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The United States and Greece

February 8, 1985



United States Department of State
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Following is an address by Richard N. Haass, Deputy for Policy, Bureau of European and Canadian Affairs, before the American Hellenic Educational Progressive Association (AHEPA), Washington, D.C., February 8, 1985.

The theme of this conference is "Irreconcilable Differences? American Foreign Policy and Greek National Interests." AHEPA deserves our congratulations for sponsoring a conference on so important a topic, and I will direct most of my remarks to this question. But I want to begin with a few words about the larger context in which relations between the United States and Greece occur.

President Reagan took office at a time of crisis and demoralization in U.S. foreign policy. Twin setbacks in Iran and Afghanistan, a relentless Soviet weapons buildup, major economic problems at home and abroad—all left the West relatively weaker and America's leadership role more in doubt than at any time since World War II.

The President was highly successful in meeting these challenges. The election results of November attest to the widespread support for his policies and leadership. I understand, too, that nearly two-thirds of the Greek-Americans voting favored President Reagan.

What Greek-Americans and others endorsed was a self-confident America, an America of renewed economic opportunity and growth, and an America of restored military might. Election results also revealed support for a foreign policy dictated by a sincere commitment

to negotiations and arms reduction tempered by a realistic assessment of the Soviet Union.

A key aspect of our success abroad was that it was shared. The United States has long recognized that it cannot go it alone if peace and freedom are to be preserved. Our experience in the alliance of democracies, NATO, has been a great success. Sixteen countries with widely different backgrounds, some formerly bitter enemies, belong. As allies they have worked together to preserve the peace in Europe for over 35 years. And they have done so in the face of a growing threat from the Soviet Union and the Warsaw Pact.

Greece and the Alliance

Greece is one of the members of this successful alliance. It has enjoyed the peace NATO has provided. It has added to the strength that preserved the peace. Greece and the United States share the common benefits and responsibilities that go with membership in this unique association.

Yet despite this proud and successful past, our differences seem to have increased in number and gravity. Are these differences irreconcilable? I won't keep you in suspense. My answer is no. Let me justify this answer with a few propositions.

My first proposition is that Greece has long been a valued and important friend and ally. Just as Greek-Americans cannot separate themselves entirely from their former homeland, America

cannot separate itself from a heritage which dates back to ancient Greece. The very word for our form of government—democracy—comes from Greek. Our art and architecture abound with the influences of Hellenic culture. Thousands of our citizens each year travel to Greece. We are bound by a network of important economic, social, and political ties. We fought with Greece against fascism and forged close bonds under the Truman doctrine. As two of that small and select group of nations which embrace democracy, we joined NATO and helped halt the spread of Soviet communism.

As a second proposition, Greece is of major strategic importance to the West, the United States, and NATO as well. Located at the crossroads of Europe, the Middle East, and Africa, Greece is in a position to help control the sea- and air-lanes of the Mediterranean. Bordering on the Warsaw Pact, Greece would block any attack toward the Mediterranean through Thrace and would join Turkey and other members of NATO in resisting a Soviet effort to seize the Dardanelles. The United States has valuable military facilities in Greece which serve key alliance and mutual defense objectives. Without Greece, NATO's southern frontier would be split. A dangerous gap would emerge in the defense chain stretching from the Norwegian Sea to the eastern Mediterranean.

A third proposition stems from the other side of the coin. I would argue that the United States and NATO are vital to Greek security. Greece enjoys the benefits of a world in which warfare has been contained due to the strong efforts of the Western alliance. While some in Greece see no imminent threat of attack from the north today, it is only the deterrence provided by a united and strong alliance that makes that so. As Prime Minister Papandreou recently acknowledged in an interview, had it not been for the approach taken by the United States after World War II, Greece would likely be in the Soviet bloc today.

Beginning with the massive effort to assist Greece under the Truman doctrine, as it resisted Soviet and Soviet-supported pressures, the United States has provided over \$6.8 billion in economic and military assistance to Greece. Our commitment continues: in the current fiscal year, the Reagan Administration has proposed that Greece receive \$500 million in FMS [foreign military sales] loans, making Greece the fifth largest recipient of U.S. security assistance. Indeed, of the five major

recipients, only Israel receives more on a per capita basis.

Security against external threat, combined with foreign assistance, has greatly contributed to Greek economic development. Ties to the West provided a framework in which Greece could make impressive political and economic strides. With the tragic exception of the period from 1967-74, Greece since 1949 has experienced one of its longest periods of political stability as a democracy since antiquity. Economic accomplishments have been just as great. Greece's annual per capita income has increased from below \$200 in 1950 to around \$4,000 today.

