece (Keeley) to the Secretary of State

SECRET

ATHENS, March 18, 1947—5 p. M.

PRIORITY

396. Deptel 263, March 4. Note verbale 21315, March 17, received today which, with Embassy's note of March 5 constitutes formal request for equipment required by Greek Army Gendarmerie, transmits detailed list which Military Attaché, on March 16, sent direct to War by safe-hand pouch carried by Ambassador Porter. Note and list follow by despatch.

Similar note (No. 21222, March 15) enclosed naval budget requirements which is not broken down into detailed items of equipment. Embassy endeavoring obtain desired details, and will forward them when received.¹

Keeley

¹ The Embassy in Greece transmitted the texts of the two notes and of other relevant notes in despatch 3935, April 23. The despatch noted that the list of equipment desired by the Greek Army and Gendarmerie, furnished in note 21315, had been prepared by the Greek military authorities in close collaboration with the British Military Mission and the American Military Attaché (868.24/4-2347).

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Editorial Notes

The minutes of the meeting of Acting Secretary of State Acheson, Secretary of War Patterson and Secretary of the Navy Forrestal, held on March 19, 1947, stated in part: "Mr. Patterson said that he believes that some statement should be made setting forth the U.S. position why the UN was not used in our approach to the Greek-Turkish problems, and that we should explain to the UN, as well as to the public, that our action was necessary to supplement the purposes of the Charter of UN and also because of the inability of the UN to act in such a situation. Mr. Acheson said that our position in this connection had been discussed in detail with Senator Vandenberg and that in fact a letter had been drafted to the Secretary General of UN but after much consideration it had been determined not to send the letter because it was thought that it would only confuse the issue in the UN, and that any statement might be regarded by the Russians as a challenge . . . .
Mr. Acheson said that we might as well face the fact that UN will not settle problems of this type and that it is impossible for the UN to intervene in cases involving subversive movements.” (868.00/3–1947)

Ambassador Austin, in a statement before the Security Council on March 28, expressed his “belief that the proposed United States programme of assistance to Greece and Turkey, together with effective action by the Security Council in the case of the northern Greek frontiers, would materially advance the cause of peace.” He stated also: “The United States is giving momentum to the United Nations by its present policy, and it desires and welcomes corresponding interest and support from other members of the United Nations. We look forward to the time when such burdens may be carried through the United Nations. Therefore it is important that the United Nations should take an active interest in all that is required for the re-establishment of stability, to discourage and prevent threats of aggression of any kind, or threats to the independence of a fellow Member, and to afford its people an opportunity to enhance its welfare and dignity.” (United Nations, Official Records of the Security Council, Second Year, No. 30, pages 622, 624.)

Two bills to provide aid to Greece and Turkey, H.R. 2616 and S. 938, were introduced into the first session of the Eightieth Congress. Messrs. Acheson, Clayton and Porter testified on the former measure before the House Committee on Foreign Affairs on March 20, 24 and 28, respectively; Messrs. Acheson and Clayton testified on the latter measure before the Senate Committee on Foreign Relations on March 24 and 25, respectively. Their testimony is printed on pages 1, 63 and 123 of the House hearings and on pages 4 and 63 of the Senate hearings and also in Department of State Bulletin, May 4, 1947, Supplement, page 835.

S. 938, as amended, was enacted into law on May 22, 1947. An undated analysis of the bill, prepared in the Department of State, stated in part: “The pending bill (S–938) contains provisions regarding procurement, accounting and administration at the Washington end which appear to envisage an operation similar to that of Lend Lease.

“The President is authorized to grant assistance [not to exceed $400,000,000] ‘upon terms and conditions determined by him’. The money is to be appropriated by Congress but the bill calls for interim advances [not to exceed $100,000,000] by RFC (a device apparently calculated to make unnecessary the delay involved in the more usual authorization statute followed by an appropriation act). The President is authorized (Section 5) to exercise his authority through ‘such
Department, agency, independent establishment, or officer of the Government as he shall direct'. While presumably this means that he may delegate the operations to a single entity, it may also be presumed that it is contemplated under the authority of this section to use multiple agencies for particular purposes and to do so by way of subdelegation. In other words, if the Secretary of State is delegated to coordinate for the President, the Secretary in turn would exercise procurement through the Treasury, engineering through the Army or the Interior Department, etc. This conclusion is supported by the provisions of Section 2(d) (II).

"The duties of the Washington back-stop organization seem to be primarily those of planning, organizing and reporting . . . .

"The problem is even more important, having in mind the success of the project, from the Athens end. Section 3 of the bill sets forth conditions which must be met by the Greeks. These conditions are to be set forth by an agreement, and the subject matter of the agreement is so crucial to the purpose and therefore the success of the program that it must necessarily occupy a major position in the American Mission. It is provided that the government in question shall agree (a) to permit free access of United States Government officials for the purpose of determining whether there is effective utilization of assistance in accordance with the undertakings of the Government; (b) to permit press and radio representatives to observe and report freely; (c) not to dispose, without authorization, of assistance received from the United States; (d) to provide for the security of the assistance received; (e) to repay only out of other funds.

"Section 1 leaves a wide scope for additional conditions: The terms and conditions determined by’ the President under Section 1 would presumably also include the withdrawal or termination of assistance in whole or in part for failure to observe these conditions. Under this Section is the authority for exacting undertakings." (868.00/3-2847)

Memorandum of Conversation, by the Secretary of State

[Extract]

SECRET


NOTES ON A CONVERSATION WITH MR. BEVIN

Mr. Bevin called on me at 12:45 and left at 2:30. We had lunch together.

GREECE

He first brought up the question of Greece. Mr. Bevin stated that the British Cabinet had agreed to meet the proposal of Mr. Acheson
that the British carry the financial crisis in Greece after March 31, until our Congress had had an opportunity to act. Bevin said Britain had committed 18 million pounds for this purpose. He then stated that he had transmitted my request that the British not withdraw their military mission and the Cabinet have agreed not to withdraw it for the time being, and also to maintain the naval, air and police missions. However, in order to provide funds for the military mission, it would be necessary under their system to go back to Parliament, which would be a very undesirable procedure, having just obtained an authorization for 18 million pounds additional on the Greek situation. It was therefore the proposal of the British that some other arrangement should be made to meet the expenses of the mission and I believe Bevin said the British Government also proposed that the cost of the mission should be defrayed by the Greek Government, presumably out of money loaned by the American Government. He did not ask for a reply by me at this time, but requested that I give it consideration.¹

[Here follows discussion of subjects other than Greece.]

¹ On March 21 the British Ambassador handed a communication to Mr. Acheson in reply to his inquiry of March 14 concerning retention of British Military and Naval Missions in Greece. The substance of the communication was similar to the British position as set forth by Mr. Bevin but noted additionally that the British were giving consideration to reducing the strength of the Military Mission. The British communication was quoted to the Secretary of State, at Moscow, in telegram 619, Moscow 17, March 21. (841.2963/3-2147)

S68.515/3-2247: Telegram

The Ambassador in Greece (MacVeagh) to the Secretary of State

SECRET

ATHENS, March 22, 1947—5 p. m.

424. ReEmb despatch 3758 March 7. In final conference yesterday between Prime Minister and members Porter Mission accompanied by Keeley¹ and Groves Prime Minister said Govt is energetically studying application of measures recommended by Porter and Currency Committee. In particular:

(1) Govt will maintain strict foreign trade control and hopes establish centralized foreign trade administration within few days. This project already approved in principle by Council of Ministers and details now being elaborated.

(2) Wages will be stabilized subject only to specific adjustments approved by Currency Committee. A special board will be established to consider civil service salaries.

(3) Gold sales by Bank of Greece will be rigidly controlled but due to psychological factor Govt considers it unwise to publicize dis-

¹ James H. Keeley, Jr., Counselor of Embassy in Greece.
continuance gold sales pending Congressional debate and action on US assistance program. Since March 13 gold sales have entirely ceased and trend completely reversed with private holders now offering gold to Bank in substantial volume at steadily declining prices. Bank’s buying rate today dropped to 124,000 drachmas with long cue [queue] unaccommodated when bank closed for week-end. Prime Minister said he is determined to apply principles enunciated by the President.

MACVEAGH

867.00/3-2047: Telegram

The Acting Secretary of State to the Embassy in Turkey

CONFIDENTIAL

WASHINGTON, March 24, 1947—7 p. m.

164. We have discussed urtel 220 with Amb Wilson who feels that Turks should be told full facts of case with no attempt made to gloss over certain features of bill which may be unpalatable to them.

Text of Sec 3 of bill is as follows:

“As a condition precedent to the receipt of any assistance pursuant to this act, the Government requesting such assistance shall agree (a) to permit free access of United States Government officials for the purpose of observing whether such assistance is utilized effectively and in accordance with the undertakings of the recipient Government; (b) to permit representatives of the press and radio of the United States to observe freely and to report fully regarding the utilization of such assistance; (c) not to transfer, without the consent of the President of the United States, title to or possession of any article or information transferred pursuant to this act, nor to permit, without such consent, the use of any such article or the use or disclosure of any such information by or to anyone not an officer, employee, or agent of the recipient Government; and (d) to make such provisions as may be required by the President of the United States for the security of any article, service, or information received pursuant to this act.”

It was necessary to incorporate such language in both the Greece-Turkey Bill and the post-UNRRA Relief Bill in order to overcome public misgivings and insure success of whole program.

Sec 3 was framed with an eye to Greece rather than Turkey.

From your 225 and 226 it appears that Turks by and large are adopting a sensible attitude.

1 Dated March 20; it set forth the view of various Turkish political leaders that the supervisory conditions provided for in the proposed legislation on aid to Turkey were onerous (867.00/3-2047).

2 Ambassador Wilson was in Washington on consultation.

3 Both dated March 22; they reported further Turkish comment on the supervisory features of the proposed United States aid to Turkey (867.00/3-2247).
Wilson requests that foregoing be used in your discretion in answering questions.\footnote{According to telegram 239, March 26, 3 p.m. from Ankara, Chargé Bursley furnished the substance of this telegram to Turkish Foreign Minister Saka on March 26. The latter suggested that the objective of Section 3a could be attained by some plan which would prevent criticism of Turkey as allegedly controlled by a foreign power. (867.00/3-2647) The Department informed the Embassy in Turkey in telegram 175, March 28, that the “Difficulties mentioned urtel 239 and previous are very much in our minds. Amb Wilson confident we can work out arrangements meet situation both from US Congress and Turk viewpoints.” (867.00/3-2647)}

740.00119 Council/3-2647

Minutes of Meeting With British Foreign Secretary, Mr. Bevin, 12:30 to 1:30, March 26, 1947, at Moscow

[Extracts]

Mr. Bevin called at the Embassy to see me today and brought with him a transcript of an interview he had had with Generalissimo Stalin on March 24. He went over the statements one by one, amplifying them with explanations of detailed remarks he had made which were not recorded complete in the brief summary he had furnished me.

Regarding the statement which he and his government had made that the British military mission in Greece would be maintained for the “time being”, it was made clear to him that this was an unfortunate statement with regard to political consideration of the United States for the appropriation of the necessary funds for Greece. He explained that this was in answer to a parliamentary question and he was quite certain that what Mr. Attlee really meant was that the mission was not to be maintained in Greece permanently, but was to be removed when its services were no longer needed—that is, as soon as the Greek Army organization had been developed to the point of managing its own affairs. He agreed to take this up with the Government and see if another statement might not be made explanatory of this view.

\textit{George} C. \textit{Marshall}.
The Acting Secretary of State to the Chairman of the Senate Committee on Foreign Relations (Vandenberg)


MY DEAR SENATOR VANDENBERG: I am enclosing the answers to the written questions regarding the pending Greek-Turkish aid bill which were transmitted with your letter of March 20, 1947.¹

I have taken as full advantage as possible of your suggestion that many of these questions might be answered either in my general oral statement to the Senate Foreign Relations Committee or in oral statements during the course of the Committee hearings. In the written replies on many such cases I have included pertinent portions of statements already made to the Committee.

I believe that all of the questions submitted to me have been answered.²

Sincerely yours,

DEAN ACHESON

¹ Not printed.
² The texts of the 111 questions and answers are printed in Department of State Bulletin, May 4, 1947, Supplement, pp. 866-885. For an account of the preparation of the answers, see Mr. Jernegan's article entitled "Postscript on the 1947 Greek Turkish Program", in the Foreign Service Journal, October 1966, p. 24.

The Acting Secretary of State to Senator Henry Cabot Lodge, Jr.


MY DEAR SENATOR LODGE: I wish to acknowledge and thank you for your letter of March 25, 1947 ¹ suggesting an amendment to S. 938 which would read as follows:

"As a further condition precedent to the receipt of any loan, credit, grant, or other form of financial aid under paragraph (1) of section 1, the government requesting such aid shall agree not to use any part of the proceeds thereof for the making of any payment on account of the principal or interest on any loan made to such government by any other foreign government."

As I stated to you during the course of the Senate Foreign Relations Committee hearings, I am in general agreement with the objective of your amendment and would have no objection to the inclusion of such an amendment in the bill. As a drafting matter, I think the amendment might be more conveniently incorporated in the bill as an additional clause (e) in section 3, which would then read as follows:

³ Not printed.
"Sec. 3. As a condition precedent to the receipt of any assistance pursuant to this Act, the government requesting such assistance shall agree (a) . . . . . and (e) not to use any part of the proceeds of any loan, credit, grant, or other form of financial aid rendered pursuant to this Act for the making of any payment on account of the principal or interest on any loan made to such government by any other foreign government."

Sincerely yours,

DEAN ACHESON

* Omission indicated in the original.

865.515/3-2847

The Chargé in Greece (Keeley) to the Secretary of State

CONFIDENTIAL


No. 3838

SIR: In continuation of the series of communications from the foreign members (Gregory and Patterson) of the Currency Committee to the Prime Minister, recommending measures to alleviate the present economic crisis in Greece, (see Embassy's despatches 3597 and 3753 dated February 4 and March 7, 1947, respectively) I have the honor to enclose a copy of a further letter dated March 10, 1947, delivering a virtual ultimatum to the Greek Government on the necessity of stopping gold sales by the Bank of Greece, and disavowing further responsibility in case this is not done.

While the Embassy has long shared the view expressed by Gregory and Patterson that Greece cannot now afford the luxury—however desirable it may be in theory—of diverting scarce foreign exchange to the purchase and importation of gold for sale to private buyers; and the Embassy agrees with them, and the Porter Mission, that this practice should be terminated at the earliest practicable moment, nevertheless the Embassy does not believe that this step can safely be undertaken (1) before adequate controls on foreign trade, commodity prices, wages, etc. (as recommended in the Gregory-Patterson letter of February 28 to the Prime Minister—see despatch no. 3753 dated March 7) have been effectively established, and furthermore (2) before sufficient funds in dollar exchange are in sight to cover essential import requirements at least during the critical period of the next few months.

Fulfillment of the latter condition presumably will be basically accomplished by Congressional approval of the President's program of assistance to Greece. Effective establishment of the necessary economic controls and related measures by the Greek Government may take some time, since considerable governmental machinery for the

1 Not printed.
purpose will have to be created and public acceptance of the controls established. Until these two conditions are realized, particularly as regards availability of foreign exchange, the Embassy believes that an official termination of gold sales cannot be undertaken without risk of seriously impairing the present relatively stable—but very sensitive—currency and commodity price situation.

Since President Truman’s March 12 address to Congress on aid to Greece, the local trend in gold trading has been completely reversed; the private avidity to buy gold, which became increasingly conspicuous in the few days before March 12, suddenly turned into a rush to sell. The Bank of Greece buying price within a few days dropped from about 140,000 to 124,000 drachmas for the sovereign, and proportionately for the napoleon. Trading has now subsided, and daily purchases and sales by the Bank are at present insignificant. The public, and the Government, are anxiously waiting the decisive action of Congress.

Until the situation in Greece, and in Washington in regard to Greece, “jells” more firmly, the Embassy feels that no radical change should be made by the Greek Government in its present policy of continuing the authority of the Bank of Greece to cautiously buy and sell gold for the purpose of stabilizing the currency.

Incidentally, the undersigned wishes vigorously to disassociate himself from the views of Gregory and Patterson expressed in paragraphs 3 and 4 of the enclosure, anent the “craven and utterly selfish attitude” of the Greek “business classes” regarding the purchase of gold. The private individual normally will protect himself as best he can under threatening circumstances, be he Greek, Russian, Chinese, or American. In this case the fault is in the Government’s policy, not in the individual.

Respectfully yours,

For the Chargé d’Affaires, a.i.

H. LAWRENCE GROVES
Counselor for Economic Affairs

740.00119 Council/3-3047: Telegram

The Acting Secretary of State to the Secretary of State, at Moscow

SECRET

WASHINGTON, March 31, 1947—7 p.m.

739. Secdel 1402. For Secretary from Acheson. Urtel 1091 Mar 30, Delsac 1369.1 In preparing background documents for use of Congress

1 In this telegram, Secretary Marshall stated: “In view of the reaction which the reported statement is causing in Britain and the use that is being made of it by Soviet propaganda organs telegraph me the text of any proposal made in the Department’s presentation of conditions in Greece to Congress for transfer of Cyprus from British to Greek sovereignty.” (740.00119 Council/3-3047)
in hearings on aid to Greece and Turkey, certain confidential working or study papers were included containing tentative positions and recommendations which had, however, not been approved on highest level as official US policy and should not have been included. Among these appeared following statement on Cyprus "We consider the question of Cyprus one to be settled bilaterally by Greece and the UK. However, we favor the cession of Cyprus to Greece if such transfer can be made to the satisfaction of the two countries involved and if due provision is made for the security of legitimate lines of communication in the Eastern Mediterranean and for the protection of the interests of the non-Greek population of the island."

At urgent Congressional request limited numbers of these documents were made available to correspondents for background and were not to be attributed to Dept or to represent fixed and final US policy. In rush of making these documents available, statement on Cyprus was included accidentally. Both Brit Emb here and Brit FonOff 2 in London have been informed of unauthorized nature of this statement. Particular document containing reference to Cyprus was withdrawn and revised version substituted which made no reference to Cyprus.

ACHESON

2 Telegram 1830, March 24, from London reported that a British Foreign Office official had observed to an Embassy officer earlier the same day that "the statement in the secret documents on Greece . . . might cause serious trouble to British because of reference to cession of Cyprus to Greece by Great Britain". The Department in telegram 1460, April 2, instructed the Embassy in London to make an explanation to the British Foreign Office, along the lines set forth in telegram 739. (868.00/3-2447) Mr. Jernegan's article, previously cited, gives additional data on the treatment of Cyprus in the background documents.

Memorandum by Mr. William O. Baxter of the Division of Near Eastern Affairs to the Under Secretary of State (Acheson)

[WASHINGTON,] April 2, 1947.

In connection with the question asked of you yesterday it should be made clear that the United States has not given any military equipment to Greece. The following list contains items classed as military equipment which have been bought by Greece from the U.S. during the past three months under the surplus property credits made available to the Greek Government.

35 AT-6 training planes
19 Mine sweepers
1 Patrol craft
19 Landing craft
1 Landing ship dock
14 Aircraft engines
Memorandum by Mr. Ward P. Allen of the Executive Secretariat to
the Acting Secretary of State

[WASHINGTON,] April 3, 1947.

The following is a summary of the recommendations contained in
the attached tentative report of the American Economic Mission to
Greece.¹

A. Amount of Aid (pp. 13–18)

2. Reconstruction for 5-year period—$335 million total need. Most
   of the $151 million for the first two years must come from abroad and
   probably $30 million annually for the next three years also. This would
   provide a balanced budget and minimum civilian needs for the people.

B. Measures to be Taken by Greece (pp. 18–22F)

1. Increase revenues by simplifying the tax structure, improving
   income tax enforcement, and revising assessments and duties upwards.
2. Reduce expenditures by revising government auditing and accounting
   systems, strengthening the budget control of the Ministry of Finance,
   reviewing pension lists, and resisting increase in government salaries.
3. Augment foreign exchange by establishing a new exchange rate,
   seeking to restore pre-war European market, lifting embargoes on the
   export of olive oil, controlling imports, etc.
4. Begin administrative reform by reducing the number of civil
   servants, training personnel, and reorganizing the Ministry as per
   recent governmental recommendation.
5. Seek to improve the economy as a whole by:
   a. Methods of direct control, including the development of labor
      dispute machinery, and the improvement of price and rent controls;
   b. A program of reconstruction of public service and communication
      facilities pursuant to an overall plan (pg. 22C suggests a priority
      list);
   c. A series of concrete steps to aid in industrial and agricultural
      recovery.

C. Administration of the Program (pp. 23–30)

1. It is suggested that separate from the mission a number of
   American technicians be employed as individuals by the Greek Gov-
   ernment in key posts to participate in day-to-day operations.

¹ Not printed; it was submitted on April 1, apparently informally, for interim
use and comment by the Department. Ambassador Porter formally transmitted
the tentative report, dated April 25, with his letter of the same date to Mr. Acheson,
who made acknowledgement on May 3 (868.50 Porter /4–2547).
2. It is strongly recommended that the permanent mission be small (initially about 25), with groups of experts sent for limited periods as temporary members.

3. The mission should have two sanctions: (a) power to stop or curtail aid and (b) the obligation to publish quarterly reports on progress of Greek recovery.

4. The mission should exercise general supervision of all government finance and participate in the development of fiscal policies. It need not scrutinize each expenditure.

5. The mission should be the sole United States authority in Greece to supervise all American aid programs (including surplus property and Exim Bank), as well as all governmental or private imports.

6. The mission should be autonomous and separate from the Embassy, with general policies determined in Washington. The American military authority should be on the staff of the Chief of the Mission.

7. A United Nations adviser should be attached to the mission and some of the groups of experts for special studies can be furnished by the United Nations.

868.00/4-347: Telegram

The Acting Secretary of State to the Secretary of State, at Moscow

CONFIDENTIAL

WASHINGTON, April 3, 1947—7 p.m.

795. Moscow 41. Personal for the Secretary. Senate Foreign Relations Committee today unanimously reported Greek-Turkish assistance bill. Only substantial amendment was modified form of Vandenberg proposal regarding UN which Dept reluctantly agreed to. It provides that if the Security Council or General Assembly find that action taken or assistance furnished by UN makes continuance of aid by US unnecessary or undesirable and so notifies the President, the President shall withdraw aid. With respect to the finding by the Security Council amendment provides further that US waives exercise of veto. Other amendments agreed to were Vandenberg-Connally preamble principally on UN, Lodge amendment prohibiting use of funds for payment of principal or interest on loans to other foreign govts, and Lodge amendment making Chief of Mission sent to either country to supervise expenditure of funds subject to Senate confirmation. Present plan is to get bill to floor of Senate next week. House Foreign Affairs Committee continuing public hearings through next Wednesday. Prospect of final action before latter part of April not good.

[Here follow three paragraphs of discussion of legislation other than the Greek-Turkish aid bill.]

ACHESON
CONFIDENTIAL

WASHINGTON, April 4, 1947—9 p.m.

185. For Bursley \(^2\) from Wilson, Turk Amb \(^3\) asked to see me yesterday and read me telegram from his Govt giving their reaction to pending bill for aid to Greece and Turkey. Gist of it was that they felt bill as now drafted contained principle of control to be exercised in Turkey and if this was so they could not accept aid.

I explained to Baydur impossible now to obtain amendment to change wording of bill. I told him, moreover, that in my view bill as drafted does not contemplate exercise of control by US in Turkey. What bill does in Section 3 para a (paragraph Turk govt objects to) is to provide that Turkey shall agree to permit US officials to observe manner in which assistance is utilized. I said that there will of course be control exercised in United States by US Govt in same manner as Eximbank exercises control over utilization of $25,000,000 credit through giving its approval or disapproval specific economic projects. In much same way, US Govt after consultation with Turkey, will determine what military equipment and other aid should be provided to Turkey, will procure, ship and deliver this equipment to Turkey. All that will take place on Turkish territory will be “observing” by US officials as to manner in which Turkey utilizes assistance given.

I pointed out to Amb that Greek and Turkish situations wholly different. Greece is on verge of collapse and has in effect requested US to send mission to reorganize Greek finance, economy, etc. There will also be an extension aid similar to UNRRA activities under control of US officials. Nothing of this sort has been requested by Turk Govt and nothing of this sort is contemplated by US Govt.

I also told Amb that I had recommended to State Dept that in order to emphasize difference between ways of handling program in Greece and Turkey, the person who under the bill will be appointed to head mission for observing utilization of aid in Turkey should be myself; one of my functions as Amb to Turkey has been to observe conditions in that country and under terms of proposed legislation I would observe and report to my Govt manner in which Turkey utilizes US assistance.

I said to Turk Amb that in view of my interpretation of bill and its application as stated above, I felt Turk Govt fears of US “control”

\(^1\) The Ambassador was in the United States for consultation.

\(^2\) Herbert S. Bursley, Counselor of Embassy in Turkey; at this time, the Chargé.

\(^3\) Huseyin Ragip Baydur.
being exercised in Turkey were groundless. He said he would report my views to his Govt.

I suggest you call on Erkin and give him my views of this matter as stated above. These views are of course personal and I am sending them to you without any check in offices of Dept. I feel, however, that they are sound and in accordance with principles and purpose of program to aid Turkey. If these views turn out to be correct and are approved by Dept, as I believe they will be, Turk Govt can accept this aid without any apprehension concerning "control". If, however, these views are disapproved and some element of control within Turkey comes into picture, Turk Govt will of course be free to decline assistance. Please add to Erkin that if I believed there were any thought or intention of seeking exercise control by US in Turkey, I should advise Dept to omit Turkey from bill.

Since dictating foregoing, I have shown it to Acting Sec who agrees with views expressed as covering situation at present stage, and who has explained matter to Congressional Committees in same manner. This is for your information only since it seems better not to bring Dept into picture at this stage in view possibility legislation may be amended later.

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868.00/4-747

The Acting Secretary of State to the Secretary of War (Patterson)¹

WASHINGTON, April 7, 1947.

MY DEAR MR. SECRETARY: Although the Greek Assistance Program is still under consideration by the Congress, it is considered desirable that a start be made in planning the various activities which this program will include. In order to initiate and coordinate this planning among the various agencies of the Government which will have a relationship to the program, the Department of State proposes to create an Interdepartmental Interim Greek Assistance Committee to be composed of representatives of the following agencies:

- Department of State
- Treasury Department
- War Department
- Navy Department
- Department of Agriculture
- Department of Commerce
- Bureau of the Budget

¹ Identical letters were sent on April 7 to the Treasury, Navy, Agriculture and Commerce Departments and to the Bureau of the Budget. The Department of Labor was invited to membership on April 14 (868.00/4-1447).
The Chairman of this Committee will be Mr. Willard Thorp, Assistant Secretary of State for Economic Affairs.

It would be appreciated if you would name a representative from your Department to this Committee and would advise us who this representative will be. The first meeting will be held at 2:30 p.m., Wednesday, April 9, 1947, in Room 474 Old State Building, Seventeenth Street and Pennsylvania Avenue Northwest.²

Sincerely yours,

DEAN ACHESON

²The Interdepartmental Interim Greek Assistance Committee met for the first time on April 9 and discussed the relationship of the various departments to the Greek assistance program, the question of a basic agreement with Greece, various military, agricultural, tax, civil service reform, procurement and import-export programs, and the question of personnel (IGAC M-3, 588.00/4-947). For an account of the Department of State’s coordination of the activities of the various federal agencies in connection with the Greek-Turkish aid program, see Department of State Bulletin, January 9, 1949, p. 55.

Statement by the United States Representative at the United Nations (Austin) ¹

[Extract]

... ...

The fact that military aid to Greece and Turkey is contemplated under the proposals now before the Congress of the United States, and the fact that the Soviet representative made a number of references to this in his remarks to the Council at its last meeting, compels me to discuss two further aspects of the matter: first, the question whether the proposed aid to Greece and Turkey would constitute an unwarranted interference in the domestic affairs of those countries, and secondly, whether the proposed action by the United States would be inconsistent with the purposes and principles of the United Nations Charter.

The President’s proposals to Congress have been made pursuant to requests from the established Governments of Greece and Turkey. The Executive did not propose intervention in the domestic affairs of those countries. Moreover, any such intention is specifically repudiated in the report of the Committee on Foreign Relations, recommending favourable action by the Senate on the Bill (S. 988) which provides for assistance to Greece and Turkey. On page 5 of that report, it is stated: “Section 3 provides that, before assistance is furnished, the Governments of Greece and Turkey shall agree to certain reasonable under-

¹Made before the Security Council on April 10, 1947; reprinted from United Nations, Official Records of the Security Council, Second Year, No. 35, pp. 746-747. For Ambassador Austin’s letter of May 8 to the Chairman of the House Committee on Foreign Affairs, see Department of State Bulletin, June 1, 1947, p. 1074.
takings, consistent with the sovereign independence of these countries, which provide the United States with proper safeguards against the improper utilization of assistance furnished."

As I have already stated, any agreements entered into with the Governments of Greece and Turkey in this matter, pursuant to this legislation, if passed, will be registered with the United Nations, and the Members of the United Nations will therefore be fully provided with an opportunity to determine if there is any unwarranted interference in the internal affairs of Greece or Turkey.

The report mentioned further states: "Such conditions are not, of course, intended to impair in any manner the sovereign independence or internal security of the two countries."

Rather than dwell further upon that aspect of the matter, I should prefer to rely upon any comments which the Governments of Greece and Turkey might wish to make at an appropriate time.

Depending on the substance of the legislation finally passed, the proposed military aid might take the form on the one hand, of providing small numbers of advisory personnel, and on the other hand, of providing military supplies and equipment. The purpose of the proposed aid is consistent with the purposes and principles of the United Nations Charter with respect to the maintenance of the integrity, domestic tranquillity, and security of the State, which are necessary conditions for economic welfare.

The emergency aid proposed both in the military and economic fields is in support of the United Nations policy of creating conditions of stability and well-being, which are necessary for peaceful and friendly relations among nations, based on respect for the principle of equal rights and self-determination of peoples.

841.2368/4-1147: Telegram

The Secretary of State to the Acting Secretary of State

TOP SECRET

MOSCOW, APRIL 11, 1947 - 7 P. M.

URGENT

1318. Kosmos 32. Personal for Acheson from Marshall. The following letter has just been received from Mr. Bevin:

"Dear Mr. Marshall: You will remember that when we met on the 26th March we discussed the question of the retention of the British Military Mission in Greece. You asked me whether it would be possible for us to say that we would leave the Mission in Greece 'until their task is completed' rather than 'for the time being'."
I have now heard from my Government that they agree to leave the Mission in Greece until its task is completed, on the understanding that the Greek Government will pay for its maintenance in dollars from the United States loan.

When we talked, I understood from you that you thought your Government would be able to agree to this. I should be grateful if you could confirm that this is the case. If so, I suggest that the exact way, in which payment would be made, can be worked out in detail by our two governments and the Greek Government at a latter stage.

Yours sincerely, (signed) Ernest Bevin."

Please furnish me basis for reply.

[Marshall]

868.00/4-1147: Telegram

The Ambassador to Greece (MacVeagh) to the Greek Prime Minister (Maximos) ¹

SECRET

WASHINGTON, April 11, 1947—7 p. m.

While every effort is being made here to secure implementation of the President's program for aid to Greece, public opinion is being constantly disturbed by reports of official toleration of rightist excesses and the application of security measures to non-subversive political opponents of the govt. The impression created by these reports is that the President's program aims to assist a reactionary regime with all the earmarks of a police state, which is an idea unacceptable to the American people.

Officials of the Dept of State and many others in authority realize fully that Greece is in danger from the communist menace both within and without the country, and that drastic measures are necessary in such a situation. They also understand the difficulty of administering even-handed justice at all times and in all places under such circumstances. Nevertheless, they are being embarrassed, and the success of the President's proposals is being imperilled, by the reports above mentioned.

You will remember my concern over this matter expressed to you on numerous occasions. You will also remember your assurance to me that in my absence your policy would be in accord with the President's message. I would now respectfully emphasize again, but with a new urgency born of a critical moment, the advisability (1) of your Govt's giving some clear factual evidence of its political tolerance and broad national character by proceeding with equal vigilance and severity

¹Transmitted to Athens in telegram 449 with the instruction: "Please convey following personal message to Mr. Maximos from MacVeagh." The Ambassador was in the United States for consultation.
against all lawlessness whether of the right or left, and (2) of its giving its actions in this respect the fullest and most persistent publicity. That the Government of Greece is "fascist" in mind and action is the argument which is telling more potently than any other against the President’s program and it can be effectively answered only by the observed conduct of that Govt itself.2

[MacVeagh]

2 In telegram 522, April 14, 5 p. m., from Athens, Chargé Keeley reported that Ambassador MacVeagh’s message was received at Athens on April 13 “and communicated Prime Minister same evening. He said he would shortly furnish for reassurance of the Ambassador copies of orders already issued by his direction to all security agencies to proceed with equal vigilance and severity against all lawlessness whether of the right or left. I reiterated previous comment . . . that equally important to issuance such orders is to see that they are obeyed and that more important than reassurance to Ambassador was to see that conduct of security agencies is so unmistakably impartial that observers, particularly foreign news correspondents, would so report instead of contrary. He said he fully agreed but that hatred engendered by left excesses is so great it is difficult to control rightist retaliation. However, I might assure Ambassador that he would continue to do his utmost to keep gov’t actions in accord with his policy which would continue to be in harmony with President’s message.” (868.00/4–1447). Prime Minister Maximos’ formal reply to Ambassador MacVeagh was conveyed by the Embassy in Athens in telegram 539, April 17, midnight (868.00/4–1747).

868.20/4–1147: Telegram

The Acting Secretary of State to the Secretary of State, at Moscow

TOP SECRET

WASHINGTON, April 12, 1947—2 p. m.

US URGENT

904. Moskoo 57. For the Secretary from Acheson. Reurtel 1318.1 Amendment to Greece–Turkey bill reported by Senate Committee and agreed to by me provides as condition precedent to receipt of any assistance under Act that government requesting it shall agree “not to use any part of the proceeds of any loan, credit, grant or other form of financial aid rendered pursuant to this Act for the making of any payment on account of the principal or interest on any loan made to such government by any foreign government.”

House Committee has under consideration broadening this provision. In opposing such action as unnecessary I stated to Committee categorically that we had no intention of using any part of funds to pay costs of British troops or missions in either country. House Committee is also considering over our objection limitation of US military personnel in each country to 100.

British proposal to be repaid in dollars from our loan would produce storm of protest here and undoubtedly an amendment specifically

1 Dated April 11, p. 141.
prohibiting it, if it is not already covered by above Senate amendment as may be case.

British do not pay dollars for upkeep of mission and the sterling costs of approximately 1,000 officers and men, which would continue even if they moved out of Greece, are too trifling to warrant serious embarrassment to us which such picayune haggling would cause. (See our tel 619, March 21). When British Ambassador made similar suggestion last month I told him very plainly that direct or indirect payment by US for British troops or missions in Greece was quite impossible.

We see no reason why Greek Government should not, if it is not already doing so, provide food and quarters for British mission.

I am sure this proposal does not come from Bevin but from Treasury. I am repeating your 1318 and this message to London asking Douglas, unless he hears from you to contrary by Monday to make vigorous attempt to get Treasury withdraw suggestion.

Acheson

867.00/4-947: Telegram

The Ambassador in Turkey (Wilson) to the Embassy in Turkey

SECRET

WASHINGTON, April 13, 1947—10 a.m.

198. For Bursley from Wilson. Turk reaction reported your 275 Apr 9 1 seems to be encouraging.

Word "administrator" does not appear in bill. It is provided that "chief of any mission" to a country receiving assistance under this act shall be appointed by President with advice and consent of Senate. Presumably I shall be appointed "chief of mission" for purposes of act and my functions will be those stated in Sec 3 Para a namely observing manner of utilizing assistance given. You might wish to advise Erkin informally of this since he appeared disturbed over use of term "administrator".2

[Wilson]

1 In telegram 275, April 9, from Ankara, Chargé Bursley reported that Secretary General Erkin had advised him earlier the same day of his appreciation of the helpful actions of Ambassador Wilson and that the Turkish Government would give the Ambassador all facilities to observe and report. The Chargé also stressed Mr. Erkin's dislike of the term "administrator" (867.00/4-947).

2 In telegram 285, April 15, 2 p.m., the Embassy in Ankara reported that the substance of telegram 198 had been given to Mr. Erkin who felt that the ideas set forth would work satisfactorily (868.00/4-1547). In telegram 315, April 20, 5 p.m., Ambassador Wilson stated that upon his return to Ankara he had talked with the Turkish Prime Minister, the Foreign Minister, and the Secretary General of the Foreign Office, all of whom expressed the warmest appreciation of United States support for Turkish independence. At the same time, it was "evident gvt is troubled by criticism from local opposition and from Soviet satellites to effect Turk gvt planning to place country under US tutelage." (867.00/4-3047)
TOP SECRET

LONDON, April 14, 1947—6 p. m. URGENT

2198. Personal for Acheson. ReDeptel 1624, April 12 and Kosmos 32 top secret. Explained to Hector McNeil provision of the amendment to the Greece-Turkey bill reported by the Senate Committee and of your statement to the House Committee to the effect that we had no intention of using any part of the funds to pay costs of British troops or Missions in either Greece or Turkey. Likewise informed him of the possibility that the House Committee would place much tighter restrictions on the use of the funds than those embodied in the amendment reported by the Senate Committee. He understands that the proposal outlined in Bevin's letter to the Secretary would cause great criticism in Congress and in the United States. He will use his influence to persuade the Treasury to withdraw its suggestion and will attempt, he hopes with success, to make arrangements under which the Greek Government will pay all drachma costs of British Mission with the British Government assuming all sterling costs. If this meets with your approval, please advise me promptly so that I can inform him to proceed along these lines with the Treasury.²

[Here follows a paragraph about American intentions concerning collaboration with the British Economic Mission in Greece.]

Repeated to Moscow for Secretary Marshall as 175.

DOUGLAS

1 Not printed; it quoted telegram 1318, Kosmos 32, April 11, from Moscow and telegram 904, Moskco 57, April 12, to Moscow, pp. 141, 143 (868.20/4–1147).

² In telegram 1651, April 15, to London, the Department advised Ambassador Douglas to inform Mr. McNeil that these arrangements appeared reasonable and that the Department hoped they would be approved by the Treasury (868.00/4–1447).

841.2368/4–1547: Telegram

The Secretary of State to the Acting Secretary of State

TOP SECRET

Moscow, April 15, 1947—11 p. m.

1386. Kosmos 41. Personal for Acheson from Marshall. Your Moskco 57 refers.¹ I have this date sent the following letter to Mr. Bevin.

¹ Telegram 904, April 12, to Moscow, p. 143.
"I refer to your letter of April 11, in which you state that the British Military Mission will remain in Greece 'until their task is completed' on the understanding that the Greek Government will pay for its maintenance in dollars from the United States loan. You asked me to confirm that my Government would agree to this procedure.

I am informed that the British Ambassador in Washington made a similar suggestion last month and was told that direct or indirect payment by the United States for British troops or missions in Greece was quite impossible. It is my understanding that the British Mission does not pay dollars for its upkeep in Greece, and it seems to me that the sterling costs of approximately 1,000 officers and men, which would continue even if they moved out of Greece, are too inconsequential to warrant the serious embarrassment which would result if my Government made an effort to accede to such a request.

Further, an amendment to the United States bill now being considered provides, as a condition precedent to receipt of any assistance under the act, that the government requesting such assistance shall agree 'not to use any part of the proceeds of any loan, credit, grant or other form of financial aid rendered pursuant to this act for the making of any payment on account of the principal or interest on any loan made to such government by any foreign government'. I am informed that there is under consideration in the Congress a plan to broaden this provision, and in opposing such restrictive action the Acting Secretary of State stated that we had no intention of using any part of the funds to pay the costs of British troops or missions in Greece. It appears to me feasible to have the Greek Government, if it is not already doing so, provide food and quarters for the British Mission.

In view of the foregoing, I trust that your Government will find it practicable to bear this relatively small cost, or to make other arrangements for payment, without involving in any way expenditures of any portion of the proposed United States loan to the Greek Government.

Faithfully yours, signed George C. Marshall."

[Marshall]

868.50/4-1647: Telegram
The Acting Secretary of State to the Embassy in Greece
SECRET

WASHINGTON, April 16, 1947—6 p. m.

474. In personal letter to Maximos dated Mar 17, Ambassador MacVeagh transmitted substance of memorandum from Ambassador Porter stressing importance of immediate action by Greek Gov on several measures proposed by American Economic Mission to minimize possibility of economic deterioration pending implementation of US aid program. On Mar 21, Maximos assured Economic Mission's staff that steps were being taken to establish a Foreign Trade Administration, expedite olive oil exports, and centralize in Currency Committee responsibility for handling government workers' wage demands. MacVeagh and Porter are concerned at apparent lack of progress
since their departure. Dept shares their concern, and requests that Emb inquire of Maximos concerning status of Foreign Trade Administration and olive oil export plan in particular, as well as other measures discussed in MacVeagh's letter to Maximos. Emb should emphasize to Maximos that clear demonstration of Greek Gov's willingness to do everything possible to help itself is essential to maintenance of present favorable attitude of US Congress and people towards Greece.

In this connection, it should be pointed out that bill now under consideration in Congress authorizing 350 million dollar relief to various countries including Greece provides that no relief shall be provided to any country unless its government has given assurances satisfactory to President that necessary economic measures have been or are being taken, insofar as possible, to reduce country relief needs and provide for its own reconstruction. Bill also provides relief shall cease whenever it becomes apparent assurances are not being carried out.

Emb should also point out that economic deterioration resulting from failure to act may seriously diminish effectiveness of whatever US aid becomes available.

ACHESON

868.00/4–1847: Telegram
The Acting Secretary of State to the Secretary of State, at Moscow

TOP SECRET
US URGENT

WASHINGTON, April 18, 1947—6 p. m.

982. Moskco 71. Eyes only for Marshall from Acheson. I have just talked to Vandenberg who tells me that there has for some days been a whispering campaign to the effect that the Greek-Turkish aid program was formulated in your absence and you have not expressed yourself on it. Vandenberg says this campaign today came into the open in the introduction of a resolution by Senator Wiley to the effect that action on the Bill should be deferred until your return and the Senate has had the benefit of your views. This resolution will be referred to the Foreign Relations Committee where it will be defeated but Vandenberg would like very much to close the debate on the aid program on Tuesday with a brief statement from you indorsing the Bill in strong terms. He said that a one-paragraph statement to the effect that you consider this program indispensable and that you attach the highest order of urgency to it would enable him to close the debate in a highly effective manner next Tuesday.

You might wish to consider including in your statement reference to the fact that prior to your departure for Moscow you participated
in the discussions of this program and in the decision to go forward with it; and that the President telegraphed the text of his message of March 12 to you in Paris prior to its delivery in Congress and that it had your full approval.¹

ACHESON

¹ See telegram 1013, p. 100.

868.00/4-1947: Telegram

The Secretary of State to the Acting Secretary of State

TOP SECRET Moscow, April 19, 1947—7 p. m.

URGENT

1467. Kosmos 52. Please deliver following message to Senator Vandenberg:

"Dear Senator Vandenberg: I understand some question has arisen as to my participation in the Greek-Turkish aid program.

"As you know, prior to my departure for Moscow, I participated in the formulation of this program and in the decision to go forward with it. When I reached Paris on March 6, the President telegraphed the proposed text of his message of March 12 and I informed the Department that I fully concurred.

"I personally, and for the State Department, attach the highest order of urgency to immediate passage of the Greek-Turkish aid legislation. In my opinion the program proposed is indispensable and I am in complete accord with the actions taken by Mr. Acheson for the Department and by the Foreign Relations Committee of the Senate, in urging the Congress to pass this legislation.

"Faithfully yours,

"Signed George C. Marshall."¹

[MARSHALL]

¹ The Secretary of State, on May 5, sent a letter along somewhat similar lines to Charles A. Eaton, Chairman of the House Committee on Foreign Affairs; for text, see Department of State Bulletin, June 1, 1947, p. 1078.

841.2368/4-2347: Telegram

The Secretary of State to the Acting Secretary of State

SECRET Moscow, April 23, 1947—7 p. m.

URGENT

1519. Kosmos 60. For Acheson, from Marshall. Following letter from Bevin dated April 29 on British Military Mission in Greece appears to satisfy our requirements. Please give me Department’s view on which to base reply.

"Dear Mr. Marshall: You wrote to me on April 15, about the maintenance of the British Military Mission in Greece.
“I fully appreciate the difficulties of the United States to which you draw attention, though I would ask you to bear in mind the Parliamentary difficulties which we too have to face in regard to the question of British forces in Greece. I am nevertheless happy to be able to inform you that His Majesty’s Government agree that they should continue to bear the sterling cost of the Military Mission provided that the Greek Government furnish food and accommodation.

“If this arrangement, as I hope, is satisfactory to you, we will instruct His Majesty’s Ambassador in Athens to inform the Greek Government that, after consultation with the United States Government, we are prepared to retain the Military Mission on the above basis. Yours sincerely, Ernest Bevin.”

[Marshall]

1 In telegram 1062, Secdel 1488, April 24, to Moscow, Acting Secretary Acheson, in reply to Secretary Marshall, stated: “you may wish to express US appreciation to Bevin for agreed arrangements for financing Brit Military Mission as expressed in his letter to you of Apr 22 and inform him that we perceive no objection to having Brit Amb approach Greek Govt and will concert with Brit Emb Athens if necessary or desirable in urging Greek Govt to accept these arrangements.” (740.00119 Council/4-2447) Telegram 1062 was repeated to the Embassy in London as No. 1794.

The Secretary left Moscow before receipt of telegram 1062 and in telegram 1860, April 29, from Washington, he instructed the Embassy in London to take appropriate action (841.2364/4-2347).

Memorandum of Conversation, by the Assistant Chief of the Division of Near Eastern Affairs (Jernegan)

CONFIDENTIAL [WASHINGTON,] April 24, 1947.

Participants: Henry S. Villard, State Department
George M. [G]. McGhee “ “
General J. K. Crain “ “
John D. Jernegan “ “
Rear Admiral Frank L. [Edmund T.] Wooldridge, Navy Department
Captain G. A. Sinclair, Navy Department
Captain M. M. Dupré, Navy Department
Colonel T. W. Parker, War Department
Lieut. Colonel Offer, War Department

A group, which included all members of the SWNCC Subcommittee on the Near and Middle East, met as an ad hoc body to discuss problems affecting the preliminary allocation of funds as between the military, naval, and economic phases of the Greek-Turkish Assistance Program.

Admiral Wooldridge pointed out that the Navy Department had originally been given a tentative allocation of $10 million for its part in assistance to Greece, whereas present information indicated that
twelve or twelve and one-half million dollars would be needed merely for maintenance and supply of the Greek Navy in its present form. In addition, it appeared that it would be necessary to furnish certain amphibious craft, at a cost of between $4 million and $5 million, which had not been included in the original calculations. These craft would replace similar vessels now serving with the Greek Navy but which belonged to the British Navy and which the British had stated they must withdraw within six months. The Navy Department believed the Greek Navy would still need these vessels after the end of the six months period and it was therefore considered important that we be prepared to make replacements available. Since it was necessary to recondition the craft we would furnish, a task requiring some three months, the decision to do so could not be long delayed. In the light of the foregoing, the Navy Department felt that its preliminary allocation should be increased to about $17 million to enable it to make the necessary plans.

Colonel Parker stated the War Department’s view as being that there should be for the present no change in the original tentative allocations since it was still impossible to determine what the needs would be in the various phases of the program or the relative urgency of different categories of expenditures.

After discussion it was agreed by the group that the Navy’s preliminary allocation should be increased, tentatively, to twelve and one-half million dollars to cover logistic requirements and that a reserve fund of indeterminate size should be established out of the global amount of funds which would be available, this fund to be regarded as potentially including an additional $5 million for the Navy to cover the cost of supplying the amphibious craft if it should be determined that they were essential.

It was further agreed that the State Department should approach the British Government to see whether the British craft now serving with the Greek Navy could not be left on loan and so obviate the need for the U.S. to provide replacements. This approach was to be based on the British assurance in their note of March 1[4], 1947 that the U.S. could continue to count upon British collaboration in supporting Greece and Turkey. Captain Sinclair was to provide the necessary factual information for the State Department’s action. It was further suggested that if the British refused to extend the loan of the craft in question, they might be asked to sell them, the thought being that this might be a cheaper and more expeditious method of assuring their use to the Greek Navy than to recondition laid-up American craft.

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1 According to a marginal notation by Mr. Villard, Captain Sinclair later notified the Department that the Navy would approach the British Government on this matter.
It was pointed out that preliminary administrative cost estimates were urgently needed for planning purposes in connection with the Greek program as a whole and that it was also important to decide quickly how the initial $100 million to be obtained under the Greek-Turkish bill from the RFC should be allocated. With respect to this latter question, it was explained that we cannot be sure when the appropriations committees will approve the full $400 million figure and that this may easily not occur before July 1. Meanwhile it was essential to take care of the urgent needs of Greece.

It was agreed that the three Departments would each make estimates of their respective administrative costs in connection with the program, including costs attributable to the Turkish program, for the period ending July 1. It was further agreed that each Department would draw up a list of "must" expenditures and another list of "priority" expenditures for the period ending July 1.

A further meeting, not necessarily composed of the same persons, should be held in the next few days to correlate these estimates and arrive at agreed figures for administrative and other allocations.

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868.00/4-2547: Telegram

The Chargé in Greece (Keeley) to the Secretary of State

SECRET

ATHENS, April 25, 1947—5 p.m.

579. In conference April 22, Groves and I discussed with Prime Minister substance of Deptel 474, April 16 with following results:

1. Prime Minister reiterated his previous statement that Ministerial Council has definitely agreed to establishment of centralized Foreign Trade Administration. However, Prime Minister considers this an extremely important agency in reconstruction program and expressed strong desire to delay finalizing enabling decree until after consultation with our forthcoming mission. Embassy considers this viewpoint sound.

2. Decision to authorize olive oil exports likewise has been approved by Council and Prime Minister stated that "within few days" enabling decrees will be issued. Plan foresees centralizing exports in agricultural bank which will thus acquire all foreign exchange proceeds but producers and exporters will get full benefit of higher foreign prices in drachmas after export taxes.

3. Prime Minister said Council also is definitely committed to obtain approval of Currency Committee for any increases for Govt employees. This commitment received successful test in recent demands of civil servants for Easter bonus.

Necessity of adopting promptly positive remedial economic measures wherever feasible was emphasized in accordance with Prime
Minister’s verbal commitment to Ambassador MacVeagh before departure.

Prime Minister confirmed his intention in this regard but it was clear that he is anxious to have the views and backing of our prospective mission before casting die on major issues like Foreign Trade Administration. He outlined again his personal views favoring organization of a top Greek-American Committee with broad powers to establish entire reconstruction policy immediately after arrival our Economic Mission.

Meantime economic situation here holds relatively stable with gold transactions insignificant, labor situation threateningly quiescent and commodity price pressure upward.

**Keeley**

868.20/4-2647: Telegram

*The Chargé in Greece (Keeley) to the Secretary of State*

**SECRET**

ATHENS, April 26, 1947—8 p. m.

590. Prime Minister yesterday asked Currency Control Committee through British member Sir Theodore Gregory to authorize necessary credits for increase of *gendarmerie* by 6000 as rapidly as possible (see mytel 570, April 24¹). Gregory is however refusing assent pending indications of Department’s views on matter. US member Patterson who is now absent in Turkey also told Embassy before departure that he would desire Department’s guidance re authorization of credits for *gendarmerie* or army expansion in view of political, economic and military considerations involved,

In course of conversation this morning on other matters Prime Minister told me new recruits are needed urgently in Peloponnesus where present *gendarmerie* force of 2,500 is unable to cope with new flare-up of violence which threatens to get out of hand involving squabble between right wing partisans of Mavromichalis and Zervas as well as Communists. There are no other Government combat forces in Peloponnesus he said, since army is concentrated and must remain in Thessaly and north except for small detachment of 500 which it is planned to transfer to Peloponnesus pending recruitment additional *gendarmes*.

[Here follow two paragraphs of further discussion of disorders in the Peloponnesus.]

With respect to rumored army increases Prime Minister confirmed Government’s intention to take in young recruits for 3 months training

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¹ Not printed; it reported confirmation from the Greek Minister of War and the Chief of Staff that the Greek Government had authorized a temporary increase in the strength of the Army to 140,000 men, by induction of 30,000 new recruits through August, and an increase of 6,000 in the *Gendarmerie*, raising that group’s strength to 36,000 (868.20/4-2447).
before releasing equivalent number older veterans thus upping army temporarily to 140,000 men. He also told me that as soon as aid bill passes Congress he intends to propose substantial increase in army in order to permit rapid liquidation of guerrilla provoked disorders and thereby open way for earliest inauguration of program of economic rehabilitation rather than delay latter while trying to restore order with smaller numbers. Recalling to Prime Minister recent evidences of opposition in American circles to feared “military adventures”, I said he should not be too optimistic of US approval of large army increase. I added that unfavorable reaction of American public opinion might possibly be mitigated if sincere and specific measures for political reconciliation were undertaken simultaneously under some guarantee that would instill confidence in honest dissidents now fighting in hills.

According reliable intelligence sources proposed gendarmerie and army increases are causing concern in most centrist opposition circles where it is believe that Zervas and Greek General Staff are currently aiming at gendarmerie and army strengths of 50,000 and 200,000. On other hand, Venizelos personally admitted to me last night his belief that increase in armed forces is essential to quell guerrillas although show of real force he added must be accompanied by genuine amnesty “under American guarantee”. Military Attaché Holly after further consultants with British and Greek military authorities also gives it as his professional opinion that an increase in the strength of the armed forces is an obvious military necessity.

Keeley

867.00/5-1247

Report by the State–War–Navy Coordinating Subcommittee for the Near and Middle East

SECRET

SWNCC 358/1

[WASHINGTON, undated.]

Survey of U.S. Assistance to Turkey

The Problem

1. To consider the size, composition, method of operation, and terms of reference of a group of assistants to be dispatched to Turkey for the purpose of assisting the U.S. Ambassador in determining Turkey’s requirements for U.S. assistance within the scope of the Aid to Turkey Legislation.

1 Circulated on April 28 and approved by the State–War–Navy Coordinating Committee by informal action on May 12.
2. Authority for assistance to Turkey will be included in legislation now under consideration by the Congress. It is estimated that this legislation will be passed during the week 27 April–3 May. Approximately $100,000,000 is expected to become available, subject to passage of necessary appropriations legislation, and subject to approval of the Department of State. The Department of State will have authority to allocate, within the limits of the total appropriations for assistance to Greece and Turkey, the portions to be provided for each country.

3. In his message to Congress of 12 March 1947 the President expressed the principle of assistance to Turkey and indicated its general scope and timing: The authority for such assistance is contained in a Bill currently being considered by Congress providing for a loan or gift to Greece and Turkey of up to four hundred million dollars. It is anticipated that approximately one hundred million dollars of this amount will be allocated to Turkey although the Bill itself does not contain any provision allocating the funds between the two countries. In addition to authorizing funds, the Bill contains authority for the President to detail a limited number of military personnel and civilian personnel of the U.S. Government to assist the countries in an advisory capacity, to transfer to Greece and Turkey military and civilian supplies, and to reimburse the Departments concerned for such supplies. It requires that expenditures be observed by U.S. Government representatives to insure their proper utilization.

4. Although British military authorities in Greece were able to provide reasonably accurate estimates of assistance required from the U.S. for the Greek Armed Forces, they are unable to provide similar estimates in the case of Turkey. The U.S. Ambassador in Turkey and particularly the Military and Naval Attachés have likewise been unable to determine the needs of the Turkish Armed Forces. It is concluded that any program of assistance to Turkey as envisaged by the legislation under consideration must be preceded by an overall study of the Turkish military and economic situation in order that the limited funds may be utilized most efficiently.

5. It appears necessary to dispatch to Turkey, with the least possible delay after the passage of the legislation, a small group of assistance [assistants] to aid the U.S. Ambassador to Turkey in making a survey of Turkey with the objective of making recommendations as to the most efficient expenditure of funds for assistance to Turkey within the limits of the program authorized by Congress. The current breakdown of the Turkish budget for its Armed Forces is approximately 60% for the Army, 30% for the Air Force and 10% for the Navy. In the group to assist the Ambassador, approximately twenty-six Army and Air Force representatives and twelve Navy representatives ap-
pears to be adequate. The State Department desires to include only one or two economists. These personnel estimates include the clerical assistance [assistants] required for the group since the U.S. Embassy does not have the facilities to support them while in Turkey. The Ambassador's group should consist of planning personnel to include strategic, operational, and logistical planners and specialists in the fields of communication, transportation and munitions. In order to avoid a dominant military aspect, civilian experts should be used wherever practical.

6. Although certain preliminary steps have been taken to assemble the group, it appears that the middle of May is the earliest estimated date of departure practicable. Assembling the personnel in Washington and briefing them prior to their departure will require at least three weeks. Since the group is small and since time is an important factor, it should proceed from Washington to Ankara by fastest transportation available.

7. Because the Turks are a proud people, jealous of their sovereignty, it is considered desirable to have the survey group operate under the U.S. Ambassador to Turkey, utilizing his established position to avoid any aspect of unwarranted U.S. interference in Turkish affairs. He should be directed to make the survey and should be furnished adequate assistance as discussed above.

8. The final objective of the survey will be the preparation of findings and recommendations to the U.S. Government as to how the appropriated funds can best be expended to achieve objectives of U.S. assistance to Turkey. These recommendations should cover a wide scope, including specific requirements of the Turkish Armed Forces for equipment and supplies, relative priority of various items, such economic and industrial assistance as might be required, reorganization desirable in the Turkish Armed Forces, additional training to be accorded Turkish Armed Forces by the U.S. and British, the part to be played by the British in further assistance to Turkey, relationship between U.S. and British personnel, if both remain in Turkey, the phasing of supply of required items, and the degree of supervision to be exercised over the utilization of any assistance furnished.

9. As the report will be prepared by the Ambassador, it is desirable that it be written in Turkey. This will also permit easy access to further material while the report is under preparation. The report should be joint in nature and should be submitted to the Department of State for consideration and as a basis for a U.S. Governmental decision.

10. Since it is estimated that preparation of the report will require approximately six weeks and since certain token shipments of equipment or supplies, or provision of other assistance to Turkey, might be required prior to the completion of the report, authority should be
given the Ambassador to recommend such interim assistance as he sees fit.

CONCLUSIONS

11. It is concluded that:

a. A group of special assistants to the U.S. Ambassador to Turkey should be furnished to assist him in making a survey of Turkey. It should be composed of not more than twenty-three individuals (including clerical assistants), with maximum representation as follows:

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<tr>
<th>Department</th>
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<tbody>
<tr>
<td>State Department</td>
<td>4</td>
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<tr>
<td>War Department (Army &amp; Army Air Forces)</td>
<td>12</td>
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<td>Navy</td>
<td>7</td>
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b. Planning personnel, including strategic, operational and logistical planners, should be included from all three Services. In addition, specialists on communications, transportation, and munitions should be provided. Full use should be made of civilian experts.

c. The personnel should depart from Washington for Ankara not later than 19 May 1947, proceeding by fastest transportation facilities available.

d. Terms of reference indicated (Appendix) should guide the Ambassador in conducting the survey.

RECOMMENDATIONS

12. It is recommended that:

a. The above conclusions be approved by the State-War-Navy Coordinating Committee.

b. After approval by SWNCC, the terms of reference (Appendix) be transmitted to the U.S. Ambassador to Turkey by the Department of State.

c. Copies of the approved paper be forwarded to the State, War and Navy Departments for appropriate implementation and to the Joint Chiefs of Staff for information.

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2 See telegram 264, May 15, to Ankara, p. 172.

863.51/4-2947

Memorandum by the Chief of the Division of Investment and Economic Development (Havlík) to the Director of the Office of Financial and Development Policy (Ness)

[WASHINGTON,] April 29, 1947.

Subject: Eximbank Proposal to make no more Loans under Greek Credit

1. The Export-Import Bank memorandum 1 proposes alternative courses of action: (a) cancelling the unused balance of this credit, or

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1 Copy not found in Department of State files.
(b) deferring until after consideration some time in the future the extension of further credit under the $25 million authorized to be extended to Greece. The grounds for refusal of further credits are that statements in connection with the Greek Aid Bill imply that Greece is a poor credit risk.

2. We do not agree with the reasoning underlying the proposal to cancel. The Greek program now before Congress was worked out on the assumption that the Export-Import Bank credit will become available. It seems certain that in order to carry out reconstruction of war damages Greece will require the funds involved in the unavailed portion of this loan in addition to funds used for reconstruction under the Greek-Turkish Aid Bill. Consequently, the Export-Import Bank loan should not be cancelled.

With the large amount of United States aid of both military and economic nature in prospect, the position of Greece as a credit risk is obviously strengthened. Accordingly this loan should not be cancelled for reasons of credit risk.

3. It appears desirable to go ahead with projects which are nearly ready to be put into definitive form for financing, as to defer or cancel them would further delay Greek recovery. However, there would be no serious objection to deferring the extension of credit on new projects until the American Recovery Mission has had an opportunity to examine reconstruction projects in detail and to forward recommendations on projects which might be especially suitable for Eximbank financing.

4. The Greek desk agrees with the above analysis and recommendations.

868.00/4-2947

The Secretary of State to the Secretary of War (Patterson)

WASHINGTON, April 29, 1947.

MY DEAR MR. SECRETARY: Although the legislation authorizing Aid to Greece and Turkey is still under consideration by the Congress, the Department of State has been doing what preliminary planning it could at this stage, in order to be prepared to carry out the program at the proper time.

Our preliminary conclusion is that aid to Turkey should be primarily in the form of military supplies and equipment with the possibility of such economic projects as may be in support of the military supply program. It is felt that the position of Chief of Mission can be filled quite satisfactorily by our present Ambassador to Turkey, Mr. Wilson.
In the light of these conclusions I would appreciate it if the War Department and the Navy Department, to whom I am addressing a similar letter; would jointly nominate a Planning Group composed primarily of military personnel, who would go to Turkey as soon as the legislation is passed. We would like to attach to this group at least one economist from the Department of State, for the purpose of studying possible economic projects related to the military program.

It would also be appreciated if the War Department and Navy Department would at the same time prepare proposed terms of reference for this Planning Group for submission to the Secretary of State. It is our thought that the Planning Group, while in Turkey, should study the present and long range military requirements of Turkey and should consult with the Turkish General Staff. It should then prepare its report and recommendations for submission through the Ambassador to the Secretary of State.

In view of the expected early passage of the Greek and Turkish Aid legislation I would appreciate it if we could have your reply as a matter of urgency.

Sincerely yours,

G. C. MARSHALL

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Dated April 29, not printed.

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Editorial Note


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865.00/4-3047: Telegram

The Ambassador in Greece (MacVeagh) to the Secretary of State

SECRET

ATHENS, April 30, 1947—6 p. m.

606. Prime Minister called on me this morning and after hearing my views of United States Congressional and Departmental thinking re aid to Greece maintained that recruiting for replacement of older classes of Greek army may be unavoidable but agreed that further talk of increasing army's numerical strength at this time would be unwise (Embassy's telegram 599, April 29 ¹). I have therefore some hope that present unseasonable meeting of this latter idea by Tsaldaris and others may shortly cease.

¹ Not printed.
In addition Prime Minister received most favorably my suggestion that Greek Government might usefully declare new amnesty on broad lines and invite UN to send observers to satisfy world opinion as to its implementation. In this connection he added that such observers should be “neutral”; i.e. neither Anglo-Saxon nor Russian. He complained of lack of publicity given his Government’s amnesty efforts hitherto but I pointed out that invitation to UN would be certain both to attract publicity and to put Greek Government on good wicket internationally. He himself gave full assent to idea that UN would be performing legitimate function and agreed that to have recourse to that organization within the present limited range of its possibilities is the duty of member states who wish to see it strengthened. The Department will have noted Ethridge’s views (section 3 of his No. 48, Geneva, April 28) with which I agree in the main.

We also discussed delayed setting up of Foreign Trade Administration (Embassy’s telegram 579, April 25) and Prime Minister stated his Government’s readiness to proceed with this in advance of arrival of our mission if we insist and will furnish an acceptable replacement for Maben. In this connection perhaps it would be preferable for us to suggest several candidates in order to preserve to Greek Government some responsibility for choice of own employee.

[Footnotes:
1 Identified also as telegram 168, not printed; but see footnote 1, p. 840.
2 Not printed; but see footnote 1, p. 152.
3 Not printed.]
while, British Chargé has been instructed to inform Greek Government that British Government would "deprecate" such steps before official US views on matter are known.

In this connection, Chargé explains privately that in opinion of British FonOff it is duty of UK to "hold the fort" until US takes over here in order to prevent our being faced with fait accompli. He has promised to provide Embassy in next few days with estimate of cost of proposed increases, but believes off-hand that additional expenditure for temporary army increase alone might be as much as 100 billion drachmas (20 million dollars at official rate). Patterson (now returned from Turkey) states that he and Gregory feel that proposed army and gendarmerie increases would be "extremely dangerous" and possibly "disastrous" from financial viewpoint. He adds that Currency Committee has not been approached on matter by Greek Government, except for Prime Minister's unofficial remark to Gregory, but that it could not in any case consider question of such magnitude without prior clarification of official US attitude.

MACVEAGH

Editorial Note

Henry S. Villard, Deputy Director of the Office of Near Eastern and African Affairs, delivered an address on "Some Aspects of Our Policy in Greece and Turkey" at Charlotte, North Carolina, on May 5; for text, see Department of State Bulletin, May 18, 1947, page 997.

501.BC-Greece/5-547 : Telegram

The Secretary of State to the Embassy in Greece

SECRET          WASHINGTON, May 5, 1947—8 p. m.
US URGENT       NIACHT

584.1. Dept cannot agree that UN Commission report include recommendation that Greek Govt should invite observation by SC of new amnesty for political prisoners and Greek guerilla bands (Geneva’s 214 May 2 to Dept from Ethridge¹ rptd to Athens) and Ethridge has been so informed. Meanwhile, however, US recommendations including this item have been circulated to all Delegations in Geneva. In view of general feeling in Commission and Ethridge’s recommendation that Dept reconsider its position (Geneva’s 227 May 4² to Dept from Ethridge rptd Athens) Dept considers essential that Greece should itself take initiative on amnesty question immediately in order forestall Commission recommendation on subject which Dept

¹ Post, p. 838.
² Not printed, but see footnote 1 to telegram 313, p. 840.
believes primarily Greek internal matter. With opening given by PriMin (urteil 606 Apr 30) you should approach appropriate Greek officials along lines set forth paragraph 2 this telegram. Possibility has been considered in Dept that at your discretion you might suggest that Greek initiative on this question be taken by the King himself. Greeks have previously stated that their amnesty announcements have been disregarded by world press and perhaps favorable reaction would result if new King early in his reign should take such generous step by royal decree.3

2. Although US Govt realizes that amnesty is primarily Greek internal question and that under ordinary circumstances should be carried out by Greek Govt without observation or supervision it must be recognized that this question has been exploited by unfriendly critics of Greece and Greek attitude on amnesty has been widely misrepresented in world press. There is considerable body of opinion in US which believes that Greek Govt has not been sincere in its amnesty efforts. It should also be clearly known to Greek Govt that US Govt has long favored an effective amnesty which would clearly improve internal situation in Greece. Although we recognize great difficulties facing Greek Govt in its attempts to carry out amnesty, it now appears that this question, if not dealt with by Greek initiative, will almost inevitably figure in final report of UN Commission. Almost all Delegations favor its inclusion in one form or another. If Greece could immediately announce revised terms for amnesty as liberal as possible to be carried out with international observation which the Greek Govt itself will request, desires of majority of UN Commission would be met. In our view it would then be possible for Commission to note action of Greek Govt with approbation. Thus any recommendation concerning amnesty would be rendered unnecessary.

3. Because of time element any action along these lines must be taken at once. In Dept’s view it would not be wise at this time to spell out in detail the exact form which the Greek request will take or the exact method of international observation contemplated. Dept would wish to consider various possibilities and consult with Greek Govt as to best means for implementing such action. Greek Govt announcement should simply state its intention of requesting international observation in very near future but not specify to whom that request will be made. In our view it would not be advisable at this time to make analogy to observation Greek elections as that might limit Greek request to parties of Yalta Agreement.


MARSHALL

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3 King George II died at Athens on April 1. He was succeeded by his brother Paul on the same day.
SECRET

WASHINGTON, May 7, 1947—7 p. m.

603. Urtels 570 Apr 24¹ and 590 Apr 26. Please advise appropriate Greek officials Depts opinion neither Army nor Gendarmerie should be increased in size pending further study of both military and economic implications. In discussing issue you should emphasize following:

1. Present aid program does not provide for financing costs of increased forces.
2. US Govt is not prepared to approve diversion directly or indirectly to the military of aid planned for stabilizing civilian economy and reconstruction without its concurrence. This would include diversion of any category of goods, whether imported or domestically produced, the supply of which is to be augmented from abroad under the aid program.
3. On basis of Greek estimates revenues and expenditures 1947-48, internal financing increased forces will result in serious inflationary pressure aggravating problems of maintaining price stability, of combating hoarding, of facilitating exports, and of effecting reconstruction.
4. Dept particularly concerned over proposed permanent increase in Gendarmerie and strongly believes no action should be taken at present to implement this decision. According to available information, increase is not required for anti-bandit operations and gives force to fears that Gendarmerie may be used for unacceptable political purposes.

For your info at time when aid bill is under debate, to augment forces under Zervas command strengthens accusations that reactionary elements Greek Govt are entrenching themselves with US approval and financial support.

5. If recruiting for relief older age groups is urgently necessary from military viewpoint (Para 1 urtel 620 May 13 [3]) such change-over should be accomplished without enlargement present strength and/or financial burden.

6. Without passing judgment at present on short run needs of military establishment, Dept has strong convictions re military expenditures after immediate crisis has passed:

(a) Current military burden would be far beyond capacity of Greek economy to bear even after substantial degree of recovery.

¹ Not printed; but see footnote 1, p. 152.
(b) Plans must be made now to reduce military expenditures drastically if Greece is to avoid financial collapse after present aid is terminated.

Please report Greek reaction to above.
Appreciate any further expression British views on subject.  

Marshall

*This telegram was repeated to London as No. 1999.

868.00/5-747: Telegram

The Ambassador in Greece (MacVeagh) to the Secretary of State

SECRET

Athens, May 7, 1947—7 p. m.

654. I saw Minister for Foreign Affairs this forenoon and left with him aide-mémoire embodying substance of Department's telegram 584, May 5th. Prior to that I had exposed matter informally to Prime Minister and also off record to King. Last named felt that further talk of amnesty at this time might affect morale of armed forces engaged in all-out offensive and Tsaldaris also brought up this aspect while declaiming excitedly over danger of international observation if Russia should insist on participating. In reply these arguments I pointed out that generous and genuine amnesty of all willing to lay down arms might serve not only to influence foreign opinion but to enfeeble insurgents and also stressed, regards inviting observation, that Department's proposal is limited to declaration of intention giving time for consultation as to ways and means.

After much irrelevant talk chiefly comprising complaints by Tsaldaris that Ethridge and UN Commission are not supporting Greece sufficiently he said he would take matter up in Cabinet meeting immediately following our conversation. Meanwhile Greek papers this morning print reports from New York that "United States Government will propose that UN send commission to guarantee amnesty".

If we succeed in getting Greek Government to accept our suggestion [here follows a personal observation], I believe King will go along with it. However am not promoting idea that he personally assume initiatives since his position untried and capacity for effective leadership still problematical.

Sent Department 654; repeated Geneva for Ethridge.
Memorandum by the Acting Legislative Counsel (Sandifer) to the Secretary of State

[WASHINGTON,] May 9, 1947.

The Greek-Turkish Bill in the House passed about 6:30 Friday evening by a vote of 287 to 107.¹ All attempts to amend the bill were defeated. A slight change in language of a Committee amendment of Section 3 was accepted.

During the debate the following important points were made:

[Here follow four numbered paragraphs on the House debate.]

Representative Bender of Ohio and Smith of Wisconsin led the opposition to the Greek-Turkish legislation. They both submitted a number of amendments, all of which were rejected.

Most interesting of the amendments rejected was one proposed by Representative Judd which would have written into the act a provision making it clear that the United States was not to send troops to Greece or Turkey to serve either as occupation or combat troops. Mr. Mundt of South Dakota and Representatives Eaton and Bloom agreed to accept this proposal. It was defeated by a teller vote of 70 to 122. The proposed amendment grew out of a discussion as to whether language should be inserted to spell out the "limited" number of military personnel which could be sent to Greece and Turkey.

An amendment by Senator Smith to limit the funds available to $200,000,000 instead of $400,000,000 was defeated by a vote of 49 to 121.

An amendment which would have sent the matter to the United Nations for sixty days before the United States could take action suffered a similar defeat.

An amendment by Mrs. Douglas which would have required the Greek Government to grant amnesty to political prisoners and to hold an election within one year was defeated by a voice vote. A similar setback was suffered by Representative Mansfield who sought to oblige the Greek Government to review its tax scheme program.

Durward V. Sandifer

¹The Greek-Turkish aid bill had been approved by the Senate on April 22 by a vote of 67 to 23.
US amnesty proposal made on behalf of UN it violates paragraph 7 article 2 of charter and if made solely on US initiative it is flagrant contradiction of Secretary Marshall's statements that US does not intend interfere in internal Greek affairs. Proposal of supervised amnesty is negation of publicly announced principles to save mere form of those principles. Recourse made to devious methods, viz., Greece herself should request supervision but this will not improve situation for there is no charter and no faith in international organization which can withstand proof that in fact, great powers through pressure on smaller states can undermine international law. Greece is again scapegoat of power politics and object of bargains at her expense.

In Geneva they are endeavouring conceal that which investigation commission was primarily charged to establish. They seek means to avoid placing too much blame on northern neighbors and instead of boldly forcing latter to renounce criminal tactics they speak of imposing on Greece commission which would guarantee to those Greeks who serve foreign cause, the same whose intentions have been denounced by President Truman, equal rights with those who are now honored for serving fatherland. To speak frankly, it is question of ensuring that Russia does not destroy with one veto all work of investigation commission.

Greek Government alone in Balkans has always allowed diplomatic representatives of friendly powers complete freedom observe public life, but control commission supervising matters within purview sovereign rights of free country is something new. Special law would be necessary according competent authorities. Even if Parliament consented it would be very difficult, perhaps impossible reconcile authority of such commission with constitution.

It is rumored that Communist chieftains now faced with failure revolutionary attempt, seek method save followers from final disaster and for future revolts, in short to win a new "Varkiza". According these rumors Communists constantly assure Mr. MacVeagh they will accept amnesty which explains ardent with which American Ambassador supports amnesty and has recommended it to his Government. It is unbelievable that man who knows Greece and Greeks so well as MacVeagh and who loves them so deeply, could fall into same error as Macmillan, Leeper and other authors of Varkiza. Of that agreement one can truly say it was more than crime. It was fundamental.

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2 Harold Macmillan, British Minister Resident, Allied Force Headquarters, Mediterranean; and Sir Reginald W. A. Leeper, British Ambassador in Greece.
error. It was mistake through which Communism amnestied for
December rebellion achieved respite necessary to organize new revolt.\(^3\)

Sent Department; repeated Geneva for Ethridge.

MacVeagh

\(^3\) According to telegram 670, May 10, 9 p. m., from Athens, on inquiry from
Ambassador MacVeagh, Foreign Minister Tsaldaris denied that the editorial
in the *Messager d'Athènes* represented official Greek views. The Ambassador
pointed out to the Department, however, that the newspaper was subsidized by
the Greek Government and was generally considered an organ of the Foreign
Office (868.00/5-1047).

868.00/5-1047: Telegram

*The Ambassador in Greece (MacVeagh) to the Secretary of State*

CONFIDENTIAL

**ATHENS, MAY 10, 1947—10 P. M.**

671. Substance Department's telegram 603, May 7 communicated to
Greek Government in note to Foreign Minister.

Meanwhile Military Attaché learns that on May 2 National De-
fense Council unanimously approved plans providing for army call-up
June 19 of 20,000 men who after nine weeks training would be assigned
to units simultaneously with release same number veterans. Same
process to be repeated by further call-up September 1 of 20,000 addi-
tional new men. Thus overall Army strength would be temporarily
increased by 20,000 for five-month period mid-June to mid-November.
In addition plans envisage call-up soon as possible of 10,000 men to
supplement existing 80 battalions and increase total number to 90
thus increasing permanent army strength to 130,000. These plans sub-
ject to approval United States and Greek Governments and avail-
ability of supplies and equipment.

British military mission estimates that additional monthly cost of
maintaining 20,000 troops under training would be 3,480 million
drachmas in local expenditures and 150 thousand pounds sterling in
foreign exchange.

As for drachma cost of 6,000 additional gendarmes British police
mission agrees with Patterson that Greek Government estimate of
over 4 billion drachmas monthly communicated my telegram 651,
May 7 \(^2\) is "conservative". British military mission estimate of addi-
tional monthly foreign exchange cost without imported rations is 35
thousand pounds sterling.

Final development this connection is reply by Foreign Minister
Tsaldaris of May 6 to British Embassy note of May 3 “deprecating”
any increase in army or *gendarmerie* without prior United States ap-

\(^2\) Not printed.
proval (my telegram 620, May 3). Reply points out participation of British service mission chiefs in above mentioned decisions which also provide for United States Government approval prior to their implementation. Reply continues, “It is obvious Greek Government is unable perform elementary duty of maintaining public order without substantial increase in ceiling of gendarmerie” and adds “Greek Government has never failed act in concert with British and United States Governments but feels bound draw attention of two allied governments to dangers threatening development of internal situation in case adequate steps are not taken very promptly.”

MacVeagh

868.00/5-1047: Telegram

The Ambassador in Greece (MacVeagh) to the Secretary of State

CONFIDENTIAL

ATHENS, May 10, 1947—11 a.m.

672. Mytel 654, May 7. Following is Greek Govt’s aide-mémoire dated May 10 in reply to mine of May 7:

“The Political Council is studying with due attention the contents of the United States Ambassador’s communication referring to the amnesty. The granting of amnesty to the surrendering rebels has been the policy pursued three last months by the present and previous governments, and has already had as a result the surrender of hundreds of rebels to the authorities, which put them under their full protection.

“It is natural, that in view of the granting of a more liberal amnesty, which presents many internal and external aspects, this subject be studied from all sides and with the utmost attention.

“Before reaching a decision on this matter, the Hellenic Government requests certain clarifications on concrete points of the American suggestion, which have a decisive bearing on the various aspects of the subject.

“(a) According to the American communication, the unilateral declaration of the Greek Govt regarding amnesty is supposed to remove the eventuality of a recommendation to this effect in the final report of the Investigation Committee to the Security Council. However, since such a declaration on the part of the Greek Govt would be noted in the report of the Committee, there is no doubt that the Security Council would give it equal consideration with all the other recommendations and therefore nothing would be gained.

“(b) The Greek Govt does not clearly discern in the American communication whether a declaration of intention regarding the granting of a more liberal amnesty is understood to mean an amnesty having as a prerequisite a general laying down of arms on the part of the rebels, or whether it means more liberal application of amnesty which has already twice been granted to all but civil criminals willing to lay down their arms.

333-774-72—12
"The Royal Govt wishes to have it made clear whether, regarding the application of the amnesty, it is suggested that foreign observers be invited to be present in Greece during the continuation of the bandit movement or only after its termination. It is obvious that the psychological repercussion of their presence would be quite different in each case, and that in the former the ability of the Greek state to bring the revolt to an end would be greatly enfeebled.

"The Greek Govt wonders whether, in the spirit of the American démarche, the announcement of intention to grant a more liberal amnesty, would if not followed by a general deposition of weapons on the part of the rebels mean the granting of all aid for the immediate dynamic suppression of the guerrilla movement.

"(c) The Greek Govt sees, neither in the démarche of Mr. MacVeagh, nor in the Ethridge plan, submitted to the Investigation Committee, those concrete assurances, to which Greece feels she is entitled, against the continuation of the fostering of the guerrilla movement from abroad.

"It wonders, how it would be possible to proceed to the announcement of an act so important in political consequences, without having beforehand the certainty that concrete and substantial measures are envisaged in the Investigation Committee's report for the termination of alien aid."

Sent Dept as No. 672, repeated Geneva for Ethridge.
For comment see my next following telegram.

MacVeagh

863.00/5-1047: Telegram

The Ambassador in Greece (MacVeagh) to the Secretary of State

CONFIDENTIAL

ATHENS, MAY 10, 1947—1 p. m.

674. Mr. Maximos has asked me to convey the following message drafted by him: Prime Minister has called my attention to report appearing in nearly all papers here today as follows (from bulletin of USIS March [May] 8, 1947): "On criticisms, in connection with proposed US aid to Greece and Turkey, that Greek Government is not a democracy, Secretary commented that US does not consider that this Government is all that is desired, but he hoped it would develop into what is desired." 1

1 Remarks of this tenor were made by Secretary Marshall at his press and radio news conference on May 7. The pertinent section of the memorandum of the conference stated: "A correspondent asked if the State Department had any comment on the insistent criticism of the Administration's program for Greece and Turkey in both the Senate and the House debate where it had been stated that this country was a democracy supporting Greece, a government of reactionaries. Mr. Marshall stated that we considered that the present government of Greece was not all that we would like to see it, and we hoped it would develop in form of government more in accord with our own views."
In expressing again deepest gratitude and appreciation of Greek Government for interest shown by US to Greece, Prime Minister stated that Greek Government which is democratic by its provenance, and which in midst of most difficult conditions has always followed democratic methods, stresses that close cooperation with US in spirit of full mutual confidence is indispensable under present conditions and thinks that above statement is of nature to diminish its prestige and authority for fulfillment of task which US Government is also looking forward to. Prime Minister, therefore, hopes that the US Government will be good enough to provide some clarification of its views.²

**MacVeagh**

²In telegram 687, May 12, from Athens, Ambassador MacVeagh commented further that the Prime Minister “personally understands very well that Secretary made declaration in good cause vital to Greece, but points out that connection of declaration with charges that Greek Government not ‘democratic’ has caused crop of rumors re US lack of confidence in him and forthcoming intervention in Greek political affairs. Rumors include US intention force out present government.” (868.00/5-1247)

868.00/5-1047: Telegram

*The Secretary of State to the Embassy in Greece*

**CONFIDENTIAL**

WASHINGTON, May 14, 1947—8 p. m.

**US URGENT NIACT**

639. Because of urgency of time element and mercurial shifts in attitude of Greek Govt you are in better position than Dept to assess feasibility acceptable solutions of amnesty question. Dept therefore wishes to give you wide latitude of discretion in answering Greek Aide-Mémoire (urtels 672 and 673 May 10 ¹) and in discussing matter with Greek officials with view to achieving ultimate aim of Dept which is threefold:

(1) To present clear Greek record to world opinion;
(2) To obtain Greek initiative which might forestall SC action on Greek internal matter and SC criticism of character of Greek Govt.
(3) To improve Greek internal situation by effectively weakening guerilla movement.

Greek Govt should be made fully aware of extremely unfavorable publicity it is receiving on this question particularly in hitherto favorable US press. Although Dept realizes that Greek Communists and guerilla leaders are determined to thwart even sincere Greek attempts to carry out amnesty, the hard fact is that general public opinion in US believes Greek Govt is committed to policy intransigent annihil-

²Telegram 673, not printed.
tion of all opposition. Since amnesty problem has received so much recent publicity, it will unquestionably be discussed by the SC even if not included in report of Investigating Commission. All acts of Greek Govt both of policy and implementation are in world spotlight, consequently Greece should in our view take exceptional measures to win general sympathy and to keep her own record above reproach.

It would appear to Dept that Greek Govt could take action along following lines. Greek Govt could announce that it has again re-examined its amnesty decrees and finds them satisfactory. In order prove good faith of Greek Govt it will request neutral foreign observers of one or more powers to visit Greece to observe and report on carrying out of these amnesty terms. Greek Govt could make it clear, however, that fully satisfactory implementation of amnesty laws must necessarily await effective measures, taken in pursuance of SC decision, to seal the northern frontiers in a manner to prevent aid reaching the guerilla bands from outside Greece.²

Sent Athens 639; rptd Geneva for Ethridge 385.

Marshall

²Telegram 717, May 16, 4 p.m., from Athens, gave the text of a first person note based on telegram 639 which Ambassador MacVeagh had addressed to Greek Foreign Minister Tsaldaris. Ambassador MacVeagh reviewed the note in detail with the Foreign Minister who “said he thought it would give him basis for eventual declaration and I [MacVeagh] urged prompt action in order to put an end to growing crop of false reports.” (868.00/5-1647)

868.00/5-1447: Telegram

The Secretary of State to the Embassy in Greece

SECRET

WASHINGTON, May 14, 1947—9 p.m.

640. Indications are that Greek Turkish Aid Bill may be signed by President within next two or three days. President will at that time make public statement.

Following steps will then be taken in order indicated:

(1) Dept will send note to Greek Govt in reply to Greek note of March 3. This will announce enactment of enabling legislation and indicate that US would welcome an indication from Greek Govt of its general plans for utilizing US assistance and of Greek willingness to enter into negotiations leading up to an agreement between the two Govts concerned on terms of utilization.

(2) In response to foregoing Greek Govt should then address note to US outlining in broad terms its economic program and its desire to conclude at earliest possible time agreement acceptable to both Govts for implementation of US Aid Program. Draft suggestion of items which Dept feels essential should be included in such note will be telegraphed to you within next few days for discussion with Greek Govt.
(3) Negotiations will then be started for signing of agreement between US and Greek Govts.

You should inform PriMin of foregoing proposed schedule in order that Greek Govt will not address formal communication to US immediately upon signing of bill but will await note from US Govt. We expect, of course, that public statements will be issued in Athens by Greek Govt or Greek leaders when bill is signed but these will not constitute direct and formal communications to US Govt.

MARSHALL

868.50/5-1547

The Department of State to the Greek Embassy

MEMORANDUM

Reference is made to the note from the Department of State to the Government of Greece dated April 4, 1945 concerning bills for civilian supplies provided to the population of Greece by the combined military authorities of the United States, the United Kingdom, and Canada. A combined bill for these supplies totalling $27,834,163 (United States dollars) will shortly be presented to the Government of Greece by the Supreme Allied Commander in the Mediterranean Theatre.

The Governments of the United States, United Kingdom, and Canada have now reached a final settlement of their respective shares of this bill, which have been determined to be as follows:

To the Government of the United States $17,507,688
To the Government of the United Kingdom $9,714,128
To the Government of Canada $612,352

The Government of the United States proposes that settlement of the obligation of the Greek Government to the Government of the United States for its share of the combined claim be accomplished by the inclusion of this obligation in the settlement between the two Governments of financial and related problems arising out of the war.

It is understood that the Governments of the United Kingdom and Canada are addressing similar communications to the Government of Greece.

WASHINGTON, May 15, 1947.

2 Not printed.

Editorial Note

On May 15, 1947, at Washington, Major General Donald H. Connolly, the Foreign Liquidation Commissioner, and the Greek
Chargé entered into an agreement under which the United States extended to Greece a further line of credit for the purchase of up to $10,000,000 worth of United States surplus property; for text, see United Nations Treaty Series, volume 184, page 250.

