

THE WHITE HOUSE

WASHINGTON

October 15, 1947

Copy of report was sent to Under  
Secretary of State with certain  
comments.

HST.

THE WHITE HOUSE  
WASHINGTON

Note

Both the Ambassador McVeigh and Chief of Mission Griswold seem to be working at cross purposes. It would be correct practice and would tend to avoid Soviet criticism of interference if the Ambassador conducted with the Government of Greece all political discussions.

This would leave to the "Chief of Mission" Griswold, the duty of administering the funds allocated to Greece by the Congress.

7 Oct, 1947.

DWIGHT P. GRISWOLD  
CHIEF  
R. L. COCHRAN  
DEPUTY CHIEF

THE AMERICAN MISSION  
FOR  
AID TO GREECE

ADDRESS:  
AMAG  
4, W. CHURCHILL ST.  
ATHENS, GREECE

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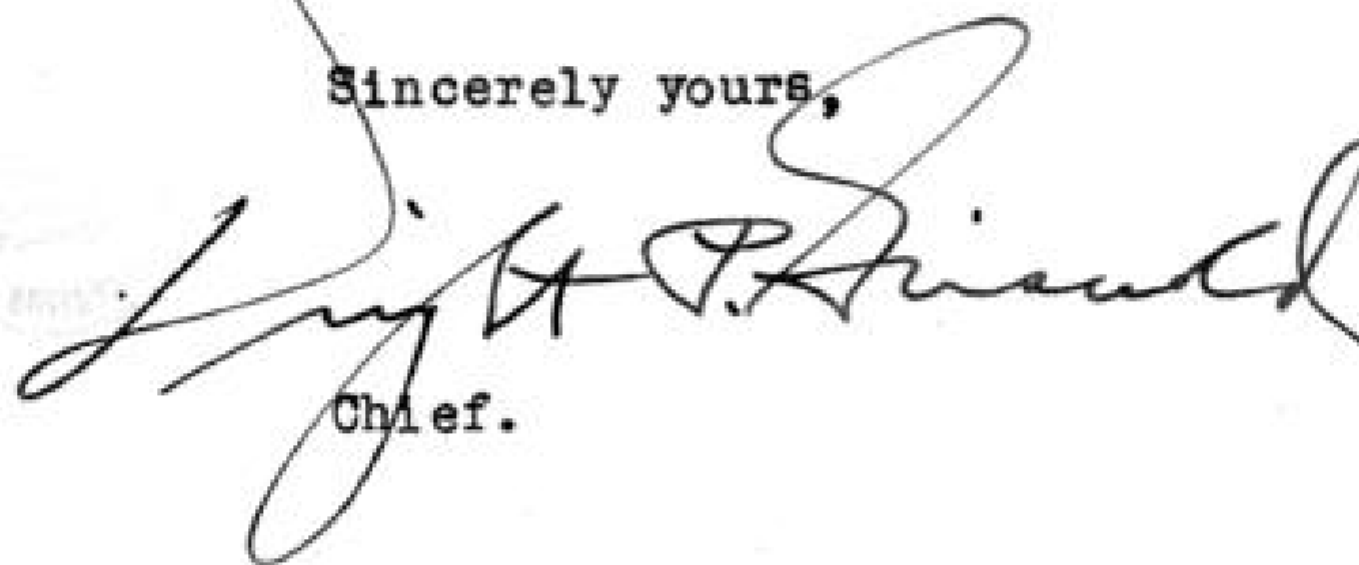
20 September 1947.

Dear Harry:

I enclose herewith an extract from my monthly report on the Greek Mission, it being that part which relates to the recent political crisis in Greece. This report refers briefly to a reported disagreement between Ambassador MacVeagh and myself and I think the Chief will be interested in reading it.

With kind personal regards and all best wishes,  
I remain

Sincerely yours,



Chief.

Major General Harry H. Vaughan,  
Military Aide to the President,  
The White House,  
Washington.