Turkey and U.S.-Greek Relations

I suspect that many of you can agree with the points I have made thus far. What, then, underlies our topic of the day? If the United States and Greece share a mutual heritage and traditions and have compelling mutual security interests, then why has AHEPA through this conference emphasized our differences? Does the answer lie with those who believe our interests are irreconcilable because of our relations with Turkey and because of Cyprus? This leads to my next proposition, fundamental to our policy toward the eastern Mediterranean—namely, that good relations between the United States and Turkey are consistent with Greek interests. So, too, is the approach we are taking to the Cyprus problem.

There is no denying that differing perspectives, mistrust, and suspicion in both Ankara and Athens complicate our ties with both allies. Frankly, we sometimes are tempted to conclude that if both Greece and Turkey are dissatisfied with us—as is sometimes the case—we must be doing something right. Nonetheless, there are a number of good reasons why our relationship with Turkey serves the common interests of the United States and Greece.

First, just as Greece is vital to NATO, so is Turkey. No military planner would want to defend Turkey without Greece or Greece without Turkey. Turkey does not only share a long border with the Warsaw Pact; it projects eastward into Southwest Asia and stands squarely between the Soviet Union and the Middle East. In wartime, Turkey would be vital to us and to Greece, whether the attack came in Thrace, Southwest Asia, or the Persian Gulf. Nor would an isolated Turkey outside NATO be in Greek interests. I would add that U.S. security assistance to Turkey, although larger than for Greece, is not excessive. Turkey's needs,

given the threat I have outlined, are substantial. Much of Turkey's arms are obsolete. Per capita GNP [gross national product] in Turkey is only a third that of Greece.

But American aid for Turkey does not merely help Ankara meet a common threat shared by Greece and the United States. It also supports continued political and economic development in Turkey. Turkey's steady return to democracy and progress toward economic and internal stability can only contribute to long-term prospects for resolving Greek-Turkish differences. We do not minimize these problems, but we do not consider them insoluble. They include complex and important issues of sovereign rights relating to airspace and the sea and many other issues, large and small, which create frictions between these two neighbors. Such problems have been addressed by Greeks and Turks before. One need only think back to the period in which the Greek and Turkish statesmen, [Eleutherios] Venizelos and [Kemal] Ataturk, were able to establish a foundation of constructive ties in difficult circumstances. Those of the present ought not to settle for less.

Quite simply, the United States does not have the luxury of favoring one country over the other, and neither country would benefit if we did. We will continue to make clear our opposition to the use of force in the Aegean. Both allies face too many threats which are real and too many demands on their limited resources to squander them on needless confrontation. We will continue to urge both countries to make renewed efforts to ease tensions and to resume a dialogue.

The Cyprus Problem

Let me turn now to Cyprus. Here, too, we believe differences in perspective between Greece and the United States do not pose intractable problems for our relationship. We recognize the importance of this issue to Greek people everywhere and to all Greek governments. Cyprus is a top priority for American foreign policy as well. We have made clear our willingness to assist the parties in the search for a settlement. We have also made clear our opposition to actions which forestall or prejudice progress. In this, we should find ourselves not at odds but at one with all Greeks.

No one should doubt America's resolve to see progress toward a fair, negotiated settlement in Cyprus. The United States alone, however, cannot solve the Cyprus problem. Efforts to im-

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pose a settlement by outside parties have failed in the past. Nor can the United States be held responsible for the current situation, which developed over many years. Attempts to make the United States the scapegoat for internal political events in Greece or for creating the Cyprus problem are wrong. They ignore the long history of differences between the two communities. They also detract from realistic attempts to solve the problem. Ultimately, the Cypriots themselves must decide how they will live together. Compromise will be necessary from both sides.

Our policy has been and remains one of strong support for the efforts of the UN Secretary General and his "good offices" role of bringing the two communities together. I am sure many of you followed closely UN Secretary General Perez de Cuellar's latest initiative on Cyprus, which culminated in January's meetings between President Kyprianou and [Turkish Cypriot leader] Mr. Denktash. This was the first summit meeting between the Cypriot parties in nearly 6 years. Extensive discussion of the key elements of a settlement took place. While we were disappointed that the parties were unable to reach agreement, we believe that much has been accomplished in the last several months. We should not squander the progress that has been made. Pursuit of a negotiated solution must continue. We are urging all parties to renew the search for progress. As before, we will do what we can to assist this endeavor.