This agreement was the fourth involving sale of surplus property to Greece. For information on the three agreements entered into in 1946, which extended credits to Greece totaling $43,000,000, see footnotes 26 and 96, Foreign Relations, 1946, volume VII, pages 175 and 232.

867.00/5–1247: Telegram

The Secretary of State to the Embassy in Turkey

SECRET

WASHINGTON, May 15, 1947—9 p. m.

264. Terms of reference for survey mission to Turkey as agreed by State, War and Navy follow: 1

1. The survey of Turkey will be conducted by the US Amb to Turkey.

2. An over-all study of the Turkish Armed Forces will be conducted to include the Turkish economic and industrial potential for national defense and to determine recommendations for assistance to Turkey, within the limits of appropriated funds, to include the following:

a. Specific requirements of Turkish Army, Navy, and Air Forces for equipment and supplies, including a relative priority of various items.

b. Detailed economic and industrial assistance, including specific projects or types of projects, which would improve the efficiency and/or the self-sufficiency of Turkish Military establishment.

c. The desirability and feasibility of reorganization of Turkish Armed Forces designed to improve their efficiency and/or reduce the burden of maintenance of present large forces.

d. Training of Turkish Armed Forces to be provided by US or British.

e. Objectives, type, composition, and size of any US mission required in Turkey.

f. Continuing participation of British in furnishing assistance, economic or military, to Turkey.

g. Relationship of US and British missions, if both are required or desired in Turkey.

h. Phasing of supply of required items.

i. The degree of supervision to be exercised by US over the utilization of assistance furnished Turkey, and the method of exercising such supervision.

3. The US Amb to Turkey will consult with appropriate departments of Turkish Govt, the Turkish Armed Forces, British missions

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1 See SWNOC 358/1, p. 153.
or other British Armed Forces personnel in Turkey, and such other agencies or individuals as he considers desirable.

4. To support his recommendations the Amb will prepare a report of his findings, which he will submit to Dept of State not later than 15 July 1947.

5. Prior to consideration of his recommendations by US Govt, or during course of his study, should the Amb find it necessary or desirable that interim assistance should be furnished Turkey, he may so recommend.

6. The basic objectives of US assistance to Turkey, as stated below, will serve as guidance in conduct of survey:

   a. The maintenance of present strong Turkish determination to resist Soviet aggression. (This will require continued confidence in US as a source of actual and potential support and the maintenance of a sufficiently strong and well-equipped Turkish Army to give Turks a feeling that their own defenses are strong.)

   b. Maintenance of Turkish economic well-being so that social unrest will not open way for Soviet-Communistic penetration. (This involves reduction of economic burden of Turkish Armed Forces to a point at which Turkey can eventually support them without outside assistance.)

At present time the strength and productivity of Turkish economic system should be increased both to promote the general welfare of Turkish people and to permit Turkey to maintain by herself adequate defense forces.  

MARSHALL

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These terms of reference were incorporated in letters of May 23 by Secretary of State Marshall to the Secretary of War and the Secretary of the Navy. The letters requested that Maj. Gen. Lunsford E. Oliver and Rear Adm. Ernest E. Herrmann, the senior Army and Navy members of the Planning Group under the United States program of aid to Turkey, be directed to proceed to Ankara as quickly as possible (867.00/5-2347).

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Memorandum by Mr. William O. Baxter of the Division of Near Eastern Affairs to the Director of the Office of Near Eastern and African Affairs (Henderson)

[WASHINGTON,] May 20, 1947.

In connection with the attached memo 1 suggesting the possibility of a request from the Greek Government concurred in by the U.S. Government to Secretary-General Lie to assign a United Nations liaison officer to Greece to cooperate with the U.S. Aid Mission, I attended a meeting this afternoon in Mr. Stokes office. It was the general

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1 Not printed; the "Memorandum for Discussion in United Nations Liaison Committee" on official relations between the United Nations and the American Mission for Aid to Greece was drafted by Isaac N. P. Stokes, Associate Chief of the Division of International Affairs, on May 13.
consensus of the meeting that such an action at this time might prove dangerous. It would appear that the United States was trying by this means to forestall any attempt of the United Nations or the Security Council to observe our aid program and might be an open wedge for the extensive kind of observation recently proposed by Mr. Gromyko. It was suggested that after the U.S. Mission is operating in Greece, it might make suggestions to the Greek Government that the latter request the assistance of technical experts of various sorts from appropriate United Nations organizations.

In the meantime, however, no action or definite recommendation will be made by the Department though the views of Senator Austin and Mr. Johnson will be informally solicited.  

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3 Marginal notation by Mr. Henderson: "I feel that it would be unfortunate for us to make any move to encourage UN observers to watch over our activities in Greece. The mere presence of such observers might encourage the Communists and their sympathizers to sabotage our efforts. I believe the Greek Government would not want observers, particularly at this stage. I see no reason for the views of anyone to be obtained with regard to a matter which is so clear as this."

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868.00/5-2047: Telegram

The Ambassador in Greece (MacVeagh) to the Secretary of State

CONFIDENTIAL

ATHENS, May 20, 1947—9 p. m.

734. My telegram 717, May 16. Minister Foreign Office has informed me that he will issue following declaration to press tonight.

"The Greek Government, upon its formation, declared that it considered it its duty to uphold the law against the violence of the armed bands and to make secure the Greek peoples' life and freedom. At the same time, in its desire to bring internal strife to an early end, it proclaimed its determination to apply all possible measures of appeasement and pacification.

"In the application of its promises the government first proceeded to make a general revision of deportations which have been greatly reduced in numbers. It also proceeded to order the immediate suspension of all deportations without exception of old men, of women and children and issued a law which amnestied acts of rebellion committed by all those reporting to the authorities in a fixed time limit, also guaranteeing an effective protection of their return to a peaceful existence.

"Now that UN interest and American aid have brought the country assurance of security and economic reconstruction, the government feels that it can reexamine previous amnesty decrees as well as leniency measures already applied.

"The government having found the measures applied to have been useful is prepared to reapply them generously and for such time as may be consistent with the exigencies and safety of the state.

3 Not printed; but see footnote 2, p. 170.
"The Greek Government wishes, moreover, to declare that—as a government of a democratic country carrying out its policy with open doors—it has the intention of requesting impartial foreign observers of one or more countries to visit Greece to observe the fair and equitable treatment accorded anyone desirous to take advantage of the clemency of the state and put himself under its protection.

"Naturally the timing and other modalities of the request will be determined in due time by the Greek Government.

"The Greek Government in proceeding to make this statement feel it necessary to proclaim that fully satisfactory implementation of the amnesty must necessarily be contingent on effective measures to be taken in pursuance of the final decisions of the Security Council to seal the northern frontiers of Greece in such a manner as to prevent any further aid reaching the guerrilla bands from outside Greece."

Sent Department 734; repeated Geneva for Ethridge.

MACVEAGH

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Editorial Note

On May 22, 1947, President Truman signed Public Law 75, an Act to Provide Assistance to Greece and Turkey; for text, see 61 Stat. 103. The statement made by the President at the signing of the legislation, as well as the texts of the Act and of the regulations for carrying out its provisions (Executive Order 9857, May 22), are printed in Department of State Bulletin, June 1, 1947, pages 1070–1073.

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868.00/5–3147

Memorandum by the Acting Secretary of State to President Truman

SECRET

WASHINGTON, May 23, 1947.

I am attaching for your consideration a proposed basic agreement ¹ between the United States and Greece setting forth the general terms and conditions which shall govern the furnishing of assistance to Greece by the United States.

I am also attaching a draft note ² which we would propose that the Greek Government send to this Government, in advance of the conclusion of the basic agreement, outlining the plans of the Greek Government which will lay a basis for American assistance in recovery and reconstruction in Greece. This note is incorporated by reference in an appropriate manner in the proposed basic agreement. Both the agreement and the note will be registered with the United Nations.

Under this proposed procedure, the initiative and responsibility for domestic reconstruction measures in Greece lie with the Greek Government where they belong, while at the same time the United

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¹ The draft agreement and draft note were dated May 22; see telegrams 730 and 731, May 31, to Athens, pp. 185, 182.
States Government exercises full control over the expenditure of United States funds and over Greek Government programs intimately affecting the success of the American assistance program.

If you approve the draft agreement and note, Secretary Marshall intends to send them immediately to Athens for discussion and negotiation with the Greek Government.²

DEAN ACHESON

² President Truman gave his approval in a marginal notation on May 31.

$68.00/5-2347 : Telegram

The Secretary of State to the Embassy in Greece

CONFIDENTIAL WASHINGTON, May 23, 1947 — 6 p. m.

690. You are instructed to present following note to Greek Govt:

"In response to an appeal by the Greek Govt in its note of March 3, 1947 to the Govt of the US, and through it to the American people, for financial, economic, and expert aid to assist the Greek people in restoring their country, the President of the US on March 12, 1947, requested from the Congress the necessary authority to permit him to extend the help requested.

The Govt of the US now informs the Greek Govt that the President has been authorized to extend assistance to Greece under the provisions of an Act of Congress signed May 22, 1947.

The Govt of the US will welcome an indication from the Greek Govt of its general recovery program and assurances that the proffered assistance will be effectively utilized. This Govt will also welcome assurances from the Greek Govt that it is prepared to enter into negotiations leading to a mutually acceptable agreement between the two Govts on the terms under which American aid will be extended."

Dept’s suggestions for items to be included in Greek reply to foregoing will be telegraphed soonest. It is Dept’s intention, and you should so inform Greek Govt, that text of US note will not be released at this time but that US note and Greek reply will be made public as soon as Greek reply agreed upon and received by Dept.

MARSHALL

$68.00/5-2347 : Telegram

The Secretary of State to the Embassy in Turkey

CONFIDENTIAL WASHINGTON, May 23, 1947 — 6 p. m.

US URGENT

286. You are instructed to present following note to Turk Govt.

"The Govt of the US refers to past discussions between the Govts of the US and Turkey regarding the latter’s need for various kinds of
assistance. This Govt is pleased to inform the Govt of Turkey that the President has been authorized to extend such assistance by an Act of Congress signed May 22, 1947.

The Govt of the US is now prepared to enter into discussions regarding the type of assistance which is best suited to Turkish needs and the American Ambassador in Ankara is being instructed accordingly.

This Govt will welcome an assurance that the Turkish Govt is prepared to enter into negotiations leading to a mutually acceptable agreement between the two Govts on the terms under which American aid will be extended.  

In your discretion you may inform Turk Govt Dept does not intend to publish note at this time. Release of exchange of notes is contemplated when reply reed from Turk Govt.

MARSHALL

1 Ambassador Wilson presented this note to Foreign Minister Saka on May 26. Mr. Saka, in a note of May 27, replied that the Turkish Government was prepared to enter into such negotiations (telegrams 387, May 26, 6 p.m., and 391, May 27, 6 p.m., 867.00/5-2947, 5-2747).

868.51/5-2447: Telegram

The Secretary of State to the Embassy in Greece

SECRET WASHINGTON, May 24, 1947—2 p.m.
MOST URGENT NIACT

697. Dept requested by Brit Embassy here to conclude understanding concerning arrangements for supply of equipment for Gk military forces. As background, UK covered foreign exchange costs, estimated 2 million pounds sterling, such supplies arriving in Greece between Mar 31 and Apr 30, out of Angellooulos funds. However UK had made no provision for reimbursement arrivals after May 1.

Dept contemplates exchange of notes between UK and US establishing arrangement under which

A. Brit undertakes to continue furnishing minimum essential requirements Greek armed forces until American supplies arrive: (1) food consumption for 170,000 men through Oct 47; (2) minimum gasoline, fuel oil, ammunition and maintenance supplies on scale required by present Greek forces; and (3) such additional supplies which may be requested by US.

B. US would agree pay UK for supplies issued by Brit to Gk forces after May 22, 1947, effective date of Act. Such issues would include new arrivals after May 22 and issues from existing Brit stocks in Greece to which title had not passed to Gks before May 22 but would exclude initial equipment program 2 million sterling which we would expect Brit to continue to fulfill upon Gk demand and free of charge. Also excluded from payment would be other items which Brit had previously agreed to provide Gks free of charge and items covered by payment by Gks from advances made by Brit Govt (Angellooulos funds).
Intent B relieve British financial burden for aid to Greek military after effective date of Act and assure arrival UK goods still undelivered to Greeks without, however, putting ourselves in position reimbursing British for supplies furnished Gk military from May 1 to May 22. Belief here that for most part arrivals UK supplies in Greece after May 1 would still be undelivered to Gks and in British stockpiles on May 22. Amount US liability re such stocks unknown but probably would not be large, say $5 to 8 million.

Notes would provide for clearance Gk requirements and Brit supply program by American missions as soon as practicable. Brit program could be amended by American mission. Dept will endeavor to secure Brit agreement that US not responsible financially for issues and arrivals not in accordance with amended program; but US would have to bear full financial liability including cancellation costs on new programs specified A above.

Notes would also provide representatives US and UK service departments work out accounting and reimbursement procedures in more detail later. US would request Brit keep detailed records ad interim. UK Emb here pressing strongly for assurance from US on basis of which it can continue Greek military supply program. Above proposal discussed here with representatives War and Navy. Dept requests your reactions before May 27 if possible. Sent Athens as 697 repeated London as 2257.

MARSHALL

1 In telegram 775, May 27, the Embassy in Athens advised that the British military forces in Athens agreed in principle with the arrangements set forth in telegram 697. The Embassy further stated that it had no comment of its own to make. (868.51/5-2747)

868.00/5-2647: Telegram

The Ambassador in Greece (MacVeagh) to the Secretary of State

CONFIDENTIAL Athens, May 26, 1947—7 p. m.

765. Mytel 674, May 10. Can Department give Prime Minister some answer his message or at least authorize me make him reassuring remarks in its name? Matter may be more serious than meets eye involving possible resignation at critical time of most non-partisan, moderate and cooperative personality in Government. Feel his message should not be taken as a mere sign of personal sensitiveness but as indication of Prime Minister’s precarious position vis-à-vis Tsaldaris and other party leaders. Most likely successor would be Tsaldaris with consequent difficulties for our mission which anyone who met him in Washington will understand.
When originally attempting dissuade Maximos from sending message, I expressed belief Secretary's reference to Government not intended specifically indicate non-confidence in Cabinet under his leadership but only hope for improvement of general governmental conditions in which he interested as much as we. However, he insisted stating interpretation widespread here in former sense, especially among politicians and yesterday convoked me privately to say Cabinet showing tendency regard Department's lack of reply as confirmation this point of view. I then attempted calm him by reference Department's denial to press that Ambassador instructed to bring about change of government (USIS bulletin May 10) but he replied that while I might be uninstructed to take any action, Secretary's statement might still have been intended show dissatisfaction with his conduct of affairs and that inability confute this argument rendering his position in Cabinet progressively difficult.

MacVeagh

868.20/5-2647: Telegram
The Ambassador in Greece (MacVeagh) to the Secretary of State

CONFIDENTIAL

ATHENS, May 26, 1947—9 p. m.

771. Deptel 671 May 20. Following is text aide-mémoire handed me May 25 by FonMin in reply my note 206, May 12 concerning proposed increase in Greek armed forces:

"Greek General Staff is convinced and has brought to the govt indisputable evidence of fact army is not at this moment occupied in suppressing armed rebellion but in fighting an undeclared war.

This war in which enemy's objective is destruction not only of armed forces but also of unarmed population and of wealth of entire provinces and which is waged on front of over 1,000 kilometers obviously constitutes great strain on army which is called upon to defeat enemy purpose.

Being responsible to govt for morale and efficiency of army, the General Staff has examined in close collaboration with British Military Mission needs for coming months. Necessity of certain increases in strength of army, some temporary others more permanent, was unanimously admitted as imperative and relevant proposals submitted to high military council and National Defense Council.

These proposals were made under express reserve that their execution would be subject to concurrence of US Govt. Assent of the two councils was obtained under same reserve.

1 Not printed; it instructed the Embassy in Athens to take appropriate steps to expedite a reply by the Greek Government to the Embassy's note of May 7 as set forth in telegram 671, May 10, p. 166. It also gave the Department's assumption that the Greek Government would not proceed with plans to increase its armed forces pending investigation by the United States of the economic and military implications relative to the aid program (868.20/5-1047).
Greek General Staff is inclined believe that necessity for these increases will also be appreciated by the American Military experts and the importance of time factor taken into consideration. Greek Govt fully realize that military expenses are non-productive and would not willingly agree to diversion of funds this purpose. They, nevertheless, feel obliged consider reestablishment law and order as all important basis for any future reconstruction plan."

MacVeagh

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2 In telegram 799, May 30, from Athens, Ambassador MacVeagh advised that in view of the exigencies of the situation Colonel Lehner was recommending a temporary increase of 20,000 recruits to replace veterans of long service in the Greek Army (868.20/5-3047). Col. Charles R. Lehner's letter of instruction of May 19 designated him head of the War Department Group of the United States Mission to Greece and directed him to proceed to Athens on or about May 20. The initial composition of the Group was set at 25 officers, 3 enlisted men and 25 War Department civilian employees. (868.00/5-1947)

Memorandum by the Secretary of State to President Truman

SECRET

WASHINGTON, May 28, 1947.

I am attaching for your consideration a proposed basic agreement between the United States and Turkey setting forth the general terms and conditions which shall govern the furnishing of assistance to Turkey by the United States. To the extent considered appropriate, the agreement follows the text of the proposed agreement with Greece which Mr. Acheson sent to you on May 23, although a more simple document is regarded as adequate to accomplish the more restricted nature of the program of assistance to Turkey.

If you approve the draft agreement, it will be sent to Ankara for negotiation with the Turkish Government.

G. C. Marshall

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1 The draft agreement was dated May 28; see telegram 309, June 4, to Ankara, p. 190.

Memorandum by Mr. George C. McGhee, Special Assistant to the Under Secretary of State for Economic Affairs (Clayton), to the Assistant Secretary of State for Occupied Areas (Hildring)

CONFIDENTIAL

[WASHINGTON,] May 28, 1947.

Subject: State Department Plan for Implementing the Greek-Turkish Loan (Aid Program)

I have delayed replying to your memorandum of May 8 on the above subject pending further developments of the Greece-Turkey
Aid program. We have, in the meantime, discussed this matter in the Interim Greece-Turkey Assistance Committee. ¹

With the passage of the enabling legislation without amendments restricting expenditures for any particular part of the program, it would appear that the Department has an edict to proceed with the expenditure of the initial $100,000,000 in accordance with the testimony presented before Congress.

I agree that there is some slight risk that the Appropriation Bill might earmark funds for particular purposes or exclude certain portions of the program. In this event programs started under the initial $100,000,000 would have to be altered and some dislocation might result. However, it is believed that this is a slight risk and one which we must take. We propose to allocate funds only as actually required to implement the various programs as they are developed, which will mean that funds committed to any particular program will be kept at a minimum.

¹The Interim Greek Assistance Committee in the Department of State held its first meeting on April 8, 1947. It was renamed the Greece-Turkey Assistance Committee by the time of its second meeting two days later (Minutes of Meetings, 868.00/5-2647). The announcement by the Department of State setting forth the membership and functions of the Committee is printed in the Department of State Bulletin, April 27, 1947, p. 777.

868.00/5-1247: Telegram

The Secretary of State to the Embassy in Greece

CONFIDENTIAL

ATHENS, May 28, 1947—6 p. m.

717. Urtels 674 May 10, 687 May 12, ¹ 765 May 26. You are authorized to present following views to PriMin for his private info and for whatever confidential use he considers necessary with cabinet members but not to serve as basis for any public statement.

Assure PriMin that my remarks in press conference May 7 were not meant as criticism his leadership Greek Govt. I am fully aware that his influence has been one of moderation and cooperation with us in our desire to aid Greek people and to lessen stultifying political factionalism, and I greatly appreciate his work along these lines.

In reply to PriMin’s request for clarification of US views you should point out that my remarks to press are similar to previous public statements by US officials. As President made clear in his address to Congress March 12, Greek Govt, like other Govts, is not perfect. We cannot condone its past mistakes or mistakes which it may make in the future. US desire for moderation has been made clear on

¹ No. 687 not printed, but see footnote 2, p. 169.
many occasions and that desire remains today. We hope that Greek leaders will be increasingly able to subordinate short-sighted personal and political considerations to more patriotic ideal of national unity. We cannot look with favor on excesses of either extremes whether represented in the Govt or not. Although we have no intention of attempting to change Greek Cabinet or indicating our preference for individual ministers, continued presence in Cabinet of such irreconcilables as Zervas is not reassuring.

For your info we are well aware that alternative to present PriMin suggested first paragraph urt 765 would be most unfortunate.²

MARSHALL

² According to telegram 798, May 30, from Athens, Prime Minister Maximos requested that Secretary Marshall be "informed that he has been greatly touched by latter's message. This has given him renewed courage in his efforts to carry to a successful conclusion the heavy task which has fallen on his shoulders." (868.00/5-3047)

868.00/5-3147: Telegram

The Secretary of State to the Embassy in Greece

SECRET

WASHINGTON, May 31, 1947—1 p. m.

731. Deptel 640, May 14. This telegram and one immediately following contain respectively (1) draft suggestions for Greek note (2) draft proposed agreement on US aid, both of which have been submitted to President and approved by him. Pl transmit text of both drafts to Greek Govt.

For your info, it is Dept’s view that the general statements suggested for Greek note would have better effect coming from Greek Govt in that form than if embodied in more formal agreement between US and Greece. Although Dept holds no brief for exact wording of proposed note and would be willing to consider changes proposed by Greek Govt, we would wish to give consideration to any variance before note is officially presented. All points contained in our draft are considered important and are so closely related to our proposed agreement that substantive changes in note would raise serious difficulties. It is hoped therefore that Greek Govt will be agreeable to presenting note substantially as suggested. The element of time is also important consideration.

Begin text draft note: Draft of note from Greek Government to United States Government

The Greek Govt acknowledges the note of the US Govt of May 1947, informing it that the President of the US has been empowered by Congressional action to extend assistance to Greece. The hearts of the Greek people are profoundly touched by this proof of the generos-
ity and good will of the American people and of the benevolent interest of a great and friendly nation in the welfare of Greece. The Greek Govt, on its own behalf and on behalf of the Greek people, wishes to express its deepest appreciation for this magnanimous response to the request of the Greek Govt and takes this opportunity to repeat that it turned to the US for aid only because the devastating results of the war were such as to render impossible the enormous task of reconstruction with the resources remaining to Greece after years of conflict and enemy occupation.

The Greek Govt wishes to give assurances that any assistance it may receive will be used in conformance with the purposes for which it may be made available. Aid given for military purposes will be used in the restoration and maintenance of internal order. Aid furnished for the economic recovery and physical reconstruction of the country will be expended in a manner which will have a lasting beneficial effect on the country as a whole.

The Greek Govt also wishes to make known at this time its own plans for action which will lay a basis for American assistance in Greek recovery and reconstruction.

The Greek people realize that ultimate solution of their problem requires great and continuous effort by themselves. They are aware that the extensive aid of the US will not alone be sufficient to meet the large costs of restoring public order and reconstructing productive facilities over a period of years. The Greek Govt will lead its people in their effort to achieve these ends. This responsibility entails the composing of internal differences, the collection of more revenues, the rebuilding of foreign trade, the conservation of foreign exchange, the reconstruction of public works, the improvement of government administration, assistance and guidance to agriculture and industry, establishment of protective labor measures, encouragement of democratic organizations among economic and social groups, measures to control inflation and assure equitable distribution of supplies and services, and the restraint of excesses and extravagances on the part of any segment of the population. The Greek Govt will undertake these and all other necessary measures to marshal Greece's own resources to the fullest extent in attaining the ends for which American assistance may be extended. This organization of Greek effort will require economic contributions and cooperation from all.

The Greek Govt is ever mindful that primary responsibility for the economic welfare of the country rests with the Greek Govt, and it is therefore proceeding with plans for the early institution and vigorous administration of those measures which will enable full use of capital, productive facilities, manpower resources and natural wealth to be found in Greece. Certain measures proposed by the Greek Govt are stated in general terms in this note; these and other measures will be developed further after consultation with American advisors.

In order to achieve budgetary balance and economic stability at the earliest possible time the Greek Govt will undertake to rehabilitate its national and local revenue system by all necessary measures including the modernization of tax administration, elimination of tax evasion and the use of every practicable source of revenue. Full regard will be given to the equitable distribution of the tax burden and to the
principle of ability to pay. Measures will be taken to control and curtail expenditures of the Govt. The Govt audit and accounting system will be strengthened, and the budget will be published and used as an effective control of expenditures.

With a view to steadily increasing the ratio of official acquisitions of foreign exchange to import requirements, a program will be undertaken to increase the amounts of foreign exchange coming into the Greek economy through normal commercial channels. Vigorous efforts to increase exports, including the resumption of the export of olive oil and the rebuilding of foreign markets, will be made. Measures will be adopted to assure the operation of Greek shipping in a manner which will provide the greatest benefit for the national economy. Existing regulations on the import and export of foreign exchange will be enforced and strengthened by all possible means. To make the most effective use of available exchange, imports will be limited to those which are essential to the Greek economy, and they will be brought in as an integral part of a national import program which includes goods purchased with American aid. The planning and administration of the program of public and private imports and exports will be centralized in a Foreign Trade Administration headed by an American technician in the employ of the Greek Govt.

To guard against further inflation, a vigorous program will be undertaken to hold down prices and to establish an equitable relationship between prices and wages. As further deterrents to inflation, rent control and rationing of commodities will be continued and controls on credit and banking will be instituted.

The agricultural and industrial production of the country will be increased by Govt guidance and financial assistance. Unduly restrictive taxes, detrimental employment practices and monopoly regulations will be re-examined, and all unnecessary deterrents to production eliminated. To this end the Greek Govt will encourage increased labor productivity while fostering the right of workers to organize and join free democratic labor unions and to engage in activities to promote their mutual protection and economic status.

In order to fill its increasingly active role in guiding the recovery and reconstruction efforts during the American aid program, the Govt will undertake an extensive program to improve its governmental organizations and civil service, which were so disrupted by the long years of war.

The Greek Govt wishes to take this opportunity to renew its request to the US Govt for American personnel who can assist in the Greek recovery effort, including a special American Mission to administer the extension of American aid, observe its use by the Greek Govt and advise the Greek Govt. In order to expedite recovery in Greece and because of the large financial contribution of the US to Greece, the Mission should participate in the development of revenue and expenditure policies, approve Govt expenditures for activities which directly or indirectly involve the use of American aid, take part in the planning of the import program, and approve the use of foreign exchange. The Greek Govt would also wish the Mission to assist in execution of reconstruction projects, improvement of public administration, technical training of civil servants and other personnel, continuation of the health program, development of exports, programming and disposi-
tion of Govt purchased supplies, promotion of agricultural and industrial recovery, and regulation of wages and prices. In general the Greek Govt will wish to consult with the Mission before taking any economic steps which might affect the success of the American aid program.

In addition to the members of the Mission who will act as representatives of the US Govt, the Greek Govt wishes the assistance of the US Govt in employing a limited number of American experts to act in technical and executive capacities within the Greek Govt. The Govt will continue a Currency Committee consisting of Greeks and foreign experts with functions modified to fit in with those of the American Mission. As mentioned above, a Foreign Trade Administration, headed by an American technician, is also planned.

In the light of the recent legislation by the Congress of the US and of the views expressed by the US Govt in its note of May, 1947, and by the Greek Govt in this note, it is suggested that the two Govts should enter into a formal agreement on these matters. End text draft note.

MARSHALL

868.00/5-3147: Telegram

The Secretary of State to the Embassy in Greece

SECRET

WASHINGTON, May 31, 1947—1 p. m.

730. Following is text draft agreement referred to Deptel immediately preceding:

BEGIN TEXT DRAFT AGREEMENT—Agreement on aid to Greece

The Govt of Greece having requested the Govt of the US for financial, material and technical assistance to avert economic crisis, promote national recovery, and restore internal tranquillity; and

The Congress of the US, in the Act approved May 22, 1947, having authorized the President of the US to furnish such assistance to Greece, on terms consonant with the sovereign independence and security of the two countries; and

The Govt of Greece, in a note to the Govt of the US of ————, 1947, having proposed certain measures within Greece which it deems essential to the effective use of US assistance and of Greece's own resources in promoting reconstruction and recovery in Greece as soon as possible; and

The Govt of the US and the Govt of Greece believing that the furnishing of such assistance will help to achieve the basic objectives of the Charter of the United Nations and will further strengthen the ties of friendship between the American and Greek peoples:

The undersigned, being duly authorized by their respective Govts for that purpose, have agreed as follows:

ARTICLE I

The Govt of the US will furnish the Govt of Greece such assistance as the President of the US may authorize to be provided in accordance

1 Supra.
with the Act of Congress approved May 22, 1947, and any Acts amendatory or supplementary thereto.

**Article II**

The Govt of Greece will make effective use of any assistance furnished to Greece by the US and of Greece’s own resources in order to advance reconstruction and secure recovery in Greece as soon as possible. To this end the Govt of Greece has already undertaken, and hereby agrees, to effectuate the measures proposed in its note of ______, 1947 to the Govt of the US and will take such further action as may be appropriate.

**Article III**

The Govt of the US will send to Greece a mission to be known as the American Mission for Aid to Greece (hereinafter referred to as the American Mission). The Chief of the American Mission designated by the President of the US will represent the Govt of the US on matters relating to the assistance furnished under this Agreement.

**Article IV**

The Chief of the American Mission will determine, in consultation with representatives of the Govt of Greece, the terms and conditions upon which specified assistance shall from time to time be furnished under this Agreement. Under the direction of the Chief, the Mission will provide such advisory assistance and will exercise such functions as are necessary and proper to assist the Govt of Greece to make the most effective use of any assistance furnished to Greece by the US and of Greece’s own resources and thereby to advance reconstruction and secure recovery in Greece as soon as possible. Certain of these functions are contained in the measures proposed by the Govt of Greece in its note of ______, 1947.

**Article V**

The Govt of Greece will furnish all practicable assistance to the American Mission to facilitate the performance of its functions, the movement of Mission personnel to, in or from Greece, the employment of Greek nationals and residents, the acquisition of facilities and services, and the performance of other activities of the Mission. The personnel of the American Mission and the property of the Mission and of its personnel shall enjoy in Greece the same privileges and immunities as are enjoyed by the personnel of the US Emb in Greece and the property of the Emb and of its personnel.

**Article VI**

The Govt of Greece will permit the members of the American Mission to observe freely the utilization of assistance furnished to Greece by the US. The Govt of Greece will maintain such accounts and records, and will furnish the American Mission such reports and information, as the Mission may request for the performance of its functions and responsibilities.

**Article VII**

The Govt of Greece and the Govt of the US will cooperate in assuring the peoples of the US and Greece full information, consistent with the security of the two countries, concerning the assistance furnished to Greece by the US. To this end—
(1) representatives of the press and radio of the US will be permitted to observe freely and to report fully regarding the utilization of such assistance; and
(2) the Government of Greece will afford the American Mission opportunity for, and will cooperate with it in providing, full and continuous publicity within Greece, including periodic reports by the Mission, as to activities under this Agreement and the purpose, source, character, scope, amounts, and progress of such assistance.

Article VIII

The Govt of Greece will make such provisions as may be required by the President of the US for the security of any article, service, or information received pursuant to this Agreement. It will not transfer, without the consent of the President of the US, title to or possession of any such article or information nor permit, without such consent, the use of any such article or the use or disclosure of any such information by or to anyone not an officer, employee, or agent of the Govt of Greece or for any purpose other than that for which the article or information is furnished.

Article IX

The Govt of Greece will not use any part of the proceeds of any loan, credit, grant, or other form of aid rendered pursuant to this Agreement for the making of any payment on account of the principal or interest on any loan made to it by any other foreign government.

The Govt of Greece will not, except with the approval of the Govt of the US, allocate any funds or make available any foreign exchange for payment of principal or interest or both on the foreign indebtedness now in suspense of the Govt of Greece and of all public and private debtors.

Article X

Any or all assistance authorized to be provided pursuant to this Agreement will be withdrawn—

(1) If requested by the Govt of Greece;
(2) If the Security Council of the United Nations finds (with respect to which finding the US waives the exercise of any veto) or the General Assembly of the United Nations finds that action taken or assistance furnished by the United Nations makes the continuance of assistance by the Govt of the US pursuant to this Agreement unnecessary or undesirable;
(3) Under any of the other circumstances specified in section 5 of the aforesaid Act of Congress or if the President of the US determines that such withdrawal is in the interest of the US; or
(4) If the Govt of Greece does not take reasonable steps to effectuate those measures proposed in its note of ________, 1947 or subsequently agreed upon which are essential to reconstruction and recovery in Greece.

*In telegram 739, June 2, to Athens, the Department directed the Embassy to delete the words “or both” (868.00/6-3147).
ARTICLE XI

This Agreement shall take effect as from this day’s date. It shall continue in force until a date to be agreed upon by the two Governments.

ARTICLE XII

This Agreement shall be registered with the United Nations.

Done in duplicate, in the English and Greek languages, at Athens, this ______ day of ______, 1947.

For the Government of the United States

For the Government of Greece

End text draft agreement.

MARSHALL

867.20/6-347

Memorandum by the Director of the Office of Near Eastern and African Affairs (Henderson) to the Under Secretary of State (Acheson)

TOP SECRET

[WASHINGTON,] June 3, 1947.

Subject: British Desire for Consultation Regarding Composition of Turkish Armed Forces.

The Problem: The British Foreign Office has communicated to Ambassador Wilson in Ankara and to the Department here its desire for discussions between British and American military authorities in Washington to reach “final decisions” on the size and composition of the Turkish Army. A suggestion of the same sort was made by the British in February, when the question of American aid to Turkey first arose. It is now being made again as a result of a statement by Ambassador Wilson to the British Ambassador in Ankara that we hoped that British military and naval instructors would remain in Turkey. The British say that there will be no difficulty regarding their naval and air force instructors, but that they must know just what is to be done with the Turkish Army in order to decide whether it would be useful for them to leave ground force instructors in Turkey. They apparently envisage that the American and British governments should decide the kind of army Turkey should have and then inform the Turks.

Specifically, the British request that we agree (a) to hold joint discussions regarding future composition of the Turkish armed forces, such discussions to take place in Washington after the return of the American Survey Mission, and (b) to instruct our Survey Mission now to make its investigations and prepare its report with a view to these subsequent discussions.
Discussion: Ambassador Wilson, in his telegram no. 405 of May 31\(^2\), (Tab A, attached) expresses the view that we should not attempt to impose upon the Turks any hard and fast decision as to what their armed establishment should be, although we should of course give them whatever advice they may request on the subject. He considers that our task is primarily to determine the most effective use of the $100 million we intend to spend to aid Turkish national defense and that our assistance should not be conditioned upon Turkish acceptance of our views on the size and composition of their armed forces. He fears that it would create an unfortunate impression on the Turks if they thought that the British and ourselves were conferring independently in order to make decisions regarding what Turkey should do. He further points out that our survey group is obtaining information from the Turks which the latter have not given to the British and do not wish us to pass on.

NEA is in general agreement with Ambassador Wilson's views. Since we are particularly anxious to avoid the appearance of dictating to Turkey, we do not feel that we should attach any hard and fast conditions to our assistance with respect to the future composition of the Turkish armed forces, although our military people will undoubtedly have occasion to make suggestions to the Turks in this respect. We have every reason to believe that the Turks will give such suggestions serious consideration. We also feel that it would be unfortunate to commit ourselves to the British in any way which would restrict our freedom of action or lead the Turks to believe that we were making decisions jointly with the British without their knowledge or concurrence. However, we recognize that the British have a continuing interest in Turkey, and it had been our thought that the British would continue to help there through the provision of technical instructors and in such other ways as they may be able to afford. We should not, therefore, attempt to exclude them from the picture. In the particular instance, the British appear to have a logical argument when they say that they cannot decide regarding the continuance of their ground force instruction group unless they know what sort of ground force Turkey is to have and what kind of equipment it will use.

Recommendations: It is recommended that NEA be authorized to seek War and Navy Department concurrence and then to carry out the following:

1. The British Embassy here be advised, informally, that we do not wish to attempt to dictate to the Turks what they should do with their armed forces, and that we would therefore not wish to engage in formal conversations leading to "final decisions" in this regard.

\(^2\) Not printed.
2. The Embassy to be told, however, that we recognize the British interest in this subject and their need for information in order to plan their instruction program in Turkey. Consequently, we would be glad to have informal consultation in Washington following the return of the American Survey Mission from Turkey, at which time the Mission would of course furnish the British with such information as it obtains regarding Turkish plans and our own plans with respect to the supply of the Turkish armed forces. (It would be understood by our representatives in such conversations that they would not convey to the British any information supplied by the Turks which the latter requested be withheld from the British.)

3. The Embassy to be advised that it would be undesirable to summon either the British or American Service Attachés from Ankara to take part in the informal consultations here, because this would undoubtedly arouse speculation on the part of the Turks and magnify the importance of the talks.\footnote{Marginal notation by Mr. Acheson: “I agree and suggest you look at one of the answers to the Vandenberg questions, in which I said that there would be no agreements with the British.” Mr. Acheson was referring, presumably, to his answer to Question 93, namely that “There is no agreement with the British Government with reference to the implementation of the proposed plan of assistance to Greece and Turkey. The United States is free to act in agreement with the Greek and Turkish Governments, respectively.” (Department of State Bulletin, May 4, 1947, Supplement, p. 890).}

Tab B: Paraphrase of Foreign Office telegram of May 29, to Ankara.\footnote{Not printed.} Copy left at Department June 2, 1947.

L[OY] W. H[EADSON]

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867.00/5-2747: Telegram

\textbf{The Secretary of State to the Embassy in Turkey}

\textbf{SECRET}

WASHINGTON, June 4, 1947—6 p. m.

309. Following is draft agreement (Emtels 392\textsuperscript{1}) approved by President:

\textit{Begin text agreement Agreement on Aid to Turkey}

The Government of Turkey having requested the Government of the United States for assistance which will enable Turkey to strengthen the security forces which Turkey requires for the protection of her freedom and independence and at the same time to continue to maintain the stability of her economy; and

The Congress of the United States, in the Act approved May 22, 1947, having authorized the President of the United States to furnish such assistance to Turkey, on terms consonant with the sovereign independence and security of the two countries; and

\textsuperscript{1} Dated May 27, not printed.
The Government of the United States and the Government of
Turkey believing that the furnishing of such assistance will help to
achieve the basic objectives of the Charter of the United Nations and
will further strengthen the ties of friendship between the American
and Turkish peoples:
The undersigned, being duly authorized by their respective Gov-
ernments for that purpose, have agreed as follows:

**ARTICLE I**

The Government of the United States will furnish the Government
of Turkey such assistance as the President of the United States may
authorize to be provided in accordance with the Act of Congress ap-
proved May 22, 1947, and any Acts amendatory or supplementary
thereto. The Government of Turkey will make effective use of any
such assistance in accordance with the provisions of this Agreement.

**ARTICLE II**

A Chief of Mission to Turkey designated by the President of the
United States for the purpose will represent the Government of the
United States on matters relating to the assistance furnished under
this Agreement. The Chief of Mission will determine, in consultation
with representatives of the Government of Turkey, the terms and
conditions upon which specified assistance shall from time to time
be furnished under this Agreement, except that the financial terms
upon which specified assistance shall be furnished shall be determined
from time to time in advance by agreement of the two Governments.
The Chief of Mission will furnish the Government of Turkey such
advice as may be appropriate to help in achieving the objectives of
the assistance furnished under this Agreement.

The Government of Turkey will permit the Chief of Mission, and
members of his staff designated by him, to observe freely the utiliza-
tion of any such assistance, and will furnish the Chief of Mission such
reports and information on the utilization and progress of assistance
furnished as he may request for the performance of his functions and
responsibilities.

**ARTICLE III**

The Government of Turkey and the Government of the United
States will cooperate in assuring the peoples of the United States
and Turkey full information, consistent with the security of the two
countries, concerning the assistance furnished pursuant to this Agree-
ment. To this end—

(1) representatives of the press and radio of the United States
will be permitted to observe freely and to report fully regarding
the utilization of such assistance; and

(2) the Government of Turkey will give full and continuous
publicity within Turkey as to the purpose, source, character, scope,
amounts, and progress of such assistance.

**ARTICLE IV**

The Government of Turkey will make such provisions as may be
required by the President of the United States for the security of any
article, service, or information received pursuant to this Agreement.
It will not transfer, without the consent of the President of the United States, title to or possession of any such article or information nor permit, without such consent, the use of any such article or the use or disclosure of any such information by or to anyone not an officer, employee, or agent of the Government of Turkey or for any purpose other than that for which the article or information is furnished.

**Article V**

The Government of Turkey will not use any part of the proceeds of any loan, credit, grant, or other form of aid rendered pursuant to this Agreement for the making of any payment on account of the principal or interest on any loan made to it by any other foreign government.

**Article VI**

Any or all assistance authorized to be provided pursuant to this Agreement will be withdrawn—

1. If requested by the Government of Turkey;
2. If the Security Council of the United Nations finds (with respect to which finding the United States waives the exercise of any veto) or the General Assembly of the United Nations finds that action taken or assistance furnished by the United Nations makes the continuance of assistance by the Government of the United States pursuant to this Agreement unnecessary or undesirable; and
3. Under any of the other circumstances specified in section 5 of the aforesaid Act of Congress or if the President of the United States determines that such withdrawal is in the interest of the United States.

**Article VII**

This Agreement shall take effect as from this day's date. It shall continue in force until a date to be agreed upon by the two Governments.

**Article VIII**

This Agreement shall be registered with the United Nations.

Done in duplicate, in the English and Turkish languages, at Ankara, this (fill in date) day of (fill in month), 1947.

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For the Government of the United States

For the Government of Turkey

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*In telegram 430, June 6, 8 p.m., from Ankara, Ambassador Wilson reported that he had handed the draft agreement to Turkish Foreign Minister Saka the same day (867.00/6-047). Beginning that day there were many exchanges of telegrams between the Embassy in Ankara and the Department of State concerning clarifications sought by the Ambassador and detailing his negotiations with Turkish officials, who requested several changes in the draft agreement. These telegrams are filed under 867.00.*
AID TO GREECE AND TURKEY

SECRET WASHINGTON, June 6, 1947—noon.

781. Urtels 771 May 26; 779 [799] May 30 and Lehner’s MID 185 May 27. Dept assumes you concur temporary increase 20,000 Greek Army recommended Colonel Lehner and Brit military. Increase also approved here by War Dept.

If Dept assumption correct, you may inform Greek Govt that US Govt concurs in temporary increase maximum 20,000 for Greek Army to replace veterans long service. Such increase for period approximately three months at end of which Greek National Army should be reduced promptly to original ceiling of 120,000. US Govt will expect Greek Govt to minimize internal financial expenses of such temporary increase, as any unnecessary or excessive local expenditures would constitute drain on Greek budget and resources of economy and indirectly diminish net contribution assistance civilian economy from US funds becoming available under Act. US Govt reserves judgment necessity further call-up Sept 1 of 20,000 additional new men (urتل 671 May 10) and re permanent increase suggested third para Greek Aide-Mémoire May 25.

Following forurinfo. If after consultation Lehner above three months period covering temporary increase either excessive or inadequate, you are authorized to make appropriate change in reply to Greek Govt.

Dept understands costs temporary increase 20,000 offset in part by factors mentioned urتل 799, but further clarification helpful. On basis present financial program for Greece, any net dollar increase Army costs would be absorbed in tentative 150 million military program.

If possible pls ascertain Greek Govt internal costs proposed 20,000 Army increase.

MARSHALL

3 Not printed, but see footnote 2, p. 180.

CONFIDENTIAL ANKARA, June 6, 1947—7 p. m.

PRIORITY

428. Department’s telegram 316 [313], June 4. Survey group of Army, Navy and State Department to advise me in making recommendations for most effective utilization of US aid to Turkey arrived

3 Not printed.
in Ankara May 22. They at once began series daily meetings with officers Turk General Staff and other officials Turk Government. They have made most satisfactory progress and have obtained complete cooperation all Turk authorities. On June 3 members survey group with Turk opposite numbers [divided into working?] parties for visits to various sections Turkey for on ground studies of problems involved in survey. They are expected return Ankara by end June when we shall begin drafting our report. Pending their return and preparation of specific recommendations re utilization aid, I wish submit to Department following general views based on personal observation since my return from Washington and on experience gained by survey group to date.

1. Passage of legislation by US Congress to provide aid to Turkey has had most encouraging effect here. It has been wholeheartedly welcomed by Turk Government and people. It is regarded as a positive measure for maintenance of peace and stability in Middle East and as effective contribution to strengthening United Nations. Government and people are relying heavily on aid program and would fail utterly to understand any reluctance or delay on our part in implementing it.

2. My observations since returning here have served to strengthen even further my conviction that aid by US to assist Turkey is essential for maintenance peace in this area.

3. US aid is of great moral significance to this part of world as indicating US determination to support principles of UN.

4. On assumption US aid will take form largely of strengthening Turkish national defenses, this should also have beneficial effect on Turkish economy. Unless US furnishes needed supplies and equipment Turkey would be obliged to use foreign exchange and held reserves to acquire them, thereby weakening financial and economic position.

5. Preliminary investigations in many fields of possible application of aid program have revealed extensive need for aid in form of equipment, supplies and technical advice. These investigations reveal even greater need for such assistance than was at first anticipated. There is ample evidence that funds to be made available can be applied on effective projects, many of which are of urgent character. It is clear that program which will be of inestimable assistance to Turkey is being developed and that benefits of aid program should be fully as effective as anticipated.

6. With this aid from US and with such further assistance as Turkey hopes to obtain from International Bank for economic projects, Turkey should be able to carry out successfully development of country's economic resources against background of strengthened national security.

Wilson
Memorandum of Conversation, by the Director of the Office of Near Eastern and African Affairs (Henderson)

SECRET

[WASHINGTON,] June 13, 1947.

The Greek Ambassador\(^1\) called upon me this afternoon in order to deliver the attached aide-mémoire no. 3618 of June 7.\(^2\)

Upon handing this document to me, he said his Government had asked him informally to stress the difficult position in which it finds itself. The Government of Greece is fighting for the very life of Greece; the struggle is desperate; the enemies of Greece know no restraint and do not hesitate to resort to any tactics which might give them an advantage. The Greek Government, on the other hand, is handicapped. Greek officers are increasingly hesitant to take decisive actions of a nature called for by the situation because of pressures brought to bear upon them by the representatives to Greece of Great Britain and the United States. The officials of Greece are losing confidence in themselves and the officers of the Greek Army hesitate to give the proper orders. The morale of the soldiers is suffering because they believe that the guerrillas with whom they are fighting will in any event be granted some kind of an amnesty and therefore will not have to suffer for their crimes. The guerrillas, on the other hand, are encouraged by the thought that if they win, they will have Greece; if they lose, they will have an amnesty.

He said that it was hoped that the American Government would carefully review the situation in which Greece finds itself and would issue directives which would permit the Greek Government to take such measures as it might feel necessary in order to save Greece without fear that the officials who give the orders for the taking of such measures would be subjected to censure by the British and American Governments.

He said that he would appreciate it if he could have the reaction of the American government to the points made in the aide-mémoire after the Department had had an opportunity to study that document.

L[oy] W. H[enderson]

\(^1\) Vassili G. Dendramis, who had presented his credentials to President Truman on June 9; for the texts of the remarks made at that occasion, see Department of State Bulletin, June 29, 1947, pp. 1302, 1303.

\(^2\) Infra.
It becomes daily clearer that it is not simply an internal rebellion, widely organized and systematically supported from outside, with which Greece is confronted. The case is far different: Greece finds herself in a veritable state of war, an undeclared war, which, in its present phase, she is compelled to wage alone and unaided. The war was initiated under the pretext of an ideological crusade on behalf of the allegedly oppressed sections of the population; today it clearly appears, and is avowed, to be an aggressive operation, openly aimed at the suppression of Greece’s independence.

The Soviet Union’s attitude during the Moscow Conference, together with that of the Slav bloc in general toward the Security Council and the Commission of Investigation, establishes certain facts: (1) The new orientation given to American policy in the Eastern Mediterranean through President Truman’s initiative in Greece and Turkey has not proved a restraining influence upon Soviet aggressiveness, such as might have been anticipated from the experience of analogous circumstances, in Argentine [Azerbaijan?] and Iran in 1946; (2) on the contrary, Soviet policy in spite of the Truman Doctrine has been of a highly provocative order in the Eastern European sector, as is shown by events in Hungary, by the indications of increased pressure against Turkey and intensified maneuvering in Arab countries, and above all, by the Soviet Union’s undisguised designs against the very existence of Greece as an independent state. Those designs are made manifest by the systematic campaign of abuse against Greece’s representatives in Moscow and Belgrade, by the undermining of Greece’s position in every quarter, and most of all, by the intensification of the war on her northern frontiers, where the attacks recently launched against Florina and Kilkis have shown that the guerrilla activities have now been transformed into full-scale modern warfare, in which not only are the most up-to-date equipment and material made available to the insurgent forces but, as is commonly reported, an international brigade is making its way to the front-line by way of Yugoslavia and Albania.

In spite of the gravity of the situation Greece’s efforts still remain unsupported; indeed those efforts are constantly being hampered. It is not merely a question of the long interval between the virtual cessation of British and the arrival of American aid. Almost every day the
Greek Government receives insistent representations from the United States or British Governments to the effect that it should follow a certain line of action, avoiding this measure or adopting that. The result of these representations can only be to discourage those who are fighting for their country's independence and to embolden Greece's enemies, whose leaders are at work, actively and with impunity, in the heart of Athens.

To cite but a few instances: Urgent requests are made to the Greek Government to suspend the execution of traitors at the very moment when a parallel recommendation is made for the execution of members of the Right who have engaged in vendetta activities. At other times intervention takes the form of a request for a fresh amnesty or—as in recent weeks—of insistent pressure against the implementing of a decision to raise the strength of the Gendarmerie by 6,000 men and that of the Army by 35,000, though an assurance had been given that nothing would be done without the assent of the United States Government.

The Greek Government has repeatedly drawn attention to the impending perils, only to receive the reply that its reports concerning growing military concentrations in Albania, Yugoslavia and Bulgaria are either exaggerated or unfounded, although there is accumulating proof that there is substance to these reports; while, to counter its natural anxiety, recommendations are made for "greater patience and optimism".

In these circumstances the Greek Government is compelled to continue its efforts under the double handicap of inadequate means and a disturbed public opinion; it faces a foe who is able to act officially and without hindrance through the Communist party. Conversely, the Government is precluded, by reason of the afore-mentioned counsels, from adopting even such measures as have already been authorized in the great democratic countries such as the United States.

It will readily be appreciated that under such conditions the Greek Government is unable to foresee how long the situation can be kept under control or how long a collapse of the army's morale can be averted. The Government's endeavors in both these directions are based upon the expectation that the Security Council will take effective steps to safeguard Greece's independence. Should those steps prove inadequate, however, and Greece remain unaided, her Allies will bear sole responsibility for future events which will not be confined to the Eastern Mediterranean alone and to the loss of Greece's independence but will involve the complete disturbance of the present political balance, to the advantage of the Slav bloc.

It may be stressed in this connection that a disaster in the Near East may arise in either of two ways: (a) The present offensive against
Greece may have as its exclusive purpose the subordination of Greece to a unified Balkan bloc, or (b) The Soviet attitude toward Greece constitutes a factor of negotiation and bargaining in the Soviet policy toward the United States. In either eventuality the consequences of Greece’s destruction would be equally dire, and for that reason it is imperative that her Allies should make a single uniform approach to the Greek problem.

Furthermore, it is hardly credible that, in disregard of the experience of the years 1935–39 and 1944–45, the situation could be allowed—through dilatoriness, excessive optimism or a policy of appeasement envisaging a reversal of Soviet policy—to develop into a fresh disaster, of which the eclipse of Greece would be but the opening phase.

But were such an event to materialize, it could not at any rate be argued that the Greek Government had failed to give timely warning.

WASHINGTON, June 7, 1947.

868.00/6–1347

The Secretary of State to the Secretary of War (Patterson)

WASHINGTON, June 13, 1947.

DEAR SECRETARY PATTERSON: With the passage of legislation authorizing aid to Greece, it is planned that arrangements be made to define the responsibilities of the War Department in connection with the program for Greece. I understand that documents are being drafted which will describe the working arrangements for the program and determine the responsibilities of the War Department. In the meantime, arrangements must be concluded with the British Government for the continuation of certain supplies and equipment for the Greek Armed Forces which this government will not be in a position to procure.

For the purpose of negotiating such an intergovernmental agreement, it is requested that the War Department furnish us with a statement of the requirements to be procured from British sources in order to support the Greek Armed Forces.

Faithfully yours,

G. C. MARSHALL

867.00/6–1347: Telegram

The Chargé in the Soviet Union (Kohler) to the Secretary of State

Moscow, June 12, 1947.

2133. Pravda June 12 “on American plans for ‘moderization’ of Turkey” by G. Vershinin stresses military provisions in aid to Turkey.
Summary follows.

Objections Turk public opinion don't in least trouble new "trustees" Turkey. They behave in this country as though they owned it and they plan establish control American advisers over spending credits by Turkey on "modernization" of army. Having proffered their "aid" Americans at same time showed complete disregard for Turk sovereignty, entrusting to special military representatives not only determination of program of works to be carried out on Turk territory but also direction of their carrying out political tasks which are at basis of "Truman Doctrine" correspond admirably to interests American industrialists. Not only is surplus war material and some part products American war industry being sold off to Turkey but in addition all this being done under full American control.

Unending stream highly placed Americans coming to Turkey. Other such American military missions are expected. Members are discussing with Turk staff "requirements" of country for armaments. Conversations are concerned with motorization Turk infantry, supplies arms of high fire power and contemp[orary?] antiaircraft guns, reorganization old and construction new aerodromes, modernization and extension war factories, reconstruction harbors, etc. Even new uniform for various types Turk troops being discussed. American missions also visit all important strategic areas Turkey.

Very program of work US military missions in Turkey and list questions which are to be "study" American specialists bear witness to fact that from military viewpoint Turkey has ceased be independent country.

American capital penetrating deeply into economy country. Already branches American banks have been opened in Istanbul and Izmir, and branch American firm, American Middle East Co., which unites more than sixty American industrialists, has been established. American trusts are allowed to prospect widely for oil.

Under American pressure all restrictions for foreign capital have been abolished thus extraordinarily favorable conditions have been created for influx American capital. In fact USA has gained in Turkey fulfillment its beloved principle "open door and equal opportunity".

In sphere economics Turkey also losing independence. British are having yield place to stronger and wealthier rival. Prospect being colony USA is deeply alarming democratic circles in Turkey. One can understand alarm of simple people in Turkey. They are disturbed by fact Turkey has become one of objects for application of alien "doctrine" which threatens Turk sovereignty.

Department please repeat Ankara 26.

Kohler
The Ambassador in Turkey (Wilson) to the Secretary of State

CONFIDENTIAL

ANKARA, June 17, 1947—5 p. m.

PRIORITY

458. Survey group interrupted field studies to prepare estimates required Department’s telegram 333, June 11. Would like to emphasize that estimates are purely provisional and to some extent guess work. It is likely present estimates will require substantial revision which will be reflected in final report of July 15. Present estimates assume only dollars 100 million available. Breakdown into categories made with view to applying funds in such way as to strengthen Turk military resistance without adding additional financial burden. Program devoted entirely to urgent military need by express preference Turk Government. Government hopes economic program can be financed through International Bank and other sources.

Dollar estimates made on tentative assumption that certain categories may be obtained US surplus prices. Following initial approximations have been furnished by ground, air and navy groups and are lumped where possible:

[Here follow sixteen numbered paragraphs indicating the several categories of aid and their dollar amounts. The categories comprised arsenals and repair shops; training aid; ammunition; communication and electronic equipment; medical equipment; ordnance equipment; aircraft; airdromes; meteorology; ships; torpedoes, depth charges, mines and minesweeper gear; net and boom material; fuel oil; general naval supplies; ports and highways; and engineering equipment.]

Tentative program outlined above designed within $100,000,000 limit to rehabilitate, augment, improve balance and otherwise strengthen Turkish armed forces toward general end of enhancing Turkish over-all defensive position and to increase Turkish self-sufficiency.

Assuming final recommendations will be acted upon promptly survey group contemplates and urges that major part expenditures be made early in program, probably by mid-fiscal year ’48. Most of remainder before end fiscal year. Assume provisions will be made for out-payments after end fiscal year ’48 of funds obligated before that.

\footnote{Not printed; the estimates were required for budgetary purposes (867.00/6–647).}
date, in event necessary to complete a training program for students in US, or in event there are delays in delivery of manufactured equipment. In event this assumption not correct, please advise immediately.²

Re last sentence urtel:
A. Minister of Agriculture announced recently that due to drought in March and April, cereal crops will be 20 to 30 percent below normal. Tobacco crop may be 30 percent below record 1946 crop. Raisin crop estimated at 50 percent of 1946. These losses will be offset to small extent by olive crop 30 percent above normal.

B. On June 12 Council of Ministers decided that 119,000,000 additional lira must be made available for national defense during 1947. 32,000,000 will be transferred from other budget items and 87,000,000 additional will be appropriated. It was stated that additional appropriations would be covered by revenues running higher than originally estimated. However such revenues might have been used for other purposes including reductions of floating debt had not national defense requirements been deemed so urgent.

C. Observations to date by group indicate Turkish roads, railroads and ports in poorer condition than anticipated and much industrial equipment in need of modernization. While it appears Turkish Government will not request that any substantial amount of current aid funds be utilized in these fields, it appears that development and maintenance of adequate transport facilities and maintenance of efficient industrial operations will create a heavy drain on Turkey’s foreign exchange resources, even if supplemented by foreign credits.³

Wilson

²In telegram 362, June 20, the Department informed the Embassy in Ankara that this assumption was correct (867.00/6–1747).
³In accordance with paragraph 5 of Department’s telegram 264, May 15, p. 172, Ambassador Wilson, in telegram 462, June 18, recommended two interim programs. The first required “road construction equipment urgently needed by Turkish Army to prevent certain roads of great strategic importance from becoming impassable during next rainy season.” The other involved guns, tools, etc., for the Turkish fleet. (867.00/6–1847) The Secretary of State, in letters of July 29, informed the Secretaries of War and Navy that the Department approved the interim military and naval programs. The letter to Secretary Royall stated that the Department was prepared to allocate required funds on the request of the War Department; the Secretary of State informed Secretary Forrestal that the Department had allocated $304,000 to the Navy Department, as requested in his letter of July 16. (867.00/7–2947)
CONFIDENTIAL

WASHINGTON, June 17, 1947—8 p. m.

856. Urteil 880 June 13.¹ Importance attached by Emb to suggestion for immediate dispatch to Greece of Griswold ² and other top ranking AMAG officials fully appreciated by Dept but practical difficulties will prevent Griswold from leaving Washington for at least two weeks. Recruitment now proceeding for top personnel some of whom will be ready to leave for Greece within next week.

Meanwhile frequent press releases in Washington on Mission planning and program should have effect of reassuring Greek public that Mission’s work is not being unduly delayed. If, in your opinion, a personal communication from Griswold would help morale situation, you may convey following message from him to PriMin Maximos:

"It is with sincerest desire to be of assistance to the Greek people that I have accepted the appointment as Chief of the American Mission for Aid to Greece. I am aware of the many difficult problems facing you and your Govt in attempting to restore conditions which will allow your country to progress along the road to peaceful prosperity.

Numerous administrative arrangements and the necessity to familiarize myself with background material will require my presence in Washington for at least the next two weeks. You may be assured however that I am most eager to reach Greece at the earliest practicable moment as it is of extreme importance for the work of our Mission to proceed without delay. I am looking forward with great pleasure to my early arrival in Greece and to the opportunity it will afford me to present my respects to you in person."

MARSHALL

¹ Not printed.
² In telegram 768, June 5, the Department instructed the Embassy in Athens to notify the Greek Government of the White House announcement on June 5 that Dwight Palmer Griswold, former Governor of Nebraska, had been appointed Chief of the American Mission for Aid to Greece (868.00/6-547). For the Department’s announcement of the appointment, issued on June 13, see Department of State Bulletin, June 22, 1947, p. 1219.

Governor Griswold, in a broadcast over the Columbia Broadcasting System on July 9, described the program and organization of the Mission; for excerpts, see ibid., July 20, 1947, p. 141.

868.00/6-1847: Telegram

The Ambassador in Greece (MacVeagh) to the Secretary of State

SECRET

ATHENS, June 18, 1947—6 p. m.

919. Deptel 830, June 14.¹ Foreign Minister denied to me last night any knowledge of aide-mémoire presented by Greek Ambassador.

¹ Not printed; it quoted in telegraphic style the Greek Embassy’s aide-mémoire of June 7 (see p. 198) and requested Athens to furnish suggestions for a reply (868.00/6-1447).
AID TO GREECE AND TURKEY

After consulting his secretary he said believed document based on circular instructions sent all principal Ambassadors several weeks ago directing them stress on all appropriate occasions Greek Government’s views substantially as stated. However appeared genuinely surprised at Ambassador’s action and hence Dendramis may have exceeded instructions in making matter so formal. British colleague uninformed of any parallel démarche in London.

Childish and petulant inaccuracies concerning alleged foreign “intervention” in Greek affairs are unfortunately very characteristic of Tsaldaris in certain moods and any answer the Department may think it worthwhile to return in this regard can be unequivocal. This Embassy has never “requested Greek Government to suspend execution of traitors” or “execute members of the right” though it has urged Greek Government to comply within Commission’s desire for postponement of certain executions to permit pertinent questioning of prisoners (Deptel 146, February 8 ²) and has at times expressed view that law should be applied equally on both right and left (Deptel 449, April 11 ³). Amnesty proposals were expressly put forward as advice on Greece’s interest (mytel 717, May 16 ⁴) and officially accepted as such. Since assurances received that armed forces will not be increased without consent of US Government which is involved financially (mytel 771, May 26) no “pressure” in this matter has been applied and actually consent has been given for temporary army increase of 20,000 men (Deptel 791[781?], June 7[6?]).

As regards rest of document I fear seriousness of situation not exaggerated (mytel 881, June 13 [12] ⁵ and Gibson’s 80 [48] from Salonika, June 14 ⁶) and consideration set forth only strengthen my conviction that important military decisions likely necessary in opening stages AMAG’s work (mytel 675, May 10 ⁷).

In reply my question what he would propose as best remedial action in our power at present Tsaldaris replied SC decision on border report of paramount importance and our aim should not be as he fears it is to avert Russian veto but rather to attract it. In this connection he urged that veto would be good thing as freeing western powers to take such action as they may deem appropriate whereas what is most to be feared is Soviet agreement to inadequate recommendations leaving opportunity open for indefinite continuance of present clandestine but highly effective tactics.

MacVeagh

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² Post, p. 818.
³ See footnote 1, p. 142.
⁴ See footnote 2, p. 170.
⁵ Not printed.
⁶ Not printed; Raleigh A. Gibson was Consul General at Salonika.
The agreement on aid to Greece was signed at Athens by Ambassador MacVeagh and Greek Deputy Prime Minister and Minister for Foreign Affairs Tsaldaris on June 20, 1947; for texts of the agreement and of the related notes of May 26, June 15 and June 18, see Department of State Treaties and Other International Acts Series (TIAS) No. 1625, or 61 Stat. (pt. 3) 2907.

868.48/6-2047: Telegram

The Ambassador in Greece (MacVeagh) to the Secretary of State

SECRET

PRIORITY

ATHENS, June 20, 1947—5 p. m.

931. For Henderson NEA. Rountree¹ and Patterson advise that although general economic situation has thus far remained relatively stable in anticipation arrival AMAG position in regard to essential supplies such as cereals and milk has now become so critical owing to delays that unless immediate relief forthcoming breakdown of bread rationing and milk distribution to infants and pregnant women seems certain before aid program as now planned gets under way. (Please see my telegrams to which I asked urgent reply in my telegram 881, June 12²). I need not emphasize devastating affect this would have on political and security situation.

Most pressing factors are:

1. As of today Government has balance of less than $150,000 excluding currency cover of $3,000,000. Goldstock all in coins in Athens equivalent about $4,000,000. Sterling 3,500,000 pounds excluding currency cover. All dollar import applications being rejected.

2. Even assuming no continuation maritime strike, Greece will have by first part August no stocks of cereals to meet bread ration. To avoid complete cessation this ration therefore absolutely essential that August allocation 35,000 tons at cost approximately $4,000,000 arrive early August which means that orders must be placed within maximum two weeks. If present orders for July arrival are held up by maritime strike, Greece will be unable to meet rations by mid-July.

3. As reported Embassy's telegram 901, June 16,² milk stocks virtually exhausted and immediate shipments must be made at least for infants and pregnant women if widespread hunger and sickness to be prevented. If Department not to make emergency shipment under post-UNRRA relief program, necessary that at least $2,000,000 in orders be placed by Greeks at once.

¹William M. Rountree of the Office of Near Eastern and African Affairs; at this time, attached to the Embassy in Greece for preliminary AMAG matters.
²Not printed.
4. In order prevent breakdown both military and civil transport, orders for $500,000 petroleum products unobtainable for sterling must be placed immediately for July arrival.

5. Sterling balance of no use in meeting foregoing requirements totaling $6,500,000. Gold cannot be sold in sufficient time to meet crisis. Believe unwise for psychological reasons transfer for current small currency cover but even assuming this is done, deficit would be $3,400,000. In addition other essential though not too critical supplies must be ordered currently since stocks agricultural and industrial raw materials, etc., in general very low as result stringent import programs since December. Estimate needs for latter $2,000,000 for next few weeks bringing immediate deficit to $5,400,000. If currency cover not used, deficit $8,400,000.

Strongly urge Department take over direct responsibility shipments at least of wheat and milk and that immediate advance be made to Greek Government under aid program for other vital dollar expenditures with all such expenditures to be made only with specific approval of Embassy pending arrival Griswold which should by all means be expedited for above as well as other reasons of rapidly increasing vital character (my telegram 880, June 13 2).

Please telegraph reply soonest.

MACVEAGH

863.00/8-2147

The Greek Embassy to the Department of State 1

No. 4171

AIDE-MÉMOIRE

With reference to the Aide-Mémoire, reference No. 3618 of June 7, 1947,2 presented to the Department of State by this Embassy, it is now desired to submit the following further considerations:

Although the question of an increase in Greece's armed forces has indeed been examined in the light of financial and economic factors, it has not been linked with the American program of aid to Greece. On the contrary, in a written communication of 12 May 1947 addressed to the Ministry for Foreign Affairs, the American Ambassador in Athens emphasized that, independently of that program, the question under reference, if dealt with exclusively within the framework of the Greek Budget, would aggravate the problems of maintaining currency stability and of fostering exports, reconstruction work, etc., and that accordingly there was an imperative need for reducing military

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1 Handed to the Director of the Office of Near Eastern and African Affairs (Henderson) by the Greek Ambassador on June 24.
2 Ante, p. 196.
expenditure when the crisis resulting from the rebel warfare came to an end.

The American Ambassador added that in his opinion the proposed increase in the Gendarmerie gave rise to serious misgivings, not only on economic and military grounds, but also on grounds of political expediency. This clearly shows that the attitude of the United States Government toward an increase in the Greek armed forces was not prompted solely by economic considerations.

In a subsequent communication of 11 June 1947 the American Ambassador stated that his Government agreed to the recruitment of army personnel but solely for the purpose of replacing personnel due to be released. An increase would, however, be effected thereby only during the coming three months, after which period the total army strength would revert to 120,000 men. In consequence, virtually no advantage would accrue to the army.

Furthermore, no reply has yet reached the Greek Government regarding the proposed increase of the Gendarmerie by 6,000 men.

In these circumstances, the situation, in the matter of the inadequacy of the country's armed forces, remains as critical as ever.

It seems therefore expedient that it be made clear whether the United States Government considers that the Greek Government should be at liberty, without hindrance or diplomatic intervention, to suppress the Communists' activities in Greece. If so, it would be appreciated if appropriate instructions could be transmitted to the American Ambassador in Athens.

WASHINGTON, June 21, 1947.

867.00/6-2547: Telegram

The Secretary of State to the Embassy in Turkey

SECRET

WASHINGTON, June 28, 1947—noon.

370. Urtel 405 May 31.² Dept has told Brit Emb that appropriate War and Navy officers will be glad discuss informally plans for American aid to Turkey and anticipated future composition Turk armed forces. However we did not intend dictate to Turkey composition of armed forces and consequently would not wish to engage in any formal discussions leading to "final decisions" regarding what Turks should do. Emb indicated it thought this would be sufficient.

² Not printed; but for substance, see Mr. Henderson's memorandum of June 3 to Mr. Acheson, p. 188.
For your info Dept feels it necessary to keep Brit informed and interested in support of Turkish forces and we propose provide them sufficient data to enable them to plan future work of their military advisers in Turkey. We will not supply any info which Turks may indicate they do not want given to Brit.

If question should be raised again you may say we think it unnecessary and undesirable that Brit Service Attachés in Turkey come to Washington for discussions.

Foregoing represents views of War and Navy as well as State.

MARSHALL

888.00/6-2747

_The Secretary of War (Patterson) to the Secretary of State_

WASHINGTON, 27 June 1947.

DEAR MR. SECRETARY: Reference is made to your letter of 13 June 1947, file ED, wherein you request the War Department to furnish a statement of the requirements to be procured from British sources in order to support the Greek Armed Forces.

Until such time as supplies from U.S. sources can be made available to Greece, certain limited and vital supplies and equipment are being met from British sources. For the purpose of your negotiations, interim requirements to support the Greek Armed Forces from British sources are as follows:

a. The supply of food to the Greek Armed Forces through 31 August 1947, on the same scale and feeding strength as now used.

b. Subject to screening by the U.S. mission, provision until further notice (i.e., until such time as the U.S. can take over) of minimum essential amounts of gasoline, fuel oil, and lubricants as mutually agreed upon between the U.S. and British missions in Greece.

c. Subject to the screening of requirements by the U.S. mission, provision of necessary ammunition and maintenance supplies for British equipment now on hand as mutually agreed upon between the U.S. and British missions in Greece.

The nature and extent of any reimbursement to the British for the supplies to be provided from British sources should be determined by the Department of State. The War Department will furnish any available information to assist in making this determination.

It is requested the War Department be furnished, at an early date, the pricing policy under which costs for British supplies and equipment will be determined.

Sincerely yours,

ROBERT P. PATTERSON
The Secretary of State to President Truman

WASHINGTON, June 27, 1947.

My Dear Mr. President: As the American aid program for Greece gets under way, it is felt that an essential condition for its success is the expeditious supply from the United States of materials and equipment which the American Mission for Aid to Greece considers necessary for the restoration and operation of the Greek economy. This is applicable not only to materials and equipment to be purchased with the financial assistance of the United States, but also to items ordered by the Greek Government and private Greek enterprises, where such items are judged by the American Mission important to the Greek program.

I am advised that the supply situation in the United States continues such that for a number of key items procurement difficulties will probably be encountered. To overcome these, it will be necessary to obtain the cooperation of all agencies of the Government. I would appreciate it, therefore, if you would advise the appropriate agencies of the urgency of this program and of the necessity of according it full support. I would also like to suggest for your consideration the possibility of there being established through the Office of the President a working group to assist the Department of State in carrying out such activities as may be necessary to expedite procurement under the program.1

Faithfully yours,

G. C. MARSHALL

1For the White House announcement on July 2 of the creation of the interagency group to expedite procurement under the Greek aid program, see Department of State Bulletin, July 13, 1947, p. 96.

The Ambassador in Greece (MacVeagh) to the Secretary of State

TOP SECRET

ATHENS, July 2, 1947—7 p. m.

1020. Prime Minister came to see me this morning and said has been informed by security and military authorities that immediate action necessary against Communist leaders Athens to prevent some leaving country to join Zachariades and Porfyrogennisis in promoting mooted separate Greek Government and others from launching series of crippling strikes.

Prime Minister added action likely take form of arrests of principal Communist leaders remaining here such as Partsalides and a number
of organizers on lower levels. Said he hesitated place matter wholly in hands Zervas (Minister Public Order) and is thinking of constituting small unofficial committee consisting of Zervas, Stratos (Minister War), Ventiris (Chief GS) and perhaps Alexandris (Minister Justice). Incidentally he said he has done utmost to get rid of Zervas but latter now enjoying strong support Tsaldaris who threatened resign if Zervas removed.

Prime Minister asked my advice and also that of General Livesay whom he had requested be present. I replied that matter an internal one regarding which I could not advise officially and also that it falls entirely outside General Livesay’s terms of reference. However I took occasion stress once more Department’s hope for maximum unity among all national minded Greeks under existing conditions (Deptel 717, of May 28) and pointed out that since Communist menace now clearly threatening integrity of country this would seem afford best possible reason for leaders beginning to get together without delay. In addition I said I felt that any new and strong national defense move undertaken at this time would unquestionably have better chances of success here and be better received abroad if it represented not merely a Governmental policy but one approved and supported by all Parliamentary parties. I therefore expressed the thought that he might consider broadening his committee to include opposition members or at least try to secure the advance blessing Sophoulis for any action proposed in order to give it a non-partisan and national character. In latter connection I added that Sophoulis strong reaction published today (mytel 1018 July 2) against anti-national tendencies of Communist Party might afford some hope of success. Prime Minister said he felt considerable cogency in above and asked whether he could use my name in possible conversations. This I felt unable authorize but added he might very well stress strongly the already well known US attitude regarding unity and that I felt this should give him a most potent argument particularly at this moment when US on very point of instituting closest collaboration with Greece through AMAG Mission.

MACVEAGH

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1 Maj. Gen. William G. Livesay, Chief of the War Department Group of AMAG, who replaced Colonel Lehner because of the necessity of designating a general officer for this position. General Livesay’s letter of instructions, dated June 12, 1947, directed him to proceed to Athens on or about June 17. The initial composition of the Group was set at 28 officers, 10 enlisted men and 26 War Department civilian employees.

2 Not printed.
Memorandum by the Coordinator for Aid to Greece and Turkey (McGhee)\(^1\) to the Under Secretary of State (Lovett)\(^2\)

[WASHINGTON,] July 3, 1947.

Subject: Greek and Turkish Aid Appropriations

Discussion:

Both from the attitude of members of the House Appropriations Committee during Hearings just completed and the press report attached,\(^3\) it appears that the House Appropriations Committee may either:

- a. Appropriate less money for the Greek-Turkish Aid Programs than the $400 million authorized in the enabling legislation, Public Law 75, or
- b. Appropriate a portion of the total, say half, with the remainder to be appropriated after another hearing at a later date.

Either course of action would, in the opinion of those working on the Aid Programs, completely prejudice the success of the Aid Missions for the following reasons:

- a. It is impossible to plan such programs for a lesser period than a year.
- b. It would be difficult to procure certain scarce items required for these programs unless orders can be placed well in advance.
- c. Greece, Turkey and the rest of the world would interpret such action as a retrenchment in our policy, leading to possible abandonment of the "so-called" Truman doctrine.

Governor Griswold in effect told the House Committee that he would under such circumstances resign from his position as Chief of Mission.

Mr. Rayburn, Minority Leader in the House, has been consulted with respect to possible action which might be taken to remedy the above situation and recommends the course of action given below:

Recommendations:

It is recommended that Secretary Marshall be requested to arrange a meeting with Speaker Martin, asking him to include Mr. Taber and

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\(^1\) George C. McGhee was designated Coordinator of Aid to Greece and Turkey on June 18; for the Department’s announcement of his appointment to this position, see Department of State Bulletin, June 29, 1947, p. 1308.

\(^2\) Initialed by the Secretary of State.

\(^3\) Clipping from the Washington Evening Star, dated July 3, 1947; the headline read “House Group Critical of Foreign Aid Plan, May Halve Its Funds.”
any others whom Mr. Martin may wish, at which he will state in as
tforceful language as possible the consequences from the standpoint of
United States foreign policy if the House Appropriations Committee
recommended anything less than the full amount authorized in the
Greek-Turkish Aid Act.

Concurrences:
Dwight P. Griswold; A–P; AA/L; NEA.

868.00/7–24:7: Telegram

The Secretary of State to the Embassy in Greece

TOP SECRET

WASHINGTON, July 3, 1947—7 p. m.

967. 1. Dept approves attitude taken by you during conversation
with PriMin reported urtel 1020, July 2, and offers following views
for your guidance in subsequent discussions of specific questions
raised by Maximos.

2. Greek Govt is responsible to Greek people for preserving law and
order in Greece and for protecting Greek political independence and
territorial integrity. If, therefore, Greek Govt comes to conclusion that
arrest of Communist leaders is necessary for it to live up to its responsi-
bilities, we should not interpose objections.

3. It would of course be preferable that consent of leaders of all
Parliamentary parties be obtained in advance for such arrests to be
made provided delay in obtaining such assent would not further
weaken position of Greek Govt.

4. It is assumed that Greek Govt will exercise particular care to
ensure that persons arrested are in fact leaders of Communist Party
and that they have been engaged in subversive activities or are con-
spiring to do so. Simultaneous arrests of persons merely on grounds
that they have been critical of Greek Govt might give rise to reper-
cussions which would offset advantages to be gained from displaying
firm attitude toward Communists. It is further assumed that Greek
Govt when arresting Communist leaders would make clear that these
leaders are not being arrested for their thoughts or ideas but for
individual illegal acts or for participating in conspiracies or in orga-
nized subversive activities. Mass arrests based purely on political
grounds would, we believe, seriously prejudice Greek case now under
active discussion by SC.

MARSHALL
Memorandum by the Coordinator for Aid to Greece and Turkey (McGhee) to the Under Secretary of State (Lovett)

[WASHINGTON,] July 7, 1947.

Discussion:

The President suggested to Governor Griswold in his meeting with him on July 3, 1947, the desirability of meeting with yourself and Mr. Marshall prior to his departure for Greece, to discuss the broader aspects of his assignment which could not be covered in his Letter of Instruction. I understand that the President also suggested the desirability of Mr. Snyder and Mr. Harriman,\(^1\) or in his absence Mr. Foster,\(^2\) being present.

It is believed that it would be desirable, in addition, to have present Mr. Henderson and Mr. Villard of the Department and, if you agree, Mr. Patterson and Mr. Forrestal, in order to cover thoroughly the political and strategic aspects of Governor Griswold’s Mission. Governor Griswold has indicated that he would like to have Mr. Forrestal and Mr. Patterson present.

In order to discuss purely political aspects of the Mission which need not be raised with the other Cabinet Members it is believed desirable to have a preliminary meeting with only Departmental officers present. Governor Griswold’s Letter of Instruction may be discussed at this time.

Recommendation:

It is recommended that:

\(a\). A meeting be called including yourself, Mr. Marshall, Governor Griswold, Mr. Snyder, Mr. Harriman, Mr. Forrestal, Mr. Patterson, Mr. Henderson, Mr. Villard and myself to discuss with Governor Griswold the overall political and strategic aspects of his Mission, if possible before noon July 9, 1947.

\(b\). Before this meeting it is recommended that a meeting with only the above Departmental officers present be held with Governor Griswold to discuss purely political aspects of Governor Griswold’s Mission and his Letter of Instruction.

Concurrences:

Governor Griswold; Loy Henderson.\(^3\)

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\(^1\) W. Averell Harriman, Secretary of Commerce.

\(^2\) William C. Foster, Under Secretary of Commerce.

\(^3\) Mr. Henderson, in a marginal notation, suggested that Mr. Rusk also be present.
AID TO GREECE AND TURKEY

The Ambassador in Greece (MacVeagh) to the Secretary of State

SECRET

ATHENS, July 7, 1947—1 p.m.

1040. Rendis, ex-Liberal Minister of Foreign Affairs, called Saturday on behalf Sophoulis and said latter had received communications from EAM containing certain fair-sounding proposals re appeasement as means ending present strife (see my tel 1038, July 6^1). He said Sophoulis, knowing control of EAM by Communist Party and having taken firm stand against that party's increasingly anti-national attitude, does not wish fall into trap, but feels some reply his part necessary to avoid accusation he opposed to peaceful settlement. Rendis asked my advice.

In reply I emphasized once more that while my Government has no intention of intervening in Greek internal politics or of indicating preference for any individual as Minister, it does hope today as it has hoped for long time that all national-minded Greek leaders will be able subordinate purely political interests to patriotic ideal of unity at a time of crisis (Deptel 717, May 28). I pointed out that present EAM maneuver cannot be considered apart from general Communist campaign against Greece's independence and territorial integrity, and added that therefore any reply might best be made, in my opinion, after concerting with all national elements, thus avoiding character of purely party reply, which could only continue serve Communist aim of exploiting divisions in national ranks. I said I have been in Greece long enough to understand political difficulties in way of forming national government, but that I thought at least a beginning of unity could be made on question national defense and that this approach of EAM to Sophoulis might well provide opportunity. I suggested that Sophoulis take EAM document to his old friend Maximos and that patriotic heads of Greek political parties get together to decide on common attitude against enemies of Greece.

Rendis could think of no argument against such a course and promised repeat whole conversation to his chief. Meanwhile I had seen Prime Minister earlier in day, and he had told me he feels that

^1 Not printed.
now is time to get Liberals into government, which he believes could be done if Tsaldaris were personally less intransigent and Sophoulis would agree participate through some of his juniors and not insist on premiership for himself. I also saw Papandreou this morning and he said same thing. As for Maximos personally, he said he is willing cede his place even to Sophoulis if that would result in unified national government but that other Ministers are squarely against this solution, and Papandreou said he feels Maximos the ideal chief of coalition. Perhaps if the Department sees Tsaldaris in US, it may be willing to emphasize desirability of political union, but pending any miracle of broad collaboration among jealous Greek politicos, it would not seem impossible that if some sort of accord could be started on vital national defense problems, this might lead to further developments in day of inter-party cooperation once AMAG commences function. 

MacVeagh

Editorial Note

Ambassador MacVeagh and Greek Prime Minister Maximos signed an agreement at Athens on July 8, 1947, providing for United States relief assistance to the Greek people; for text, see Department of State, Treaties and Other International Acts Series (TIAS) 1637. The agreement was entered into pursuant to Public Law 84, enacted into law on May 31, 1947. The proposals by the United States were accepted by the Greek Government without change. (Telegrams 810, June 11, 7 p. m., to Athens and 1047, July 7, 2 p. m., from Athens, 868.48/6-1147, 7-747).

In a letter of June 24, 1947, Richard F. Allen, Field Administrator of the United States Foreign Relief Program, informed Governor Griswold that the relief mission in Greece would be an integral part of the American Mission for Aid to Greece (868.00/6-2447).

On August 29, the Department announced that “a total of approximately $17,000,000 in vital relief supplies for Greece is to be procured under the United States foreign-relief program for the period July through September 1947.” For the full text of the announcement, see Department of State Bulletin, September 7, 1947, page 482.
Memorandum of Conversation, by the Deputy Director of the Office of Near Eastern and African Affairs (Villard)

SECRET

Participants:
The Secretary of State
The Secretary of War
The Secretary of the Navy
The Secretary of the Treasury
Ed. H. Foley, Jr., Assistant Secretary of the Treasury
William C. Foster, Acting Secretary of Commerce
Governor Dwight P. Griswold, Chief, American Mission for Aid to Greece

Governor Robert Leroy Cochran, Deputy Chief, AMAG
Robert A. Lovett, Under Secretary of State
Loy W. Henderson, Director, NEA
Henry S. Villard, Deputy Director, NEA
Dean Rusk, Director, SPA
George C. McGhee, C/GT

[WASHINGTON,] July 9, 1947.

The meeting was called at Governor Griswold's request in order that he might consult with top-ranking officials of the United States Government before his departure as Chief of the American Mission for Aid to Greece. Mr. Lovett explained the purpose of the meeting and invited Governor Griswold to open the discussion.

Governor Griswold asked several questions as to the policy of this Government in Greece and requested information for his guidance in regard to a number of matters. He indicated that he was interested particularly in such questions as the possibility of reorganizing the Greek Government; his relations with Ambassador MacVeagh and the jurisdiction of each; the course to be followed in the event that the fighting in Greece developed into a civil war such as had taken place in Spain; the security of members of his staff in case the situation proved serious; and what advice he should offer to the Greek Government in the event of a large-scale attack by Communist forces. Governor Griswold said that he might be inclined to be more firm in his attitude toward the Greek Government than the Ambassador; and that he had been led to believe by newspapermen with whom he had talked that his immediate task should be to change or reorganize the Greek Government.

At the request of the Secretary, Mr. Henderson outlined the Department's policy with respect to the composition of the Greek Government. Mr. Henderson said that we agreed entirely with Governor
Griswold in his feeling that certain changes might be necessary, and that the Mission would probably encounter obstructions or a lack of cooperation from certain officials, who would have to be eliminated. In doing so, it would however be necessary to proceed discreetly, in order to avoid creating resentment on the part of other officials as well as the Greek people. It would be desirable that any changes in the Government which might seem desirable should be effected in such a manner that the Greeks would feel they themselves had brought about the changes. For this purpose it would probably be advisable to establish regular channels of discussion at a high level. We felt strongly that in all matters affecting the political situation in Greece or possible changes in high level Greek officials it would be important for Governor Griswold to have the advice of Ambassador MacVeagh, who is, by experience and familiarity with the problem, in a position to offer sound guidance.

The Secretary agreed with Mr. Henderson, pointing out that all our activities in Greece would be under close scrutiny and subject to criticism from various sources in any event. It would be expected that the Communists in particular would attack the operations of the Mission, but there was little we could actually do about this.

Mr. Rusk said there were two points in which we were interested from the United Nations standpoint. We had undertaken to do everything feasible to permit United Nations observation of our activities in Greece and our record should therefore be designed to avoid charges of imperialism. On the other hand, the Security Council was seized with the Greek problem and we should remember that our case rested on the proven activities of Greece’s northern neighbors in assisting the Communist movement in Greece.

The question of Governor Griswold’s public relations was discussed. It was felt that great caution should be exercised by the Mission in its relations with the press, particularly in regard to dealing with newspapermen who were interested in the sensational side of the picture. Secretary Forrestal suggested that before leaving for Greece Governor Griswold should have a frank talk with such persons as Sulzberger of the New York Times, Roy Howard of the Scripps-Howard papers, and the heads of the United Press and Associated Press. It would be advisable to discuss with them their representation in Greece and to suggest such changes therein as might be feasible before and not after Governor Griswold reached Greece.

The Secretary stressed the need for cooperation in dealing with the press and warned that members of the Mission should be careful not to indulge in indiscriminate conversation on political matters.
1078. Following my conversation with Rendis (my telegram 1040, July 7) Sophoulis visited Prime Minister. According to latter who called on me early this morning no conclusions were reached on political collaboration owing continued Sophoulis insistence on premiership. However in regard EAM proposals it was agreed that while Government cannot enter into negotiations with persons in arms against state EAM might be advised Government willing grant general amnesty under international observation if rebels lay down arms. It was also agreed that no undertaking could be accepted in this matter from EAM which is simply front for Communists but only with KKE (Communist Party of Greece) which alone is capable of furnishing assurance that rebels will in fact deposite weapons. Maximos said that neither he or Sophoulis have any idea Communists likely accept such terms but Sophoulis urged opportunity be given them in order to “unmask” them definitely. Today’s press reports gist of above as Government’s position and Maximos said he will see Sophoulis again and try to get him to convey message to EAM if as he fears it proves impossible secure acceptable third party as intermediary.