DECLASSIFIED  
E. O. 11652, Sec. 3(E) and 5(D) or (E)  
Dept. of State letter, Aug. 9, 1973  
By NLT-HK, NARS Date 30-75

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October 13, 1947

Memorandum for: Under Secretary of State

From: The President

Attached is a memorandum from Dwight Griswold, which came to me indirectly. I thought you might like to read it. It is rather interesting.

I attached a memorandum on one of the pages, which may interest you.

H. L. T.



Encl.

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By NLT:         , NARS Date 6-30-75

The Political Crisis

The Greek political crisis arose during the latter part of August and carried over into early September when a new cabinet was formed. During the week of August 18 the minority party leaders, Messrs. Venizelos, Papandreaou, and Kanellopoulos, informed Prime Minister Maximos that, unless there were changes in the Ministry of War (Mr. Stratos) and the Ministry of Public Order (Mr. Zervas), they would retire from the cabinet. They suggested that Mr. Papandreaou be Minister of War and Mr. Kanellopoulos be made Minister of Public Order. When these suggestions were refused by the Populist members of the cabinet on September 23, these three ministers announced their resignations. The Prime Minister went to the King and resigned the same day.

The King, in accordance with the constitution, requested Mr. Tsaldaris, as leader of the largest (Populist) party, to form a cabinet. He made certain efforts to bring Mr. Sophoulis and the Liberal Party into the cabinet. When the King's offer was declined, Mr. Stephanopoulos, leader of the left-wing of the Populist Party, informed the Chief of Mission on the morning of August 25 that Mr. Tsaldaris was attempting to form an extreme rightist cabinet. Such a rightist cabinet would have had the support of the following parties and leaders:

<u>Party</u>	<u>Leader</u>	<u>Number of Deputies</u>
Populist Party	C. Tsaldaris	141
National Liberal	St. Gonatas	32
National Party of Greece	N. Zervas	25
	Total	198



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Since there are 354 seats in Parliament, these three parties would have had a clear majority.

The Chief of Mission determined to try to stop this combination by attacking it on two fronts. Immediately on August 25 he consulted with Mr. Stephanopoulos. The following is quoted from a summary of that conversation recorded by the Chief of Mission:

I did point out that if a narrow government were established the Mission would have to go slow and watch developments and this would undoubtedly slow up the rehabilitation program and industrial development. I also emphasized the necessity from the Greek viewpoint of having a broad government in smooth operation before the Congressional Committee arrives next month, as further aid will depend on Congressional action, and it will be greatly influenced by the impressions the committee receives on its visit in September.

At noon on the same day, August 25, the Chief of Mission called on Mr. Gonatas. Following is a summary of that meeting.

I received the definite impression that Mr. Tsaldaris had circulated that morning the radio speeches by Mr. Henderson and Mr. McGhee, which (though, of course, prepared in advance) had been made subsequent to the cabinet crisis, and that Mr. Tsaldaris was arguing that these proved the United States Government would lend all-out support to Greece no matter what type of government was established. I also understood Mr. Gonatas to be willing to support Mr. Tsaldaris in the establishment of a narrow government. I urged strongly the broadening of the government and expressed the reasons why the American Government considered that essential.

The reasons expressed to Mr. Gonatas were those described above as expressed to Mr. Stephanopoulos. On Wednesday evening, August 27, the Chief of Mission visited Mr. Tsaldaris at his home and presented the same arguments.

During the course of the next few days the Chief of Mission had several other visits with Greek political leaders



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FORM NO. 101 (REV. 10-1-59)

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who requested the opportunity to talk with him. He urged Mr. Stephanopoulos to lead a fight within the Populist Party against the creation of a restricted rightist government. Mr. Stephanopoulos even came to an agreement with the Chief of Mission on certain arguments which he should use. Mr. Stephanopoulos drafted these arguments in English, in the general substance of which the Chief of Mission concurred. In his statement Mr. Stephanopoulos used the word "inadmissible" as applied to the restricted government.