In doing so, we do not believe that one-sided punitive approaches, such as cuts in military assistance to Turkey or conditioning Turkish assistance to specific actions on Cyprus, are helpful. In fact, they are counterproductive. On the other hand, in an effort to provide positive incentives for progress, the President proposed last year a \$250 million Cyprus Peace and Reconstruction Fund for use by the Cypriots when a settlement is reached or significant steps toward one are taken. That proposal is still valid and will be implemented should circumstances permit, as we all hope they will. We welcome AHEPA's thoughtful and constructive proposal on how this fund might be used to encourage Greek and Turkish Cypriots to begin practical efforts at cooperation.

No issue requires the attention of all parties in the region now more than Cyprus. The prospects for progress are greater than they have been for many years. And while we know movement toward a resolution of the Cyprus problem will not automatically lead to im-

provements in relations between Greece and Turkey, it is clear that the improved atmosphere that would result could make it easier for the two sides to address other areas of tension.

Other Issues

In our view, then, Turkey and Cyprus need not and should not prevent good U.S.-Greek relations. Our differing views do, of course, complicate our relations, and it would be disingenuous to say otherwise. This is in itself nothing new. What is new, though, is the scope and intensity of problems that have characterized our relations since 1981.

Perhaps most difficult for many Americans to deal with are the harsh and even gratuitous criticisms directed at the United States in recent years by the Government of Greece. We have our faults, plenty of them. Certainly, we are not above criticism. Furthermore, differences—even sharp differences—are to be expected between democratic allies with independent views.

But there ought to be limits. As we see it, these differences are similar to those in a family. They should be kept in the family context. In this case, the family is the Western community of nations with its core of shared interests.

We do not believe that statements by an ally calling the United States "the metropolis of imperialism" and virtually white-washing the Soviet Union are consistent with the spirit of the alliance. Nor can we understand why a friend would accuse the United States of putting into jeopardy the lives of hundreds of innocent women and children aboard Korean Air Lines Flight 007, shot down by the Soviet Union. It was and remains a preposterous charge that this plane was on a spy mission for the United States. Provocative Greek Government statements questioning U.S. and NATO motivation in supporting Solidarity in Poland only detract from goals we all share. So, too, does Greek refusal to support the alliance consensus on resisting the deployment of Soviet intermediate-range nuclear missiles targeted on Europe. These accusations go beyond routine disagreement between allies. They draw down the large fund of good will for Greece here in America and erode support for the United States in Greece.

We have other problem areas. Our military bases in Greece serve mutual interests, we believe, and, in fact, we concluded a new base agreement 15 months ago. We assume this serves Greek interests or the government would not have signed. Yet we continue to hear statements about the agreement being

no more than a 5-year termination pact. Again, these are statements, not specific actions, but they hurt the atmosphere and make important military planning and cooperation much more difficult. Both parties to an alliance must be confident they can rely on each other in the future. We lack this when the Greek Government asserts that the Americans will be asked to leave at the end of 5 years.

We here in the United States were pleased when Greece resumed full participation in NATO in 1980. This remains the case. As you know, NATO is a union of democratic states, so diversity, not imposed unanimity, is one of its great strengths. Nonetheless, I think my concept of the family again comes into play. An overall harmony of approach and willingness to compromise are essential. We do not see such an approach being taken by the Greek Government. We and other allies are distressed, for example, about Greek unwillingness to participate in alliance military exercises. Such exercises are very important in strengthening and testing NATO defenses and benefit all of us. We hope that the Greek Government will agree to participate again in the future.

We also have had our differences on specific terrorist incidents in the recent past and, more generally, on how best to react to the growing threat that international terrorism poses to all civilized nations. You have seen media accounts of the tragic bombing in Glyfada. Whatever the source of the outrage—and we do not yet have enough information to judge—the incident starkly reveals our joint vulnerability to acts of violence and terrorism. We appreciate the sympathy and outrage expressed by the Greek Government and its efforts to seize the perpetrators. We sincerely hope that from this tragic incident will come an improved dialogue between our governments on terrorism, progress in the key area of antiterrorism would go a long way to improve relations between us.

I should point out that despite all these obstacles, there are accomplishments on the other side of the ledger as well—the conclusion of a base agreement which had not been possible under previous Greek governments was a notable achievement. Implementation of that agreement, despite some strong points of friction, continues to go well in many areas. Sixth Fleet vessels regularly visit Athens and other Greek ports. We are currently negotiating for new agreements regarding our VOA [Voice of America] transmitters in Greece and status of forces arrangements. Discus-

sions to expand economic and commercial ties are also underway. It is, indeed, a shame that the many positive aspects of U.S.-Greek relations become obscured in the face of our differences.