Meanwhile in view of possible sudden recurrence of problem of arresting Communist leaders and organizers I had conveyed Department’s views (Department’s telegram 967, July 3) to Prime Minister by letter July 5. This he read to Council of Ministers last night when security and military chiefs again pressed matter. While giving assurances that nobody would be arrested except on basis of fully established record of engaging in subversive activity or conspiracy and not for mere political beliefs all competent ministers declared arrests immediately imperative in view overwhelming evidence of Communist coup being planned Athens before arrival AMAG and refused accept further responsibility for safety of Government or public unless given permission act. PriMin therefore conceded authority proceed. Authorities in charge are Minister of War (Stratos) Navy (Venizelos) Air (Canellopoulos and Public Order (Zervas) with addition Ventris (Chief of Army General Staff).

[Here follows information that some 2,500-3,000 persons had been arrested, beginning at 2 a. m., July 9. Ambassador MacVeagh concluded his message with his opinion that the EAM proposals were being made “chiefly to confuse foreign opinion while subversive sentiment being worked up locally to dangerous heights.”]
The Ambassador in Greece (MacVeagh) to the Secretary of State

ATHENS, July 10, 1947.

1086. Following is official communiqué on mass arrests:

"For long time government has been aware of efforts of KKE leadership to carry fight against state into urban centers and capital. Fully informed on preparations of Communist chiefs, government has been following movements and efforts of KKE criminal organism with calm attention uninfluenced by enormity of new crime against nation. Tens of thousands of criminals of all sorts from all corners Greece had concentrated especially in capital but also in other urban centers. Daily new evidence came into hands of judicial, administrative, and military authorities proving crime imminent and would not be delayed for more than 24 hours. Day and hour were fixed June [July] 10 at 1 a.m. (This refers to news from government sources of interception of message from bandit chief Markos to KKE, Athens calling for application "plan G" or general uprising at that hour.)

In view this knowledge, government felt it necessary immediately carry out preventive arrests, partly to forestall any criminal act by those in plot and partly to afford judicial authorities necessary time to carry on their task efficiently by investigations under way."

[Here follow comments by Greek leaders and newspapers.]

MacVeagh

TOP SECRET

The Secretary of State to the Embassy in Greece

WASHINGTON, July 10, 1947—9 p.m.

1014. For MacVeagh. During informal conversation with Henderson July 9 Tsaldaris said he was disturbed at contents of telegram just received from his Govt. This telegram indicated that FonOff had received from you note stating that you had been instructed by your Govt to inform Greek Govt that communist leaders should not be arrested until after approval therefor had been obtained from a reorganized Greek Govt which would include members of all Parliamentary parties. Tsaldaris said that situation re communists was urgent and that Govt could not afford delay taking action while new gov't was being negotiated and organized. Henderson told him there was apparently some kind of misunderstanding since we had not made such

2 In telegram 1150, July 17, from Athens, Ambassador MacVeagh informed Mr. Henderson that "Alleged 'note' referred to by Tsaldaris would appear to be my personal letter to Maximou closely paraphrasing Dept's expressions in Deptel 967, July 3 and referred to Mytel 1075, July 9. Believe I have not deviated from Dept's position and government here has given me no signs of misunderstanding." (868.00/7-1747)
suggestion. Following an inquiry made of you in July by PM, we had
telegraphed you that in our opinion it would be preferable that Greek
Govt before taking steps to arrest communist leaders should obtain in
advance approval of leaders of all Greek Parliamentary parties pro-
vided such approval could be obtained without delays which would
cause further deterioration of situation in Greece.

Henderson added that we had, however, repeatedly informed you
that US Govt was extremely anxious that there should be maximum
degree of unity among all national-minded Greeks in present emer-
gency and that we considered it extremely important that all Greek
leaders regardless of party or personal rivalries begin to cooperate
for purpose of saving Greece.

Tsaldaris said that he had had enough experience with coalition
govts to know that if new govt embracing all Parliamentary parties
should be set up it would fritter months away in long-winded debates
and would accomplish little. In order to meet present emergency Greece
should have a compact determined govt which would understand what
situation demands and would be sufficiently flexible to act quickly and
decisively.

MARSHALL

868.00/7-1147

The Secretary of State to Governor Dwight P. Griswold, at
Washington

TOP SECRET

WASHINGTON, July 11, 1947.

MY DEAR GOVERNOR GRISWOLD: The American Mission for Aid to
Greece is embarking upon a task of exceptional difficulty and of great
significance in the foreign relations of the United States. I need not
emphasize the importance of the issues with which you will be con-
fronted at this juncture in world affairs. So deeply concerned is this
Government in the success of your Mission that I am outlining below,
for your strictly confidential information and guidance, the political
considerations which motivate the policy of this Government today in
its relations with Greece and especially in providing the assistance
requested by the Greek Government in its appeal to the Government
and people of the United States on March 3, 1947.

I. The situation in Greece today should be viewed against the back-
ground of a world-wide Communist effort to subvert governments and

1 Drafted by Mr. Villard and transmitted to the Executive Secretariat by Mr.
Henderson with his memorandum of July 10. The memorandum contains the
concerences of Messrs. Rusk and Armour and notes that the instruction to
Governor Griswold was to be handed to him before his departure for Greece on
July 10 or 11. (868.00/7-1047)
institutions not already subservient to the Soviet Union. The American Embassy in Athens is fully informed as to the facts regarding Soviet aims and objectives and you should rely heavily on the Ambassador for advice as to how they apply to the problem in Greece. For example, under the direction of the Soviet Union, the government and Communist Party of Yugoslavia, and to a lesser extent those of Bulgaria and Albania, have been carrying on activities the purpose of which is: 1) to set up in Greece a Communist-controlled government which would force Greece into a Soviet-dominated Balkan bloc; and 2) to separate Macedonia from the remainder of Greece in order to make Grecian Macedonia part of a Yugoslav or Balkan Federation. These activities have included, in particular, the despatch of arms and military equipment to Greek guerrillas, the training and sending to Greece of reinforcements for the Greek guerrillas and the extension of aid through many other means to the Greek subversive Communist movement. In addition there is a possibility that organized Communist groups are now being made ready in other countries to go to Greece to furnish direct military support to the guerrillas.

In this connection you should have in mind that the activities of the American Mission are designed to assist the Greek Government in meeting the threat of an aggressive Communist movement and that the major considerations in this situation are of a far-reaching political nature.

II. The overall political objectives of United States policy in Greece may be summed up as follows:

(a) Maintenance of the independence and integrity of Greece, specifically to keep Greece from falling into the Soviet orbit; and

(b) development of the economy of Greece on a self-sustaining basis as soon as possible.

The difficult and inconclusive battle with Communist-inspired armed bands which the Greek Government has been waging on its northern boundaries is directly responsible for the instability of the political situation and the serious deterioration of economic conditions, which have kept the country in a state of unrest and effectively prevented post-war reconstruction. Obviously, no reconstruction can take place while such armed groups defy the authority of the state and foster economic chaos, with the ultimate objective of seizing control of the government by force. In fact, the reports received by the United States Government clearly indicate that unless substantial support is immediately given to the Greek Government in its efforts to restore internal security and to bring about economic improvement, Greece will be forced to succumb to Communist pressure seeking the establishment of a Soviet-controlled dictatorship.
The main problem confronting us in Greece, therefore, is to so strengthen the internal security and the general economic structure of the country that the government can be relieved of the danger presented by an armed subversive minority and can proceed peacefully to the building up of an independent, democratic nation. We desire to see stable conditions restored as soon as possible, in order that Greece may assume full responsibility for its political and economic welfare and be left free to develop its trade and economic resources on a self-supporting basis.

III. We desire to see in Greece a government whose members are firmly united in their loyalty to Greece and who are primarily interested in keeping their country from falling under Communist control or Soviet domination. They should not only place patriotism above personal or party interests, but they should have the courage and strength of character to pursue their objective with complete single-mindedness of purpose. In a word, they should be devoted to the ideal of a free and independent Greece in accordance with the best traditions of their country.

In order that it may enjoy the respect and confidence of all loyal elements of the Greek population, it is our belief that the Government of Greece should rest on as broad a basis of representation as possible. Ideally, members of the government should be drawn from the political parties of the left, the center, and the right, but not so far to the left that they are disposed to make concessions to, or deals with, the Communists or so far to the right that they would refuse to cooperate with non-Communists for the good of Greece. The Government should thus be able to command the support and loyalty of all patriotic Greeks. It may be impossible to attain such an ideal in the immediate future. In any event, however, Greece should have a Government the basic aim of which is to oppose with determination the subversive forces seeking to undermine the Greek state and to destroy its liberty of action.

IV. We are aware of the fact that in its efforts to combat the subversive movement, there is a tendency on the part of certain elements in the Greek Government to employ strong measures and to make use of strong and determined personalities, such as Mr. Zervas, Chief of the Gendarmerie. We should realize that stern and determined measures, although of course not excesses, may be necessary to effect the termination of the activities of the guerrillas and their supporters as speedily as possible.

As the work of the American Mission makes itself felt, it may be feasible for us gradually to bring about the elimination of objectionable elements from Greek public life, whether they are extremists of
the right or of the left. But we cannot afford to intervene in Greek political affairs to the extent of imposing a government of our own choice for the sake of satisfying a segment of public opinion in this country or elsewhere, since this would be certain to arouse antagonism on the part of the Greek people and impair their confidence in the objectives of the American Mission.

V. It is possible that during your stay in Greece you and the Ambassador will come to the conclusion that the effectiveness of your Mission would be enhanced if a reorganization of the Greek Government could be effected. If such a conclusion is reached, it is hoped that you and the Ambassador will be able to bring about such a reorganization indirectly through discreet suggestion and otherwise in such a manner that even the Greek political leaders will have a feeling that the reorganization has been effected largely by themselves and not by pressure from without. It should be borne in mind in this connection that there are elements in the United Nations (which is at present seized of the Greek problem) who will be observing with the utmost care our activities in Greece and who will not hesitate if opportunity is given them to charge before the United Nations that the United States is interfering in the internal affairs of Greece.

VI. We are fully cognizant of the need for reform in Greek economic as well as political life, and we believe that determined efforts should be made by the Mission to reconstruct the Greek economy on a basis that will do away as far as possible with corrupt practices and profiteering. We believe that the tax burden should be distributed equally, that labor and agriculture should be urged toward greater production, and that living standards should in general be raised. But judgment should not be passed against the existing regime because it fails to meet American economic or financial requirements. Rather should a comparison be made with the regimes of other Balkan countries, keeping in mind as well the disruption caused by the extreme hardships and handicaps suffered by Greece since its invasion by the enemy during the war. In bringing about needed economic reforms, just as in the case of political reforms, great care should be taken not to offend Greek susceptibilities. For unless we exercise tact and discretion in our handling of the various problems which will confront us, we shall not only arouse the resentment and suspicion of the people of Greece, thereby making our task doubly difficult, but we shall play directly into the hands of the subversive elements seeking by every possible means to discredit our activities.

VII. During the course of your work you and the members of your Mission will from time to time find that certain Greek officials are not, because of incompetence, disagreement with your policies,
or for some other reason, extending the type of cooperation which is necessary if the objectives of your Mission are to be achieved. You will find it necessary to effect the removal of these officials. It is important that such a removal be effected quietly and in a manner which will create a minimum amount of resentment from fellow officials and the Greek people. You will probably find it desirable to establish regular channels through which you may present to the Greek Government your views regarding incompetent or uncooperative Greek officials.

VIII. You will appreciate the possibility that in line with the tactics which the Communists will undoubtedly follow of attempting to discredit, sabotage, and otherwise nullify the work of the American Mission, Communist influence may attempt to reach members of the staff of the Mission itself. It goes without saying, therefore, that you should constantly be on your guard to see that the personnel of the Mission not only continue completely loyal to our ideals and objectives in bringing aid to Greece but that they do not become prejudiced, through outside influence, against any Greek officials or Greek Government opposed to the Communists. It is particularly important that all members of your staff, including any Greek nationals, in conversations with persons other than American officials, refrain from criticism of the existing regime. Such a practice would directly serve the Communist purpose of discrediting the members of the present government in order to replace them with those who are less intent on maintaining the independence of Greece. In any case, all personnel of the Mission should be under strong discipline not to indulge in indiscriminate conversation regarding Greek political affairs and not to make charges except through established channels against Greek officials.

IX. It should also be kept in mind that the British have made a heavy contribution since the liberation of Greece to the maintenance of the Greek armed forces and to the efforts of the Greek Government to restore the economy of the country. These activities of the British, which have been directed toward the same common end of preserving the integrity and independence of Greece, are deserving of respect. The remarks made above with regard to indiscriminate conversations or criticisms concerning Greek officials or the Greek Government apply therefore with equal force in the case of the British. I hope you will caution your staff on this subject as well.

X. Careful attention should be given to the problem of the labor unions in Greece. A determined attempt is being made by Communist elements to obtain control of the unions which, if successful, would create a situation likely to negate completely the work and the objec-
tives of the Mission. Our aim is to encourage in Greece the development of a free democratic labor movement concerned primarily with genuine trade union objectives. If the unions should fall under Communist domination, they would be in a position to paralyze reconstruction work and to thwart effectively our efforts to rehabilitate the Greek economy.

XI. You will have the benefit of the wisdom and practical experience of the American Ambassador in Athens. The external and internal political problems of Greece are of direct concern to the Embassy, and I am confident that the Ambassador, to whom I am sending a copy of this letter, will be ready to lend you every assistance in his power and to consult and advise with you regarding your plans and difficulties. The Ambassador should be kept closely informed of the progress of your Mission toward economic rehabilitation and reform in order that he may be able fully to discharge his duties in the political field. This cooperation between you and the Ambassador should extend also to the matter of your first appearance before His Majesty King Paul and other high officials of the Greek Government. The questions which you might touch upon at that time and the opinions which you should express can most appropriately be discussed beforehand with the Ambassador.

The responsibilities of the Ambassador, I may add, include in particular the problem of bringing about changes in the Greek Government, the question of holding new elections, and the matter of amnesty for political prisoners. Your views will of course be particularly welcomed and helpful as your familiarity with the situation grows, but the Ambassador’s judgment should be a principal determinant in the formulation of our policy in regard to these and related matters.

I rely on your own good judgment and tact in shaping that policy and wish you the greatest success in the arduous task you have undertaken.

Sincerely yours,

G. C. MARSHALL

868.00/7-1147: Telegram

The Secretary of State to the Embassy in Greece

SECRET

WASHINGTON, July 11, 1947—8 p. m.

1021. In his interview with Secretary Marshall on July 9 Tsaldaris expressed his Govt’s appreciation of American aid and stressed problems of Greek frontier violations and urgent need for strengthening Greek armed forces. Tsaldaris stated Greece prepared to accept US suggestions regarding course of action to be taken regarding Greek
frontier violations in event USSR vetoes US resolution before SC. He said much of Greek-Yugo frontier wide open because Greek armed forces insufficient. Tsaldaris referred to possibility US and other friends of Greece might establish some kind of international police force to patrol Greek frontier but stated he would not now press for info re US position in case of Soviet veto of UN Border Commission.

Tsaldaris declared if Greek Govt had means and freedom of action to strengthen its army at once it was confident it could put down disorders within three months but that it could make no move in this direction without US assent. Secretary informed Grk FonMin that question of enlargement of Greek army was matter which should be discussed at length with Mr. Griswold and his military advisors in Greece who after studying the matter on the spot would give him appropriate answer. Tsaldaris gave impression that he believed army should number at least 150,000 and should be reorganized in order to achieve high proportion of front line troops.

In response to FonMin’s question, Secretary stated that he would be glad to see him again before his departure from US.

Subsequent conversation of Tsaldaris with Griswold, Under Secretary and other Dept officials followed same lines as above.

_Marshall_

\[1\] Memorandum of conversation, July 9, 3:45-5:15 p. m., by William Witman, 2d, not printed. Mr. Witman was Second Secretary of Embassy in Greece, temporarily in the Division of Near Eastern Affairs (865.00/7-947).

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865.00/7-1147

_The Ambassador in Greece (MaeVeyagh) to the Secretary of State_ [Extract]

_Athens, July 11, 1947._

No. 5185

_Sir: I have the honor to transmit herewith a report, as published in the EAM English-language press bulletin, of the speech delivered on June 27 to the French Communist Congress at Strasbourg by Mr. Miltiades Porfyrogennis, Secretary of the Control Committee of KKE and legal expert of the Party. Also transmitted are texts of the Government News Bulletin’s comment and of the remarks and declarations made to the press in regard to Mr. Porfyrogennis’ speech by Government and opposition leaders (Messrs. Tsaldaris, Gonatas, Papandreou, Sophoulis, Tsouderos and Mylonas) and by the ELD Socialist Party._

\[1\] Enclosures not printed.
in summary form in my telegrams No. 1018 of July 2 and 1034 of July 3.²

The gist of Mr. Porfyrogennisi's remarks lies in his assertion that Communist objectives in Greece can only be achieved through the military action of an expanded "Democratic Army", in his appeal to world Communism for "definite, tangible and total assistance", and in his announcement that as a result of "Anglo-American intervention and monarcho-fascist intransigence" the situation in Greece "is crystallizing towards the formation of a Free Democratic Greece with its own Government and its own status as a State". These remarks, as the Department will observe from the enclosures, have drawn strong condemnation from representatives of virtually the whole gamut of Greek non-Communist opinion, though the important liberal leader, Mr. Sophoulis, as well as the ELD Socialist Party, a fellow-travelling group whose only political significance is the apparent appeal of its title to progressive opinion outside of Greece (see my despatch No. 5110 of June 23 ³) take the opportunity of blaming the government and the Right generally, for things having come to such a pass.

[Here follows further general comment by the Ambassador.]

I realize that the above is very much in the realm of speculation. But the matter itself is speculative, though it may not remain so long. Perhaps the most that can be said with finality regarding Soviet policy towards Greece at the present time is that the Truman Doctrine, as implemented to date, has by no means caused any diminution in the vigor and variety of the Slavo-Communist attack against Greek integrity and independence.

Respectfully yours,

LINCOLN MACVEAGH

² Neither printed.
³ Not printed.

868.00/7-1247

The Secretary of State to Governor Dwight P. Griswold, at Washington

CONFIDENTIAL

WASHINGTON, July 12, 1947.

MY DEAR MR. GRISWOLD: 1. You have been duly authorized to direct, under the guidance and instructions of the Secretary of State, United States activities within Greece in furnishing assistance to Greece under the Act to Provide for Assistance to Greece and Turkey, approved May 22, 1947, Public Law 75—80th Congress. In the performance of this function, you are authorized to exercise any power or authority conferred upon the Secretary of State by Executive Order
No. 9837, dated May 22, 1947, which you deem necessary and proper to the effective carrying out of the provisions of the above Act and of the Agreement with the Government of Greece setting forth the general terms and conditions under which assistance is to be furnished.

2. You have on behalf of the United States supreme authority in Greece over all such assistance, both civilian and military. You will act as Chief of the American Mission for Aid to Greece, the headquarters of which will be at Athens, and you will direct the performance by the Mission of all activities and functions which you deem necessary and proper to carry out the provisions of the Act of May 22, 1947, and the Agreement with the Government of Greece. These activities and functions include the following:

a. You will determine and supervise programs of American aid to Greece, including the terms and conditions upon which aid is furnished, and will furnish advisory and other assistance to the Government of Greece to carry out the purposes of the Act of May 22, 1947, the note of the Greek Government of June 15, 1947, and the basic Agreement with the Greek Government.

b. You will cooperate with the Greek Government in promptly developing, and in promoting the effective administration of recovery and reconstruction programs which provide for effective development and use of Greece’s own resources and of aid from the United States. Your approval will be required, in accordance with the note of the Greek Government of June 15, 1947, for expenditures of the Greek Government for activities which directly or indirectly involve the use of American aid and for the use of foreign exchange available to the Greek Government.

c. You will control all allotments of funds which the Secretary of State determines to be available for assistance to Greece under the Act, and will disburse any of such funds allotted to the Chief of Mission.

d. You will furnish full information to the peoples of the United States and Greece, consistent with the security of the two countries, concerning American assistance and the activities of the Mission and the Greek Government under the Agreement. This responsibility will include the making of arrangements with the Greek Government for observation and reporting by the press and radio of the United States, the publication of periodic reports by the Mission in Greece, and the preparation of basic material for inclusion in the reports of the President and the Secretary of State to the Congress.

e. You will observe performance by the Greek Government of its assurances in the Agreement and its note of June 15, 1947, including the implementation by administrative and legislative action of the recovery and reconstruction programs developed in cooperation with the Mission. You will suspend any or all assistance under circumstances in which you deem this to be required by the Act and you will report promptly any such suspension to the Secretary of State for final determination as to whether the Act requires withdrawal. Moreover, you are authorized to suspend any or all assistance and exercise any right of recapture to the extent you deem proper to carry out the objectives of the Mission.
3. You will report and be responsible to the Secretary of State and at all times keep him fully informed concerning all aspects of the Aid Program.

4. Subject to the general direction of the Field Administrator of the U.S. Foreign Relief Program, you will supervise and control United States' relief supplies furnished to Greece under the Act Providing for Relief Assistance to the People of Countries Devastated by War, approved May 31, 1947, and the agreement with the Greek Government governing the furnishing of relief assistance. You will be responsible for integrating the relief assistance in Greece with the overall American aid program.

5. Your Mission will observe the use of any other financial, economic or material assistance furnished to Greece by the United States, either directly or indirectly through international organizations of which the United States is a member, and will advise and make recommendations to the Secretary of State concerning the proper coordination of such assistance with the American aid program. You will also consult with the Greek Government concerning its requests for and proper utilization of any such assistance.

6. As the representative of the Government of the United States in Greece on matters relating to assistance furnished under the Aid Agreement and the Relief Agreement, you will maintain such relations and enter into such contracts, arrangements and agreements as are within the scope of your authority and as you deem necessary and proper to the performance of the functions of the Mission.

7. Your Mission will operate as an entity separate from the American Embassy in Greece, but the two should work in close collaboration. The United States Ambassador, as the accredited diplomatic representative of the United States, will continue to be in charge of the conduct in Greece of overall relations with the Government of Greece and will continue to have primary responsibility for all aspects of those relations which are not directly related to the activities of the Mission. He will advise you on the diplomatic and political aspects of your activities, and you will seek his counsel on such matters. You will keep him informed of the progress of the work of the Mission and its relations with the Greek or other foreign authorities. It is not believed possible to draw up in advance a formal definition of the respective responsibilities and spheres of action of the Ambassador and yourself; it is expected that you and he will establish a close, mutually satisfactory relationship, keeping in mind that the common objective of both is the furtherance of the policies laid down by the President and the Secretary of State.
8. You will maintain close informal contact with the British authorities in Greece, but shall not, without the approval of the Secretary of State, enter into any formal agreement concerning the relationship of the British military missions in Greece to the American Mission. You may, however, conclude such operating arrangements and agreements with the British authorities as will facilitate the American aid program, for example, in relation to the procurement of supplies or the use of British facilities, installations, and personnel in Greece.

9. The several sections of the Mission, including the military and naval sections, will operate at all times as integral parts of the Mission under your direction. In their day-to-day work it is expected that it will be necessary for them to have direct relations with officials of the Greek Ministries concerned with their particular fields. You will instruct the members of the Mission to refrain from discussing with Greek or other foreign nationals questions of a political nature not directly connected with the work of the Mission, and the Mission will decline to act as a channel of communication between any foreign authority and the United States Government with regard to such matters.

10. You will be guided, in carrying out the foregoing instructions, by the following general political, economic and financial considerations:

a. You will act in accordance with such policies as were announced by the President in his message to the Congress on March 12, 1947, and as may be determined from time to time by the President or by the Secretary of State. The basic political objective of United States policy toward Greece in furnishing aid is to assure the survival of Greece as a fully independent, democratic nation. As a means to this end, the United States at the request of the Greek Government will assist Greece with the means presently estimated as necessary to restore internal order and in establishing as soon as possible a self-supporting economy by laying the foundation for reconstruction and recovery through the development and effective use of Greece’s own resources.

b. The policy of the United States with respect to the financial terms upon which assistance is to be furnished to Greece are set forth in the report of the Senate Foreign Relations Committee on the Bill for Assistance to Greece and Turkey, as follows:

“Assistance provided under this Bill for military purposes, being essential to our own security, and not in itself creating the wherewithal to repay, should be made as a clear grant. Financial assistance for current civilian consumption should also be a grant since such assistance would not directly produce capital assets. Repayment could be sought, however, when the direct effect of the financial aid is to create capital assets and the ability on the
part of the receiving country to meet such obligations in foreign exchange. However, financial repayment obligations should not be established if there appears to be no reasonable prospect of repayment."

You are authorized to inform the Greek Government at your discretion that this is the general policy which will be followed by the United States Government in this respect. You will be responsible for recommending to the Secretary of State the financial repayment obligations that should apply to aid to Greece, in accordance with this general policy. Such recommendations should be made from time to time, but not less frequently than quarterly, and may relate to aid to be provided in the future or to aid already extended. After final determination of the financial repayment obligations by the Secretary of State, you will be instructed to inform, or effect appropriate agreement with, the Greek Government.

c. The use of funds made available for assistance to Greece should be supervised in such a manner as to assure that every dollar will count toward making the people of Greece self-supporting and not toward the special benefit of any particular group or faction. Accordingly, you should take all practicable steps (1) to prevent the dissipation of American aid, whether through diversion before reaching Greece, through being siphoned out of Greece after arrival, or through misdirection into improper channels within Greece, and (2) to assure effective controls over the development and use of Greece’s own resources. Both types of measures are essential in order that the benefits of American aid will not be lost or offset through lack of controls or dissipation of Greek resources.

d. In keeping with the announced United States policy of strengthening the United Nations and other international organizations, you should give careful consideration to the use of their facilities in accomplishing the purposes of the Mission.

11. For your guidance there is also attached to these instructions a statement of suggested policies and programs in relation to the various aspects of the American aid program for Greece. You and your Mission will be expected to exercise your judgment fully with respect to changes in policies and programs as circumstances dictate, and to act on the basis of the fullest and most up-to-date information to which you and the Mission have access. You will, however, refer back to the Secretary of State for decision any questions specifically so indicated in the attached statement. You will also take into account the budget presentation made by the Department to the Congress in requesting an appropriation to carry out the Act of May 22, 1947.

The statement of suggested policies and programs referred to includes the following subjects:

1. Reconstruction Program
2. Agricultural Rehabilitation Program
3. Industry and Mining Program
4. Import and Export Programs
5. Relief and Welfare Program
6. Public Health Program
7. Labor Program
8. Training Program
9. Military and Naval Programs
10. Finance Program
11. Public Administration Program
12. Public Relations Program
13. Mission Administration
14. Mission Controls
15. Use of United Nations and other
   International Organizations
16. Relationship of Mission to Political
   Problems

Additional statements¹ will be furnished to you subsequently on
other subjects.

Faithfully yours,

[G. C. MARSHALL]

¹None printed.

Editorial Note

The agreement on aid to Turkey was signed at Ankara by Amba-
assador Wilson and Turkish Prime Minister Saka on July 12, 1947;
for text, see Department of State Treaties and Other International
Acts Series No. 1629, or 61 Stat. (pt. 3) 2953.

865.00/7-1347: Telegram

The Ambassador in Greece (MacVeagh) to the Secretary of State

SECRET

ATHENS, July 13, 1947—9 p. m.

1108. I am reliably informed that representative of Communist
Party saw Sophoulis yesterday afternoon and gave him verbally what
they called final terms for calling off civil war as follows:

1. Resignation of present government.
2. Dissolution of Parliament;
3. Formation of “pure center government” under Sophoulis with
   cooperation such leaders as Tsouderos, Plastiras, and Mylonas (Sofi-
   anopoulos, Svolos, and Tsirimokos not mentioned).
4. Agreement between new government and KKE on basis of
   “Sophoulis’s policy of appeasement”, i.e. general amnesty, guarantee
   of security to those laying down arms, and promise of new elections
   soonest on basis revised electoral lists.
Representatives said that if terms unacceptable, threat contained in Zachariades manifesto yesterday (mytel 1108, July 12) would be carried out. Added agreement must be guaranteed either by UNO or by “Allied factors”. When asked if British and US approval alone sufficient, replied Russian approval also essential.

My info as above did not come direct from liberal leaders, who however contacted British Chargé, one of them (Tsouderos) even sending secret message to ask what British Government would advise by way of reply. Prime Minister who called on me this morning, denied all knowledge of matter and insisted Sophoulis in agreement with him (despite failure to say so publicly, see mytel 1087 July 10) on question of how to deal with rebels. Question therefore arises whether Sophoulis playing square with Prime Minister, while still so appears he following, at least to some extent, well-known Communist tactics of trying to use UK against US. British Chargé, whom I also saw this morning, feels Liberal leaders shocked by extent of recent arrests and now less inclined cooperate with Government than immediately after Strasbourg speech. Believe this probably true though widespread public reaction may not support politicians in long run. Miller who here today from north, reports “notable feeling of relief in Salonika as result arrests” and tendency to ask why Government delayed so long. International aspects of situation becoming more tense daily and further assaults against Greek integrity such as today’s Konitsa incident (mytel 1107, July 13) or actual declaration separatist government under international Communist influence may easily swing liberal policy again into more nationalist channels.

MacVeagh

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3 Not printed; the manifesto stated: “In this historic moment democratic leadership of country must undertake fully its responsibilities toward nation so long as final efforts for fair and equitable understanding among Greeks fail.” (868.00/7–124) Nicholas Zachariades was General Secretary of the Greek Communist Party.  
4 Not printed; it stated that the Prime Minister telephoned Ambassador MacVeagh on the morning of July 10 “that Sophoulis had told him he approved mass arrests as ‘necessary measure’ (though this so far unconfirmed by any public statement) and also, with reference to ‘appeasement offer’ by EAM, that he would undertake inform latter that if guerrillas would lay down arms, which sine qua non, government willing guarantee peaceful return home and subsequent security under general amnesty internationally observed.”

The telegram also conveyed the Embassy’s information from confidential sources that arrests totaled 9,000 and would reach at least 14,000. (868.00/7–1047)  
5 Lt. Col. Allen C. Miller, Assistant Military Attaché in Greece.  
6 Not printed; it reported information from the Greek Prime Minister that “exceptionally large guerrilla force, accompanied by members of International Brigade, today entered Greek Epirus from Albania, seized important bridge and isolated town of Konitsa.” (501.BC Greece/7–1347)
AID TO GREECE AND TURKEY

867.00/7-1547

Report of the United States Ambassador Concerning Assistance to Turkey

[Extract]


15. Conclusions.—It is concluded that:

a. The primary mission of the Turkish armed forces is to provide a deterrent of such a nature to a potential aggressor that an all-out costly war would be necessary for the aggressor, in order to realize territorial or political objectives in Turkey.

b. In case of war Turkey could place in the field a ground force of approximately 1,500,000 trained men (including reserves) within one month.

c. The size and effectiveness of the Turkish navy and air force would not permit them to carry out satisfactorily in case of war the tasks assigned to them by the Turkish general staff.

d. The equipment of all the Turkish armed forces is in general inadequate and outmoded.

e. Russia could over-run Turkey eventually if these two countries only were involved in war.

f. If Turkey, in case of attack by Russia, were aided promptly by the United States and/or Great Britain, there is a probability that she could hold out until arrival of effective aid, provided that her armed forces were completely provided with modern equipment.

g. The Turkish air and ground forces should be balanced, in order to permit them to present effective opposition unaided, until such time as allied assistance could be furnished.

h. Reorganization of the upper level of the Turkish defense establishments is desirable, in order to place the naval and air forces on an organizational parity with the ground forces, and to provide more effectively for the supply of all armed forces.

i. Certain reorganizational changes at lower levels within the ground, naval, and air forces will result in increased efficiency.

j. In general all elements of the Turkish armed forces require training with more modern weapons and equipment.

1 Transmitted to the Department by Ambassador Wilson in despatch 1750, July 15; according to telegram 573, July 15, 11 a.m., from Ankara, the report was to be hand-carried by General Oliver, who was scheduled to leave Istanbul on July 18 (867.00/7-1547).
k. A United States mission should be sent to Turkey to train the Turks in the technical use and maintenance of any matériel which we may furnish them.

l. The British should be encouraged to continue to assist the Turkish armed forces in both equipment and training.

m. The United States and British missions to Turkey should work closely with one another, but not under a single head.

n. The aid to Turkey, which is authorized under the present United States aid program, should be furnished at the earliest possible date.

o. The aid to be furnished to Turkey under the present program will be totally inadequate to insure that its armed forces will be able, in case of attack by Russia, to hold out until outside assistance can arrive.

p. Although serious economic instability or social unrest are improbable in Turkey during the next two years, the economic burden of maintaining the present army of approximately 600,000 men is resulting in curtailment of essential governmental services, reduction in current economic productivity, and diminished potential for capital development necessary to raise the standard of living of the Turkish peasant and worker. Continuance of this situation for an extended period of time will have serious adverse effects upon Turkey’s capacity for resistance to armed aggression or infiltration of communististic ideas.

q. Turkey is not likely to reduce substantially her present armed forces until such time as the international situation eases materially.

r. Despite the burden of national defense, Turkey’s international credit position is sufficiently favorable so that Turkey should be able to obtain foreign financial assistance for sound economic development projects from the International Bank for Reconstruction and Development.

s. [If?] The Turkish Government carries out its recently expressed intention to provide more favorable conditions for private enterprise in Turkey, both local and foreign private capital may also be available for economic development.

t. To the extent that economic development projects require the utilization of local labor and materials, possibilities of economic development will be limited unless the national defense burden can be reduced.

u. The funds made available for Turkey under Public Law #75 Eightieth Congress can most effectively be utilized for provision of modern military equipment, equipment for manufacture of ammunition and small arms, a military training program, and equipment and technical assistance for the initiation of a construction and mainte-
nance program for strategic highways. The latter program will also substantially benefit the economy of Turkey.

v. The recommended program, taken as a whole, should not necessitate any significant increase in the proportion of Turkish national income or resources devoted to national defense purposes. Certain budgetary effects of a bookkeeping nature resulting from payment of customs duties by the Ministry of National Defense on imports of equipment under the program may require legislative action. (See Paragraph 8 (b) above.) Possible small increase in foreign exchange requirements for fuel for operation of equipment in connection with the recommended training program will be more than offset by savings resulting from the provision of equipment which the Turkish Government would otherwise have had to purchase with its own funds.

w. To the extent that aid program equipment must be carried on the already overburdened Turkish State Railways, distribution of commodities for the civilian population, will be curtailed. This effect appears unavoidable, but can be minimized by proper phasing of deliveries.

17 [16]. Recommendations.—It is recommended that:

a. Equipment and supplies be furnished the Turkish army, navy, and air force in amounts and priorities as indicated in Annexes B, C, and D* insofar as possible from allotments of $48,500,000 for ground forces, $14,750,000 for the navy, and $26,750,000 for the air forces.

b. Road construction and maintenance equipment to the value of $5,000,000 as listed in Part Two of Annex E, be provided for improvement of Turkish roads.

c. Improvement of Turkish arsenals be provided as listed in Part Five of Annex E at an amount not to exceed $5,000,000.

d. The Turks be advised that it is believed that reorganization of their general staff and supply system, as discussed in Par 4, and reorganization of various units at lower levels, as discussed in Annexes B, C, and D, would improve the efficiency of their armed forces and reduce the burden of maintenance.

e. The United States send to Turkey, to train the Turks in the technical use and maintenance of the equipment we furnish them, army, navy, air-force and civilian missions as indicated in paragraph 9.

f. Arrangements be made for members of the Turkish armed forces to attend military and naval schools in the United States, as discussed in Annexes B, C, and D.

g. The British be encouraged to continue aid to Turkey in both equipment and training.

*The annexes referred to in paragraph 16 are not printed.
h. British and American missions in Turkey be instructed to cooperate closely with one another, but that they not be under a single head.

i. The various items of equipment and supplies to be furnished Turkey be made available at the earliest possible moment, except naval radar. Motor equipment should arrive with or ahead of the equipment with which it is to be used.

j. Supervision of the utilization of the equipment to be furnished Turkey should be exercised only to the extent of assuring ourselves that the Turks know how to use it. This can best be accomplished by the groups which are sent to give instruction, under the supervision of the Ambassador to Turkey.

k. The United States Government, as a member of the International Bank for Reconstruction and Development, give favorable consideration to the forthcoming request of the Turkish Government for financial assistance from that institution for economic development purposes, but only after a thorough survey by economic, industrial, and agricultural specialists designed to determine the types of development which will be consistent with the principles of world economic organization set forth in the charter of the International Trade Organization, and the particular projects which will contribute most to improvement of the well-being of the Turkish people within the limits set by Turkish resources of manpower and materials.8

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8 Ambassador Wilson's report, as originally transmitted to the Department, contained 12 recommendations. As a result of subsequent developments, recommendation k was deleted and recommendation l was relettered as k. Similarly, paragraphs 15 and 16 were originally numbered 16 and 17. Recommendation k originally read: "The program of aid to Turkey be extended by authorization of aid to the extent of $100,000,000 annually for an additional four (4) years." For an explanation of these developments, see telegram 457, July 23, to Ankara, p. 258.

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Editorial Note

Under Secretary of State Lovett directed a memorandum, on July 15, to the Secretary of State calling attention to the "serious turn for the worse" the Greek situation had taken the last three days. The concluding paragraph of his memorandum stated: "In these circumstances, I recommend that you consider advising the President and the Joint Chiefs of Staff of the gravity of the situation, pointing out the possibility of civil war and of circumstances of a seriousness approaching that which existed in Iran and which caused the President to call a top policy meeting with the Joint Chiefs of Staff, resulting in the top secret message to Paris, No. 4122, Secdel 676, of August 15, 1946,
6 p.m., a copy of which is attached for your information." (868.00/7-1547) ; for the text of telegram 4122, see Foreign Relations, 1946, volume VII, page 840.

In a further memorandum to the Secretary, on July 16, Marshall S. Carter, Special Assistant to General Marshall, stated: "Admiral Leahy called Mr. Forrestal to state that the President was concerned about the Greek situation and Leahy asked Forrestal if the Navy had any information on it.

"Forrestal called Lovett to find out what the State Department had on it.

"Lovett told Forrestal that the Secretary was communicating a memorandum to the President on this matter. Further that the report in the New York Times this morning was to the best of our knowledge substantially correct.

"Your memorandum to the President is in preparation now. In view of the above, I suggest you call the President on the telephone and tell him that you will have a memorandum over there today." (868.00/7-1547)

The Secretary noted marginally: "I telephoned a message to the President."

For the memorandum to President Truman which incorporated the bulk of Mr. Lovett's memorandum of July 15, except for the last paragraph, see infra.

868.00/7-1647

Memorandum by the Secretary of State to President Truman

SECRET

WASHINGTON, July 16, 1947.

The Greek situation has taken a serious turn in the last three days. According to a member of the Greek liaison staff with the foreign team in the field at Yannina, a guerrilla force estimated at 2,500 men crossed the frontier from Albania along the line of the Aous River at dawn on July 12. It isolated Konitsa by destroying the Aous River bridge at Bourazani, attacked and captured Konitsa and was at the time of the report advancing on Yannina. The guerrillas were reported to have unusually heavy armament and were well equipped with pack animals and supplies. They appeared to be unusually well trained in the technique of taking cover at the approach of a plane.

On July 15 information was given the foreign team that main guerrilla forces were at Kalpakia, but that Greek Army reinforcements had arrived and that the guerrilla advance had been stopped.

Greek Government reinforcements were flown in.
A second column of guerrillas now reported at about 2,500 strength is moving into Greece and our advices indicate that the persistence of the attack shows that there is probably some basis for the Greek claim that a form of international brigade is now in existence.

The Near East desk in the Department has felt for some time that a Communist move along the lines of setting up a "people's republic", or its equivalent, might be undertaken in some border area of Greece which has natural defensive characteristics. The present moves have that objective.

Reading the messages and the British Foreign Office's views on the gravity of the situation, it would appear that the likelihood of civil war is considerable, especially since the United Nations Security Council does not appear to be willing to act aggressively on the Ethridge Mission's report.

A detailed statement of the situation as known to the Department is in the course of being drafted and probably will be completed this afternoon.² I will send copies of this statement to the Secretaries of War and Navy and to Admiral Leahy for the Joint Chiefs of Staff. Unless your office advises me to the contrary, I will not burden you with such details.

[G. C. Marshall]

² See infra.

868.00/7-1747

Memorandum Prepared in the Department of State

TOP SECRET

[WASHINGTON,] July 17, 1947.

Subject: The Greek Situation

Reports reaching the Department indicate that the situation in Greece has deteriorated seriously within the past week. The Greek Communists have openly proclaimed their aim to establish a revolutionary government in areas held by the Greek rebels and armed attacks of considerable strength have been made from across the Albanian border. It is possible that the United Nations may be incapable of taking effective action in time to protect Greek independence and territorial integrity. The British Foreign Office shares our concern at the present developments.

The Embassy at Athens and American representatives on the UN Balkan Subsidiary Group at Salonika have not yet had time to submit to the Department either full or substantiated information regarding

³ Mr. Villard and the Secretary of State are listed as drafting officers; the original was sent to Admiral Leahy for the Joint Chiefs of Staff and copies were sent to the Secretary of War and the Secretary of the Navy on July 17.
the extent of the military operations or the success of the Greek forces in containing the immediate danger. There is, however, sufficient information to show that an extremely explosive situation exists which may easily become the precursor of what the Communists would term a Greek civil war, but which would in fact be open hostilities between the Soviet-dominated Balkan States and Greece.

The following is a summary of the information received to date from Ambassador MacVeagh and Lieutenant Colonel Miller, the American representative on the UN Subsidiary Group, which, although obtained for the most part from official Greek sources or from evidence heard by the Subsidiary Group’s investigating team on the spot, appears to be reliable. It is to be noted that as soon as the present incidents occurred, the Greek Government urgently requested the Subsidiary Group to make a full investigation. This the Subsidiary Group has not yet decided to do, pending the report of the investigating team.

At dawn on July 12, a guerrilla force estimated at 2,500 men crossed the Albanian frontier into Greece along the line of the Aous River. They had unusually heavy armament and were well equipped with pack animals and supplies.

The attackers seized the strategic bridge at Bourazani, isolating and attacking the town of Konitza. The early reports of the fall of Konitza were later denied and the bridge was said to have been recaptured after Greek Army reinforcements had been flown in.

Greek aerial reconnaissance disclosed bodies of troops in what appeared to be army uniforms concentrated just inside the Albanian frontier. The pilot and observer of one Greek plane, interviewed by the investigating team after five flights over the guerrilla formations on July 13, stated that many of the guerrillas wore peculiar uniforms consisting of a blue coat, reddish shirt and black trousers. They appeared unusually highly-trained in the technique of taking cover at the approach of aircraft. The plane was damaged by a heavy calibre machine gun bullet.

It appeared originally that the rebel forces were advancing toward the strategic town of Joannina, but were stopped by Greek Army reinforcements. Another band was reported ready to occupy Chamouris. The two-week-old operations in the nearby Grammos region continued.

The above-mentioned attacks followed closely on the heels of a well-documented case of flagrant assistance given the guerrillas by the Yugoslavs at Beles-Kouka, and investigated by the UN team. In mopping up operations near Beles on the night of July 4–5, the Greek Army encountered strong resistance. Two Greek brigades supported by artillery had, however, by July 6 pushed an estimated 600 guerrillas into a narrow zone along the frontier where a stalemate developed.
since the Army could not use artillery or aircraft for fear of violating Yugoslav territory. The guerrillas held extremely strong positions supported by machine gun fire from several Yugoslav frontier posts, by mortar fire from the reverse side of Beles mountain (which is in Yugoslavia), and by supplies which Greek soldiers saw arriving from Yugoslavia. The Greek operations were consequently unsuccessful, and the greater part of the guerrillas escaped into Yugoslavia.

The following events appear to be connected with the recent outbreak of heavy fighting in northwestern Greece:

(a) Greek Communists at a Communist Congress held at Strasbourg (France) toward the end of June proclaimed their intention of establishing a “free democratic Government” in northern Greece and appealed for international assistance for their cause.

(b) A police search of the Athens port of Piraeus July 1 disclosed stores of revolvers, explosives and revolutionary proclamations in the headquarters of the Communist-dominated National Liberation Movement.

(c) A serious fire of undetermined origin broke out on July 5 in the building housing the offices of the American Mission for Aid to Greece, British Headquarters, and the headquarters of the Greek Air Force, killing several persons.

(d) The responsible Ministers of the Greek Cabinet declared that overwhelming evidence of a Communist coup being planned in Athens before the arrival of Governor Griswold made the arrest of the principal known Communists imperative. The Prime Minister agreed when the Ministers refused to accept further responsibility for the safety of the Government or public unless they received permission to act. The arrests began on the morning of July 9. Actually many of the leading Communists are reported to have escaped. Arrests total around 9,000 but may reach 14,000 or higher if and when the Communists proceed to establish a separate Government and launch the threatened International Brigade. As to the latter, no confirmed information from American sources has yet been received as to the existence of such a brigade or of participation of international elements in the recent fighting in northwestern Greece.

(e) The Athens Communist newspaper Rizospastis stated on July 12 that Zachariades, Secretary General of the Greek Communist Party, had returned to Athens after attending the French Communist Congress. The paper also printed an inflammatory “message” from Zachariades to the effect that the interest of the nation required a definite moral and material separation of the “democratic world” from the reactionary right and center by the creation of a “new free democratic government” in the “free democratic districts” of Greece.

(f) The Konitza attack began on July 12, coinciding with the arrival of Governor Grisfold in Greece.

It seems likely that the USSR may veto our resolution now under consideration in the UN Security Council. This resolution provides for the establishment of a continuing UN Commission to deal with
disturbances along the northern Greek frontier and in particular external aid to the guerrilla forces. The Department is considering other proposals which might be presented to the Security Council or, failing a favorable decision by that body, to the General Assembly which meets in September. Among the possible courses of action under immediate consideration are:

(a) The presentation of a case by the United States in the Security Council charging that there has been a threat to the peace, breach of the peace or act of aggression under Chapter VII of the Charter.
(b) The establishment of a Security Council Commission within Greece (if Greece so requests) to act as a surveillance body.
(c) Recommendation that the Security Council itself meet in Belgrade, Salonika or somewhere in the area.
(d) Action under Article 51 of the United Nations Charter pending the taking of effective action by the Security Council. (This Article provides that nothing in the Charter shall impair the inherent right of individual or collective self-defense if an armed attack occurs against a United Nations member. In invoking this Article, the United States would presumably rely upon the theory that an attack against one member of the United Nations may nearly always be considered as an attack against all.)
(e) If time and circumstances permit, the presentation of the entire matter to the General Assembly if Security Council consideration proves abortive.

Consideration is also being given to other action within the spirit, although not within the procedural framework, of the United Nations Charter. Such action may be in concert with other UN members or simply with the British. It would be predicated on the principle that members of the United Nations are not precluded from taking action in furtherance of the purposes and principles of the Charter by a policy of obstructionism of another UN member. The action which might be taken could take various forms.

It is possible, however, that before we can exploit all possibilities of United Nations action, a revolutionary government may have been established in northern Greece or the military situation may have disintegrated to such a degree that Greek independence and territorial integrity can no longer be maintained. In addition, since no armed forces are as yet available to the United Nations, any action open to the United Nations in its present stage of development—even if not blocked by the USSR—might be ineffective in preventing the continued incursion of armed forces from Greece’s northern neighbors.

The British Foreign Office has expressed deep concern at present developments in Greece. Their Foreign Office expresses the belief that even if a permanent border commission were established under UN auspices, there might eventuate a situation where peaceful action hav-
ing proved ineffective, consideration might have to be given to the use of force to assist the Greek Army in restoring the integrity of Greece. The British have indicated that they intend to discuss this matter with us.  

2 In a memorandum of July 17, to Mr. Lovett and to Norman Armour, Assistant Secretary of State for Political Affairs, Secretary Marshall stated: "I had a talk with the President at 12:30 today and discussed with him the situation in Greece. He stated that the memorandum I gave him yesterday was sufficient for his purpose. I told him that I was sending today (and I have just signed and despatched the documents) a detailed statement of the situation in Greece, as now known to the Department, to the Secretaries of War and Navy and to Admiral Leahy for the Joint Chiefs of Staff.

"I told the President that I thought it best merely to send this statement, as indicated above, without any formal request from me or direction by him for action; that it would be better for me to indicate informally to Admiral Leahy that we thought it desirable for the Chiefs of Staff formally to consider the matter immediately. The President agreed to this procedure." (868.00/7-17/47)

868.00/7-1847 : Telegram

Governor Dwight P. Griswold to the Secretary of State

SECRET

ATHENS, July 18, 1947—noon.

1154. AMAG 7. To McGhee from Griswold. 1. Mission is beginning work on complex problem of formulating proposals regarding effective controls exports and imports and centralization responsibility for this work in agency such as foreign trade administration recommended by Porter. It will, however, be some time before any new system can be put into operation. Meanwhile, arrangements will be made for clearance by AMAG before use by Greek Government of all foreign exchange regardless of source.

2. Emergency problem is that Greek Government supply of dollars exhausted with limited possibilities immediate dollar revenue, while there are pressing import requirements which must be met from aid program before new import control system fully in operation. Regarding items to be supplied for Greek Government account under aid program such as wheat, milk. POL.  

1 etc., I intend telegraph to you specific recommendations for procurement. However, certain items such as relief supplies, industrial spare parts, some raw materials, etc., obviously can best be procured through normal trade channels and in many cases are already covered by import applications with pro forma invoices. To meet immediate requirements for latter purpose, recommend following interim courses: There should be advanced to Greek Government and deposited Chase National Bank, New York,  

1 Petroleum, oil, lubricants.
to special account of Bank of Greece designated as "Bank of Greece special account AMAG" the sum of $5,000,000. These funds, to be taken from the program quota for consumer goods, would be available for urgent import requirements and only with specific approval by AMAG in each instance of expenditure. Formal agreement with Greek Government and Bank of Greece covering use and control of account would be negotiated. Full accounting for funds would be maintained jointly by Bank of Greece and AMAG.

3. Important we act quickly. Would appreciate your telegraphing immediately whether proposal agreeable and how soon deposit can be made. Details will then be worked out with Greek Government.  

[GRISWOLD]

In telegram 1065, Gama No. 11, July 21, to Athens, the Department informed Governor Griswold that "Proposed interim procedure for financing Greek purchases acceptable to Department. Allocation of five million dollars from Greek Aid Funds being made immediately. Funds will be available for deposit Bank of Greece special account AMAG in Chase National Bank within four days. Will hold actual deposit pending final confirmation from you completion your arrangements Greek authorities." (868.00/7-2147)

868.01/7-1647: Telegram

The Secretary of State to the Embassy in Greece

SECRET

WASHINGTON, July 18, 1947—8 p. m.

US URGENT

1082. Urtel 1108 July 13. Brit Emb in Aide-Mémoire July 16 ¹ reported KKE proposals to Sophoulis and Tsouderos, and latter’s request to Brit Emb Athens for advice as to reply to be made to KKE. Bevin directed Brit [Embassy] to discuss matter urgently with Dept, suggesting that Tsouderos be informed by Brit and US Embts that they clearly cannot give Tsouderos, behind back of Greek Govt, advice about a proposal for replacing Govt. Bevin believes Tsouderos should inform PriMin of KKE proposals, and further suggests that there might be advantage in you and Brit colleague putting following points to Sophoulis and Tsouderos with view to indicating to them dangerous nature of KKE offer and to find out their reactions:

(1) Do they think that King would be prepared evict present Govt and dissolve Parliament or that such action would be tolerated by majority of Greek people and specifically by Army and gendarmerie?

(2) Can general amnesty be seriously considered or would new election even with "revised" electoral rolls give Center Parliamentary majority?

¹ Not printed.
(3) How could guarantee by UN or "allied factors" be implemented in practice if KKE later failed call off andarte campaign? Would not "guarantee" open way to Soviet interference in Greek internal affairs?

Dept has replied to Brit that while it sees no harm in obtaining Sophoulis' and Tsouderos' replies to above questions, we would prefer more bluntly informing them we consider KKE's fair-sounding proposals to be insincere and dangerous, and that any serious consideration of them could only strengthen Communists hand and weaken any attempt that might be made to obtain positive action through UN.

Dept suggests that you inform your Brit colleague of foregoing and suggest that verbal reply along such lines be conveyed to Sophoulis and Tsouderos. If Brit wish confine themselves to Bevin's suggestions you may convey Dept's views independently, at the same time associating yourself with Brit reply in order not suggest difference between US and UK except in degree.

Dept fully concurs your remarks to Rendis (para 2 urtel 1040 July 7) and suggests they be repeated to Sophoulis and Tsouderos personally if possible. Re your suggestion that Dept discuss with Tsaldaris inclusion Sophoulis or one of his lieutenants in broadened cabinet, Dept would appreciate early advice from you whether present may still be considered appropriate moment in light of military situation.

Dept would also appreciate your most immediate comments whether it would in your opinion be appropriate, in event of favorable UN action in SC, for Greek delegate to announce simultaneously Greek Govt's intention to carry out recommendation of Balkan Commission for general amnesty under supervision foreign observers so soon as circumstances may permit.

Sent Athens 1082; rptd London 3088.

MARSHALL.

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Greek word for "insurgent".

868.00/7–1847: Telegram

The Secretary of State to the Embassy in Greece

CONFIDENTIAL

WASHINGTON, July 18, 1947—8 p. m.

1084. Brit Emb here has informed Dept that Brit Amb in Athens has been instructed to approach Greek FonOff regarding recent arrests. Brit Amb is to state that the Greeks would be well advised to expedite screening of those arrested, to release those not seriously implicated in any plots, and to bring those remaining in custody speedily to trial with charges against them made public. Brit also consider that they
should use their influence to dissuade Greek Govt from further indiscriminate arrests and unnecessary drastic measures and to insure that everything possible is done to mitigate inevitable bad impression created abroad.

We are informing Brit Emb here that we have no objection to démarche to above effect by Brit Amb in Athens. You may if you consider it advisable address similar remarks to Greek FonOff. Thus far, however, there is surprisingly little criticism in US of recent widespread arrests.

FonOff has also informed Brit Amb Athens of its view that it would be preferable if possible for Greek Govt not to outlaw whole Communist party by some formal measure and that any measures which outlaw whole of EAM would seem disastrous. In addition FonOff regrets wholesale scale of arrests so far carried out. Dept would appreciate your views on these questions. However, our concurrence thereon has not been requested by Brit.

Sent Athens 1084, rptd London 3092.

MARSHALL

868.00/7-1947: Telegram

The Ambassador in Greece (MacVeagh) to the Secretary of State

CONFIDENTIAL

ATHENS, July 19, 1947—5 p.m.

1168. According press and EAM news bulletin, “democratic army” broadcasting station went on air 1845 hours Greenwich July 12 and is now broadcasting daily at 0500 hours on 38 meter band and 1800 hours 44 meter band.

Broadcasts not heard widely or easily in Athens as yet. However, EAM bulletin July 17 prints proclamation by guerrilla chief Markos allegedly read in broadcast that morning.

Proclamation asks termination of violence by agreement including general amnesty, “new govt with equal participation of democratic world”, and free elections without foreign interference. Abruptly, it then says “situation has reached point where democratic army considers necessary the formation of a provisional democratic government in free regions, which will maintain power until National Assembly to which it will report is convoked.”

If foregoing makes any sense at all, it would seem to call for simultaneous establishment of “free govt” in rebel territory and compromise govt in rest of Greece until such time as “democratic elements” win elections held by latter.

Besides confused obscurity of Markos’ proclamation, Dept will note divergence between his proposal for compromise govt “with equal
participation of democratic world” (i.e., Communists), KKE proposal to Sophoulis for “pure center govt” (mytel 1108, July 13), ELD proposal for govt “enjoying common confidence” (mytel 1119, July 15), and statement “we do not ask that power be handed to us” in vague EAM appeasement offer of July 4 (mytel 1038, July 6). Possibly this is best indication that none of these recent leftist proposals are to be taken seriously or considered as anything other than propaganda moves designed to confuse liberal and leftist opinion throughout world and in Greece and to provide advance justification for eventual establishment of rebel govt.

MacVeagh

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2 Not printed.

S68.00/7-1947: Telegram

The Secretary of State to the American Mission for Aid to Greece

WASHINGTON, July 19, 1947—7 p.m.

1089. Gama No. 10. For Griswold from McGhee. House Appropriations Subcommittee approved yesterday full $400,000,000 for Assistance to Greece and Turkey under Public Law 75, limiting administrative expenses of Mission to $3,500,000 and administrative expenses in District of Columbia to $300,000 and expressing displeasure at program for training of Greeks in United States and elaborate Mission staff to encourage the promotion of industrial labor relations in Greece. Department appealed administrative cuts before Senate Appropriations Subcommittee this afternoon. Sending by mail House Subcommittee testimony and report and will advise of final Senate Subcommittee and Congressional action and analysis of effect on Mission. [McGhee]

Marshall

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501.BC Greece/7-2047

The Greek Foreign Minister (Tsaldaris) to the Secretary of State

NEW YORK, July 20, 1947.

My Dear Mr. Secretary: When I had the privilege of calling on you on the 9th July, I expressed to you the growing concern with which we viewed the question of maintaining the Greek Army’s morale. I pointed out that unless steps were taken to strengthen the armed forces morally as well as materially, and unless the Security Council

1 Handed to Mr. Villard at 9:55 a.m., July 20.
2 See telegram 1021, July 11, to Athens, p. 224.
adopted prompt and effective measures to safeguard Greece's northern frontiers, a situation might develop tending to set at naught any action contemplated in defense of Greece's independence.

The events of the last week have, unfortunately, served to demonstrate the validity of our fears. It is true that the Greek forces succeeded in repelling the two attacks of invaders from Albanian territory. Nevertheless, they were not able to take a substantial number of prisoners. In view of the fact that fresh incursions must be expected, the imperative need of improving the military situation without delay becomes apparent.

So far as the deliberations of the Security Council are concerned, in spite of the efforts of the United States Delegate, and though time is of the essence, another week has passed largely in filibustering on the part of the members of the Soviet bloc. Discussion of the American draft resolution will begin only on Tuesday next, and insistent rumors suggest that various compromise amendments which can only weaken the original draft are to be submitted.

It is still uncertain whether the Soviet Delegate will veto the resolution or not. What is certain, however, is that the representatives of the three Balkan countries, as well as Mr. Gromyko himself, have stressed in their statements the optional character of any recommendations made by the Security Council under Chapter VI. It may be inferred therefore, that, even without veto, these three countries will choose to disregard such recommendations, and especially those relating to the establishment of a semi-permanent frontier commission. The intention to continue the aggression against Greece is clear and overt.

Greece favored adoption by the Security Council of the American proposal and pledged herself to carry out her part in good faith, because she was hopeful that the findings of the Commission of Investigation would help to put an end to aggressive intentions. But—and here is the crucial point—in the light of the recent incursions and the attitude of the Slav bloc at the Security Council, is the proposed solution a sufficient one? The main point of the American resolution is the establishment of a frontier commission. But such a commission is already at work in the frontier area, yet its presence has failed to avert the recent incursions. In fact, the Subsidiary Group was unable even to carry out investigations of the circumstances under which incursions occur, owing to the three countries' refusal to permit it to enter their territories. How then will the contemplated frontier commission succeed in preventing further acts of aggression so long as the plan for such aggressive activity continues to exist, and no other provision is made for means that would prove adequate to foil such aggressive activities? There is a very real danger that such a commission may
become no more than an instrument for informing the world at long delay, that aggression has taken place and that Greece is no longer a free nation.

The fears which I have expressed above have their origin in the military situation as this has developed in the last week, as well as in the revealing attitude of the Soviet bloc in recent meetings of the Security Council, and I venture to submit these fears to your kind consideration.

I would add that I have thought it expedient to convey to you my views since arrangements have been made for me to meet your immediate assistants at the State Department on Tuesday next in the afternoon, and you may perhaps wish to discuss with them in advance the possibility of a stronger line of action in the light of those views. I am, of course, at your entire disposal for any additional information that you may wish to have regarding the situation as it has developed since our last meeting as well as the measures to be adopted.

Sincerely yours,

Constantine Tsaldaris

868.00/7-2147

The British Embassy to the Department of State

SECRET
Ref: G58/—/47

AIDE-MÉMOIRE

The British Foreign Secretary is disturbed lest, with Soviet support, the Bulgarian and Yugoslav Governments may take advantage of the present disturbances and arrests in Greece to promote a new state of Macedonia, including Greek Macedonia, either in the form of a unit of the Yugoslav Federation or in association with a Yugoslav-Bulgarian Federation; thus extending the Soviet orbit to the Aegean.

2. The attached copy (Annex A) of a despatch from His Majesty’s Ambassador at Paris\(^1\) records his Turkish colleague’s fear that the formation of such a state is once more being mooted. Furthermore, an article\(^2\) (Annex B) attributed to the Greek Communist leader Zachariades, which appeared in the Greek newspaper *Rizospastis* on the 12th of July, following closely upon the recent speech of Porphyrogenis to European Communist leaders at Strasbourg, makes it clear that it is an aim of the Greek Communists and their allies to

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\(^1\) Dated July 8, 1947, not printed.

\(^2\) Not printed.
establish a “Free Greece” (which might in practice become a “Free Macedonia”).

3. In their Aide-Mémoire of the 2nd January 1945 (a copy of which is attached (Annex C) for convenience of reference), His Majesty’s Embassy made known to the U.S. Government the views of His Majesty’s Government in the U.K. on this question. A similar communication was made to the Soviet, Yugoslav and Bulgarian Governments. In their reply of the 24th February 1945 (Annex D), the State Department indicated that the U.S. Government were broadly in accord with the British views. The Soviet Government were evasive in their reply.

4. Despite further representations, the Soviet attitude has remained equivocal. It is to the effect that the problem is not of immediate or practical importance. Nor has anything happened in the area to dispel the fear that Communist policy still aims at detaching Macedonian territories from Greece. Present information suggests that, if formed, a Macedonian State would be dominated by, if not included in, Yugoslavia, and that Bulgaria would be obliged to accept this situation.

5. Mr. Bevin does not consider that Bulgaria and Yugoslavia would rest content with economic facilities alone. The failure of the Yugoslavs to make as much use as they might of their existing facilities at the free port of Salonika, no less than the Bulgarian claim during the Peace Treaty negotiations to retain the Aegean outlet acquired during the war, indicate that territorial considerations are still dominant.

6. Mr. Bevin regards it as particularly important at the present time to prevent the Macedonian question from becoming a practical issue or even a subject of international discussion. He therefore considers that, if there is any sign of a serious move by the Balkan Communists towards the establishment of a Macedonian State, both His Majesty’s Government and the United States Government should lose no time in making it clear publicly that they are aware of the move and are opposed to it. He would be grateful to hear whether Mr. Marshall agrees.

WASHINGTON, 21 July 1947.

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4 Ibid., p. 1306.
5 Mr. Balfour presented the British aide-mémoire on July 21; during the ensuing discussion of the British communication with Messrs. Armour and Villard, he “was informed that the Department likewise did not look with favor on the formation of the Macedonian state under the conditions described, and that the only question in our minds was how and when to express our attitude, and whether in conjunction with the British or separately.” (568.00/7-2147) A written reply to the British aide-mémoire has not been found in Department of State files.
The Ambassador in Greece (MacVeagh) to the Secretary of State

CONFIDENTIAL

ATHENS, July 21, 1947—2 p. m.

1175. Deptel 1084, July 18. In my belief, based on . . . reports which also available to Dept, Govt cannot be blamed for recent widespread preventive measures against Communist menace which of a highly serious nature. However, in view of character of govt thus forced to defend itself, it may be considered certain that many injustices have occurred and are likely to occur in connection this affair, and I therefore feel that addressing similar remarks to Foreign Office as those being made by British may not be inappropriate, particularly since we now so closely associated with Greece in public eye. May also possibly have some effect, since part at least of Cabinet aware of situation and sensitive to justified criticism.

I talked today with Minister Justice Alexandris and he earnestly repeated assurances previously given me by non-political Prime Minister Maximos and Centrist Cabinet member Canelopoulos. Everything possible being done to screen innocent as well as to clothe and feed all detainees. He also expressed great bitterness over failure of Greek propaganda services to make these efforts properly known.

Regarding outlawing Communist Party, Prime Minister has told me this will not be done “at present”. Feels existing laws sufficient to cover situation and does not want prosecution for “ideology” but only for acts. I believe this very sound. However, Prime Minister added unable vouch for what Govt would do if separate Communist Govt erected. In any case, it is my understanding that outlawing would apply only to party members of KKE and not to non-Communist members EAM.

Sent Dept as 1175, repeated London as 76.

MACVEAGH

SECRET

MOST IMMEDIATE

ATHENS, July 21, 1947—7 p. m.

1184. Believe no advantage would accrue from my presenting Sophoulis and Tsouderos with Bevin’s three suggested questions. King’s reaction to unconstitutional proposal to “evict” govt already

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1 See telegram 1082, July 18, to Athens, p. 243.
determined (mytel 1124 July 15) and Liberal Party’s views well-known except as regards (3) which too unclear for any valid discussion unless by Communist proposers themselves. Also Sophoulis already in touch with Maximos following my suggestion (mytel 1078, July 9), and finally, according to British Chargé’s latest information, Sophoulis not advised of proposals at time Tsouderos “secretly” requested British reactions. Apparently not only aged leader himself but Rendis (with whom I talked today) ignorant of matter. Fact seems to be that Tsouderos (with backing of Lambrakis, editor of Vina) hoped secure British blessing independently and in advance before attempting persuade Sophoulis to embrace proposals (which incidentally not in writing), thus indulging in maneuver typical of division in opposition ranks. In this connection, Rendis appears willing (mytel 1078, July 9) to see increasing collaboration all nationalists against enemies of Greece, but Lambrakis and Tsouderos still cling to old idea (see my conversation with Sophoulis in my despatch 1609 of October 13, 1945) that Communists can be used by Liberals to defeat Govt and thereafter be controlled through political means since they in electoral minority.

In view of above, I have preferred follow other line indicated by Dept and inform Tsouderos as set forth in Deptl [apparent omission] under reference that we consider KKE proposals insincere and dangerous. Since he contacted British Chargé and not me in the matter, I authorized Reilly yesterday, when he duly asked Tsouderos Mr. Bevin’s three questions, but also expressed views similar to ours, to inform him likewise of how we feel. Today Reilly reports Tsouderos, after endeavoring to answer questions, accepted our joint caveat without comment, except to say that he too has no belief in sincerity of Communists but felt they might be “used” as above outlined.

Meanwhile I have been able to get Sophoulis’ ideas through conversation with him and Griswold July 18. While maintaining well-known Liberal Party views that Parliament not really representative of popular will, since elections held in “tempest”, and that Centrist govt would more nearly satisfy public at this time, and while holding present Govt in large part responsible for existing situation, he nevertheless conceded that since situation exists it is necessary to cooperate with Govt to some extent for national salvation. “Since they won’t come up to meet us we must go down to them.” When Griswold and I

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2 Not printed; it reported information from a confidential source that “Sophoulis interview with King July 11 was unsatisfactory to former, Sophoulis insisting that new government should be formed with himself as Premier and King refusing to undertake any political initiative without advice and consent of responsible Ministers.” (868.00/7-1547).

3 Not printed.

4 D’Arcy P. Reilly, the British Chargé in Greece.
urged maximum possible unity at this time despite political differences, he took occasion assert his awareness of Communist danger to this country and to deny emphatically any justification whatever for Lange’s allegations in SC which he later scored publicly (mytel 1169, July 19*). In addition, he reiterated his support of Truman Doctrine and expressed great interest in Griswold’s work so that it may not be impossible that despite contrary advisers, he will yet give his blessing to some sort of integration of his party in the national effort.

[Here follows one paragraph of personal observations.]

My answers to questions in final paragraphs of Deptel 1082 are given in next following telegrams.

MacVeagh

*Not printed.

868.00/7-2147: Telegram
The Ambassador in Greece (MacVeagh) to the Secretary of State

SECRET

MOST IMMEDIATE

ATHENS, July 21, 1947—7 p.m.

1185. Regarding questions in final paragraphs Deptel 1082 July 18, I feel that while we cannot, in view of inveterate pettiness of Greek politicians, insist too much on advisability of maximum broadening of government at this critical time, it would be a mistake to give explicit support to any party or political personality. I believe our policy of careful non-interference in Greek internal affairs to be one of our strongest assets for dealing successfully with Greek people, and Sophoulis himself, in conversation with Griswold and me July 18, went out of way to express gratitude for it.

Though from time to time he and other Greek leaders may be expected to endeavor make us abandon it in their favor, Department may be assured that we shall in long run have greater influence with all if we maintain it. Meanwhile, general advice from US at this time cannot be other than of great importance to this country, and I believe Tsaldaris might usefully hear our views clearly and distinctly from Department as he has already heard them repeatedly from me. This was sense of my suggestion in final paragraph mytel 1040, July 7.

Furthermore, I hope that Secretary may be willing to issue personally, at early date, some strong statement especially devoted to our hopes for Greek unity and our belief in its prime necessity. Such a statement from such a source would immediately reach Greek electorate over heads of politicians and would, I believe, do more than any amount of confidential advice to convince latter of existence of a compelling motive for setting their own house in order. Military situa-
tion I feel to be essentially unrelated to this question except insofar as morale could not fail be improved by achievement of unity in political world.

Regarding amnesty, Government has already declared its willingness to grant "general amnesty" under international supervision provided rebels first lay down arms (mytel 1078, June [July] 9). Proviso seems reasonable, since Government cannot afford treat with armed subversive movement in same way as with legal adversary, but consequence is that amnesty can only be general if laying down of arms is general, which is highly improbable, believe therefore advisable not use word "general" this connection as liable raise too many questions. However, amnesty to individuals who lay down arms already in force and Government has declared (mytel 734, May 20), prior to recommendation by Balkan commission, its intention to "invite impartial foreign observers of one or more countries to visit Greece and observe fair and equitable treatment accorded to anyone desirous of taking advantage of clemency of state and put himself under its protection". Though obviously "fully satisfactory implementation of amnesty must be contingent on effective measures to seal northern frontier" and these cannot be taken immediately, a favorable decision by SC on the Greek case would seem excellent opportunity for Greek delegate to reiterate his Government's intention which so far would seem to have received too little publicity.

MacVeagh

Memorandum of Conversation, by the Assistant Chief of the Division of Near Eastern Affairs (Jernegan)

SECRET

[WASHINGTON,] July 22, 1947.

Participants: Constantine Tsaldaris, Greek Foreign Minister.
Mr. Gouras, Counselor of Greek Embassy.
Mr. Armour
Mr. Villard, NEA
Mr. Jernegan, NE

Mr. Tsaldaris called at his own request. He began by discussing the difficulties of coping with the present situation in Greece through a coalition government, saying that it was very difficult to take decisions and act when it was necessary to consult so many different leaders. He remarked that in his capacity as Foreign Minister he was frequently afraid to transmit information to other members of the cabinet, because as soon as he did so the information ceased to be secret. He said that, as leader of the majority party in the Parliament, he could still command the support of more than 200 deputies, and he had been
wondering whether he should not dissolve the coalition and reestablish a one-party cabinet based on this majority. Mr. Tsaldaris did not appear to expect any comment on these remarks, and the Department's representatives expressed no opinion.

Mr. Tsaldaris handed to Mr. Armour an aide-mémoire setting forth his views on developments in the Greek case before the Security Council. These were in general similar to the thoughts set forth in his letter of July 20 to the Secretary of State. He emphasized the danger that the action contemplated under the United States resolution before the Council might prove to be inadequate even if it were not vetoed by the Soviet representative. Saying that in the event of a veto our course of action would be comparatively clear, the Foreign Minister suggested that the situation might be even more difficult if the Soviet Union abstained on the vote and so permitted adoption of the resolution. In that case, the Soviet representative or those of Albania, Bulgaria and Yugoslavia might assert: (a) that the resolution, being presented in terms of Chapter 6 of the Charter, could constitute only a recommendation which left the states concerned free to accept or reject it as they chose, or (b) they might assert that the constitution of a commission such as that proposed in the resolution was an infringement of the sovereignty of the states concerned and therefore not binding because contrary to the provisions of the Charter, or (c) they might make no statement at the time but later sabotage the work of the proposed commission by refusing to cooperate with it in the same way as they were now refusing to cooperate with the subsidiary group of the Balkan Investigation Commission. Any one of these three courses, Mr. Tsaldaris thought, would present us with a very dangerous situation. He feared that the proposed commission would become a screen behind which the USSR and its satellites could continue and expand their aggressive activities against Greece.

Mr. Armour and Mr. Villard told the Foreign Minister that we appreciated the dangers but felt they would have to be met when they arose. We believed that final decisions in this regard could only be taken after the vote on the U.S. resolution and in the light of the circumstances.

Mr. Tsaldaris asked whether he could not return to the Department for further consultation on this subject. He pointed out that he would soon be returning to Athens and would have to tell his Government what the U.S. had in mind with respect to further action and what part we desired Greece to play in this regard. Mr. Armour agreed that a further meeting would be desirable and said that he would always be at the disposition of Mr. Tsaldaris. He suggested that as soon as the Security Council should vote on the U.S. resolution we in the Depart-

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{1} Not printed.
ment would formulate our plans and immediately thereafter get in touch with Mr. Tsaldaris to discuss them. The Foreign Minister said that he would wait in Washington until the vote had been taken, which was expected to be not later than Thursday, July 24.

Although he made no specific suggestions, it was clear from the trend of his remarks that Mr. Tsaldaris envisaged subsequent action following a vote on the present resolution as involving recourse to Chapter 7 of the United Nations Charter and after that to Article 51 of the Charter, which provides for individual and collective action in self-defense. He again indicated his desire for the closest possible American-Greek cooperation in the present situation.

Before leaving, Mr. Tsaldaris and Mr. Gouras mentioned four relatively minor matters which they wished to bring to the attention of the Department:

[Here follows a discussion of the four matters.]

J[ohn] D. J[erney]

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* Mr. Tsaldaris, accompanied by Mr. Economou-Gouras, conversed with Mr. McGhee on July 23 concerning various problems involved in the program of aid to Greece. A memorandum of that conversation by Mr. Witman states that Mr. McGhee informed Mr. Tsaldaris that “it was important to remember that U.S. aid would not be enough, but that Greece should also use all her resources to amplify the American program. . . . Mr. Tsaldaris replied that Greece needed not only advice but American experts to help. Mr. McGhee agreed and emphasized that strong action by the Greek Government was required.” (868.00/7-2347)

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Report by the State-War-Navy Coordinating Subcommittee for the Near and Middle East

CONFIDENTIAL

LETTER OF INSTRUCTIONS TO THE CHIEF OF THE AMERICAN MISSION FOR AID TO TURKEY

1. You have been duly authorized to direct, under the guidance and instructions of the Secretary of State, United States activities within Turkey in furnishing assistance to Turkey under the Act to Provide for Assistance to Greece and Turkey, approved May 22, 1947, Public Law 75—80th Congress. In the performance of this function, you are authorized to exercise any power or authority conferred upon the Secretary of State by Executive Order No. 9857, dated May 22, 1947, which you deem necessary and proper to the effective carrying out of

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* Circulated by the State-War-Navy Coordinating Committee as SWNCC 358/2 on June 30, approved by the Committee on July 23.
the provisions of the above Act and of the Government of Turkey setting forth the general terms and conditions under which assistance is to be furnished.

2. You have on behalf of the United States supreme authority in Turkey over all such assistance, both civilian and military. You will act as Chief of the American Mission for Aid to Turkey, the personnel of which will be attached to the United States Embassy in Ankara, and you will direct the performance by the Mission of all activities and functions which you deem necessary and proper to carry out the provisions of the Act of May 22, 1947, and the Agreement with the Government of Turkey. These activities and functions include the following:

a. You will develop, in consultation with the Turkish authorities, programs of American aid to Turkey and will recommend such programs, including the terms and conditions upon which aid is furnished, to the Secretary of State, who will finally determine the programs after consultation with the heads of other interested Government departments. You will also recommend from time to time any changes in the programs which you deem necessary or proper.

b. You will furnish information and other advisory assistance to the Turkish Government in connection with the carrying out of the aid programs and will disburse any funds available for assistance to Turkey which are allotted to the Chief of Mission.

c. You will furnish full information to the peoples of the United States and Turkey, consistent with the security of the two countries, concerning American assistance. This responsibility will include the making of arrangements with the Turkish Government for observation and reporting by the press and radio of the United States, and the preparation of basic material for inclusion in the reports of the President and the Secretary of State to the Congress.

d. You will observe performance by the Turkish Government of its assurances in the Agreement. You will suspend any or all assistance under circumstances in which you deem this to be required by the Act and you will report promptly any such suspension to the Secretary of State for final determination as to whether the Act requires withdrawal. Moreover, you are authorized to suspend any or all assistance and exercise any right of recapture to the extent you deem proper to carry out the objectives of the Mission.

3. You will report and be responsible to the Secretary of State and, at all times keep him fully informed concerning all aspects of the Aid Program.

4. You will observe the use of any other financial, economic or material assistance furnished to Turkey by the United States, either directly or indirectly through international organizations of which the United States is a member, and will advise and make recommendations to the Secretary of State concerning the proper coordination of such
assistance and its coordination with the American aid program. You will also consult with the Turkish Government concerning its requests for and proper utilization of any such assistance.

5. As the representative of the Government of the United States in Turkey on matters relating to assistance furnished under the Aid Agreement, you will maintain such relations and enter into such contracts, arrangements and agreements as are within the scope of your authority and as you deem necessary and proper to the performance of your functions in this capacity.

6. You will maintain close informal contact with the British authorities in Turkey, but shall not, without the approval of the Secretary of State, enter into any formal agreement concerning the relationship of the British military missions in Turkey to the American Mission. You may, however, conclude such operating arrangements and agreements with the British authorities as will facilitate the American aid program, for example, in relation to the procurement of supplies or the use of British facilities, installations, and personnel in Turkey.

7. The personnel of the Mission, including both military and naval personnel, will act at all times under your direction. In their day-to-day work it is expected that it will be necessary for them to have direct relations with officials of the Turkish Ministries.

8. You will be guided, in carrying out the foregoing instructions, by the following general political, economic and financial considerations:

a. You will act in accordance with such policies as were announced by the President in his message to the Congress on March 12, 1947, and as may be determined from time to time by the President or by the Secretary of State. The basic political objective of United States policy toward Turkey in furnishing aid is to assure the survival of Turkey as a fully independent, democratic nation. As a means to this end, the United States at the request of the Turkish Government will assist Turkey in strengthening the security forces which are required for the protection of her freedom and independence while continuing to maintain the stability of her economy.

b. The policy of the United States with respect to the financial terms upon which assistance is to be furnished to Turkey are set forth in the report of the Senate Foreign Relations Committee on the Bill for Assistance to Greece and Turkey, as follows:

"Assistance provided under this Bill for military purposes, being essential to our own security, and not in itself creating the wherewithal to repay, should be made as a clear grant. Financial assistance for current civilian consumption should also be a grant since such assistance would not directly produce capital assets. Repayment could be sought, however, when the direct effect of the financial aid is to create capital assets and the ability on the part of the receiving country to meet such obligations in foreign ex-
change. However, financial repayment obligations should not be established if there appears to be no reasonable prospect of repayment.

You are authorized to inform the Turkish Government at your discretion that this is the general policy which will be followed by the United States Government in this respect. You will be responsible for recommending to the Secretary of State any financial repayment obligations that should apply to aid to Turkey, in accordance with this general policy and in accordance with the terms of the Agreement with Turkey. After final determination of the financial repayment obligations by the Secretary of State, you will be instructed to inform, or effect appropriate agreement with, the Turkish Government.

Editorial Note

The Department of State, on July 23, released two statements by Secretary Marshall dealing with the fighting in northwestern Greece and with the question of an international brigade; for texts, see Department of State Bulletin, August 3, 1947, page 228.

867.00/7-1547: Telegram

The Secretary of State to the Embassy in Turkey

SECRET

WASHINGTON, July 23, 1947—6 p. m.

437. Dept has received Embassy’s despatch 1750\(^1\) transmitting your report on aid to Turkey. In consultation with General Oliver, Admiral Herrmann and other War and Navy officials careful consideration is being given recommendations set forth therein. Two aspects of report which particularly concern us are sections on (1) continuing aid and (2) technical personnel.

Dept wishes to disassociate continuing aid recommendation from body of report. Oliver assures us the one-year $100,000,000 program stands alone and would not be affected thereby. With his and Herrmann’s concurrence we therefore propose to delete paragraph 15 on continuing aid and all subsequent references thereto. If you perceive no objection you are requested to advise the Department and to embody in a supplementary report your recommendations regarding a five-year plan. Such change of form it is felt will enhance usefulness of report without affecting in any way its substance.\(^2\)

\(^1\) Dated July 15; see footnote 1, p. 233.

\(^2\) In telegram 608, July 23, 6 p. m., from Ankara, Ambassador Wilson reported that he had no objection to deletion from his report of July 15 of paragraph 15 and of subsequent references to continuing aid (867.00/7-2347). He thereupon forwarded a supplementary report, infra, containing his views on this subject.
Regarding training aspect, Dept feels bound by oral commitment made to Congress as to limitation of military personnel connected with program and is requesting study by War and Navy Departments of effect on recommended training program.

MARSHALL

867.00/7-1547

Supplementary Report of the United States Ambassador Recommending Continuing Aid to Turkey

SECRET

[ANKARA, undated.]

a. The United States aid for the armed forces of Turkey, as provided for in Public Law 75 of the Eightieth Congress, will be of material assistance to the Turks in initiating their program of modernization of equipment. It is thought highly desirable, however, that the aid program be extended by authorizing an annual appropriation of $100,000,000 from the United States Treasury for five (5) years for the reasons outlined below.

b. The Turkish program for modernization of their armed forces, to the point where they can be made effective fighting forces equal to Western standards, requires the outlay of a considerable sum of money beyond that provided in the current $100,000,000 aid program. Present estimates indicate that modernization of an Army 3/5 in strength of present Turkish forces will require funds in excess of $500,000,000.

c. Money spent on Turkish armed forces can be considered in the nature of a national life-insurance premium for the United States. It is believed that an equal sum spent for armaments for American armed forces would not produce the corresponding effect of reducing Russia's aggressive attitude toward the rest of the world.

d. Without additional money for modernization of equipment above the current aid program, Turkey cannot be expected to reduce her armed forces in face of the present international situation. A five (5) year program as suggested above will go far in enabling the Turks to reduce the manpower of their present armed forces by relieving men from military service for work in agriculture and in industry and thus improve the overall economy of the country.

e. In the absence of a program for continuing aid to Turkey, it is believed that much of the benefit hoped to be obtained from the present program will be lost.

f. In an aggressive war by Russia in the foreseeable future, Russia for strategic purposes must overrun Turkey rapidly before aid can arrive. Because of her strategic position Turkey becomes actually the

1 Transmitted in despatch 1750-A, which the Embassy in Turkey dated July 15.
first line of defense for the United States in any aggressive move by Russia. The Turks are brave, patriotic, and excellent soldiers. They intend to fight and if necessary die in place defending their territory and their independence. It is imperative that the Turkish armed forces be modernized to the extent that they will be capable of defending their country over a considerable period of months, until American and/or British forces can come to their assistance. Every month of resistance by the Turks would strengthen the protection of the United States.

g. Few nations in the world are at present as free from communistic influence as is Turkey. In modern history Turkey has been invaded by Russia a total of twelve times. There is a hatred of Russia and anything savoring of Russia, which has been passed down by the Turks from father to son for generations. The determination of the Turks to resist any communistic influence will be strengthened, as well as the means to accomplish this end, by a continuing five (5) year aid program.

h. Turkey alone cannot hope to modernize her armed forces according to Western standards without lowering her standard of living. Continued modernization without further aid above the urgent-$100,000,000 aid program will of necessity lower the standard, which at present is improving gradually for the great mass of the Turkish people. As long as improvement in the standard of living can be maintained, it is virtually a certainty that the Turks will continue to have a deep-seated love for the republic and its armed forces, and will continue to support these forces wholeheartedly.

EDWIN C. WILSON

868.00/7–2447: Telegram
The Ambassador in Greece (MacVeagh) to the Secretary of State
CONFIDENTIAL

ATHENS, July 24, 1947—8 p. m.

1210. Department’s telegram 1084, July 18. Following similar démarche by British Chargé I saw Acting Foreign Minister Pipinellis this morning and spoke to him as follows:

In opinion of US Government Greek Government would be well advised expedite screening of persons arrested in order release those not seriously implicated in any plot and bring those remaining in custody to trial soonest, full publicity being given to charges made. US Government also feels Greek Government should refrain from further indiscriminate arrests or other unnecessarily drastic measures and endeavor mitigate inevitably bad impression created abroad by measures already taken.
Embassy has received many seemingly well-substantiated complaints to effect that recent arrests carried out in some instances in haphazard manner and persons of known anti-Communist views taken into custody. Many telegrams have also been received by Embassy describing deplorable living conditions of the 8,000 deportees on barren island of Caria. Am not in position, of course, personally to verify such complaints, but feel confident Greek Government will recognize importance of doing so and of taking corrective measures.

Recent arrests have led to unfavorable comment not only in American and British circles friendly to Greece but also in France. Here is paraphrase of telegram received from American Ambassador Paris:

[Here follows paraphrase.]

While US Government realizes that in taking such measures as may be necessary for security of state, Greek Government is responsible only to Greek people, it is confident that Greek Government will on its part also realize that manner in which such measures are taken, through its effect on public opinion abroad, cannot fail to concern Greece’s foreign friends now employed in doing their utmost to help her.

In reply, Pipinellis said Greek Government is fully aware of issues involved and is doing all it can both to screen detainees and provide for their welfare with rations, he claimed, above daily Athenian average. He said that at special insistence of both Prime Minister and Minister Justice (my telegram 1175, July 21) judges have already gone to island and day before yesterday 48 persons were released and returned Athens. Process, he added, continuing, and must continue, since obviously great numbers cannot be maintained long in exile at Government expense, in view condition of Greek finances. Believe top flight men of good will in Government actually sincere in efforts correct situation but to expect performance in accord with anything like western standards would be unrealistic.

MacVeagh

Editorial Note

The Secretary of State in a letter to British Chargé Balfour, dated July 25, 1947, and British Ambassador Inverchapel, in his reply of October 9, 1947, agreed on arrangements whereby the United Kingdom would continue to furnish military equipment and supplies to the Greek armed forces and the United States obligated itself to pay for such arrivals after May 22, 1947; for texts, see Department of State Treaties and Other International Acts Series No. 1718, or 61 Stat. (pt. 4) 3763.
SECRET

WASHINGTON, July 25, 1947—6 p. m.

US URGENT

1142. Tsaldaris in course of recent conversations in Dept on various unrelated subjects has invariably raised question of difficulty of obtaining effective action in present crisis with coalition govt. Although Dept intends early next week to discuss with him possible broadening of govt we today had preliminary exchange of views on this subject.

Tsaldaris stressed his personal responsibility to electorate even in coalition cabinet, since he was leader of party having absolute parliamentary majority. Now with seven party leaders in cabinet no decisions could be taken without protracted discussion and security leaks, resulting in delay and inaction when vigorous rapid action required in present emergency. Mentioned as example recent alleged announcement of Air Min Canellopoulos at Yannina that Northern Epirus question was again being raised.