When Mr. Stephanopoulos confronted Mr. Tsaldaris with his arguments and stated they had been approved by the Chief of Mission, Mr. Tsaldaris protested the use of the word "inadmissible." As a result of this protest, Ambassador MacVeagh felt it wise to write a letter to Mr. Tsaldaris which would state that "Governor Griswold tells me that he did not mean to say that the formation now of a more restricted government would be 'inadmissible' but only that it would be inadvisable since it would interfere with the effectiveness of the American Aid Program." Knowing that Mr. Tsaldaris wanted this letter to show his friends that he had the support of American officials, the Chief of Mission questioned whether the letter should be sent. He approved, however, not only because of his confidence in the judgment of Ambassador MacVeagh but also because the letter in fact reiterated the arguments against a restricted government. This letter was sent on August 26. On August 27 the Chief of Mission informed Mr. Stephanopoulos that, while the letter had been sent, all the arguments expressed against the formation

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of a restricted government still applied. This statement was frankly intended to exert economic pressure to achieve a solution of the political crisis.

The inference is clear that the actions of the Chief of Mission were responsible for the fight which Mr. Stephanopoulos made within the Populist Party against the formation of a restricted government and for the refusal of Mr. Gonatas to join Mr. Tsaldaris in the formation of such a government. On August 27, the Daily News Bulletin, issued by the Under Secretariat of State for Press and Information (a Government, or Populist Party, publication) stated:

The leader of the Populist Party, Mr. Tsaldaris, talking to press representatives yesterday on Mr. Gonatas' attitude, stated the following:

Neither I nor the Greek people know what occurred between noon the day before yesterday, when Mr. Gonatas declared that he would support without reserve the Government of the Populist Party, and the evening of the same day, when he declared the contrary. It is evident that during the meeting of the parliamentary members of the party, Mr. Gonatas was influenced by the opinions of certain friends of his.

It should be noted that during yesterday's talks with press representatives, Mr. Gonatas gave the impression that he changed his opinion following a conference he had with Mr. Griswold. This information was published in an evening newspaper.

Although Ambassador MacVeagh disapproved in some respects the actions of the Chief of Mission during these few days in discussing political matters with Greek political leaders, both were attempting to reach the same goal -- a broadened Greek Government. If it had not been for Greek dependence on the American Aid Program, there would have been no club with which



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to force the Greek political leaders into a program of unity. When some of these leaders were made to realize that the spending of American money would be restricted if they went ahead with their partisan plans, they hesitated and withdrew them. An ambassador has no such pressure to exert, and most of the Greek political leaders are too tough to penetrate with reason only.



During the week of August 25, Mr. Tsaldaris discovered that he could not form a permanent restricted government and on August 30 decided to form only a temporary government. Mr. Stephanopoulos declined to enter this cabinet even temporarily, and Mr. Helmis, Populist Minister of Finance, confessed that he would not remain if the government became permanent.

Mr. Loy Henderson of the State Department arrived from Washington at just this time, and during the following week a solution to the crisis was found. On September 6, Mr. Sophoulis, leader of the Liberal Party, became Prime Minister. Mr. Tsaldaris, leader of the Populist Party, is Deputy Prime Minister and Minister of Foreign Affairs. The cabinet is quite equally divided, with the Populists in a slight majority.

Greek public opinion had reacted sharply to the crisis of August 23. For two full weeks Greece was virtually without a government. As far as one is able to judge, the man in the street was uneasy about this situation. It is said that the Army too was uneasy and that there was some fear that this disquiet would express itself openly. The half-hearted announcement of a temporary, all-Populist government midway

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through the period of tension had a noticeably depressing effect on public opinion, an effect which was accentuated by the highly critical press comment from the United States and Great Britain which indicated that Greece's "stock" had sunk very low in the opinion of friendly nations.

It is the popular understanding in Greece that the crisis was resolved only by vigorous American intervention. The recognition of national danger, the dependence on help from abroad, and the cooperative spirit in which the intervention was offered combined to overcome the normal dislike of outside interference. Greeks as a whole were disgusted with an attitude of "politics as usual"; they saw no hope of decisive leadership from within Greece itself; and they welcomed the assistance they received from American diplomacy in establishing a government based on more than narrow partisan considerations. The final solution of a broad coalition between the Populists and Liberals was not only unexpected but highly welcome.



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