

Willie Russell

Mr Alexander or

Wm
22/10



With the compliments of

THE PRIVATE SECRETARY

(not yet seen by Ministers here: but
Michael Alexander may care to see
on return)

Francis [Signature]
22/10

FOREIGN AND COMMONWEALTH OFFICE

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Private Secretary



for No 10 too?

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4/19/68

Paul

PASOK VICTORY IN THE GREEK ELECTIONS.

1. Although the definitive results will not be known until later today, the Socialist Party (PASOK) of Mr Andreas Papandreou has won a comfortable overall majority. These preliminary thoughts on the implications, and the attached paper on PASOK's foreign policy at Annex A, have been prepared jointly by Planning Staff and SED on the basis of reporting from our Embassy in Athens. The paper dwells in particular on the important issues of Greek membership of the EC and NATO, of relations with Turkey and of Cyprus.

2. In accordance with the constitution, President Karamanlis will formally call on Mr Papandreou to form a government, which he may do in the course of today. Prime Minister and Government are sworn immediately. They must submit to a vote of confidence within 15 days.

3. PASOK is very much the creation of Papandreou. His record over the years does not inspire any confidence that Greek domestic or foreign policy will take a coherent and predictable form. His erratic behaviour was a major factor in the fall of his father's Government in 1965 and contributed to the constitutional crisis prior to the coup of April 1967. His populist slogans are based on a simplistic attitude to international affairs. His long years of exile in the United States created a paradoxical loathing of his country of adoption and his nationalism takes an extreme form with regard to the Turks and anything Turkish.

4. None of Papandreou's associates have had the opportunity of making much of an impact in Greece or abroad. However we can expect the names Alevras, Haralambopoulos, Tsohatzopoulos, Yennimata's and Lazaris to feature in any government list. It has also been widely suggested that Mr George Mavros may be rewarded for his decision shortly before the elections to join PASOK, and some expect him to become Foreign Minister. As a centrist with basically pro-Western leanings, Mavros's influence would on balance be beneficial to our interests, though his reputation for determination and decisiveness is not good. (Personality notes on Papandreou, Alevras and Mavros, and career details of others are at Annex B).

5. The parallel with Mitterrand's victory earlier this summer is obvious. As in the case of France, one can argue that the interests of democracy and long term stability in Greece required that there should at some stage be a shift of power bringing a left wing party into government through peaceful means. Many Greeks hope that a change of government will have a salutary effect on a corrupt and burdensome bureaucracy. The continuing presence of Karamanlis as President and his restraining influence undoubtedly led some voters to opt for the attractive prospect of 'change with continuity'. But it is the new Parliament which will elect the next President in 1985 (or before if Karamanlis' health deteriorates further).

6. Papandreou's domestic platform also bears some similarity to that of President Mitterrand, though, given the low rate of unemployment in Greece, his policy declarations have been directed more at insulating the population from the effects of inflation by such means as wage indexation and price controls. We can expect the government's programme

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to include a wide range of measures designed to 'socialise' various sectors of the economy and Papandreou is likely to be less ready than Mitterrand to exempt foreign owned concerns, though his expressed desire to retain and even encourage certain forms of foreign investment should prevent any nationalisation campaign causing too much damage to foreign interests. Another of the basic aims of PASOK is the decentralisation of power so that decisions are taken at the lowest local level appropriate.

7. The next few years will show whether the relative stability of the New Democracy period (1974-81) was merely a short lull in the stormy history of Greek politics. Reversion to the Greek norm - political instability- is a real danger. Nor can the risk of a coup be discounted in the medium term if Papandreou goes too far for the military's liking. The entire relationship of Greece with the West may be put to the test. It will be important to watch the extent to which Papandreou now trims his policies to accomodate the basic exigencies of membership of the EC and NATO, the extent to which the reforms and changes he introduces turn out to be compatible with such membership, and the reactions of people in Greece and beyond who will be affected by his policies. These are the factors which will determine whether Papandreou's view of a Greece that has more in common with the developing non-aligned world carries the day against the vision of Karamanlis and his successors of a Greece which, despite a lower level of economic and social development, is and should be an integral part of the Western world.