Added it was easier govern without opposition but opposition necessary in parliamentary democracy in order avoid worst type of dictatorship, the ineffective dictatorship of a coalition cabinet. Said even Sophoulis agreed this point. In any case, new opposition with reshuffling of parliamentary party lines sure to develop.

Even Liberals and non-Communist Leftists, he claimed, now supported Govt against armed attacks of Communists. Only advantage further broadening cabinet to include Liberals would be for world public opinion in case “free” rebel govt formed.

Finally Tsaldaris said that if full national coalition govt formed, leaving no opposition inside parliament, only possible alternatives if and when such govt failed would be (a) new elections which, if they can be held, would undoubtedly result in fifty to sixty Communists in parliament, or (b) reversion to homogeneous Populist cabinet with himself as PriMin.

We replied along lines urtel 1185 July 21, emphasizing necessity of national unity in face of threat to entire Greek nation. Any comments on Tsaldaris’ arguments you believe would be helpful in discussing matter further with him would be appreciated.

MARSHALL
The Secretary of State to the American Mission for Aid to Greece

CONFIDENTIAL

WASHINGTON, July 25, 1947—8 p. m.

1148. Gama 26. For Griswold. Urteil 1188 Jul 21 Amag 15.1 Board Directors Eximbank considered advisability cancelling or suspending use of uncommitted portion of $25 million credit because of Congressional program for Greek assistance. Board decided not to cancel but to suspend further utilization credit except where funds had already been committed. When studies by Dept relating probable Greek requirements had been undertaken conclusions reached had been based on view that Eximbank funds from this credit would be available. Dept however regarded it as quite proper for Bank to delay moving further into Greek economic picture at present time. Until funds for Greece to be provided from other sources are exhausted Dept sees no reason why Bank should make available any further funds under this credit. Dept considers it most inopportune to request Bank to reconsider decision at this time.

MARSHALL

1 Not printed.

Memorandum by the Acting Deputy Director of the Office of European Affairs (Réber) to the Director of the Office of Near Eastern and African Affairs (Henderson)

[WASHINGTON,] July 28, 1947.

Subject: British proposal for US-UK action regarding possible Macedonian Republic.

With reference to the British Embassy’s Aide-Mémoire of July 21, 1947, the following are EUR's views.

The crux of the Macedonian problem is its relation to the maintenance of the territorial integrity of Greece. That is our chief aim and the reason for our principal objection to a revived Macedonian state. Such a state, if created by a rearrangement of Yugoslav and Bulgarian internal and common boundaries, would not in itself be susceptible to valid objection by this Government, nor to successful opposition, even if part of a plan for eventual South-Slav Federation. The Communist countries of the Balkans will do as they please in this matter and it is doubtful if any action through the UN or otherwise is likely to deter them if they and Russia are so disposed. Though we would not favor, we could not prevent it.
The chief objective, therefore, is to insure the preservation of the present frontiers of Greece against irredentist claims and Soviet pressure to the Aegean. As this integrity is threatened, whether by guerrilla infiltration, creation of a so-called Free Greek Government, or establishment of a Macedonian Republic, this Government should take all possible, appropriate steps to deal with each emergency as it arises. Action with regard to Macedonia would appear only practicable after a Macedonian Republic was already in existence and the shape of things to come was clearly discernible. The British proposal for earlier action, with a view to discouraging creation of the new republic and preventing it from becoming an issue among the Great Powers would seem to be premature and self-defeating, in that it would aggravate the importance of the problem without diminishing its dangers, and make the subsequent establishment of a Macedonian Republic, if realized, look like a diplomatic defeat for the Western Democracies.

868.00/7-2847 : Telegram

The Ambassador in Greece (MacVeagh) to the Secretary of State

SECRET

IMMEDIATE

1224. Deptel 1142, July 25. None of Tsaldaris’ arguments seem to me valid in view of serious situation facing country.

(1) Undoubtedly government by majority would be more viable than coalition under normal conditions, but fact that elections held under influence fear of Communists (causing abnormal swing to right) and wide-spread belief that owing to rightist excesses temper of country now more favorably inclined toward Liberals, give latter greater importance than represented by present parliamentary strength. Possibly this importance exaggerated by propaganda but exists sufficiently to indicate that (dictatorship of coalition), if leaders would really coalesce, would go much farther to satisfy public at large than unilateral even though parliamentary rule by Populists alone. Meanwhile increasing country’s confidence in Government most desirable in country’s interest.

(2) If “full national coalition” could be formed, talk of its failure “when and if” seems nonsense, since only possible failure would be failure defend Greece in which case all bets off. Purpose such coalition would be restore security after which it would hold new elections, with incidentally no apparent necessity include Communists.

(3) Full national coalition possibly less desirable than Populist-Liberal coalition with Centrists at present in government leaving out Matakists and other small extremist elements. However, neither
solution possible with Tsaldaris and Sophoulis equally insistent on occupying dominant position. Fear politicians fundamentally convinced Greece will be saved by US assistance or not at all, hence continued personal and party jockeying to ride in on our tail.

(4) Believe Department's efforts convince Tsaldaris of falsity this view, and need of Greek leaders cooperating to save country, may help, but hope Department will not be drawn into details of possible political reshuffles, both for general policy reasons already expressed and because impossible keep up with Greek intrigues, which continuing merrily in Tsaldaris' absence, probably many of them without his knowledge. Under these conditions, cannot see clear line ahead for us other than to continue insistent advice for maximum best results in direction greater unity while supporting present partial coalition as step in right direction.¹

MACVEAGH

¹ A memorandum of conversation by Mr. Witman records that Mr. Villard continued conversations on this subject with Mr. Tsaldaris on July 29. He stated that "we continue to feel that national unity is necessary in the present situation, and would like to see included in the Government as many parties as possible, with the exception of representatives of the extremes. The Secretary, he added, was considering issuing a new press statement along the lines of that of February 11, 1947 reaffirming these views and calling upon the Greek people and political leaders for the maximum unity in the face of the common dangers. We do not want to be involved in Greek party politics, but suggest that Ambassador MacVeagh might be helpful on M. Tsaldaris' return in acting as an intermediary if M. Tsaldaris desired. We were not suggesting specific personalities or that M. Sophoulis himself necessarily be taken into Cabinet. . . . Mr. Villard urged that M. Tsaldaris discuss with Mr. MacVeagh the question of broadening the Government. Secretary Marshall was very much interested, and considered the matter very important from our point of view." (868.00/7-2947)

Memorandum of Conversation, by Mr. William Witman of the Division of Near Eastern Affairs

SECRET

[WASHINGTON,] July 29, 1947.

Participants: M. Constantine Tsaldaris, Deputy Prime Minister and Foreign Minister of Greece.
M. Economou-Gouras, Counselor of Greek Embassy.
Mr. Villard, NEA.
Mr. W. Witman, 2nd Secretary, Embassy, Athens.

M. Tsaldaris referred to his conversations in the Department on July 9 and to a letter which he had addressed to the Secretary regarding the question of increasing the size of the Greek Army, and stated that he had received advice from Athens that Governor Griswold and General Livesay had turned down the request of the Greek General Staff.
M. Gouras read the substance of a telegram he said was received two days ago, which mentioned a letter dated July 23, 1947 from Governor Griswold to the Greek General Staff stating that on account of financial restrictions it would not be possible to authorize a Greek army of more than 120,000 men, plus a provisional increase of 20,000 men as replacements.¹

M. Tsaldaris said that the Prime Minister will see Ambassador MacVeagh and inform him that such insistence on not increasing the army would bring the Government to an impasse. 45,000 additional men were needed. Otherwise there can be no solution. Greek Government believes that the present army is not enough to deal with the situation. To finish quickly with the bandits, further steps are necessary. M. Tsaldaris would therefore like to have a broader discussion with us for the development in principle of a program of 3, 4, 5 or 6 months. If we agree that the matter must be settled quickly, even at the cost of increasing the Army, we must also discuss the means of paying for such necessary expenses, and how the reconstruction program would be affected. Former Secretary Byrnes had indicated to him in Paris last year that perhaps the Greek Army could be strengthened by supplying material. Now it was a question for the Mission to decide whether material alone would be sufficient, or whether additional men were required. M. Tsaldaris believes both are necessary. He also mentioned the possibility of stretching the available money by supplying US surplus equipment, either on a gift or even “lend-lease” basis.

The British, he continued, had expended more than $150,000,000 to date in aid to the Greek Army. If Gov. Griswold’s hands are bound by this limit, he cannot do otherwise, unless equipment is borrowed so as to have a margin. Two kinds of army are needed, one for sealing the frontier, and the other a sort of Home Guard for occupying cleared areas of the country so that the peasants could return to their villages without fear. There are now 50,000–60,000 armed civilians outside the Army, which M. Tsaldaris would like to disband for the Government cannot control them.

Finally, M. Tsaldaris remarked that he considered the matter of the program and means to be more a political than a military problem.

Mr. Villard in reply stated that he was sure that the General Staff’s request had been examined with attention by Gov. Griswold and re-

¹ Governor Griswold advised the Department in telegram AMAG 21 (1198), July 23, 6 p. m., from Athens, of his decisions that “No increase will be permitted in permanent strength of army above 120,000 officer[s] and enlisted men or temporary allowances for 20,000 additional members for three months period.” (868.00/7-2348)
lated with other Greek needs. Any money used to increase the Army must of course be withdrawn from other reconstruction credits. We assume that the Mission is in the best position to determine what is needed, and whether the answer to the military question lay in modernization or more men, or both. We agree as to the primary importance of restoring order and tranquility, at the same time sealing the northern borders. For the latter, we must exhaust the possibility of action through UN. As for the former, the $150,000,000 program is not inflexible, but will be applied as the Mission decides best. The purpose of sending Gov. Griswold to Greece was to study the situation first hand. We recognize that there can be no economic reconstruction till there is peace. We therefore are just as concerned with putting down the guerrillas, and we wish to find the method of putting an end to the fighting as soon as possible.

868.00/7-2347: Telegram

The Secretary of State to the American Mission for Aid to Greece

TOP SECRET

WASHINGTON, July 29, 1947—6 p. m.

1169. Gama No. 29. For Griswold. For our info and for possible use in discussion with Tsaldaris if he should raise question again during visit here, we would appreciate telegraphic summary of factors considered by you in arriving at decision outlined urtel Amag 21 July 23. re size of Greek Army and gendarmerie to be supported by AMAG. We would especially like to know whether you and your military and naval assistants consider size of Greek forces outlined urtel adequate to put down increasingly grave guerrilla threats exemplified by recent attacks in Yannina-Konitsa area. Colonel Miller reports that during fighting in that area guerrillas held initiative at all times.

Our concern in this regard is intensified by fact proposed border commission now being debated in Security Council was not designed to cope with large-scale invasions of type cited above. At this moment we can offer Greece no assurance that UN or US can provide protection against such attacks. If situation should continue to deteriorate, we would not wish to be in position of hampering Greek efforts to defend themselves.

We would appreciate your views and comments on foregoing.

MARSHALL

1 Not printed; but see footnote 1, p. 266.
The British Chargé (Balfour) to the Secretary of State

WASHINGTON, 30 July 1947.

SECRET
IMMEDIATE
Ref: G58//—/47

My Dear Mr. Secretary: I have just been instructed by the Foreign Secretary to inform you that His Majesty’s Government in the United Kingdom have decided that they must, on financial and manpower grounds, withdraw British troops from Greece¹ and reduce those in Italy to the five thousand provided for by Article 5 of Annex VII of the Italian Treaty.

2. As regards Greece, you have of course for some months been aware of the intention of His Majesty’s Government to withdraw British troops. His Majesty’s Government consider it to be most unfortunate, but unavoidable, that the decision to implement this intention has had to come immediately after the Soviet veto in the Security Council. As regards Italy, Mr. Bevin and his colleagues naturally much regret any alteration this may entail in arrangements agreed between the United States and British Chiefs of Staff. Mr. Bevin hopes, however, that you will appreciate that, in view of the financial stringency in the United Kingdom, this course has become absolutely necessary.

3. No public announcement of the foregoing decision is being made. But Mr. Bevin naturally wants you to know of it at once.²

Yours sincerely,

John Balfour

¹The Embassy in London informed the Department in telegram 4165, July 30, that British troops in Greece numbered 5,000, exclusive of personnel in service missions, and that approximately 9,000 troops had been withdrawn from Greece since the end of March 1947 (841.2368/7–3047).

²The Secretary of State sent a copy of the British note to President Truman on August 1. His transmitting memorandum stated in part: “To the extent that this proposed action is based on financial grounds, it can be considered in the light of my separate memorandum to you concerning the impending British dollar crisis,” (841.51/7–3047). It is anticipated that the latter memorandum, dated August 1, will be printed in volume III.

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868.00/7–3047: Telegram

The Ambassador in Greece (MacVeagh) to the Secretary of State

ATHENS, July 30, 1947.

1246. Following is condensation of KKE Central Committee proclamation published July 29.

“Neo-fascist regime founded by British occupation and today supported by American intervention is approaching its ultimate goal. Monarcho-fascism has thrown aside its democratic mask de jure. Outlawing of KKE will be mere formality because KKE has been prac-
tically outlawed in all regions under government control. Government pretexts for justifying overt fascist coup having been approved and suggested by Americans, were elaborated by Hitlerite survivors.

All EAM and KKE efforts for reconciliation were answered with overt fascist dictatorship. EAM’s proposal for country’s neutralization through UN was answered with complete economic and political subjugation of country to American imperialism and with its transformation into anti-Soviet anti-Balkan bridgehead.

It is not accident that recent fascist onslaught coincided with arrival of American gauleiter who came to Greece to apply colonial program of American trusts and monopolies. Recent events in Greece prove Truman Doctrine to be identical with violation of national sovereignty and independence of people, rebirth of fascism and perpetuation of civil war and economic and political chaos.

The more coordinated and active the peoples resistance against fascist violence the sooner we shall reach democratic solution (of present situation). Let us answer full scale fascist attack with full scale courageous resistance. KKE was outlawed during Metaxas dictatorship, likewise during Hitler-fascist occupation and so today, but it never ceased fighting nor will anything hamper its struggle against British-American intervention. Unshakeable will to fight and self-sacrifice will bring final victory.”

MACVEAGH

1 The Communist reference is to Governor Griswold who arrived at Athens on July 14.

868.00/7-2947: Telegram

The Secretary of State to the Embassy in Greece

SECRET

WASHINGTON, July 29 [30], 1947—1 p. m.

US URGENT

1176. 1. UK FonOff has requested Brit Chargé in Athens to provide estimate of prospects of anti-bandit operations by Greek army from present to end of campaigning season on assumption outcome SC discussions will make little practical difference. UK FonOff particularly wishes info whether (a) bandit powers will be reduced; (b) situation will remain same as at present; (c) morale and position Greek army will deteriorate.

2. In addition, UK FonOff requests estimate what increase in strength and additional equipment Greek army will require to improve or at least maintain present situation. In FonOff view this estimate should take account of what US and Brit could reasonably be expected to furnish.

3. FonOff message to Athens and Brit Emb here request cooperation of US officials in Greece in preparation of above estimates.

4. Dept considers cooperation of AmEmb and AMAG advisable in preparation of joint estimates for info of US and UK but it is to be
made clear to Brit that our views on estimates, particularly those described in para. 2 above, do not represent US commitments as to future action.\(^1\)

\(^1\) This telegram was repeated to London as No. 3253.

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\(868.00/7-3047\) : Telegram

The Secretary of State to the American Mission for Aid to Greece

RESTRICTED

WASHINGTON, July 30, 1947—9 p. m.

1184. Gama 35. To Griswold from McGhee. Senate action on Greek-Turkish Aid Bill provided full $400 million with limitation on administrative expenses only at figures requested by Department and with no other limitations. Conference raised total for administrative expenses to $4,500,000, of which no more than $800,000 is available for expenditure in District of Columbia. This was accepted by both Houses and signed by the President this date. Please advise effect of the partial restoration on your recommendations as to additional positions to be filled as indicated in list received through Rountree. You may wish us to adhere to this list until more experience is gained as to actual personnel need and as to living and other costs in Greece. [McGhee]

MARSHALL

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\(868.00/8-147\) : Telegram

The Ambassador in Greece (McVeagh) to the Secretary of State

SECRET

ATHENS, August 1, 1947—1 a. m.

1261. Deptel 1176, July 30. Upon receipt of Foreign Office instructions British Chargé Reilly called on me July 29 and at his request, and for purpose providing British with our best military estimates, I immediately asked General Livesay of AMAG and my Military Attaché and Military Attaché assistants Colonels Smith and Bergquist to confer with General Rawlins, commander of British military mission and Colonel Shortt, British Military Attaché, on subjects in question; Reilly and Secretary Tahourdin of British Embassy and Counsellor Keeley and myself also present. In exchange of views, no commitments made as to future US action and expression only general views possible owing necessity of British Chargé’s replying telegraphically to Foreign Office that evening. Principal US views expressed were:

(1) Feeling that if bandit movement continues depend on present Greek sources for recruitment, Greek army of present strength, if
properly used, should be able with presently envisaged equipment greatly to improve situation in coming months and perhaps establish reasonable security in all regions except those immediately contiguous border within coming year.

(2) Conviction that if Slavo-Communists call on foreign sources for recruitment and/or satellite states recognize "free Greek" Government enabling former supply latter's army with air power, artillery, or other heavy equipment, the situation likely pass beyond anything with which any army of size possible to Greece could expect cope.

(3) As regards proper use of present army, greater employment should be made of offensive commando or bandit tactics against bandits and manpower distributed with greater proportion than at present in active area.

British in general agreed with (2). Regarding (1) Rawlins stressed importance of following strictly military plan without present widespread political interference in employment of forces and gave thorough support to idea of increasing use of commando tactics. Reilly and Shortt took more pessimistic view, not only as doubting any useful early discouragement to bandit recruiting through AMAG program as presently being implemented and because of small success of any offensive to date.

Resulting telegram to British Foreign Office not as yet communicated to me.

MacVeagh

Memorandum by the Counselor of the Department (Bohlen) to the Under Secretary of State (Lovett)


Subject: Development with the British Embassy Regarding British Troop Removals from Greece and Italy

After dinner on the evening of July 30 I told Mr. Balfour of our concern over the manner in which the British informed us of their intention to remove their troops from Greece and Italy. I said we had of course known of the intention progressively to remove their troops from Greece but that the Italian decision was a new element and furthermore in regard to Greece coming on the heels of the Soviet veto we were very much concerned of the effect in Greece if the news leaked out of London which was already in the press. I said that I hoped to convey our feelings on this matter emphasizing how dangerous we felt it was at this time to have any sudden announcement or information
on the subject indicating such curtailments in present British positions, that I hoped that any announcement or guidance which the British Government might make on the troops in Greece and Italy would be done in such a way as to indicate no basic change in the situation but merely the carrying out of a previously announced policy (I have in mind the announcement in the House of Commons in April regarding Greece).

Mr. Balfour not only thoroughly agreed but said it had been his intention to send a telegram very much along those lines to his Government emphasizing in strong terms the bad effect any sudden announcement without adequate consultation with the U.S. Government would have in the U.S. and throughout the world.

This morning Mr. Balfour called me to say that in reply to his message the British Government had said that for guidance British and other correspondents in London were being told that the progressive removal of troops was merely in accordance with previously announced positions and represented in no way any change in British attitude towards their responsibilities in these countries.

868.20/3-147

Memorandum by the Deputy Director of the Office of Near Eastern Affairs (Villard) to the Assistant Secretary of State for Political Affairs (Armour)

TOP SECRET

[WASHINGTON,] August 1, 1947.

I believe the attached Top Secret telegram from our Military Attaché in Athens¹ will be of interest to you in connection with our concern as to the present size of the Greek Army. It will be observed that in the opinion of the Military Attaché the Greek Army under present conditions is incapable of coping with any sizable increase in the guerrilla forces, and that the Greeks do not have adequate means to take the necessary steps to remedy the situation. Moreover, a serious factor of morale must be taken into account, owing to inadequate pay and prolonged service in the ranks.

We have not yet received a reply from Governor Griswold in regard to his decision to limit the size of the Greek Army, but when the answer does come in I think we should also take the Military Attaché’s comments into consideration.

H[ENRY] S. V[ILLARD]

¹ No. Mid 233, July 25, not printed.
Governor Dwight P. Griswold to the Secretary of State

TOP SECRET

ATHENS, August 1, 1947—4 p. m.

1268. Amag 41 to McGhee from Griswold. ReGama 29. Factors considered in making decisions outlined in Amag 21 follow:

1. Estimate based on Greek Army being designed as anti-bandit force only, not capable of action against any large scale invasion.
2. Many infantry battalions fight in much below authorized and listed strength, causing low combat efficiency.
3. All available strength not being utilized for combat. About 40 companies specially trained as commando fighters in mountains are not being effectively engaged against bandits.
4. Additional trained strength would be useful but to form new units would further dilute combat units by withdrawing cadres for organization and training. New units could not influence campaign against bandits before winter. Believe immediate effective results only possible by better utilization of present strength. Greek General Staff has been informed these shortcomings and three-day conference their high command ended last night at which they discussed these matters.
5. Estimated cost of requested increase in Greek Army would render ineffective our economic aid which can be used to drain away Greek recruitment pool for bandits.
6. Adhere to conclusion Greek Army sufficient in size to cope with bandits and action is being taken to make Greek general staff realistic so that they will make better use of army strength.
7. Any large scale invasion which would necessarily involve use of foreign troops would create condition beyond hope of settlement through use of mission funds. Indications however are that present bandit fighting in Greece being conducted only by Greeks.

Above conclusions concurred in by Livesay, Snackenberg, British Military Mission and by Embassy Military Staff including Col. Miller who is just returned from fighting area.

MACVEAGH

1 See telegram 1169, July 29, p. 267.
2 Dated July 29, not printed; but see footnote 1, p. 266.
3 Rear Adm. John A. Snackenberg, head of the Navy Department Section of AMAG.

941.24568/8-147: Telegram

The Secretary of State to the British Secretary of State for Foreign Affairs (Bevin) 1

TOP SECRET

WASHINGTON, August 1, 1947—8 p. m.

I am very much concerned at the communication I received through your Embassy here on July 30 regarding the intention of the British

1 Transmitted to London as telegram 3305, with the statement: "Top Secret for eyes only of the Ambassador. Please deliver the following message from me to Bevin."
Government to withdraw your troops from Greece and reduce those in Italy to the 5,000 provided for Trieste. It is true that in the case of Greece we were made aware last spring of your intention progressively to withdraw your forces during this summer and autumn, but we are concerned at your decision to implement this intention in the light of recent developments affecting Greece. I feel that the decision was made at a most harmful time and that such abrupt action makes cooperation unnecessarily difficult. In the case of Italy the news came as a complete surprise and indeed is in contradiction to the understanding approved as late as May 20 by the Combined Chiefs of Staff to provide SACMed forces he deemed necessary to carry out his mission. I must point out that we are by no means certain exactly when the Italian Treaty will enter into force and that until it does there is a joint UK-US responsibility for the maintenance of the status quo established by the Morgan line. Quite apart from these immediate considerations as important as they are, I am still more disturbed at the possible implications of this decision as to future British policy. Because of the importance I attach to the maintenance of the present intimate relationship between our Governments, I am asking Douglas to give you in complete frankness our feelings on this matter and I hope you will be equally frank with him.

MARSHALL

2 This line, drawn in 1945, defined the portions of Venezia Giulia to be administered by the Supreme Allied Commander in the Mediterranean Theater and by Yugoslav forces. For further documentation on this subject, see Foreign Relations, 1945, vol. iv, pp. 1108 ff.

841.2456S/8-14: Telegram

The Secretary of State to the Embassy in the United Kingdom

TOP SECRET

WASHINGTON, August 1, 1947—8 p. m.

3304. Top secret for eyes only of Douglas from Marshall. You will have seen from my personal message to Bevin that I wish you to see him personally in regard to our concern at the present trend of British policy as exemplified by the communication referred to therein. We wish the British Government clearly to understand that we regard this decision as having been taken without consultation or adequate warning to this Government. We knew in a general way of the British intention progressively to withdraw its troops from Greece but we are unable to understand, unless there are reasons not disclosed to this Government why the British Government should choose this moment to take a decision to withdraw one of the stabilizing factors in the Greek situation. The fact that no announcement was made has not prevented the substance from leaking out to the British press. The
British Government must be aware of the acute embarrassment caused this Government by the manner in which the British decision to cease after April 1 all aid to Greece was communicated to us as late as the latter part of February as a result of which the President himself was required personally to appeal to the Congress in order to permit the U.S. to take over the British financial responsibilities in Greece and Turkey. The British Govt must be made to understand that this Govt cannot possibly expect to obtain support either in public opinion or in Congress for actions necessitated by sudden decisions presented to us by the British.

The decision to reduce British forces in Italy for the reason given in my message to Bevin is an even more flagrant case of the failure to consult this Govt on a matter involving joint U.S.–U.K. responsibility.

We are frankly disturbed and puzzled by present British actions as exemplified by the communication in question and their implications on the future course of British policy. We are aware of the critical nature of the British financial position but we do not feel that the full story has been conveyed to us. We fear we are being faced with the first of a series of actions stemming from new policies unknown to us. The British must understand that if these actions presage a basic revision of British foreign policy involving a progressive withdrawal from previous commitments and previously held positions as a result of internal political pressures and not economic necessity alone, the U.S. must be told now of such probable course. For example, in the recent communication concerning troop reductions in Italy and Greece we are unable to see that some 20,000 men will have an advantage to England either from the point of view of manpower or dollar savings in any way commensurate with the possible consequences of such action. It should be obvious that any such course whether from necessity or choice on the part of Great Britain would involve thorough re-examination of the U.S. strategic position and a reconsideration of its financial and economic commitments in Europe. A large measure of U.S. foreign policy has been predicated upon the British willingness to contribute what they can to the maintenance of stability in Europe.

The foregoing is for guidance in your conversation with Bevin and we hope that you will be able to obtain from him a clear and accurate picture of the reasons behind present British action and their relation to future British policy. We are not unmindful of the considerations set forth in your 3173, June 11 and 4071, July [25].

Marshall

1 It is anticipated that these telegrams will be printed in volume I and volume III, respectively.
SECRET Washington, August 2, 1947—4 p. m.

US URGENT

1213. Reference British statement of intention to withdraw troops from Greece immediately,1 we would like to have your views as to whether present small British force in Greece in fact serves substantially useful purpose. Do you consider it is factor in supporting Greek morale or in deterring Communists and northern countries from more drastic action?

We would also like to know whether Greek Government desires retention British troops and whether it has been consulted regarding immediate withdrawal.

MARSHALL

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1 The Department had informed Ambassador MacVeagh and Governor Griswold in telegram 1179, July 30, of the British decision to remove the remaining British troops from Greece (841.2368/7-3047).

SECRET Athens, August 2, 1947—5 p. m.

1275. In connection Greece’s chances to preserve territorial integrity in face Slavic pressure. I regard this astonishingly ill-timed decision (Deptel 1179, July 31 [30] 2) as little short of catastrophic and hope implementation may be postponed pending determination of other possible security measures equally valid with presence British troops. British Chargé informing Under Secretary Foreign Affairs here today but saying date not yet fixed. Told me, however, indications are for completion, withdrawal by end September.

Department will realize situation Salonika very similar to that Trieste, and perhaps even more critical since Soviets already control Otranto Straits. Though British troops remaining Greece now number only few thousand and seem inactive because playing no part in internal affairs, their presence north Greece supplies precious deterrent to possible Slavic irruption and establishment of occupation of Aegean littoral as fait accompli. With UN stymied by veto, and should British troops be withdrawn, such irruption might occur running into international complications except ex post facto. It could also be given specious pretext by an appeal from “free Greek” Government to satellite states to “come over into Macedonia and help us”.

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1 Not printed, but see footnote 1, above.
Greek patriotic opinion thoroughly aware of above salutary function served by British troops and serious collapse of morale, especially in north, only too likely occur at very moment inception of reconstruction program unless early announcement of compensatory measure possible. While determination such measures outside competence this Embassy, Department may be interested in opinion of highly placed US military officer Greece to effect that if British troops withdrawn and not replaced with at least equal numbers of US, “we might as well pack up and go home.”

Meanwhile that, immediately following strong Soviet action to avoid effective border control, British should decide on withdrawal long time insistently demanded by Communists, and furthermore that they should do so unilaterally, cannot fail increase at least appearance of fundamental weakness and lack of unity of western democracies. Perhaps no other action at present moment could be better calculated to reinforce local Communist morale, which security sources state already rising in anticipation increased assistance, under Moscow orders, from satellite states to guerrilla forces.

Have read above to Griswold and Cochran who concur. Griswold will send early independent reply from special point of view AMAG.

MacVeagh

Robert L. Cochran, Deputy Chief of the American Mission for Aid to Greece.

841.24568/8–347 : Telegram

The Ambassador in the United Kingdom (Douglas) to the Secretary of State

TOP SECRET

LONDON, August 3, 1947—1 p. m.

US URGENT

4214. For the Secretary’s eyes only from Douglas. On my return from visit with the Secretary of War Friday evening and Saturday morning in Germany, I delivered to Bevin your message (Deptel 3305, August 1). I also presented orally the considerations outlined in your telegram 3304, August 1, and elaborated, in respect of proposed withdrawal of British troops from Greece and Italy on the very serious consequences which such withdrawal might now produce throughout western Europe.

Bevin replied as follows:

1. That the precise extent of the reduction in overseas forces had not yet definitely fixed, but that it might involve a shrinkage from a figure approximating 1,250,000 to somewhere between 900,000 and slightly over a million.

1 See footnote 1, p. 273.
2. This reduction in the overseas forces does not imply any change whatsoever in the British foreign policy. If, Bevin said, any change were at any time contemplated he would give us ample notice and full opportunity for consultation.

3. It is very unlikely that in the forthcoming debate on the state of the nation commencing Wednesday and lasting through Thursday any Minister of the Government will mention the reduction of forces in any particular theater. Announcement of the reduction in forces will probably be in total figures without reference to specific areas and without specifying the number of troops in any theater, or the number of troops remaining after the cuts in any theater.

4. Should the Cabinet plans be modified and should it be planned to refer to a cut in any particular theater, we will be notified, but it is very improbable that there will be any such change.

5. It will probably be announced by the Government in the forthcoming debate that a certain part of the reduction in the overseas forces will be made by the first of December or the first of the year and the balance by spring.

6. These reductions in overseas forces are being made as a contribution by the military establishments to the economic crisis.

7. As to Greece, Bevin asks that he be informed as promptly as possible as to the period of time which you have in mind for the retention of British forces there (he does not now contemplate the withdrawal of the British Military Mission).

8. As to Italy, Bevin is conscious of the agreement to which you refer in your message. The consequences of any action taken under it will be considered by the Cabinet, and before any final decision is made Bevin will communicate with us again.

From my conversations with members of the Labor Parliamentary group left and right, as well as from my knowledge of the views of members of the Liberal Party and a few members of the Conservative Party, the reduction in overseas forces is a response to a widely held view in Britain, quite irrespective of party affiliations. It is fair to say, however, that the reductions which Bevin has in mind are substantially less than the reductions advocated by the left wing backbenchers.

DOUGLAS

868.00/8—447 : Telegram

The Ambassador in Greece (MacVeagh) to the Secretary of State

SECRET

ATHENS, August 4, 1947—7 p. m.

1282. Acting Foreign Minister Pipinelis assured me this morning that British decision withdraw troops neither taken at Greek Govern-
ment's request nor in accordance its desires and added that informa-
tion given him August 2 by British Chargé included merely notification of early intention without mention of specific time. Believe
all other questions Deptel 1213, August [2] already answered mytel 1275 same date.

Pipinelis added Greek Government aware that many difficulties now facing British and therefore had replied to Chargé with simple acquiescence. However, did attempt discreetly emphasize to Reilly disastrous moral effect decision sure to have following UN veto and new Yugoslav-Bulgarian pact. Said to me that British forces are of course purely symbolic but in existing situation presence of few British or US soldiers morally as strong as Army Corps and British decision evacuate could not have been taken at worse moment in addition opined that if US troops unable replace British in Greece (which he feels only too likely in view what he knows of US public opinion) best possible rectifying measure would be to strengthen Greek Army sufficiently to enable it hold temporarily against invasion pending arrival allied forces.

MACVEAGH

Editorial Note

The Department, on August 5, released a statement concerning the award of $82,400,000 in contracts to American engineer-construction companies for construction and rehabilitation of Greek highways, railroads, bridges and ports; for text, see Department of State Bulletin, August 17, 1947, page 335.

868.00/8–547 : Telegram

Governor Dwight P. Griswold to the Secretary of State

SECRET

ATHENS, August 5, 1947—6 p. m.

1291. Amag 47. To McGhee from Griswold. Received cable July 31 1 relative to British decision. Am taking liberty of making recommendation.

1. British troop withdrawal if confirmed will in my opinion make impossible the effective operation of AMAG. Greek morale will diminish to such extent that creation of independent government based on Salonika is possibility. In Athens area, Communist pressure would be extended to such extent that our effectiveness would be limited. US prestige could suffer severe blow.

2. If withdrawal confirmed believe United States should furnish troops of slightly greater strength than those withdrawn. Propose then that British Military Mission also go and all military training in

1 This refers to telegram 1179, July 30, to Athens; see footnote 1 to telegram 1213, p. 276.
Greece be under United States leadership with one officer in charge of integrated program. If this plan is followed Greek morale would be improved as they now look to US for leadership and entire program could be better coordinated. Believe that announcement of US enlarged participation should be made same moment as announcement of British withdrawal.²

3. Believe that plan in paragraph 2 above would have better chance of success if confirmed only after agreement by Greek political leaders to revise their cabinet and give it broader base agreeable to US Government. If plan is announced without such agreement we might appear to be attempting to preserve present political setup and charge would be made our troops used to fight internal political war. Seemingly every impartial American observer here feels change in political complexion of government is necessary if recruitment pool for bandits is to be drained away. No Greek Government should be permitted which might give any comfort to Communists but, at end of three weeks of conferences with qualified American observers, I am confident a change could be suggested by Ambassador which would be very helpful. Some changes necessary to create national unity which is being constantly preached by Ambassador and myself although I have made no suggestions whatever as to changes which should be made. Contemplated change in military situation would be ideal time to bring matter to focus. My judgment is based upon short acquaintance with problem but it leads me to definite conclusion that action is necessary and would accomplish great good. US need give no thought to avoidance of accusation of interference. That charge against us will be made in any case. Only question is whether good results can be obtained.

[GRISWOLD]

²The Department notified Ambassador MacVeagh and Governor Griswold in telegrams 1276, Gama 55, and 1277, August 8, of the high-level discussions with the British then in progress and of its hope that the British would reconsider their proposed action (841.2368/8-847).

868.60/8-547: Telegram

The Ambassador in Greece (MacVeagh) to the Secretary of State

TOP SECRET

ATHENS, August 5, 1947—6 p. m.

1293. After discussion with Griswold, I would respectfully submit following in regard to political suggestion in paragraph 3 of his telegram 47, today’s date (my telegram 1291, August 5).

I feel, as Department knows, that every non-interventional influence at our disposal should be used to secure greater political unity here
during period of national emergency while we ourselves actively endeavoring preserve Greek integrity and independence. Have been hoping and still hope that influence of AMAG's presence and operations here may eventually bring Greeks to realize that working successfully with us requires greater unity among themselves. Should we decide replace British troops, believe this could not fail to help Greek politicians realize utter dependence of this country on us and necessity of cooperating with us.

On other hand, Department may wish to consider whether it can afford to make decision to send troops contingent on prior agreement of Greek politicians to broaden Government. As I see it, such decision must necessarily rest in last analysis on considerations far transcending Greek internal problems and involving indeed our whole Near Eastern policy. Furthermore, Greek politicians thoroughly understand this situation and are therefore only too likely to discount threatened sanctions and take their time about uniting, if they do so at all.

Consequently, while providing military assistance might very well strengthen our position here as regards gradually influencing Greeks to improve Government (see Secretary's top secret letter of instructions to Griswold of July 11), perhaps we should be careful not put into hands of Greek political leaders any possibility of preventing or delaying a decision vital to ourselves.

MacVeagh

Memorandum by the Acting Director of the Office of Near Eastern and African Affairs (Villard) to the Secretary of State

CONFIDENTIAL

[WASHINGTON,] August 7, 1947.
Subject: Call of Mr. Constantine Tsaldaris, Greek Foreign Minister, on the Secretary.

DISCUSSION ¹

Mr. Tsaldaris has been in this country for the past month ostensibly to conduct the Greek case in the Security Council. His visit was discouraged by our Ambassador in Athens who pointed out the importance we attached to Mr. Tsaldaris' presence in Greece during the critical early stages of the American Aid Mission. Mr. Tsaldaris denied press rumors that he intended to discuss economic questions in Wash-

¹According to a memorandum of conversation of August 6 by William O. Baxter of the Division of Near Eastern Affairs, the matters treated in this discussion had been reviewed with Mr. Tsaldaris by Messrs. Armour and Villard that day (868.00/8-647).
ington and stated that his trip was only in connection with the Greek case before the Security Council.

Nevertheless, Mr. Tsaldaris has talked extensively on many occasions with officers of the Department. It seems clear that one of his main purposes in coming to this country was with the hope of strengthening his own political position in Greece by taking back with him some tangible proof of this Government's support of him. He has indicated frankly and somewhat ingenuously that he fears Greek public reaction if he should return without something to raise the morale of the people. Conditions in Greece, he states, are worse than they were two years ago and in spite of the Greek Government following U.S. advice about presenting its complaint to the Security Council rather than the General Assembly, the man in the street in Greece feels that nothing has been done for his country. Mr. Tsaldaris is discouraged at the inconclusiveness of the Security Council's deliberations on the Greek case and seems to imply rather illogically that this Government should be able to get favorable decision from the Security Council within the next few days before his departure for Greece.

The proposed withdrawal of British troops and the recent decision of Mr. Griswold to approve no increase in Greek armed forces will have, Mr. Tsaldaris believes, a disastrous effect on Greece. He urges U.S. approval of an immediate increase in Greek armed forces and would like to request officially the replacement of British troops by American troops if he could be assured in advance that such a request would be acted upon favorably by the U.S. Government.

Mr. Tsaldaris has asked our views on the advisability of making overtures to Italy with the idea of arranging a Greco-Italian treaty of friendship. When it was indicated that we would be happy to see normal friendly relations restored between the two countries, Mr. Tsaldaris went further concerning possible suggestions of a security pact between the two countries involving the defense of the Straits of Otranto, perhaps with Valona in Greek hands. He also insisted that it would be very difficult for him to approach the Italians unless the U.S. Government was willing to take the initiative and indicate to Italy that we supported such a move.1

On the matter of broadening the Greek Government to include the only Parliamentary opposition party not now represented on the Cabinet, Mr. Tsaldaris has made it very clear that he considers such a move must inevitably result in the King's requesting him as leader of the majority party to become Prime Minister.

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1Mr. Armour had informed Mr. Tsaldaris, in their conversation on August 6, of "our belief that, though the reestablishment of normal friendly relations between Greece and Italy] were desirable, it would hardly be appropriate for this Government to concern itself actively with any such negotiations."
In the attached memorandum from the Greek Embassy, Tab A, on which Mr. Tsaldaris hopes to base his talk with you, the above-mentioned items are listed with the additional proviso that the consideration of any broadening of the Greek Government should be postponed until three more urgent matters had been disposed of. Specifically,

(1) increase of Greek armed forces and/or replacement of British troops by “other contingents”;
(2) Security Council decision under Chapter 7; and
(3) U.S. support of Greece in efforts to undertake regional security pacts.

RECOMMENDATIONS

In your talk with Mr. Tsaldaris the following points might be covered.

1—Greek Case before the Security Council. This Government has strongly supported Greece throughout all of the Security Council discussions and intends to continue this strong support until all possibilities of U.N. action have been exhausted. In this connection it may be pointed out that without the Balkan Investigating Commission, in the establishment and conduct of which the United States played a primary role, the Greek case against her northern neighbors would never have been made clear to the world at large. Although we realize the gravity of the situation in Greece, we are not unduly disturbed because no positive favorable action has yet emerged from Security Council discussions. It is our intention to keep the Greek case active before the Security Council and to take it on an urgent basis to the General Assembly if no satisfactory action has been taken before the meeting of this latter body.

2—U.S. Aid to Greece. U.S. assistance to Greece during the war and since the war has been substantial. The President’s successful appeal to Congress for extraordinary aid has convinced the world and the Greek people of our interest in Greece. The presence of the American Mission in Greece with its plans for military and economic assistance and for reconstruction are tangible proof of U.S. interest and the effects, we hope, will soon be evident in improved conditions.

3—Military Considerations. Although the withdrawal of British troops would of course have a very serious effect on morale in Greece, it is not at all certain that those troops will be withdrawn in the very near future. The British economic crisis necessitates the decrease of forces overseas and it may be that in a general reduction the troops in Greece will remain until such time as other factors will operate to

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*No. 5807, August 6, not printed.*
offset their withdrawal. As for any approval of an increase in the Greek armed forces, Mr. Griswold's Mission includes competent technical advisors who are in close touch with the Greek General Staff and other competent officers in Greece. Any decisions concerning supplying, equipping, and training of Greek armed forces or of their size, must be made on the basis of recommendations in Greece.

4—Broadening of the Greek Government. It is well-known that this Government has welcomed the formation of the present coalition cabinet under the non-political premiership of Mr. Maximos and was hopeful at that time that an even broader coalition would result which would represent all loyal Parliamentary parties in the Parliament. It is our view that in Greece's present critical situation a cabinet crisis should be averted at all costs but that a broadened government, including all loyal opposition parties represented in Parliament, would demonstrate to the world that Greek political leaders are able to cooperate with patriotic unity at a time when the independence of Greece is seriously threatened. In the hope that such unity may be achieved, it is our intention to issue, after this interview, a press statement, Tab B.4

5—Regional Security Pacts. The U.S. Government would be happy to see friendly and normal relations established between Greece and her neighbors. Any negotiations for such purposes are, of course, decisions for the Greek Government to make.

CONCURRENCES

A/A—Mr. Armour
EUR

4 Copy not found attached to the source text.

711.63/8-747

Memorandum of Conversation, by the Secretary of State 1

RESTRICTED [WASHINGTON,] August 7, 1947.
Participants: The Secretary of State
Mr. Constantine Tsaldaris, Deputy Prime Minister
and Foreign Minister of Greece
Mr. Henry S. Villard, Acting Director, NEA

Mr. Tsaldaris called at his request. He said that before returning to his country, he desired to take up with me certain matters which were of concern to him as the Foreign Minister of Greece.

1 Drafted by Mr. Villard.
Mr. Tsaldaris began by referring to the memorandum he had left in the Department yesterday. He wished to supplement this with a further memorandum containing new information just received from his Government, dealing particularly with the military situation in Greece and amplifying some of the points he had previously raised in discussions with other officers of the Department.

He said that the Greek people were discouraged at the failure of the Security Council to take effective action on the Greek case, at the renewed threat of danger from the northern boundaries of Greece, and at the announced withdrawal of British troops. He felt that the atmosphere created in Greece by the lack of a solution to the present problem was a dangerous one. For example, a recent article by Mr. Melas, former Foreign Office official, had referred to “our Russian ally”. This trend of thought was due to the absence of progress in meeting the situation, which Mr. Tsaldaris seemed to feel was largely the responsibility of the United States. He asked whether I could not give him some statement which he could “carry back to the people” and which would serve to reassure the Greek population and indicate what plans the United States had for the future.

I told Mr. Tsaldaris that, in my opinion, the United States had already done a great deal for Greece. We had given the Greek case our most careful attention in the Security Council and were continuing to do so. We had taken a very long step in our program of aid to Greece, and supplies were beginning to arrive. Mr. Tsaldaris, I said, must understand that these things took time. I made it clear that we considered Greece one of the most difficult trouble spots in an unpeaceful world and that we were very much concerned indeed with the situation.

As to his request for a statement, I said that until I had had an opportunity to examine the two memoranda he had left with me, I would not be able to make any kind of statement. I said I had listened with the closest attention to what he had said and that I would consider his requests in consultation with my associates. Only then would I be able to determine what reply might be made to him.

Mr. Tsaldaris then said that the Italian Ambassador had called upon him yesterday to express thanks for Greece’s part in bringing Italy into the Bank of [for] International Settlements. The Ambassador had taken the opportunity to discuss the relations between Greece and Italy. The possibility had been suggested of a pact of friendship between Italy and Greece, and Ambassador Tarchiani was telegraphing his Government to ascertain whether a visit by Mr.

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2 No. 5807, August 6, not printed.
3 Dated August 7, not printed.
Tsaldaris to Rome to discuss this subject might be agreeable. Mr. Tsaldaris said that there existed in his mind also the possibility of extending such a pact to include Turkey in the first instance, later bringing in Egypt and possibly Syria and Lebanon. This would result in a regional grouping of states in the Mediterranean area which would be an offset to the Slavic pressure along the eastern shores of the Adriatic and in the general direction of the Mediterranean. Such an arrangement would not be unusual from the historical viewpoint, and Mr. Tsaldaris had brought with him a map to illustrate his point. The particular danger point in the Adriatic and Mediterranean, in Mr. Tsaldaris’ view, was the Straits of Otranto between Italy and Greece, and it was here that Slav control would be most dangerous. Since the whole eastern coast of Italy would be vulnerable, Ambassador Tarchiani had been receptive to the idea of a pact of this sort and he now awaited the reaction of the Government at Rome.

I said that I saw no objection to this proposal. It might be a good thing to bring the region closer together.

Mr. Tsaldaris next discussed at some length the internal political situation in Greece. He maintained that to broaden the Government at this time would in fact result in weakness, since coalitions were of themselves not a strong form of government. What was needed in Greece at this time was a strong government, and he himself possessed the requisite popular support for a leader as shown by the fact that he controlled 210 out of 350 seats in the Parliament. Under the Parliamentary form of government in Greece, it was necessary for the majority leader to be in control if the government were to function strongly and effectively. By broadening the base of the Government still further at this time, nothing concrete would be accomplished since all responsible elements were already represented in it. Even Mr. Zervas had indicated that he would be willing to amalgamate his Party with the Populist Party of Mr. Tsaldaris, if desired, so as to form a strong Government. Mr. Tsaldaris, therefore, begged that before the Department issued any statement on the composition of the Greek Government, we would take most careful account of his remarks.

Mr. Tsaldaris concluded his observations by again asking whether it would not be possible for me to make a statement which he could carry back to his Government and, through his Government, to the people of Greece. I replied again that until I had studied the matter further in consultation with my associates, I could not give him a definite answer. Mr. Tsaldaris indicated that he would be leaving for Greece in a few days and hoped by that time that he would have a statement of some kind in regard to American policy toward Greece.
TOP SECRET

WASHINGTON, August 7, 1947—9 p.m.

3396. For the Ambassador. Pls inform Bevin substance Athens 1275 Aug 2 (Deptel 3353 Aug 5 1) and Rome’s 2191 Aug 2 (Deptel 3350 Aug 5 2). You shd say we share grave apprehension Amer officials Greece and Italy re withdrawal Brit troops those countries, and earnestly hope UK Govt will give further consideration consequences this proposed action. As regards Greece, we feel especially strongly that troops shd not be withdrawn until after final consideration of Greek case by SC and GA and, following that, after realistic appraisal and full and frank exchange of views between US and UK Govts. At that time, proposal could be reexamined in light of circumstances then existing and decision taken in full awareness of future course US and UK action re Greek situation.

In case of Italy, we believe study shd be made by military of status our respective forces there before any decision reached. Our feeling is that fate of Italy and Trieste will depend in great measure upon attitude and actions US, UK and France in next few months, and we therefore feel our actions in this area must be weighed with this consideration in mind and carefully coordinated between us.

You shd tell Bevin we are much relieved to note his assurance that no change in Brit foreign policy is contemplated now and that we will be fully consulted before any such change in future. This assurance seems to us closely related to question of Brit troops in Greece and Italy.

MARSHALL

1 Not printed; it quoted telegrams 1275, August 2, and 1282, August 4, from Athens, pp. 276, 278.
2 Not printed; it quoted telegrams 2191, August 2, and 2219, August 4, from Rome. It is anticipated that these two messages will be printed in volume III.

888.00/8-747

Memorandum by the Acting Director of the Office of Near Eastern and African Affairs (Villard) to the Secretary of State

SECRET

[WASHINGTON,] August 8, 1947.

DISCUSSION

When Mr. Tsaldaris, Greek Foreign Minister, came to this country recently, it was with the express understanding that his trip was connected only with the Greek case in the Security Council. He said
that he would make no public statement in this country except in accord with our wishes and that he did not intend to come to Washington for “economic talks” with the U.S. Government but would come to Washington only if you should invite him to make a personal call. In his many talks with government officials he has been told that primary responsibility for decisions concerning the allocation of our economic and military aid, including decisions on the size of Greek armed forces, will be made in Greece by Mr. Griswold and our Ambassador who will refer policy matters to the Department only when they think necessary. It is our belief that Mr. Tsaldaris, in pressing you for some statement which he can take back to his people concerning American policy toward Greece, is attempting to exploit his talks with you for his own political position and as a step in his obvious desire to become Prime Minister. The attached memorandum¹ which Mr. Tsaldaris left with you yesterday, Tab A, is merely a copy of a request which the Greek Government intends to deliver to Ambassador MacVeagh and Mr. Griswold in Athens requesting approval of an increase in Greek armed forces and requires no answer at this time by the Department. Consideration will be given to it when it is referred to the Department with the recommendations of the American Embassy and the American Aid Mission. Our reply can then be communicated to the Greek Government through the regular channels in Athens.

Mr. Tsaldaris is reluctant to consider any broadening of the Government to include the one Parliamentary opposition party not now in the coalition cabinet, even though he is aware of our feeling that such a move in this critical time would demonstrate to the world the ability of Greek political leaders to submerge personal differences in the face of a threat to Greek independence.

Reports from Athens indicate that a cabinet crisis is threatened because of the rumored withdrawal of British troops and American refusal to approve increases in Greek armed forces. It is possible that some Greek politicians hope to win U.S. approval for diverting large amounts of our economic aid to military purposes by the threat of the resignation of the Government.

RECOMMENDATIONS

1. As American policy toward Greece is well known and has been frequently stated, there appears to be no necessity for you to accede to Mr. Tsaldaris’ request for a further statement at this time.

2. No reply is necessary to Mr. Tsaldaris’ request for approved increases in the Greek armed forces, as these matters are being considered by the competent U.S. authorities in Greece and will be subject to later decision.

¹ Not printed.
3. A statement along the lines of the attached draft, Tab B, would be most helpful if issued immediately as an indication that the United States expects Greek political leaders to cooperate to the fullest extent with us in carrying out our aid program which would be seriously jeopardized by a Greek cabinet crisis at this critical juncture.

**CONCURRENCES**

**A/A—Mr. Armour**

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2 It stated: "In the face of the present threat to the independence and integrity of the Greek nation, I wish to reaffirm the hopes expressed in my statement to the press on February 14, 1947 for the maximum unity of effort and participation in Greek public life of all loyal elements of the Greek people. I strongly believe in its prime necessity in this emergency. Only by working together loyally and by sacrificing party interests in the common cause can the Greek people enable the American Aid Mission to furnish effective assistance in the common aim of reconstructing a strong, independent, prosperous Greece." According to a marginal notation by Mr. Baxter on a memorandum of August 12 by Mr. Reams to Mr. Henderson, the statement was not made (868.00/8-747).

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868.00/7-2647: Telegram

*The Secretary of State to the Embassy in Greece*

**CONFIDENTIAL**

WASHINGTON, August 8, 1947—4 p. m.

1271. Gama 53. In view AMAG decision (Athens tel 1220) please address note to Brit Amb stating that US agrees to Brit proposal that their police mission be terminated as of January 1948. Brit Emb here has suggested formal notification of US decision be transmitted by you to Norton.

**MARSHALL**

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1 Dated July 26, 1 p. m.; it stated in part: "Feel Greek budget must be relieved of all expense unless absolute necessity. Believe also that British Mission will have accomplished all practical good by January 1948. Recommend that no further extension be recommended by US. Feel strongly that Mission cannot assume any expense whatsoever on this matter." (868.00/7-2647)

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841.2368/8-947: Telegram

*The Ambassador in the United Kingdom (Douglas) to the Secretary of State*

**TOP SECRET**

LONDON, August 9, 1947—4 p. m.

4320. For the Secretary and Lovett. ReDeptel 3396, and 3353. I informed Bevin this morning the substance of Athens 1275 of August 2, and Rome’s 2191 of August 2, advanced the additional considera-

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2 Dated August 7, p. 287.

3 Dated August 5, not printed; it quoted telegrams 1275, August 2, and 1282, August 4, from Athens, pp. 276, 278.

4 It is anticipated that telegram 2191 will be printed in volume III.
tions which you mentioned, and expressed your concurrence with the grave fears of our officials in Greece and Turkey re withdrawal of British troops. I pointed out the need of US–UK joint responsibility and in the light of existing circumstances, the far reaching adverse effects that might be produced by action which might be construed to be an abandonment of this principle.

I put forward our proposal, emphasizing the strength of our feeling, that the troops should not be withdrawn from Greece until after final consideration of the Greek case by SC and GA and, subsequently, after full appraisal and a frank exchange of views between the US and UK Governments when the matter could be reviewed in the light of the situation as it might then exist and a decision taken with a full appreciation of the future US–UK action re Greece.

As to Italy, I presented strongly our proposal that the status of our respective forces should be studied by the military and our actions carefully coordinated.

I explained to Bevin your relief at his assurance no change in British foreign policy is now contemplated, but that this assurance was associated with the question of British troops in Greece and Italy.

Bevin assured me that no action was contemplated in the immediate future in either area. At the forthcoming meeting Monday the Parliamentary Labor Group Ministers will be under great pressure to state the areas from which overseas forces will be withdrawn but that these demands will be resisted. He inferred that the Left Wing group would press for withdrawal from Greece and reduction of forces in Italy.

He, however, understands our position, the serious consequences which might follow, and assures me that further consideration will be given to the matter. I should have a further discussion early next week, possibly Tuesday or Wednesday. 1

Douglas

1 In telegram 4444, August 15, Ambassador Douglas advised the Department that with Mr. Bevin away for a three-week vacation Sir Orme Sargent had “assured me this afternoon that in respect British troops in Italy and Greece, no withdrawals would be undertaken without full consultation with US. In the case of Italy this consultation would include a careful study by combined military of our respective forces.” (841.2368/8-1547)

Memorandum by Mr. William M. Rountree of the Office of Near Eastern and African Affairs to the Director of that Office (Henderson)

Confidential


While it is too early to make a complete appraisal of the chances of success of the Greek aid program, I believe it important that the
Department give early recognition to: (1) the probability that the presently planned program for this fiscal year will have to be curtailed by the Mission itself or supported by additional Congressional appropriations, and (2) the probability that the ultimate objectives of the President's policy can not be attained by June 30, 1948. Congress and the public should be prepared for these unpleasant probabilities as early as the facts can be collected for intelligent forecasts.

The principal factors in the possible inadequacy of present funds to meet planned programs for this year are:

First, the extreme drought in Greece during the crucial period has resulted in an additional deficit in wheat requirements of about 190,000 tons beyond imports originally programmed by the Porter Mission, in addition to which other food deficits have risen. The wheat alone will require foreign exchange amounting to $23 million beyond the sum scheduled. Other grain requirements may bring this new deficit up to a total of $30 million.

Second, the Greek Government is, as you know, pressing for a considerable expansion in the armed forces. While the Mission has thus far disapproved plans which would entail military expenditures beyond the programmed funds, it appears possible that before the end of the fiscal year the security situation in Greece will require a revision in this policy to the detriment of the civil economic program.

Third, requirements of foreign financial assistance as established in the President's program contemplated commencement of American aid and supervision the first of April. Already several months have been lost and the program is not yet in full swing. This lost time is important: Greek expenditures during this period have continued unwisely; no progress has been made in effecting better utilization of Greek resources in the recovery effort; and it is doubtful that export possibilities which have been lost during the period can be made up.

Fortunately, there have on the other hand been certain favorable developments which may to some extent compensate for the foregoing factors. Olive oil production for this year is estimated at 150,000 tons, which is about 60,000 tons more than last year's production and the Porter Mission's estimates for the present crop. Latest indications are that tobacco production will exceed by 50% last year's output. While every effort will be made by the Mission to obtain maximum benefit from these favorable factors during the present fiscal year, it is doubtful that the full benefit from them can be realized within the remaining months of the program.

While the probability that our objectives could not be achieved in the space of one year was recognized by the Porter report, in questioning on this point in the Congressional hearings and in newspaper comment, little recognition has been given to it in planning the actual program. Accomplishment of our economic objectives in one year would be difficult under any circumstances, and continuation of adverse
conditions in the all important security and political fields will make their attainment impossible. It is increasingly evident that our program must be extended beyond June 30, 1948, if we are to support the Greek economy until it is able to carry itself.

The broaching of the extension of the program would best come from the Secretary of State in his first quarterly report to Congress on the work [of] AMAG. This would enable the problem to be raised on the basis of facts and predictions by AMAG, rather than on information which has been available within the Department during the period when we maintained that the need for extension was unsettled. If it is decided within the Department that the problem should be raised before the last minute, AMAG should be advised now that a complete analysis of the factors leading to a possible need for extension beyond 1948 should be made in its quarterly report to the Secretary.

Certainly on both of these problems the public should be told of developments so that the Department will not be confronted with the necessity of announcing without previous notice that our program as originally scheduled has failed to meet the goal, and that additional appropriations must be made during this and subsequent years.

D[ILLIAM] R[OUNTREE]

868.00/8-1147

Memorandum by Mr. Robert G. Miner of the Division of Near Eastern Affairs

TOP SECRET [WASHINGTON,] August 11, 1947.

Subject: The International Brigade

Within the past month U.S. Missions have reported circumstantial evidence indicating that an active campaign to secure volunteers to fight in Greece has been undertaken in central and eastern Europe. In Italy, recruiting is reported to be carried on in Florence, Leghorn, Bologna, Milan and Turin by former officers of the Spanish International Brigade and by prominent Italian Communists such as Velio Spano, former editor of Unità, the Rome Communist newspaper. In addition to Spanish war veterans and local Communist leaders, Soviet Army officers are stated on reliable authority to be engaged in enlisting volunteers for an international brigade in Germany, particularly in the county of Hersfeld in the province of Kurhessen in the British
zone. In Rumania plans have been made to use the Association of Spanish Civil War Veterans as a cover for recruiting activities and to draw additional elements for an international brigade from the ranks of two Rumanian army divisions which were trained and indoctrinated in the USSR. A recent report from Poland of unknown reliability contains considerable circumstantial detail regarding an attempt by a Soviet NKVD Colonel to secure volunteers to fight in Greece from among the members of a Communist-front organization in Radom, a town near Warsaw.

Numerous earlier reports received by the Department have furnished indications of preparations for the organization of an international brigade in various parts of Europe, particularly in France, Czechoslovakia, and Italy. According to these reports, which are of varying degrees of reliability, Spanish Communists and other veterans of the Spanish Civil War, German prisoners of war, and members of youth groups were being organized and trained for action in Greece. It has further been reported that large numbers of these elements were transported to Yugoslavia under the guise of repatriation of Yugoslav nationals.

In connection with the more recent as well as the earlier reports of efforts by European Communists to enlist volunteers for armed intervention in Greece, it will be recalled that a leading Greek Communist in a speech delivered to a Communist Congress in Strasbourg, France, on June 27, expressed gratitude for the foreign aid so far furnished Greek insurgents and appealed to world Communism for “definite, tangible, and total assistance”.

There is no definite information that an international brigade is in existence or that international elements have so far participated in the fighting in Greece. There are, however, in Yugoslavia and Albania sizable foreign groups which have received some military training and could readily be used to swell the ranks of an international brigade to fight in Greece. These foreign groups include: (a) more than 25,000 Greek minority elements (Moslems and Slavo-Macedonians) which fled Greece in 1944 and 1945 claiming persecution by the Greek authorities; (b) the International Youth Brigade which numbers approximately 50,000, including at least 1,800 foreigners, and which has been engaged in reconstruction work on Yugoslav and Albanian roads and railroads; and (c) perhaps an additional group of from 1,000 to 6,000 of various nationalities, including Spanish Communists, reported by a variety of sources to be undergoing military training in Yugoslavia.
Governor Dwight P. Griswold to the Secretary of State

SECRET

ATHENS, August 11, 1947—7 p. m.

1339. Amag 75 to McGhee from Griswold. Reference memo submitted by Greek Government to US Government through Embassy dated August 9\(^1\) relative to increase in Greek armed forces.

1. Reasons given in Amag 41\(^2\) still apply. Reemphasize fact that increases now would not improve fighting strength for at least three months.

2. Many Greek soldiers scattered over country on guard duty and General Staff not making full use of present strength. Commando troops also not being effectively used. General Livesay is getting some results in bringing realism to General Staff. However, they still give great amount of time to political considerations and to presentation of arguments for an increase. It is believed probable that if present application is refused greater realism will result.

3. General Livesay giving serious consideration to approval of 19 additional reconnaissance airplanes and additional air corps equipment. He insists that all armed forces commanders join in approving this increase so that it will not be used as argument for other unnecessary increases.

4. General Livesay's considered opinion present army strength properly and energetically utilized can decisively defeat present strength bandits.

5. Imperative that any decisions made in Washington be disclosed only through mission in Athens. Otherwise, our effectiveness badly impaired.

[GRISWOLD]

\(^1\) In telegram 1342, August 9, from Athens, Ambassador MacVeagh reported that the Greek Prime Minister handed him a lengthy memorandum the same morning which was essentially an appeal for numerical strengthening of the Greek armed forces (868.00/8-947).

\(^2\) Telegram 1268, August 1, from Athens, p. 273.

Governor Dwight P. Griswold to the Coordinator for Aid to Greece and Turkey (McGhee)\(^1\)

SECRET

ATHENS, [undated.]

DEAR GEORGE: I was invited by the Prime Minister to visit with him at six o'clock last Wednesday evening. He immediately plunged

\(^1\) Received in the Department on August 14.
into a discussion of possible political changes and alterations which might be made in the Greek Cabinet to assist in bringing greater unity to Greece and strengthening their government in its relations both with the mass of Greek people and with the people of the United States. He stated that he wished to discuss these matters with me personally and quite candidly and that the conversation would be entirely confidential. I at once advised him that I was neither properly qualified nor authorized to speak authoritatively on Greek political matters—that those subjects were within the province of the Ambassador. I told him, however, that I was willing to discuss the subject but he should understand that I was speaking personally and not as a representative of the United States Government.

We discussed many of the leading figures in Greece—Zervas, Plastiras, Tsaldaris, the Archbishop, etc. It is not necessary to state in this letter what the discussion involved but I do want to report that in my judgment the door is now wide open to get some things done which seemingly are the desire of the United States Government. Some of these matters were referred to and approved in the confidential letter to me of July 11. That letter, however, uses such words as “gradually” and “discreet suggestion.” I feel, however, that the time has come when some of these things can discreetly and rather easily be accomplished by proper action on the part of the United States. I do not feel that everything can be accomplished by political changes but it is the opinion of every qualified American with whom I have visited in Greece that much good can thus be accomplished. The point I wish to make is that our plan of action must be formulated immediately and put into effect within the next week or ten days. The decisions by the Greek leaders will be made probably very soon after the return of Mr. Tsaldaris from the United States.

The morning after my discussion with the Prime Minister I described the entire conversation to Ambassador MacVeagh. He seemingly is as anxious as anyone to have certain changes made but he continues to use such words as “gradually” and “we of course must not interfere” to such an extent that I feel somewhat alarmed. Candidly, I am fearful that the present opportunity will not be grasped. For instance, he discussed the possibility of moving Zervas to another ministry, giving Tsaldaris the opportunity to continue to use him as a member of his coalition. In my judgment Zervas needs to be forced clear out of the government and I think it would be a distinct advantage from our standpoint to have him in the “opposition.” I feel he is making more Communists than he is eliminating. Time is slipping away and I feel the present opportunity should be firmly grasped. In my judgment we do not need to be affected by a fear that we will
be accused of "interfering." That accusation will be made even if we do nothing.

I realize that my judgment is based on a very brief acquaintance with this situation and I will have to admit that I cannot logically argue with anyone because my information is not soundly based. I am relying, however, upon the opinion of American newspaper correspondents and other Americans who have been in Greece for many, many years. They are seemingly unanimously of the opinion that much good can be accomplished by positive action on our part.

The implications of the Prime Minister's call and conversation are that today he and the leaders of Greece are looking to the United States for more than mere advice—they are searching for a decision.

Sincerely yours,

Dwight P. Griswold

868.00/8–1147 : Telegram

The Acting Secretary of State to the Embassy in Greece

SECRET

WASHINGTON, August 15, 1947—8 p. m.

1341. Text Greek memo not yet received in Dept (urtel 1342 Aug 9 1). Indications that it partly for home consumption (urtel 1361 Aug 13 2) and that requested increase Greek armed forces not justified by military situation (Amag 75 Aug 11) help to confirm Dept's hope that press reports of deteriorating conditions in Greece may be partly panicicky reaction to recent Soviet veto rather than accurate reflection of worsening situation. (See Deptel immediately following for Griswold Gama 78 3).

Lovett

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1 Not printed; but see footnote 1, p. 294.
2 Not printed.
3 No. 1342, August 15, 8 p. m.; it assured Governor Griswold that "there has never been any intention to arrive at decisions concerning important questions affecting AMAG without prior consultation with you nor to announce decisions in Washington without your prior knowledge and agreement." (868.00/8–1147)

868.00/7–2147 : Telegram

The Acting Secretary of State to the Embassy in Greece

SECRET

WASHINGTON, August 15, 1947—8 p. m.

1343. Persistent rumors of imminent changes in Greek Govt and Tsaldarlis' initiative in raising this subject with US officials in Washington (Deptel 1142 July 25) may foreshadow reshuffling or resignation Greek Cabinet upon return of Tsaldaris to Athens. Dept continues to be disturbed by apparent inability of Greek political leaders to cooperate sincerely for good of Greece at time when failure to do so
may well mean disappearance of their country as sovereign nation. For your info Secretary considered issuing public statement prior his departure for Rio reaffirming views of Feb 14 statement and again urging broadening of Greek Govt. However, decision was finally made not to issue such statement at this time for fear it might precipitate eventuality which we hope to avoid, that is, a cabinet crisis.

Dept still believes that broad coalition including Sophoulis Liberals would, if agreed upon with sincere determination of all parties to work for common good, be best demonstration to world of Greek unity and would enlist support for Greek case during UN consideration. Such a coalition would of course be no improvement on present Govt if headed by a politician with narrow party interests or if composed of political leaders not willing to submerge party or individual ambitions to welfare of Greece or if members not able to work together as a single hard hitting unit.

Dept would appreciate your views as to what steps, if any, can be taken to bring about such changes in cabinet as would elicit more support in Greece, enlist more sympathy from world opinion, execute more effective measures to reduce guerrilla menace, and cooperate more efficiently with US aid program for general welfare Greek people. Would also appreciate your opinion urgency any steps which should be taken in view Tsaldaris' early return. Evident to Dept that main purpose Tsaldaris' visit was to build up his own political reputation by returning from US with accomplishments which would convince political leaders and Greek public that he personally had US support. In this he has been unsuccessful but it is not improbable that he may have some plan to threaten serious cabinet crisis in attempt to make US more amenable to his wishes.

In view importance this problem with relation success or failure AMAG operations request you consult with Griswold and transmit your joint views on this subject clearly stating any differences existing.

LORIE

867.20/8—1747: Telegram

The Ambassador in Turkey (Wilson) to the Secretary of State

SECRET

ANKARA, August 17, 1947—1 p. m.

PRIORITY

655. [Foreign Minister said to me yesterday he wished consult US Government regarding serious problem facing Turkish Government which he described as follows: Turkish armed forces at present consist about 485,000 men exclusive of gendarmerie and border guards comprising three classes, 1925, 1926 and 1927. Next November class
1925 of 150,000 men will have done three years service and should be released. If no new class called Turkish armed forces which at present on basis partial [1] mobilization will be reduced to about 330,000 men or peace time basis. Cost present armed forces represents 60 percent ordinary budget. If new class called will add 150 million liras next year's budget which will have to be met either by increased taxes or by internal or foreign loans. Furthermore if new class called should be done soon in order give some training before old class released; this overlapping period would cost 40 million liras additional but this can be met from resources available Government during balance year. Decision must be taken soon since if new class to be called provision therefor must be made in next year's budget, preparation of which begins next month.

Saka said Turk Government desires receive views US Government re international situation which will assist Turk Government in reaching decision whether justified reducing armed forces.

I asked how Turk Government this year met 150 million lira additional cost maintaining third class. Saka said partly by internal loans, partly by excess revenue over estimates. I asked what were views Turkey General Staff on this question. He said General Staff considered world situation too dangerous warrant reduction army.

I asked what was thinking inside Cabinet. He said many members Government favored not calling new class in order relieve economic burden country. Others, however, including himself, held view international situation deteriorated greatly of late and Turkey could not afford reduce armed forces. If Turkey reduced army he believed this would encourage Russia step up pressure this area feeling they had Turks on run. Also would discourage Greeks as indicating Turkey weakening in resolve resist aggression.

Saka said he intends consult British also on this.

In considering what reply we should make following occurs to me:

1. We can either
   (a) limit ourselves to giving Turks info in our possession re international situation on basis of which they can make own decision or,
   (b) We can go further and give them advice re what we think they should do. In latter case we may seem incur moral commitment assist Turks certain contingencies if they follow our advice.

2. On assumption Soviet policy re Turkey is to maintain pressure short of actual aggression in effort in long run break Turk economy, reduction armed forces would relieve economic burden and thereby tend defeat Soviet policy. Such action, moreover, instead of encouraging Soviets, as Saka thinks, might have opposite effect as indicating

[1] The bracketed portion does not appear in the record copy of telegram 655. At the Department's request, it was supplied by the Embassy in Ankara, in an unnumbered telegram, August 20, noon (867.20/8-2047).
Turk awareness Soviet aims and ability counter them. This reasoning is valid however only so long as little risk actual war exists. Assumption this regard held year ago perhaps less warranted today.

3. Question arises whether present strength Turk army warranted and whether army one-third smaller would not be about as effective even in case invasion. On this point best advice I get is that reduction in size would correspondingly reduce effectiveness. Firepower army will be increased somewhat by US aid program but this not effective before at least one year.

4. Internal political considerations doubtless influence some extent Turk Cabinet’s reactions this problem. There is discontent over high cost living and strong criticism by opposition party of Government’s failure do something improve economic situation. Calling of new class, additional taxation or another budget deficit covered by loans would not add to Government’s popularity.

5. On balance, and looking at matter with obviously limited knowledge available here of overall world situation, I believe Turks would be well advised to maintain present strength armed forces for at least another year. While this would add to economic burden it would not break their economy. It would give them time to see where world is going in next few months whether western Europe collapses economically or whether US aid can bolster her in time lay basis for recovery. If conditions year hence no worse than today Turks could at that time with improved fire power of army from US aid envisage reduction army with perhaps less risk than at present. With foregoing in mind, I therefore recommend that in reply to Saka we follow course under 1 (a) above, namely limit ourselves to giving Turks full and frank view of international situation as we see it and let them make own decision on question armed strength. My guess is that if we do this Turk Government will decide either retain most 1925 class another year or call new class.

Please see cable 177 August 15 to War Department from Military Attaché reporting conversation with Chief Turk General Staff on same subject.

Wilson

868.002/8-1947: Telegram

The Ambassador in Greece (MacVeagh) to the Secretary of State

SECRET

ATHENS, August 19, 1947—4 p. m.

1409. Question of reshuffling Cabinet will certainly come up here shortly following Tsaldaris’ return (Deptel 1348, August 15) but not on his initiative whatever he may have planned in US. Papandreou called yesterday to say that he, Canellopoulos and Venizelos, the three Centrists presently in Government, intend promptly precipitating crisis by insisting that Zervas be eliminated and that renewed efforts be made to induce Sophoulis to collaborate in forming broader coali-
tion. Stated Prime Minister also in agreement his plan (for Prime Minister's intention bring up Zervas matter, see mytel 1247, July 30\(^1\)) and will issue public invitation to Sophoulis to come in. Believe Tsaldaris must drop Zervas because all three Centrists will threaten resign unless he does so and he lacks sufficient strength carry on without them. Papandreou skeptical as to success with Sophoulis, but emphasized riddance of Zervas necessary in view lack of general confidence and effect this having on Greece's prospects for full foreign support.

Saw Prime Minister yesterday morning and he confirmed above. Said intends seeing Tsaldaris at once and posing question Zervas. Will emphasize latter does not inspire confidence in US whose maximum collaboration now absolutely necessary to Greek Government and Greek people, also that he at loggerheads with General Staff causing impossible situation for national defense. Will support Papandreou for War Ministry as he is in "excellent" relations with Staff, and also Canellopoulos for Minister Public Safety since he man of broad views and unquestioned integrity. If reshuffle along these lines accepted by Tsaldaris, Prime Minister added he will make appeal for Sophoulis adherence. Fear however that Sophoulis will hold out not only for premiership, which Maximos willing to hand over but also for complete domination all portfolios, which would ruin prospects of collaboration other parties. Also fears Tsaldaris returning with "swelled head".

Believe if Cabinet reformed along above lines, with or without Sophoulis, it should have our support as constituting at least improvement present Government. Dept may be sure "narrow party interest" never likely be wholly eliminated here and "hardhitting unit" as result of any combination Greek politicians wholly utopian. However approximation can and should be made and feel present ferment good sign this connection. Support of any move made by Greeks toward nationwide political unity all the more essential as potential dictators like Zervas and Plastiras will be waiting in wings to exploit failure, not to speak of possible Kerenskys like aged Sophoulis when under influence, as apparently at present, of non-cooperative portion his party.

On other hand, have already given my opinion (mytel 1185, July 21) that traditional US policy of avoiding detailed interference in Greek politics, is sound. If Department now contemplates changing this policy, I would desire warn it that in my opinion no government openly set up under foreign influence can succeed this country. Therefore advise "steps taken to bring about changes in Cabinet" be confined to continued emphasizing of desirability general patriotic

\(^1\) Not printed.
unity in time crisis and to bringing out impossibility of cooperating with undesired individuals in such a way as to influence Greeks remove them on own initiative. This tactic already apparently promising some success in case Zervas.

As Cabinet crisis seems bound occur in any case, feel Secretary’s proposed statement, which I have already recommended (mytel 1185, July 21) could do no harm. On contrary, believe might do much good in encouraging all possible Greek efforts toward unity while keeping our own policy of detailed non-involvement clear in public eye.

Griswold’s ideas, to which I find no objection, given in next following telegram. Regarding suggestion that pressure be applied discreetly through Prime Minister, this already being done for some time past as Dept knows. Also Rendis already aware our attitude through talks with me and actually has asked see me again urgently. Finally, Tsaldaris well knows our views represent best interests of Greece and will be told again by Prime Minister and by me if necessary.

MACVEAGH

S41.2368/8–2047

*The British Secretary of State for Foreign Affairs (Bevin) to the Secretary of State*¹

**TOP SECRET**

[LONDON, undated.]

I have given the most careful consideration to your message delivered to me by Mr. Douglas suggesting that the withdrawal of our troops from Greece should not take place until after the Greek case has been disposed of at the Security Council. I find it difficult to foresee when this will take place and in any case you are now proposing that the case should be taken to the Assembly. You will remember that when we discussed the question of the British troops and Military Mission in Greece during the Moscow Conference I made it clear to you that it would be impossible for us to keep the troops in Greece beyond the autumn of this year, and you told me on March 18th that the retention of our Military Mission would in no way prejudice the withdrawal of the remainder of our troops. I am suggesting that our Chiefs of Staff should discuss the matter with your Chiefs of Staff, but my colleagues and I, having given the matter most careful and anxious thought, have decided that on every ground it is essential that

¹ Handed by Mr. Balfour to Mr. Henderson on August 20, with his letter to Mr. Lovett of the same date, which requested that Mr. Bevin’s message be transmitted to Mr. Marshall, secretly, as soon as possible. The Secretary of State was then at Quitandinha, near Petropolis, Brazil, as Chairman of the United States Delegation to the Inter-American Conference for the Maintenance of Continental Peace and Security.
the withdrawal of our troops must be completed during the autumn. I shall be grateful if you will make this clear to your Chiefs of Staff as the basis of detailed discussion with our Chiefs of Staff.

2. In your personal message delivered to me by Mr. Douglas on the 2nd August you said that you were concerned at our decision to implement our intention to withdraw our troops from Greece in the light of recent developments affecting that country. The messages that I have had from the Greek Government and from our Embassy in Athens suggest that the most dangerous factor in the situation is the increasing strain upon the Greek armed forces, and the Greek Government have begged us to represent to your Government most earnestly the importance of getting the immediate agreement of your Government to certain increases in the effective strength of the Greek Army which our military authorities consider justified and desirable to enable the Greek armed forces to continue to conduct effective operations against the bandits. I am sure that what is most necessary to stabilise the situation in Greece is that these increases should be sanctioned at once and got underway as quickly as possible. This will more than set off the withdrawal of our troops provided it is done immediately. I am suggesting that our Chiefs of Staff should discuss this too with your Chiefs of Staff and I hope that your Government will feel able to agree immediately to the proposed increases.

3. We are desirous that our troops in Italy should be out by the end of the year in order that the Government may fulfil its public pledge to reduce the numbers of British troops by 183,000 by the 31st December. As you know, we are being strongly pressed from all quarters to increase this figure of reductions. There can be no possible question, therefore, of prolonging the stay of our troops in Italy beyond the end of the year. But within this limit our Chiefs of Staff will do their utmost to meet the views of your Chiefs of Staff.

868.00/8-2047: Telegram

The Ambassador in Greece (MacVeagh) to the Secretary of State

SECRET

ATHENS, August 20, 1947—11 a. m.

1410. Following are Griswold reactions: Agree with decisions in paragraphs 1 and 2 of Ambassador's 1409, August 19, but suggest that Prime Minister be requested not to make "public" appeal for Sophoulis adherence. If appeal made publicly and refused it would injure prestige of Government. Changes suggested would broaden government and believe Prime Minister and Tsaldaris should be advised that we approve and consider them advisable. Tsaldaris may suggest alternative changes but we should be firm along line suggested.
Regarding paragraph 3. Agree with judgments in first two sentences but do not wish to pass judgment on Plastiras or Sophoulis as involved in last sentence of paragraph.

Am not fearful of accusation of interference if handled tactfully and discreetly and believe this is possible. Believe present is time for further broadening government by wise filling of vacancies caused by transfer of Papandreou and Canellopoulos. Doubt if American should contact Sophoulis personally as he is inclined to talk to newspapers and might injure US. Prime Minister could contact him and if Sophoulis refuses to enter government except as Prime Minister believe then that Ambassador and Prime Minister should contact Rendis to see if any possibility of winning away from Sophoulis one wing of his party and placing them in Cabinet. Rendis has been favorable to cooperation in Government and in past has seriously considered entering government. Two above vacancies could be offered Sophoulis or Rendis wing of Liberal Party and removal of Zervas and Stratos thus used as bargaining power to bring Sophoulis or Rendis in. Acceptance of only partial broadening now would sacrifice this bargaining power. Greeks know that their salvation depends upon American aid and believe we should use our present prestige in proper manner to bring about these changes which would definitely broaden government and gain support from people of Greece. This program might do much to drain away recruitment pool for bandits.

Recommend issuance of Secretary State’s proposed statement relative broadening Greek Government.

The time for direct but discreet action has come. Intelligent Greeks know nation is in danger and nation’s leaders invite suggestions. Prime Minister has already approached both Ambassador and Griswold. Tsaldaris may need to be told directly of our interest in above program based on belief it is for best interests of Greece and of world and of himself. Signed Griswold.

MACVEAGH

868.00/8-2147: Telegram

The Ambassador in Greece (MacVeagh) to the Secretary of State

SECRET

ATHENS, August 21, 1947—10 p. m.

1426. While lengthy Greek memo undoubtedly intended partly for local political effect (Deptel 1341, August 15), I believe it fairly presents situation and my criticism in Embtel 1342 August 9\(^1\) meant merely express view such general recapitulation unnecessary since Dept already fully advised of facts. Believe no mistake could be

\(^1\)Not printed, but see footnote 1 to telegram 1339, p. 294.
greater than to fancy situation Greece other than deteriorating—steadily and dangerously. Besides depressing effect of veto and consequent collapse of faith in UN, main facts this connection are:

(1) Guerrillas now terrorizing more extensive areas than ever, despite repeated sweeps of Greek Army;
(2) Bands, as reported by Miller from Salonika as well as by US press, which not “panicky” this connection, growing larger and bolder;
(3) Numbers of refugees from rural areas mounting rapidly in all cities; and
(4) Indications of approaching early increased involvement of satellite states in Greek internal struggle multiplying daily.

Believe, in view this situation, that Dept and War Dept may soon, if not immediately, have to consider whether AMAG, which geared to cope only with situation existing last winter, can be expected provide all necessary answers to present and future problems involving Greek national security and Greek sector of security of Near and Middle East. Judgment cited by Dept that military situation does not justify increasing Greek armed forces (Amag 75, August 11) was based on idea that Greek Army can be trained and utilized to better advantage than presently, which will take time, and also on idea that enemy will remain limited to only Greek guerrillas (Amag 41, August 13 and mytel 1261, July 31 [August 1])4), which may prove fallacious. Believe wisdom and foresight now require wider judgment based on estimate of military situation including strong possibilities:

(1) That present deterioration may proceed too rapidly to allow time for reformation in Greek Army tactics and administration; and
(2) That recruitment and increased armament may be provided to guerrillas from outside Greece.

To help form such judgment, perhaps larger staff military observers, to be attached Embassy so as to be free of limited logistical view imposed AMAG, and under superior officer of broader vision and higher authority than present Military Attaché, would be useful. In any case cannot but feel that from now on, as properly emphasized in Greek memo, prospective US planning as regards saving Greek integrity and independence must transcend present arrangements if we are not to risk falling into British error of “too little and too late”.

MacVeagh

5 Telegram 1339, p. 294.
6 Telegram 1287, p. 273.
7 Ante, p. 270.
The Acting Secretary of State to the Secretary of War (Royall)

WASHINGTON, August 22, 1947.

My Dear Mr. Secretary: Thank you for your letter of August 7, 1947 stating that in your opinion the one-year program of aid to Turkey proposed in the "Report of the United States Ambassador Concerning Assistance to Turkey", dated July 15, 1947, is generally suitable. A favorable letter has also been received from the Secretary of the Navy.

The Department of State, in the light of the views expressed in these letters, has now given general approval to the program recommended in the Ambassador's report of July 15 mentioned above, and looks to the War and Navy Departments for the implementation of the Army, Air, and Naval components of the program. The Department of State intends, however, with the concurrence of Ambassador Wilson, who is Chief of the American Mission for Aid to Turkey, to set aside from the $100 millions tentatively earmarked for the Turkish Aid Program out of Greek-Turkish Aid Funds, an amount of $5 millions as a reserve fund, and to reduce, at least temporarily, the amounts to be allocated to each program by five percent.

The Department of State will, upon request of the War Department, allocate funds as required to the War Department to cover the cost of the approved military and air programs of aid for Turkey, in accordance with the two letters of August 19, 1947 to you from the Acting Secretary of State transmitting for your concurrence two proposed Memoranda of Understanding between the State and War Departments regarding the Turkish Aid Program, one of the Memoranda being for the Air Force.

It is assumed that the War Department and the Air Force are proceeding with the formulation of a firm schedule of requirements and shipments under this program which they will submit to the Department of State. Pending formulation of this schedule, it is assumed that individual requirements definitely established as part of the pro-

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1 Not printed.
2 Mr. McGhee, in a letter of July 25, had requested urgent advice from the Secretary of War whether Ambassador Wilson's recommendations of July 15 accord with the intent of the Act of May 22, 1947... propose measures which in the circumstances appear to be the best that could be designed to this end, and specify programs that are feasible in view of the existing limitations of time, money, and supplies.” (867.00/7-2547)
3 Dated August 5, not printed.
4 Neither printed.
gram will be shipped as soon as available and that funds to cover such shipments will be requested.5

Sincerely yours,

For the Acting Secretary of State:

GEORGE C. MGHEE
Coordinator of Aid to Greece and Turkey

5 A similar letter was sent to Secretary Forrestal on August 22.

868.00/8-2247

The Coordinator for Aid to Greece and Turkey (McGhee) to Governor Dwight P. Griswold, at Athens

SECRET

WASHINGTON, August 22, 1947.

My dear Governor: I attach herewith copy of my letter of August 18, 1947, to the Honorable Clark Clifford, and the excerpt which I furnished from your undated letter received here August 14, 1947, apropos of your meeting with the Greek Prime Minister.

Your letter was shown both to Mr. Henderson and to Mr. Lovett, and was discussed thoroughly with them jointly. They were both very interested to have the report of your meeting with the Prime Minister and your views on the position this Government should take relative to change in the composition of the Greek Government. We were concerned, however, that there appeared to be a difference of view between yourself and the Ambassador, and it was this concern which led to the sending of Department telegram No. 1343 to the Embassy, dated August 15, which summarized the attitude of the Department toward this problem and requested that the Ambassador and you give the Department a joint statement of your views, showing clearly what differences, if any, existed.

I think you will agree that, insofar as possible, it is highly desirable that you and the Ambassador get together and discuss thoroughly any political questions of this nature and attempt to arrive at as large an area of agreement as you can. It is expected, however, that you will continue to advise the Department of your views and of any differences between yourself and the Ambassador on such questions.

In transmitting your letter to Mr. Clifford I took the liberty, in the light of the discussions in the Department, of omitting three sentences which indicate your disagreement with the Ambassador. It seemed unwise to elevate an issue between yourself and the Ambassador to

1 Ante, p. 294. The letter to Mr. Clifford and the extract are not printed; the latter gave the text of Governor Griswold's letter, except for sentences one, two and four of the third paragraph (868.00/8-2247).
the Presidential level, until there was an opportunity for the Department to get a precise statement of your and the Ambassador’s views, and to effect a reconciliation if at all possible. I hope that this action meets with your approval, since I have every desire to conform to your wishes in such matters.

Sincerely yours,

GEORGE C. McGHEE

868.00/8—2247 : Telegram

The Ambassador in Greece (MacVeagh) to the Secretary of State

CONFIDENTIAL

ATHENS, August 22, 1947—3 p. m.

1441. Colonel Miller and Dana Schmidt, New York Times correspondent, returned Athens Wednesday from north (former for one day only) and fully confirm seriousness of situation there (my telegram 1426, August 21).

Miller reports that after comparative lull since August 1, important guerrilla activity resumed August 18 with heavy attack by 600 on Naoussa and with other ominous movements in Florina and adjoining border areas. Guerrillas, he says, have now consolidated control over various areas from which national army excluded for first time, while in Thrace skillful sabotage of bridge has cut railroad north of Alexandroupolis. Meanwhile army over-dispersed and adopting excessively defensive attitude. Miller’s conclusion is that “house is on fire, but few in Athens or Washington seem to realize how fast flames are spreading.”