If I may conclude this last of my propositions, let me reiterate that I do not believe the differences I have outlined are irreconcilable. We derive no satisfaction from our current difficulties. To the contrary, we seek to have the best possible relationship with Greece. We believe our relationship can improve. And we are doing our part to bring this about. We do not ask Greece to give up its independence or sovereignty. We ask only for a reciprocal approach on the part of the Greek Government. Good relations are a two-way street. We ask that our differences be handled constructively and privately, not openly and con-

tentiously. We do not and cannot ask that all our differences be magically resolved, only that they be dealt with in a fashion befitting long-time friends and allies.

AHEPA has a key role to play. Your close contact with the Greek people and understanding of both countries provides an important bond of friendship and trust. No group is more qualified to explain our perspective in Greece or the Greek perspective here than you. None can doubt your sincere concern for good U.S.-Greek relations. You have represented a large segment of the American public's views on these issues responsibly and thoughtfully.

We all admire what your organization has done and continues to do to foster greater understanding and better relations. This conference is a fine exam-

ple of your timely and perceptive efforts. I personally have appreciated AHEPA's dialogue with the Administration. I ask for your continued help toward the goals we share—better relations between the United States and Greece, better relations among the countries of the region, peaceful resolution of differences, and a uniting of effort to meet our common challenges and aspirations. ■

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John C. Loulis

PAPANDREOU'S FOREIGN POLICY

Relations between Greece and the United States are strained. From the anti-American rhetoric of Prime Minister Andreas Papandreou and his Panhellenic Socialist Movement (PASOK), and after a series of irritating incidents, tensions have developed that pose troublesome questions about the course of Greek policy and Greek relations with the West.

Last May, addressing his PASOK Party Congress, Papandreou launched a blistering attack on the United States, charging it with a strategy of "expansionism and domination." In July, his government decided to free a Jordanian terrorist despite U.S. intelligence reports that the prisoner had arranged for a bomb to be planted on an Athens-Tel Aviv passenger flight. A month later, the Greek government was unwilling to prevent striking workers from blocking the entrances to U.S. military bases. The United States retaliated by hinting that it would prevent the transfer of older F-5 jets from Norway to Greece and would instead divert them to Turkey. A Greek government spokesman responded angrily that Greece was "not a U.S. colony." In October, Papandreou lashed out at the United States again: he claimed that "the Korean 007 airliner was in fact performing a CIA spy mission," and boasted that "we were the only ones who did not become hysterical over the issue."

The prime minister underlines his anti-American declarations with frequent pro-Soviet statements. He has gone on record as saying that since the U.S.S.R. is not a capitalist country "one cannot label it an imperialist power." According to Papandreou, "the U.S.S.R. represents a factor that restricts the expansion of capitalism and its imperialistic aims." Papandreou is the first Western prime minister to visit General Wojciech Jaruzelski in Poland, and while in Warsaw last Octo-

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ber he praised the military dictatorship and attacked the Solidarity labor movement.

On the essentials of foreign policy, Papandreou and his party have maintained their links to the West. The strategic value of Greece remains undiminished. The U.S. bases in Greece hold considerable importance for the Western Alliance. A "neutralist" Greece would lead to the isolation of Turkey in the eastern Mediterranean, making it far more vulnerable to Soviet pressures. Yet one is entitled to ask of Greece's governing party, what are its true aims? What basic factors shape Papandreou's foreign policy and what is their relative importance? What course is Papandreou likely to take and what should be the response of the West, particularly the United States?

Any effort to understand the foreign policy of the current Greek Socialist government must begin by tracing the rise of anti-Western and anti-American feelings in Greece following the collapse of the military junta in 1974. Then the ideological evolution of PASOK since it came to power can be analyzed, in light of the continuing constraints of Greek public opinion and the international realities confronting Greece.

II

After the defeat of communist insurgencies in 1944 and in 1946-49, the consensus was widespread among Greeks that their security lay within the Western Alliance. All major Greek political parties, with the exception of the extreme left, strongly backed the decision to join NATO. The leader of the Liberal Party stated in 1951: "Our experience has demonstrated that neutrality is neither possible nor acceptable. . . . Within the Alliance Greece is not isolated, but more secure."¹ Given Greece's long border with communist neighbors and the threat it has faced from the north, as well as its geographical isolation from Western Europe, it is hardly surprising that such sentiments were widely accepted within the country.

However, with the outbreak of the Cyprus crisis in the 1960s, anti-Western and anti-Turkish feelings mounted, and this consensus gradually evaporated. Public sentiment was irritated by particularly heavy-handed U.S. intervention in Greece's internal affairs. Many came to the conclusion that the country was most threatened not by Greece's northern communist neighbors but by Turkey, its NATO ally to the east. Greeks came to

¹ Quoted in K. Boura, "Greece and NATO: 1952-1980," *Epikentro*, No. 17, p. 38.

feel that the Western allies were insensitive to Greece's national aspirations.