8. If the experiment of Greek membership of the EC fails, doubt could be cast on the Mediterranean enlargement as such, (though the situations of Spain and Portugal are very different from that of Greece). The strains within NATO that the election result is inevitably going to provoke may lead to an irremediable weakening of the Southern flank, but if after all Greece should not withdraw from NATO's military structure, this could lead eventually to an accomodation enabling both Greece and Turkey to feel reasonably at home in the Alliance. And forthcoming events may not be without their influence even on British internal politics. If Papandreou follows the logic of his policy pronouncements and pulls Greece out of NATO and the EC, or changes her status to one of mere association, then the Labour party's plans to do much the same for Britain will to some extent appear more plausible. Anti-NATO feelings elsewhere, especially in the Iberian peninsula, might also be exacerbated by contagion.

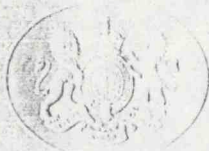
9. The attached paper discusses the main lines of PASOK's foreign policies. There remains considerable doubt as to what Papandreou will do. But his foreign policy objectives in many fields vitally important to Western interests, as well as his unpredictability, make it clear that we are in for a period of strain. While PASOK's policies towards NATO and the EC have so far attracted most publicity, the greatest danger may well arise eventually in the complex of disputes with Turkey, including the Cyprus problem: a confrontation is not to be excluded.

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19 October 1981

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ANNEX A

PASOK'S FOREIGN POLICY

1. Pasok's foreign policy is not based on any clear theoretical framework. Rather, it has evolved in response to changing tactical requirements, with more than an occasional glance at what is likely to have broad popular appeal. Despite its professed high-mindedness - strengthening of peace, peaceful solution of disputes etc - the approach to foreign policy of Pasok and its leader Papandreu is really based on two principles. The first is that the real threat to Greek interests and Greek security comes not from the North but from the East: from Turkey and not from the Warsaw Pact. The second is that, despite Greece's close cultural links with Europe and the West, she is socially and economically a developing country.
2. These principles account for Pasok's deep suspicion of NATO and in particular of the US. NATO and the US are believed consistently to have subordinated Greece's national interests to those of the Alliance. Greece has been forced to direct her defence efforts towards a threat that in practice has not materialised and is unlikely to do so. At the same time Greece has been prevented from offering Turkey the degree of resistance that her interests demand, while the importance of Turkey has made the alliance and the US reluctant to restrain her in her activities prejudicial to Greece.
3. Likewise the view that Greece's status is that of a developing country means that EC membership is inappropriate to her requirements. The rules and regulations of the EC are designed for sophisticated economies at a high level of development. They impose free market rules which are injurious to a country whose industrialisation is still fledgling. Greece requires a degree of protectionism and her voice should be on the side of the South in international economic questions and on the side of non-alignment politically.
4. Pasok's attitude on individual foreign policy issues follows fairly logically from Papandreu's general interpretation of Greece's position. The problem is to deduce from the policy declarations what exactly will be done in practice when Pasok holds power. Some of the extremism has already been watered down in the course of the electoral campaign. It may be that fears of provoking the armed forces, combined with the natural difficulty of implementing radical policies in a field like foreign policy where the options are in practice limited, may lead to further dilution of Pasok's somewhat headier draughts. But it would be dangerous to assume that.

European Community

5. Papandreu's declared intention is to ask the President for a referendum on the issue of membership and to advise withdrawal. In practice, however, he knows that Karamanlis will not agree to a referendum. In that case Papandreu will attempt to renegotiate some of the terms under which Greece was admitted. He has also warned that he will not apply EC regulations which conflict with Pasok's economic and social programme.
6. The French experience so far is that EC membership is not incompatible with the introduction of a fairly thorough Socialist

/programme



programme. Papandreou may find the same, and his hostility to the EC may consequently be modified. He may be satisfied with some fairly minor adjustment that could in practice be presented to the electorate as a substantial modification in Greece's favour.