Equally serious phase of problem is plight of refugees comprising, according AMAG, some 150,000 persons or roughly 10 percent entire population north Greece. In Florina (normal population 12,000) Schmidt found nearly 6,000 refugees from guerrilla destroyed villages plus 5,000 more who have fled other villages in panic, while approximately one-third normal residents of Florina have in turn left isolated town to seek safety in Salonika or other larger centers. In Veroia (normal population 18,000) Schmidt saw 6,000 refugees, some living Quonset huts but majority in leaking freight cars. In Salonika (normal population 180,000) where refugees now number 90,000, Schmidt interviewed people living ten to twelve in single room of bombed-out tenements without sanitation or cooking facilities. Standard Government allowance to refugees is three-quarters pound bread plus 750 drachmas (15 cents at legal rate) per person daily. Morale of these people is necessarily at lowest ebb, and while all claimed to be nationalists they also expressed despair at seeming hopelessness of future and Government neglect. Prolongation this situation and attendant economic dislocation can only result in defeatism and collapse.

MACVEAGH
The Acting Secretary of State to the Secretary of State, at Petropolis

TOP SECRET

WASHINGTON, August 22, 1947—7 p. m.

76. [From] Humelsine for Carter. The British Embassy has transmitted the following personal and secret message to the Secretary

from Mr. Bevin:

[Here follows the text of Mr. Bevin’s message, page 301.]

As the Secretary is aware, representations have been made to Mr. Bevin in the strongest possible terms urging that British troops be retained (a) in Greece until after final consideration of Greek case by SC and GA and following that after realistic appraisal and full and frank exchange of views between US and UK Govts and (b) in Italy until a study has been made of the status of our respective forces by military authorities of both countries. Bevin had previously agreed that consultation should take place before withdrawal is announced. His present message would indicate that although British Govt prepared to consult they have established deadlines for withdrawal in view of the strong political pressure being exercised in England. Inasmuch as the approach on the political side of the question has not yet brought the desired results, the Secretary may wish to consider referring the matter to the Chiefs of Staff in order that the military aspects of the question can be thoroughly explored and the US Chiefs of Staff given the opportunity on military grounds to endeavor to dissuade the British from following this course of action. If the Secretary approves this suggestion the US Joint Chiefs will be requested to discuss this matter pointing out the military objections to early withdrawal. [Humelsine]

Lovett

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1 The Secretary of State was then attending the Inter-American Conference for the Maintenance of Continental Peace and Security, which met near Petropolis, Brazil, from August 15 to September 2, 1947.

2 In telegram 63, August 23, 6 p. m., from Petropolis, General Carter informed Mr. Humelsine that “Secretary approves procedure as outlined in last sentence of your 76.” (841.2365/8-2347)

The Acting Secretary of State to the Embassy in Turkey

TOP SECRET

WASHINGTON, August 23, 1947—4 p. m.

503. Problem raised in urtel 655 Aug 17 of such importance as to require serious study and full consultation within Dept and with high levels War. We are requesting Amb Moscow’s views of effect on Soviet strategy of partial Turk demobilization. War being consulted re effect
on Turk capacity withstand aggression and on US military strategy. When studies completed Dept will forward expression of views for communication to FonMin at your discretion.

LOVETT

867.20/8–2347: Telegram

The Acting Secretary of State to the Embassy in the Soviet Union

TOP SECRET

WASHINGTON, August 23, 1947—4 p. m.

1638. Turk ForMin has asked views US Govt re international situation to assist Turk Govt in reaching decision whether to release one of three military classes now mobilized in Turkish Army. Three year service period of 1925 class expires Nov and Turks must decide in next few weeks whether to call up new class to replace 1925 group. If new class not called, Army would be reduced from about 485,000 men to about 330,000 men. Latter figure represents normal peacetime basis of Army.

Turk Chief General Staff has likewise asked our Military Attaché for War Dept Intelligence estimate of Soviet intentions in Turkish area and advice of our staff on wisdom of partial demobilization of Turkish Army.

Reduction in mobilization would greatly assist Turkish economy, since cost of present armed forces represents 60 percent of ordinary budget and number of men under arms is severe drain on Turk manpower resources. Consequently, Turk Govt would like to feel able to effect reduction. However, it is alarmed by increasing gravity of general international situation and fears reduction in size of Army would encourage Soviets step up pressure feeling they had Turks on run. Also might discourage Greece by indicating Turkey weakening in resolve to resist aggression.

Dept would like your views as to whether partial demobilization of Turk Army would in fact have any effect on Soviet attitude or course of action with special respect to Turkey, Greece and Iran.

LOVETT

868.002/8–2347: Telegram

The Ambassador in Greece (MacVeagh) to the Secretary of State

SECRET

ATHENS, August 23, 1947—6 p. m.

1449. According to Mr. Maximos, with whom I have just talked, Papandreou, Canellopoulos and Venizelos insisted this morning on reshuffle of Cabinet and exclusion of Zervas as failing to inspire confidence at home and abroad (mytel 1409, August 19). Tsaldaris refused
accept proposal and the three Centrist leaders then resigned. Later Maximos saw King and presented resignation of Government. In accordance constitutional procedure, King then called in speaker to inform him of party strength and leadership and will now see all leaders individually to learn their views. Maximos has counselled King that constitutionally he should call on leader of largest party to form a new government if he can do so, but that in any case it is urgent that a new government be formed without delay, even tomorrow if possible. Meanwhile Maximos Government remains functioning.

MacVeagh

868.002/8-2447 : Telegram

The Acting Secretary of State to the Embassy in Greece

SECRET US URGENT NIACt

WASHINGTON, August 24, 1947—4 p. m.

1404. 1. We have been giving careful study to info and suggestions contained in your helpful tels 1409 Aug 19 and 1410 Aug 20. We assume that present Cabinet crisis has arisen as result of developments outlined in tels under reference and that in your discussions with Greek political leaders on subject of new govt you are in general following lines suggested in our 1343 Aug 15 which we believe represent views developed in past in cooperation between Dept and Emb and with which Griswold is in general accord. Comments and suggestions set forth below may be helpful to you in connection with any further conversations which you may consider it advisable to have with Greek political leaders at present time.

2. It is extremely difficult for us at this end to endeavor to give advice as to precisely who should or should not be included at this time in Greek govt. This difficulty arises in part from complexity and fluidity of internal situation in Greece and in part from instability and tendency towards opportunism of many Greek political leaders. We agree with you at least for time being we should continue to pursue policy of avoiding detailed interference in Greek politics at same time emphasizing to Greek political leaders gravity of their responsibility for formation of effective Greek govt resting on foundation which will give it broad national support.

3. Cabinet changes outlined in your tels above referred to appear to us to be move in desirable direction of closer cooperation between Parliamentary parties at time when all Greek political leaders should be willing to subordinate party interests to national ideals and work as unified groups striving to save Greek independence. It is our hope at this time that Greek Cabinet Mins will not think of themselves as
representing their own party interests even though they are members and representatives of political parties.

4. It seems to us that intransigence of either Sophoulis or Tsaldaris in present circumstances or bargaining by either of them for Premiership can be interpreted only as indication that they still fail to comprehend gravity of situation and necessity of present [ing] solid political front to Greek people and rest of world or that they are unwilling to forego personal ambitions in order to achieve govt able to cooperate effectively with AMAG and to utilize US aid to fullest extent.

5. It is extremely important that in effecting change in Cabinet no impression should be created that there is slackening in determination of Greek Govt to restore law and order in country or that there is hesitancy which will have effect of strengthening morale of guerrillas and their friends.

6. In your discretion you may tell leaders that US Govt is prepared, in case of harmonious formation of broadest possible coalition cabinet, to make its satisfaction matter of immediate public record.

LOVETT

868.00/8-2547: Telegram

The Ambassador in Greece (MacVeagh) to the Secretary of State

SECRET

ATHENS, August 25, 1947—7 p. m.

1455. Apparently convinced that he must acquire broadest basis for government he now trying to form, both because of my insistence and that of Griswold and because Populist Party unlikely be able carry on without effective help, Tsaldaris went yesterday to see Sophoulis practically hat in hand. According his personal verbal statement to me last evening he proposed to Liberal leader that Populists and Liberals unite on equal basis to form new government, with Sophoulis presiding over Council and Tsaldaris functioning as “active” Prime Minister owing Sophoulis age which permits him only few hours work each day. In addition proposed distribution of portfolios be divided 50–50 and that Sophoulis have veto power over any Cabinet appointment unacceptable to him and vice versa. Also conceded to Mr. Sophoulis “preponderance” in social program, on which Liberal leader professed set great store.

In reply Sophoulis said would consult advisers and at Tsaldaris urgent request promised answer by last night. However, when communicated about 7:30, reply (which in writing and shown me by Tsaldaris) stated simply that (1) as Government had failed it should be duty of opposition (Liberal Party) to form new one and (2) that
if collaboration undertaken with Populists, policy must be wholly
that of Liberal Party.

Since this reply obviously anything but cooperative, all concessions
being made by Tsaldaris and none by Sophoulis, and door appeared
closing if not closed to further attempts obtain participation Liberals,
I last night requested interview with Sophoulis. However, he stated
this morning he "indisposed" and suggested I call him again tomorrow.

In this apparent impasse, and in view urgency quick action, I saw
Rendis and Venizelos together this morning and former undertook
see Sophoulis himself and take him my views. These I stated to be that
without presuming to interfere in details of internal affairs, I felt I
could and should speak for overall interest of United States in Greek
political unity at this time of international as well as internal crisis.
I hope Mr. Sophoulis would not close door entirely to Tsaldaris ap-
proach but would, if latter's proposals unacceptable, indicate in what
way they might be improved, and thus facilitate possible conclusion
of accord. I emphasized that government any less wide than recent
one could not fail to be viewed in United States as retrograde, and
that whether dominated by Populists or Liberals such a government
could not attract same support abroad as one presenting wide united
front. I suggested that if Tsaldaris proposals appeared to Sophoulis
to give Populist leader too much importance in proposed joint Cabinet,
alternatives like selection of neutral Prime Minister, such as Maximos,
or the heightening of role to be given to Sophoulis personally, might
be put forward. Pointed out Tsaldaris now clearly in mood make every
possible concession, and eager continue discussions earliest possible
date.

Venizelos told me and Rendis that he thoroughly in accord with
above and particularly anxious Sophoulis understand that partial
government of Liberals could not fail be equally objectionable from
foreign viewpoint as partial government of Populists, since in both
cases large part of Greek electorate would remain in opposition, thus
perpetuating lack of general confidence in government and continua-
tion of internal political strife. In addition, Venizelos stated that if
Sophoulis Liberals would now join Populists in coalition for duration
emergency, Venizelist Liberals would give up present schism and re-
enter parent group.

Am giving so much attention this attempt bring in Sophoulis since
believe unity between leading parties of Greece not only most desirable
in itself but likely automatically result in adhesion many smaller
groups. Cannot say am very sanguine of success, since Sophoulis ob-
vously interpreting Tsaldaris approach as sign weakness, and possibly
thinking that holding out a little longer may bring whole government
into Liberal hands unencumbered. Should attempt fail, have impressed on Tsaldaris that widest possible coalition is still solution to be sought and have advised orientation his government toward center rather than toward right.¹

MACVEAGH

¹ In reply, on August 26 (telegram 1420), the Department expressed its appreciation of the "vigor and pertinacity with which you are attempting to convince Greek political leaders of course of action which . . . offers only possibility for viable Greek Govt under present circumstances." The Department concluded that "Prolonged bickering and disunity at this time is open invitation to propaganda from north to effect that nation incapable of uniting to preserve independence does not deserve to remain sovereign nation." (868.00/S-2547)

841.2388/3-2547: Telegram

The Secretary of State to the Acting Secretary of State

TOP SECRET

PETROPOLIS, August 25, 1947—10 p. m.

74. Humelsine from Carter. Eyes only for Lovett from Marshall. Your 76¹ and my 63² refer. I want to make it clear that in approving submission of this problem to the Combined Chiefs of Staff, I do not accept either the premises or the categorical position taken by Mr. Bevin in his personal message to me.

As to his first and second paragraphs, I cannot reconcile his stated essentiality of British withdrawals by autumn with the drastically changed conditions that have occurred since March. He must also realize that the problem is much larger than the mere offset of British withdrawals by increase of Greek Army.

On Italy, my concern rests with the maintenance of at least a status quo in that area, and not on the desire of the British Government to fulfill a pledge to itself which manifestly can have but little effect on solution of its present financial problems.

It seems to me that our thorn-pulling operations on the British lion continue to be beset by her stubborn insistence on avoiding the garden path to wander in the thicket of purely local Labor Party misadventures. They are far too casual or freehanded in passing the buck of the international dilemma to US with little or no consideration for the harmful results.³

MARSHALL

¹ Dated August 22, p. 308.
² Dated August 23; see footnote 2, p. 308.
³ The text of telegram 74 was sent to Ambassador Douglas in telegram 3688, August 26. The Ambassador, in telegram 4641, August 27, 1 a.m., requested the Department to pass the following message to Secretary Marshall: "Please keep me informed and let me know if you wish me to make further representations. I could not agree more with your point of view." (841.2388/3-2547, S-2747)
Memorandum of Conversation, by Mr. William O. Baxter of the
Division of Near Eastern Affairs

CONFIDENTIAL


Participants: Mr. Dendramis, Greek Ambassador
U—Mr. Lovett
NE—Mr. Baxter

The Greek Ambassador called today at his request. He said that the
situation in Greece is very grave indeed and, referring both to the
recent Soviet vetoes and the increasingly aggressive attitude of the
Soviet “satellites”, expressed the opinion that all indications point to-
ward imminent moves to deprive Greece of her independence.

At this critical time, there must be no misunderstanding between the
Greek Government and the United States. If Mr. Lovett was in posses-
sion of any reports indicating a lack of cooperation on the part of the
Greek Government, or if he had any criticisms of the Greek Govern-
ment’s behavior, the Ambassador earnestly hoped that he would dis-
cuss them frankly. The Ambassador indicated that, as a person who
had no political connections, he might be able to influence Greek lead-
ers or to present any United States views directly to the King. If it
should be considered advisable, he is prepared to fly immediately to
Greece.

Mr. Lovett assured the Ambassador that he had no official “criti-
cisms” and that, to his knowledge, there were no reports from our
representatives in Greece indicating a non-cooperative attitude on the
part of the Greek Government. Speaking personally, he said that he
and others in the Department were disappointed that conditions in
Greece were not showing improvement. He fully appreciated, of
course, the many difficulties facing the Greek Government and em-
phasized once more that his remarks were not to be interpreted as
“criticisms”. It is not encouraging, however, to find Greek political
leaders at this juncture unable to reach some agreement and put aside
narrow partisanship when the threat to their country is so serious. We
are in the awkward position at the moment of really having no Greek
Government to deal with. It is also hard for the average American to
understand why a Greek Army of more than 100,000 cannot deal
effectively with guerrilla warfare when most reports refer to rebel
attacks involving only a few score or a few hundred guerrillas. Our
military experts in Greece are still of the opinion that the present
Greek armed forces could be utilized more effectively than is the case
at present, and have therefore not been able to approve the requests
for increasing the size of the Army.
In connection with the Greek case before the Security Council the Ambassador stated that his Government is seriously considering invoking Article 51 of the Charter at this time without waiting for possible action in the General Assembly, and he wished Mr. Lovett's opinion on the advisability of such a step. Mr. Lovett explained that the thinking in the Department remained unchanged from our position as expressed in the Security Council—in other words, that all possibilities of United Nations action should be exhausted before considering unilateral or collective action under Article 51. As the Ambassador knew, the Department has already placed the threat to Greek independence on the General Assembly agenda and intends to pursue the matter vigorously. It is doubtful at this time if the American people would be prepared to support action under Article 51, and Greece might find other countries equally unwilling. In such circumstances a move to invoke Article 51 at this time might be of more harm than help to the Greek case.

S40.50 Recovery/8–2647: Telegram
The Ambassador in Turkey (Wilson) to the Secretary of State

ANKARA, August 26, 1947—4 p.m.

680. Foreign Minister said to me yesterday he wished consult US Government on following matter: Turkish representative on subcommittee of Paris Conference on European Reconstruction reported few days ago British delegate inquired of him whether Turkey would be prepared state its readiness: (a) Join General European Customs Union; and (b) as prior step enter customs union with Greece. British delegate indicated US Government favored Turkey taking both steps.

Saka said Foreign Office instructed Turkish representative: (a) Would require prolonged technical study and Turkey's position would be influenced by attitude other countries; and (b) Turkey desires stress solidarity with Greece in all matters but special customs union would necessitate careful expert examination and Turkey has no knowledge Greek Government views in matter.

Saka said would appreciate knowing views US Government re attitude Turkish Government might adopt.

Foreign Minister said Prime Minister asked him also consult US Government on following: Would it be advisable for Turkish Government make some declaration solidarity with Greece not only in economic field but also in political matters? From answers to questions I put, it appears Prime Minister has in mind something like joint Turco-Greek declaration of solidarity which could be interpreted as answer
to recent Bled agreement between Yugoslavia and Bulgaria regarded here as directed against Greece.

As regards Prime Minister's inquiry, it seems to me unwise for Turkey take any initiative of this sort. Greek case will come before UN Assembly shortly and would seem advisable await action there. I should add that Saka said Turkish Government will support fully any action proposed by US in Assembly in behalf Greece.1

This telegram sent Department only.

WILSON

1 In telegram 520, September 5, to Ankara the Department supported Ambassador Wilson's "view we should not advise Turk Govt make declaration of political solidarity with Greece. We have no objection to such declaration if Turks want to make it but consider preferable such action await result forthcoming UN assembly." (840.50 Recovery/8-2647). In telegram 566, October 2, the Department informed the Embassy in Ankara that a "Customs union between Turkey and Greece or between Turkey and several other countries would be acceptable to U.S. provided that such customs union conformed to provisions Article 42 Draft ITO Charter." (840.50 Recovery/8-2647)

866.00/8-2647: Telegram
The Ambassador in Greece (MacVeagh) to the Secretary of State
SECRET

ATHENS, August 26, 1947—8 p.m.

1464. Regret results of efforts get Greek leaders "subordinate party interests to national ideals" (Deptel 1404, August 24) so far disappointing.

Brought Sophoulis and Tsaldaris together at my house this morning and spoke to them textually as follows:

"This is a very critical moment for Greece and it is the hope of my government, which is doing its utmost to help Greece, that Greek political leaders may get together to form an effective government with broad national support, presenting a solid political front to the Greek people and the world.

You two gentlemen are the leaders of the two great historical Greek parties. If you can get together and work together till order and national security are established and new elections can be held, there is no doubt that a degree of national unity will be established which will discourage Greece's enemies and encourage her friends.

Mr. Tsaldaris has made certain proposals to Mr. Sophoulis for a joint government. Mr. Sophoulis may have some counter-proposals. If he will make these to Mr. Tsaldaris now, perhaps agreement can be reached. The matter is urgent, because Greece must not be left without a govt at this moment.

It is my hope that you two will get together, whatever concessions each may have to make, to find a mutually acceptable solution. In the event of such solution, the American Govt will at once make its satisfaction a matter of public record."
During conversation which ensued, Sophoulis proposed that he be PriMin and have control of public order, war and justice. Tsaldaris rejected this and counter-proposed that either his previous proposals be adopted (mytel 1455, August 25) or a neutral PriMin be appointed with the two chiefs to act under him as deputy PriMins. Sophoulis called this last "bastard" solution and reiterated he should himself be PriMin as sign to world at large that former govt had in fact failed and Liberal Party's policies would now be carried out. I labored for hour and half to find possible common ground of accord, saying that not past party policies but future national policy is now the issue, and suggesting among other things that, if agreeable to both, Sophoulis, as senior statesman, be PriMin, Tsaldaris as majority leader, deputy PriMin, and the above three Ministries be entrusted only to individuals on whom both agreed. Tsaldaris showed some willingness consider this, but Sophoulis adamant against any other proposal than his original one, and despite all my appeals for common agreement in principle on patriotic grounds and mutual confidence regarding future arrangement of details, conference broke up in failure.

[Here follows final paragraph descriptive of further Greek political maneuverings.]

MacVeagh

841.2365/8-2747

The Acting Secretary of State to the Secretary of War (Royall)

Washington, August 27, 1947

Dear Mr. Secretary: As you are aware, the British Government informed this Department on July 30, 1947 of the British decision to withdraw their troops from Greece and Italy. A copy of the communication in which this information was conveyed has been furnished the War Department.

Since that time representations have been made to the British Foreign Secretary in the strongest possible terms urging that British troops be retained (a) in Greece until after final consideration of the Greek case by the Security Council and General Assembly and following that after realistic appraisal and full and frank exchange of views between the US and UK Governments and (b) in Italy until a study has been made of the status of our respective forces by the military authorities of both countries. The British Government has agreed that consultation should take place before withdrawal was definitely announced, but a further communication has now been received from Mr. Bevin, a copy of which is attached, stating that the British Government had decided to withdraw its troops from Greece in the autumn
and from Italy by December 31. This would seem to indicate that although the British Government had been prepared to consult, it has now taken a decision to establish deadlines for withdrawal.

I should appreciate it if this matter could be referred to the US Joint Chiefs of Staff in order that they might study the military implications of such withdrawal and consult with the British Chiefs of Staff with a view to formulating positive military recommendations to both Governments. It might be helpful if they could explore the possibility of removing British forces of an even larger number than contemplated in the present British proposal from areas where their withdrawal would have less significant political consequences.

Upon receiving the views of the US Chiefs of Staff further representations can be made to the British Government.

In suggesting that this matter be referred to the Combined Chiefs of Staff the Secretary of State has asked me to make it clear that he does not accept either the premises or the categorical position taken by Mr. Bevin in his message.

With respect to the first and second paragraphs of this message his stated essentiality of British withdrawals by autumn cannot be reconciled with the drastically changed conditions that have occurred since March. The problem is far larger than the mere offset of British withdrawal by an increase in the Greek Army.

With respect to Italy our concern rests with the maintenance of at least a status quo in that area and not with the desire of the British Government to fulfill a pledge to itself which manifestly can have but little effect upon the solution of its present financial problems.

A similar communication has been addressed to the Secretary of the Navy.¹

Sincerely yours,

ROBERT A. LOVETT

¹ Dated August 27, not printed.

868.01/8-2747: Telegram

The Ambassador in Greece (MacVeagh) to the Secretary of State

SECRET

ATHENS, August 27, 1947—8 p. m.

1471. Tsaldaris called on me last night and in great agitation handed me memo given him by Stephanopoulos and purporting to be résumé of remarks made to latter by Griswold ¹ regarding proposed formation by Tsaldaris of government with Zervas and Gonatas. Memo, allegedly approved by Griswold, said such narrow government would be "inadmissible" because of bad impression on US publ...
ion and harmful effect in forthcoming GA. Added it would prevent AMAG from authorizing further intervention in support of drachma, since weakness would be due political factors, and would also result in suspension of AMAG construction program and in restriction of imports, except food, pending final evolution situation. Finally stressed Congressional sentiment in favor broad government and desirability of forming such government before forgoing Congressional visits.

On basis this memo, Stephanopoulos told Tsaldaris he could not support proposed government. (Though not party leader, former’s attitude likely influence considerable number Populist deputies.)

Tsaldaris demanded to know whether Griswold speaking for US Government in declaring that a Greek Government constitutionally formed and accepted by Parliament would be “inadmissible”. Said he confused as to position Griswold, since Department had informed him Griswold “High Commissioner”, and if this so, asked “Where does Ambassador come in?” Excitedly added, “Does this mean you declare war on us?” I begged him be calm, and telephoned at once for Griswold. Latter did not deny essential accuracy of memo but agreed he had not meant narrow government would be “inadmissible” but only that it would be inadvisable since it would interfere with effectiveness of US aid program.

At Tsaldaris’ urgent request to correct the record, I incorporated this statement of Griswold’s in brief letter to Tsaldaris in which I also referred to our policy of non-intervention in details political affairs and reiterated my advice to continue seek broadest possible government. Tsaldaris accepted this oil on troubled waters, and letter contains nothing to indicate support of his efforts as distinguished those of others.

While I of course agree with Griswold as to undesirability of narrow government and have done and am doing all possible to secure broadening, I feel that any indication that we might fail to support duly constituted government or any threat of applying sanctions if such government not according our wishes, would be inadvisable and believe Department will take same view.

MacVeagh

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841.2368/S-3047: Telegram

The Acting Secretary of State to the Embassy in the United Kingdom

TOP SECRET WASHINGTON, August 30, 1947—2 p. m.

3799. For the Ambassador. Brit Emb has told us informally Brit members Combined Chiefs Washington now prepared discuss con-
tents Bevin’s note with US Joint Chiefs. Emb inquired whether this agreeable to military. We replied that we had requested Secs War Navy refer matter to Joint Chiefs for study and probable discussion with Brit military but that we did not accept either the premises or the categorical position on deadlines taken by Bevin in his note.

We feel that in view of the very strong representations which you made to Bevin on the basis of Deptels 3304 and 3305 of Aug 1 \(^1\) that we had better reserve further formal representations until we have received the views of the Joint Chiefs of Staff at which time we shall probably wish to send a very strong message through you to either Bevin or Attlee from the Sec or the Pres. In the meantime however we do not want Bevin to feel that we accept either the premises or the categorical position on deadlines set forth in his note. We look to you to make this known to him, using the Sec’s comments (Deptel 3688 Aug 26 \(^2\)) as background for telling Bevin and other Brit officials whenever appropriate that we take a serious view of this matter.

LOVETT

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\(^1\) Regarding telegram 3305, see footnote 1, p. 273.

\(^2\) Not printed, but see footnote 3, p. 313.

868.01/8-3047 : Telegram

The Ambassador in Greece (MacVeagh) to the Secretary of State

CONFIDENTIAL

ATHENS, August 30, 1947—5 p.m.

1504. Following formation new Government (my telegram 1503, August 30 \(^4\)) King summoned me to Palace midnight to inform me of developments. Said that both Larissa Corps Commander, who had journeyed Athens for purpose, and Chief of Staff had called on him to say they could no longer answer for Army if some government not immediately formed, and that this had been important motivating factor in acceptance Tsaldaris Government. He thought Tsaldaris had made surprisingly commendable efforts to obtain participation other parties and felt confident he would continue these efforts sincerely realizing present setup unsatisfactory and provisional. Also said that he, the King, would likewise bend every possible effort obtain broadened government soonest.

Earlier in evening Tsaldaris himself had telephoned me of his decision present purely Populist Cabinet immediately to King and I had endeavored persuade him first make further efforts form coalition since Maximos had just informed me that accord might still be reached if Tsaldaris would collaborate with others on basis dropping Zervas, who willing stay out of government on account of “lack of confidence”

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\(^4\) Not printed; it reported that the Tsaldaris government had been sworn in the previous evening (868.002/8-3047).
in him (my telegram 1493, August 29\textsuperscript{2}). However, my remarks largely unheard by angry excited man insisting he had made all concessions demanded and had been treated intolerably by all sides. In confusion of flood of protestations this connection, he repeatedly offered me his "word of honor" that he would continue efforts to form broad coalition under Maximos immediately after government formed.

\textit{MacVeagh}

\textsuperscript{2} Not printed.

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\textit{Editorial Note}

The Monthly Historical Report of the United States Army Group of AMAG, for August, states that the Group "began its actual supply of the Greek armed forces when, on 2 August 1947, the first American ship arrived at Piraeus with a military general cargo, vehicles and rations. Following in the wake of this vessel during August were ten additional American ships with military supplies and equipment." (S68.20 Missions/9-2647) For the Department's statement of August 22 on early aspects of aid to Greece, see Department of State Bulletin, August 31, 1947, page 428.

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\textit{S41.2868/9-147: Telegram}

\textit{The Ambassador in the United Kingdom (Douglas) to the Secretary of State}

\textbf{TOP SECRET} \textbf{LONDON, September 1, 1947—10 p.m. US URGENT}

4743. \textit{For Lovett from Douglas. ReDeptel 3799.\textsuperscript{1} I informed Bevin this afternoon we could not accept the uncompromising position of the UK Government in regard to the date of withdrawal of troops from Greece.}

2. Bevin replied that he understood we were disturbed but that there were three considerations which made his Government most anxious to remove British troops from the area.

\begin{itemize}
  \item \textit{(a)} Mr. Byrnes had been informed over a year ago that the purpose which the British Government had in mind when the troops were first sent to Greece had been accomplished and that he could not keep the troops there interminably. Mr. Marshall had been informed at the Moscow Conference that it was the intention of the British Government to withdraw the troops during the fall of this year. We had, therefore, been given ample notice.
\end{itemize}

\textsuperscript{1} Dated August 30, p. 319.
(b) He had been having a great deal of trouble within his own party over retaining the troops in Greece as long as they had been retained and he was under great pressure to withdraw them. This pressure he could not, he thought, any longer resist. "Suppose", he said, "one soldier were killed and trouble between ourselves and the Soviet were thereby precipitated—I would be in an untenable position in England".

(c) One of the important influences was the fact that the policy of our Government in the Middle East was unknown to his Government. It was not known, for example, what our attitude in regard to the disposition of Cyrenaica might be.

Herschel Johnson's apparent objection to a treaty of mutual assistance between the UK and Egyptian Government was most disturbing. ²

As to Palestine, the report of the committee of the UN Security Council raised most serious questions in regard to which the attitude of our Government was unknown.

3. I replied as to Bevin's first point (a), that while it was true he had informed Secretary Marshall in Moscow the British forces in Greece would be withdrawn during the autumn of this year, the conditions during the intervening period had changed and were much more charged with difficulties now than they were then, that the action contemplated at that time ought to be reviewed in the light of circumstances as they are today.

As to Mr. Bevin's second point (b), I said I appreciated the political pressure within his party which was apparently influencing him. I hoped that he would not yield on the matter of such great significance, solely because of an internal political consideration. The withdrawal of the troops could, I believed, have no financial results sufficient to justify the serious consequences that might result.

I took it upon myself to say that the suggestion that the Greek Army be increased was no substitution for the British troops. We were convinced that the Soviet was not prepared to commit any overt act against a major power, but that it might not be reluctant to encourage the guerrillas to commit overt acts against a minor power. Accordingly, the withdrawal of British troops might precipitate exactly what Mr. Bevin sought to avoid.

Finally, I pointed out that British troops in Greece were symbolic of US-UK joint responsibility—this was the real significance of retaining them there, and that to withdraw them under the existing circumstances would be interpreted as an abandonment of the joint responsibility at a very critical time, with probable repercussion throughout other parts of Europe.

4. At last, Bevin said that he must repeat that his colleagues were very anxious to withdraw the troops but that he would not now give me a definite answer.

²See telegram 4706, August 29, from London, and footnote 1, p. 803.
He put forward as a purely personal suggestion the following:

That we jointly review the whole position in the Middle East including Cyrenaica, Egypt, Palestine, Iraq and Persia, for the purpose of arriving at a "gentlemen's understanding" in regard to a common policy and joint responsibility throughout the area, with the British acting as the front and ourselves supplying the moral support. He said he may put this to his cabinet but inferred that he would like to have our views to the above personal suggestion before doing so. I would appreciate your advice so that I may pass it on to Bevin.

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3 This suggestion came to fruition when on October 16, 1947, the United States and the United Kingdom began "The Pentagon Talks of 1947"; for documentation on these talks, see pp. 485 ff.

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888.002/9-247: Telegram

The Ambassador in Greece (MaVeagh) to the Secretary of State

CONFIDENTIAL

ATHENS, September 2, 1947—7 p.m.

1511. While receiving formal call from Henderson and myself yesterday morning, Tsaldarlis, who obviously nervous and uncertain as to nature Henderson's mission, began discussion Cabinet crisis with long and emotional harangue... on his vain efforts to obtain cooperation of Sophoulis and EPE (Venizelos, Papandreou and Canellopoulos). Said Sophoulis insistence on having premiership and exclusive policy control unacceptable, since govt under such conditions would be no more representative of Greek people than his own present one. Added EPE intransigence inspired by confidence in American support, and in this connection displayed particular bitterness over memo of Griswold-Stephanopoulos conversation (mytel 1471, August 27) which he said is now being circulated all over Athens despite my letter to him explaining it. Added that apparent American endeavor to split his own party placed him in almost intolerable situation. In desperation, therefore, and realizing importance of having at least temporary solution, he had set up present emergency government pending outcome continuing efforts obtain broader basis in accordance American wishes. Pointed out that as Minister of Foreign Affairs he had always tried carry out policies in line with those of US, and that shortcomings of outgoing government in field internal affairs due to rivalry between members collaborating parties.

1 The Department informed the Embassy in Athens in telegram 1443, August 28, that Mr. Henderson would be arriving shortly "In order that there may be closer informal exchange views between Dept and you and Griswold." (111.75/8-2847)
Henderson and I assured Tsaldaris that US Govt did not propose dictate composition of any Greek Govt. Said however we felt bound let him know it would be extremely difficult maintain support US public opinion for AMAG if impression should prevail that latter strengthening certain Greek political groups, and thus becoming dis-integrating factor, rather than aiding Greece as whole. Emphasized that if Greeks themselves should fail set up effective government having wide support of great body loyal Greek citizens Congress and American people might well refuse expend further energies and resources on aid to Greece. We made it clear that matter is of extreme urgency in view of growing Soviet and guerrilla activity and of approaching GA session where we would be more vulnerable to criticism if narrow right govt still in power in Greece.

Tsaldaris said he appreciated these arguments and would make every effort for achievement political unity.

In afternoon we called on King. Earlier in day he had received memorandum from Papandreou and Venizelos, acting on behalf of opposition group formed Sunday combining EPE, Markezini, Gonatas and Alexandris, and claiming 125 deputies. Memorandum urged appointment of and pledged support to non-parliamentary Prime Minister of “unimpeachable prestige” who should exercise full authority in selection of Ministers regardless of party and in subsequent discharge responsibilities of office. King said group had suggested General Papagos in this connection.

I told King proposal seemed to us to offer possible solution and repeated what we had said to Tsaldaris during the morning. Henderson suggested that King bring all leaders together in room and insist they remain till government formed since urgency of matter must preclude further delay. King said “I’ll try it”.

Immediately thereafter I attempted arrange meeting of EPE leaders at my house. Could not reach Papandreou but Venizelos and Canellopoulos had long conversation with Henderson and me, British Ambassador Norton also being present. We talked to them along same lines we had taken with King and Tsaldaris. During conversation King telephoned me to say Tsaldaris unwilling accept Papagos, who as Grand Chamberlain now member Royal household, unless at least two members of Liberal (Sopoulis) Party would participate in government. Said Tsaldaris not unwilling accept principle of mutually acceptable non-parliamentary Prime Minister but felt appointment of member Royal suite certain to cause Republican criticism unless thus approved by Liberals. King requested that I ask EPE leaders to approach Sophoulis in this matter, which I accordingly did. In reply Venizelos and Canellopoulos said they felt Sophoulis “hopeless” but
expressed their own willingness as shown by above-mentioned memorandum, to cooperate with any strong Prime Minister appointed by King, and pledged their best efforts to find solution.

Today, on my return from Salonika with Henderson and Griswold, Venizelos informed me that Markezini has had "hopeful" conference with King and begged me give King my "moral support" at new audience scheduled for me and Henderson tomorrow morning. I replied that I would certainly continue advocating broadened govt.  

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2 In telegram 1520, September 4, Ambassador MacVeagh reported that he and Mr. Henderson held further conversations with the King on September 3 and again "underlined urgency of achieving unity stressing possibly ominous significance for Greece of recent international developments as set forth Moscow telegram 2747, August 30 to Department and saying that every hour of continued one party government in Greece imperils development American aid both directly here and indirectly before UN. King thereupon agreed summon all political leaders to Palace in afternoon and read them statement elaborating on these views and pleading for immediate common agreement 'before you leave this room' on non-political Prime Minister 'who would select Cabinet and direct new national policy with support of all'. At King's request I subsequently prepared this statement which King proposed to read as his own" (867.002/9-447); this communication gave extensive comment on further developments in the governmental crisis.

In telegram 2747, August 30, from Moscow, Ambassador Smith expressed his belief that the Kremlin planned to set up and recognize a puppet Greek government prior to the meeting of the General Assembly on September 16 (867.01/8-3047).

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867.00/9-347: Telegram

The Acting Secretary of State to the Embassy in Turkey

CONFIDENTIAL

WASHINGTON, September 3, 1947—9 p. m.

514. Present status aid program as follows:

1. War and Navy have both approved July 15 report. We have informed them of this Dept's general approval and asked War and Navy to make firm recommendations to implement program.

2. Navy has now made firm recommendation embodying slight revision due to nonavailability certain items. State has approved revised program for Navy and is allocating Navy to cover whole revised program $14,012,500 exclusive of five percent contingency reserve being withheld for each program (see Patsu 4 and Ustap 21). This sum includes $304,000 previously allocated for interim program.

3. We expect firm recommendation from War by end Sept and upon approval by State will allocate funds for Army's revised program.

4. Memo of understanding has been agreed to by State, Navy, War and Air Force. Copy being air mailed.

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1 Dated August 14 and 16, respectively, neither printed.
5. Question of unified command (Ustap 4²) now before Secretary Defense with approval anticipated.

² Dated August 21, not printed.

868.00/9-477 : Telegram

*The Ambassador in Greece (MacVeagh) to the Secretary of State*

CONFIDENTIAL

ATHENS, September 4, 1947—noon.

IMMEDIATE

1526. In order give Henderson chance to meet Sophoulis, I arranged visit by latter at my house this morning. Discussion naturally turned on present political situation and Sophoulis announced that he and Tsaldaris, “heads of two great historical parties of Greece” (see mytel 1464, August 26) are approaching accord for formation of broad govt to be led by Sophoulis. Said details still to be arranged but appeared confident of outcome. When asked whether new govt could be announced before Parliament convenes this evening, he replied “no” and added Tsaldaris anxious to save face with address to Chamber after which motion for adjournment would be made and supported by both Populists and Liberals, and final arrangements for formation new govt would be completed in few days.

Following Sophoulis departure, Tsaldaris called at my request and he too expressed confidence regarding coalition with Liberals. Added, however, that should this plan fail he would fall back on collaboration with EPE as second best solution, and have his assurance that in any case he would effect formation of new broad govt before Henderson’s departure scheduled for Sunday. For this reason he said would not adjourn Parliament beyond Saturday. Begged whole matter be kept highly confidential for time being.

Following Tsaldaris departure, EPE group (Venizelos, Papan- dreou and Canellopoulos) called. This meeting previously arranged by me to include Tsaldaris in belief that Sophoulis–Tsaldaris coalition out of question and only possible solution “second best” one mentioned above. I had also invited Griswold in order bring maximum pressure in final attempt secure broadened govt before convocation Parliament and avoid possible recriminations in debate. However, in view new confidential information just received, I contrived to limit meeting to drawing up EPE program to present to Tsaldaris as a basis for further possible discussion, and took this to him immediately after meeting concluded. In drawing up program, EPE leaders anxious receive US guidance and sage advice of Henderson and Griswold accepted with alacrity.
During above meeting I was advised by two US correspondents that Lambrakis paper Vima was already preparing launch extra edition trumpeting success of Sophoulis. Fearing such action might well impede completion of delicate negotiations, I at once informed Tsaldaris who phoned Varvoutis, Sophoulis assistant, and arranged (apparently successfully) to hold edition up.

Parliament convened 7 p.m. and Tsaldaris made brief statement of reasons for fall of Maximos Govt and existence present situation (details in following clear telegram) after first showing draft of speech to Sophoulis lieutenants to make sure no possible inflammatory material included. Also, at my suggestion, he doctored draft with regard possible offense to other centrist groups. Motion made for adjournment till Saturday widely supported and promptly carried. Understand Sophoulis-Tsaldaris negotiations will now continue.

MACVEAGH

868.00/9-447 : Telegram

The Acting Secretary of State to the Embassy in Greece

TOP SECRET

WASHINGTON, September 4, 1947—6 p.m.

Gama No. 168. War Dept has asked our concurrence Livesay cable No. Li55, USAGG Athens, dated August 29, proposing with your approval increase Air Force expenditure of $4,500,000.

Dept prepared on receipt your advice to approve on understanding that proposed increase will be effected within $135,000,000 now allocated to military portion of program and increase of 1,000 Air Force personnel within presently approved ceiling on overall strength armed forces.

Please advise whether proposal has your approval on this basis and how it will modify balance of military program.

LOVETT

1 Governor Griswold, in telegram Amag 191, September 6, approved the proposal provided that the increase in air force personnel would be over and above the present ceiling for the armed forces. The Department, in telegram Gama 187, September 8, concurred. (868.00/9-647)

841.2568/9-547

The Secretary of War (Royall) and the Secretary of the Navy (Forestal) to the Secretary of State

TOP SECRET

WASHINGTON, 5 September 1947:

DEAR MR. SECRETARY: In accordance with the request contained in letter from Acting Secretary of State of 27 August 1947, the Joint Chiefs of Staff have studied the military implications of the with-
withdrawal of British troops from Greece by 31 October 1947 and from Italy by 31 December 1947. Their views are stated in the following paragraphs.

British troops in Greece are not able, and are not intended, to withstand armed attack in force. Their presence is regarded as symbolical of the determination of Great Britain and of the Western Democracies to assure the continued independence of the Greek State. For this reason, they are a strong deterrent to attack in force against Greece and have a marked influence on the internal Greek situation and a substantial effect on the morale of the Greek population.

Given any favorable opportunity, such as the withdrawal of British troops from Greece, there is grave danger that the Greek Guerrilla leaders will issue a call for assistance in repelling attacks by the Greek National Army on the army of the recently proclaimed “Free State of Northern Greece.” The comparatively weak Greek National Army could not withstand the guerrilla forces if the latter were augmented by sizeable forces from outside Greece. Thus, there would be grave danger of all Greece coming under communist control. The drastically adverse effect of such a contingency on the military position of the United States and the other Western Democracies is certain. Forces friendly to, if not under the domination of, the USSR would be on the Mediterranean and in a position to interdict shipping through that sea route. Turkey would be outflanked to the west, north and east. Continued alignment of that country with the Western Democracies would be problematical in view of the increased difficulty of their giving assistance to Turkey in the event of war. The possibility of retaining Italy as a nation friendly to the Western Democracies would be greatly lessened, as would be any possibility of retaining Iran as a nation oriented toward the Western Democracies. Access by the United States and Great Britain to the petroleum products of the Middle East, which are essential to their economic welfare and military potential, would be jeopardized.

Further, the position of the Western Democracies as evidenced by the maintenance of British combat troops in Greece, the firm stand of the United States before the United Nations, and the establishment of a United States aid program have clearly indicated to the world a determination to prevent Greece from falling into the Soviet orbit. In the face of these evident policies, failure in Greece would lead to a dangerous weakening of resistance to communism in the non-Soviet world.

In CCS 972,² a copy of which is enclosed, the British Chiefs of Staff have made certain recommendations to the United States Chiefs of

² Dated August 29, 1947, not printed, but see paragraph 8 of the undated memorandum prepared in the Department of State, p. 488.
Staff as to the timing of withdrawal of British forces from Greece and as to increases in the Greek armed forces necessary to compensate for this withdrawal. However, the Joint Chiefs of Staff are of the opinion that, in the face of British withdrawal, implementation of these recommendations would be inadequate to assure the independence of Greece. Further, such action would require funds not now available for military assistance to the Greek armed forces. The Joint Chiefs of Staff have therefore not concurred in these proposals as a solution to the present problem. A copy of their memorandum to the British Chiefs of Staff is enclosed for your information.\(^2\)

In conclusion, the Joint Chiefs of Staff are seriously concerned regarding the military implications of the British decision to withdraw their troops from Greece. Such a withdrawal would surely result in a marked deterioration of our over-all strategic position in the Mediterranean and might well provoke a critical situation in Greece itself. There appears to be no course of action open to the United States which would fully offset the adverse effects of this move.

At present, the United States and Great Britain stand together in Greece on a common front against communist aggression. Should the British now firmly determine to withdraw from this position, the mere act of withdrawal would create a distinct period of disruption and heightened crisis.

Sincerely yours,

KENNETH ROYALL
F. FORRESTAL

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\(^2\) Not printed; copy in the Department of State files is undated.

868.00/9-547: Telegram

The Acting Secretary of State to the American Mission for Aid to Greece

CONFIDENTIAL

WASHINGTON, September 5, 1947—7 p. m.

Gama No. 179. To Griswold from Wilds.\(^1\) Dept concurs your proposal (Amag 181 Sept 5\(^2\)) continuation British police commission on substantially reduced basis under close AMAG liaison, and will advise British Embassy. Please inform us as to financial arrangements.

[WILDS]
LOVETT

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\(^1\) Walter Wilds, Deputy Coordinator for Aid to Greece and Turkey.

\(^2\) Not printed; it reported the recommendations of AMAG and the American Embassy that the British Police Mission be cut by perhaps one-half, in order to reduce the share of expenses borne by the Greek Government (868.00/9-547). In telegram Amag 227, September 16, Governor Griswold advised that he had informed the British Embassy and police mission the previous day of an AMAG recommendation for continuation of the mission for six months after January 11, 1948, on the basis of a reduction of personnel of 14% (868.105/9-1647).
Governor Dwight P. Griswold to the Secretary of State

TOP SECRET

ATHENS, September 6, 1947—noon.

Amag 188. To McGhee from Griswold. Re Gama 104.\(^1\) Greek Government can take following measures to make effective present strength in anti-guerrilla war.

1. Choose strong-minded PriMin and Minister of War who will fully support top command in applying sound offensive principles. Army commander in northern area needs more complete authority in using troops and in replacing inefficient officers.

2. Political influence should be removed which is now causing disposal of troops throughout villages instead of using them in offensive operations. Political pressure also applied to oppose replacement of inefficient officers.

3. Immediate steps must be taken to indoctrinate Greek Army with offensive spirit through hardening personnel, appropriate tactical training and freeing commander from fear of exercising individual initiative. This spirit must start at top and have full support of PriMin and entire Cabinet.

4. Am considering meeting with entire new Greek Cabinet when organized to demand action described above.

5. Considered necessary also that pipeline of reserves be organized with replacements being regularly fed into army so that older soldiers and those who have served several years can expect early replacement. This considered necessary to bolster morale. This pipeline program may necessitate increase in army but approval of this must be withheld until complete Cabinet approval given to matters described in paragraphs 1 to 3.

Griswold

\(^1\) Dated August 21; it requested a summary of specific qualitative measures that Governor Griswold and his military advisers had in mind for the Greek Government to take for making an effective anti-guerrilla force of the Greek Army at its present strength (868.00/8-2147).

The Secretary of State to the Embassy in the United Kingdom

TOP SECRET

WASHINGTON, September 8, 1947—5 p. m.

US URGENT

3888. For the Ambassador from the Secretary. Please take an early opportunity to see Bevin and tell him that since my return from Brazil I have been giving further careful consideration to the problems raised by his recent messages to me concerning the withdrawal
of British troops from Greece and Italy. As he is aware we have proposed that the deposit of ratifications of the Italian treaty take place Sept 15. If this is agreed it will enable both British and US troops to be withdrawn from Italy at an earlier date than he had suggested.

With regard to the situation in Greece I fully recognize that Bevin had previously informed us of the Brit Govt’s intention to withdraw its troops sometime this year. Nevertheless I am sure he will likewise agree that when this advance notice was given conditions in Greece were radically different from what they are today. Furthermore, at that time we had greater expectations that prompt action on the part of the United Nations would be able to put an end to this threat to Greece’s independence and integrity. Since March, however, the situation has rapidly degenerated and Greece is seriously menaced.

Although it is fully appreciated here that British troops in Greece are not able and indeed are not intended to withstand armed attack in force, nevertheless, their presence is regarded as symbolical of the determination of the Western democracies to insure the continued independence of the Greek state. For this reason they are a strong deterrent to attack in force against Greece and have a marked influence upon the internal Greek situation and a substantial effect on the morale of the Greek population. Furthermore, as you have already informed Mr. Bevin, their withdrawal would be interpreted as an abandonment of the US-UK joint responsibility at a very critical time, with probable repercussions throughout other parts of Europe.

As Mr. Bevin is aware the British Chiefs of Staff have made certain recommendations to the US Chiefs of Staff as to the timing of the withdrawal of British forces from Greece and as to increases in the Greek armed forces necessary to compensate for this withdrawal. At my request the US Joint Chiefs have discussed this matter with the British Staff Mission and have given careful consideration to the military consequences of an early withdrawal of British troops from Greece. The US Joint Chiefs are of the opinion that in the face of British withdrawal implementation of the aforesaid recommendations would be inadequate to assure the independence of Greece. The US Joint Chiefs have therefore not been able to accept these proposals as a solution to the present problem. They are further seriously concerned regarding the military implications of the British proposal. Such withdrawal would surely result, in their opinion, in a marked deterioration of the Anglo-American overall strategic position in the Mediterranean and might well provoke a critical situation in Greece itself. They have reached the conclusion that there appears to be no course of action open to the US which could fully offset the adverse effects of the withdrawal of British troops.
At present the US and Great Britain stand together in Greece on a common front against Communist aggression. Should the Brit Govt withdraw from this position, the mere act of withdrawal would create a distinct atmosphere of disruption and of heightened crisis.

With regard to Mr. Bevin's statement that he felt some uncertainty regarding the policy of the US Govt in the Middle East I am anxious to dispel any misunderstanding in this respect (urteil 4743, Sept 1). I assume he had particular reference to US policy with respect to Brit position in that area. In that connection it may be said that fundamental cornerstone of our thinking is the maintenance of Britain's position to the greatest possible extent. The US counts heavily upon continued close British-American cooperation in the Middle East. How this can best be maintained requires extremely careful consideration in the light of developments in the Middle East as a whole, taking into account the popular sentiment in the countries of the area and the external pressures and influences which may be brought to bear upon them.

I believe our telegram no. 3800 of Aug 30, 2 p. m.¹ should have reassured Brit Govt regarding our attitude toward mutual defense arrangements between Britain and Egypt. If not, you may again say in categoric terms that this Govt continues to desire the conclusion of satisfactory arrangements of this nature between Britain and Egypt.

I fully agree with Mr. Bevin's suggestion for a joint review by the US and UK of the whole position in the Middle East with a view to arriving at an understanding in regard to a common policy, and we are prepared to begin as soon as possible. The conversations, in my opinion, should be divided into two steps: First, on a military planning level to be arranged through the Chiefs of Staff and to take place in Washington and second, on a top political level at a place to be mutually agreed upon. With respect to latter, if Mr. Bevin attends UNGA, this would offer favorable opportunity.

Pending these talks I should, of course, hope that the British Govt will postpone any steps looking toward the withdrawal of troops from Greece.

MARSHALL

¹ Post, p. 808.

Confidential

Athens, September 9, 1947—5 p. m.

1549. Having been informed through usually reliable sources that arrangement might have been reached between Tsaldaris and Sophoulis whereby former would retain Stratos as War Minister and latter
be guaranteed retirement of all Lieutenant Generals now on active list, including Spiliotopoulos, Inspector General, Vendris, C. of S., and Yiantzis, Army Commander; and appointment of others to take their places. I arranged meeting yesterday afternoon between Minister Foreign Affairs and British Ambassador, Governor Griswold and myself for purpose supporting views of Generals Rawlins and Livesay who greatly alarmed and opposed to wholesale changes in command (mytel 1540, September 6\(^1\)).

I told Tsaldaris that now new government had been formed \(^2\) which we hoped would continue till general elections, we three desired emphasize importance of maximum collaboration between Government and British and American missions functioning in Greece. I reminded him of his own interests so often expressed in AMAG collaboration with Ministries of Finance and Coordination as well as others, and then went on to say that we had been disturbed by rumors of possible immediate widespread personnel changes in army command. In this connection, I strongly urged that in interest of continued assistance of our missions so badly needed by Greece no changes in command should be made except in agreement with Generals Rawlins and Livesay. Both Norton and Griswold backed me up, adding that as morale of army is bound be affected by such changes, these should be as few as possible at this time.

Tsaldaris replied he was glad we had brought up question and that he was wholly in accord with our attitude. Said he had heard of some proposals in this connection, but nothing had as yet been decided. Denied any agreement with Sophoulis in matter, and said he would give question his attention in coordinating committee of five composed of two Sophoulis Ministers and two of his own over which he is to preside. In reply to his protestations that his party strongly opposed army changes, we told him we were not speaking to him as party leader but as Minister Foreign Affairs, and both I and Norton charged him directly with acquainting his Govt with our views, emphasizing that we are not interested in individual appointments or retirements, but only in having an army set-up with which our missions can collaborate. We also said that though we felt it incumbent on us to speak to him as Minister Foreign Affairs first, we should be glad to speak to Prime Minister also should latter desire it.

\(^1\) Not printed.
\(^2\) Telegram 1547, September 8, from Athens, reported that Themistocles Sophoulis became Prime Minister on September 7, heading a Liberal-Populist coalition, including also one member of the Panhellenic National Party. Mr. Tsaldaris was Deputy Prime Minister and Minister for Foreign Affairs (868.002/0-847).
US URGENT

WASHINGTON, September 10, 1947.

1502. At press conference this a.m. Secretary said:

"We are gratified that recent negotiations among Greek leaders have resulted in a government based on a coalition between two historic Greek parties, the one representing the largest single Parliamentary group and the other the party which has hitherto led the Parliamentary opposition. A government of national unity at this time demonstrates the desire of loyal Greek political parties to subordinate partisan differences and to work together in accord for the welfare of the Greek nation. I hope that this agreement foreshadows a happy future of cooperation and confidence among the Greek people in facing their serious national problems."

MARSHALL

TOP SECRET

LONDON, September 10, 1947—11 a.m.

4892. For Marshall from Douglas. 1. I had a long conversation with Bevin this afternoon\(^1\) regarding matter of British troops in Greece. In my efforts to convince him of the unfortunate effect which the withdrawal of these troops would have not only in Greece and the rest of the Near East, but also in Europe and elsewhere, I repeated the arguments which I had advanced in previous conversations and laid particular stress on the new arguments contained in Deptel 3883, September 8.

2. (a) I also explained that US relies heavily on US-UK cooperation in the Middle East, that without qualification US desires conclusion of satisfactory arrangements between Britain and Egypt and that you are in complete accord with Bevin's suggestion for review by US-UK of the whole position in the Middle East for purpose of reaching an understanding on a common policy. (b) I stated your view of the way in which the discussion should proceed. (c) Bevin seemed gratified.

3. (a) I expressed your emphatic hope that no steps be taken for the withdrawal of troops from Greece pending the talks referred to in (2) above. (b) Bevin replied that while two questions were not related and although troops could not be retained indefinitely he would sub-

\(^1\) This refers, presumably, to the conversation on September 9; for Mr. Henderson's memorandum, see p. 496.
mit considerations represented by US to the Prime Minister and the
Defence Committee and would do his best to keep the troops beyond
date fixed. He could not make commitment until after matter had
been discussed with Defence Committee and said that they probably
could not be held later than end of year.

4. Bevin said that he did not wish to attend the General Assembly
and that his name had been placed on the list of delegates only in
order to enable him to appear before the Assembly in case some un-
expected development should make it advisable for him to do so. He
might have an opportunity however to discuss Middle East with you
should an occasion arise for him to go to Washington to discuss certain
aspects of the Paris conference report.

DOUGLAS

841.2368/9-1147

The Secretary of War (Royall) to the Secretary of State

TOP SECRET

WASHINGTON, September 11, 1947.

DEAR MR. SECRETARY: Reference is made to letter of 4 [5] Septem-
ber, signed by Mr. Forrestal and myself, transmitting the views of the
Joint Chiefs of Staff on the military implications of withdrawal of
British troops from Greece.

In addition to the purely military implications of such a move, as
covered by the Joint Chiefs of Staff, I should like to draw attention to
certain other factors which, though largely political, are directly
related to the military aspects.

If the British should carry out their present withdrawal plans, it
will pose to the United States a very serious question as to whether
we should replace British troops with our own. The legislative history
of the Greece and Turkey aid program would seem to indicate that
Congress would have to be consulted before we could send additional
troops. Even if Congress approved, we would be presented with a
serious question as to whether the introduction of United States forces
into Greece would really help the situation or would be disturbing
and provocative. The British should not place us in this position when
no such dilemma would be presented by the mere retention of British
troops that are already in the country.

Furthermore, the withdrawal of British Forces from Greece, thus
breaking the common front in a position where the United States and
Great Britain now stand together in a test case against communist
aggression, would undoubtedly cause a wave of public resentment in
this country against the British. Such resentment could have a most
serious effect in other areas throughout the world where the United
States and Britain have joint interest and could prejudice this nation's support for continued aid to Britain and Europe under the Marshall Plan.¹

Sincerely yours,

KENNETH C. ROYALL

¹This letter, except for paragraph one was quoted to London on September 12, in telegram 3970, for use by Ambassador Douglas at a suitable time in further conversations with Mr. Bevin (841.2365/9–1047).

S68.00/9–1247: Telegram

The Chargé in Greece (Keeley) to the Secretary of State

SECRET

ATHENS, September 12, 1947—4 p. m.

1579. In order hear views and recommendations Colonel Miller who just returned from extended tour Thrace (Emblt 1571, September 10), Ambassador called meeting Wednesday evening attended by British Ambassador and American Ambassador as well as military attachés, Embassy officials and Governor Cochran and Colonel Lehner for AMAG.

Colonel Miller painted black picture of conditions in Thrace. He told of ebb tide of civilian and military morale, broken communications, burned villages, crops only partially harvested, failure of relief supplies to arrive, lethargy and despair on part of population and complete lack of offensive action on part of GNA. Train he was on was stopped 15 times because of mines or other rebel actions. He seems convinced that unless steps of most immediate and energetic nature taken before winter sets in, Thrace may virtually be "written off". Specifically he proposed: (1) that arms be given the peasants in area; (2) that the Greek army then take the offensive and (3) that 20 to 25 American Army officers carefully trained and chosen for this kind of operation be flown at once to Greece to see that point 2 is properly carried out. Short of some such measures, in his opinion, Thrace cannot be saved.

Long discussion took place re advisability of arming peasants in infested areas, unavailability of arms, need of Greek army for additional forces, refusal of British Government to allow British officers to enter combat areas and obstacles in way of complying with Miller's suggestion re American military advisers. Since views not yet crystallized further conversations will be held with British and AMAG. Colonel Miller and Ambassador will be able give Department and War more complete details upon arrival in US.

Colonel Miller's report on Thrace confirms views set forth in Emblt 1426, August 21 re dangerous situation in Greece and underlines

¹Not printed.
opinion expressed that our planning in Greece should promptly transcend present arrangements unless we are to fall into error of too little and too late.

Keeley

841.2368/9-1247: Telegram

The Ambassador in the United Kingdom (Douglas) to the Secretary of State

TOP SECRET

LONDON, September 12, 1947—8 p. m.

4982. For the Secretary from Douglas. Deptel 3883, September 8; Embtel 4892 September 10. Bevin talked to me this morning about retaining troops in Greece.

1. He said that to keep them over the winter involved the problem of accommodations for the cold weather, which he said presented some difficulty.

2. He would like to withdraw one battalion consisting of not more than 800 men, leaving the remainder in Greece until at least December 15. (He added for me only, which I pass on for you and Lovett personally, that in his opinion events between now and then would justify him in keeping troops longer.)

3. The withdrawal of the one battalion, to which reference is made above, would satisfy two considerations: (a) his own political situation here and (b) a precedent for the withdrawal of Soviet troops in Bulgaria.

4. He asked whether this arrangement would be satisfactory. I replied that obviously we would much prefer that no troops be withdrawn and that they be retained beyond December 15 but that I would submit what he had told me to you.

Would appreciate your further instructions.¹

Douglas

¹The Department, in telegram 3988, September 13, to London, reluctantly agreed “to Bevin’s suggestion of withdrawal of not more than 800 men provided we can be given definite assurances that there will be no further reduction in troop strength at least until Dec 15 and provided withdrawal is accomplished quietly without publicity in Greece and in a manner which will not create impression that this is start of major withdrawal movement.” (841.2368/9-1247)

868.00/9-1547: Telegram

Governor Dwight P. Griswold to the Secretary of State

TOP SECRET

ATHENS, September 15, 1947—11 a. m.

URGENT

Amag 222. To Wilds from Griswold. Examination overall guerrilla situation discloses increasing deterioration conditions since mission arrived and curtailment field in which AMAG reconstruction and
economic work can physically or profitably operate. Guerrillas still increasing strength and now estimated about 16,000. Conditions Thrace reported by Colonel Miller (Embret 479, September 12) duplicated in large sections Macedonia and elsewhere. Convinced AMAG must give increased attention and effort to military situation.

1. Present 20,000 temporary over-strength authorized for Greek National Assembly [Army] expires 30th September. Extremely urgent that this authorization be continued for three additional months from date of "first call" of new draft so that old soldiers and those who have served several years can expect early replacement. (Paragraph 5 Amag 188 3). The continuation involves no permanent increase GNA, but will complete the replacement of the estimated 37,000 older men in GNA and permit utilizing younger men. Estimated cost of three million dollars should be transferred to military from funds earmarked for economic purposes.

Approval this point matter of immediate urgency in order maintain continuity status basic training centers which will become empty October 1.

2. Based on estimated present bandit strength and taking account realities Greek political situation permanent increase of 10,000 men (ten battalions) in GNA ceiling necessary.

This also has psychological urgency in connection with amnesty. Estimated cost of six million dollars should be transferred to military from funds earmarked for economic purposes. I should warn Department now that if bandit strength increases substantially Livesay believes additional military measures will become necessary and thinking along this line should begin now.

3. To recapitulate points 1 and 2: present authorized strength GNA is 120,000 plus temporary 20,000 through September 30 for replacement purposes. I recommend continuance temporary 20,000 increase till early January to complete replacements and a permanent increase 10,000 at total additional cost military program of nine million dollars, to be taken from 25 million reserve as per AMAG’s 150 and 201.2

Sophouisis has stated publicly that at early date new Government will request army increases and Livesay and I believe prompt approval foregoing can be used US in seeking implementation paragraphs 1, 2, and 3 of Amag 188.

4. I do not favor arming civilians prior clearance of bandits from any given area and oppose allowing Thrace situation cause diversion from military plans central Greece and Macedonia.

1 Dated September 6, p. 330.
2 Dated August 29 and September 9, respectively. The former inquired of the Department regarding agricultural spraying and dusting equipment; the latter suggested reductions in management contracts, reconstruction items, and the agricultural program. (868.00/8-2947, 9-947)
5. Livesay should be provided with adequate planning staff and also scope his present instructions should be broadened to give him authority to advise GNA to maximum extent permitted by law. This matter was discussed with Henderson.

6. Promptest liquidation guerrilla situation essential to achieve AMAG objectives and prevent increase and prolongation period insecurity with obvious increased risks to US interests. Forceful measures this time may aver necessity more dangerous and costly measures later. Time has come when operational advice must be furnished Greek forces through officers attached Greek staff and appropriate tactical units. I can see no normal difference between aid this character and training or logistic aid to GNA during present actual civil war. An offensive spirit and beneficial tactical advice would tend to eliminate continued ineffective military operations which play directly into Communist hands.

7. Because of presence British forces in Greece, British should be requested furnish operational advice to GNA without delay. Understand British Embassy Athens has repeatedly so recommended London despite known opposition this Govt to such policy. If British unable or unwilling agree without delay furnish operational advice GNA, US should promptly furnish aid this character. In that event I urgently recommend promptest despatch 125 to 200 American army officers for this purpose to advise GNA staff and tactical units. Initial group should be not less than 25 with others following soonest. All such officers should be under Livesay whatever their official status, whether special mission, with MA with AMAG. They should be without families as duties largely in field. Confident appropriate coordination with British military mission can be worked out here.

8. If British determine withdraw troops I reiterate views Amag 47 (a) that US troops must replace British forces or Greek morale will nosedive and (b) British mission should be replaced by US so all military aid duly coordinated.

9. Prompt despatch officers mentioned point 7, in addition to value Greek morale, would give them advance familiarity and experience Greek problems and certain of greatest value if replacement British mission becomes necessary or if US undertakes replace British forces.

10. In view Washington–London negotiations intention British troops British Ambassador not being informed, these recommendations but would appreciate Dept assent soonest to do so view his cooperative attitude and importance maintaining local Anglo-US cooperation. Naturally Greeks were not informed.

3 Telegram 1291, August 5, from Athens, p. 279.
11. Points 1, 2 and 4 b especially on Livesay recommendations to me, but entire telegram is result of series of conferences with Keeley, Livesay, Snackenberg and McGhee and represents the considered judgment of all and has their approval.

Please pass to War and Navy.

GRISWOLD

* Mr. McGhee left Washington on September 4 for a survey of the Greek-Turkish aid program; for the announcement on the same day, see Department of State Bulletin, September 14, 1947, p. 534.
* The Department informed Governor Griswold in telegram Gama 209, September 17, that the proposals outlined in paragraphs 1 to 3 in Amag 222 were approved and that the remaining proposals were being actively considered (868.00/9-1647).

841.2868/9-1547: Telegram

The Ambassador in the United Kingdom (Douglas) to the Secretary of State

TOP SECRET

LONDON, September 15, 1947—8 p. m.

4977. For the Secretary and Lovett from Douglas. I informed Bevin this afternoon that with great reluctance we agreed to his suggestion for the withdrawal of not more than 800 men from Greece. We agreed that the remainder of the troops would remain in Greece at least until December 15.

I emphasized again the importance of maintaining US-UK unity in Greece and recalled his personal suggestion that by December 15 events might make it possible for him to hold the troops there longer (reDeptel 3968, September 131). While he did not commit himself to hold them beyond December 15 he repeated that no one could now tell what the Soviets might do or what other developments might take place and that depending upon them he might be able to retain troops beyond the period in question.

As to publicity in Greece, he is taking the matter up with Alexander2 with a view to determining how 800 troops can embark in Greece without publicity and will talk with me further about the matter on Wednesday when I return from Paris.

DOUGLAS

2 See footnote 1 to telegram 4952 to London, p. 337.
2 Albert V. Alexander, British Minister of Defence.

868.00/9-1647: Telegram

The Chargé in Greece (Keeley) to the Secretary of State

ATHENS, September 16, 1947.

1608. Press carries following report on call of EAM delegation yesterday on Sophoulis and Tsaldaris:
EAM delegation called on Sophoulis and delivered note requesting restoration constitutional liberties, release deportees and closing concentration camps. Sophoulis assured delegation that Government has taken measures restore order, correct injustices and grant amnesty to rebels which, if successful, will be followed by general amnesty. In answer Sophoulis request that EAM use its influence with rebels, delegation declared EAM has no relations with rebels to which Sophoulis replied “then why do you come singing to me. Discussion is in that case superfluous”. Later in day delegation made similar call on Tsaldaris who declared that Government Coordinating Council has decided send Ministers Justice, Public Health and War to Icaria and other deportee detention points to make on-spot investigation. In reply delegation declaration that EAM is political organization without connection with rebellion, Tsaldaris stated “In that case, EAM a political organization, should take clear cut position against rebellion as have other political parties.”

Keeley

868.00/9–1647: Telegram

The Acting Secretary of State to the Embassy in Greece

CONFIDENTIAL

WASHINGTON, September 16, 1947—1 p.m. 1537. Do you have any indication re procedure Greek Govt intends to follow in inviting “International Committee” to supervise amnesty? It is our thought that proper supervision by international group would require considerable staff and would involve substantial expense. If Govt really serious in its announced intention to request such supervision, we would like to have as much advance info as possible to permit planning and exploration of possible sources of personnel and funds.

However, please do not make special formal request for info or otherwise imply any commitment on our part at this time.

Lovett

868.51/9–1647: Telegram

Governor Dwight P. Griswold to the Secretary of State

SECRET

ATHENS, September 16, 1947—4 p.m.

Amag 229. To Wilds from Griswold. 1. Reference loan of $10.8 million Federal Reserve Bank of New York to Bank of Greece secured by Greek gold of equivalent value earmarked with Federal Reserve Bank New York. Loan originally granted on September 24, 1946 for three months. Subsequently renewed for three-month periods on December 24, 1946, March 24, 1947 and June 24, 1947. Prior to expiration
date September 24, 1947, Bank of Greece will again request renewal for another three months.

2. Mission urges Department to intercede with Federal Bank New York in support of renewal request. Present available dollar holdings of Bank of Greece less than 5 millions with no prospect of substantial exchange receipts before loan maturity. Sale of gold security by Federal Reserve Bank New York to request loan would require admission by Bank of Greece of loss of gold with probably seriously adverse repercussion on market confidence. Any such disturbance of the highly precarious market stability currently prevailing would seriously endanger success of several major reform measures to be shortly introduced on initiative of Mission. Loss of gold so soon after arrival of Mission also would unquestionably result in adverse publicity.1

GRISWOLD

1 According to telegram Gama 220, September 22, 7 p.m., to Athens, the Federal Reserve Bank of New York notified the Bank of Greece, on September 19, of a further three-month extension of its gold loan (868.51/9–1647).

The Chargé in Greece (Keeley) to the Secretary of State

SECRET

PRIORITY

NIACt

ATHENS, September 17, 1947—noon.

1608. During conversation yesterday with Tsaldaris I referred to Sophoulis comment to press that his statement in ministerial declaration concerning international guarantee of amnesty was merely "symbolic" (mytel 1518 [1598], September 151) and inquired whether this meant that Government had given up idea of international supervision. Tsaldaris replied that Government was still considering whether to internationalize supervision and, if so, when and by what agency. There was disposition on part of some Greek officials, he said, to proceed with amnesty under Greek supervision 2 for its initial period of month and to fall back on international supervision if former procedure fails of results and Government decides to extend period another month as provided in amnesty law. He admitted that calling upon international guarantee, only if guarantee of Greek Government fails to bring rebels to heel, might result in severe loss of prestige unless

1 Not printed.
2 In telegram 1616, September 17, the Embassy in Athens transmitted to the Department a translation of the Prime Minister's amnesty proclamation which was being thrown from Royal Hellenic Air Force planes over the bandit area. The proclamation noted that the Government, the Prime Minister personally and the whole Greek people constituted a guarantee for the honest enforcement of the terms of the amnesty. (868.00/9–1747)
perhaps it could be used as a bargaining measure, that is, Government might offer to provide impartial guarantors if rebels would thereupon agree to cease rebellion. I called his attention to the time it takes to organize an international observation, as illustrated by AMFOGE, and suggested that if any type of international supervision is to be used at all, preliminary steps, at least, would seem to be called for without delay. Tsaldaris agreed but I am certain no Greek has any real appreciation of the time-consuming effort such things involve.

Tsaldaris expressed view that use of any international group that included Russians or satellites would probably be inadvisable since experience has shown that their energies are directed toward obstruction and sabotage which would add a still further disturbing element to already complicated internal situation. He wondered whether AMAG might not be willing and in position to undertake the task or, if not, whether British military mission might not take it on, saying that as the law is itself broadest possible guarantee there remains only insurance to the rebels that law will be faithfully administered. As enforcement largely matter for police and judicial authorities a few impartial legal experts might be assigned from AMAG or British military mission to check performance. Some had suggested idea of requesting International Court to undertake the supervision if its terms of reference would permit, and he had also considered asking neutral nations, such as Switzerland or Sweden. He requested my frank opinion on subject.

Making clear that my views were tentative and personal, I suggested that use of AMAG was open to objection on two points, first, it would involve AMAG in political controversies which might well detract from accomplishment its primary economic objective and second, the rebels would probably consider AMAG an agency of "imperialist America" and not as an impartial body in which they could have full confidence. Use of British military mission would be open to similar criticism of bias and partiality. Use of UN or other international agency which might include Russians or satellites, I agreed, was apt to result in interminable delays and obstruction which might defeat purpose of amnesty and cause loss of prestige to coalition Government. International Court, I felt, might not be equipped to undertake this kind of operation. Alternative worth exploring, I suggested, was use of small group of Swiss and/or Swedes who might be counted on to be impartial and to inspire confidence among rebels. I reiterated these were personal views but that I would be glad to consult Governor Griswold and my Government on subject.

I immediately arranged meeting with Griswold, McGhee and pertinent members AMAG staff, all of whom agreed that this was not kind
of venture into which AMAG should be drawn. Griswold was inclined toward view that best alternative was use of neutrals such as Swiss and Swedes.

As Tsaldaris, scheduled depart Saturday September 20, said, he would appreciate soonest any views Department may care to express to guide Government's consideration this important matter.

We here are of opinion that everything possible should be done to encourage Greeks to carry out faithfully and expeditiously what appears to be sincere amnesty offer in contrast to past half-hearted and poorly executed gestures. If rebels can be induced to submit in appreciable numbers restoration of order will be facilitated and AMAG task made easier. They are not likely to submit, however, unless they have full confidence that amnesty offer is genuine and its application honest. International or other impartial supervision, therefore, takes on peculiar psychological importance. Since time is of essence, it seems to me Greek Government should invite small group impartial observers of some sort to come here without delay and without elaborate time-consuming preparation with view to assuring to rebels faithful execution by Greeks of their own adequate amnesty law under their own direction rather than with idea of instituting procedures or making foreigners instrument for actual execution of amnesty. Such group could receive complaints and make on-spot investigation. Knowledge that such impartial inquiries would be undertaken would put local Greek enforcing officials on their good behavior and should carry conviction to men in mountains. The "symbolic" effect of such a guarantee would seem to promise maximum value only if offered before this amnesty has an opportunity to go the way of all others.

Keeley

868.00/9-1747

Memorandum of Meeting With State Department Representatives on the Greek Situation, September 17, 1947

TOP SECRET

Present: Mr. Loy Henderson, State Department, Mr. Walter Wilds,2 State Department, Major General S. J. Chamberlin, Major General Lauris Norstad, and Brigadier General C. V. R. Schuyler

1. The meeting was arranged by Mr. Loy Henderson and General Norstad primarily for the purpose of reviewing those aspects of the current situation in Greece which would be of interest to General Chamberlin, who, at the request of the State Department, is leaving

1 Drafted by General Schuyler, attached to the Plans and Operations Division of the War Department; copy transmitted informally to Mr. Henderson.
2 Walter Wilds, Deputy Coordinator for Aid to Greece and Turkey.
shortly as a special representative of the Chief of Staff to survey the military situation in Greece.\(^3\)

2. It was agreed at the outset that, in view of the information appearing in Governor Griswold's radio to the State Dept, 15 September (CM-IN 2797 \(^4\)), there are certain actions which should be decided upon at once without awaiting the results of Gen Chamberlin's investigations. These actions, as agreed upon by those present, were as follows:

a. State indicated approval of Governor Griswold's recommendation that the present over-strength authorization of 20,000 for the Greek army, due to expire on 30 September, should be continued for the next three months. War concurred with the understanding that the estimated funds involved (approximately three million) will be provided by transfer from economic to military allocations within the Greek aid program. Additional funds on the same comparative scale will be earmarked for transfer in expectation of further continuance of this over-strength throughout the remainder of the period covered by the present day program. State will notify Governor Griswold accordingly.

b. State indicated approval of Governor Griswold's recommendation that the Greek army be authorized an immediate increase of 10,000 over and above their present strength. War concurred, it being understood that the necessary cost (six million) will be defrayed by transfers of funds as in a, above. State will advise Governor Griswold.

c. The question of an additional 25,000 rifles, with ammunition therefor, as a possible reserve for future use in Greece was discussed. It was agreed that such a reserve, in addition to the 10,000 rifles recently procured and now on route from England, was desirable for possible future use either in arming peasants or to take care of further possible Greek army increases which might be necessitated by future guerrilla successes. The War Dept (P&O) will investigate the availability of these additional rifles either from British sources or from our own stocks, and will inform State as to the relative costs and other factors which should be considered. Upon receipt of this information, State will recommend procurement as may be practicable on the basis of funds available.

d. The War Dept will take steps at once to earmark four officers, suitably qualified in staff planning matters, in anticipation of a probable recommendation from General Chamberlin that such a group will be required to permit U.S. agencies to take more effective part in advising Greek military authorities on military subjects.

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\(^3\) In telegram 1565, September 19, the Department informed the Embassy in Athens that Maj. Gen. Stephen J. Chamberlin would arrive there about September 20 to "survey broad strategic and operational factors of present military situation, including matters presented in Amag 222" and to consult with American, British and Greek leaders. The Department expressed its desire to defer determinations on Amag 222 not already approved in Gama 209 until the results of the General's visit became available (865.00/9-1647). For Amag 222, dated September 15, see p. 337; regarding Gama 209, dated September 17, see footnote 5, p. 340.

\(^4\) Presumably Amag 222.
3. It was further agreed that certain problems, although recognized as pressing, would require investigation by Gen Chamberlin in Greece before appropriate solutions could be arrived at. These problems, to which Gen Chamberlin will give particular attention, are:

a. The desirability of arming villagers in those areas cleared of bandits by the advancing Greek army.

b. The necessity for issuance of a new directive to Gen Livesay and possible reorganization of his staff to permit him to operate more effectively as an advisor to the Greek army on military matters and to coordinate his operations with the Ambassador.

c. The desirability of sending to Greece at an early date a group of from 50 to 150 specially qualified officers who could act as "observers" in various Greek army units during their actual field operations. The War Dept (P&O) will begin at once to earmark suitable officers for this task. Their actual dispatch to Greece will await recommendations from Gen Chamberlin concerning their status, i.e., whether they should be additional attachés, training officers under Gen Livesay, or in some other capacity.

4. It was also agreed that Gen Chamberlin, in his report, should feel free to offer comments and recommendations on all matters connected with our national objectives in Greece, and that although he should recognize the present limitations imposed by circumstances, any suggestions he might have for broad changes in our approach to the Greek problem will be welcome. It was suggested that his recommendations be sufficiently viable so that they would prove workable under any set of conditions foreseeable in the near future.

C[ORTLANDT] V[AN] R. S[CHUYLER]

* For views expressed at this meeting by Mr. Wilds, see footnote 1, p. 367.

501.BC Greece/9-1947 : Telegram

The Acting Secretary of State to the Embassy in Greece

SECRET

WASHINGTON, September 19, 1947—8 p. m.

US URGENT NIACT

1564. We agree that if competent neutrals can be found international supervision of amnesty would be desirable, particularly in view of Greek Govt's announcements in this regard. We further feel that it would be preferable for supervision to begin as soon as can be arranged.

Neither AMAG nor Brit Military Mission would be proper agencies for such supervision. Swiss or possibly New Zealand seem to be acceptable for this purpose, although Dept believes Swiss would decline for political reasons and New Zealand because of lack of suitable per-


sonnel. As for Sweden, the Greek Govt might consider that the Swedes have on occasion proved susceptible to Soviet pressure. We feel that a request to the International Court would be undesirable for the same reasons which have made a solution in the SC impossible. The Greek Govt may find Canada or certain of the Latin American nations satisfactory. Should the Greek Govt request our help in selecting a competent neutral, we shall render such assistance as we can.\footnote{Chargé Keeley advised, in telegram 1644, September 23, from Athens, that in view of the Prime Minister’s attitude, the delays inherent in organizing an international group and the limited duration of the amnesty, there was little likelihood that international supervision could be effected (868.00/9–2347).}

Lovett

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\textbf{Governor Dwight P. Griswold to the Secretary of State}

\textsc{Athens, September 21, 1947—6 p. m.}

Amag 256. To Wilds from Griswold. Re Gama 209.\footnote{Called September 18 on Sophoulis and Tsaldaris with Keeley, Livesay, Cochran and Moffat \footnote{Abbott Low Moffat, special assistant to Governor Griswold.} and outlined major military principles of concern US; necessity offensive spirit in army, maximum authority top command and no changes for political reasons, elimination any political pressure on army plans or disposition troops and entire Cabinet to stand between army and influences which might lessen vigorous offensive campaign. Sophoulis assured us these principles held by entire Cabinet. He blamed General Staff for lack of army offensive spirit, denied it subject political pressure and twice asserted that on contrary General Staff had interfered in political matters, but added no changes high command would be made without prior consultation Livesay and Rawlins. I then outlined approved increases military aid. Sophoulis and Tsaldaris stated Cabinet favored organization national guard 50,000 to guard villages and release army for offensive proposing disband May and Mad \footnote{Two types of semi-military organizations organized by the Greek Army. "May" units assisted army units in the static role of defense of inhabited localities; "Mad" units assisted the army in operations in specific areas, including tasks of actual combat, guides, mule leaders and protectors of lines of communication (868.00/10–2047).} and also 12,000 gendarmerie and General Staff would be directed make planning studies. Would want American aid for equipment and uniforms but no rations. I commented we would examine sympathetically any requests but candidly felt because of expense US would not approve further military aid beyond increases just approved. We suggested General Staff survey}
available equipment including 10,000 rifles arriving early October and
equipment of units they contemplated disbanding and study possible
organization national guard of size commensurate availabilities.
View adverse affect Greek morale and benefit guerillas urged they
avoid requesting military aid which US might be compelled refuse.
All concurred publicity new increased aid should be issued by Greek
Govt. should not give details in order not inform guerillas, and should
be jointly approved. At their request submitted September 20 written
memo and suggested draft release. Copies being air pouched.

GRISWOLD

868.00/9-2447: Telegram

The Acting Secretary of State to the Embassy in Greece

SECRET

WASHINGTON, September 24, 1947—7 p. m.

Gama No. 228. For Emb and AMAG. Brit Emb Wash has re-
quested Dept’s comments re proposed joint directive to Brit and
US military authorities Greece to supplement agreement reported to
be currently under negotiation in Athens between AMAG and Brit
Military Mission covering their cooperation in Greek military affairs
and their relations to Greek Govt. Understand similar request has
been made by Brit of Emb Athens and AMAG. Copy of proposed
agreement or info relating thereto not available in Wash. Please advise
Dept this connection and forward copy any such agreement which
may be under consideration. Also would appreciate Emb’s and
AMAG’s comments re proposed joint directive. Meanwhile Dept is
withholding reply to Brit Emb Wash.

LOVETT

1 In letter 81./—/47, September 20, from the First Secretary of the British Em-
bassy (Maclean) to Mr. Jernegan (867.20 Mission/9-2047).
2 Governor Griswold, on October 1, forwarded to the Secretary of State copies
of two British papers, one the “Plan for Coordinated Operation” of USAGG
with the British Military Mission in Greece, the other dealing with the status
and functions of the British group after the arrival of USAGG in June 1947
(868.00/10-147).

501.BC Greece/9-2547: Telegram

The Acting Secretary of State to the Embassy in Greece

SECRET

WASHINGTON, September 25, 1947—7 p. m.

US URGENT NIACT

1596. We are considering recommending to Tsaldaris immediate
selection and despatch of small neutral group to observe amnesty for
following reasons:
a. To increase actual effectiveness of amnesty thereby reducing guerrilla strength.

b. Tsaldaris in May and Sophoulis in September announced intention to invite foreign observers. Elements unfriendly to Greece in the UN and in Greece itself will seek to exploit failure to act in accordance with previous declarations.

c. Question of amnesty likely to be raised in GA either by those seeking to embarrass Greece or those genuinely seeking to be helpful. Presence on the spot of foreign observers would strengthen Greek position before world public opinion and might discourage a movement for GA consideration of problem. Otherwise, although many members of UN consider amnesty a purely internal matter, the Greeks would be almost obliged to invite UN supervision and incur the disadvantages of possible Russian participation if the question is raised.

In our view Greeks should make no statement in GA re amnesty unless question is raised by other states. In latter case Greeks would describe steps already taken and indicate willingness to consider any suggestion on amnesty that GA or proposed Special Committee might advance. With foreign observers actually on the ground it is less likely that the GA would consider it necessary either to act itself or to transfer this function involving essentially an internal matter to the Special Committee.

To be effective within Greece and before world opinion Greek Govt must act promptly and be prepared extend the amnesty period during the second month which the law provides. One possible plan would involve a small group (10-20) headed by a prominent national of the country providing observers. Upon arrival the observer group, or groups if subdivided, could announce an itinerary, i.e., Yannina, Florina, Serres, etc. etc. and dates of arrival for the purpose of accepting surrenders and hearing complaints of breaches of amnesty guarantees. Acceptance of surrenders would be pro forma, involving a record of names and other vital information and the immediate transfer of those surrendering to Greek authorities for disposition. We believe that permitting actual surrender to foreign observers would create tangible evidence of Govt's good faith.

Suggest you obtain reactions of Sophoulis to our views and inform us soonest. Tsaldaris has not come to Washington and we shall defer approach to him pending your reply.

Repeated to USUN, New York as 427.

Lovett
Memorandum of Conversation, by the Assistant Chief of the Division
of Near Eastern Affairs (Jernegan)

TOP SECRET

[WASHINGTON,] September 29, 1947.
Participants: Donald Maclean, First Secretary, British Embassy
Mr. Jernegan (GTI)

Mr. Maclean called at his request to discuss the Turkish Govern-
ment's query regarding the advisability of reducing the size of the
Turkish Army from 485,000 men to about 330,000 men. He handed me
the attached copy of an aide-mémoire, which he said had been de-
ivered informally to General Schuyler of the Plans and Operations
Division of the Army Department by Brigadier Price, Secretary of
the British Joint Staff Mission, on September 27. Mr. Maclean said
that the aide-mémoire was, strictly speaking, a communication from
the British military authorities to the American but that it embodied
substantially the views of the Foreign Office as previously commu-
nicated to the British Embassy here. Consequently, he thought it could
be regarded as representing the joint views of the British civil and
military branches. General Morgan, Chief of the British Joint Staff
Mission, was going to see General Collins, Deputy to General Eisen-
hower, to discuss the aide-mémoire.

I gave Mr. Maclean a paraphrase of the draft telegram prepared
in GTI, explaining that we were still in process of getting clearance
on this and that it must be regarded simply as an indication of the
Department's thinking on a working level. I said it would still have
to be cleared by the higher officers of the Department and by the
Department of the Army.

I pointed out that the reasoning and views set forth in the British
aide-mémoire and our own preliminary draft were substantially iden-
tical. The only difference of any importance seemed to be that the
British Government wished to give the Turks positive advice to the
effect that they should effect the proposed reduction in their army;
whereas we wished merely to give the Turks our estimate of the situ-
ation without calling it advice in so many words, and leave it to the
Turkish Government to make up its mind. Mr. Maclean agreed and
felt that even this difference was more apparent than real. He said
he would inform London of our views as expressed in the draft, mak-
ing it clear that this was not yet a final decision by the Department.

Mr. Maclean agreed to my suggestion that we should continue the
process of clearing our draft within the Department and with the
Department of the Army. If any substantial changes were made or if
it were approved substantially as it now stands, we would inform the
British Embassy.
AID TO GREECE AND TURKEY

[Annex]

The British Embassy to the Department of State

TOP SECRET

AIDE-MÉMOIRE

The Turkish Government are seeking British and American advice on whether or not to replace the 150,000 men of their 1925 class who are due to be demobilised in November this year. The Turks are deferring this decision, which is urgently needed, in the hope of receiving prompt and definite advice and they will be most discouraged if this is not forthcoming.

2. The Foreign Office has agreed with the State Department that this question should now be discussed informally between the military advisers of our two Governments, after which the political/economic aspects will be considered.