Such attitudes were strengthened in July 1974, after the coup in Nicosia inspired by the Colonels' regime in Athens, and the subsequent Turkish invasion of Cyprus. The further Turkish army advance of mid-August, which became known as the "second invasion," proved beyond any doubt that Ankara had little interest in reestablishing the status quo ante in Cyprus; rather, Turkey seemed intent on extending its influence on the island by sheer force. Following this second invasion, the center-right Prime Minister Constantine Karamanlis withdrew in protest from NATO's military organization.

But anti-Western—and particularly anti-American—feelings should not be attributed solely to the Cyprus crisis of 1974. Well before, there was a widespread impression that the United States in particular, and NATO more generally, had tolerated, supported, and perhaps even conspired to bring to power the unpopular regime of the Greek Colonels. America's Realpolitik of the time was undoubtedly shortsighted, laying the groundwork for anti-American feelings. The collapse of the Colonels' regime in 1974 produced the conditions for a radical ideological shift in Greek society. As a perceptive Greek Marxist has noted:

The lid was blown off the gas-tank with the fall of the dictatorship, and the radicalization showed its face in public. . . . There emerged a vague representation of society, a simplistic notion of history, a bipolar view of social conflict, an adulation of the achievements of the popular culture of the past, a romantic quest for the national roots, an equally utopian expectation of radical change, and a general messianic feeling. . . .²

Whether this emerging ideology was socialist, populist, or a combination of both is not critical. More important is that there was a growing reaction against what the Colonels had seemed to represent—the United States and NATO. The reaction was thus anti-Western, ultra-nationalist, isolationist and xenophobic. And these themes came to be represented, exploited and strengthened by Andreas Papandreou and his Panhellenic Socialist Movement.

III

For much of his life, Andreas Papandreou was an American citizen. He served in the U.S. military during World War II,

² A. Elefantis, "PASOK and the Elections of 1977: The Rise of the Populist Movement," in H. Penniman, ed., *Greece at the Polls*, London and Washington: AEI, 1981, pp. 118-119.

and later taught economics at the University of California, Berkeley. He returned to Greece in the 1960s. Initially active in the Center Union Party headed by his father, Papandreou was arrested during the reign of the Colonels, and subsequently freed upon the intervention of President Lyndon Johnson. He then formed the Panhellenic Liberation Movement, a radical leftist organization which in 1974 gave way to PASOK.

The years 1974–1976 marked PASOK's "ultra-radical" period. In its September 1974 founding charter, the movement called for the "socialization" of wide areas of the economy, as well as of education and health. Defining PASOK's foreign policy, Papandreou declared that Greece should "disengage itself from military, political and economic organizations which undermine our national independence," thus expressing his disapproval of NATO membership and of Greece's intention to join the European Community. He added that Greece should "refuse to recognize military agreements particularly with American imperialism," implying that he favored closing the U.S. military bases in Greece. The further implication was that this action should be taken immediately. He said:

It has become clear to the Greek people that popular sovereignty cannot be conceived outside the realm of national independence. This is why Greece's disengagement from NATO and the U.S. . . . constitutes *the first and immediate aim* of our movement. Our national independence is the precondition for popular sovereignty. . . .⁵

During this period Papandreou was quite clear about his party's radical ideology. Social democracy was dismissed as "capitalism with a polite face" and accused of aiming "to preserve the system in order to establish monopolistic and imperialistic capitalism." He attacked Eurocommunism as a form of social democracy. "When we talk about the Communist Party of Italy," he said, "we really mean the social-democratic party of Italy." As for his own model for socialism, Papandreou dismissed Soviet-style "state socialism," but did not hide his admiration for "the genuine anti-imperialist" forces of the Arab world. "In North Africa and the Middle East," he said, "Algeria, Libya, Iraq, and, of course, the Palestinian Movement make up the progressive anti-imperialist front. . . . These countries are in the forefront of a struggle against monopolies and imperialism." After a trip to Libya, Papandreou described

⁵ A. Papandreou, speaking to PASOK cadres, March 16, 1975, italics added.

the Qaddafi regime as a "direct democracy" pursuing the "most revolutionary course of our time."

As it turned out, this brand of radical socialism held little appeal for the Greek electorate. In the 1974 elections Papandreou's party polled only 13.6 percent of the vote, the moderate Center Union—in spite of its unappealing leader, George Mavros—gaining 20.5 percent while the center-right New Democracy party won a landslide victory (54.4 percent). This severe and unexpected setback came as a shock to Papandreou and convinced him that if he were ever to gain power he would have to shed his own extremist image and moderate his party's positions.