7. The effects on the restructuring debate are harder to assess. The need to take account of a more querulous Greece determined to have her pound of flesh may complicate the negotiations. The benefits that Greece gets from the Common Agricultural Policy may incline her to resist any serious attempt at reform. Against that, as one of the poorest members of the Ten Greece is likely to support financial mechanisms designed to ensure that no country pays a contribution badly out of proportion with its relative wealth, and is also likely to support policies devised to have a re-distributive effect and to assist convergence. But this may be small compensation for our partners who will be despondent at what they will see as a further source of Community discord. Considerable forbearance will be required in the face of provocation and obstructiveness if Greece is to become reconciled once more to Community membership.

NATO and the US

8. Pasok's hostility is both to NATO and to the existence of military alliances in Europe. Pasok feels, with considerable justification, that Greek cultural & historical links are at least as close to Eastern as to Western Europe. However, more recently Papandreou has let it be understood that he might be prepared for Greece to remain in NATO until the day that both alliances can be dissolved simultaneously.

9. Distrust and dislike of NATO stem in large part from Papandreou's deep-rooted hatred of the United States and a tendency to see the United States' hand in any and all of Greece's misfortunes. NATO is seen to further US aims at the expense of Greece. Pasok wishes to have full freedom to organise Greece's security to prevent what it sees as the immediate threat from Turkey. It is likely that Pasok will seek the withdrawal of nuclear weapons from Greece, the closure of American bases and the withdrawal of Greece from the integrated command structure. However, the speed and vigour with which Pasok pursues this policy will be constrained by the need to maintain national defence and keep the armed forces supplied with up-to-date weaponry.

Turkey

10. Pasok is opposed to the last government's policy of improving relations with Turkey. Papandreou has criticised the 'concessions' made to the Turks, particularly in the slow-moving discussions over the Aegean disputes, and insisted that Greek interests should be rigorously safeguarded. The clear implication is that he would take a vigorous stand over such issues as the continental shelf and the extent of the territorial sea in the Aegean. Recently Papandreou has not ruled out negotiations with Turkey. But his general approach, allied to his obsession with the 'Turkish threat', promises to be confrontational. It is unlikely that the regular meetings for discussion of the Aegean disputes will survive the change of style. And Turkish antipathy towards Papandreou will not lead the Turkish Government to exert themselves to maintain the improvement in relations achieved in recent

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years. The danger is that, with the emphasis on the Greek side shifting to military preparedness in the Aegean and the full exercise of Greece's sovereign rights, a confrontation with Turkey could occur. There were in the past sharp tensions over drilling for oil; Turkey has long made it clear that a unilateral move by Greece to extend territorial waters would be regarded as a casus belli; air force exercises lead frequently to high speed interceptions. The scope for conflict over such issues would be considerable were the general atmosphere to deteriorate in the way which seems likely as a result of Papandreou's victory.

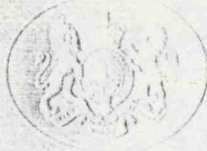
Cyprus

11. The Pasok victory will almost certainly have a negative impact on the intercommunal talks. Papandreou's line on Cyprus to date has been simplistic and tough: Greece, which since 1974 has distanced herself from the Cyprus problem should now return to an active role, and lead a crusade for international support: the intercommunal talks can be fruitful only after the withdrawal of foreign troops. In the short term at least Kyprianou will be well-pleased if, as likely, Papandreou take this line (though Kyprianou may in time come to chafe at a bigger fish playing an active role in his own small pond). He has recently shown his own intransigence by impeding early presentation of the 'UN's evaluation as a basis for negotiation with the Turks. He may use Papandreou's victory to play for more time, in the first instance by making a show of consulting him. The position of hardliners in Cyprus like Lyssarides - the Leader of the Greek Cypriot non-Communist left - will be strengthened and that of the moderates, like Clerides, weakened. The chances of the UN 'evaluation' ever reaching the table accordingly looks even more remote: and the chance that the present round of talks will very soon run into the sands has increased. The recriminations will further muddy relations between Athens and Ankara. The Turkish Cypriots may be tempted by UDI and the Turkish Government may no longer see an overriding need to veto such a move. In the longer term, the tendency for the Turkish part of the island to move towards closer integration with the mainlands would be strengthened. In that case the idea of Enosis, or double Enosis, might revive.