3. From the British point of view the following arguments are considered to be conclusive in favour of advising the Turks to reduce their forces by not calling up the new class:

(a) Short of war, the Soviet leaders probably appreciate that a most effective means of exerting pressure on Turkey is by the promotion of economic difficulties within the country. It is, therefore, in the Soviet Union's interest to force the economic burden of sustained mobilisation on Turkey, and to continue the nerve war which results in Turkey keeping forces in readiness;

(b) Russian pressure upon Turkey has been, and will continue to be, conditioned by their estimate of the probable action of other powers, and not by the size of Turkey's armed forces. It follows that Russian intentions towards Turkey will not be affected by a reduction in the strength of the Turkish armed forces, provided the present British and American policy is maintained. Moreover, there have been continuous and progressive reductions in the Russian Forces in the Balkans and this process will presumably be accelerated as a result of ratification of the peace treaties.

4. It has been suggested that such a reduction would have an adverse effect on Greek morale. It is our opinion that this effect will be negligible if linked to the promised American aid and announced as a measure designed to increase the efficiency of the Turkish Army. It has also been suggested that the reduction might encourage bandit activities in Greece and present an opportunity for starting them in Turkey. The assistance afforded by the Balkan satellites to bandits in Greece is conditioned by political considerations and is unlikely to be affected by the strength of the Turkish forces. The Balkan satellites have no objectives in Turkish Thrace which should cause them to start trouble there.

*Marginal notation by Mr. Jernegan: “Original of this aide-mémoire was left with General Schuyler, P & O, Army Dept. on Sept. 27, 1947 by Brigadier Price of British Joint Staff Mission.”*
5. We have therefore reached the conclusion that the Turkish forces can now be justifiably reduced and at the same time reorganised. It is hoped that the United States, who have now taken over the primary responsibility for assistance to Turkey, will agree that the advice given by both countries in reply to the Turkish enquiry should be to reduce their forces by not replacing the 1925 class.

867.20/9-2947 : Telegram

The Chargé in Turkey (Bursley) to the Secretary of State

TOP SECRET     ANKARA, September 29, 1947—6 p. m.
PRIORITY

751. When I called on Foreign Minister this morning his request he made following statement:

Turkish Government has decided demobilize (reEmbtel 655, August 17 and Deptel 503, August 23) one existing class for budgetary reasons. This demobilization will begin soon. 1948 revenue under most optimistic and "forced" estimate are 1,200,000,000 liras approximately. Minister National Defense asks enormous sum. Even sacrificing greatest part of constructive work desired by other Ministries including Public Works and Hygiene, there is available for national defense in 1948 budget only 380,000,000 liras which is already about one-third of budget. No other state spends so high a percentage. This is not all. Even with demobilizing one class, to be able to support remaining armed forces, the Government must furnish later in 1948 for national defense in addition to the 380,000,000 the sum of 140 to 150,000,000 liras. (For domestic psychological reasons this need for 140 to 150,000,000 not to be announced at this time. For this additional amount new or increased taxes yet to be determined will be needed.)

The Turks anticipate a new war of nerves with Soviet object forcing more expenditure (Moscow's 2609 to Department, August 25) when the Soviets learn of this demobilization as they will although it is not to be announced.

It is expected that the greatly appreciated American supplies will not arrive in Turkey within less than 4 or 5 months and it is believed that training of Turks in use will require several months more. It will

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3 Not printed; it stated in part, in reply to telegram 1638, p. 309: "However, we believe Soviet course of action with regard to Turkey, Greece and Iran will be determined primarily by other factors than standing strength Turkish army, such as vigor and strength US position in support those countries. Persistent Soviet war of nerves against Turkey clearly indicates Kremlin is not unaware effect heavy strain placed on Turkish economy by maintenance of armed forces in heavily mobilized condition. Consequently Embassy believes limited demobilization Turkish army will not materially affect Soviet attitude or course of action in this area, especially if accompanied by official statements reiterating Turkey's determination to defend its sovereignty and integrity and pointing out that demobilization will in fact strengthen Turkey's basic capacity to resist aggression by releasing manpower and funds for economic reconstruction." (740.0011 EW (Peace)/8-2547)
AID TO GREECE AND TURKEY

take at least from 9 to 12 months from now to have a motorized force with bridges etc., in shape.

In view of foregoing Turkish Government wishes make most friendly request of American Government to come to aid of Turkey financially in order that there may not be created an economic and financial crisis in Turkey which would cause public discontent. The form of the requested aid can be taken up later. It is desired now to make an immediate request of the Department as to whether US can aid Turkey financially.

The amount involved will not exceed $100,000,000, part of which may perhaps go to nonmilitary purposes. Turkey will keep going but to avoid a very serious situation this financial aid is needed said Minister.

When I pointed out to Foreign Minister that it was not clear to me from foregoing which class or classes would be released, whether the 1928 class would be called up, and what would be strength of forces, he said that he himself was not fully familiar with this aspect; he begged that I get to Department and Ambassador Wilson immediately the information regarding deplorable budgetary situation and the question of whether in principle US Government could extend this financial aid for one year.

I said that we would very likely be asked for this military information and he said that if this requested he would be glad to obtain it. He said that since Chief Turkish General Staff would soon be in Washington military information could be obtained from him.

From what Foreign Minister said it seems Chief General Staff may be unaware this appeal for financial aid made, at any rate Chief Staff has not discussed this new decision with either service Attaché.

Military Attaché and Naval Attaché request this be passed urgently to Army and Navy Departments.

Sent Department 751; repeated Bern as 5 for Ambassador Wilson.

BURNSLEY

760H.65/9-3047

Memorandum by the Director of the Office of Near Eastern and African Affairs (Henderson) to the Secretary of State

CONFIDENTIAL


Problem: To determine what position the Department should take with respect to the invitation issued on September 27 by the Yugoslav Ambassador to former Secretary Byrnes and five other prominent American citizens to visit Yugoslavia to investigate the difficulties between Greece and Yugoslavia.

Facts and Discussion: The invitation asserts that there is a misunderstanding in the United States regarding Yugoslav policy to-
wards Greece and asks that the six persons in question come to Yugoslavia as guests of the Yugoslav Government. Those invited are: Mr. Byrnes, Mr. Harold Stassen, Dr. Harry Emerson Fosdick, Mr. Hanson W. Baldwin, Mr. Henry Morgenthau, Jr., and Mr. John Gunther. Dr. Fosdick has stated that he would be unable to make the trip, and Mr. Byrnes has declined on the ground that the question is not one to be determined by a group of private citizens. Mr. Byrnes is quoted as saying that his participation might prejudice action by the United Nations. Mr. Stassen has announced that he would consult the Secretary and Senator Vandenberg before replying to the invitation. The other persons invited have as yet made no public statement.

It is apparent that the invitation is intended as a propaganda maneuver designed to demonstrate that the assertions of the United Nations Commission and the United States Government regarding Yugoslav aid to Greek guerrillas are without factual basis. If the group in question, or any of its members, should accept, they would unquestionably be taken on a carefully conducted tour arranged in such a way that there would be virtually no opportunity for them to observe improper Yugoslav activities. On their return, whatever their suspicions, they would probably be forced to admit that they had found no direct evidence supporting the charges against Yugoslavia. On the other hand, if they all decline, the Yugoslav Government will undoubtedly assert that this is proof of prejudice existing in the U.S. and will claim that its gesture demonstrated its own desire for full investigation of the true facts.

Conclusions: No useful purpose would be served by a visit to Yugoslavia of a small private group traveling under the direct auspices of the Yugoslav Government. However, the Department should not openly oppose such a visit, since an obstructive position would lay us open to the charge that we are afraid to have the real facts made known. It would further be undesirable for all six to refuse the invitation simply on the ground that they were otherwise occupied.

Recommendations: It is recommended that if any of the six members consult the Secretary or the Department regarding the attitude they should take, they should be told that the Department doubts that any advantage would be gained by the proposed tour and that, as Mr. Byrnes has already stated, we felt the matter is not one for investigation or determination by a group of private citizens, or even officials, of any one country. In our view the problem of Greek-Yugoslav relations is one of international concern and should be dealt with only on an international, multilateral basis. We consider that this is especially true in view of the fact that this problem has already been thoroughly investigated by an agency of the United Nations and that it is now being actively considered in the General
Assembly of the United Nations. While the U.S. Government would not wish to prevent any responsible individual from making such investigations as he might be able to do, we would regret any action which would seem to imply that the matter was not being adequately handled by the United Nations or that the United States, more than any other member of the UN, had a special concern or interest in the problem.\(^1\)

\(^1\) Approved by Mr. Lovett in a marginal notation.

868.00/9-3047: Telegram

*Governor Dwight P. Griswold to the Secretary of State*

**SECRET**

*Athens, September 30, 1947—7 p.m.*

Amag 293. To Wilds from Griswold. September 27 McGhee and I lunched Sophoulis home. Good relations established. September 29 held long conference with Sophoulis. Stressed importance mutual frankness and cooperation. Stated my belief that it of "utmost importance to Greece" he continue as Prime Minister and "in all sincerity I believe it would be catastrophe for Greece and also for Mission if your Government should fall".

Referring national guard (Amag 277, September 26) stated we were seeking method assist its organization but desired bring relevant facts his attention. Clay\(^1\) outlined critical economic situation with country teetering edge wild inflation and absolute necessity that budget be balanced and that any increased military personnel or activities including national guard must be accomplished by transfers within balanced budget. Patterson underscored Clay’s analysis.

As facts and figures presented Sophoulis increasingly impressed and appreciative remarking that his ministers had not informed him seriousness situation. He finally admitted that inflation problem and bandit problem of equal importance but remarked his personal belief essential defeat bandits immediately else Markos would be in Athens within three or four months. For this reason he considered national guard essential. He was clearly concerned at report on economic conditions and I requested further meeting with him and appropriate ministers after they had opportunity study situation.

I then suggested they consider possibility of transferring American aid promised for permanent ten thousand army increase to temporary national guard ten thousand cancelling permanent army increase because latter could not be inducted before December. I suggested also possibility that as May and Mad disbanded and *gendarmerie* reduced

\(^1\) Eugene H. Clay, economic adviser to Governor Griswold.
equipment and funds could be transferred to permit later enlargement national guard. Sophoulis immediately accepted suggestion.

Sophoulis also supported tentative drastic budget cuts outlined by Clay. These and my suggestion regarding transfer American army [aid] to national guard will be subject conference October 1.

Livesay then gave brief encouraging report bandit situation B corps area based his recent trip north. Bandits not dispersing when attacked as heretofore. Therefore easier target for army. He suggested reason for new tactics might be increased danger impressed recruits slipping off to take advantage amnesty.

GRISWOLD

868.20/10–147 : Telegram

The Chargé in Greece (Keeley) to the Secretary of State

SECRET

ATHENS, October 1, 1947—8 p. m.

1688. Under Secretary to Prime Minister called September 30 at direction of Prime Minister to ask Embassy to send following message:

“"The Prime Minister would be grateful if the Embassy would transmit to the US Government his urgent request that General Livesay be given broader authority so as to be able to advise the Prime Minister and the Greek Government on all phases of military matters. This request is made because the Prime Minister has been impressed by the impartiality and sound judgment of General Livesay in matters of supply and logistics to which his advice is now limited by his present instructions.”

I understand from Under Secretary that this conclusion was reached by Prime Minister through same chain of reasoning but wholly independently of recommendation made by Governor Griswold in paragraph 5 of Amag 222, of September 15.

Governor Griswold still believes, as indicated in Amag 222, it highly desirable that General Livesay be given promptly maximum authority permitted by law under which Amag is operating, so as to enable him to offer such advice as he may feel competent to give and as may be called for by developing situation.

Ambassador concurs in foregoing but with respect to question of increasing military establishment here for purpose of giving operational advice to units of Greek Army on more extensive scale, believes decision should be postponed until completion of General Chamberlin’s studies.

General Chamberlin telegraphing his views separately to War Department.

KEELEY
867.20/10–247: Telegram

The Ambassador to Turkey (Wilson) to the Secretary of State

TOP SECRET

BERN, October 2, 1947—7 p. m.

973. From Wilson. Ankara’s 751, September 29 to Department. I submit following for Department’s consideration in formulating reply to Turk Foreign Minister’s request for financial assistance.

1. We are disturbed over this information that notwithstanding decision to release one class thereby reducing army expenditure by 150 million liras Turk Government believes necessary request $100 million financial assistance to cover contemplated budget deficit caused mainly by national defense expenditures. When Foreign Minister Hasan Saka raised with us question of size Turk armed forces (mytel August 17) it appeared that serious budget problem would arise only if decision were made to maintain armed forces at present strength thereby requiring 150 million liras additional for national defense. Now that Turk Government has decided reduce armed forces by about one-third it is difficult to understand why 140 to 150 million liras additional will nevertheless be required for national defense. We note Foreign Minister told Bursley that Ministry National Defense asking “enormous sum”. We would be interested in knowing details such request if Turk Government should think desirable furnish them to us. It has been our opinion based on information heretofore available to us that if Turk Government decided to save 150 million liras by releasing one class, this saving together with American military aid supplies in amount of $100 million should enable Turkish Govt reduce its national defense budget in 1948.

2. As Turkish Govt knows US Govt maintains deep and most friendly interest in Turkey’s problems and wishes to be of all possible and appropriate assistance to Turkey. Turkish Govt, however as member of Paris Committee of European Economic Cooperation will be aware of enormous financial demands being made on US to finance Europe’s economic reconstruction. Paris committee’s report assumes high degree of self-help on part participating countries and US is confident that Turkey will wish to do its full part and will in particular, in order to maintain its own internal financial stability scrutinize carefully its budget appropriations in order to insure that only most necessary expenditures are approved. We are confident that Turkish Govt on reconsideration and with knowledge of extent demands on US financial resources to assist war-ravaged European countries to economic reconstruction will not expect US to give

1 For the General Report of the Committee of European Economic Cooperation, released at Paris on September 21, 1947, see Department of State Publication 2930.
financial assistance to Turkey to cover budget deficit. US would, however, be glad to assist Turkey in studying Turkey's budget problems and making suggestions, and US Govt would therefore be prepared send expert mission to Turkey for this purpose if Turkish Govt so desires (I hope we will be in position to offer this).

3. It is noted that part of $100 million requested might go for non-military purposes. In this connection US Government advised Turk Government over year ago that United States Government would be unable to extend credits for economic development to Turkey beyond the $25 million credit opened by Export-Import Bank, and that Turkey should present its request for economic credits to new International Bank. We understood some months ago that Turkish Govt had decided act on this advice and was preparing its case for presentation to International Bank. We should appreciate advice re status this. (For Dept's information I have urged Prime Minister and Foreign Minister frequently in past weeks to expedite action before International Bank in order take advantage favorable atmosphere re Turkey).

4. We continue to believe that with United States aid program for Turkey which will relieve Turk budget of necessity paying for needed military equipment, and with assistance from International Bank for sound economic developments projects, Turkey should be able to maintain security of country without adding to economic burden, while at same time making healthy progress in development of country's natural resources.

As Turk budget is now actively under preparation and must be submitted to Assembly before latter convenes November first I believe we should lose no time in transmitting reply to Turk Government and dispelling any illusion if such exists that United States may be expected to finance budget deficit. If Turk budget situation has suddenly deteriorated in unexpected and alarming manner (which I find hard to believe), then Turks should develop facts in detail in order to convince us of need for assistance.2

Sent Department 973; repeated Ankara as 5.

[Wilson]

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2In telegram 574, October 8, 6 p. m., to Ankara, the Department expressed its full agreement with the views of Ambassador Wilson as set forth in telegram 973, except for the sending of a mission to Ankara at this time suggested in paragraph 2 of his message. The Department's disagreement was based on the practical difficulties of assembling such a mission. Otherwise the Embassy in Ankara was authorized to communicate the substance of the Ambassador's message to the Turkish Government (867.20/9-2947).
Editorial Note

Loy W. Henderson, on October 4, addressed the Wellesley Club in Washington, D.C., on "American Aid to Greece—A Step toward Lasting Peace"; for the text of his address, see Department of State Bulletin, October 19, 1947, page 772.

868.00/10-447: Telegram

The Acting Secretary of State to the Embassy in Greece

CONFIDENTIAL

WASHINGTON, October 4, 1947—4 p. m.

1636. In conversation with Henderson Oct 2 Tsaldaris expressed reluctance to take immediate steps for foreign supervision of amnesty because of various difficulties and possible complications which he foresaw. Said he had sent telegram to Sophoulis expressing same view. Pursuant Tsaldaris request for further statement of Dept’s attitude, we have today advised Greek Embassy substantially as follows:

We have believed international supervision of Greek amnesty would be desirable, particularly in view of fact that Greek Govt has publicly stated its intention invite international supervision and because of widespread feeling that such supervision might encourage more guerrillas to surrender. We have, therefore, suggested various methods by which such international supervision or observation might be obtained.

We now understand, however, that Greek Govt has doubts practicability and wisdom of endeavoring to introduce international supervision of amnesty at moment. We understand some of those doubts arise from concern lest raising of question of international supervision might tend to confuse deliberations of General Assembly with regard to sending of General Assembly Commission to Greece. Question of inviting international supervision or observation of amnesty is obviously matter which Greek Govt must decide for itself. We therefore do not wish to urge this measure if Greek Govt is convinced it would be wiser not to take it at this time.

In line with this you should not press matter with Greek Govt.

LOVETT

867.00/10-847

The Acting Secretary of State to the Secretary of the Army (Royall)

WASHINGTON, October 8, 1947.

MY DEAR MR. SECRETARY: In response to a request contained in a letter from Major General George J. Richards to Mr. Peurifoy, As-
sistant Secretary of State, dated September 16, 1947; the State Department has instructed the Treasury Department to arrange for the transfer of $45,420,000 to the Department of the Army from the Greek-Turkish Aid Appropriation. This sum is for the purpose of furnishing assistance to Turkey under the Greek-Turkish Aid Act of May 22, 1947. The State Department has also advised General Richards that the above sum of $45,420,000 is to be held in reserve by his office for the Army program (including the highway and arsenal improvement programs) and the Air Force program and allotted for commitment and expenditure only in accordance with subsequent letters from the Department of State approving the release of the funds for specific purposes.

A copy of the relevant letter to General Richards from Mr. Peurifoy, dated September 30, 1947, is enclosed for your information.\(^1\)

You will note that the arrangement with General Richards makes possible the release of funds for necessary immediate procurement under the Turkish Aid Program upon the basis of approval by the Department of State of segments of the several component programs. This will avoid any hindrance to the progress of this work which might arise from a delay in the submission to and approval by the Department of State of the firm and comprehensive program recommendations called for by the Memorandum of Understanding\(^2\) between our two Departments in regard to the Turkish Aid Program and by the letter of August 22, 1947 from the [Acting] Secretary of State to the Secretary of War according general approval to the one year aid programs recommended in the July 15 Report to the Secretary of State by the American Ambassador to Turkey.

While the State Department is prepared to expedite portions of the program by releasing funds in the manner outlined in the letter to General Richards, it does not expect that more than a temporary and minimum use of this device will be made. It is assumed that the Department of the Army will within a very short time submit its recommended revised program for State Department over-all consideration and approval. Such approval will make possible the allocation of funds to cover the entire approved Army programs and avoid piecemeal consideration of program segments. This will be in accord with the request contained in the [Acting] Secretary of State’s letter of August 22, 1947, referred to above, and with the intention

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\(^1\) Not printed.
\(^2\) Not printed; a copy is attached to Acting Secretary Lovett’s letter of August 19 to Secretary of War Royall, not printed.
expressed in the War Department’s letter dated August 29, 1947, from Lieutenant General LeR. Lutes to Mr. George C. McGhee.³

Sincerely yours,

ROBERT A. LOVETT

³Not printed. In a letter of October 16, Charles M. Hulten, Deputy Assistant Secretary of State for Administration, advised General Richards that “in view of subsequent discussions with officers of the Departments of the Army and Air Force, the State Department has, except with respect to the Highway Improvement Program, approved the portion of the aid program upon which your request of September 16, 1947 for the transfer of the above mentioned $45,420,000 was based. In pursuance of the letter of September 30, you are, therefore, authorized to allot amounts from the $45,420,000 for expenditure in accordance with your request of September 16, 1947.” (867.00/10-1647)

867.00/10-947: Telegram

Governor Dwight P. Griswold to the Secretary of State

ATHENS, October 9, 1947—7 a. m.

Amag 334. Following is my considered judgment on question sending US Army officers Greece soonest to furnish operational advice Greek Army as recommended Amag 222:¹

1. Best assurance maintenance international peace this area is prompt defeat Greek bandits, reestablishment internal security, prevention economic collapse and concentrated effort rehabilitate Greece. Despite assistance, arms and asylum by northern neighbors bandits still entirely Greek and bandit warfare still domestic problem. Continuance bandit pressure and success however increases danger international complications such as overt support proposed “independent” Macedonia or Bulgarian seizure Thrace. Defeat of bandits will terminate international danger unless Soviet determined on aggressive policy any event.

2. Satisfied Greek Army capable defeating bandits but US operational advice essential expedite offensive and secure speedy termination bandit activity. Each day’s delay prolongs danger and jeopardizes result.

3. I am convinced all phases of military and economic assistance to Greece must be coordinated under single head and spokesman as contemplated by Congress in enacting Greek aid bill.

Defeat of Communism not solely a question of military action as demonstrated Germany, France and elsewhere. In Greece military and economic fronts are of equal importance. Failure on either front will result Communism. Essential to success Truman Doctrine that American military and economic aid continue to be fully coordinated

¹ Dated September 15, p. 337.
as at present even if, as urged, present scope military aid extended to include operational advice. Strength present procedure illustrated recent and succeeding conferences with Sophoulis (Amag 293 \textsuperscript{2}) at which united military and economic approach presented by myself, Livesay and Clay on necessity balancing budget and meeting drachma expenses required for Army and national guard within balanced budget. Slight and unimportant differences viewpoints Ambassador and myself during recent Government crisis illustrate risks involved in divided and co-equal American authority foreign country even where fields of authority overlap only slightly. Dangers arising from lack of unified control would be multiplied many times if furnishing military operational advice were separated from furnishing military logistic advice. If this should be done I believe it would be necessary in order secure proper coordination to place both AMAG and agency furnishing operational advice directly under Ambassador who should then be given full responsibility and direction all American aid to Greece. American experience in Germany with McNerney–Clay setup \textsuperscript{3} illustrated dangers from lack necessary coordination which can be achieved only through single head. With sovereign and independent Greek Government in picture difficulties experienced Germany would be intensified here, with persistent effort by Greeks to play military and economic missions against each other. British Ambassador has informed me of difficulties British experienced with five independent British missions Greece and admitted lack of single head important cause relative failure British. This confirmed by both British and US members Currency Committee.

4. What has been proposed is furnishing operational advice only. This falls directly within Greece-Turkey aid statute which authorizes use military advisers to assist Greek Army without restriction as to type of advice and provides single chief to administer entire program. I am familiar Secretary Patterson’s statements before Congressional committee that military advisory functions would be limited to matters of supply and that he believed number US officers involved would not exceed forty. I believe Department would have little difficulty, however, convincing Congressional leaders of necessity expanding scope activities to maximum within statutory authority in light developing situation and its increasing seriousness (bandits now estimated 18,400. Compare Amag 222). Republican and Democratic Congressmen visiting Greece have agreed necessity such operational advice and many took for granted AMAG already properly furnishing such advice.

\textsuperscript{2} Dated September 30, p. 355.
\textsuperscript{3} Gen. Joseph T. McNerney was Commander in Chief of United States Forces in Europe and United States Military Governor for Germany, and Lt. Gen. Lucius D. Clay was Deputy Military Governor for Germany, both officers holding these positions until March 1947.
5. Furnishing operational advice within framework American aid program logical and practical though not moral extension present aid in light conditions which have developed. Such extension would inject no new political element in domestic or international scene. Operational advisory work would be only one small, though temporarily very important, phase broad military and economic aid approved by Congress to implement Truman Doctrine for survival Greece as free and independent nation. Furnishing operational advice considered outside Greek aid program would be fraught with political dangers because such aid would then be considered as going beyond intention Greek aid statute and might reasonably be construed both at home and abroad as war-like gesture possibly preliminary combat operations. It might cause adverse effect our policies UN by giving appearance new unilateral US action and it would clearly give unnecessary handle for Soviet propaganda.

6. I am not asking and would oppose use of even single American officer or soldier against Greek bandits, certainly while warfare continues domestic problem. I urge only furnishing operational advice as logical development under present circumstances to furnishing supplies and logistic aid. Such advice would not and should not be prelude to or aspect of American combat. If US ever compelled resort combat in Greece all phases American military aid should be transferred from AMAG to War Department. Unless however, such situation develops I am convinced all phases of military and economic assistance should be handled under Greek aid statute. Living allowances additional officers required for operational advice can be absorbed through allocation to program expense of living allowances of Army supply and operational personnel directly engaged program work. Such allocation has precedent in Corps of Engineers and additional personnel proposed public health and agricultural programs.

7. After further study consider that suggestion included Amag 222 that operational advisors might be attached office MA provided actually under Livesay as head of USAGG, though perhaps feasible, would not prove satisfactory arrangement. For reasons set forth this telegram, convinced suggestion of separate military mission would be prime serious error.

8. Subject this telegram discussed with McGhee who wholeheartedly endorsed views expressed herein. General Livesay also in full accord. Telegram repeated to Ambassador and General Chamberlin. General preparing separate report to War Department (Embassy’s telegram 1688, October 1). Ambassador in agreement majority my views but prefers defer comment on others until completion Chamberlin survey and return Washington.

GRISWOLD
Statement Released by the Department of State, October 10, 1947

The attention of the Department of State has been drawn to published rumors that the United States is sponsoring the merger of the Greek and Turkish General Staffs.

The Department categorically denies that there is any basis whatsoever for such rumors.


867.20/10-447: Telegram

The Acting Secretary of State to the Embassy in Turkey

TOP SECRET

WASHINGTON, October 10, 1947—5 p. m.

582. From a review of Embtel 751, Sept 29, Wilson’s Oct 2 from Bern and urtel 769, Oct 4, 1 Turk Govt’s plans for demobilization still appear somewhat confused. It might assist them in reaching definite decision if you were to convey following message which has been cleared with appropriate officials Dept of Army. Communication should be personal and oral to either Sadak or Saka 2 (re latter’s approach to Wilson Aug 16, Embtel 655).

1. Our estimate of international situation is that while it is obviously bad, there is no immediate danger of war. We do not believe USSR wants war. Soviet policy appears to be directed toward achievement of its aims through subversive activities of communist parties in various foreign countries and such other political, economic and psychological weapons as it finds available. First objective is obviously creation in strategic areas of state of chaos which Russians and their satellites can utilize to establish regimes subservient to them. So long as they find this policy promises results, and at least until they have made greater progress in their internal rehabilitation, we believe Russians will avoid armed clash.

2. We do not believe that partial demobilization of sort Turks are considering would have any material effect on Russian attitude or course of action in area. However, if Turks should decide to carry out demobilization plans, it would seem to us highly desirable that they be presented in such way as to make move appear part of reorganization of army having as one of its effects and advantages reduction in number of men under arms. It might be given out that because of receipt of new American equipment effective strength of army would actually be increased despite smaller size. It could be emphasized in addition that release of manpower for productive work and reduction of military expenses would build up economic strength of country, thus defeating hope of those who would like to see Turkey weakened.

1 Not printed.
2 Hasan Saka had become Turkish Prime Minister the previous month, with Necmettin Sadak as Foreign Minister.
internally. Turks should of course be careful to prevent any impression that demobilization implied change in foreign policy or lessening of determination to maintain their sovereignty, independence and integrity.

Explain that foregoing is not intended as advice, since we consider Turks must make own decision, but is merely reflection our thinking which Turks may take into consideration or not as they choose.

For your background info Army considers that planned Turk reduction in force prior to time aid program becomes effective would definitely weaken Turk capacity to resist attack but concurs our feeling that attack unlikely and acknowledges that advantages of reducing military burden may outweigh purely military considerations.

Question has been actively discussed with Brit Emb here. London will instruct Kelly 2 to make separate approach to Turks expressing forthright view that balance of advantage on side of reduction. Not a joint Anglo-US approach.

Turk military situation has been reviewed by Gen Morgan of Brit Joint Staff Mission and high US Army officers. 4

Sent Ankara 582; rptd Moscow as 1829, and London as 4379.

Lovett

2 Sir David V. Kelly, British Ambassador in Turkey.
4 According to telegram 795, October 14, from Ankara, Chargé Bursley had that morning given the information contained in telegram 582 to the Turkish Foreign Minister. The latter said that the thinking of the Turkish Government was very much along the same lines (867.20/10-1447).

867.20/10-1047: Telegram

The Chargé in Turkey (Bursley) to the Secretary of State

TOP SECRET

ANKARA, October 10, 1947—5 p. m.

780. When in compliance instructions re credit request (Deptel 574, October 8 1) I informed Foreign Minister this morning our position, he was obviously disappointed and said so. He inquired regarding significance our desire for information on two points while we were taking negative position on request. He stated that when present session GNA closed, which he hoped would be October 18, further proposals might be worked out. I emphasized the very heavy demands on us for European reconstruction.

Minister said that he had not meant that part of new credit, if granted, might be used for non-military purposes but that credit might permit economic development outlays from budget adding that this discrepancy is not "essential". Whether or not I misunderstood, which I doubt, it seems to me to come to about same thing.

1 Not printed; but see footnote 2, p. 358.
I am still unable understand Turks' position this matter. They continue vague on military aspects and have failed to present facts to substantiate a good case if they have one. 2

To Department as 780; to Florence for Ambassador Wilson.

BURSLEY

2Telegram 793, October 15, 5 p.m., reported that on the morning of October 15, the Turkish Foreign Minister informed Chargé Bursley that his country had been unable to reduce military budgets to reasonable proportions. He stated also that, shortly before or after the return of Ambassador Wilson, he would provide detailed information on the points the United States had raised to convince the Department that the Turkish requests had not been made without full consideration (587.20/10-1547). According to telegram 812, October 22, on the evening of October 21, the Prime Minister informed the Chargé that the 1925 class would be released about November 20 and that the 1928 class would not be called up until about March (587.20/10-2247).

Editorial Note

Mr. Henderson met with Mr. Tsaldaris on October 15 at the latter's request for a private and informal conversation. Mr. Henderson then prepared four memoranda dealing with as many aspects of their conversation. The Greek Foreign Minister expressed concern lest the willingness of the American Delegation in New York to have the Greek resolution watered down indicated a weakening of American determination to support the integrity and independence of Greece. Mr. Henderson informed him that "he could rest assured that the determination of the American Government to support the independence and integrity of Greece had not weakened in the slightest. I had no reason to believe that the United States would falter in its determination to support Greek independence and integrity so long as the Government and people of Greece demonstrated a similar determination by taking all appropriate measures to strengthen Greek economy and to restore law and order." (501.BC Greece/10-1547)

Mr. Henderson informed Mr. Tsaldaris that no decision had yet been made with regard to establishing a Greek National Guard of 50,000 men (588.20/10-1547).

Mr. Tsaldaris stated he had reason to believe that within the next two weeks, Albania and Bulgaria would recognize the guerrillas in northern Greece as the Government of Greece, an action he interpreted as aggression. He expressed the hope that the United States Government would answer such an act of recognition by sending at least a token detachment of American troops to Greece. Mr. Henderson advised the Greek Foreign Minister that as far as he knew, "no American plan had been formulated to reply to recognition by the neighbors of Greece of the guerrillas as a government by sending American forces to Greece. I said that it seemed more likely that we would not
interpret the mere act of recognition as aggression unless that act should be accompanied by increased aid to the guerrillas. I was not in a position to say what we would do in case the neighbors of Greece should recognize the guerrillas and should at once begin to aid them openly on a large scale.” (868.01/10-1547)

Lastly, Mr. Tsaldaris raised the question as to whether the United States Government had formulated a policy as to what it would do in case Greece’s neighbors sent troops openly into Greece. He felt that Greece would be invaded unless continued pressure and infiltration would result in his Government’s overthrow without an invasion, or unless the United States Government would make it absolutely clear to the Soviet Union that it was prepared under Article 51 of the United Nations Charter to defend Greece by force in case of armed invasion. Mr. Henderson made no reply. (868.00/10-1547)

868.00/10-1547

Memorandum of Conversation, by the Deputy Coordinator for Aid to Greece and Turkey (Wilds)

TOP SECRET

[WASHINGTON,] October 15, 1947.

Saturday morning Mr. Lovett and I discussed further the Griswold proposals concerning our military role in Greece.¹

(1) Griswold first proposes that we urge the British to provide planning and tactical advice. In the past they have refused and may again. If that is the case, Griswold believes the United States must provide it.

a. If the British do it, we have a draft agreement between U.S. Army Group and the British Military Mission covering the relations between them and the Greek Government.

b. If the United States agrees to offer operational advice, Griswold proposes that his instructions be modified for Livesay, and that we send 125 to 200 additional U.S. officers as a planning staff for Livesay and tactical observers with Greek forces.

(2) Griswold again urges that should the British withdraw their forces in Greece, U.S. troops replace them.

In reviewing these matters Mr. Lovett made the following comments:

¹ Mr. Wilds had prepared a briefing memorandum for Mr. Lovett on October 11 in which he noted that “The nettle in this problem is whether to give planning and operational advice to the Greek general staff and army.” The memorandum also stated that at the meeting with military officials on September 17 (see p. 344), Mr. Wilds had “urged that if possible our decisions with respect to giving operational advice be taken in terms of a prior position on the larger issue of sending U.S. troops to Greece.” (868.00/10-1147)
1. The United States Mission should not replace the British Military Mission.

2. United States combat forces cannot be sent to Greece under the existing law.

3. After McGhee and Chamberlin return, he asked me to have the Army formulate their proposals on questions 1) and 2) and put them up to the National Security Council. We should take no action until after the decisions have come over to us from the President and until after the final vote in the General Assembly on the Greek border question.

4. It is difficult to see a need for as many as 125 to 200 officers. Perhaps 25 or 30 could be quietly fed in to Livesay as observers.

WALTER WILDS

Memorandum by the Director of the Office of Near Eastern and African Affairs (Henderson) to the Under Secretary of State (Lovett)

TOP SECRET

[WASHINGTON,] October 15, 1947.

There appear to be three salient features of the attached monthly report from the Chief of the American Mission for Aid to Greece. They are: (a) Governor Griswold states that his Mission is making progress, that it is receiving good cooperation from the Greek Government, and that it has reached the point at which it can begin to put its plans into operation; (b) Governor Griswold gives a summary of the recent cabinet crisis and his own active intervention; (c) the economic situation in Greece continues to be critical and the report clearly foreshadows the need for very substantial additional aid to be made available to Greece after the expiration of the present American aid program on June 30, 1948.

With regard to the technical aspects of the Mission's work and its approach to the Greek economic problem, I have no special comment to make other than to say that the report appears to show that the Aid Mission is progressing as well as could be expected and is obviously grappling with its problems in a serious fashion.

The section of the report dealing with the political situation repays careful reading because of the clear picture it gives of Governor Griswold's personal approach to these matters. I should like to call especially to your attention Governor Griswold's statement, on page three,

1 Dated September 15, not printed; this, the first Monthly Report of AMAG, was transmitted to the Department on September 19 by Governor Griswold (868.20/3-1947).
that he "determined to try to stop" the formation of an extreme rightist cabinet "by attacking it on two fronts". It appears that he took the initiative in consulting with three of the Greek political leaders with this object in view and, among other things, "urged Mr. Stephano-
poulos to lead a fight within the Populist Party against the creation of a restricted rightist government." Governor Griswold states frankly that he used the economic leverage of the Aid Program as a club to induce the Greek political leaders to form a broad coalition govern-
ment. He asserts that without this club the present Populist-Liberal coalition could not have been formed. In this connection, he states that Ambassador MacVeagh disapproved of some of his actions in dis-
cussing political matters with Greek political leaders, but he justifies his policy by saying that the Ambassador had no "club" to use.

I believe we should give careful consideration to the position taken by Governor Griswold with respect to political affairs in Greece. Al-
though I think we are all agreed that the Aid Mission must take a very keen interest in the character of the Greek Government and has every right and duty to present its views, I believe that in questions of major political consequence, such as the formation of a new government, its views should be channeled through the Ambassador and that its mem-
bers, including the Chief, should refrain from taking the initiative in discussing such questions with Greek political leaders. Without in any way reflecting upon Governor Griswold and his staff, I think it is doubtful that they can be sufficiently versed in the intricacies of Greek politics or American foreign relations to justify them in operat-
ing independently or in overriding the views and advice of a veteran and highly capable Ambassador. The question is of more than academic interest since another Greek cabinet crisis may arise at any time, and it would be most desirable to avoid the confusion and unfavorable publicity which resulted from the uncoordinated activities of Governor Griswold and Ambassador MacVeagh during the recent change of government. We plan to have discussions with U/GT on this and re-
lated matters and will let you have our recommendations shortly.

In the final chapter of his report Governor Griswold sounds a note of warning that factors beyond the control of the Aid Mission may require a reorientation of the original plans and objectives. He points out that if the military situation requires the expenditure of larger sums for the Greek Army, the remaining Aid funds will be insufficient to meet the objectives of the program.

In the light of information furnished me by U/GT and members of my own staff, I feel that this warning should be put even more strongly. It appears that several developments in the past few months have greatly reduced the hopes held last spring that Greece could be
substantially helped within the limits of time and funds provided by
the Greek-Turkish Aid Bill. These developments include: (a) the
extreme drought in Greece which has resulted in a deficit requiring the
expenditure of some $25,000,000 more than the amount originally
planned for food shipments if the planned ration level is to be main-
tained; (b) the delays in getting the program under way and putting
into effect a plan for the promotion of Greek exports, the result of
which is likely to be a serious reduction in the amount of foreign ex-
change which it was anticipated would be earned during the period;
(c) increased costs in the U.S. and elsewhere, reducing the buying
power of the funds provided; and (d) the decision of the Export-
Import Bank to withdraw the unexpended balance of the credit which
it extended to Greece last year. The foregoing adverse developments
are, of course, in addition to and overshadowed by the increasingly
grave security situation, which is not only forcing the diversion of
funds to military expenditures but is also reducing Greek productive
activity.

Even with the most effective administration of the Aid Program,
it is obvious that these factors make success of the program infinitely
more difficult to achieve. I concur in the plan to incorporate some
warning of this sort into the President's first report to Congress on
the Greek-Turkish Aid Program.²

L[oy] W. H[enderson]

² For President Truman's 1st Report to Congress on Assistance to Greece and
Turkey for the Period Ended September 30, 1947, see Department of State Publica-
tion No. 2057, released in November 1947.

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Editorial Note

For a report on Greece by Mr. McGhee after his return from that
country, broadcast over the Columbia Broadcasting System on Octo-
ber 15, see Department of State Bulletin, October 26, 1947, page 829.

888.00/10-1747: Telegram

The Acting Secretary of State to the American Mission
for Aid to Greece

SECRET

WASHINGTON, October 17, 1947—9 p. m.

Gama 340. For Griswold. Dept considers recent Dana Schmidt
article in NY Times entitled "Griswold, Most Powerful Man in
Greece" as most unfortunate misrepresentation of US role in Greece.
Prime thesis of article is that AMAG exercises unlimited power in Greece; whereas in testimony before Congress, in UN debates, and in all other public statements, US officials have consistently affirmed our determination to respect Greek sovereignty and to avoid involvement in details of Greek internal politics.

Schmidt article, including verbatim statements attributed to Chief AMAG, quoted in extenso by Yugoslav delegate in UN debate on Oct 11 in support of allegations of US imperialism and responsibility for continued civil strife in Greece. Such articles raise doubts among otherwise friendly nations as to US intentions in Greece and tend to jeopardize support needed for UN action in Greek case.

Dept recommends that your public relations staff be instructed to do all in its power to correct impressions arising from Schmidt’s article and to prevent, insofar as possible, recurrence of similar misinterpretations.

LOVEET

868.515/10-1847: Telegram

The Acting Secretary of State to the American Mission
for Aid to Greece

CONFIDENTIAL

WASHINGTON, October 18, 1947—noon.

US URGENT

Gama No. 341. From State and Treasury. 1. Concur fully in firm position AMAG has taken against gold sales in conferences with Greek Govt as outlined Amag 337, Oct. 9.¹

2. Gold sales even on limited basis proposed by Patterson and Gregory contrary to US gold policy as indicated by following:

(a) US has opposed internal gold sales as anti-inflation mechanism in Greece, China and other countries.

(b) Program recommended by Patterson and Gregory is inconsistent with general principles of International Monetary Fund’s efforts to do away with international transactions in gold at premium prices. US has announced it will fully support these efforts and is

¹ Not printed; it stated that the “Prime Minister and other members of Greek Government urgently request approval of AMAG for occasional sale of gold on the domestic market to meet short-term crises and the assistance of AMAG in obtaining additional gold sovereigns. . . . The government urges that gold coin stocks of bank be increased to at least 1,000,000 sovereigns” as a stabilizing factor. AMAG advised the Greek Government that it could not approve the program. It informed the Department that the firm position on gold sales would be continued. At the same time, it was convinced that “inflexible refusal of gold sales in face of possible serious speculative crises might well prove short-sighted and far more costly than immediate saving in gold. If crisis situation should develop because of sharply rising gold rate, which would seriously prejudice program, consider AMAG would be justified in approving limited sale of gold on basis recommended by Gregory and Patterson.” (868.51/10-947)
currently tightening US gold regulations to implement this policy. UK and Canada taking similar action.

(c) Treasury view of US gold policy has refused (in a letter of Oct 6, 1947, to Sec Army) to furnish gold coins to Army for sale to official Greek banking institutions.

3. Wide experience in various countries indicates internal gold sales, although ineffective as inflation control, result in accumulation of private fortunes while dissipating much needed exchange resources. Knowledge that US Govt has sanctioned use by Greek authorities of limited gold and foreign exchange resources for sale of gold to private Greek individuals who would use it for hoarding and speculative purposes would create highly unfavorable impression on US people and Congress and in Treasury’s view might weaken Congressional support of Greek and European aid programs.

4. While force of your arguments fully appreciated, we are not convinced that Greek situation warrants departure from US gold policy or risks outlined para 3. Please inform us of:

(a) Weekly developments in sterling and dollar exchange rates and gold price.
(b) Monthly Govt expenditures and receipts.
(c) Price developments.
(d) Monthly exports.
(e) Significant changes in regulations and laws pertaining to above items.

LOVEIT

868.00/10-1547: Telegram

The Chargé in Greece (Keeley) to the Secretary of State

SECRET

ATHENS, October 18, 1947—1 p.m.

URGENT

1799. Continued public discussions pros and cons rumored impending changes in Greek military leadership (Embtlts 1537 [1637], September 21 and 1651, September 24) without any categorical

² Neither printed; they reported discussions on September 20 and 22 between the Greek Prime Minister and members of the Herter Subcommittee of the House Select Committee on Foreign Aid. The Prime Minister deplored his inability to make changes in the Greek General Staff, which he attributed to Governor Griswold. Mr. Minor, at the meeting on September 22, interposed that “there seemed be misunderstanding Griswold’s views and actions. Governor in complete harmony with Embassy’s views had meticulously refrained from any attempt to dictate or control government’s actions, particularly in military matters, confining himself to friendly advice in respect those matters having direct bearing upon success aid program, emphasizing on basis consensus American, British and Greek military opinions that (1) wholesale changes in top commands in midst of hostilities would probably cause confusion which would slow operations and (2) any changes based on political persuasion of individuals rather than on basis increasing efficiency would probably have adverse morale effect.” (868.00/9-2147, 9-2447)
Government statement on subject lowering morale of public and particularly of army whose offensive spirit against bands progressively deteriorating. After meeting October 15 called by British Ambassador and attended by General Rawlins, Governor Griswold, General Livesay, Moffat, Minor and me to explore all angles situation, British Ambassador, Griswold, Moffat and I called on Prime Minister to express concern over harmful public discussions and to assure him that British and US were not opposed, as repeatedly alleged, to individual changes in army designed in agreement with Generals Rawlins and Livesay to increase its efficiency and fighting spirit. Sophoulis said he was glad to have our assurance on this score. He recognized that changes based on party considerations undesirable and reiterated previous statements that he wants to change only Chief Staff as symbol to army and people of new leadership and new program military offensive against rebels which must henceforth go hand in hand with extension of amnesty. He had accepted premiership in order pacify country through amnesty and intensified military action and if he were blocked in these efforts, he would resign. While Ventiris possibly excellent soldier, results under his leadership had been unsatisfactory and he was now refusing cooperate with Government. He did not wish hurt Ventiris and would even be agreeable his promotion to Inspector General but General Rawlins was adamantly opposed to any change and had lined up Minister of War Stratos with him. British Ambassador interposed to deny either that Rawlins opposed change Chief Staff or had intrigued with Stratos against removal Ventiris, saying that Rawlins had in fact told Stratos that change Ventiris desirable and that of Army Commander and one or two corps commanders essential. Prime Minister said he only interested removing Ventiris as Chief Staff. He recognized a few other changes might be required but would leave those to military advisers to work out with new Chief Staff. Prime Minister admitted receiving telegram from Tsaldaris saying he had been informed by friends that widespread army changes were contemplated and as this would endanger national cause asking to be consulted before any changes effected. He had not yet replied to Tsaldaris telegram and expressed hope British and American Governments would help in convincing Tsaldaris necessity change Ventiris.

I suggested that as rumors had evidently magnified extent contemplated changes and area disagreement, it might be helpful for Generals Rawlins and Livesay to consult with Minister War and agree upon two or three possible panels of desirable changes which if acceptable to Prime Minister and Cabinet here could be communicated to Tsaldaris, thus at least narrowing discussion to actualities. Prime Minister readily agreed, saying he would accept in advance any slate upon which Rawlins, Livesay and Stratos would agree, provided that,
to avoid charges he is playing party politics, no Liberal here included. Said he [apparent garble] was thus "becoming executioner of his party" but he did so in spirit compromise to get on with offensive side his program. British Ambassador interposed to emphasize that all panels should include change in Chief Staff.

Immediately thereafter Livesay and Rawlins called on Stratos and [who?] refused agree any changes, contending (1) there is no military necessity for change and (2) change in command now would be admission weakness and lower army morale. He said that if changes to be made for political reasons, his shoulders not sufficiently broad assume responsibility in absence Tsaldaris, especially since latter had informed him discussion changes had caused bad impression in US. Rawlins stated that while he agreed there is no military necessity remove Ventiris as Chief Staff, there is real military reason for change Army Commander and suggested Ventiris best man in army for that position. Stratos contended this would be demotion. While maintaining refusal to join in any recommendation to [panel?] for changes, Stratos finally said he would convene higher military council during Volos Conference (which meeting October 16–19 and which Livesay and Rawlins are attending) to discuss subject Army Commander.

At meeting later in day at British Embassy, it was agreed Livesay and Rawlins should draw up three panels suggested changes, which in their opinion would in present circumstances improve efficiency of army, for discussion with Stratos at Volos and eventual presentation to Prime Minister with statement Stratos views.

Embassy and AMAG cannot escape conclusion that Rawlins has consistently protected Ventiris first by opposing his removal as Chief Staff and when that appeared untenable suggesting his appointment as Army Commander. While Rawlins’ resistance may have influenced Stratos, his present inflexible attitude may spring from Tsaldaris who, erroneously informed that wholesale changes are envisaged, may honestly oppose them on military grounds or may, as some feel, in [be] conniving to get rid of Sophoulis. It is also possible his attitude is based on belief he is being loyal to commitment to US (OM [see?] telegram 1549, September 9). All other Populists in Government are understood to favor replacement Ventiris and few changes, if only to break impasse. Both militarily and politically continuance present situation harmful and we all feel that we should use our good offices to assist in reasonable solution.

British Commander, Griswold and I are convinced that Sophoulis must in general be given fullest possible support in order strengthen his Government. If this coalition fails, ensuing crisis and probable formation rightist government can have only dangerous consequences
for our own transcending interests. We also believe, and Livesay holds the same view, that regardless Ventiris' military ability, it is impossible to continue with Prime Minister and Chief Staff at loggerheads (Stephanopolis, Populist Minister Coordination, told Clay AMAG October 16 re delayed decisions on important budgetary matters including provision for setting up national guard and related cut in gendarmerie that General Staff blocking Government's policy and no progress possible until Chief Staff changed). While Livesay shares Rawlins' feeling that Ventiris as soldier would perhaps be best man available for Army Commander, all except Rawlins agree it is too optimistic to believe that Ventiris would exert himself as Army Commander to carry out policy of Prime Minister who forced his ouster as Chief Staff. Consequently we feel it sensible solution to support Sophoulis' suggestion that to make way for more cooperative Chief Staff, Ventiris be promoted to innocuous position of Inspector General. This as well as few other changes designed to increase army's offensive spirit, notably in Army Commander and C Corps Commander, which Livesay and Rawlins believe desirable, could, and Sophoulis agreed would, be done according to established legal procedure, which should be reassuring to those who honestly fear a political purge of the army.

I shall revert to subject after Volos Conference and may suggest that Department then approach Tsaldaris.  

Keeley

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3 According to telegram 1831, October 24, 5 p.m., from Athens, the impasse over changes in the Greek High Command was broken on October 23 when the Supreme National Defense Council approved the appointment of General Yiadjis as Chief of Staff and General Ventiris as Commander of the Greek Army (363.20/10-2447). Telegram 1832, October 22, 8 p.m., from Athens reported that Chargé Keeley, Governor Griswold, and the British Ambassador had discussed these changes, the chief ones recommended by Generals Livesay and Rawlins, and had presented them for consideration by the Prime Minister on October 21. Telegram 1827, October 23, 8 p.m., from Athens, reported that the Prime Minister informed the Chargé on the evening of October 22 that he accepted the proposals. (363.20/10-2247, 10-2347)

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363.00/10-2047

Report by Major General S. J. Chamberlin to the Chief of Staff of the Army (Eisenhower)

[Extract]

TOP SECRET

[WASHINGTON,] 20 October 1947.

THE GREEK SITUATION

6. It is Recommended:

a. That efforts be directed to obtain on the highest level a broad definition of U.S. objectives in Greece in order to permit timely provision of adequate means automatically prior to emergent situations.

388-774-72-25
b. That the U.S. approve immediate formation of Home Guard Battalions to an approximate total of 50 to free the Greek National Army for operations against the Guerrilla Forces and to maintain flexible position for the creation of additional battalions as the developing situation demands. These should be supported to the maximum from Greek economy supplemented as necessary by U.S. aid funds.

c. That the British Military Mission be retained in Greece for training until either the preponderance of equipment becomes U.S. or until further U.S. aid measures require that replacement by American personnel is necessary and desirable.

d. That additional machine guns be provided for the Greek Army. Tentatively, subject to coordination with Greek Army and USAGG, the machine gun organization should include 1 battalion (3 companies [sic] of 3 Platoons) per division. For details see Inclosure II, Tab B.¹

That U.S. mountain artillery (75 mm Pack Howitzer) be substituted for 25 pounders and 3.7 in. British mountain guns in Greek Artillery Units without increase in strength of units. The extent of substitution be coordinated with USAGG who is now making study in detail.

e. That the British be induced to leave the British Forces in Greece, in present strength indefinitely. Failing this, to install an Allied or U.S. Force, such force to be installed prior to withdrawal of British.

f. That the arming of Greek civilians be discontinued for the present.

g. That the Gendarmerie be released from Army control and revert to its civil police function. That its strength be reduced in consonance with its mission and as developed by further study. That the British continue the Police Mission in Greece.

h. That the USAGG be augmented by 8 officers and 12 enlisted men to expedite issue of supplies and render technical advice in their use and maintenance. See Inclosure 3, Tab H.¹

i. That there be established in Greece immediately a U.S. Advisory and Planning Group under nominal control of the Ambassador, but reporting directly to the Joint Chiefs of Staff, with mission of planning and furnishing advice to the U.S. Ambassador, the Chief of the Aid Mission and the U.S. Armed Forces on the developing situation and in the coordination of the U.S. military effort, and additionally furnishing high level military advice, coordinated with British, to the Greek Government and its armed forces upon request of the Greek Government. Composition in officers initially not to exceed 20 officers of which approximately 9 will be from the Army including the senior member because of primary interest. For details of Army representation see Tab I.¹

¹ Not printed.
j. That there be established in Greek National Army units a group of U.S. Army Observers with the duties of energizing operational action, restoring the offensive spirit and advising on planning and operations. These observers to report to the senior Army representative, U.S. Joint Advisory and Planning Group. Composition from U.S. Army including Army personnel on U.S. Advisory and Planning Group, 69 officers and 83 enlisted men. For details see Tab I.²

k. That a combined British-American Armed Forces Committee consisting of senior representatives of Army, Navy, and Air in Greece, be formed with the task of high level military coordination, U.S. and British military efforts in Greece, and to act in advisory capacity on military matters of combined interest to respective Ambassadors and Chiefs of Staff.

² Not printed.

Editorial Note


Draft Letter From the Acting Secretary of State to the Secretary of Defense (Forrestal)¹

Washington, October 24, 1947.

My Dear Mr. Secretary: Now that the General Assembly has completed its plenary action on the Greek border question, and General Chamberlin’s telegraphic recommendations concerning his recent survey of Greece are at hand, we believe that it is highly desirable for us to take a prompt decision as to whether the United States give operational advice to the Greek armed forces. This was initially proposed by our representatives in Athens on September 15th following the request of the Greek Prime Minister, and was also recommended in General Chamberlin’s telegram of October 8th.

This Department feels that the United States should offer the requested operational advice to the Greek armed forces without further delay. Such action need not, in our view, prejudice any following

¹ An attached note states that this paper was to be brought up on Monday, the 27th, at a meeting of the National Security Council.
decision in respect of broader responsibility which we may wish later to assume in Greece.

The Department also agrees with the original proposals made by our representatives in Athens, and confirmed by General Chamberlin, as to the assignment of additional officers to provide a planning staff and to serve as tactical observers down to the division level of the Greek army. It further believes that operational advice and the additional personnel entailed should be under the responsibility of the Chief of the present United States Army Group. The Department is prepared to supplement Governor Griswold's instructions to assure that his principal military and naval subordinates may be free to make purely military decisions, and to assure thorough coordination of all American activities in Greece.

If you believe it appropriate, I should like to discuss this subject at the next meeting of the National Security Council. In view of our current reports as to the deteriorating security situation in Greece, I trust that we can then take positive action on this matter. Thereafter the Department is prepared to advise the appropriate Congressional leaders concerning this extension of our military activities in Greece which, while not in conflict with the stipulations of Public Law 75, does go beyond that described in our testimony at the hearings thereon.

Sincerely yours,

868.00/10-2447 : Telegram

Governor Dwight P. Griswold to the Secretary of State

SECRET

ATHENS, October 24, 1947—6 p. m.

Amag 391. Re Gama 340.1 1. It is my considered opinion that it would be wrong for AMAG or for US Government to attempt to represent to world opinion that AMAG does not have great power or that it is not involved in Greek internal affairs. Greek Government in its note of June 15 expressly requests exercise by Mission of limited but very great powers in many vital fields normally regarded as internal matter. Certainly it would be in error to attempt to portray the present emergency situation in any other manner to the free and well informed US press.

2. Much stronger and more detailed stories about US involvement were printed in both Greek and American press during recent mission of Loy Henderson. American press sources for these stories were Greek political circles and certainly some from US Embassy. This not said critically as I feel Henderson involvement was clearly justified and very worthwhile. Cables arriving regularly from State Depart-

1 Dated October 17, p. 370.
ment ask AMAG similarly to involve itself. See recent Gama 322 and 341 on general strike and gold sales. Current efforts establish FTA and revise military leadership to favor offensive war are further examples involvement.

3. Distinction to be observed in my opinion is not involvement or non-involvement Greek internal affairs but whether involvement would result in serving selfish special interest or aid Greek rehabilitation in line with request of Greek Government; whether crudely carried out and creating internal adverse reaction as threat Greek sovereignty or sufficiently diplomatic and on cooperative friendly basis to have Greek people and other free peoples of world realize and support objectives sought as in best interests of Greek independence and sovereignty.

4. In my opinion it is very necessary that great power of Chief AMAG should be recognized within Greece whether or not he be considered “most powerful man in Greece”. This opinion on part of Greeks is necessary on basis my experience if good results are to be obtained and US policy and aid program are to be successful. Power of AMAG is clearly not unlimited and does not extend to every detail internal affairs. It must be tactfully and discreetly used on cooperative basis and not dictatorially or unilaterally. I feel State Department should give every support to development of above opinion on the part of Greeks or in any other country where AMAG type of operation is requested by government and desired by people.

5. I believe it was intent of Congress that this Mission act discreetly but forcefully to help in the rehabilitation of Greece to the end that Communism would be checked here. Congress also intended and visiting Congressmen have stressed that strict controls over expenditure of American and Greek funds be exercised by the Mission. This means involvement in internal affairs and I see no advantage pretending it is something else. The Greek Government in its note asked specifically for the exercise of such powers by Mission and great majority of Greeks approve and in fact have insisted upon American involvement as Greek last hope against succumbing to the Communists. My judgment is that American public opinion expects forthright action and I feel that our policies are bearing fruit.

6. I regard as unfortunate and shall attempt to correct any impression that AMAG has unlimited power or is involved in details of internal politics. However, I do not believe Schmidt article contained

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2 Dated October 15; it expressed the deep concern of the Department of State and the Department of Labor over the prospect of a Greek general strike and the expectation that AMAG was considering the advisability of interim wage reform in hardship cases, if without prejudice to the overall anti-inflation policy (808.5045/10-1047).

3 Dated October 18, p. 371.
any such statements. Schmidt article was not inspired or promoted by me. It was written as profile of me and he obtained data freely from all Mission sources which we believe is as it should be. Direct quotes were not specifically authorized but they represent self-evident truths and I do not consider them significant. Yugoslav and other satellite spokesmen at Lake Success have innumerable rich sources for such misstatements and in any event have demonstrated how easily they can fabricate them.

GRISWOLD

868.00/10–2447: Telegram

The Chargé in Greece (Keeley) to the Secretary of State

SECRET

ATHENS, October 24, 1947—8 p. m.

US Urgent NIACt

1838. Reuters (British) local correspondent on September 29 broke story that consideration was being given to a project to attach 30 or more American officers to Greek Army units for operational purposes. British Ambassador promptly assured Embassy neither he nor heads British missions responsible for leakage, and correspondent when questioned stated source his information American Army officer known to Embassy to hold such views. Embassy attached no importance to alleged disclosure feeling if anything such stories helpful in war of nerves pending some more tangible assistance to losing battle Greeks valiantly trying to wage against potentially insurmountable odds.

No member Embassy staff sat in on any discussions with General Chamberlin except one concerning Prime Minister’s request for broadening General Livesay’s powers during which Chamberlin listened but declined disclose his views other than as set forth in mytel 1688, of Oct. 1. Revelation by Embassy staff classified information concerning his recommendations therefore impossible. So far as we know General Chamberlin did not disclose his views to anyone here. As officer whose views allegedly served as basis for Reuters’ story above-mentioned travelled with General Chamberlin on his trip throughout northern Greece author Alsop story (Deptl 1714 October 21 1) might well have assumed they reflected the General’s opinions and constructed his story accordingly.

1 This telegram to the Embassy and AMAG stated: “Wash Post Oct 20 published [Joseph] Alsop despatch from Athens revealing highly classified info re proposed US operational advice to Greek Army. This revelation most embarrassing in view current GA consideration Greek case and our strong desire to avoid all publicity on subject at least until necessary high-level decisions have been taken. Dept requests your suggestions and views Greek FonOff as to answers to be made numerous US press queries on subject. Info re source Alsop despatch also requested.” (868.00/10–2147)
Dana Schmidt, *New York Times* correspondent, told me today that at press conference yesterday Prime Minister Sophoulis, in response to queries concerning accuracy local reprint Alsop story, confirmed that such project being considered but later on appeared vexed at publicity given his statements and said that while not denying it he wished not be quoted. I have not myself yet queried Prime Minister but Chief American Section Foreign Office denied any knowledge thereof other than news stories.

Embassy believes that best course now, if Department cannot yet confirm intention offer Greeks operational advice, is to capitalize on story as useful part of war nerves by declining to confirm or deny its accuracy but adding that every conceivable means of aiding Greeks to maintain their democratic independence is being explored so as to enable US Government to be ready to cooperate fullest possible extent with UN and to take such other steps as may be necessary to protect our interests as situation develops.

AMAG replying separately.  

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Keeley

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*In telegram Amag 396, October 25, 4 p. m., not printed. The Department informed the Embassy and AMAG in telegram 1777, Gama 398, November 3, that “Although appreciating that motive for disclosure to trusted newsmen of US consideration operational advice was to achieve local psychological advantage of advance speculation of US intentions Dept disturbed that info transmitted under such highly confidential classification should have been discussed with other than appropriate governmental officials without prior clearance from State or Army Depts. Request all necessary measures be taken in future to prevent unauthorized disclosure classified info.” (868.00/10-2447)*

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Memorandum by the Acting Chief of the Division of Greek, Turkish and Iranian Affairs (Jernegan) to the Director of the Office of Near Eastern and African Affairs (Henderson)

TOP SECRET

[WASHINGTON,] October 27, 1947.

General Chamberlin’s written report submitted to General Eisenhower after his return to Washington contains substantially the same points brought out in his telegram of October 8 from Athens. The only really significant addition is a statement that American policy as at present laid down is not broad enough nor far-sighted enough to provide for future contingencies. General Chamberlin recommends “a broad definition of U.S. objectives in Greece in order to permit timely provision of adequate means (to reach these objectives) automatically prior to emergent situations.” In other words, he believes that we

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1 Dated October 20, p. 875.
should lay down now a series of steps to be taken by the U.S. in the event of various potential developments in Greece. Among these possible developments General Chamberlin lists:

a) The introduction of “international brigades” to fight with the guerrillas;
b) The introduction of Albanian, Bulgarian, and Yugoslav forces to fight with the guerrillas in Greece;
c) An overt attack on Greece by the satellites;
d) An overt attack on Greece by the Soviet Union.

General Chamberlin recommends that we should either get out of Greece now or be prepared to commit whatever forces or adopt whatever means may be necessary to achieve our objectives. He does not, however, recommend the present introduction of American troops into Greece, although he says that this will be necessary if the British troops now there should be withdrawn without replacement by an international force. With respect to the possible new developments listed above, General Chamberlin considers that the appearance of international brigades on the side of the guerrillas would probably force the Greek Army to give a certain amount of ground, the extent of the retreat depending on the size of the brigades in action, but that with proper Greek leadership they could be contained. Introduction of satellite armed forces would, he thinks, mean the immediate loss of Macedonia and Thrace, including Salonika, and the ultimate loss of all of Greece unless outside assistance were furnished the Greek Government. With proper support from Allied ground, air and naval units, he thinks the Greek forces should be able to hold a line on the southern boundary of Macedonia against the satellites and possibly even retake all of Macedonia. Overt attack by the Soviet Union, in General Chamberlin’s view, would bring on World War III.

Other important points made in General Chamberlin’s report are:

1. It is extremely doubtful that Greece can support the required military force after July 1, 1948 without foreign assistance. An assurance of future support is necessary for present planning. Since such continued support would require new Congressional action, he suggests that there be a prompt decision on this point by the executive branch of the American Government followed by an approach to Congressional leaders.

2. British forces now in Greece serve the purpose of maintaining Greek morale and deterring overt intervention in Greece by the neighboring countries. Their present reduced strength is sufficient for this purpose but any further reduction would make them non-self-supporting and probably require their complete withdrawal. General Chamberlin considers their retention in Greece essential. If, however, the
British should insist on evacuating them, he thinks that they must be replaced either by an international force, not including Soviet troops, or by American forces.

3. The greatest immediate danger to Greece lies in the possible recognition by the satellite states of a “free Greek” government of the rebels. According to General Chamberlin, if this took place, neither international law nor the Charter of the UN would present sufficiently serious obstacles to deter open assistance by the Soviet Union and its satellites to the guerrillas.

4. Guerrilla forces at present are in sufficient strength and occupy sufficiently strong positions to maintain themselves through the coming winter and seriously to harrass the Greek army and civil population. No concerted offensive by the guerrillas seems to be imminent, and it appears that the Greek army should be able to maintain its own positions. However, the prolongation of the present unstable conditions with continued substantial guerrilla activity is likely to have a very bad effect on the morale of the people and army.

5. The great needs of the Greek army are for revivification of its offensive spirit, freedom from political interference and release of its units from static guard duty. (More than one-half of all the infantry battalions are now dispersed for the protection of villages and towns, thereby making it impossible to organize striking forces for a real offensive against the guerrillas.)

6. To eliminate the need for dispersal of combat forces, it has been proposed that a national guard be created under the direction of the army to take over guard duties. General Chamberlin recommends that this force have a strength of 50 battalions. (It is believed that this would amount to about 50,000 men). The Greek government has already started action to call up reservists to constitute the first 20 battalions.

7. General Chamberlin considers that under present circumstances the greatest threat to Greece is the military threat and that it should be met by military measures. He therefore recommends that the solution of military problems should be given priority over the development of the broad economic program. Within the military field, he recommends that the army be given priority over the navy and that a study be made to determine whether the navy could not be reduced in size for reasons of economy.

8. With proper leadership, provided there is no increase in intervention by the Northern states, and assuming that all units are made available for offensive operations, General Chamberlin believes that the Greek Army at its present strength should be able to reduce the guerrillas to small, roving, uncoordinated bands.
9. General Chamberlin strongly recommends that the British military, naval and police missions be retained in Greece. He thinks it probable, however, that in due course it will be desirable to effect a gradual replacement of the British military training mission by a similar American mission.

10. As stated in his telegram of October 8, General Chamberlin recommends the establishment of a joint military planning staff, nominally under the Ambassador but responsive directly to the JCS in Washington. He further recommends the establishment of a group of American military observers with the Greek army down to division level to instill offensive spirit and to report to the advisory planning staff on developments. With respect to the suggestion that the planning staff and observers should be a part of the existing American Military Group in Greece, General Chamberlin says:

"The U.S. Army Group Greece is unsuitable as an agency for furnishing operational guidance because it is subordinate to the American Mission for Aid to Greece, an independent agency operating outside the executive department of the Government. Control of advice to the Greek army on planning and operations should be vested in the acknowledged military leadership of the U.S. under local control of the Ambassador. A separate military agency is therefore required, nominally responsible to the senior representative of the U.S. Government in Greece but reporting directly to the JCS on all matters within its competence."

General Chamberlin points out that in order to be effective the U.S. military observers with the Greek army would be obliged to enter areas of active combat and would be subjected to the possibility of being killed or captured. He nevertheless considers such officers to be essential.

11. General Chamberlin recommends that the present irregular Greek defense forces, May and Mad, are ineffective and should be disbanded. Arming of civilians generally should be discontinued. Likewise, the gendarmerie should be reduced from its present size of about 31,000 to 20 or 25,000, and it should be returned to its normal police functions. (At present, a large part of the gendarmerie is being used in tactical operations with the Greek army.) All the military and semimilitary duties now being performed by the irregular groups and the gendarmerie should be assumed by the national guard.

12. General Chamberlin considers it inadvisable to attempt to have the British provide the military operational advice required, because British prestige in Greece has diminished and it is improbable that British advice would be followed by the Greek forces.

13. The fact that the Communist Party is permitted to function legally in Greece has had a serious effect on the morale of the Greek army.
Draft Memorandum by the Ambassador to Greece (MacVeagh)\(^1\) to the Director of the Office of Near Eastern and African Affairs (Henderson)

TOP SECRET

[WASHINGTON, undated.]

PROPOSED NEW MILITARY MISSION TO GREECE AND COORDINATION OF U.S. ACTIVITIES

The military situation in Greece has just been studied by General Chamberlin, who has made a report on the matter, and the economic situation is well-known to the Department from the reports of the Embassy’s Economic Section and of AMAG. The two situations are closely connected, since economic reconstruction cannot succeed in the absence of order and tranquillity, while economic chaos favors the spread of Communism and the recruitment of the rebel forces.

The Aid to Greece and Turkey Bill was passed last spring on the basis of studies of both these situations made last winter. The program set up under the Bill is only now getting started. In the meantime many months have gone by and the military situation has deteriorated considerably. AMAG has already been forced to increase the proportion of its funds allocated for military supplies, and the Prime Minister of Greece has requested that the Military Section of AMAG be authorized to go beyond its present functions of supplying the Greek Army and give operational and planning advice.

General Chamberlin’s study on the spot has resulted in his belief that such operational and planning advice must certainly be given if the Greek Army is successfully to cope with the guerrilla problem. He believes that a specially selected group of officers should be sent to Greece for this purpose since the officers now attached to AMAG are experts only in supply. He also believes that this group should constitute a separate mission nominally under the Ambassador and reporting directly to the War Department, or, perhaps preferably, the Joint Chiefs of Staff.

I agree with General Chamberlin. It appears to me that arguments advanced for placing his proposed group under AMAG fail to take account of the limited objectives of the AMAG organization. I feel the aims of the new group must include not only the giving of operational advice to the Greek Army in the existing circumstances, but

\(^1\) Ambassador MacVeagh left Athens on September 12 and was in consultation in the Department of State from September 17 to 22. He accompanied General Chamberlin on his special mission to Greece, leaving for Athens on September 22 and departing from the Greek capital on October 11. He was again in consultation in the Department from October 23 to 28, beginning sick leave the latter day. (123 MacVeagh file)
also forward planning to take care of possible developments of which no account was taken when the AMAG was constituted. In fact, I feel that forward planning may become the most important part of its duties owing to the daily increasing probability of further involvement of the Soviet satellite states, and even perhaps of Russia itself, in Greece's internal struggle. In my view, the proposed group should be free to concern itself with suggestions as to future policy on the highest level, but this is no part of the functions of AMAG, which is only an instrument created to carry out a policy already formed, and possibly already out of date.

I have heard the argument advanced that it would be dangerous to create a military mission, not under the jurisdiction of AMAG, which would deal with plans and operations while supplies remained under AMAG's control. This, it is said, would create a lack of coordination in our military assistance to Greece which would be highly undesirable and might even be disastrous. However, no such lack of coordination need arise if both AMAG and the new military group were coordinated under higher authority in the field as well as at home. In the field, this might be done under the Ambassador, who in fact should be the coordinator of all US activities in the country where he alone has representative capacity. As things are at present, there seems to be a mistaken idea in some quarters as to AMAG's status in Greece and a belief that it in some way constitutes independent mission on a par with the Embassy. I believe this idea, which is somewhat supported by the existing relationship of "liaison" between the two missions, should be corrected and the facts as to our representation clarified. Perhaps this might best be done by not leaving the Ambassador's precedence merely tacit, as at present, but by expressly charging the Chief of Diplomatic Mission, or his representative, with the active coordination of all governmental agencies in his territory, as I remember was done in South Africa (and elsewhere) when I was Minister to that country and had to do with the aspiring activities of BEW, OLLA, WSA, OWI, OSS, etc. I have no personal interest in this matter and no desire to undertake more specific responsibilities than are already laid on my shoulders, but the fact remains that coordination without a coordinator is hardly to be expected in any enterprise, and that in a foreign country the President's representative, or his deputy, alone can have the requisite knowledge and authority over all the many varied branches of American activity to fulfill the requirements of the coordinating task.
Memorandum of Conversation, by the Acting Chief of the Division of Greek, Turkish and Iranian Affairs (Jernegan)

SECRET

[WASHINGTON,] October 28, 1947.

Participants: Mr. Constantine Tsaldaris, Foreign Minister of Greece.
Ambassador Dendramis.
Mr. Gouras, Counselor of the Greek Embassy.
Mr. Henderson, NEA.
Mr. McGhee, U/GT.
Mr. Jernegan, GTI.

Mr. Tsaldaris raised the question of the creation of a national guard in Greece to relieve the Greek Army of the necessity of protecting villages and towns against guerrilla attack so that it could be concentrated for offensive operations. Mr. McGhee said we had just received a telegram from the American military group in Athens saying that it had been agreed with the Greek Government to allocate to the national guard the six million dollars previously earmarked to support a permanent increase of 10,000 men in the Greek Army. It was calculated that this sum of money, plus the funds which could be made available by savings through disbanding the existing irregular forces and reduction in the size of the gendarmerie would permit the formation of thirty-two national guard battalions or a total of 16,000 men. The American Mission for Aid to Greece considered that any greater expenditures in this field would produce a ruinous inflation in Greece.

The Foreign Minister remarked that he could not understand how a force of 16,000 men could meet the needs of the situation. He inquired whether the Department could not instruct Governor Griswold to authorize a larger force. Mr. Henderson said that we must depend on our representatives on the spot who know all the facts and are in direct contact with the Greek Government. He knew that Governor Griswold was just as interested as the Department of State in restoring order in Greece, but had to consider economic as well as military aspects of the problem. Mr. McGhee added that the Greek Government’s budget is already out of balance by one trillion drachma. This kind of budgetary situation could bring on runaway inflation from which Greece might never recover.

1 In a conversation with Mr. Lovett on October 29, Mr. Tsaldaris expressed the hope that some means would be found to increase the national guard to 50,000 men (883.00/10-2947).
Mr. Tsaldaris then asked whether the quantity of supplies which could be furnished under the funds already allocated to military expenditures could not be increased by reducing the price being charged by the United States for surplus items. Mr. McGhee said he did not believe this could be done since it would have the effect of circumventing the intention of Congress when it appropriated the Aid funds. Congress had designated a certain sum of money to be spent for aid to Greece, and this amount had been calculated on the basis of our standard pricing policy. To change that policy would amount to increasing total expenditures without the consent of Congress.

868.00/10-2847

Memorandum of Conversation, by the Acting Chief of the Division of Greek, Turkish and Iranian Affairs (Jernegan)

CONFIDENTIAL

[WASHINGTON,] October 28, 1947.

Participants: Mr. Constantine Tsaldaris, Foreign Minister of Greece. 
Ambassador Dendramis.
Mr. Gouras, Counselor of the Greek Embassy.
Mr. Henderson, NEA.
Mr. McGhee, U/GT.
Mr. Jernegan, GTI.

Mr. Tsaldaris referred to the large number of Greeks who had been driven from their villages and sought refuge in the towns and cities as a result of guerrilla activity. The care of these refugees amounts to a heavy financial burden which was beyond the capacity of the Greek Government and which could not be covered by the existing allocations of American funds for Aid to Greece. He said that Greece needed an additional 30 million dollars to meet this problem.

Mr. McGhee said that the funds already available under the Greek Aid Program would take care of all the important relief supplies, such as grain and milk, needed for the refugees. The relief program had been calculated to take care of all deficits in Greek internal supplies of the type of necessities involved. The new costs introduced by the refuge-

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2 Governor Griswold advised in telegram Amag 397, October 27, from Athens, of the evacuation of 300,000 persons from their homes, principally in northern and central Greece, to prevent their forcible recruitment by the guerrillas and the theft of supplies. Since the Greek Government was able to provide the drachma equivalent of $15,000,000 out of the $30,000,000 necessary to care for the refugees, he recommended the deficiency be supplied from United States Foreign Relief Program funds (868.00/10-2747).
gee problem were primarily costs for housing, blankets, and the like which were not part of the relief program and were properly the responsibility of the Greek Government. Essentially, they were internal costs which should be met from the Greek budget. The post-UNRRA relief appropriation made by Congress had not been intended to meet internal costs of the recipient countries, and it would not be possible to divert funds from that appropriation to relieve the Greek budgetary deficit.

Mr. Tsaldaris asked whether it would not be possible to obtain from Congress additional funds for this specific purpose. Both Mr. McGhee and Mr. Henderson expressed the view that it would be unwise to make such a request of Congress so soon after the approval of the Greek Aid Bill. Mr. Henderson emphasized that a request made to Congress now might have very adverse effects on the possibility of continued aid to Greece after June 30, 1948 when the present appropriation expires.

867.00/10-2047

The Secretary of State to the Secretary of the Army (Royall)

WASHINGTON, October 29, 1947.


The Department of State hereby approves the Ground Force Equipment and Supplies Program as stated in Tab "A" of your letter of October 20, the Arsenal Improvement Program as stated in Tab "C", and the Mission Table of Organization as stated in Tab "D" and included in Tab "A". It is understood that these schedules of requirements are subject to minor modifications and that the State Department will be notified of any major changes that may later be proposed as the result of unforeseen developments.

Upon receipt of a request from the Budget Officer, Department of the Army, the State Department will allocate funds to the Department

1 Not printed.
2 The amounts for the various programs set forth in the letter of October 20 were as follows: Tab A, $48,500,000, including the $650,000 in Tab D; Tab B, $5,000,000; and Tab C, $5,000,000. The various programs, therefore, totaled $58,500,000.
of the Army to the extent of 95 per cent of the total estimated cost of each of the above mentioned programs, within the general limit set by the Ambassador’s Report of July 15, 1947, including amounts already allocated for the same programs. The remaining five per cent will be withheld as a reserve in accordance with the Department’s letter of August 22, 1947.

In as much as the Highway Improvement Program, described in Tab “B” of your letter of October 20 and elsewhere referred to therein, has by recent agreement been placed under the supervision of the Public Roads Administration, that program is excepted from the approvals accorded by this letter. In this connection I refer to Mr. McGhee’s letter of October 17, 1947, and to the letter to General Lutes dated October 24, 1947. A copy of the latter is enclosed for your information.

Sincerely yours,

For the Secretary of State:

George C. McGhee
Coordinator of Aid
to Greece and Turkey

868.20/10–2947: Telegram

The Acting Secretary of State to the American Mission
for Aid to Greece

TOP SECRET

WASHINGTON, October 29, 1947—5 p. m.

Gama 379. For Griswold. Dept approves application of six million dollars toward formation National Defense Corps of estimated 32 battalions or 16,000 men (your figures) (Ref L240 and War 89156) in place of permanent increase of 10,000 in size regular army approved Gama 209. This action on assumption change has your approval as indicated by Livesay in L240 even though it involves through use of Greek equipment Defense Corps larger than you originally proposed to Sophoulis. Tsaldaris made strong plea to Dept yesterday for Defense Corps. Army Dept being advised State Dept approval and will proceed implementation. In future believe recommendations to Secretary on such matters having your approval should come through Dept channels. Please advise your estimate total drachma expenditure necessary to equip and maintain 32 battalions.

Lovett

1 Dated September 17, not printed, but see footnote 5, p. 340.
Memorandum by Admiral Sidney W. Souers, Executive Secretary of the National Security Council, to the National Security Council

TOP SECRET

WASHINGTON, October 30, 1947.

Subject: Extension of Operational Advice to the Greek Armed Forces

At an informal meeting on Monday, October 27, 1947, attended by various members of the National Security Council, the report by Major General S. J. Chamberlin on the situation in Greece was considered. The Executive Secretary was directed to prepare a statement of the Council's agreement that US military assistance to Greece should be expanded to furnish operational advice in addition to matériel and instruction in its use, subject to certain provisions.

Accordingly, the enclosed draft statement¹ (Enclosure A) of an agreement by the Council, which has been prepared in collaboration with representatives of the Departments of State and of the Army, is submitted for approval.

It is requested that each individual member of the National Security Council indicate his approval of the statement in Enclosure A, as a matter of urgency, by filling in the return memorandum in Enclosure B.²

SIDNEY W. SOUERS

[Annex]

As presented by the President to the Congress, one of the primary objectives of the foreign policy of the United States is the creation of conditions in which we and other nations will be able to work out a way of life free from coercion. In order to realize our objectives and in the interests of international peace and hence our national security, the United States has committed itself to help the free peoples of Greece and Turkey to maintain their free institutions and their national integrity against aggressive movements that seek to impose upon them totalitarian regimes.

In furtherance of our objectives and in consideration of our commitment, the National Security Council has considered the deteriorating military situation in Greece and what immediate steps might be taken to assist and improve the operations of the Greek armed forces against the Communist guerrilla forces. Although the American Mission for Aid to Greece (AMAG) is achieving some progress of an economic nature in areas secure from Communist guerrilla operations

¹ Infra.
² Not found attached.
and is delivering military supplies and equipment to the Greek National Army, the failure of the Greek armed forces to defeat the guerrillas during the summer months has required the diversion for military purposes of a portion of American aid previously allocated to economic projects.

The Chief of Staff, U.S. Army, recently dispatched Major General S. J. Chamberlin to Greece to make an estimate of the military situation there and to recommend corrective measures which might be taken to improve the situation. One of the measures recommended by General Chamberlin and approved by General Eisenhower subject to certain contingencies, is that of furnishing operational advice to the Greek armed forces, in addition to the current program of furnishing supplies and equipment and instruction in its use. Such a measure would require initially the addition of approximately 90 additional U.S. officers and a slightly lower number of enlisted men, in order to form an Advisory and Planning Group to provide high staff advice to the Greek forces, and to place observers with Greek military units down to and including divisions. This would not involve the use of U.S. armed forces in combat.

The National Security Council has agreed that such an Advisory and Planning Group to the Greek armed forces should be established, subject to the following provisions:

a. The Secretary of the Army, as the representative of the National Military Establishment, should advise the Foreign Affairs Committee of the House of Representatives and the Senate Foreign Relations Committee of the proposed action and the fact that it will involve initially the addition of approximately 90 officers and a slightly lower number of enlisted men to AMAG and an extension of assistance beyond that previously presented to the Congressional Committees to include giving operational advice to the Greek Army.

b. The Advisory and Planning Group should be a part of AMAG, but with direct communication to the Joint Chiefs of Staff in Washington on matters concerning military operations. In the field of operational advice to the Greek forces, the Chief of AMAG will be expected to leave to the head of the Advisory and Planning Group military decisions which do not affect over-all AMAG policies or other AMAG activities. Military decisions involving high policy, as defined in supplemental instructions, which are attached, to be issued to the U.S. Ambassador to Greece and the Chief of AMAG, will be brought to the attention of the Ambassador by the head of the Advisory and Planning Group, through the Chief of AMAG, and no such decisions will be taken without the Ambassador's authority, which he will extend only in accordance with instructions already received or to be promptly sought by him from the Department of State.

c. Subject to the approval of the President, the Secretary of State at an appropriate time will initiate a strong recommendation to the

*Infra.*
Congress that assistance to Greece be continued beyond the expiration of the present program, which expires on June 30, 1948. All members of the Council have agreed to support such a recommendation.4

[Sub-Annex]

STATEMENT OF DEPARTMENT'S POSITION ON ORGANIZATION OF AMERICAN ACTIVITIES IN GREECE 5

TOP SECRET  [WASHINGTON,] October 23, 1947.

(The following statement is proposed as a supplement to the existing instructions of the Ambassador and the Chief of AMAG, and is based upon the assumption that American military activity in Greece will continue to be on a restricted and advisory basis, as envisaged in General Chamberlin's telegram from Athens. In the event that any major change in the scope or type of military operations by the United States should be decided upon, this position should be immediately reconsidered.)

1. The Ambassador is and should be universally recognized as the American representative in Greece charged with dealing with the Greek Government on matters of high policy as defined in Paragraph 4 below. The Embassy should be the sole channel for dealing with the Greek Government or other foreign officials on such matters, except when the Ambassador may approve or request a direct approach by one of the other American officials.

4 In a memorandum of November 4, Admiral Souers informed the National Security Council that President Truman “has approved the program recommended by the National Security Council . . . and has directed that it be implemented under the coordination of the Secretary of State.” The President’s approval was given on November 3.

On November 7, Secretary Marshall informed Secretary of the Army Royall that “The Department of State is anxious to proceed immediately with the implementation of the program approved by the President . . . and I have been informed that the Department of the Army is in fact proceeding with preparations to this end. The first step would appear to be communication of our intention to the Foreign Affairs Committee of the House of Representatives and the Foreign Relations Committee of the Senate, which it was agreed you would undertake. It would be very much appreciated, therefore, if you would transmit the necessary information to those Committees at the earliest possible moment. As soon as this has been accomplished, I propose to send the necessary instructions to the American Ambassador in Greece and the Chief of the American Mission for Aid to Greece in accordance with the agreed statement of October 28.”

In a letter to Secretary of Defense Forrestal the same day, Secretary Marshall covered much the same ground and then added: “It would be very much appreciated if you would take the necessary steps for the formation and dispatch to Greece of the joint Army, Navy, and Air group of officers and enlisted men . . . in order to provide the desired operational advice, and to establish American observers with the appropriate units of the Greek armed forces.” (S68.20 Missions/11-447)

5 This statement is on the stationery of the Under Secretary of State.
2. Any matter of concern to other American officials in Greece and requiring a high policy decision should be immediately brought to the attention of the Ambassador through appropriate channels and no action taken without his authority, which he will extend only in accordance with instructions already received or to be promptly sought by him from the Department. On the other hand, the Ambassador will bring to the attention of other American officials in Greece any major questions on which he proposes to take action insofar as such question may affect their operations. In particular, the Chief of AMAG and his principal military and naval subordinates in Greece will be consulted and at all times be given every opportunity to present their views to the Ambassador on major questions, and will be kept closely informed by him of all developments of policy.

3. If discussion of a question involving a high policy decision affecting the operations of AMAG reveals that there is a fundamental difference of views between the Ambassador and the Chief of AMAG or his principal military or naval subordinates, these views shall be jointly brought to the attention of the Department before any action is taken.

4. By “high policy decision” is meant one which involves major political factors or repercussions apart from the technical desirability or undesirability of the action proposed. Among the matters on which such high policy decisions would be required are:

a) Any action by United States representatives in connection with a change in the Greek Cabinet;
b) Any action by United States representatives to bring about or prevent a change in the high command of the Greek armed forces;
c) Any substantial increase or decrease in the size of the Greek armed forces;
d) Any disagreement arising with the Greek or British authorities which, regardless of its source, may impair cooperation between American officials in Greece and Greek and British officials;
e) Any major question involving the relations of Greece with the United Nations or any foreign nation other than the United States;
f) Any major question involving the policies of the Greek Government toward Greek political parties, trade unions, subversive elements, rebel armed forces, etc., including questions of punishment, amnesties and the like;
g) Any question involving the holding of elections in Greece.

The foregoing list is not intended to be inclusive but rather to give examples.

5. In matters affecting AMAG in which high policy is not involved, the responsibility for decision rests with the Chief of AMAG, who is the sole director of AMAG operations. If any decision on a high policy matter should involve a new expenditure or a reallocation of AMAG-
funds, such expenditure or reallocation could, of course, be made only with the approval of the Chief of AMAG, or on the basis of decisions reached in Washington.

6. All military and naval assistance to Greece, whether in the form of supplies or in the form of advice on logistics, training or operations, should be handled by the military and naval units of AMAG. High policy decisions in this field should be dealt with in accordance with Paragraphs 1, 2, and 3 above. Other questions should normally be handled by the Chief of AMAG in consultation with his principal military and naval subordinates. However, in the field of operational advice to the Greek forces, the Chief of AMAG would be expected to leave to his principal military and naval subordinates military decisions which do not affect overall AMAG policies or other AMAG activities. Military decisions involving high policy should be brought to the attention of the Ambassador by the Chief of AMAG in accordance with Paragraph 2 above.

7. The Greek Government and the British authorities should be informed in general terms of the relative responsibilities set forth in this paper, and it should be made clear to them that the Ambassador is the sole channel for handling high policy questions.

868.00/11-447: Telegram

Governor Dwight P. Griswold to the Secretary of State

SECRET

ATHENS, November 4, 1947—7 a.m.

Amag 421. Completely in dark as to recommendations made by General Chamberlin except for Time magazine article October 27 and have no knowledge accuracy that story. General Chamberlin never asked either Livesay or myself for views on developments of situation. I read him, however, Amag 3341 before its despatch [apparent garble] he informed of mine. He said he was going to recommend assignment US military observers but gave no indication of procedure he favored or of any other aspect his recommendations to Washington except necessity of National Guard about 25,000 strength. View importance policy considerations affecting Greek Aid Mission now under consideration Washington believe authentic summary Chamberlin’s recommendations should be furnished me for study and comment in light Mission experience to date.