Accordingly, by the 1977 electoral campaign, PASOK had smoothed over most of its radicalism. Marxism had disappeared from its vocabulary, and even the term "socialism" was used only sparingly. PASOK's foreign policy also became much more cautious. By 1977 Papandreou had endorsed a *gradual process* for the removal of U.S. bases.

Systematic projection of a new moderate image paid off handsomely. PASOK doubled its vote in the 1977 elections, gaining 25.3 percent and emerging as Greece's second largest party after New Democracy, which dropped to 41.8 percent. Following this line and with an eye to the 1981 elections, Papandreou attempted to reinforce the notion that PASOK was only a moderate party of the left, stressing its European dimension and shedding some of its Third World orientations. He gradually strengthened—at least ostensibly—PASOK's ties with all Western socialist parties (though never becoming a member of the Socialist International) and went as far as implying that the West German Social Democratic Party (previously branded an instrument of "American imperialism") was after all a "progressive party."

As the 1981 elections approached, Papandreou indicated that he did not intend to remove Greece from the European Community, and argued that, while PASOK's long-term aims included the removal of the U.S. bases and withdrawal from NATO, "tactical" short-term considerations called for a more cautious approach. He pledged that in all decisions affecting national defense he would consult the military leaders—and they were known to favor NATO membership and maintenance of the U.S. bases.

Papandreou's gradual shift to moderation came in clear response to Greek public opinion. A poll taken shortly before

the 1981 elections showed that 28.2 percent of the voters characterized themselves as liberals, 15.3 percent as conservatives, 14.6 percent as socialist non-Marxists, 14.2 percent as socialist Marxists and 4.1 percent as Marxist-Leninists.⁴ During the campaign Papandreou downplayed PASOK's long-term strategic aims—in both domestic and foreign affairs—and emphasized the short-term tactical options which provided his party with the moderate image it needed in order to take office. PASOK's vote rose to 48 percent while New Democracy dropped to 35.8 percent, a landslide victory achieved by a shift from the ND to PASOK among "liberal" voters.

The 1981 elections—as most elections—were won on domestic issues, primarily on the issue of inflation: 53.4 percent of the electorate mentioned inflation as "the most important problem" whereas only 6.3 percent mentioned "national security" foreign policy issues. Papandreou capitalized on the public's discontent with the performance of the economy, deemphasized foreign policy questions, and also succeeded in convincing the public that it had nothing to fear from PASOK's accession to power.

IV

Papandreou's foreign policy is above all a function of Greek domestic politics. In particular, three domestic factors dominate his government's foreign outlook—the influence of PASOK Party activists; the role and influence of the Greek Communist Party (KKE); and the politics of populism. These factors pull Papandreou in different directions, provoking inconsistent and perplexing shifts. All are moderated or counterbalanced to a significant degree by the realities of Greece's international position.

The three domestic factors sustain Papandreou's radical anti-Westernism in both style and content. International realities, however, make it necessary for PASOK to rely on "tactical" accommodations in the major foreign policy options and postpone the realization of its longer-term "strategic goals" of breaking with NATO and expelling the United States.

The PASOK activists are mainly those who joined the party during 1974–1977, subjected to a heavy dose of Marxist and Third World slogans. They are the watchdogs of "orthodoxy,"

⁴ All election data are drawn from J.C. Loulis, "Voters, Parties and Issues: An Analysis of the 1981 Elections," *Epikentra*, September–October 1981, pp. 9, 17.

and constitute the backbone of an impressive and effective party organization. The role of the activists in Papandreou's victory in 1981 was surely decisive.

Although since 1975 Papandreou has summarily dismissed all vocal dissenters from PASOK, he cannot afford to clash openly with his party's activists, even if he would want to. Such a clash could lead to the rapid disintegration of PASOK's organization. Over the years, Papandreou has failed to dilute his cadres' radicalism and, indeed, in his rhetoric to the party faithful he has only reinforced it. He finds himself compelled, both on domestic and on foreign policy issues, to demonstrate his own radicalism. Thus it is no coincidence that the recent attacks against U.S. "imperialism" were launched from the forum of PASOK's Party Congress, which was of course packed with party activists.

The second domestic factor shaping Greek foreign policy is the influence of the KKE on the Socialist government. This factor, largely underrated, is of vital importance if one is to comprehend Papandreou's foreign policy decisions.

One is sometimes tempted to dismiss the KKE. Unlike the smaller, more moderate Greek Communist Party of the Interior, the KKE is Moscow-oriented; unlike the French Communist Party, it has never participated in the government. In Greece much more than in France, however, the Socialists are willing to appease the Communists ideologically, to articulate at times pro-Soviet and anti-Western rhetoric, and to endorse foreign policy stands pleasing to the Soviet Union.