12. Papandreou's victory has implications for our own policy on Cyprus. We will probably have to adjust to a perpetuation of the present unstable division of the island. With the UN's 'window of opportunity' closed there will be pressures for a 'British initiative'. But the scope for any useful action is likely to be nil. Meanwhile, Papandreou's hostility to foreign bases, which specifically includes the Sovereign Base Areas, could rub off on Greek Cypriot opinion, with disturbing consequences for our major defence interests there.

Soviet Union and Eastern Europe

13. Papandreou does not share President Mitterrand's robust attitude towards Soviet pretensions. His party's victory will undoubtedly be welcome in Moscow. However, Papandreou's opposition to Soviet hegemony over Eastern Europe is genuine, and in the case of Balkan countries based on some strategic logic. If relations with Yugoslavia improve further, and Balkan co-operation develops, then it is not impossible that the position of Yugoslavia and Romania might be



strengthened, and Bulgaria's submissiveness to the USSR come to seem even more anomalous. Over Poland Papandreou's remarks have been consistently robust and in line with Western views.

Middle East

14. Pasok's view of Greece as a country with more in common with the developing third world than with the developed West naturally encourages it to support national liberation movements and to be more in sympathy with radical than with 'moderate' third world regimes. Pasok firmly supports the Palestinian cause and can be expected to cultivate closer relations with Arab regimes, partly in the hope of reciprocal support over Cyprus. If Greece remains in the EC, then it may be difficult in political co-operation to reconcile Greece's active support of the PLO with the more measured approach, building on Camp David, favoured by the EC as a whole.

North/South

15. A similar contradiction may become apparent in Greece's dealings with the Third World. Her membership of the EC will naturally put her on the side of the North; however, she will not have the possibilities open to richer countries such as the Netherlands and Denmark of salving her conscience by a generous aid programme. Community solidarity is likely to be harder to achieve if it has to accommodate a Greece vociferously supporting some of the less acceptable third world demands connected with the New International Economic Order and other developmental questions.

Planning Staff

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PAPANDREOU, ANDREAS

Leader of the Opposition and leader of PASOK. Deputy for Achaia.

Born Chios 1919. Son of the former Prime Minister George Papandreou. Shortly after leaving Athens College, he fell foul of the Metaxas regime and left Greece for the US where he served in the US forces and was an academic economist at Berkeley, California and other American universities from 1942-60. In 1961, during a visit to Greece on a Fulbright scholarship he formed, on the invitation of Karamanlis, a new economic research centre in Athens, of which he became head. In 1964 renounced his American citizenship (which he tries hard to live down) and stood successfully for Parliament. Was immediately appointed Minister to the Prime Minister by his father and subsequently Deputy Minister of Coordination. In November 1964 obliged to resign over the award of a contract to the husband of a woman friend. In April 1965 re-appointed as Deputy Minister of Coordination.

Arrested on the night of the 1967 coup. Detained until Christmas 1967 when he was granted an amnesty. After allegedly giving an undertaking not to engage in political activity abroad, (and, according to his detractors, making other discreditable "arrangements" with the dictatorship) he was, in January 1968, allowed to leave Greece with his wife and family. Went to Paris and London, where he immediately began a campaign against the regime. In 1968, accepted the offer by the Swedish Government of a Visiting Professorship at the University of Stockholm.

PASOK, the radical socialist party he formed in 1974, lost badly in that year's elections but doubled its share of the vote in 1977 to become the main opposition party. He considers himself a Marxist, but not a Leninist, and advocates a domestic policy of decentralisation and cooperatives similar to the Yugoslav model: and a non-aligned foreign policy based on hostility to America and a rejection of Greece's alignment with the West, on support for a Mediterranean socialist grouping and on closer links with the Balkans, the Arabs and the Third World generally. Committed to withdrawal from NATO, expulsion of the US bases and to recommend a "no" vote in the referendum he proposes on EEC membership. Takes a hard and sometimes inflammatory line on relations with Turkey.

His brand of demagogic "knocking" oratory has appeal particularly among the young and less privileged elements in Greece. But from time to time evidence surfaces of resentment in his party against his autocratic leadership style.

Has an American wife, Margaret, and has sent two of his children to study in Britain. His private life has at various stages appeared to be tempestuous. Considerably more rational in private than his histrionic public appearances would suggest, cultivating a reasoned, academic air. An ambitious opportunist with a strong belief in his own interited destiny. His health has been in some doubt in the past two years.