Regarding Time magazine account I want to repeat categorically no important differences MacVeagh and myself in past nor do I see any in future. Some minor differences on technique obtained during

1 Dated October 9, p. 361.
political crisis but these in no way interfered or hampered effectiveness Mission. Presume self-seeking Greeks attempted exaggerate these minor differences into important disagreements. These press stories and such articles as Time article asserting reportedly high authority that Mission has been failure can, however, when not promptly repudiated, do much harm. I do not consider it would be advisable, as allegedly recommended, place present AMAG and Embassy under single head. Liaison excellent. Situation Greece different from Turkey. Civilian aspect aid program in Greece results extensive and complex AMAG operations. Functions AMAG and Embassy quite distinct. In same way that I should not feel qualified to head Embassy as well as Mission, I question whether Ambassador would have background or time to head Mission as well as Embassy.

Unless Chamberlin has advanced compelling reasons for handling operational advice outside Greek aid statute I still believe (Amag 334) for political, economic and administrative reasons such advice should be handled through AMAG. Actually no civilian head whether chief of Mission or Ambassador would presume interfere such tactical advice. However, certain results strategic advice might have acute bearing on Greek economy and in allocation American aid. Military and economic aspects Greek aid program vitally interrelated and of equal importance attainment US objectives. I believe it essential to effective results that all military and economic aid to Greece be handled through one Mission with single head as contemplated Greek aid statute.

If operational advice not coordinated with other Mission activities within AMAG I feel difficulties may ensue from military tendency to concentrate on military problems to exclusion civilian economic problems. Pertinent and significant this view is that according Time article Chamberlin’s recommendations completely ignored economic aspects Mission work. Also that although reportedly dubbing Mission a failure Chamberlin never once talked with me or any of AMAG staff on economic program of Mission.

GRISWOLD

868.20/11-447: Telegram

Governor Dwight P. Griswold to the Secretary of State

TOP SECRET

ATHENS, November 4, 1947—3 p.m.

Amag 425. Re Gama 379.¹ Although I suggested to Sophoulis (Amag 293²) possibility transfer of promised American aid 10,000 permanent army increase to equal number national guard (National

¹ Dated October 29, p. 390.
² Dated September 30, p. 335.
Defense Corps) it was our intention use that aid if so desired by Greek Government for organization and maintenance maximum strength National Defense Corps within available Greek and American resources (see memos conversation September 18, 24 and 29 and letters exchanged October 6, 25 and 29 all of which regularly forwarded by despatch *). Specific suggestion of 10,000 intended partly head off extravagant Greek ambition of 50,000 strength and partly indicate that if National Defense Corps organized and equipped same extent army, limitations on American aid would prevent organization of greater strength. Sophoulis still talks 50,000 but Livesay, and Chamberlin when here, believe Defense Corps should have about 25,000 strength. We have made alternate suggestions as to use of rations and equipment in effort achieve this number. Present Greek plans call for National Defense Corps uniformed and rationed same basis GNA but because of static role, lesser armament and equipment. Accordingly same amount American funds will support larger number National Defense Corps units than regular army provided necessary Greek resources available. Transfer American aid for rations and rifles from auxiliary gendarmes when eliminated will permit further increase. Drachmas now available auxiliary gendarmes would furnish some drachmas for National Defense Corps. Also drachmas now paid Mad. Under present General Staff plan Defense Corps of 16,000 appears feasible within Greek and American resources but I believe adjustments can be effected which will permit organization 20,000 plus or minus. Greek budget as now planned reduces gendarmerie to 22,000, eliminate all financial support for Mad (no financial support for May discovered) and provides 40 billion drachmas for National Defense Corps which should be sufficient for neighborhood 40 battalions, 500 each, together with staff. Greek General Staff has been requested furnish by November 5 detailed estimates drachma cost their Defense Corps plans for immediate study by Mission.

Livesay telegram L 240, sent War Department after official SNDC action approving transfer promised increased American aid from army to National Defense Corps and after preliminary study General Staff plans in order secure necessary authority deal with details. I was awaiting official letter from Prime Minister before requesting Department approval for cancellation promised increased army aid and transfer that aid to organization and maintenance Defense Corps. As stated Amag 406,4 I sent October 29 written approval general principle to Prime Minister on basis War Department telegram 89156.

*None printed.
4 Dated October 30, not printed.
On basis my despatches and telegrams exchanged, I assume I have Department's approval continue rations and supplies GNA of 120,000 plus 20,000 temporary and to use 6 million earmarked for 10,000 permanent army increase together with any savings in rations and equipment through gendarmerie reduction for organization and maintenance National Defense Corps in such manner as will secure maximum effective strength.

Will forward estimated drachma expenses National Defense Corps as soon as Greek figures can be studied, together with details as to strength and organization and types American assistance.5

Secretary of State please pass to War.

GRISWOLD

5 The Department, in telegram Gama 408, November 5, to Athens, approved the program for the National Defense Corps, as set forth in this telegram (868.20/11–447).

868.00/10–2447 : Telegram
The Secretary of State to the American Mission for Aid to Greece
SECRET

WASHINGTON, November 4, 1947—6 p. m.

Gama 399, Re Amag 391.1 Dept agrees US Govt is in fact and necessarily involved certain aspects Greek internal affairs. We also realize it impossible prevent some press comment this regard. However it is our policy as indicated paragraphs 4, 5, 6, and 7 of Top Secret letter of instructions July 11 that American influence be exercised as discreetly as possible and that credit and responsibility for all measures be attributed Greek Govt and people wherever possible.

While we agree it necessary US influence and control over funds be recognized in Greece, we hope this can be accomplished through direct contacts proper officials with Greek authorities and doubt that articles in American press useful this regard.

Our position vis-à-vis other nations in UN is especially complicated by publicity from American sources which can be used as evidence in support of charges we have "taken over" Greece. This type publicity much more damaging than ordinary fabrications of Russians and their satellites because nations friendly to us usually discount obvious Soviet propaganda but are impressed by stories which seem to come from our own sources. We rely heavily on UN action for help in directing [protecting 2] Greece and are anxious avoid anything which weakens our support from nations outside Soviet orbit.

MARSHALL

1 Dated October 24, p. 378.
2 Correction requested in telegram Gama 405, November 5, 6 p. m. to Athens (868.00/11–547).
The Secretary of State to the American Mission for Aid to Greece

SECRET

WASHINGTON, November 6, 1947—noon.

Gama 410. To Griswold from McGhee. Re Amg 421.1 Pursuant to advice of National Security Council President approved on Nov 3 sending to Greece an Advisory and Planning Group of 90 officers and a somewhat less number of enlisted men to be placed under AMAG Military Section. Dept of Army has already made preliminary preparations and program will be implemented soon as Secy War advises Chairmen House Committee on Foreign Affairs and Senate Committee on Foreign Relations. As part of this decision amplified instructions will be sent to you and Amb MacVeagh clarifying but not changing original intent of your basic instructions.

Dept will seek your advice before action, if any, taken here with respect to remaining recommendations of Chamberlin report, relevant portions of which will be forwarded to AMAG by Dept of Army.

Please pass to Emb.

Do not inform Greek authorities of foregoing until receipt further instructions.

MARSHALL

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1 Dated November 4, p. 395.

The Secretary of State to the American Mission for Aid to Greece

SECRET

WASHINGTON, November 7, 1947—7 p. m.

Gama 429. For Griswold. Notwithstanding gravity Greek budgetary problem and after sympathetic consideration your views (Amag 345 and 419 1) Dept has decided agree British arrangement with Greek Govt latter to pay costs other than food and personnel UK military missions in Greece on scale not greater than for similar US personnel with AMAG control thru review Greek budget. US agreement this arrangement to be conditioned on British agreement that similar request will not be made respect additional types expense or additional missions in Greece. Foregoing based on (1) consistency Marshall letter to Bevin Moscow April 1947 stating “it appears to me feasible to have the Greek Govt, if it is not already doing so, provide food and quarters

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1 Dated October 10 and November 3, respectively. In No. 345, Governor Griswold protested that under the draft agreement, the Greek Government would be required to pay practically all costs of the British military missions except salaries, which would impose a heavy burden on the Greek budget. He made a plea that the British bear a “fair share” of the costs of the common effort in Greece. In No. 419, he reported these costs to the Greek budget at 10,880,100,000 drachmas, based on figures from the British Embassy. (S68.00/10-1047, 11-347)
for the British Mission; this being broader than present British request; (2) political and military desirability British military missions’ remaining in Greece; (3) difficulty British pay full costs view present UK financial position international account. Dept also hopes this arrangement will create favorable environment British to agree to leave their troops in Greece without definite time limit after December 15.

MARSHALL

868.00/11–747 : Telegram

The Secretary of State to the Embassy in Greece

TOP SECRET

WASHINGTON, November 7, 1947—8 p. m.

1808. Gama 430. For Emb and AMAG. President has approved program of furnishing operational advice to Greek armed forces through joint Army, Navy and Air staff and military observers with Greek forces down to and including divisions, all to be part of AMAG. Steps to implement this decision now being taken here. You will be advised by Army Dept regarding personnel to be assigned and estimated time of arrival. To allow for extension American activities in Greece resulting from this decision and to clarify and amplify previous instructions, following statement on organization of American activities in Greece has been agreed to by National Security Council and approved by President.

[Here follow seven numbered paragraphs of statement of October 23 (see page 393) as transmitted in telegraphic style.]

Although reference is made in foregoing to “principal military and naval subordinates” of Chief of AMAG, it is understood senior Army officer will be designated as Chief of entire Army, Navy and Air group, at least for purposes of planning and operational advice.

Dept of Army is advising Congressional Foreign Relations and Foreign Affairs Committees of decision to extend military activities AMAG.

Do not communicate decision to Greek or other foreign authorities until receipt of further word.

MARSHALL

867.20/11–1247 : Telegram

The Ambassador in Turkey (Wilson) to the Secretary of State

TOP SECRET

ANKARA, November 12, 1947—1 p. m.

864. Foreign Minister has now given me detailed statement in support request for credit to cover national defense needs above budget allocations (mytel 851, November 61). Summary as follows:

1 Not printed.
Turkish Government plans to demobilize one class and maintain army of two classes or 320,000 men, sum of 377 million liras in 1948 budget covers minimum expenditures army of only 230,000 men; to cover cost 90,000 additional men to bring strength to 320,000 will require additional sum of 123 million liras; furthermore it will be necessary retain in service part of 1926 class to be demobilized next March in order assist training recruits 1928 class, which will cost 73 million liras additional; foregoing means supplemental appropriation required of 196 million liras making total credit 573 million required for national defense in 1948. In addition army stocks of clothing, shoes, equipment, gasoline, et cetera, have been exhausted through drawing on them during past seven years; in case need of sudden mobilization, Turk armed forces lack necessary equipment for army larger than 470,000 men now under arms; Minister of National Defense estimates will cost 326 million liras build up necessary stocks make possible mobilize additional 500,000 men. Statement adds financial situation Turkey does not permit Government meet cost economic development country while at same time devoting 50 percent budget to National Defense, and requests US Government reconsider Turkey’s need for credit cover these essential National Defense needs which cannot be met from budget.

Sadak gave me budget breakdown for National Defense and data supporting his request which will require translation and study. At first glance appear to be contradictions and gaps in data necessitating request for further information. I will transmit report and comment soon as possible.

While telling Sadak I knew my Government would be prepared give careful consideration to data submitted, I stressed heavy demands made on US financial resources for reconstruction war-devastated economies western Europe. He asserted impossible make savings in budget allocation other Ministries which are “at bare minimum” required for adequate operation. Government believes economically unsound and politically inexpedient increase taxes.

Sadak added Government hopes present to International Bank in about a month request for credits for economic development particularly modernization coal mines.
Governor Dwight P. Griswold to the Secretary of State

SECRET

ATHENS, November 13, 1947—5 p. m.

Amag 466. Reference to Amag 454\(^1\) will disclose that several important conditions vitally affecting AMAG operations have developed or become known since Mission organized:

Substantial curtailment estimated Greek wheat crop, increased world price of wheat, Greek Government bread subsidy and free distribution of food all serve to reduce AMAG funds originally planned to bring out consumer goods to combat inflation and furnish drachmas for reconstruction program. Another new and unanticipated factor is bandit policy of forcible recruitment which has had important military and economic effects recent months. Bandit forces increased from 12,000 to 18,000 despite several thousand reported casualties or surrenders. It is one factor in ineffectiveness GNA operations and it means that continuance this now apparently established policy will give bandits substantial reservoir future recruits from among Greek population until GNA successful its campaign. Although forced recruiting may be considered sign of weakness, I do not think it affords grounds much optimism. Hard-core Communists have successfully prevented any large scale acceptance amnesty and fighting ability bandits appears undiminished. Only favorable effect may be changed bandit tactics to prevent desertions. By curtailing normal dispersion procedures, they afford more attackable foes for GNA. Unfortunately recent [apparent omission] did not indicate any improvement GNA. Most serious effect forced recruiting has been compulsory evacuation villages by GNA as mentioned Amag 454.

To diminish possibilities forced recruiting by bandits and securing supplies by raiding villages, GNA recent months embarked intensive policy mass evacuation villages from areas within bandit range. Army transports evacuees to safe areas and then assumes no further responsibility. Evacuees now estimated at 310,000 in addition to thousands of refugees who have fled voluntarily for security. Unless reversal of policy immediately and effectively implemented, estimated evacuees will total half million by January 1.

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\(^1\) Dated November 11; the second section of the telegram outlined eight dangers to the success of AMAG posed by developing inflationary pressures: the effect on public confidence of the military stalemate; the threat to budgetary equilibrium arising from the rapid increase in costs for refugee care; increased costs of imports; supply shortages; the temporary but extremely dangerous increase in drachma circulation arising from credit expansion via the printing press; accelerating increases in the price index; intensifying demands for wage increases; and the administrative impossibility of introducing extensive rationing or other effective controls in time to alleviate temporary inflationary pressures (868.00/11-1147).
Large number evacuees want to return their villages where risks preferable their miserable condition as refugees. Political dangers obvious as evacuees even more than refugees feel abandoned by Government and subject Communist propaganda. Policy also psychological value to bandit [apparent omission] confession Government weakness and yielding territory to bandits. Economic results, however, even more serious. Food, clothing, shelter, heat and health measures must be provided by Government and although provision for refugee relief has been made in Greek budget it cannot care effectively for situation beyond short period. Furthermore peasants unable plant winter crop and have been bringing their cattle which they now eating for lack cattle food and shelter. Effect on food production will be noticeable next spring.

Government agreed November 8 to stop further evacuations except where absolutely necessary and General Staff orders that effect issued November 9. However, effect in implementing these orders not yet certain. In any event existing refugee problems will still be too great for Greek Government and AMAG simply will not be able to assume this new and unexpected task unless it abandons entirely reconstruction program.

In my opinion it would be serious political and economic mistake to give up reconstruction program contemplated by Congress and American people when Greek aid statute enacted. I believe $500,000,000 appropriated for AMAG sufficient accomplish objectives stated when AMAG established.

Recommendations for special session Congress:
USFRP functions terminate about January 1 and must be picked up by AMAG. Because of unanticipated relief requirements which have developed I earnestly recommend that provision be made for USFRP or some equivalent agency continue until June 30 responsibility for furnishing general relief assistance and assume especially relief assistance necessitated by refugee situation. I believe members of Congress who have visited Greece and particularly those who witnessed refugee situation northern Greece would support such a recommendation.

Assuming that $50,000,000 present USFRP funds will be available Greece, I believe $50,000,000 additional will be required to meet relief costs until June 30. Clay will explain basis estimate which involves certain policy decisions.

I am convinced it would be error however because of Greek psychology publicly to appropriate or earmark any special sum for Greek relief. Rather, I urge that out of any appropriation for European aid made by Congress at special session a sum be specified which might
be available for relief in several named countries including Greece, and that a maximum amount within this sum be agreed in executive session between Congressional leaders, Department and USFRP to be available for Greek relief. Small allotments against this sum could be called forward as needed. Procedure outlined would give us additional handle needed in seeking appropriate action by Greek Government especially relative return of refugees to their villages and making better use of Greek aid. Would also permit release of unneeded amounts for use other countries if by securing return of refugees to homes estimated relief costs can be reduced.

GRISWOLD

868.00/11-1447 : Telegram

Governor Dwight P. Griswold to the Secretary of State

TOP SECRET

ATHENS, November 14, 1947—2 p. m.¹

URGENT

Amag 471. Personal for Secretary Marshall. I have studied carefully new instructions set forth Department's telegram 1808 November 7 (Gama 430) and feel compelled request reconsideration of those parts dealing with relationship between Ambassador and Chief of AMAG. Either new instructions show that I no longer have confidence of President and yourself or else, as I hope, new instructions were based on misconception of situation here and without realization of their practical effect. I concur fully that portion new instructions dealing with relations AMAG Chief and military and naval subordinates in field of operational advice. I am disturbed, however, that occasion of decision to furnish operational advice in accordance my recommendations was utilized to effect new instructions on relations between Ambassador and Chief.

New instructions by specifying that “Ambassador is and should be universally recognized as American representative in Greece charged with dealing with Greek Government on matter high policy as defined” and that “Embassy should be sole channel for dealing with Greek Government or other foreign officials on such matters except when Ambassador may approve or request direct approach by one of other American officials,” constitute fundamental change in my previous instructions. Those provided that I should have supreme authority in Greece over all American assistance, both civilian and military, and should determine and supervise the programs of American aid to Greece; that the mission should operate as an entity separate from the Embassy although working in close collaboration; and that the Am-

¹ This telegram was received at 12: 29 a. m., November 15.
bassador should continue in charge of the conduct of “overall relations” with Greek Government and to have primary responsibility for all aspects of those relations “which are not directly related to the activities of the Mission.” In your Top Secret personal instructions of July 11 you indicated that the particular responsibilities of the Ambassador included “bringing about changes in Greek Government, question of holding elections, and matter of amnesty for political prisoners.”

I believe new instructions are also in conflict with spirit of the report submitted by Senate Committee on Foreign Relations which in paragraph 5 referred to Chief as being “responsible for entire program of assistance to Greece.” This position was affirmed to me by President and I so informed Congressman Sheppard in hearings on supplemental appropriation bill for 1948 (page 1267).

New instructions would basically change practical arrangements affecting Mission operations by giving Ambassador right to be sole contact with Greek Government on so-called high policy decisions and relegating Chief of AMAG to administrative and technical contacts with Greek Government. Such arrangements I believe totally unworkable. New instructions would actually establish two heads of Mission giving senior position and power to Ambassador but without giving him corresponding responsibility for Mission work, whereas Chief would be left with responsibility but little power of authority. Under new instructions it would not be possible for me to remain here as I could not do effective or efficient work. Economic, political and military questions are all interrelated here and inextricably interwoven with “high policy” questions; although only very rarely with political questions affecting long range relationship between Greece and US. As Greek Government operations are carried on it is physically impossible, to give one example, to separate budget problems from refugee problem, need for national defense corps, taxation, cooperativeness of individual ministers or of Greek General Staff, or even change in military leadership.

As another example, in attempting to hold the line against runaway inflation numerous vital policy decisions must be made affecting Greek political and military issues as well as almost every aspect Greek economic life. One such decision involved wage scales and threatened general strikes. The Mission was successful in bringing about the first collective bargaining agreement since pre-Metaxas 2 days between trade unions, employers’ representatives and the Government. It would be basically impossible to change spokesman in compliance with new

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2 Gen. John Metaxas was Greek Prime Minister from 1936 to 1941.
instructions that Embassy be sole channel each time a subject of “high policy” is mentioned to Greek Government and any attempt to do so would completely destroy effectiveness Mission in achieving objectives Greek aid statute. Furthermore, procedure would be invitation to Greeks to attempt play Ambassador and Chief against each other, and could also subject Ambassador to meeting dissatisfied groups and officials who would defer cooperation with Mission in hope of influencing individual having final authority.

In actual practice there has been increasingly close cooperation between Mission and Embassy. At no time has there been a single disagreement on objectives to be achieved. There was one relatively minor difference between Ambassador and myself as to degree of pressure which should be put on Greek Government to achieve change in Government desired by Department, Ambassador and Mission. Possibly in violation your Top Secret personal instructions I employed stronger pressure than Ambassador, fearing delay dangerous to Mission objectives resulting from normal diplomatic pressure; the results, I believe, justified this initiative. Only other difference between us was over wisdom of placing military operational advice under Chief of AMAG. We were both in full agreement on necessity operational advice. I believed politically and administratively such advice should be furnished within Greek aid statute and so recommended to Washington. I am convinced key to achievement American objectives Greece is mutual consultation and cooperation between Ambassador and myself, not change in fundamental relationship.

Whatever decision may be made on my request for reconsideration of the new instructions, I urge deletion paragraph 7 those instructions that “Greek Government and British authorities should be informed in general terms of relative responsibilities set forth this paper, and it should be made clear to them Ambassador sole channel for handling high policy questions.” Such information conveyed Greek Government would as usual soon be published and would be construed everywhere as split between Embassy and Mission and not merely repudiation of me personally but also repudiation of work of Mission to date. I fear American prestige would be lowered and ability US Government achieve objectives Greek aid statute impaired. Even if it were possible to keep such information secret, furnishing information requested to Greek and British authorities would stultify position of Chief and make it impossible for him whoever he may be to operate effectively.

If you believe Mission operations to date have been effective toward achieving intent Greek aid statute I earnestly recommend that there be no change in previous instructions relating to relations between Ambassador and Chief. If on other hand you believe administration
AMAG has been unsuccessful, I then recommend that power and responsibility for all American aid program be placed in Ambassador. As the President asked me to accept this difficult position and assured me I would have full authority I am sending him directly essentially identical telegram.\(^3\)

GRISWOLD

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\(^3\) Amag 472, November 14, 7 a.m., not printed.

868.20 Missions/11-1447: Telegram

The Secretary of State to the Embassy in Greece

SECRET

WASHINGTON, November 14, 1947—9 p.m.

PRIORITY

1837. In connection Army Dept statement (Deptel 1829 Nov 14\(^3\)) you should inform Greek Govt US approval program for furnishing operational advice to Greek armed forces through joint Army-Navy-Air staff and military observers with Greek forces down to and including divisions. All such staff will be part of AMAG. In explaining foregoing extension of military responsibilities you should take occasion to clarify organization of and relationship between Emb and AMAG (Deptel 1808 Nov 7) in so far as it applies to Greek Govt. Explanation should include statement that Amb is the US rep in Greece charged with dealing with Greek Govt on matters high policy. Emb is channel for dealing with Greek Govt or other foreign officials on such matters, except when Amb may approve or request direct approach by other US officials. General indication should be given as to what constitutes high policy as indicated Deptel 1808. In all matters affecting operations of AMAG in which high policy not involved responsibility for decisions rests with Chief AMAG who is sole director AMAG operations. All military and naval assistance to Greece whether in form supplies or advice, should be handled by military and naval units AMAG unless high policy decisions involved in which case authority rests with Amb under instructions from Dept. Chargé d'Affaires of course bears responsibilities of Amb in absence of latter just as responsibilities of Chief AMAG during his absence are vested in Acting Chief.

Foregoing info should also be given to appropriate Brit authorities.

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\(^3\) Not printed; the statement read: "Secy of Army Royall announced today that the Dept of the Army, in accordance with the request of the Greek Govt and with the approval of the Secy of Defense and the Dept of State, is increasing the size of the Military Advisory Group to Greece by approximately ninety officers and eighty enlisted men. This will provide personnel to furnish military advice to the Greek Army Staff down to the division level." (868.20 Missions/11-1447)
Inform Griswold these instructions and discuss with him prior to approaching Greek Govt. Advise Greek Govt with Griswold present. We suggest that you request both PriMin and MinFonAff to be present at interview.

In discussing foregoing it should be made clear that relationships outlined above represent no change from situation obtaining since AMAG established and that clarification at this time necessary only because of additional group being despatched for military advice.

MARSHALL

868.20 Missions/11-1547: Telegram

The Secretary of State to the Embassy in Greece

SECRET

WASHINGTON, November 15, 1947—11 a. m.
US URGENT

1838. Do not take any action on Deptel 1837 Nov 14 until further notice except to advise Greek Govt re operational advice as set forth first two sentences ref tel.¹

MARSHALL

¹ Acting Secretary of State Lovett transmitted copies of telegrams Amag 472 and of No. 1803, November 7, to Athens, to President Truman on November 15. His transmitting memorandum stated: "In the light of Governor Griswold's comments on the supplementary instructions ... we propose to give further consideration to the question and to discuss it again in the National Security Council." (868.00/11-1547)

The same day the Department informed the Embassy in Greece in telegram 1839 that "Supplementary instructions to Emb and AMAG contained Deptel 1803 should be considered as in suspense pending further notice," Governor Griswold was similarly informed in telegram Gama 457, November 15, 1 p. m. (868.00/11-1547).

Regarding Amag 472, see footnote 3, p. 407.

868.01/11-1747

Memorandum by the Acting Chief of the Division of Greek, Turkish and Iranian Affairs (Jernegan)¹

SECRET

[WASHINGTON,] November 17, 1947.

With reference to our meeting of November 14, there are outlined below various measures which might be taken if some one or more of the Soviet satellite states or the USSR itself should accord recognition to the Greek guerrillas. I am indicating the Division which I think

¹ Addressed to Walworth Barbour, Acting Chief of the Division of Southern European Affairs, Harding F. Bancroft, Associate Chief of the Division of International Security Affairs, and Raymund T. Yingling, Assistant Legal Adviser for Military Affairs and Occupied Areas.
could most appropriately study the pros and cons of each step, and I
would appreciate it if the indicated Division in each case would
prepare an informal statement setting forth the advantages and disad-
vantages of the particular measure in question, together with a re-
commendation as to whether it should be seriously considered or
discarded. Needless to say, I would welcome any additional suggestions
which may occur to you.

1. The permanent Balkan Committee of the General Assembly
should at once consider the situation created by an act of recognition
of the rebel government, in the light of the recent General Assembly
resolution on Greece, and should make a prompt report to the mem-
ers of the United Nations. This report should include a recommenda-
tion for the calling of a special session of the General Assembly. It
might also include suggestions for interim action by the members. (For
consideration by IS)

2. In line with arguments advanced by Foreign Minister Tsaldaris,
Greece might declare that the act of recognition itself constituted a
new aggression against Greece, and/or violation of the recommenda-
tions of the General Assembly, and request special action by the U.N.
(For consideration by IS and LE)

3. What action might the UN take in response to the recommenda-
tions of the permanent Balkan Committee or the special request of
the Greek Government? Should the United States seek to obtain such
action through the General Assembly or through the Security Coun-
cil? (For consideration by IS)

4. Could the Greek Government properly call for urgent assistance
under the provisions of Article 51 of the UN Charter, pending action
by one of the UN organs? (For consideration by IS)

5. In response to a Greek request for aid under Article 51 the United
States might send American troops and naval units to Greece to give
moral support to the Greek Government and people and to protect
strategic points and relieve the Greek forces to that extent. (For con-
sideration by SE and GTI)

6. Simultaneously, the United States might urge other nations mem-
ers of the UN (excluding of course the USSR and satellites) to
respond to the Greek request for help by sending troops to the extent
of their ability. (For consideration by IS, SE, and GTI)

7. As one measure which might be taken through the UN, (point
3 above) the United States might seek to have the General Assembly
condemn the act of recognition as contrary to the recommendations
of the General Assembly, as a violation of the spirit, if not the letter,
of the Charter of the UN, or something of this sort. (For consideration
by IS and LE)
8. Would it be desirable and practicable to invoke Article 106 of the UN Charter, either before, during, or after a meeting of the General Assembly? (For consideration by IS)

9. Could any action be taken under the terms of the peace treaty with Bulgaria, assuming that Bulgaria extended recognition to the rebel government? (For consideration by LE and SE)

10. In addition to or instead of the despatch of American armed forces to Greece the United States might increase its assistance to the Greek armed forces through the provision of supplies and equipment and funds to permit further increases in the size and effectiveness of the Greek forces. (For consideration by GTI)

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868.20/11-1747: Telegram

The Secretary of State to the Embassy in Greece

TOP SECRET

WASHINGTON, November 17, 1947—8 p.m.

1842. Gama 464. For Emb and Griswold. Nov. 12 letter from Sec Army ¹ (ref Gama 379 and 406 and Amag 425 ²) asks assurance further funds beyond approved six million dollars will be available if this amount inadequate for National Defense Corps 32 battalions which Army thinks size committed. Dept reply states in substance: (1) a Dept letter of Oct. 29 (see Gama 379) indicated approval switch six million dollars from permanent increase 10,000 men in Greek National Army to formation Greek National Defense Corps; (2) this effectively withdrew Dept approval permanent increase 10,000 men in Greek National Army; (3) Dept has received no proposals from Ambassador and Chief of Mission re either exact size Greek National Defense Corps or change in set amount six million dollars (figures given in Amag 425 understood to represent only estimates of what can be done with six million plus any savings in rationing and equipment through Gendarmerie reduction); (4) Dept therefore unaware any commitment re exact size National Defense Corps.

Please advise if foregoing is not in accordance with your understanding or if you have any different recommendations at this time.

MARSHALL

¹ Not printed.
² Nos. 379 and 425, dated October 29 and November 4, respectively, pp. 390, 396. No. 406, dated November 8, not printed, but see footnote 5, p. 398.
Memorandum by the Director of the Office of Near Eastern and African Affairs (Henderson) and the Coordinator for Aid to Greece and Turkey (McGhee) to the Under Secretary of State (Lovett)

TOP SECRET

[WASHINGTON,] November 18, 1947.

Comments made by Governor Griswold in Amag No. 471, dated November 14, 1947, with respect to instructions by the Department set forth in Gama No. 430, dated November 7, 1947, indicate the necessity for reappraisal of the relationship between Griswold and the Ambassador. In seeking a solution to the immediate issue, i.e., relationship between Griswold and the Ambassador in the light of the assignment of military personnel for the purpose of giving planning and operational advice to the Greek National Army, an attempt must also be made to solve the basic problem of the relationship between the Embassy and AMAG personnel.

Solution of this issue can be found among three alternatives:

1. Inform Governor Griswold that the amplified instructions contained in Gama No. 430 must be adhered to with the exception that the Greek Government and the British Ambassador need not be advised; and that the supplementary instructions were drafted only after careful consideration of the Department and the National Security Council, and are based not on consideration of personalities, but upon established principles of international relations, including the function of an Embassy, what it may properly do and may not do and the responsibility for which it may or may not divest itself. Governor Griswold should be advised that the Department feels that with good will and the spirit of sincere cooperation he and the Ambassador can work satisfactorily together under these instructions. It would be stated that the Department and the President have complete confidence in Griswold and hope he will stay under these conditions. He would be advised at the same time that the Ambassador would be under instructions to lend full cooperation and support to Governor Griswold.

2. Make an attempt to work out an arrangement which would result in a spirit of real cooperation between Governor Griswold and the Ambassador on a basis which would assure the Governor that his prestige will not be weakened or the effectiveness of his work diminished. An appeal would be made to both in the interests of the United States and of world peace to work together with the single purpose of achieving success in our Greek program. A telegram should be sent to the Governor stating the circumstances which led to issuance of supplementary instructions; making certain suggestions for amendment of these instructions in light of his comments and inviting him
to make other comments; expressing our readiness to recommend suitable amendments to the National Security Council; informing him that the telegram had been shown Mr. MacVeagh who is still ill and who also takes position that resignation of Governor Griswold would be unfortunate and that he wishes assurances be sent that Governor Griswold could rely on his full cooperation and desire to help. This telegram would of course be approved by Mr. MacVeagh before despatch and with our understanding with Mr. MacVeagh that he is prepared to work out procedures which would be satisfactory to Governor Griswold. This solution would:

a. Make it possible for the Ambassador to continue the traditional role of Ambassador without intervening in internal Greek affairs to the extent which it must be recognized that Governor Griswold and AMAG should engage.

b. Provide an independent representative of the Department who is experienced in political relations with other governments, who can provide counsel for Governor Griswold in overall and political matters and who can report to the Department independently on conditions in Greece.

8. Naming of Governor Griswold as Ambassador to Greece, in addition to his present duties, and the integration of Embassy and Mission activities. Certain functions of AMAG, particularly in the military, economic, labor and information fields, impinge so directly on the activities of the Embassy that the expanded concept of the AMAG function results in overlap and in some cases almost complete duplication of effort between the Embassy and AMAG. The naming of Governor Griswold as Ambassador would:

a. Concentrate in one person the responsibility for all relations between the United States and Greek Governments, giving added prestige and power to the one representative and preventing any dispute as to primacy of one over the other and the possibility of Greeks playing one against the other. Although it is clear that under these circumstances Governor Griswold would perform functions not traditionally performed by an Ambassador, it can nevertheless be argued that the important thing is whether or not a representative of the United States Government performs these functions, not whether he is the Ambassador or the Chief of the Aid Mission.

b. Make possible the integration of the activities of the Mission and the Embassy. Where it is conceded that the Mission has primacy, such as in the fields of finance and economics, Embassy personnel in these fields could be subordinated to the responsible AMAG official. Duplication of functions and the possibility of any difference in policy would be eliminated, relationships with the Greek Government would be simplified and possibility for the Greeks playing Embassy personnel against Mission personnel would be eliminated.

1 Marginal notation by Mr. Peurifoy: “I agree with this alternative as the only practical solution.”
In case Governor Griswold is made Ambassador, he should understand that among his functions would be that of promoting friendly relations with Greece and of meeting socially leaders in various phases of Greek life. The representation work which an Ambassador cannot avoid, particularly in a country the morale of which we are trying to bolster, would consume a considerable portion of Governor Griswold’s time. He should, therefore, have a deputy to carry much of the burden of AMAG work just as the Minister Counselor would carry the major portion of routine Embassy work.

Recommendation:

(1) It is recommended that this problem be discussed as a whole with the President prior to the Department’s taking a firm position with respect to any of the three alternate solutions proposed. Discussion with the President should, however, be along the lines of these three alternatives. When this is presented to the President the Department should, if requested or if advisable in the opinion of the Secretary, offer one of the following positions as decided by the Secretary:

(a) Mr. Armour and Mr. Henderson recommend: “2”.
(b) Mr. Peurifoy and Mr. McGhee recommend: Governor Griswold should be advised that No. 1 represents in the view of the Department the maximum possible delegation of authority in matters of “high policy” by the Ambassador to the Chief of AMAG. If in Governor Griswold’s opinion the Chief of AMAG cannot fulfill his responsibilities thereunder which he must assume to assure success of his Mission, then the Department wishes to recommend, subject to his consent, his nomination as Ambassador to Greece as outlined in solution 3.

868.00/11-1147: Telegram

The Acting Secretary of State to the American Mission for Aid to Greece

SECRET

WASHINGTON, November 18, 1947—9 p. m.

URGENT

Gama No. 470. Refer Amag 466, 454, 397, and other messages dealing with budget problems.

PL 84 funds for Greece now definitely limited to about $40,000,000, to provide quantities of foodstuffs to be cabled separately. All resources under 84 fully committed. Greek share is to cover July–December 1947 shipments.

Dept considers any additional aid should be requested under PL 75, and cannot avoid earmarking for Greece. It is impossible at this date.

1 Dated November 13, November 11, and October 27, respectively. Nos. 454 and 397 are not printed, but see footnotes on pp. 402, 388.
arrange inclusion supplementary Greek Aid Program budget in first budget presentation to special session for interim aid. Dept’s judgment is that request will have better chance for approval by Congress in next regular session, however, if you consider need too pressing for delay Dept is, subject to discussion with Congressional leaders, prepared make separate presentation under PL 75 before close special session. For your info Dept plans tentatively earmark $27,000,000 as Greek share for first quarter of ERP, that is second quarter calendar 1948, however these funds cannot of course be counted on until after legislative action.

[Here follows Department’s request for AMAG to furnish figures and justification for a supplemental budget.]

It is proposed to seek increased OFLC credit amounting to $25,000,000 instead of $10,000,000 suggested Amag 474. Your supplemental budget justification should take into account possibilities of securing such a sum and further the likelihood that surplus goods approaching this value can be secured, in ETO or other theatres, of a nature suitable for Greek needs.

View time factor urge reply by 21st November.

LOVETT

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2 Dated November 15, not printed; it reported information from the Greek Government that it had used or contracted for $46,000,000 of its $55,000,000 surplus property credit and that it would probably exhaust the remainder as a result of current negotiations for additional purchases (868.00/11-1547).

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868.00/11-1847 : Telegram

The Acting Secretary of State to the American Mission for Aid to Greece

SECRET

WASHINGTON, November 18, 1947—9 p. m.

Gama 475. From State and Treas. 1. Bank of Greece has cabled FRB NY requesting swap of 380,000 Napoleons for sovereigns.

2. Treas in position effect exchange Napoleons but Dept not prepared to recommend any action which would facilitate further dissipation Greek exchange resources in gold sales while Greek exchange deficit being covered by funds appropriated by US Congress. Therefore, action on Bank of Greece’s request deferred.

3. Our position outlined Gama 341. We remain unconvinced that by manipulating of gold price, commodity price-level can be held below level dictated by available supplies and purchasing power. From such info as we possess, rise in commodity and gold prices has not exceeded what might be expected as initial reaction plan railroad and new taxes.

2 Dated October 18, p. 371.
4. Dept notes from Amag 454 Nov. 11,⁸ fourth section, that mission feels concern over necessity heavy expenditures AMAG funds during next few months and fears Greek exchange earnings will be insufficient to pay for essential imports next spring and summer. Dissipation now Greek gold will add to real crisis then if Mission fears realized. Thus, despite analysis Amag 454 and in view fact that at best gold sales can have only temporary psychological effect, we doubt wisdom gold sales this juncture.

5. We should like to point out further that Dept does not believe it will be feasible to permit use of AMAG funds or current Greek exchange earnings for acquisition new gold if present stocks exhausted. Therefore attempt to hold gold price now may only result in more difficult situation later. Only net result may be that Greek resources represented by present stocks will be in hoards of Greek profiteers instead of being available for purchase commodities needed by general Greek public. This has been history of Greek gold operations and we are unconvinced circumstances are different at present.

[Here follow paragraphs numbered 6 and 7 requesting AMAG to cable detailed economic and financial data.]

⁸Not printed but see footnote 1, p. 402.

The Acting Secretary of State to the Embassy in Greece

CONFIDENTIAL

WASHINGTON, November 19, 1947—7 p. m.

1857. While in US, Tsaldaris requested Dept publicly indicate approval of Greek ratification Italian peace treaty and our willingness to support Greek desire to present claim re Northern Epirus before CFM at some appropriate time. Such declaration, Tsaldaris states, would obviate necessity for Greece to raise this claim in UN debates on revision of Italian peace treaty. Dept believes Greek action in UN on this matter highly undesirable as would lend substance to Soviet charges that Greece has aggressive intentions in Balkans and is cause of unrest in area. Dept does not support Greek claim to Northern Epirus but support for Greek presentation of claim before CFM at appropriate time indicated by Secy Byrnes to Tsaldaris in Paris Sept 1946 and promised by Dept in letters to Congressmen in Jan 1947.

In view of above Dept has decided to issue following statement and will notify you of release date:

[Here follows statement made by Acting Secretary of State Lovett, which was released on November 21; for text, see Department of State Bulletin, November 30, 1947, page 1058.]
Pls inform Gk Govt that US does not consider present as “appropriate time” mentioned in statement and would be unable to agree to consideration any Gk claims at forthcoming CFM meeting.
Sent Athens 1837; rpt Rome 2408.

LOVETT

368.00/11-1447: Telegram
The Acting Secretary of State to the American Mission for Aid to Greece

TOP SECRET
WASHINGTON, November 20, 1947—5 p.m.

Gama 484. Personal for Griswold. Statement on organization US activities in Greece transmitted Gama 480. This statement was not intended to imply lack of confidence in you on part of Dept or President (Amag 471). This statement prepared primarily because of desire of Armed Services Depts to avoid any possible confusion with regard to appropriate channels for approaching Grk Govt and Washington which might handicap work of both AMAG and Emb, thereby reducing effectiveness of additional military staff being provided to furnish operational advice and planning to Grk armed forces. Since decision to provide operational advice and planning involves far-reaching consequences and renders it even more important that no step for assuring success US aid program be overlooked, Dept endeavored, in cooperation with other interested depts, to work out statement which would prevent any possible future misunderstandings with regard to responsibility, organization or channels. This statement not intended to replace instructions already issued you but to assist in clarifying former instructions in connection with addition to AMAG of military group with functions not provided for in original AMAG organization. There was no intention to curtail your authority and responsibility as set forth in original instructions and of course no desire to take any step which would render more difficult work of AMAG or Emb.

In view your recommendations Amag 471 that there be no change in previous instructions relating to relations between Amb and Chief AMAG, and in view your opinion that satisfactory relationship has been established between AMAG and Emb, President has agreed to inform National Security Council that statement contained Gama 430 is being withdrawn with exception substance para 6 which states that “all military and naval assistance to Greece, whether in form of supplies or of advice on logistics, training or operations, should be handled by military and naval units AMAG” and that "in field operational

1 Dated November 7, p. 400.
2 Dated November 14, p. 404.
advice to Greek forces, Chief AMAG would be expected leave to his principal military and naval subordinates military decisions which do not affect overall AMAG policies or other AMAG activities”.

Since statement contained Amag [Gama] 480 is being withdrawn, there is no reason for discussing with Grk or Brit officials organizational relationships between AMAG and Emb. It is necessary only to inform Grk and Brit officials that additional military personnel, to furnish operational advice, will be integrated with already existing military section AMAG under jurisdiction head military section.

I completely agree with your conviction that key to achievement American objectives in Greece is mutual consultation and cooperation between AMAG and Emb. Our aims in Greece can be realized only by unity of purpose and consistent presentation US policy. I feel that both AMAG and Emb have vitally important roles to play in executing US policy and our sole desire is that their contributions be utilized to fullest extent in complete harmony.

For your info state of health of Amb, who has recently undergone serious operation, is such that it is impossible to determine whether he will be physically able to resume his duties in Greece. It is hoped that within a few days more precise info can be given you regarding plans Amb.8

LOVETT

8In a personal message, Gama 486, November 20, Mr. McGhee informed Governor Griswold as follows: “I think you should know that the President as well as the Secretary personally approved Gama No. 484 and that every one feels that a satisfactory and final solution has now been reached to this problem. I can assure you that every one here is pleased with the results you and your Mission have achieved to date and have complete confidence in you personally.” (868.00/11–2047)

761.67/11–2147: Telegram

The Ambassador in Turkey (Wilson) to the Secretary of State

SECRET

ANKARA, November 21, 1947—11 a. m.

897. Foreign Minister tells me Turkish Ambassador Moscow reports at November 7 reception Marshal Bulganin 1 came to speak with him, Vinogradov, Soviet Ambassador to Turkey (who has been absent from Ankara well over year) serving as interpreter. Bulganin began by saying he had admired Turkey in past but now Turkey had placed herself under American hegemony, was allowing US Army create bases in Turkey and serving as instrument of US in latter’s plans to prepare war against USSR. Turkish Ambassador replied was amazed to hear such statements since no one wished war so far as he

1Nikolay Alexandrovich Bulganin, Minister of Armed Forces of the Soviet Union.
was aware and Turkish military establishments only defensive in character. Conversation continued a few minutes on this tone. Sadak remarked wryly this was first conversation above handling routine matters in which high Soviet official had engaged representative of Turkish Government in past year and half.

Sent Department as 897, Department pass Moscow as 23.

WILSON

768.74/11-1447: Telegram

The Acting Secretary of State to the Embassy in Greece

CONFIDENTIAL

WASHINGTON, November 22, 1947—1 p.m.

1889. Pls inform FonOff that US considers Grks would be well advised to endeavor to establish normal diplomatic relations with all their northern neighbors in near future. In addition to reasons advanced Sofia tel 1044 ¹ (rptd as its 29 Athens) early establishment relations with Bulgaria seems desirable for effective prosecution Grk reparations rights under Art 21 of peace treaty. As to Albania, termination formal state of war and establishment diplomatic relations would serve to vitiate Soviet and satellite charges that Greece has aggressive designs in Balkans. Grk FonOff will recall that at UN Grks pledged fullest cooperation in implementation GA resolution on Grk case, first portion of which calls for establishment normal diplomatic relations in area. Further, in conversation with Dept officials, Tsaldaris indicated Grk intention to present UN Special Balkan Committee with declaration of Grk willingness in this regard. Dept considers latter action would greatly benefit Grk cause and has noted as steps in this direction FonMin's recent statement re Bulgaria to parliament (urtel 1940 ²) and recent remarks of FonOff Under Secy (urtel 1961 ³). You may wish to point out that diplomatic recognition of regime does not invariably imply approval or agreement with its methods and aims and that existence diplomatic relations between two countries does not necessarily mean that all outstanding questions between them have been resolved. You may refer, for example, to fact US established normal diplomatic relations with Bulgaria while concurrently protesting actions of Bulgarian Govt re Petkov and opposing admission of Bulgaria to UN. In your discretion you may reaffirm to FonOff US

¹ Dated November 12, 11 a.m., not printed; the reasons given were that Greek failure to recognize the Bulgarian Government would leave Greek interests unprotected and might create an excuse for Bulgarian recognition of the Greek “democratic government” (768.74/11-1247).

² Dated November 11, not printed; Foreign Minister Tsaldaris, in an address before Parliament on November 10, stated that Greece was ready to proceed to reestablish relations with Bulgaria notwithstanding her hostile attitude toward Greece and her unwillingness to fulfill her obligations under the peace treaty (868.06/11-1147).

³ Dated November 14, 11 a.m., not printed.
view that Grk claims for additional territory to north are unrealizable under present and foreseeable conditions and might well be suspended, if not abandoned, in interest of peace and stability in area.

Sent Athens [1889]; rptd BalCom, Salonika 128.

LOVETT

868.00/11-1947: Telegram

The Acting Secretary of State to the Secretary of State, at London ¹

SECRET

WASHINGTON, November 25, 1947—9 p. m.

Telmar 4. British military officials both here and Athens have indicated uncertainty regarding position their military missions Greece in light our recent announcement of decision furnish military advice to Grk armed forces and establish staff group plus observers for this purpose. British apparently feel we may be planning take over functions they are performing and they have informally suggested idea their missions might be reduced or withdrawn.

Dept has advised Emb Athens and AMAG as follows by telegram (Deptl 1890 ²) Nov. 22:

"1. US decision to furnish additional military advice to Grk forces (Amag 496 Nov 19 ³) does not alter US view British military missions should remain Greece. Importance US attaches their remaining evidenced by US willingness have Greece meet certain their costs.

2. Dept understands Brit Govt policy prohibits Brit officers in Greece from giving officially military advice of kind US officers will give. Therefore no apparent conflict functions US and Brit officers. Any case, coordination should be possible.

3. Dept considers arrangements for coordinating activities US and Brit military missions matter for military and has referred it to Army Dept. We are informed one of first duties joint American military staff will be recommend to US Joint Chiefs of Staff arrangements for relations between Brit and US military agencies Greece. Joint Chiefs will then complete arrangements thru appropriate Brit authorities.

4. Dept will continue press for speedy action these questions." ⁴

Army Dept has similarly explained our views to Brit Joint Staff Mission here.

¹ The Secretary was attending the Fifth Session of the Council of Foreign Ministers which met at London from November 25 to December 15, 1947.
² Identified also as Gama 502, not printed.
³ Not printed.
⁴ In telegram 1906, Gama 518, November 25, the Department informed the Embassy and AMAG at Athens that "If you have not already done so pls convey substance Deptl 1890 (Gama 502) to appropriate Brit authorities. If Brit appear still uncertain or indicate disposition curtail their activities, pls inform Dept and Secretary Marshall in London. The continued presence of the Brit Military Mission in Greece is of the utmost importance to the policies of the US not only in Greece but in the whole Middle East." (868.00/11-2547)
We understand Bevin may raise this question with you. You may wish explain matter along foregoing line and endeavor check any Brit disposition to use new American activities as excuse for curtailment Brit activities Greece. Understand Army Dept cabling Byroade to this subject.

Rptd for info to Emb 1908 and AMAG, Athens as 523.

* Col. Henry A. Byroade of the General Staff, Department of the Army; at this time, Military Adviser to the United States Delegation at the Fifth Session of the Council of Foreign Ministers.

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SECRET

ATHENS, November 26, 1947—4 p.m.

Amag 542, Regama 475. 1 Inquiry by Bank of Greece of FRB NY regarding exchange of napoleons for sovereigns made without prior consultation Mission or approval of foreign members of Currency Committee.

2. While unable to prevent sales from present sovereign stocks of Bank of Greece, Mission has repeatedly informed Govt that US assistance in procuring additional sovereigns even through conversion of napoleons is most unlikely. In view of further intensification of inflationary pressure and increasingly grave political repercussions, however, Mission strongly urges authorization for conversion of napoleons be granted.

3. General price index October 1939 equals 100 has risen to 25018 on November 22 from 23047 on November 1, 21548 on October 1 and 20473 on August 31. Inflationary pressures outlined in Amag 337 and 454 2 primarily responsible. In particular, coincidence of certificate plan, 150% increase in customs duties, 66% increase in turnover tax, and belated wage increases in transport and other public utilities have recently resulted in drastic increases in industrial and transport costs. For example, railway rates to be increased by 88% and price of industrial coal by 87%. Such abrupt elimination of former subsidies constitutes great shock to entire economy which has become severely intensified by speculation in gold and commodity markets. Although profit margins probably sufficiently high to absorb bulk of cost increases resulting from AMAG initiated reforms, there is widespread effort to pass on to consumer full amount of cost increases.

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1 Dated November 18, p. 414.
2 Dated October 9 and November 11, respectively, neither printed, but see footnotes 1, pp. 371, 402.
As result of rapid rise in commodity prices in recent weeks, renewed series of demands for wage increases appears imminent, again confronting Govt with dilemma of flat refusal at risk of general strike or wage concessions and accelerated inflation.

4. No reform measures in form of direct taxation, expenditure controls, price controls, rationing, etc., can be applied in time to escape necessity of choice between above alternatives. Mission believes only possible course is to try to check speculation on gold and commodity exchanges by intermittent gold sales while simultaneously limiting wage-rate concessions to the minima politically feasible. Mission agrees that commodity price level cannot, by manipulating gold price, be held below level dictated by available supplies and purchasing power. Mission has repeatedly made clear that its advocacy of gold sales is based only on temporary psychological effects of such sales which obviously are not fundamental correctives.

5. Gold sale policy pursued since November 6 directed to closely limited objective of checking panicky increases in gold rate by intermittent intervention. Requests of Govt for stabilization of rate at artificially low level of 150 thousand drachmas firmly rejected by foreign members of Currency Committee with Mission’s concurrence. Early attempt to hold rate at 165–175 thousand resulted in heavy sales totalling 41 thousand sovereigns from November 7 to 12. Subsequent withdrawal from market followed by rise in rate to 187 thousand on November 25.

Greece has been through two runaway inflations within eight years. As result psychology firmly fixed that investment in gold essential as hedge against new inflation. Gold psychology nation-wide with even peasants hoarding one or two sovereigns. Relative stability gold price would be most important factor in holding inflation during these critical months while confidence shaken by military situation and economy shaken by reform. It should also have effect of bringing goods into market now held off market in hope of further price rise.

6. Stock of sovereigns in Bank of Greece available for sale is a strong factor in market confidence. Greatly concerned lest approaching exhaustion of existing stocks induce even more panicky demands. Announcement of conversion of napoleons to sovereigns would unquestionably exert strong stabilizing effect on gold market.

7. Govt subject to heavy political pressure as result of rise in gold rate and general price level. Minister of National Economy Varvoutis, Liberal, and most able and effective Minister, threatens to resign if rate exceeds 200 thousand. Ministers united on essentiality of gold sales regardless of political affiliations. As evidence of desperation of Govt, Economic Policy Committee without informing Patterson and Greg-
ory ordered Bank of Greece on November 21 to resume gold sales regardless contrary agreements. A reasoned letter by foreign members Currency Committee to Ministers primarily concerned pointing out dangers aroused heated resentment by Tsaldaris who asked Keeley and Griswold to home and discussed gold.

8. Gravely concerned lest support and prestige of present Govt be seriously weakened by continued speculative rise in gold market. Such weakening of present Cabinet prestige is itself adequate basis for this request for emergency exception to long-range US policy. Fall of present Cabinet would be little short of disastrous to American objectives. No new govt likely to be so able, cooperative or broadly based and there would be almost certain series of political crises which in itself would create lack of economic confidence and intensify present trends, and serious danger rightist govt would emerge recreating political liability for US in US and in international picture; and creating political dissension and strengthen Communist agitation within Greece. Frankly, we think it necessary to buy time until army begins to march and imports begin to reach market in greater quantity. Economic Ministers have manifested in recent months much more realistic and non-partisan approach to problems of Greece. Believe they merit interim assistance in form of speedy conversion of napoleons and continuance of gold sales.

9. For examination basic economic aspects of gold policy I ask you to send to Athens for brief study some policy level representative of State and Treasury.

10. Entire subject fully discussed with Embassy which entirely concurs with views of Mission expressed above.

Pass copy to Clay.

GRISWOLD

868.00/11-2647: Telegram

The Acting Secretary of State to the American Mission for Aid to Greece

SECRET

WASHINGTON, November 26, 1947—7 p. m.

Gama No. 526. Dept urgently considering question additional Greek Aid from all possible sources and requests no further announcements this subject from Athens until further advice received. As indicated Gama 470 not possible include additional Greek Aid request in interim aid for Europe bill as reported from your conference of 25th by Schmidt in Times article of 26th. Following is statement made by Acting Sec at today’s press conference:

\[1\] Dated November 18, p. 413.
“Reports from the American Mission for Aid to Greece indicate that several factors affecting the success of the Aid Program have recently emerged which were not envisaged when the Greek Aid Program was presented to Congress:

(1) The guerrilla warfare has resulted in the forced and planned evacuation of 310,000 refugees, who are now crowded in Salonika and other cities in the north of Greece near the guerrilla areas. These refugees are completely without source of livelihood, will not be able to produce on their own farms crops which were a part of the original Greek supply estimates, and are wholly dependent on the state for support. It is estimated that this number may increase to 500,000 by January 1.

(2) Approximately one-third of the Greek wheat crop was lost through the recent drought.

(3) It has been necessary to allocate nine million dollars from funds earmarked for economic purposes to increased supplies and equipment being furnished the Greek Army.

(4) Increase in world prices has substantially reduced the buying power of Greek Aid Funds.

(5) Availability of funds for Greece under the post-UNRRA relief program will be 10 million dollars less than originally planned.

The American Mission and the Department are studying carefully the probable effect of these factors on the recovery program in Greece and the possibility of meeting this emergency by reallocation of remaining Greek Aid funds. This question is also being considered in connection with the participation of Greece in the European Recovery Plan.

The necessity for the Department’s requesting an additional appropriation for the present fiscal year will depend on the outcome of these studies.”

LOVETT

867.51/11-2647 : Telegram
The Acting Secretary of State to the Embassy in Turkey

RESTRICTED
WASHINGTON, November 26, 1947—7 p. m.

675. Board Directors Eximbank Nov 26 approved credit Turk Govt $8 million to finance conversion six cargo passenger ships purchased from Maritime Commission.

Turk Govt to pay Maritime about $2,720,000 for purchase six vessels. Conversion cost estimated $8 million for which credit approved is to be repaid over period 7 years and to be guaranteed by Turk Govt with such additional security by way of lien on each vessel that may be practicable or desirable. Interest 3½ percent.¹

LOVETT

¹Telegram 685, December 2, 7 p. m., to Ankara noted that the $8,000,000 credit was in addition to the $25,000,000 line of credit approved in July 1946 (867.51/11-2947).

333-774—72—28
The Acting Secretary of State to the Secretary of State, at London

TOP SECRET

WASHINGTON, November 29, 1947—2 p. m.

Telmar 21. For the Secretary from Lovett. You will recall that following urgent representations through Amb Douglas last summer Bevin agreed Sept 15 to postpone withdrawal remaining Brit combat troops Greece at least until Dec 15. At that time he intimated developments might conceivably make it possible for him to continue Brit forces Greece beyond that date.

In recent weeks this question has been further considered by Dept and armed services and all are agreed it is most important Brit retain present forces (about 6000 men) in Greece. During recent talks here this view was again presented to Brit military and diplomatic representatives who indicated full understanding but asserted that Brit Gov still faced great difficulties this question. Although holding out hope that way might be found at least to extend Dec 15 deadline, they were unable make any commitment.

If Brit troops should be withdrawn now results would be extremely grave. While it may be hopeful sign that Brit Gov has made no recent move to pull them out, you may wish to discuss this matter with Bevin with a view to obtaining a more definite assurance. As Dec 15 date is less than three weeks away, it is hoped early occasion may be found to express our view that recent events justify retention troops beyond Dec 15 (ref para two, Douglas' tel 4952, Sep 12). It is hoped that Bevin will enter into understanding that, (1) troops will be retained Greece beyond Dec 15, and (2) they will not be withdrawn without prior consultation with US well in advance of proposed evacuation.

It would of course be more helpful if Bevin could agree to retain Brit troops in Greece either indefinitely or for at least a period long enough to insure internal stability in Greece. We appreciate however that it may not be feasible to make the suggestion.

Problem paper (dated Nov 20) for Secretary's book being forwarded air pouch Dec 2 gives additional background.

LOVETT

1 Not found in Department of State files.

863.00/11-2947 : Telegram

The Chargé in Greece (Keeley) to the Secretary of State

SECRET

ATHENS, November 29, 1947—6 p. m.

2060. Tsaldaris asked Griswold and me call on him November 25. He began conversation by expressing deep concern over whole situa-
tion in Greece. Said it strikes him that things are moving much too slowly; by the time recommendations are made and acted upon measures too often prove inadequate. Speaking frankly he said many actions seem to be taken without full knowledge their implications or ramifications. Cited this connection question balancing of budget which while necessary must be done with due regard inter-relationship of various factors. Also expressed concern over limited powers Griswold saying that when they first met in Washington and he learned that Griswold would be made "High Commissioner" with full powers over aid program he was at first concerned as a Greek that any one man should be given such authority in his country but after thinking matter over had reached conclusion that only such could situation be saved. In practice, however, it seemed this has not been case and not only has Griswold only limited authority make decisions but his recommendations are not promptly approved by Washington. Gave as example inability of AMAG after two weeks effort to obtain decision re exchange of napoleons for sovereigns. Further example delay was long time consumed in obtaining approval recommendation give operational advice Greek Army and still further delay in implementation decision.

[Here follows further discussion of the gold situation.]

Turning to military situation as example of how interrelated and complicated things in Greece can be, Foreign Minister said that guerrillas have cut communications between Athens, Patras and Yanina and unless order could promptly be restored in Pelloponnesus effect would be widespread and might be disastrous. Pelloponnesus is "sacred homeland" of Greece where war of independence began and was won, whence have always come Greece's best fighters. If these fighters in north learn that their homeland in flames their morale will be shattered and will to fight destroyed.

Foreign Minister then turned to larger aspect Greek problem and speaking, he said, not as Greek or Cabinet member but as world citizen, declared that in his opinion US stake in Greece is much bigger than Greece itself and entails future of western civilization. Neither US nor Greece can afford to fail. It behooves us therefore to act energetically and with greatest speed to meet actualities of situation. It appeared he said that aid to Greece has been apportioned and frozen, so much for military, relief, reconstruction, etc., whereas realities of situation called for more flexibility and prompt access to additional funds if required. Conditions have worsened in Greece since original aid voted due to deteriorating military situation, bad wheat crop, growing refugee problem and higher prices of commodities in world market. Griswold, he thought, should have fund of ten million or so
dollars to use where most needed without protracted negotiations and
discussion between him and Washington, and more funds must be
found to meet needs unforeseen when aid voted. Again saying he was
not thinking of Greece alone, he begged us to act before it is too late.

Griswold explained to Foreign Minister the legal and technical
limitations involved and stated that unless Congress should vote more
funds situation here must be faced with funds available. Everyone, he
said, is doing his best to face up to complicated and difficult problems
and will continue to do so.

In terminating, Tsaldaris repeated that everything points to neces-
sity for speed if situation is to be met squarely. Things in his opinion
are moving much too slowly and if present Govt cannot succeed in
solving urgent problems it will have to give way with all consequences
that entails.

While it is patent that Greeks themselves have failed produce kind
of speed they ask of US, Embassy feels Tsaldaris has pointed up
desirability of facing realistically situation as it has developed and
will develop and overriding necessity of reaching and implementing
decision as quickly as humanly possible. Case in point is question
exchange of napoleons for sovereigns discussed in Amag 542, Novem-
ber 26, so as to have at least this amount on hand in form that it could
be immediately used in an emergency. Embassy strongly endorses
views expressed that telegram and urges immediate approval. Also,
for US to guarantee Federal Reserve loan so as to release its gold
cover and exchange latter for sovereigns might be cheap way of
forestalling runaway inflation here with all that would be entailed
detrimental our own national interests. Time is of the essence and, as
Griswold states in ref tel, we must buy time until army begins really
to march.

As immediate practical measures toward speeding up operations,
Embassy recommends that Griswold be given broader powers to make
on spot decisions, that matters necessarily referred to Washington be
treated more urgently, and that all problems be viewed by Department
in their proper relationships. It is not, for example, helpful and seems
wholly unrealistic to say that provision for unforeseen refugee problem
must come out of Greek budget (Department memo dated October 28
of conversation with Tsaldaris) when AMAG fiscal advisers say that
nothing more can come out of budget without immediate danger of
inflation. Such problems must be coordinated.

Embassy has frequently pointed out that our thinking must transc-
cend limited circumstances of original aid program if we are not again
to suffer consequences of "too little and too late." This has been recog-
nized in military field by decision give military advice to Greek Army
even though general situation has deteriorated during two months it
took to reach decision and will probably deteriorate still further before
decision can be implemented.

So that all the fine work that has already been done and funds
already available may yield maximum results, it is Embassy's consid-
ered opinion that all elements situation should be immediately re-
viewed and coordinated and all necessary steps promptly taken.

This telegram shown to Griswold who concurs.

Keeley

868.00/12-147: Telegram

The Acting Secretary of State to the American Mission for Aid
to Greece

SECRET

WASHINGTON, December 1, 1947—7 p. m.

Gama 540. From State and Treasury. 1. Although opposed to Greek
internal gold sales Treasury is prepared only in view your strong
representation to effect exchange Greek gold napoleons for gold
sovereigns on basis of fine gold content of coin, as recommended in
your 542, Nov 26. In determining amount of sovereigns to be delivered,
deduction will be made for melting costs and other mint charges for
converting napoleons into fine gold bars. A deduction of one-half of
one percent will also be made covering the Treasury's handling charges
of one-quarter of one percent for both purchases and sales of gold.
Detailed arrangements may be completed between Bank of Greece and
Federal Reserve Bank New York.

2. Before authorizing further gold sales again urge careful recon-
sideration of desirability of continuing gold sale program even for
temporary emergency purposes in view considerations referred to in
Dept's 341 and 475. 1 Particular consideration should be given effect a
gold sales program may have on Congress in its consideration of sup-
plemental appropriations for Greek aid.

3. Furthermore, there is absolutely no possibility that new Greek or
AMAG funds can be used for purchases of further gold. This means
existing gold stock must be husbanded most carefully, and used only
in the event of genuine crises of type where sale of small amount of
gold will have direct and substantial effect. In light of basic infla-
tionary conditions existing in Greece, which it must be anticipated
will continue to exist for some time to come, it will be futile to attempt
to maintain any given price level over any substantial period of time.
The most that can be hoped for is to retard the rate of increase. Clay
concurs.

Lovett

1 Dated October 18 and November 18, respectively, pp. 371, 414.
Governor Dwight P. Griswold to the Secretary of State

SECRET

ATHENS, December 2, 1947—8 a. m.

Amag 562. At a meeting with Prime Minister November 28, he stated that on recent northern trip he found army morale and training excellent and he personally congratulated and thanked Rawlins who was present for British training. He reported, however, all officers agreed 100 NDC battalions essential and urged we reduce reconstruction program in order make American aid available, remarking such reduction would not be catastrophic, whereas failure defeat bandits would be. I replied Congressional intent envisaged reconstruction program which already curtailed for security reasons and I felt it could not be further reduced; that economic front as vital as military. I pointed out that if Greek Government had abided by commitment, immediate reduction *gendarmerie* fifty battalions could have been organized within available American and Greek resources. I pointed out further that in any event, immediate organization additional battalions is possible [impossible] because despite repeated protests, Greek Army and *gendarmerie* had drawn rations in excess authorized strength and nearly exhausted normal pipeline reserve. I used illustrations to emphasize necessity of Greek Government carrying out commitments. I remarked military planning staff would be here before long and after careful study might or might not reach conclusion additional NDC required. I stated categorically no increase funds for NDC at this time and question must be put over until February.

Livesay then brought up fact that NDC units already organized not used release army for offensive operations but located areas where army had not been. Prime Minister admitted fact and stated regretfully that NDC organized and officered by Minister of War without consultation Prime Minister and located largely areas of personal political interest to Minister of War: That this was family quarrel he did not wish discuss further and one of penalties of coalition government.

I then stressed US support for continuance coalition government and concern at reports that some of Ministers, notably Varvoutis, might resign from discouragement.

[Here follows further discussion of these matters.]

GRISWOLD

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1 In telegram 2072, December 3, Chargé Keeley reported that "Cordiality of Liberal-Populist coalition has been strained during past two weeks to point where harmony of action, if not continued existence, of coalition is threatened." (868.00/12-347) In reply, in telegram 1969, December 5, the Department stressed the "continuing necessity continued cooperation of Liberals and Populists during present critical period and approves your intention to reiterate these views to Sophoulis, Tsaldaris and other appropriate politicians of both parties upon suitable occasions." (868.00/12-247)
AID TO GREECE AND TURKEY

860.00/12-247: Telegram

Governor Dwight P. Griswold to the Secretary of State

SECRET

ATHENS, December 2, 1947—9 a.m.

Amag 555. Re Gama 470. A. Additional $50,000,000 requested Amag 466 based on assumption PL 84 funds not yet entirely committed. Roughly half of amount requested intended for establishment of contingency fund to cover potential requirements for further assistance resulting from Governmental failure to effectuate return of evacuees, continuing military stalemate, etc. These potential requirements obviously not susceptible to precise measurement in dollar terms at this time.

Since Amag 466 Mission has secured promise Chief of Staff not only no further compulsory evacuations except cases urgent necessity, but also promise to return about 115,000 refugees to homes within two months. (Despatch 26, November 20). We doubt implementation latter promise but believe any major increase refugees above present estimated 400,000 unlikely. Greek budget provides meager care for average 284,000 for eight months. Assistance required but possibly not so great as first anticipated.

Mission fears that publicized discussion before Congress of necessity provision further dollar assistance in amount requested Amag 466 meet such contingencies would, through effect on Greek psychology, virtually ensure the realization of such contingencies and consequent need for full $50,000,000. Definite limitation on funds under PL 84 to $40,000,000 and necessity requesting additional aid under PL 75 with attendant publicity and specific earmarking has accordingly required revision earlier Mission requests for further assistance expressed in Amag 397 and 466. Mission most reluctant to request additional $50,000,000 under PL 75 in view of seriously adverse repercussions upon Mission efforts to secure most efficient utilization of resources presently available to Greece.

B. To assist Department in arriving at best decision regarding overall approach to Greek situation, however, most significant facts in Greek exchange position are set forth below.

(3) Increase in military requirements of $4,000,000 as per detailed justification from Livesay brought by Clay. Further 1,000,000 required to meet costs of new military observers.

(4) On basis limited price data available here, estimate that Greek import prices in foreign exchange up at least ten percent since April,
1947. If rise in import prices accepted as valid reason for additional appropriation, compensation for effects of such price increases upon AMAG civilian program alone would require additional grant of 3.5 millions for reconstruction, 1.4 millions for agriculture, .2 millions for public health, .8.4 millions for consumer goods. Total, 13.5 millions.

C. As result of such increases in civilian import requirements and successive curtailments of exchange availabilities, obvious that Mission program now contains absolutely no margin of safety within which further unexpected increases in exchange requirements for military, refugees, etc., or losses of exchange receipts could be absorbed. Mission has to date taken the position with Greeks that any new threat to exchange or budgetary equilibrium simply necessitates even more drastic reform measures. Mission convinced, however, that grave political repercussions inevitable if Greek economy forced to sustain full shock of all losses of exchange receipts and increases in exchange requirements outlined above.

D. Mission therefore urges, first, replacement of $10,000,000 reduction in $50,000,000 previously understood to have been allocated under PL 84, full amount of which is included in official budgetary estimates. Second, diversion of about $15,000,000 from Turkish share of PL 75 funds (refer Gama 151 *) on following justifications: 1, replacement in AMAG civil program of $9,000,000 recently diverted to military program and, 2, increased military requirements of 5,000,000 as per statement General Lisesay and expenses additional military observers.

Failing such replacement of PL 84 funds and diversion from Turkish allocation, Mission urgently requests inclusion of Greece at special session in final version of interim aid for Europe bill and repeated plea Amag 466 that no fixed amount be specified in law unless specification essential. If as indicated Gama 526,¹ such final inclusion not possible then we urge amendment PL 75 authorizing additional $25,000,000 on basis justifications outlined above.

E. If any official discussion of supplemental appropriation asked above, urgently request that no more than $10,000,000 be earmarked support of Greek Government welfare budget as replacement of unexpected reduction of $10,000,000 in PL 84 funds already valued in official budgetary estimates at 50,000,000. Any suggestion that a greater value of consumer goods and drachma proceeds of their sale will be made available for Government budget would constitute admission that present budget not firmly balanced and contradict repeated Mission assertions that budgetary equilibrium entirely feasible on basis of existing resources. Allocation of more than $10,000,000 to Government budget would also seriously weaken Mission endeavor to strengthen expenditure controls, force return of evacuees, and hasten shift from

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¹ Dated August 29, not printed.
² Dated November 29, p. 422.
consumption to direct taxation. If necessity for strict budgetary economy and direction income taxation to be recognized by Greeks, possibility of securing new drachma revenues through further dollar assistance must be firmly excluded. Urge official earmarking of drachma receipts from sale of any new grants of consumer goods for deposit in reconstruction fund, already depleted by necessity subsidies upon bread, milk, etc. Such funds could, of course, be allocated to budget at expense of reconstruction if overriding needs develop.

F. This information in reply to Gama 470 and supplements Clay’s data. Reply to Gama 495 7 follows immediately.

Please pass to Clay.

GRISWOLD

7 Dated November 21; Gama 495 and reply not printed.

867.51/11-2247: Telegram

The Acting Secretary of State to the Embassy in Turkey

SECRET

WASHINGTON, December 2, 1947—7 p. m.

684. Interbank officials would appreciate opportunity discuss with representatives Turk Govt projects to be included in application before it formally presented (urteil 908 Nov 22 1). Bank has found informal conversations prior to filing of formal application by a govt have proved very useful in avoiding embarrassment both to Bank and govt concerned. You may inform Prime Min that US Govt feels conversations between representatives Turk Govt and Bank should take place initially on an informal basis and that Bank is prepared commence such discussions at convenience of Turk Govt. 2

LOVETT

1 Not printed; it advised that Turkish requests for credits from the International Bank for modernization of the Zonguldak coal basin, port development, modernization of agriculture, highways and railroads, etc., would be ready for presentation shortly (867.51/11-2247).

2 In telegram 937, December 6, 2 p. m., Ambassador Wilson reported information from the Turkish Prime Minister that the Turkish Government would plan such informal conversations (867.51/12-647).

840.50 Recovery/12-347

Memorandum by the Coordinator for Aid to Greece and Turkey (McGhee) to the Under Secretary of State (Lovett)

SECRET

[WASHINGTON,] December 3, 1947.

On October 25, 1947 (Amag 393 1), Governor Griswold requested $15,000,000 additional aid for Greece under USFRP (P.L. 84) funds,

1 Not printed; the additional funds requested were for a special refugee allot-ment (500.48 FRP/10-2547).
assuming availability of the full $50,000,000 originally earmarked for
Greece, which has now been reduced to approximately $40,000,000. On
November 13, 1947 (Amag 466), and in subsequent telegrams, this
request was increased to $50,000,000 ($60,000,000 taking into account
above reduction). On December 2, 1947 (Amag 555), on the basis that
additional funds must be sought under the Greek Aid Act, this request
was reduced to $25,000,000.

Attached is report by Mr. Eugene Clay, Economic Advisor to the
Chief of AMAG and Director of the Financial Division of AMAG,
who arrived from Greece on November 21, on the “Economic and
Financial Condition of Greece”. In this report it is estimated that
deceased availabilities due to all causes, of funds originally budgeted,
and increased needs, aggregate $118,000,000 for the 15 month period
ending June 30, 1948. Foreign exchange estimated available during
this period from all sources falls short by $65,000,000 of meeting needs
of a minimum and insufficient import program, which was itself
reconciled to a lesser shortage of funds estimated earlier, and
$124,000,000 short of the import program presented by the Greek Gov
ernment. Mr. Clay discussed the discrepancy between these figures and
the request for $25,000,000 with Governor Griswold by telephone
today. Governor Griswold confirmed Clay’s figures and estimates of
requirements and stated he would reconfirm by cable. The $25,000,000
figure was suggested solely as a matter of strategy in case it was neces
sary to ask for an appropriation at this time.

Present plans call for the allocation to Greece of $42,000,000 under
ERP for the second quarter 1948, which would be available only in the
event of favorable action by Congress on ERP in something like its
present form. Under present plans this figure could be increased by
the ERP administration if Greek needs were demonstrated.

Recommenation:

1. That the Chairman of the Senate Foreign Relations Committee
be advised that there will be need for additional appropriated funds
for Greece during fiscal 1948, in an amount yet to be determined but
which will not exceed $65,000,000, and asked for his advice as to
whether:

a. Present non-military Greek Aid funds should be drawn down at
a more rapid rate than is permitted by present availabilities and ex
hausted by April 1, 1948, under the assumption that civilian require
ments for Greece will be met from ERP funds starting on that date.
This procedure is consistent with present ERP plans, would probably
provide funds adequate to meet the 1948 deficit and represents the De
partment’s preference, or whether

2 Dated December 1, 1947, not printed.
b. An additional appropriation for Greek aid under Public Law 75 should be requested by the Department early in the next regular session in an amount to be determined and justified later, with Greece omitted from the first quarter ERP request.

2. That an additional OFLC credit of $25,000,000 be granted Greece immediately.

3. That a credit of $10,000,000 be sought for Greece from War Assets Administration for purchase of War Assets surplus, and that the Department representative on NAC propose such a credit to the NAC at the earliest opportunity.

4. That the Department through its representative on the Export-Import Bank request $11,000,000, the remainder of the $25,000,000 originally earmarked for Greece, be unfrozen. These funds could be used in lieu of funds now allocated for the reconstruction program and, if available, could result in a corresponding reduction in request for additional appropriated funds.

S68.00/12-347: Telegram

The Chargé in Greece (Keeley) to the Secretary of State, at London

SECRET

ATHENS, December 3, 1947—6 p. m.

2086. Amag 581. For Secretary from Griswold and Embassy. British Embassy and British military missions anxious that British military missions continue in Greece and work closest collaboration AMAG. (Telmar 4, November 25) British here hesitant to discuss procedures, however, pending receipt requested instruction from London especially in light British policy heretofore against giving operational advice.

All agree no difficulty ensuring continuance closest cooperation top levels, but concern felt at possible friction lower levels. In our thinking and also private British thinking here, ideal solution would be complete integration British and American military missions as combined military mission with Livesay, AMAG, as head and Rawlins, BMMG as deputy. As British policy has heretofore opposed furnishing operational advice to Greeks, British Embassy feels London might for policy reasons not accept this arrangement. However, it is possible that as US has now decided give operational advice British Govt might be willing reverse former policy and participate with US as earnest its solidarity with US in Greek aid objectives.

If combined mission not feasible, we would suggest combined or at least integrated planning staff with operational advice and supply matters thereunder handled by American personnel and with training
thereunder handled by British personnel. Under this procedure British although participating in overall planning would not furnish Greeks with operational advice, yet integration of training, operations and logistics would be fully established.

Urge you press British for earliest possible decision so that most effective arrangements in circumstances can be worked out there [here] on the spot promptly and recent US decision re military advice be implemented without further delay.

Sent London as 130; repeated Dept as 2086 and Amag 581 for any comment and with request pass Dept Army.

Keeley

868.00/12-447: Telegram

_The Acting Secretary of State to the Embassy in Greece_

CONFIDENTIAL

WASHINGTON, December 4, 1947—8 p. m.

1964. _NY Times_ Dec 4 reports Sophoulis sending Venizelos to US as personal emissary. Story says Sophoulis feels US officials Athens have failed grasp full extent and nature of peril to Greece and urgent needs her armed forces. Adds Venizelos will plead for arms and equipment for 50 to 100 national guard battalions.

Dept sees no need for any such mission by Venizelos and does not wish to discuss here matters pertaining Greek military establishment which should be handled by Greeks through AMAG and Emb.

In your discretion please endeavor discourage Venizelos trip if its purpose is to go over heads of US reps Athens. If necessary you may say Dept has full confidence its reps Athens and considers any questions pertaining to Greek military needs in particular should be handled through those channels.

Pass to AMAG for info. #563

Lovett

867.00/12-447: Telegram

_The Acting Secretary of State to the Embassy in Turkey_

RESTRICTED

WASHINGTON, December 4, 1947—8 p. m.

692. Patsu 45. Air Force Dept letter Dec 2 requests Dept approval ceiling 100 total personnel Air Force Group Aid Mission. This includes both military and civilian without specification number each. Present understanding ceiling 80 military and unspecified civilian.

1 Not printed.
Air Force states recruitment qualified civilian technical personnel short term assignment extremely difficult. Also that 100 minimum total requirement as above. If you approve Dept prepared ask Nat’l Security Council approval Air Force request and notify Chairman Congressional Committees Foreign Relations and Affairs Dept intention this respect. McBride familiar Air Force problems and request. Confer McBride his arrival Ankara and forward recommendations.

LOVETT


2 Ambassador Wilson advised, in telegram 951, Ustap 61, December 12, that he and General McBride believed the Air Force request justified (867.00/12-1247). On January 7, 1948, Acting Secretary Lovett informed Secretary Symington that the Department of State approved "a personnel ceiling of approximately 100 for the United States Air Force Group of the Mission for Aid to Turkey, without regard to the number of civilian or military personnel within this total strength." (867.20 Missions/12-247). The Department sent similar information to Ankara the same day in telegram 11, Patsu 54, noting also that there had been no reference of the matter to the National Security Council (867.00/12-1247).

868.00/12-547: Telegram

The Chargé in Greece (Keeley) to the Secretary of State

CONFIDENTIAL

ATHENS, December 5, 1947—8 p. m.
US URGENT

2101. Venizelos granted diplomatic 3(2) visa yesterday (Dec. 4) and sailed for US today on Vulcanna. Vessel had already left harbor before Deptl 1964 came to my attention (code text received here at 11:30 a.m. today but being unmarked as to urgency was decoded in its turn as routine and reached action officers only at 5:30 p.m. after vessel had sailed).

In view recent morale of Greek Government following communication today by AMAG of Department’s gold decision (Gama 540, Dec. 1) and other adverse factors in Greek situation, Embassy considers it unwise dishearten Greeks further by communicating Department’s views (1964) at this time. Should Venizelos broach subjects embarrassing to Department or otherwise attempt to go over heads of US representatives Athens, Department might more appropriately then make its attitude known to him and through him to Sophoulis.

As Amag 542, Nov. 26, and my 2060 Nov. 29 should indicate, we here are fully in accord in realizing “full extent and nature of peril to Greece” and, incidentally, to Europe and to US if Greece is permitted to go under. Considering limitations aid law and restrictive decisions, of which Gama 540 is good illustration in respect of one item (gold),

1 Dated December 4, p. 434.
we have not felt that we could let PriMin or other Greek officials realize how serious we consider situation to be. If NY Times article correctly depicts PriMin's feelings, he may have come to conclusion that we are unable to grasp realities of situation that others on spot, particularly those having responsibility of government here, feel are self-evident.

Our impression is, however, that he has not lost confidence in our ability accurately to appraise situation but rather that he feels that Congress needs to be convinced that unforeseen developments since aid bill was voted now require more aid immediately.

In circumstances, it may be good thing for Department to hear Venizelos out and it may even find him useful advocate before Congress.

Embassy is now working on review of entire situation and hopes telegraph summary its views within few days.

KEELEY

868.00/11-2947: Telegram

The Acting Secretary of State to the Embassy in Greece

SECRET

WASHINGTON, December 6, 1947—2 p. m.

1973. Reurtel 2060.1 Dept fully understands gravity Grk situation. It is furthermore Dept view that Chief AMAG enjoys extremely wide powers under present instructions. So far as allocation aid funds concerned, principal limitation on AMAG’s powers has been requirement that Secy approve any increase in military allotments. None of AMAG recommendations this regard has been disapproved. Provision of US operational advice for Grk Army was question prime importance, constituting fundamental departure original US policy, concerned Service Depts and Congressional relations, and involved consequences of national significance. It should be clear to Embassy that authority to decide question of this kind which must be considered by highest authorities this Govt could not be delegated to anyone. As for refugee question Dept cannot allocate funds not appropriated by Congress. Emb and AMAG have been apprised Dept’s consideration of request to Congress for additional funds. Specific question of sovereign acquisition and sale (urtel 2060) subject separate communication. It involved departures from this Govt’s general financial policies and therefore could not be answered until after discussions with other Governmental agencies.

LOVETT

1 Dated November 29, p. 424.
AID TO GREECE AND TURKEY

The Acting Secretary of State to the American Mission for Aid to Greece

WASHINGTON, December 6, 1947—4 p. m.

Gama 582. For Griswold from McGhee. Re Amag 555. Request you await Clay's return before formulation further recommendation for additional appropriated funds for Greece during fiscal 1948. Dept considers that no action can be taken at present but will at proper time seek further funds on your recommendation by means considered most feasible after discussions with Congressional leaders. Possible sources are ERP funds for Greece second quarter, Ex-Im Bank unfreezing of $11 million remaining under original credit and as last resort additional request under P.L. 75. Other sources new funds recommended Amag 555 not possible. $25 million additional OFLC credit and $10 million war assets credit have been requested and prospects appear favorable. Dept is considering favorably and will advise you shortly program of accelerated expenditures of your present funds to meet current urgent needs.

LOVETT

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1 Dated December 2, p. 429.

2 In telegram Gama 606, December 11, the Department informed AMAG that it had authorized the OFLC to negotiate a further $25,000,000 credit with the Greek Embassy (868.00/12-13-47).

867.248/12-847

The Acting Secretary of State to the Secretary of the Air Force (Symington)

WASHINGTON, December 8, 1947.

MY DEAR MR. SYMINGTON: I refer to your letter of December 4, 1947, submitting an over-all Air Force program for aid to Turkey in pursuance of the recommendations made to the Secretary of State on July 15, 1947 in a report of the American Ambassador to Turkey.

The Department of State has approved the Air Force program as recommended in your letter of December 4, and is prepared to allocate the total of $26,750,000, including amounts previously allocated for the

1 Not printed.

2 The Air Force program consisted of aircraft, $10,296,000; technical supplies and maintenance equipment for aircraft, $1,841,000; communications and electronic equipment, $5,866,000; motor transportation equipment and supplies, $761,000; airdomes and construction equipment, $2,602,000; instructors and student expense, $2,500,000; training and instructional equipment, $581,000; and bombs and ammunition, $1,056,000, or a total of $25,603,000. A reserve of $1,147,000 brought the grand total to $26,750,000. The program included provision for the transfer of 519 aircraft of various types. (letter of December 4 from the Secretary of the Air Force, 867.248/12-447)
Turkish Air Force program, less a contingency reserve of five per cent of such total amount. This reserve is temporary and in accordance with the previous understanding between our two Departments. The amount reserved by the Department of State will be $1,327,500. The total immediate allocation to the Army Department for the Air Force program, including previous allocations, will, therefore, amount to $25,412,500.

Appropriate arrangements respecting the allocation of these funds will be made by the Department of State with the Budget Officer of the Department of the Army.

Sincerely yours,

For the Acting Secretary of State:

George C. McGhee
Coordinator for Aid to Greece and Turkey

711.68/12-847

The Chargé in Greece (Keeley) to the Secretary of State

SECRET

ATHENS, December 8, 1947.1

No. 5735

Sir: I have the honor to transmit herewith a memorandum, entitled “Suggestions for United States Policy in Greece”,2 which has been prepared by the Political Section of the Embassy with the cooperation and concurrence of the Economic Section.

It is hoped that this appraisal of the situation, which represents the considered opinion of those officers of the Embassy who have been closely following developments in recent months, may be helpful to the Department in shaping United States policy in Greece to serve our interests.

The situation in Greece is fraught with such evident peril to the maintenance of fundamental democratic freedom not only in Greece, Europe, and Asia but even in the United States itself, that one can only assume that those whose responsibility it is in our Government to make plans for our national defense are giving careful thought not only to the current situation as it develops but also to the possibilities of the situation, to the extent to which it may be possible to predict what might happen in the foreseeable future. The crux of the matter would seem to be “Is the United States in Greece to see the job through, i.e. to preserve Greek independence from Communist (Soviet) domination, or not?” Those who have collaborated on the

1 Received December 15.
2 Infra.
enclosed memorandum feel that in our own best interests our answer can only be in the affirmative. If so, our provision for the future must not be limited by the original aid to Greece program or our effectiveness be hampered by any narrow limitation on what we as a nation can do, and promptly, as the developing situation may demand. Whether we like it or not, or are yet prepared to admit it publicly, we must recognize that in Greece we are faced with war, not alone a propaganda war on a large scale but a shooting war, sponsored by those whose way of life is inimical to ours and whose intensified efforts in recent months give evidence of an intent to checkmate our combined efforts to overcome it. While it is the part of wisdom to endeavor to win this contest with the least outlay as long as such a program does not seriously endanger victory, we should not, and must not, handicap ourselves improvidently. For our own national safety we must not rely upon piecemeal action. Economic forces can defeat us as readily as other forces. We should have authorized and available such additional funds and facilities as prudence demands without the costly delay entailed in obtaining, after the fact, more funds from the Congress tardily to meet new situations as they arise. If we are not to lose the war we must not lose too many of the battles for the want of immediate means to win them. The timely availability of a few millions of dollars when needed might well mean the difference between success and failure, victory and defeat.

As a result of views exchanged with the members of the various Congressional groups that visited Greece in recent months, the Embassy is convinced that Congress will grant the necessary authority and funds to protect the vital interests of the United States if the situation is clearly and frankly explained to it. It is suggested that less funds might be required in the long run if the secrecy concerning our intentions were raised so that not only the Congress and the American people may fully appreciate the threat to our way of life and how we intend to combat it but, also, so that those who are threatening that way of life may be left in no doubt as to our intentions and the steadfastness of our purpose in defending it, both at home and in the territory of our friends abroad who share our attachment to the democratic freedoms and are prepared, with our assistance, to defend them.

Respectfully yours,

James Hugh Keele
Memorandum by the Political Section of the Embassy in Greece

SECRET

[ATHENS,] December 6, 1947.