Papandreou fears the Communists' ability to use their power in the trade union movement and consequently to disrupt the Socialists' economic austerity program. Détente with the KKE gives Papandreou more confidence in addressing the mounting domestic issues, and thus in fending off the challenge of the center-right New Democracy Party which he naturally fears the most. This informal understanding also allows him more leeway in pursuing "realistic" foreign policy options, the U.S. bases agreement, for example.

The KKE reaction to the base agreement of 1983 was low-key, and Communist mass mobilization against the "bases of death" never materialized. It is to a great extent in order to compensate for the KKE's "understanding" attitude on the U.S. bases settlement that Papandreou has since endorsed a series of positions on foreign policy which are blatantly pro-Soviet,

and has at the same time increased the tone of his anti-Western rhetoric.

The KKE has been quite content with the local *détente*. During their Eleventh Congress the Communists made it clear that they seek to avoid an outright ideological confrontation with PASOK, choosing instead an approach of "constructive criticism." Confrontation would only make it more difficult for PASOK voters to switch over to the KKE in the future. Yet moderate criticism allows the KKE to undermine Papandreou's credibility among PASOK's leftist supporters by posing as the Socialists' true conscience.

The third factor that explains anti-Westernism in PASOK's foreign policy is populism. Ultra-nationalism and anti-Americanism are still strong in some segments of Greek opinion, and errors by Greece's Western allies over the years tend to reinforce them. It is hardly surprising that Papandreou would seek to appeal to these nationalist feelings. Since the KKE must be appeased, the PASOK activists mollified and some ideological purity maintained, the "Western powers" are convenient targets. As domestic problems mount, outbursts of ultra-nationalism in foreign policy help mobilize Greek public opinion on the side of a beleaguered government fighting against all odds for "national independence."

Thus, quite frequently, Papandreou uses foreign policy "crises" as a diversion from internal difficulties. During the general strike of the bank employees in the summer of 1982, the Socialist government dramatized disagreements with NATO. Papandreou appealed to the strikers "to take into consideration the crucial international crisis facing the nation." Following the municipal elections of 1982, in which PASOK suffered a debacle, Papandreou made a series of tragedian appearances close to the Greek borders, as if war was imminent. The prime minister urged Greeks, and particularly "those residing in large cities" (i.e., those who are hardest hit by inflation and who were evidently most disillusioned with PASOK), to "understand that the main issue that the country is facing at this moment is defending national integrity," rather than the issue of the economy which was cutting into the government's popularity.

Such populism, coupled with Papandreou's systematic attempt to uncover imaginary conspiracies against his government by Greeks and foreigners alike, has formulated a foreign policy characterized by strong elements of *jeu de théâtre*. Such a policy is unavoidably anti-Western in character.

These domestic factors clash with international realities. The closer Papandreou came to power the more he indicated that he was willing to consider geopolitics and pragmatic solutions reflecting the balance of forces in the area. His visions of a nonaligned Greece had to be shelved, at least temporarily, in the name of a newfound "realism." Though Papandreou dismisses any threat from the communist north and seems to believe that Greece could survive as a nonaligned country in the Balkans, several factors seem to have convinced him that a break with the West is, for the time being, undesirable.

First, and most important, is the state of Greco-Turkish relations. Since 1974 all Greek governments, whatever their ideological orientation or their specific foreign policy approaches, have developed a consensus concerning "the Turkish threat." This preoccupation with Turkey arises over several key issues: the continuing Turkish occupation of Cyprus; ongoing disputes over the continental shelf surrounding Greek islands in the Aegean, especially where oil has been found offshore; and airspace rights over the Aegean. In all of these areas, most Greeks fear that Turkey is attempting, through military and political pressure (if not simple brute force, as in Cyprus), to change the balance of power in the eastern Mediterranean.

The question is whether Greece can defend itself more effectively against Turkey by breaking with its Western allies or by remaining in the Alliance. In spite of his claim that NATO favors Turkey and encourages its expansionist aims, Papandreou seems to have concluded that a rupture of Greece's relations with its allies will, after all, benefit only Turkey. If Greece is to maintain a military parity with Turkey, it can ill afford to antagonize its Western allies and particularly the United States. Greece needs U.S. loans to modernize its armed forces and must convince the United States that a military balance between Greece and Turkey diminishes the possibility of conflict and thus serves the Alliance's long-term goals. By remaining within the Alliance, Greece can much more effectively mobilize Western support in order to discourage Turkish adventurism in the Aegean. Finally, the more Greece distances itself from the West the more it risks that the Alliance will view Turkey as NATO's sole reliable ally in the region.