ALEVRAS, IOANNIS

Parliamentary spokesman for PASOK and Deputy for Athens 'A'.

Born 1912 in Messinia in the Southern Peloponnese. After a secondary school education he became a bank employee. Elected Deputy for Athens for the Centre Union in 1963 and for PASOK in 1974 and 1977.

A close friend and associate of Andreas Papandreou in the 1960s, he shared a prison cell with the latter for some time after the Junta take-over in 1967. His close friendship with Papandreou and the fact that he is seven years his elder probably explain why he has been chosen as de facto deputy.

Unmarried.

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MAVROS, GEORGE

Ex-leader of the Union of Democratic Centre Party (EDiK), formerly the Centre Union/New Forces Party. A member of Parliament for Athens. Former Foreign Minister in the National Unity Government under Mr Karamanlis, July 1974.

Born in Kastellorizo in the Dodecanese in 1909; studied law in Athens and Berlin. First elected to Parliament in 1946 and held his seat until 1964 (with one break when he lost his seat in 1952). 1949: Minister of National Economy; 1959: Minister of Finance; 1952: Under-Secretary for Defence. Joined the Centre Union and was elected on their ticket in 1961 and in 1963 was appointed Minister of Co-ordination, where he stayed until June 1964, when he resigned from Parliament to become Governor of the National Bank. Resigned from the Bank in Summer 1966 to re-enter politics, again for the Centre Union, but was forestalled by the coup in 1967 before he could become re-elected to Parliament.

Under house arrest for a short while in 1973, he was arrested and deported to the prison island of Yaros in March 1974 for two months, for his endorsement of HMG's decision to cancel a naval visit to Greece. Foreign Minister in Mr Karamanlis's Government from July 1974 until he resigned to fight the elections in November 1974. Following EDiK's disastrous decline in the 1977 elections, he resigned as leader.

A respected public figure. As Governor of the Bank of Greece, had the reputation of being a sound financier. But during the Cyprus talks in 1974, at which he represented Greece, he appeared indecisive and over-emotional and as Leader of the main opposition party, EDiK, he failed to differentiate his policies convincingly from those of the government and failed to hold the party together. Although able and agreeable he has a tendency to vacillate and lacks the touch necessary to a successful politician in Greece.

Yiannis Haralambopoulos

Born Messinia 1919
Army Engineer Officer 1946-61
Woolwich Polytechnic 1946-50
1963-64 Centre Union MP for Messinia
Arrested and imprisoned three times during dictatorship
1974-81 PASOK MP for Athens 'B' region.
Leader of PASOK's group of nominated MEPs but is not
standing for the European Parliament in Direct Elections.
Speaks English: Married.

Akis Tsohatzopoulos

Born Athens 1939.
Studied Economics and civil engineering at Munich.
Active in organising opposition to the military
dictatorship (as member of PAK), outside Greece,
where he worked closely with Andreas Papandreu.
Returned to Greece in 1974. Founder member of
PASOK and member of Executive Bureau with
responsibilities for party organisation.
German wife. Speaks German and some English.
Close to Andreas.

Giorgos Yennimatas

Born Athens 1939
Civil Engineer
Member of Centre Union youth movement
Trade Union experience
President of the Association of Greek Civil Engineers
1974-78
Founder member of PASOK
Wife an active member of the Union of Greek Women
Despite his pre-dictatorship liberal background, has
a reputation as a hard-liner.
Party responsibilities for planning (party programme)
and local government/devolution. No English.

Professor Apostolos Lazaris

Born Levkada 1921. Married
Economist
Studied at Universities of Athens, Manchester and Rome
Professor at Higher Industrial School Piraeus since 1962.
Has been economic adviser to Bank of Greece (1956-68),
to the Ministry of Industry (1965-67) and from 1972-75
he was Director of UN Economic Development Programme
in Zambia
Chairman of PASOK Planning Committee which drafted
electoral manifesto.
'Pragmatic' approach to timing of PASOK's economic measures,
eg Socialisation, but an old-fashioned believer in
central planning.
A pleasant, unassuming man who does not look the part of
senior minister. Good English.