Subject: Suggestions for United States Policy in Greece

I. NEED FOR REALISTIC DECISIONS ON HIGH POLICY LEVEL

The Greek situation has now reached an exceedingly delicate balance point. On the one hand there is the possibility of gradually inching forward towards the reestablishment of order and economic recovery. On the other, there is the possibility of total military and economic collapse. To the extent that adequate provision has not already been made to cope with the developing situation, high policy decisions should be taken by the United States with the least possible delay.

Decisions on particular Greek problems should be taken only after each problem is considered in the light of all other related Greek problems. For example, a decision on the one hand that the needs of the refugees (estimated at more than 400,000 as of this date) should be covered in the Greek budget is wholly unrealistic when on the other hand those responsible for balancing the budget simultaneously state emphatically that such needs cannot be met in the budget without immediate probability of runaway inflation dangerous to the entire Aid Program. Temporary provision for a nine-months’ period of minimum needs for shelter, clothing and food for only 284,000 refugees as of October 1 amounted to 266,654,100,000 drachmas, or one-tenth of the total budget of the Greek State.

In arriving at decisions on Greek problems, thinking must transcend Greece. For example, it has been suggested that it might be cheaper in the long run to bring into Greece sufficient American troops promptly to restore order, but as such a move might well precipitate war with Soviet Russia and her satellites, the final decision must weigh this as well as other possibilities.

The important thing is that the Greek situation and all that depends upon it with respect to preserving genuine democratic freedoms in Europe and Asia, and eventually in the Western Hemisphere, requires that constant vigilance be exercised to the end that nothing be done that will detract, and nothing left undone that will contribute to the accomplishment of this end objective.

II. FACTORS IN THE SITUATION

a. Economic situation: Because of elements that were not, and in some cases could not be, foreseen when the appraisal was made upon

*Drafted by Messrs. Minor, Witman, Cromie and Marcy; edited by Chargé Keeley; reviewed and concurred in by Mr. Groves.
which the funds for the American Aid to Greece Program were voted, and because of the deterioration that took place before that aid could be made effective, those funds and the facilities based thereon have proved insufficient to hold the line, let alone effect the reconstruction of the country. Although there have been marked improvements in certain respects, such as in the establishment of a Foreign Trade Organization to bring order out of chaos in that field, there has been deterioration in other respects, so that on balance the economic situation within Greece remains at least as critical as it was a year ago.

The delay involved in the implementation of the Aid Bill, the poor harvest of last year, rising international prices, and close to a half million unforeseen refugees—all of these aggravated and exploited by Communist sabotage and propaganda—have slowed progress to a dangerous pace. The refugee problem alone is a major calamity which, if unrelieved, is such as would threaten the political organization and economy of a stronger nation. To have over five percent of the total population of Greece (over 15 percent of Northern Greece where the problem is particularly serious) homeless, destitute and terrorized is a situation in the face of which no Greek Government can long exist, particularly as the refugee problem is merely an acute manifestation of a generally perilous situation. The memorandum prepared by First Secretary Horace Smith goes into greater detail on the economic aspects of our policy and makes certain recommendations. A copy of that memorandum, which was submitted to the Department under cover of despatch no. 5650 of November 24, 1947,* is appended hereto.

b. Military situation. The insurrection is intensifying. Even under the most advantageous conditions, military observers do not foresee the containing of the rebels until the end of 1948. On the contrary, the guerrillas appear to be gaining in strength and boldness while, reports of satisfactory morale on the part of the National forces notwithstanding, the efforts of the Greek Government and its forces to control the situation seem to be increasingly less effective. Further, while winter conditions will impede both sides, it is unquestionable that in mountainous terrain largely controlled by the guerrillas the lack of mobility which such conditions impose will favor the guerrillas over the Greek National Army. Were other things equal, the giving of operational advice by American officers might serve to turn the tide. There is, however, no assurance that other factors will not intervene.

Our own transcending interests demand that the military situation be reviewed not in relation to Greece alone but in relation to the world problem. By July 1, 1948, if not sooner, the Greek Army will have consumed all the rations provided for it within the Aid Program.

* Not printed.
Whence will come its rations thereafter? Is it realistic, on the grounds of inadequate aid funds, to continue to deny Greece the additional military effectives she contends she needs to end the rebellion? To do so in the face of the deteriorating situation is to give the Greeks and their (our) opponents the impression that it is immaterial to us whether the rebellion ends or not, which surely cannot be the case. If we are not convinced of the need for more effectives, at least we must be prepared immediately to provide more funds and equipment if our military planning staff so recommends, and their judgment should be free, that is, not restricted by the limits of the Aid to Greece Program. That staff should not only feel free, but be instructed, to report what in their opinion the true military situation is and what is needed to cope with it in the light of United States interests in maintaining Greece’s freedom from Communist domination. Whatever is required should promptly be given.

c. Political situation: Politically, Greece’s world position has perhaps improved over what it was a year ago in that the justice of her cause has been recognized by the majority of the United Nations, and Greece has been able to enlist the sympathetic support of the United States in most respects. Greece is, however, still severely criticized by her friends who have, perhaps unwittingly, allowed themselves to be put on the defensive by Communist allegations of “monarcho-fascism”, and have themselves weakened Greece’s position by all too frequent criticisms that seem to ignore the fact that Greece is at war. This publicly evidenced lack of confidence in the Greek Government is extremely important in the general feeling of confusion and uncertainty which has impeded the Greeks’ own efforts to save their country. Meanwhile, Greece’s enemies have become more and more open in their designs against her, and recent developments give reason to fear that an even more flagrant offensive is imminent. Thus the formation and location of the Cominform at Belgrade, the increasingly overt assistance and support offered the guerrillas by the satellite countries and by international organizations such as the WFTU, and the conclusion of the Yugoslav-Bulgarian alliance not only are useful weapons in the “war of nerves” but also are potential weapons in any larger developments which may be forthcoming. The war psychosis which is being openly and officially fomented in the satellite countries is a disquieting development.

If no further adverse factors were to enter the picture, and if Greece could confidently count upon adequate ERP aid to replace AMAG when the latter ends, time might swing the balance in favor of the realization of American aims in Greece. The influence of AMAG is just now beginning to be felt, American military advisers are about to
arrive, and the UNSCOB may prove a deterring factor to the despatch of arms and supplies across the border. Thus, were the Communists to surrender the initiative to us, it might be possible to envisage a slow and gradual improvement in the situation within the framework of a democratic Greece. All evidences, however, support the expectation that the USSR and her satellites will not give up the initiative, but will on the contrary resort to any means necessary to thwart us and to give the balance the push necessary to swing it in their favor. Once swung in that direction, the balance will not return short of war.

III. INDICATIONS OF FURTHER COMMUNIST ACTION

The Communist rebels and their foreign supporters have repeatedly threatened to take, and have it within their power at any time to take, a simple decision, which would completely upset the delicate balance in Greece: to wit, the formation of a so-called “Free Democratic Government” in rebel-held territory or even in exile. If this has not yet been done, Mr. Johnson’s warning before the Security Council may have been the deterrent factor, but the situation has evolved since August 12.

Such a step would presumably include the severance of official relations with the Athens government and the granting of belligerent status to the rebels. Soviet Russia and her satellites would then be freer to give assistance to the rebels and would probably do so in greater degree than we are giving it to the legitimate Government of Greece. Materially the simple formation of a rebel government would probably change the actual situation very little, if at all. Psychologically its effect would be extremely bad in Greece and, propagandewise, abroad. Recognition and open assistance would, however, radically alter the whole picture and, incidentally, completely nullify the efforts of UNSCOB, which would find itself, if it could continue to operate at all, in the position of “discovering” that which would by that time be openly acknowledged.

Indications that the Communists are aware of the advantages of such action are not lacking. In addition to evidences of preparedness on the part of the northern countries, the Communists within Greece itself are known to be preparing for general action the moment the word is given. It has recently been confirmed that the guerrillas have at their disposal, and are now utilizing, mountain artillery, a weapon which the United States and Great Britain have so far failed to provide the Greek Army despite repeated requests for such matériel by the Greek Government. Guerrilla propaganda last week asserted that the “Democratic Army” is repairing the several aircraft which have fallen into its hands. While the repair of these aircraft cannot yield
a significant number of serviceable machines, their existence would allow a “Free Greek Government”, when and if formed, an opportunity clandestinely to utilize air support from the neighboring countries to the north while alleging that the planes used against the GNA were those very same craft which had been repaired from GNA losses. There is, moreover, strong reason to believe that the Communist Party of Greece (KKE) is designating, training and despatching to the hills an administrative cadre which is destined to be the backbone of a “Free Government”. Moreover, many KKE leaders have recently disappeared from Athens and the party rank and file have been led to expect that a “Free Government” will be formed “when General Marcos and old Man Winter have secured enough terrain”. These should give us sufficient warning of further dynamic attempts on the part of the KKE and its supporters to achieve the Communist goal in Greece.

IV. THE PROBLEM

Pending settlement of basic issues between Washington and the Kremlin, the line must at least be held in Greece. Whether or not, and how, that line is held will play an important part in the final solution of the overall problem. A dynamic policy effectively administered will not only safeguard our vital interests in Greece, but might also serve as a spearhead aimed directly at a vulnerable spot on the Communist periphery.

The problem facing us at the present juncture is to determine how far we are willing to go and what specific steps may be necessary to prevent one more democratic country from undeservedly and irretrievably falling behind the Iron Curtain, and more immediately to forestall, or failing this to counter, the establishment and possible recognition of a rebel “government”. The following recommendations are submitted with these objectives in view.

V. RECOMMENDATIONS

A. To meet the specific threat of the formation of a rebel “government” the United States should immediately issue an unequivocal statement reaffirming and strengthening the remarks made by Mr. Herschel Johnson before the Security Council on August 12, 1947.\(^6\) Paraphrasing his declaration in the light of subsequent developments, it should be stated that since effective action by the Security Council was repeatedly prevented by the veto of the Soviet Union, and since Albania, Bulgaria and Yugoslavia have continued to refuse to follow the recommendations of the General Assembly, the United States Government does not consider that individual or collective action by

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\(^6\) For text, see SC, 2nd yr., No. 74, p. 1907.
states willing to act is precluded, so long as they act in accordance with the general purposes and principles of the United Nations. We should reiterate that the United States is prepared and willing to cooperate with like-minded members of the United Nations in taking any step which might become necessary to afford Greece the protection to which she is entitled. More specifically, it should be declared that the forcible establishment, throughout Greece or in any part of her territory, of a minority, totalitarian “government” subservient to the Communist-controlled countries, would be considered an act of aggression which would justify Greece’s invoking article 51 of the Charter. It should be asserted that in such an event Greece can count on the whole-hearted support of the United States.

B. Among other things, it might not be inappropriate to reexamine the question of our diplomatic relations with the hostile satellite neighbors of Greece, giving careful consideration to the practicability of recognizing, in concert with the other Western democracies, democratic governments-in-exile of these states. It might even be appropriate to include in the declaration recommended in (A) above, a statement that the United States will feel compelled to reconsider its relations with any state which recognizes such a rebel “government”.

C. Apart from the question of a rebel “government” we must now prepare and execute a plan of action measuring up to the urgency of the existing situation. Already Communist propaganda in the Balkans plays the theme that the United States and Britain are “more likely to engage in the ‘litigious activity’ of writing diplomatic notes than in vigorous direct counter-action”. Such a program should be applicable in the eventuality that United States action to forestall the formation of a Free Government be either too late or too little. It must be a broad program and envisage action in the political, psychological, military, economic, and informational fields. The following broad recommendations are made to reinforce the already substantial efforts being made under AMAG’s present program.

1. Political and psychological. Our political and psychological approach must be positive and dynamic. We must not only adopt, but must convince our allies and the rest of the world that the United States has assumed, a determination to “see this through”. We have morally committed ourselves to the support of the sovereignty and territorial integrity of Greece. However, this moral commitment has not yet been made explicit, which leads our allies, as well as our enemies, to question our determination. We must realistically support the present coalition Government, or any broadly based government that may succeed it. Similarly we must cease unrealistically asking Greece to make unilateral sacrifices, for example in regard to reparations and
territorial claims, which embarrass and weaken the Greek Government and undermine the confidence of the Greeks in our support of them when contrasted with Soviet support of her satellite states which concurrently have designs and less justifiable claims against Greece.

The United States must be prepared, should a rebel Government be formed either before or in spite of an announcement of American policy as recommended above, to take effective action. Such action would presumably be initiated by (but not limited to) a formal complaint in the United Nations against the satellite nations, should these nations recognize the “Free Government”.

It is likewise high time that the United States Government forsook the defensive and stopped apologizing for the present, allegedly “monarcho-fascist” Greek Government. Its shortcomings are multi-

tudinous, but it is by no means as bad as international public opinion has been led by repeated and insidious Communist propaganda to believe. We should not hesitate whenever occasion demands to remind the world that it is a government freely elected by the people under international supervision (Amfoge). It is, to say the least, cooperative and well-intentioned. While it falls short of ideal democracy (as we understand the word), we should stress that this is largely because of conditions intentionally created by its Communist enemies. In the face of fantastic obstacles, political, economic and military, the present rulers of Greece are unquestionably making a sincere effort to remain democratic, and occasional deviations are understandable. The present coalition has many weaknesses, but there is no immediate alternative and with firm support and advice it can be reinforced. Fundamental reforms can be effected through this Government if patience, persistence, and an understanding of the limits imposed by the stage of development of the country itself are exercised. American political and psychological policy towards Greece must not lose sight of the fact that there is very little in Greece that cannot stand the light of impartial publicity, which Greece herself has always welcomed, and that we have the advantage of the ascertainable truth on our side. In summary, our failure to give Greece unqualified political and psychological support has considerably impaired the ability of the Greeks to help themselves.

ii. Military. In a military sense our decision to send to Greece a group of American officers to give operational advice to the Greek Army has had a salutary effect on Greek morale. But this far-sighted action must be implemented with the least possible delay if it is to have the maximum effect. Too often in the military, as in other fields, our day to day actions, dictated frequently by overriding factors such as shortages of appropriated funds, have had a cumulatively negative
effect which tends to defeat our over-all objective. (As examples: delay in arrival of aircraft, mules, munitions and military equipment, resistance on necessary budgetary grounds to Greek desires for increases in the Army and National Guard and our present objection to the request of the Greek Army for mountain artillery.) Each factor in itself is small but the cumulative effect is to discourage the Greeks from getting along with the guerrilla fighting, to beat down their will to resist and to give credence to their fear that the United States does not seriously intend to see this thing through. These are military matters in which the Political Section is not endeavoring to pass judgment but merely indicating the negative effects in the sum total. No criticism is intended of AMAG or USAGG, which have accomplished the maximum within the limits of inadequate funds.

Similarly we do not feel competent to make a final recommendation with regard to the wisdom of sending American forces to Greece either alone or together with other United Nations forces since we are not able, from our limited viewpoint, to see the problem in the over-all context of our relations with the Soviet Union, nor are we informed as to the considerations of grand strategy involved. What alone is clear from the political viewpoint here is that the situation may at any time develop to a point where a decision for or against the sending of troops would be immediately necessary. This possibility must be faced at once by those competent to do so, if it has not already been faced and decided.

iii. Economic. American political exigencies aside, it is unrealistic to expect to save Greece on a piecemeal or year to year basis. Our policy must be long range and must be announced as such. Otherwise skeptical Greeks will tend to withhold their cooperation, as they already have, for the purpose of laying aside a reserve against the day that American assistance is withdrawn. The Porter recommendations on which the AMAG program was based were drawn up on the basis of observations made approximately one year ago, since which time the situation has changed considerably for the worse. Until over-riding political problems are solved, economic theory and sound business principles cannot be controlling considerations. The existing appropriation for Greece is inadequate and additional funds must be provided. The present situation must be presented to Congress and to the American people as transcending mere considerations of economy.

As already recommended, the designated powers of the Chief of AMAG should be broadened to permit him to make on-the-spot decisions and questions necessarily referred to Washington for decision should receive the promptest consideration. It is of the utmost impor-
tance that individual decisions be made with due regard to all other elements of the internal situation and in the light of our overall objectives.

iv. Information and propaganda. The most immediate Soviet response to the Truman Doctrine was in the field of propaganda, the United States being prompted [promoted?] from no. 3 whipping-boy in the Greek arena (viz, after the Greek and British Governments) to the distinction of public enemy no. 1. Expansion of the Truman Doctrine into the Marshall Plan was answered with a formal declaration of psychological warfare, the Cominform.

Instead of meeting this propaganda attack, we have actually retreated in the main target area, reducing by half the already inadequate local budget of the USIS in Greece and obliging the Greeks to trim by 17 percent the budget of the Greek Under Secretariat for Press and Information.

The value of propaganda as a weapon of war and politics should need no argument, and the consequences of our own and the Greek’s relative neglect of this weapon are apparent in the apathy of the Greek people and army, in the widespread confusion of world opinion as to the facts of the situation and American objectives in Greece, and in the feeling among opposition (genuine democratic) elements in the satellite countries that they have been abandoned.

It is recommended, therefore, that in cooperation with the Greeks we launch a concerted campaign designed frankly to arouse the people within Greece and to break guerrilla morale, to counteract the Soviet campaign of lies and vilification throughout the world, and to stimulate resistance activities in the Soviet satellite countries. The set of assumptions in the Department’s circular telegram of December 4, just received here, is excellent and might well be made a world-wide directive. The Greek Information Service, at present a neglected political plum, should be raised to a full ministry, adequately staffed both at home and abroad, and aided by the advice of outstanding American public relations experts. Greek-affairs should receive more extensive and more positive treatment in OIE propaganda throughout the world, the maximum possible publicity being given to hitherto secret information on subversive, Soviet-sponsored activities, and our diplomatic agents should be instructed to keep all friendly governments consistently and thoroughly informed on the Greek situation. This is particularly important in order to prepare other members of the UN for whatever further international action may be required in defense of Greece. Finally, the current plan to set up a combined Hellenic-American radio station in Greece should be carried through promptly and

* Not printed.
there should be no hesitancy about directing some of the programs to
the guerrillas themselves and to listeners in the satellite states.

868.51/12–1047: Telegram

Mr. John B. Howard¹ to the Secretary of State

US URGENT SECRET

ATHENS, December 10, 1947—8 P. M.

Amag 643. Reference Gama 540.² 1. Authorization for conversion
napoleons transmitted to Greek Government on December 5. Napo-
leons dispatched by air to FRBNY Dec 9.

2. Despite market anticipation of conversion authorization, con-
tinuance of strong buying pressure on gold carried rate to 200,000
drachmae on December 5. Government strongly pressed for heavy sales
despite depleted stocks in order to prevent rate from exceeding 200,000.
Mission communicated your statement of impossibility of using new
Greek or AMAG funds for purchase of further gold and took firm
position that it would be futile to try to maintain either fixed gold
rate or stable price level over any substantial period of time and that
intervention could be directed only to limited objective of retarding
rate of inflation.

3. Government expressed keen disappointment with mission refusal
to stabilize rate and regarded our assertion that procurement of new
gold impossible to be tantamount to nullification of conversion privi-
lege. Helmis on night of December 5 privately informed Mission that
if no more gold were to be made available and rising price and wage
levels therefore inevitable, he could take no further responsibility for
maintaining budgetary equilibrium and would consequently have to
resign.

4. Mission has so far prevailed upon Government to accept present
position of Department regarding gold sales pending developments
over next few weeks. Government announced on December 6 not only
conversion of napoleons but also a series of economic and financial
measures (refer Amag 570³) designed to buttress basic economic re-
forms introduced over the past three months. Government determined
to hold wage line in face of threatened strikes. Salary demands of bank

¹Acting Chief of the American Mission for Aid to Greece.
²Dated December 1, p. 427.
³Dated December 2, not printed; it listed seven proposed measures including
drastic reduction of bank loans to large industrialists and merchants and acceleration
of imports. Parallel with these measures, the Greek Government asserted it
must be able to sell sovereigns to keep the sovereign rate and prices more or less
stabilized. Governor Griswold concluded that he could not “stress too emphati-
cally the urgency of immediate approval exchange napoleons and official public
announcement by Greek Government of exchange in conjunction with call of
bank loans.” (868.51/12–247)
employees flatly rejected and legislation providing severe sanctions against both employees and employers for interruption of work and production and prohibiting payment for time lost on strikes rushed through Parliament without consultation. Mission, Budget submitted to Parliament on December 9. Agreement to accelerated dismissal of surplus Government employees secured.

5. Major immediate problem that of determining volume of gold sales on a daily basis. Since inauguration gold sales, political anxiety of Government in constant conflict with economic approach of foreign members Currency Committee. After reaching impasse three weeks ago, foreign members Currency Committee refused to accept further responsibility for gold sales. Subsequent daily sales in heavy volume by Government order. In order to implement your directive regarding gold sales policy, Mission therefore forced to participate as from December 8 in supervising intermittent intervention through representation on new gold sales committee with Helmis, Mantzavinos, Patterson and Gregory. Mission will limit gold sales to minimum considered feasible.

6. While Mission will seek to reconcile Government to gradual rise in gold rate as adjustment to basic inflationary forces, demand for gold will most probably grow stronger as stocks approach exhaustion. Prospective availability of supplies of gold a vital factor in market confidence. Even if military situation does not deteriorate further, most probable that sovereign stocks presently on hand and to be received against napoleons will be insufficient to last beyond January-February. Inevitable that new economic and political crisis will again develop in anticipation of such prospective exhaustion of sovereign stocks.

7. All agencies US Government concerned with aid program should understand that basic objective of Greek aid program is political, viz, to prevent Soviet domination Greece while helping Greece get back on feet. This political objective is so fundamental that should action essential to achievement US political aims in Greece conflict with some aspect of general US economic policy, an exception to that general policy would in my view be entirely justified. It is obvious that desired reforms cannot be realized overnight and that we must buy time through palliatives such as gold sale pending improvement of military situation and manifestation of full benefits of reform measures recently introduced. It must be recognized that we are dealing with a free government responsive to public opinion and cognizance must be taken of their judgment of Greek political and psychological realities. Significant that all parties united on gold sales policy.

8. While conversion of napoleons has temporarily stabilized situa-
tion, I cannot concur in general policy set forth in third paragraph Gama 540 and request reconsideration. If at any undetermined future time, protection of US political interests in Greece should require gold sales, should it be decided now that absolutely no gold will be made available?

9. In presenting counter-inflation program (Amag 570) Government requested Mission assistance in securing release of gold pledged as security for FRBNY loan as important feature of their program. Loan 10.8 million dollars secured 100 percent by gold originally granted on September 24, 1946 for three months. Subsequently renewed for three month periods on December 24, 1946, March 24, June 24, and September 24, 1947. Mission persuaded Government November 29 to defer request regarding release of gold security pending decision on exchange napoleons. Therefore no reference to FRBNY loan in Amag 570 altho included weekly report. See also Tsaldaris’ conversation with Keeley reported Embtel 2060 November 29.

10. I consider it of great importance Department agree in principle to repayment this loan and release of gold security for ultimate conversion into sovereigns if necessary. Public knowledge that no more sovereigns will be made available when present stock exhausted would obviously intensify buying pressure whereas public knowledge of availability of ample reserves would substantially reduce this pressure. Critically important to avoid any new political and economic crisis until after spring military offensive.

11. Additional imports unless in very substantial amount not an adequate substitute for gold sales as a counter-inflationary device. Under present conditions, availability to Greek Government of ten million dollars in gold would be of far greater effectiveness in controlling inflation than consumption import grant of equivalent amount. Dollar for dollar, carefully supervised gold sales provide far more favorable psychological effect and absorb far more drachmae than sales of any other commodity. Thus, additional appropriations for importation of wheat much less effective than gold sales as counter-inflationary measure, owing to political impossibility of sufficiently increasing bread price and of abruptly curtailing free distributions to indigents, refugees, etc. Altho additional imports of consumer goods would effect much needed improvement in standard of life, such improvement would be generally regarded as long overdue and consequently already discounted in public psychology. Similarly, additional imports of industrial and agricultural supplies altho highly essential would not exert immediate counter-inflationary effect but on the contrary would require still further credit expansion to insure their effective utilization.
12. Repayment of Greek loan from FRBNY could be made out of current dollar exchange earnings or possibly even by direct grant to Greek Government for repayment loan, thereby releasing gold security. Foreclosure of gold security to liquidate loan would be anomalous while US giving much larger aid to Greece and would have disastrous psychological effect. On the other hand, renewal of this loan would further weaken financial reponsibility of Greek Government. Necessity of obtaining US permission for converting gold security into sovereigns should provide sufficient measure of control to prevent abuse of privilege.

Urgently request favorable decision regarding this suggestion prior to maturity date of FRBNY loan December 24.

Griswold approved this telegram prior departure Turkey today.

HOWARD

868.20 Missions/12-1147: Telegram

The Acting Secretary of State to the Embassy in the United Kingdom

SECRET

WASHINGTON, December 11, 1947—8 p.m.

5213. For Ambassador from Lovett. Discuss with Bevin (Martel 50 Dec 9) collaboration between US and Brit military missions Greece along lines suggested in Athens 2086, Dec 3 (sent London as Athens 130 and also Dept as Amag 581).

I regard work of the Brit mil missions Greece as of greatest importance, and believe their retention there imperative. Bevin should understand U.S. desire for closest possible collaboration between US and Brit mil missions, and US interest in their achieving unity of viewpoint on all important matters of common interest. US mission would not arbitrarily ignore views Brit mission. However, I consider any arrangement for such collaboration must formally preserve (1) US dominant role and (2) US ultimate freedom to determine advice to Grk Govt independently of Brit in event US and Brit mil heads in Greece fail to agree on individual questions arising from time to time. Relinquishment of either of these points would complicate our Congressional and public relations, might offer legal difficulties under Act of May 22 and might possibly be difficult for other reasons.

Army Dept has requested Livesay’s recommendations as to workable plan for US-Brit missions collaboration. As soon as we know Brit attitude as result your discussions with Bevin we will be in better posi-

1 Not printed; in it the Secretary of State, at London, informed Mr. Lovett that “If you concur I suggest that you instruct Douglas to discuss with Bevin collaboration between military missions along the line suggested in this telegram from Griswold and Embassy.” (868.00/12-947) The reference telegram was No. 2086, December 3, from Athens, p. 493.
tion to advise Livesay as to basis on which his recommendations should be prepared. This prior to final consideration of draft joint directive by US Joint Chiefs and Combined Chiefs of Staff.

Sent London, repeated Athens for Embassy and AMAG.

Lovett

Editorial Note

For the text of an address by George C. McGhee, dealing with the Greek situation, made before the Tacoma World Affairs Council on December 12, see Department of State Bulletin, December 21, 1947, page 1206.

868.20 Missions/12-1347: Telegram

The Ambassador in the United Kingdom (Douglas) to the Secretary of State

SECRET

US URGENT

6464. For Lovett from the Ambassador. A day or so ago I casually mentioned to Bevin I would probably want to talk with him about our respective military missions in Greece. Today I discussed the matter with him (Deptel 5213, December 11).

He had in front of him a memorandum from Alexander, but frankly confessed that he knew little about the subject. He was tentatively not disposed to agree to complete integration of the two missions, as suggested in Athens 2036, December 3, thought there was possibility of integration of planning staff with operational advice and supply matters to be handled by American personnel and training by the British.

It was his opinion that the best way to resolve the matter was to leave it to the devices of the head of the British Military Mission in Washington and Eisenhower. He suggested, however, that I discuss the matter further with Alexander, whom he will ask to get in touch with me Monday or Tuesday. ¹

Douglas

¹ Ambassador Douglas reviewed the substance of telegram 6464 for the Secretary of State in a memorandum of December 16 and then suggested: “It is not necessary for you, when you meet Bevin, to discuss the details. It would, however, have an important influence on him were you to express your deep interest in Greece, and your conviction, so many times stated by cable, that Greece is a joint US-UK responsibility.” (841.2305/12-1647) In a marginal notation of January 10, 1948, on telegram 6464, Clifford C. Matlock of Mr. McGhee’s staff wrote: “No reply. This matter discussed w. Gen Livesay & others interested on Dec 29 in Washington. Initiative now rests with Gen Livesay (US) and Gen Rawlins (UK) in Athens.”
Mr. John B. Howard to the Secretary of State

SECRET

ATHENS, December 15, 1947—4 p.m.

URGENT

Amag 666. 1. On December 15 the Bank of Greece dispatched the following cable to FRBNY:

"Anticipate having several million free dollars available prior to December 23 when our gold security loan with you matures. If part payment of loan made from these funds, are you prepared to release corresponding amount of gold security? If so, will it be possible to extend for additional three months balance of loan? We fear disastrous effects local situation if you insist upon calling the loan in its entirety on forthcoming maturity date."

2. For reasons set forth Amag 643 mission recommends first, Department support of Greek request to extent of two million dollars at present and second, simultaneous Department approval principle of gradual repayment of entire loan and release of gold security.

3. Any major military offensive probably be postponed until spring. Consequently any substantial bolstering of public confidence through military successes cannot be expected during winter months.

4. For reasons set forth subsequent telegram, severe intensification inflationary pressures virtually certain during early winter with renewed threat of panic.

5. If economic situation seriously worsens deterioration or break in coalition government is likely consequence.

6. If Mission is to have capability to maintain control economic and political situation during winter additional control envisaged recommendation paragraph 2 regarded as indispensable.

7. Cables follow giving data on gold rate and sales by Bank of Greece and further analysis of economic and political situation.

HOWARD

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1 Dated December 10, p. 449.

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The Acting Secretary of State to the American Mission for Aid to Greece

SECRET

WASHINGTON, December 16, 1947—7 p.m.

Gama No. 637. Dept fully cognizant difficult task facing Mission in preventing runaway inflation in light of extreme pressures in
Greece, and has carefully considered all aspects of problem. (Further reference Amag 643\(^1\)).

It is hoped conversion of napoleons already authorized will provide sufficient sovereigns for stop-gap sales program pending arrival in substantial quantities of program goods already in pipeline. Dept is convinced that solution to inflationary pressures lies in implementation of effective economic reforms accompanied by adequate supply of goods on market. In order facilitate anti-inflation program, you are therefore authorized until further notice to accelerate expenditure AMAG funds which are now being held for necessary civilian expenses after March 1, 1948. Dept will endeavor meet Greek requirements after that date from other sources including European Recovery Program and will do everything possible assist obtaining essential supplies to be purchased under accelerated program. However, this course involves risks which AMAG must weigh; first that no further funds may be available, second that provision further funds might be delayed, and third that further funds appropriated may prove inadequate.

Obviously Aid program cannot succeed unless Greek Government faces economic reality and is willing to adopt controls and measures deemed essential to recovery program. It is recognized that implementation of these measures will often bring about extreme pressures which must be realistically faced. Among these are attempts of small business groups to dominate markets at expense of equitable distribution and fair prices, attempts to maintain for political reasons unnecessary government subsidies such as wheat and milk subsidies; and pressure from some Greek quarters for continuation government gold sales as outlet for their profits. In your efforts to assure implementation of realistic program you may be assured of Dept's full support irrespective of possible political repercussions or cabinet crises in Greece.

Re para 8 Amag 643, Dept view on gold sales still as in Gama 540,\(^2\) however, it is of course possible that exceptional circumstances may force Dept for reasons of expediency to concur in extension of gold sales. Difficulties inherent in extension of this policy, however, must be recognized. Over and above economic considerations, use of foreign exchange to purchase gold instead of urgently needed supplies, would be practically impossible explain Congress and the public and would make it extremely difficult obtain additional aid for Greece. Moreover, it is felt knowledge that American funds, either directly or indirectly, were being used for this purpose would have extremely adverse effect upon enactment entire ERP.

\(^1\) Dated December 10, p. 449.
\(^2\) Dated December 1, p. 427.
Clay fully informed of situation here. Dept would appreciate if after his return you would review entire program of Mission in light of what is considered essential to insure successful accomplishment of U.S. objectives in Greece and submit your recommendations as to policies and requirements for additional aid, in the light of both needs and availabilities, with justification. It would be extremely helpful if after your recommendations have been completed you and Clay could return to Washington for a few days at an appropriate time to be determined here to fit legislative schedule.

Lovett

868.20 Missions/12-1747: Telegram

The Ambassador in the United Kingdom (Douglas) to the Secretary of State

SECRET

LONDON, December 17, 1947—6 p. m.

US URGENT

6525. For Lovett from the Ambassador. Discussed this morning with Alexander collaboration between US-UK military missions in Greece. Later joined by Lt. General Hellis, Chief Staff officer. (Athens 130, December 3, repeated Department as 2086; Deptel 5213, December 11; Embtel 6464, December 13).

1. Explained to Alexander that we view the work of the British military missions to be of great importance and their retention of utmost significance, and emphasized that we view the closest collaboration between US and British military missions as necessary to the successful outcome of our joint responsibility in Greece.

Also explained to him, along lines of telegrams referred to, our alternative view of effecting this collaboration.

2. Alexander said positively there was no question of withdrawal of British military missions from Greece. They will be retained.

3. As to other points, Alexander’s position, subject to discussion with Bevin and confirmation British Chiefs of Staff, was as follows:

(a) The British naval mission in Greece has a long history extending over some forty years. He therefore doubts the wisdom of any formal coordination of the British naval mission with US, and I should add, parenthetically, that he has the same view about air force. Conolly \(^1\) here, however, and the First Sea Lord will, in the future as they have in the past, work in closest consultation and cooperation including servicing and fueling of US vessels in Greek waters. Tedder for Air the same.

\(^1\) Adm. Richard L. Conolly, Commander, United States Naval Forces, Eastern Atlantic and Mediterranean; at this time Naval Adviser to the United States Delegation at the Fifth Session of the Council of Foreign Ministers.
(b) As to the army military missions, Alexander reluctant to agree to complete integration. In view of possible difficulties in House of Commons should Bevin, in response to a question, be compelled truthfully to reply that British Army mission was giving operational advice, he sees objections to instructing British Army mission to do so.

(c) He views favorably the proposition of an integrated planning staff with the US Army mission undertaking to give operational advice and to direct supply matters, while the British would be responsible for training.

He also believes there should be a complete consultation on all other matters and a full exchange of views and information, recognizing, of course, that the US military mission must be free, independently to give such advice as it considers necessary to the Greek Government.

(d) Subject to further discussion with British Joint Chiefs of Staff (Tedder is now ill) and clearance with Bevin, Alexander is of the view that the details, along the lines outlined above, should be worked out by the Combined Chiefs in Washington and a directive issued to the two missions in Greece.

4. Since I am leaving for Washington tomorrow afternoon before discussions and clearance referred to in (d) above can have been had, Bevin will communicate through Inverchapel.

Douglas

868.51/12–1847 : Telegram

The Acting Secretary of State to the American Mission for Aid to Greece

SECRET

WASHINGTON, December 18, 1947—7 p.m.

US URGENT

Gama 650. 1. Re Bank of Greece request New York Federal advises it proposes to indicate in reply, subject to action Directors Dec 24, acceptance partial repayment with release equivalent collateral and extension of balance of loan. (Re Amag 666 1).

2. Dept is prepared to support renewal $10 million loan with proviso that it can be repaid in part or whole at any time. We shall endeavor to have Federal modify its proposed reply to Bank of Greece accordingly. 2

1 Dated December 15, p. 454.
2 In telegram Amag 734, December 27, Governor Griswold informed the Department that AMAG “approved repayment of two million dollars of loan . . . . Paragraph 2 [of Gama 650] interpreted to mean Department approved repayment of part of loan . . . . Economic Policy Committee informed on December 23 that gold released by repayment of part of loan could not be exchanged for sovereigns without the permission of Washington, that use of any foreign exchange to purchase sovereigns would unquestionably have extremely adverse effect on support of Greek aid program.” (868.51/12–2747)
3. Dept regards issue of using any gold which might be released from Federal for conversion into sovereigns for sale on Greek market as separate problem. Dept considers use of Greek current earnings in dollars for purpose acquiring gold for public sale same as use of AMAG funds.

LOVETT

867.00/12–1947 : Telegram

The Ambassador in Turkey (Wilson) to the Secretary of State.

TOP SECRET

ANKARA, December 19, 1947—3 p. m.

962. Foreign Minister tells me in entire confidence Greek Government recently been proposing to Turkish Government latter should suggest to US deliveries military equipment under aid programs be expedited. Sadak said he appreciated concern of Greeks in view serious problems they are facing, but Turkish Government has every confidence US Government handling aid programs in most appropriate effective manner. He said he was simply passing this on as of possible interest.

Sadak also said Greek Government has made suggestions to Turks looking to combined military planning and eventual combined operations if future developments warrant. Sadak said Turkey, of course, deeply interested in Greek security situation since if Greece should come under Soviet control “half of battle” for maintenance Turkish independence would be lost. However, in view present instability Greek situation and desire avoid anything which might seem provocative to others, Turkish Government replied to Greeks in vague and guarded manner.

WILSON

501.BB Balkan/12–1747

Draft Memorandum by the Director of the Office of Near Eastern and African Affairs (Henderson)\(^1\)

[Extract]

TOP SECRET

[WASHINGTON,] December 22, 1947.

Subject: Willingness of United States Government in Certain Circumstances to Despatch United States Forces to Greece

The argument has been made that it would be better to lose Greece than to send armed forces there since Greece would be strategically

\(^1\) Addressed to the Secretary of State and to Messrs. Lovett and Armour. The draft memorandum bears the notation: “not sent.”
difficult to defend and since, if serious fighting should develop, American forces might be defeated. Our answer is that the despatch of American forces to Greece would not be for the purpose of turning Greece into the chief battlefield between the forces of the West and those of international communism. The despatch of these forces would be a political gesture made for the purpose of showing that we are so determined that we will, if necessary, resort to force to meet aggression. In case international communism responds by sending even stronger forces to combat us in Greece, then we shall know that the Soviet Union prefers war to the abandonment of its aggressive policies, and we can take the appropriate measures on a world-wide scale.

It has also been argued that it is impossible for the United States, with the small number of combat divisions in our Army, to send forces to Greece unless we resort to partial mobilization, and that Congress and the American public would oppose such action. We, of course, are not able to judge whether or not it would be necessary to call for partial mobilization in order to be able to send to Greece and maintain there two or three American combat divisions. We are convinced, however, that if it should become clear that Greece will be lost unless troops are sent, we should, in accordance with procedures outlined in the Charter of the United Nations, send troops even though their despatch might necessitate drastic changes in the size and organization of our whole military establishment.*

Recommendations:

In view of the above, it is our earnest recommendation:

1. That the decision be taken now that if it becomes clear that Greece will succumb to direct or indirect aggression unless American forces are despatched to Greece, the United States will be prepared, preferably with other like-minded nations, to send such forces in accordance with the procedures indicated in the Charter of the United Nations.

2. In the event of recognition by Albania, Bulgaria, or Yugoslavia of any government of Greece other than the government represented in the United Nations, the United States would take the position that such recognition is contrary to the resolution of the General Assembly in the Greek case and makes it clear beyond any doubt that the country extending such recognition has committed itself to aggression. In such an event, the United States would support the immediate convening of a special session of the General Assembly to consider the measures to be taken. The United States would likewise regard as aggression

*This memorandum does not attempt to deal with contingencies involving the despatch by the Soviet Union or its satellites into Greece of military forces of such magnitude that they could be halted only by the use of large armies. Such contingencies would probably mean a new world war and would have to be dealt with accordingly. [Footnote in the source text.]
an act of recognition by any power other than the three mentioned in the General Assembly resolution if such recognition were followed by the provision of material aid to the Greek guerrillas.

The United States should immediately inform all members of the United Nations that it would take the position stated above in the event of recognition of a rebel government in Greece. This communication, which should be made public, might contain a statement that we would regard the matter as so serious as to warrant the use of every resource available to the United Nations for the defense of Greece and that the United States would be prepared, in accordance with its responsibilities as a member of the United Nations, together with other like-minded nations, to take interim steps which might be necessary to protect Greece pending action by the United Nations.

3. If recognition of a rebel government should not be accompanied by the introduction of foreign armed forces in support of the rebels, the United States should call upon the General Assembly to recommend:

(a) That the governments extending recognition withdraw such recognition within a designated period, perhaps ten days.
(b) That failing such withdrawal of recognition, the member states of the United Nations, if requested by the Government of Greece, should be prepared to render to Greece all requisite assistance, including, in case of need, the despatch of troops to assist in defending the integrity of that country.

Consideration might also be given, if developments at the time would make it appear that such a procedure might be advantageous, to calling a meeting of representatives of the five Great Powers under Article 106 of the Charter to consider steps either to implement the resolution of the General Assembly or to be taken independently in the event that Assembly action is delayed or cannot be obtained.

4. If recognition of the rebel Greek government is accompanied by the introduction of foreign armed forces, or if such armed forces are introduced without recognition of the “government”, the United States should call upon all members of the United Nations to respond to a Greek appeal under Article 51 by sending troops to Greece in order to restore international peace and security. As required by the Charter, the nations concerned should notify the Security Council of their action and should request the Council to take appropriate measures for the protection of Greece under Chapter 7 of the Charter.

5. The United States, in any case, should be prepared, in accordance with the procedures indicated in the Charter of the United Nations, to send troops under the conditions set forth in paragraphs numbered 3 or 4 above even though other powers should not consider themselves to be in a position also to send troops.
6. Whenever, in the opinion of the Secretary of State, events occur which warrant the taking of action under the Charter outlined in paragraphs 3 and 4 above, he should consult with the National Security Council before setting in motion the governmental machinery for the taking of such action.

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868.51/12-1047: Telegram

The Acting Secretary of State to the American Mission for Aid to Greece

SECRET

WASHINGTON, December 23, 1947—7 p. m.

Gama 691. Bank Greece cabled FRBNY $2,000,000 available in Guaranty Trust to order of FRBNY to repay part loan falling due December 24th, thus freeing like amount gold. Please advise whether AMAG approved this action. If not Dept urges AMAG take all steps to block this action pending AMAG's full consideration Gama 637 \(^1\) and reply to Dept.

It will of course be possible to repay loan in whole or part at any time by surrender gold. Have no reason doubt FRBNY will renew entire loan if requested by Bank Greece.

LOVETT

\(^1\) Dated December 16, p. 454.

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868.00B/12-2447: Telegram

The Chargé in Greece (Rankin) to the Secretary of State

SECRET URGENT

ATHENS, December 24, 1947—1 a. m.

2219. Mavrogordatos \(^1\) in conversation yesterday confirmed information given me earlier in day by Tsaldaris (mytel 2218 \(^2\) ) regarding Communist plot assassinate Gonatos and Zervas, which was to include assassination two unspecified members Government and several Greek political leaders. He believes action intend coincide proclamation “free Greek” government and with other disorders planned for same day which Greeks believe to be January 2.

Mavrogordatos, presumably speaking with full authority Prime Minister, asked Embassy's opinion re precautionary arrest 30 to 40 known Greek Communists who could be counted upon to take part in above plan.

\(^1\) Michael Mavrogordatos, Under Secretary to the Greek Prime Minister.

\(^2\) Dated December 23, not printed.
As indicated in top secret letter October 11 to Henderson, Embassy believes Greeks justified and even under obligation arrest Communists who are conspiring against Greece and whose activities may become especially dangerous in impending events. I intend take earliest opportunity so inform Mavrogordatos, but will stress that in our opinion arrests should be limited to real Communist leaders and not include, as in mass arrests by Zervas, large number innocent or merely suspect persons.

Sent Department as 2219 repeated Salonika 156.

RANKIN

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Not printed.

* In telegram 2063, December 26, the Department advised the Embassy in Athens of its entire agreement with the view expressed in the final paragraph of No. 2219 (868.00B/12-2447).

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868.01/12-2447 : Telegram

The Chargé in Greece (Rankin) to the Secretary of State

URGENT

ATHENS, December 24, 1947.

2224. Speaking over DABS this afternoon Miltiades Porphyrogenniss read proclamation by Markos dated December 23 announcing formation “first provisional democratic government of free Greece.”

Cabinet announced as follows: President and Minister War Markos, Vice President and Interior John Ioannides, Foreign Affairs Petros Roussos, Justice Miltiades Porphyrogenniss, Hygiene, Social Welfare and Education Petros Kokkalis, Economics Vassilios Bartziotas, Agriculture Dimitrios Vlandas, National Economy and Supplies Leonidas Stringos.

Porphyrogenniss said proclamation was datelined “somewhere in free Greece” and gave following as immediate objectives new government:

1. Mobilize all popular forces to liberate Greece from imperialists and restore her national independence and liberties.
2. Establish popular justice.
3. National[ize] all foreign assets, banks, heavy industry, etc.
5. Promote reconciliation among Greek people.
6. Reorganize state along democratic lines.
7. Send representatives of democratic Greece abroad to all democratic peoples and their governments. Develop “specially friendly relations with Soviet Union, Balkan democracies and other democratic states.” These foreign policy objectives to be carried out within framework and spirit of United Nations.
8. Recognize full equality of minorities.
9. Organize democratic army, fleet and air force to face any foreign aggression.
(10) Hold free elections as soon as conditions permit for Peoples National Assembly.

Proclamation and British establishment “free government” necessitated by American and British imperialism and policies of Sophoulis-Tsaldaris government which have betrayed nation. Continued that “democratic leaders” are optimistic although they do not underrate difficulties to be confronted, for they rely on friendship that democratic army and government has engendered in hearts of democratic peoples alone.

Proclamation concluded: “Long live free Greece, democratic army and Greek people.”

\[\text{Rankin}\]

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1 Words “and British” were garbled; “stated” was probably intended.

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868.01/12-2447 : Telegram

The Chargé in Greece (Rankin) to the Secretary of State

SECRET

ATHENS, December 24, 1947—10 p.m.

2225. Significant features announcement of new Markos Government (mytel 2224, December 24) are:

1. Failure include any non-Communists in Cabinet roster.
2. Failure identify seat of government.
3. Emphasis on special friendship with Soviets and Balkan neighbors.
4. Reference to full equality of minorities.
5. Ominous reference to organization of “democratic air force.”

Altogether “government” is rather sorry show from Communist viewpoint after six-month build-up and its establishment may have immediate effect of serving western interests by further clarifying Greek issue and revealing exclusively Communist character of rebel government. Since Soviets themselves must realize this, it may perhaps be assumed that they were obliged by faltering guerrilla morale to authorize move. They may also have considered that move despite any immediate unfavorable repercussions would be useful to them as further test of western reactions.

Long-term significance obviously depends on whether establishment of government is followed by recognition by one or more satellites and/or USSR and by substantially increased aid to guerrillas. In view presumed Soviet reluctance risk war and previous cat and mouse tactic of inching forward in Greece, it seems likely that developments along these lines will occur gradually, their precise nature and rhythm depending on Soviet estimate of probable United States and world reaction. If Soviets can be convinced by statements or other action
that US, with or without UN cooperation, will not tolerate open support of Markos Government by Russian satellites, which recognition would clearly formalize, precarious nature of project might well persuade them to drop appropriate hint to those satellites.

Controlled American source requests that this message and previous telegram under reference be transmitted his office.

RANKIN

865.00/12-2947

Memorandum of Conversation, by the Director of the Office of Near Eastern and African Affairs (Henderson)

TOP SECRET

[WASHINGTON,] December 26, 1947.

Sir John Balfour of the British Embassy came in this afternoon to see me. He handed to me the attached copy of Lord Inverchapel's letter of December 26 to the Secretary and said that he would appreciate it if I could give him some idea, pending the reply of the Secretary, as to what our current thinking was with regard to the new developments in Greece. Sir John said that he was sure that the United States Government agreed with His Majesty's Government that the establishment of a so-called free government in Greece was fraught with dangerous potentialities. The British Government was anxious to cooperate with us in this extremely important crisis.

Sir John also left with me a copy of the attached aide-mémoire setting forth the suggestion made by Mr. Tsaldaris that the United States might at this stage consider the sending of 5,000 or 10,000 troops to Greece coupled with a strong warning to the Slav bloc.

I told Sir John that the United States Government did recognize the serious potentialities of the situation resulting from the setting up of the so-called provisional government by Marcos and that the matter was receiving careful consideration by the highest officials of this Government. We were not at this stage, therefore, prepared to say what the attitude of the United States Government would be in this respect. It was our hope that within the next week decisions would be made which would enable us to take a clear-cut position. The British Government could be assured that the United States Government would consult with it before taking any public steps.

Sir John asked me if there was any possibility that the United States was prepared in certain eventualities to send troops to Greece. I said that I could not as yet reply to that question. It was obvious that

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1 Not printed.
2 Post, p. 469.
a decision to despatch American troops to Greece could not be made without taking other decisions of a basic character.

LOY W. HENDERSON

868.002/12-2647

Memorandum of Conversation, by the Director of the Office of Near Eastern and African Affairs (Henderson)

SECRET

[WASHINGTON,] December 26, 1947.

I received the Greek Ambassador, Mr. Dendramis, this afternoon at his request.

The Ambassador stated that he had been instructed by his Government to present to the Secretary of State the attached note dated December 26 in which the Greek Government has conveyed its point of view with regard to the setting up of a provisional Greek Government by the Greek guerrillas and asked to be informed as soon as possible of the views of the Government of the United States in the matter.

The Ambassador said that he had received information to the effect that during the last twenty-four hours Greek guerrillas to the number of more than 1500, well-armed and accompanied with artillery, had attacked and taken the Greek town of Konitsa near the Albanian frontier. The Ambassador said that his Government hoped that the United States Government could take some concrete measures in the immediate future which would give the Greek people confidence in the determination of the United States to assist the Greek people in resisting the guerrillas and would discourage the satellites from recognizing and giving additional assistance to the guerrilla "government". He asked in particular whether it would not be possible for the American Government to assist the Greek Government at once by the dispatch of an aircraft carrier to Salonika.

I replied that the Government of the United States realized the seriousness of recent developments in Greece; that we were giving careful consideration in the highest quarters to what our position in the matter should be; and that until the necessary decisions had been made it was not possible for us to indicate what the American position

1 No. 136, not printed; the Ambassador's note conveyed the Greek Government's views that the United States and the United Kingdom should denounce the "fake" cabinet; that recognition of this cabinet by the Soviet Union or its satellites be considered a breach of the peace and make effective the obligation of the United Nations to offer assistance to Greece; that the Greek Government be furnished with assistance in the form of aviation, particularly an aircraft carrier; and that it be made known that recognition of the cabinet would be followed by recognition of the governments in exile of the Poles, Yugoslavs, etc. (868.002/12-2647).
would be. I told the Ambassador that we hoped that we could outline our position to the Greek Government during the course of the week.

[Loy] W. H[enderson]

868.00/12-2647

Memorandum of Conversation, by the Acting Chief of the Division of Greek, Turkish and Iranian Affairs (Jernegan)

TOP SECRET [WASHINGTON,] December 26, 1947.

Participants: Mr. Lovett, Mr. Armour, General Livesay, General Arnold, Mr. Kennan (S/P), Mr. Henderson (NEA), Mr. McGhee (U/GT), Colonel R. S. Seedlock, Colonel T. W. Parker, Mr. Jernegan (GTI).

The meeting was called to afford an opportunity for consultation between Department officers and General Livesay, who is temporarily in Washington. General Livesay reviewed some of the difficulties confronting the Greek Army. He stressed especially that while the morale of the soldiers was good, the morale of the senior officers was poor at the present time, largely because of the intense political activity directed at the Army made them feel insecure in their positions. He said the political parties were anxious to gain control of the Army to strengthen their position. The Prime Minister had not supported the former Chief of Staff and present Army Commander, General Ventiris, despite a public promise to stand behind him. As an example of the political pressures at work, General Livesay said that the Minister of War, Mr. Stratos, was secretly maneuvering to have six officers hitherto classified as unemployable because of their inefficiency and political attitudes, reinstated on the active list with the grade of Lieutenant General. This move would, if it succeeded, make them senior to all the presently active officers in the Army.

General Livesay also spoke of certain attitudes prevalent in the Army which operated against effective conduct of the war against the guerrillas. He said there is much inertia and a habit of fighting at long range instead of coming to grips with the guerrillas. This might be due in part to doubts held by some of the soldiers as to whether they were fighting on the right side. If the neighboring countries should recognize the “Government of Free Greece” and foreign troops were sent to join the rebels, this might have a good effect in resolving the doubts of the Greek troops and intensify their determination to resist. General Livesay further remarked that the Greeks are very insistent on getting exactly what they think they need, regardless of whether it is really the most useful item for the purpose. In this connection, he spoke of their desire to obtain a certain type of moun-
tain artillery. Although he had never received an official written request for such artillery, practically every Greek officer and civilian official that he knew had at one time or other urged upon him the absolute necessity for it. As a matter of fact, General Livesay considered that the present type of mountain artillery in use in the Greek Army was quite satisfactory. Nevertheless, he thought it might ultimately be necessary to provide the other type in order to satisfy the Greeks that they were properly equipped for the kind of campaign in which they were involved.

Reference was made to AMAG Telegram No. 722 of December 24, regarding the request of the Greek Minister of War for approval of the formation of 12 new battalions of the National Defense Corps. It was noted that Governor Griswold had indicated his willingness to approve an increase but said he planned to await General Livesay's return before making a formal decision. General Livesay said he believed the decision should be made promptly and that in his opinion it would be better to authorize not merely 12 but 58 additional battalions to bring the National Defense Corps to a total strength of 100 battalions. He believed we should stop doing things on a piecemeal basis in matters of this kind and that with this NDC force, plus an increase of 10 or 12 thousand men in the regular Army, the Greek Government would be able to clean up the guerrillas provided there were no great increase in the assistance being furnished them by the northern countries. He estimated the additional cost of these increases for the period ending June 30, 1948 at from 8 to 10 million dollars. Mr. McGhee observed that this cost could be covered out of existing Greek Aid Funds by making corresponding reduction in some phase of the Reconstruction program.

Mr. Lovett said that the American Government would have to make an extremely important decision during the next week with respect to the situation arising out of the announced formation of a "Government of Free Greece" under General Markos. Before making such a decision we would want to determine for ourselves whether the Greeks were a people on whom we could rely. Specifically, we could not take action which might result in the loss of American lives if the Greeks were not also ready and willing to sacrifice Greek lives. General Livesay said that in his opinion the Greeks would fight well enough and that with the addition of American observers they would conduct a more active campaign against the guerrillas. In this connec-

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2 Not printed; Governor Griswold stated that "Although I have reached conclusion that there should be an increase in number of NDC battalions, I believe that it would be a serious psychological error to authorize piecemeal aid. I propose to await Livesay's return and completion of study by planning staff before formally requesting further increases military aid." (863.20/12-2447)
tion he mentioned that for some reason Greek troops always seem to fight with more determination when foreign officers are present.

During the course of the conversation, General Arnold \(^2\) stressed his belief that we must take a definite, long-range decision now and establish a firm policy for future action in Greece. Even though our immediate decision might be merely to furnish more supplies to Greece in the hope that the Greek Army would be able by itself to clear up the guerrilla situation, we should also decide now to send American troops to Greece if such a move proved necessary. Mr. Henderson agreed with this position, and Mr. Lovett also agreed that a decision must be taken. He said, however, that as yet we do not have authority to dispatch American troops to Greece. General Arnold remarked that we should attempt now some decisive action on substantial scale to prevent continuation of the present piecemeal deterioration of conditions in Greece; as fast as we made some small move, the northern neighbors of Greece would counter that by increasing activity on behalf of the guerrillas. Mr. Lovett concurred, saying that the next move is up to us. He saw little point in continuing our operations in Greece unless we were prepared to match anything that the opposition forces might bring up.

Mr. Kennan asked General Livesay whether the introduction of a United Nations force to occupy strategic points in Greece would be effective in enabling the Greek forces to clean up the guerrillas. General Livesay said that a foreign force would have a good morale effect under present conditions but might be ineffective if the pressure on Greece were increased. Mr. Kennan asked if it would not be feasible to throw a cordon of foreign troops right across Northern Greece. General Livesay said that this would be feasible and effective provided the troops were allowed to fight, to protect the areas assigned to them. He and General Arnold both said that they thought it would be unwise for American troops to go into Greece with the instructions in force for the British troops now there, that is, that they were to fight only in case they themselves should be directly attacked. Mr. Lovett indicated his agreement with this view.

General Arnold suggested that an American Corps of two Divisions in Greek Thrace would have an excellent effect on the general situation. He and Mr. Lovett agreed that Thrace would be the best location because of its strategic importance in relation to Bulgaria, the difficulty which the Greek Army is having in defending it, and the fact that a force there could easily be supplied and supported from the sea. Mr. Kennan suggested that we should give very careful consideration to the idea of sending American combat troops to Greece, especially if they were to go as part of a mixed United Nations force; we might

\(^2\) Maj. Gen. A. V. Arnold, Assistant Chief of Staff (Plans).
find ourselves in a difficult position from which it would be hard to withdraw and equally hard to keep other nations from withdrawing the contingents they contributed. He also thought an area in southern Greece, such as the Peloponnesus, might be easier to defend and therefore a better place for our troops from a strategic point of view.

At one stage in the discussion Mr. McGhee suggested that we should prepare promptly to present to Congress a new request for funds for Greece, including in it not only supplementary funds for the current fiscal year, but also money needed for military purposes in the 1949 fiscal year. General Arnold concurred emphatically in this and added that he thought we should tell Congress frankly the full seriousness of the present picture and the dangers we have to meet.

The meeting broke up without attempting to reach final decisions on any of the points covered.

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865.00/12-2647

The British Embassy to the Department of State

TOP SECRET

Ref: G58/-/47

AIDE-MÉMOIRE

Just before the proclamation of General Marcos’s Government, His Majesty’s Ambassador in Athens asked Monsieur Tsaldaris for his views on reports which were circulating on this subject.

2. Monsieur Tsaldaris said that, as he saw it, there were two stages. First, the announcement of such a government and second, its recognition by a foreign power, or powers, which might be Albania and Bulgaria to start with. While the first stage was a threat of aggression, the second was an act of aggression and Greece would have the right to bring it before the United Nations under Article 51. If the United States and Great Britain, without whose support Greece would not take any action, did not wish to see the second stage reached, he wondered if the United States could not take the opportunity afforded by the first stage of sending 5000 or 10,000 troops to befriend Greece, coupled with a strong warning to the Slav bloc. Such a step would greatly assist Greece in dealing with the bandits and indeed if American troops were on the frontier he thought the Greek problem would be solved and that he would be saved the painful necessity of making continued requests to the United States for more money and more material.

3. Monsieur Tsaldaris added that the Greek Ambassadors in Washington and London had been instructed to place these views before the State Department and the Foreign Office.
4. The Greek Ambassador in London duly called on the Permanent Under-Secretary of State and spoke on the lines indicated above. He did not, however, mention the possibility of a request to the United States Government for the dispatch of American troops to Greece.

5. Mr. Bevin considers the formation of General Marcos’s Government to be a serious development, the implications of which are being studied with all urgency. Lord Inverchapel expects to receive further instructions on the subject very shortly. He has meanwhile been asked to ascertain the reactions of the United States Government to this development.

6. An interim reply to the Greek Ambassador in London has been handed to him in the terms shown in the enclosure to this Aide-Mémoire. As will be seen, this stresses the importance of absolute solidarity being shown by all anti-Communist parties and personalities in Greece. His Majesty’s Ambassador in Athens has been instructed to take a similar line at every opportunity keeping his United States colleague informed.

WASHINGTON, December 26, 1947.

1 Not printed.

868.01/12-2747: Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

SECRET

Moscow, December 27, 1947—11 a.m.

3439. Soviet press December 24–25th–26th has featured Belgrade Tass despatches regarding establishment “Provisional Peoples Democratic Government Free Greece” and quoting Porphyrogennis reference to “great ally of Greek people, Soviet Union”. There has been neither editorial comment nor preliminary build-up beyond routine Tass reporting radio broadcasts Greek Democratic army and continued denigration Athens Government on lines reported Embtel 2968 October 3.

Presumably Markos’ move could have been made only with Kremlin approval. While existence definite plans is thus implied, there is no evidence available here as to Soviet intentions. While recognizing establishment rebel government will immediately facilitate Cominform propaganda appeal for increased international aid, local observers for reason summarized Belgrade’s 2360, December 24 do not regard recognition by USSR and satellites as inevitable. They inclined to believe Bulgaria and Albania may proceed recognize, with USSR and others holding off pending developments.

1 Not printed.

SMITH

858.01/12-2647: Telegram

The Acting Secretary of State to the Embassy in Greece

SECRET

WASHINGTON, December 27, 1947—2 p.m.

2064. Urtełs 2241 and 2242 Dec 26.¹ Dept fully aware serious consequences announcement “Free Greek Government.” In view far-reaching results of basic decisions involved urgent consideration on highest level now being given U.S. position and future action. In conversations with press Dept officials not minimizing gravity of situation but explaining that importance of decisions make impossible an immediate statement of U.S. position. It is anticipated that U.S. views can be made public in near future.

Greek Ambassador has been in close touch with Dept during past few days and has been told that Greek views on U.S. position and Greek requests for increased military assistance being given most urgent consideration. General Livesay’s presence makes possible consultations with Army Dept on current military requirements.

Sent Athens 2064; Repeated Salonika 164 for BalCom 47, London 5369, Paris 4605, Moscow 2067.

LOVETT

¹ Neither printed; the former advised that Mr. Sophoulis, during the evening of December 26, had emphasized to Chargé Rankin the Greek plea for an increased supply of automatic weapons and artillery which he said must be in Greek hands before April to avert catastrophe. The Prime Minister had also informed the Chargé that precautionary arrests totaled 350 in Athens and 50 outside the capital. The latter telegram advised that the use of artillery by the guerrillas in their recent attack on Koniza was calculated to undermine the already shaky confidence in the United States of the Greek people who were aware of the negative response to the Greek Government’s requests for such weapons. (858.01/12-2647)

501.BB Balkan/12-2547: Telegram

The Acting Secretary of State to the Embassy in Yugoslavia

SECRET

WASHINGTON, December 27, 1947—2 p.m.

797. Urteł 2367 Dec 25.¹ As follow-up your conversation with Beblér ² concerning Markos’ announcement formation “Free Greek Government” you should find occasion at earliest opportunity in infor-

¹ Not printed.
² Aleš Beblér, Yugoslav Deputy Foreign Minister.
mal talks with Bebler and/or other appropriate Yugo officials to express view of US Govt that recognition or assistance extended to such self-styled “govt” would be considered flagrant violation principles UN Charter and, in case of Yugo, flouting of GA resolution Oct 21. You may also emphasize special responsibilities which Yugo, as member UN, would bear in eyes of world if it should encourage Balkan countries’ recognition of Markos. You may also point out our realization that Communist guerrilla cabinet could not have been announced without tacit approval or active instigation of Cominform as well as Balkan countries which have publicly and consistently expressed hostility to Greece, a UN member in good standing.


LOVETT

868.00/12–2947

Memorandum by the Director of the Office of Near Eastern and African Affairs (Henderson) to the Acting Secretary of State

TOP SECRET [WASHINGTON,] December 29, 1947. URGENT

There is attached a memorandum listing the steps NEA believes should be taken promptly to cope with the difficult situation we are facing in Greece, particularly in the light of the recent announcement of a guerrilla government under General Markos. Mr. McGhee has seen the memorandum and concurs in the proposed steps.

If you approve, this office and U/GT will proceed with implementation of the various measures, in conjunction with SPA and other interested offices.

L[oy] W. H[enderson]

[Annex]

Steps To Be Taken by United States Government To Meet Situation

1. Instructions should be sent Governor Griswold to authorize the immediate formation of a total of one hundred battalions of the National Defense Corps and a permanent increase of at least twelve thousand men in the Greek Army.

a. This question was discussed at length with General Livesay at a meeting on December 29, and a telegram to Governor Griswold has been drafted by U/GT. General Livesay will send a separate telegram...
setting forth in detail such conditions and restrictions as he feels should accompany the authorization of the increase.

b. Issue public statement here as to action taken, explaining it was requested by Greek Government.

2. Furnish to the Greek Army whatever additional arms and equipment, especially machine guns, General Livesay may determine to be necessary for a fully successful campaign against the guerrillas.

a. This question was also discussed with General Livesay on December 29. He expressed the opinion that the Greek Army needs more machine guns and may need a different type of mountain artillery. However, he has a special group of his staff at work on a survey on the organization and equipment of the Greek Army and has expressed a desire to await a report of this group (due around January 1 or 15) before making definite recommendations.

3. Expedite decision of National Security Council on paper proposing steps to be taken in case “Free Greek Government” is recognized by Soviet satellites, these steps to include eventual despatch of United States troops to Greece, under UN General Assembly recommendation or under Article 51.

a. The full National Security Council should meet just as soon as its working staff has completed its urgent studies on this paper. A definite decision must be made without delay. No instructions can be sent Ambassador Kirk ¹ at Salonika and no replies can be made to urgent requests and inquiries of the Greek, British and Turkish Governments until this decision is made.

4. At earliest possible moment issue public statement condemning formation of Markos Cabinet as neither spontaneous nor representative of wishes of Greek people and warning of United States attitude toward its recognition by any nation.

5. Begin immediately preparation of new request to Congress for additional aid to Greece, to include all supplementary funds needed during current fiscal year, plus funds for all anticipated expenditures in 1949 which will not be covered by ERP.

a. Inform Congressional leaders immediately of our plans in this respect and of the seriousness of the Greek situation. We should be completely frank in this preliminary presentation.

b. Ask Griswold and Livesay for their fullest estimates as to what is needed in this respect, keeping in mind very much more dangerous situation created by formation of Markos Cabinet and probability that Soviet assault on Greece will be stepped up. In making estimates Griswold and Livesay should not concentrate upon keeping figures small

¹Adm. Alan G. Kirk, United States Representative on the Special Balkan Committee established by the General Assembly.
but rather upon providing for all foreseeable contingencies and laying basis for an all-out, definitive blow at the guerrillas.

c. In consultation with Congressional leaders, the Department should make an early official announcement of its intention to seek more funds for Greece as soon as decision called for in paragraph 3 is taken.

6. Prepare and despatch to Ambassador Kirk full instructions as to course of action he should urge on UNSCOB in event of recognition of the Markos Cabinet by any foreign government or major increase in foreign-supported attacks on Greece.

7. Work out provisionally all details of United States action to be taken in UN if Markos Cabinet is recognized or UNSCOB recommends new action by UN because of stepped-up armed intervention in Greece.

8. Draw up comprehensive, positive outline of information work to be carried on in Greece by AMAG and USIS and outside of Greece by USIS and make immediate arrangements to secure whatever funds and facilities are necessary to make this effective.

a. Consult with OIE to determine whether gravity of Greek situation does not warrant diversion of funds from other programs.

b. Include special funds for information work on Greece in any request made to Congress for supplementary OIE appropriation.

c. Expedite arrangements for establishment of broadcasting station in Salonika or Athens.

d. Explore possibility of appointing top-notch man as head of USIS in Greece and supplying him with expanded staff and physical facilities.

9. With respect to appropriate phases of this program, especially those suggested in paragraphs 3, 4, 6, and 7 above, maintain close contact with the British Government and ensure coordinated action.

a. Consult Ambassador Douglas, who is reported to have discussed Greek situation with Minister of Defense before leaving London.


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868.00/12-2947: Telegram
The Acting Secretary of State to the Embassy in Greece

SECRET
WASHINGTON, December 29, 1947—6 p. m.

2070. Note ¹ presented Dept Dec 26 by Grk Amb outlining steps which Grk Govt considers necessitated by announcement “Free Grk Govt” and requesting US views contains statement that Grk Govt has

¹ No. 136, not printed, but see footnote 1, p. 465.
already filed (1) protest with Yugo Govt concerning use of Yugo radio facilities for guerrilla announcements and (2) protests to UN along with "request that attention UNSCOB, UN Secretariat General and standing committee UNGA be called to these developments". Text these two protests not yet available to Dept although text of letter Dec 24 from Grk Liaison Representative to UNSCOB received (Combal 47, Dec 28 2).

In view extreme importance that strategy for future UN action be carefully thought out and coordinated between US and Grk Govts and in view newspaper reports that Grk Govt intends initiate SC consideration you should urgently request MinFonAff or PriMin to take no further action vis-à-vis UN without previous consultation with Dept. Extremely important that all such action be fully correlated and utilize most effective approach under Charter.3

Sent Athens 2070; rptd USUN 618, Salonika 166 (Balcom 51).

LOVEITT

2This telegram, from Salonika, not printed.

3In telegram 2274, December 31, the Embassy in Athens reported information from Panayotis Pipelnis, the Greek Permanent Under Secretary for Foreign Affairs, of the firm intention of the Greek Government to continue to coordinate fully with the United States concerning any U.N. action (863.00/12-3147).

868.01/12-2947: Telegram
The Chargé in the United Kingdom (Gallman) to the Secretary of State

SECRET

US URGENT

LONDON, December 29, 1947—8 p. m.

6646. Wallinger, head Southern Department Foreign Office, informed us late this afternoon, after interested Foreign Office officials had been giving further consideration to Greek situation (Embtl 6638 December 29 1), that Foreign Office will take following steps which British Embassy Washington will be instructed at once to discuss fully with Department:

1. Instruct British Ambassador Belgrade to support Ambassador Cannon's démarche to Yugoslav Government (Deptel 5370 December 27 2) emphasizing what to British is basic point that by no stretch of international law can Markos group be considered to have the rights of even a belligerent and therefore has not status of government.

2. Instruct Britain Sofia [sic] to make similar démarche to Bulgarian Government subject to Department's concurrence.

3. Instruct British Ambassador Athens to urge Greek Government not to suppress indiscriminately other parties than Communist but

1Not printed.

2This was a repeat of telegram 797 to Belgrade, p. 471.
to endeavor to drive wedge between leftist splinter groups and Communists and if possible get leaders of splinter groups to make statements condemning Markos group; and to urge Greek Government not to use terms “free,” “Greek” or “Government” in connection with Markos group, but to refer to latter as Markos junta or headquarters describing it as “Communist” or “rebel”.

Wallinger, referring to possible developments if endeavor to keep satellite governments from recognizing Markos group fails, described application of relevant provisions of UN charter to possible resultant situation as “tricky” but expressed view that he thought Greek Government could ask US or UK to send troops to Greece to assist it in resisting aggression, which troops could be posted in Greece against eventuality of outside aggression.

Wallinger said he had thought that recognition of Markos group might take place in stages with Albania and Bulgaria according recognition first. He indicated, however, that he now thought Yugoslavia intended to recognize Markos group although Albania, which is still technically at war with Greece, might be the first to accord recognition as a test.

Sent Department 6646; Athens 155; Belgrade 39; Sofia 58; Moscow 369.

GALLMAN

867.00/12-3047

The Coordinator for Aid to Greece and Turkey (McGhee) to Senator William F. Knowland

WASHINGTON, December 30, 1947.

MY DEAR SENATOR KNOWLAND: In compliance with the telephone request received from your office on December 29, 1947, the following information has been assembled.

As of December 11 three vessels carrying aid material had arrived in Turkey. They carried 6 cranes, 1 tractor, 6 graders, 252 cases spare parts, 10 road scrapers, 2 crushing plants, 15 tractors, 2 trailers 20 ton, 20 trailers 1 ton, with tools and accessories for both, 102 boxes signal equipment containing telephones, switchboard, etc., 84 machine guns, 15 machine gun mounts, 4 road graders and 68 boxes spare parts, 180 boxes radio operating equipment, 6 automobiles for Mission and 1,383 cartons ammunition. No other goods have been exported as of the present time.

Of the $100,000,000 program for Turkish aid, $87,187,500 has been allocated as of December 15, $13,609,185 encumbered or allotted, and

1 Member of the Appropriations Committee of the Senate.
$910,180 obligated. With military programs the figure for encumbrances, including allotments, most closely approximates the value of goods in the pipe line and en route. The precise value of goods shipped is never known until shipping documents have been processed which involves too great a time lag for the figures to be useful for program control purposes. The figure for "obligations" lags behind the movement of goods to such an extent that it cannot be used as an approximation of shipments but is used for "accountability" purposes.

We would like to point out that expenditure in the case of the Turkish program is not prorated over a twelve-month period. The first six months of the program were given to careful planning of the goods to be procured so as to maximize the Turkish defense potential. These plans are now firm and goods will go forward at a fairly uniform rate during the balance of this fiscal year.

Sincerely yours,

George C. McGhee

868.01/12–3047: Telegram

The Acting Secretary of State to the Embassy in Greece

WASHINGTON, December 30, 1947—3 p. m.

US URGENT

2074. Dept does not wish to hinder Greek Govt in taking necessary steps to check Communist supporters among non-Communist Left groups. (London tel 155 to Athens 1 para 3). However, you may suggest advantages to be derived from separating non-Communist Left from KKE now that latter has taken open stand in rebellion and may point out desirability of securing public condemnation of Markos group by as many Greek political elements as possible.

Sent Athens 2074, repeated London 5388, Belgrade 799, Sofia 599 and Moscow 2076.

Lovett

1 This was a repeat of telegram 6646, December 29, p. 475.

868.01/12–3047: Telegram

The Acting Secretary of State to the Embassy in Greece

WASHINGTON, December 30, 1947.

2076. At press conference today Dec 30 in reply to questions Acting Secy Lovett made following statement:

"The claim of certain Communist guerrilla leaders that they have established at some unknown point a "First Provisional Democratic Government of Free Greece" is a transparent device, the true purpose of which will be clear to everyone. It is only a phase in the familiar
effort of certain elements to overthrow the legitimate and recognized Greek Government and to threaten the territorial integrity and political independence of Greece. It came as no surprise. In itself, it would not materially change the existing situation.

But if other countries were to recognize the group, this step would have serious implications. It would be clearly contrary to the principles of the UN Charter. And if the country concerned were one of Greece’s neighbors to the north, the act would constitute an open disregard of the recent recommendations of the UN Assembly, as set forth in the Resolution of last October.”


LOVETT

868.20/12–2447: Telegram

The Acting Secretary of State to the American Mission for Aid to Greece

SECRET

WASHINGTON, December 30, 1947—7 p. m.

US URGENT

Gama 718. Discussion with Livesay and Army yields following proposals which are believed to be in accordance with your views as expressed Amag 722 and in which Dept concurs provided you so recommend.

(1) Greek Govt should be authorized (Amag 562 and 722) to form National Defense Corps of 100 battalions, provided (a) specific battalions are formed only with AMAG approval of time and location and after food and equipment are ready on ground for immediate issuance to them and (b) the Greek National Army must as NDC battalions are formed be freed completely from static defense tasks for mobile operations.

(2) Greek Govt should be authorized to increase permanent size of Greek National Army by 12,000 men. Total authorized permanent size becomes 132,000 after completion training present 20,000 recruits.

(3) Additional amount, estimated by Livesay at $15 millions, should be earmarked (Amag 661) for military program to cover increases under (1) and (2) by diversion that amount from civilian program funds. Dept considers it unwise to risk acceleration of expenditures of funds presently allocated to military. Total amount earmarked for Ground and Air programs will thereby be increased from $144 millions to $159 millions. This increase includes USAGG administrative expenses (Amag 705 and Gama 665). Livesay wishes delay final

1 Dated December 24, not printed, but see footnote 1, p. 467.
2 Dated December 2, p. 428.
3 Dated December 15, not printed.
4 Dated December 22 and December 19, respectively, neither printed.
confirmation adequacy $15 millions additional this fiscal year until receipt in few days USAGG report on review of needs Greek forces point of view operational requirements. Diversion $15 millions from civilian funds will of course hasten exhaustion such funds and increase Greek need from ERP appropriations, in event ERP is authorized by Congress, but urgency of military need is believed to govern in circumstances. Dept requests your recommendations as to cut backs in other programs required to furnish $15 millions which can, of course, take into consideration accelerated expenditures authorized Gama 637. View inflationary effect steps authorized in (1) and (2) above, it may be best to take bulk of funds from reconstruction and agricultural rehabilitation projects, particularly those not yet started which may be delayed pending availability new funds. Livesay and Army Dept will review carefully entire military requirements to determine whether any items for delivery after June 30, 1948 can without imperiling continuity military aid be eliminated present procurement program and deferred until new military aid funds appropriated to continue aid after June 30. Any such elimination found possible will accordingly reduce required diversion below authorized $15 millions.

(4) Livesay prefers not make recommendation question of special equipment such as mountain artillery and machine guns, and question of any further increase in size of GNA necessary to permit effective use such equipment, until he receives USAGG report which he expects by Jan 15 latest.

You may in advice to Greek Govt wish attach conditions additional those stated above to US approval expansion size and cost GNA and NDC, including action urged in Gama 707 and anti-inflation measures.

Livesay sending parallel Army telegram with more detailed information foregoing military subjects.

Livesay planning return Athens departing Washington Jan first. If you approve foregoing proposals you should advise Greek Govt at once and announce to press US decision approve NDC of 100 battalions and increase 12,000 in size GNA, state that US is reviewing question equipment needs GNA and possible further increase in size GNA, and express US confidence in Greek forces. You should also state categorically that this decision will not reduce supplies of consumer goods to Greece during next few months and that recently announced accelerated imports program still stands. Advise Dept urgently of decision in time for Dept confirm news reports your statement and for Livesay to comment similarly here on US confidence.

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5 Dated December 16, p. 454. Governor Griswold, in telegram Amag 54, January 10, 1948, recommended cutbacks of $11,200,000 for reconstruction, $2,800,000 for agricultural rehabilitation, $500,000 for the medical program, and $1,000,000 for the naval program ($88,000/1-1948).

6 Dated December 20, not printed.
ability of Greek forces to overcome guerrilla opposition in reasonable course.  

LOVETT

7 In telegram 2083, December 31, the Department advised Governor Griswold that he might "prefer let Greek Government make first announcement decision to increase NDC and GNA (Gama 718 Dec 30 last para) and confine AMAG statement to confirmation US approval, further study equipment needs and possible further increase size GNA and expression US confidence Grk forces."

(868.20/12-3147)

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**Editorial Note**

In a letter of January 5, 1948, Secretary of Defense Forrestal informed Secretary of State Marshall that on December 31, 1947, the Secretaries of the Army, the Navy, and the Air Force established the Joint United States Military Advisory and Planning Group (Greece) in accordance with recommendations by the Joint Chiefs of Staff. He noted that on the same day the Joint Chiefs of Staff designated Major General William G. Livesay as Director of JUSMAPG. (868.20 Mission/1-548) Secretary Forrestal was replying to Secretary Marshall's letter of November 7, 1947, not printed, but see footnote 4, page 393.

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711.68/12-3147

_The Director of the Office of Near Eastern and African Affairs (Henderson) to the Chargé in Greece (Randin)_

SECRET

OFFICIAL—INFORMAL

WASHINGTON, December 31, 1947.

DEAR KARL: We were very pleased to get the Embassy's despatch No. 5735 of December 8 enclosing the memorandum of "Suggestions for United States Policy in Greece". I know you will agree that Mr. Keeley and the other officers of the Embassy demonstrated initiative and interest in preparing this document. I find it most helpful to have this sort of comprehensive analysis from the point of view of the officers working on the spot. I believe you will soon receive a formal expression of the Department's appreciation.

In most instances we in NEA find ourselves in agreement with the line taken by the memorandum. There are, however, a few points with regard to which it might be well for me to explain our thinking and the general situation within which we have to operate here.

1. In the memorandum, as in a number of telegrams, the need for quick decisions on important questions is emphasized. I want to assure

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2 In instruction 2, January 7, 1948, not printed.
you that we fully realize the importance of this and do our level best to get action quickly. Unfortunately, as the memorandum itself recognizes, the problems presented are frequently extremely complex, both in regard to their technical aspects (as in the case of gold sales), and in their possible political repercussions. Because of their importance and complexity, it is almost invariably necessary for us to consult not only other offices in the Department, notably the Coordinator of Aid to Greece and Turkey (George McGhee), and get the approval of the Under Secretary or Secretary, but also the Department of National Defense. In some instances, the approval of the White House is also required. All of this takes time, even when there are no substantial differences of opinion between the various individuals and agencies concerned. When you are dealing with matters of such extreme gravity, affecting our whole foreign policy and usually involving present or future relations with Congress, it is simply impossible to avoid this.

2. The Embassy has suggested that Governor Griswold should have greater authority to make decisions on the spot in order to reduce delays and reassure the Greek Government. We think that he does have in fact extremely wide authority, just about as sweeping as could possibly be given to any representative of this Government abroad. In a number of cases he himself has referred matters to the Department which he could have decided in Athens if he had wished. In other instances, delays which the Embassy feels were unfortunate have occurred through failure of AMAG itself to act. For example, it has been AMAG which has consistently objected to any substantial increase in the size of the Greek armed forces and which has withheld any recommendation on the supply of a special type of mountain artillery to the Greek Army. In every case in which Governor Griswold has recommended additions to the strength of the Greek forces, the Department has promptly concurred. The only big decision over which there has been serious dispute, so far as I can recall, has been the question of providing gold sovereigns to continue sale of gold to the public in Greece. On this point, all of the Department's and the Treasury's financial experts seem to have been unanimous in opposition, and even Eugene Clay, while he was here, expressed his agreement with their view.

3. I notice in the memorandum a statement that "We must cease unrealistically asking Greece to make unilateral sacrifices, for example, in regard to reparations and territorial claims, which embarrass and weaken the Greek Government and undermine the confidence of the Greeks in our support of them...". In the light of this statement, I should explain the reasoning back of our suggestions that Greece

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2 Omission indicated in the original.
attempt to reestablish relations with Bulgaria, terminate the state of
war with Albania and resume relations with that government, refrain
from pressing at this time her claim to Northern Epirus, and attempt
to satisfy her reparations claims against Italy without insisting upon
the delivery of the Saturnia and Vulcania. With respect to Bulgaria,
we anticipated the now more immediate danger that the Bulgarians
might recognize the guerrilla government in Greece and endeavor to
pay their reparations bill to that government rather than to the Athens
Government. We also had prominently in mind the resolution of the
General Assembly calling upon Greece as well as her northern neigh-
bors to reestablish normal friendly relations with each other. Inasmuch
as the Greek representative in New York has unqualifiedly stated
that Greece was prepared to abide by any recommendations of the
Assembly, we felt it would be a good move from the point of view of
world public opinion and possible future UN action for Greece to take
the initiative in demonstrating its willingness to comply with this par-
ticular recommendation of the Assembly. Leaving aside the point
about reparations, which does not arise with Albania, we thought the
same reasoning would apply to action by Greece with respect to the
latter country. In this instance, it seemed that Greece was weakening
her case before the world and giving an opening to hostile propaganda
by unilaterally insisting on a state of war with a neighboring country
which did not consider itself at war with Greece and which was not
regarded as an enemy by any other member of the UN. It further
seemed possible that Albania could claim a right to recognize a rebel
Greek government because of the fact that the Government at Athens
refused to have relations with Albania and, even more serious, insisted
upon the existence of a state of war. On the other hand, we did realize
that it would be very difficult for Greece to give up her claim to North-
ern Epirus, and that it might be impracticable to establish relations
with Albania without to some extent weakening the strength of that
claim. Consequently, our suggestions in this regard were deliberately
made very tentative. In talking with Tsaldaris here, I was careful
merely to suggest that he consider the possibility of reopening relations
with Albania and indicated that we appreciate the difficulties this
might present to the Greek Government. There is, however, one point
on which we do not wish to leave any misunderstanding in the minds
of the Greek authorities: despite our sympathy for Greece’s troubles
and our very positive and costly support for Greek independence, we
do not feel that we can support Greek claims in Northern Epirus.
According to the best of our information, the claims are not justified
on ethnic grounds, and under present circumstances there is clearly
absolutely no possibility of realizing the claim, with or without Ameri-
can support. It seems to us that it is highly unrealistic for a country which is fighting for its very existence and cannot be sure when some piece of its present territory may be forcibly detached, to create confusion and arouse animosities by pursuing unrealizable ambitions for the territory of a neighbor.

With respect to the Italian reparation and the case of the Saturnia and Vulcana we have, of course, a somewhat different situation. This is a case of two nations which, despite their quarrels of the past, are now in the same leaky boat. Both are our friends, and we are supporting both in their common struggle against grave external and internal pressures. It is illogical for one to seek to benefit itself at the expense of the other, and this is especially true in the case of Greece since a collapse in Italy would be an overwhelming blow to Greece. In the judgment of our shipping experts, a judgment which I believe is concurred in by Governor Griswold, the acquisition of the Saturnia and Vulcana would be of little or no benefit to Greece from an economic point of view, and any psychological or prestige benefits would necessarily be fleeting. On the other hand, the loss of the ships would be a severe blow to the Italian economy, and an even more severe blow to Italian pride, possibly eliminating all opportunity for a real Greek-Italian understanding. The slight benefit which might accrue to Greece from ownership of these two ships would not compensate for the ill effects their loss would have on Italy. I realize how difficult it is to convince Greek politicians of the soundness of this reasoning, but we have felt that the attempt must be made, and repeated if necessary. It is possible, of course, that the recent Yugoslav claim for the vessels will make a difference in our approach, and that transfer of them to Greece may prove to be the lesser of two evils. I have not had an opportunity as yet to go into this aspect and determine what the alternatives are. What I have written in this paragraph is primarily intended to explain the reasons for our past actions and not to forecast our future attitude.

I should like to close by expressing my emphatic agreement with the recommendation that our economic policy in Greece should be long-range, and that we should not limit our thinking to the scope of the present Greek-Turkish Aid Bill. Both NEA and George McGhee's office have definitely discarded that limitation. We are working hard to get general acceptance within the Government of the principle that the United States must carry through in Greece no matter how long it takes nor how much money it costs. I need hardly tell you that this is no easy task and is complicated enormously by the conflicting and unpredictable attitudes of the Congress. We hope to have at least some news in this regard fairly soon. I want also to endorse particularly the
recommendation for a concerted propaganda campaign to arouse the Greek people, break guerrilla morale, and counteract Soviet propaganda. I have just sent a memorandum to Mr. Lovett in which that is included as one of the major steps to be taken to carry our Greek policy to a successful conclusion. We must have more funds from Congress for that purpose, and I am moderately optimistic in the light of the views expressed by members of the Mundt Committee following their visit to Europe last Fall.

Please let us hear from you frequently, both formally and informally, about your problems and your ideas as to what should be done to work things out in Greece.

Sincerely,  

LOY W. HENDERSON

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868.51/12-2747: Telegram

The Acting Secretary of State to the American Mission for Aid to Greece

SECRET  

WASHINGTON, December 31, 1947—6 p.m.

Gama 725. With reference to Amag 734,1 Dept pleased to note progress towards economic reform proposed and in progress.

Grk Emb presented note to Dept Dec. 23, 2 requesting Dept assistance with negotiations FRBNY looking toward renewal of loan balance after repayment $2,000,000 and exchange of gold bars received for $2,000,000 for sovereigns to be used in Grk open market.

Dept reply 3 follows:

"Dept informed repayment $2,000,000 made and that FRBNY extended balance loan. Dept also advised by AMAG that AMAG informed Grk authorities to effect use gold to secure sovereigns for open market operations would not be recommended by AMAG at least until new economic controls and measures vigorously instituted. Determinations this nature by AMAG fully supported by Dept.

Under circumstances Dept regrets unable lend good offices arrange exchange gold for sovereigns. It believed preferable course permit gold remain at present location so it may be available at any time in event required for purchase essential supplies." 3

Dept would appreciate advice as to source $2,000,000 used by Grks to repay Fed Bank.  

LOVETT

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1 Dated December 27, not printed.
2 No. 9741/2, not printed.
3 Dated December 31.