Economics is another factor which convinces Papandreou not to attempt to break with the West. If Greece were to close down the U.S. bases and withdraw from NATO it would have

to spend enormous sums in order to maintain the Greek armed forces' modernization efforts. A growing anti-Western climate in Greece, following the country's pursuit of the nonaligned option, would certainly discourage foreign investment, making it all the more difficult for Greece to secure loans from Western banks. With the country in the midst of a severe economic crisis, foreign policy adventurism hardly seems advisable.

Though most Greeks are dissatisfied with what they consider pro-Turkish bias in NATO and the United States, PASOK's centrist and center-left voters would hardly favor foreign policy adventurism in the absence of blatant provocation. A public opinion poll conducted on behalf of the Center for Political Research and Information showed that 48.7 percent of the population approved of maintaining the U.S. bases while only 26.6 percent disapproved.⁵

v

Papandreou seems to have divided his foreign policy concerns into "essential" and "marginal" elements. The former are governed by international realities, the latter, almost exclusively, by the three domestic forces. Greece's basic commitments have not changed: maintenance of U.S. bases, membership in NATO and the European Community. But the overall image of PASOK's foreign policy—both in its style and in its handling of the marginal issues—is characterized by a strong anti-Westernism and, more often than not, a pro-Soviet inclination.

The first problem PASOK had to confront after gaining power in 1981 was negotiating with the Reagan Administration on the status of the U.S. bases in Greece. The importance of these bases for U.S. and NATO strategy in the Mediterranean cannot be denied. The most valuable installation is the complex at Souda at the northwestern edge of the island of Crete. Stored there are large quantities of fuel and munitions, mainly for the U.S. Sixth Fleet. The base has a good harbor, which can accommodate and protect the whole fleet, and a modern airport for reconnaissance flights in the region. At Heraklion, Crete, are an airport for reconnaissance flights and a listening-post for intercepting Soviet transmissions in the eastern Mediterranean. The Hellenicon base in Athens is used as a support

⁵ Nationwide poll (unpublished) conducted by EMRB Hellas on behalf of the Center for Political Research and Information in October 1983 with a sample of 2,700.

base for air transport, and as a base for intelligence flights. Finally, an important naval communications center, part of the U.S. world defense system, is located in Nea Makri, outside Athens, and is connected directly with similar stations in Italy and Spain.

Neither the United States nor Greece has complete freedom of maneuver on the issue of these bases. They are obviously important to the United States, though they are not irreplaceable; Greece, for its part, knows that the transfer of the bases to Turkey would dramatically increase Turkey's strategic value for the Western Alliance—at Greece's expense.

Papandreou is well aware that Greek troops, armed mainly with U.S. weapons, need a steady flow of spare parts. And he cannot ignore the fact that a large part of the cadres of the Greek armed forces have been trained in the United States to use certain modern weapons systems, and that Greece needs U.S. credits to modernize its forces and maintain a balance with Turkey. Despite some antagonistic rhetoric, sound military reasons made an agreement with the United States almost inevitable and Papandreou signed the U.S. bases agreement in September 1983.

However, this became an occasion not for an ideological rapprochement with the Alliance but for ever more violent attacks against it. The agreement itself was presented by Papandreou as a necessary evil: he argued that the bases limited Greek national independence and served only U.S., not Greek, interests. He was at pains to present the agreement as a timetable for the bases' "removal," and claimed that "we have the political will to terminate in five years' time the presence of U.S. bases in Greece."

Papandreou asserts that Greek participation in NATO's military branch has "become inactive." A more accurate term would be "selectively inactive," since Greece still participates in NATO exercises, except those in the Aegean, and Greek representatives regularly attend NATO meetings. Papandreou's grievance against NATO is not only ideological; it focuses as well on two practical issues. One concerns the Greek island of Lemnos; Greece has refused to participate in a series of exercises in the Aegean because they did not include the defense of Lemnos in their scenarios. Turkey claims that Lemnos cannot be militarized short of violating international treaties; Greece has rightly countered that it is inconceivable to exclude part of its territory from the Alliance's defense plans. This

stand, it should be noted, is supported by all Greek parties, though disagreement exists concerning the style with which Papandreou's government has approached the problem.

The second issue concerns the interpretation of the Rodgers Agreement signed in 1980, which served as the basis for Greece's reintegration into NATO's military wing. Though this agreement was supposed to solve the issue of operational control over Aegean airspace through the establishment of a new NATO headquarters in Larissa, differing interpretations continue to exist concerning the division of Aegean airspace between these new headquarters and those in Izmir. Bearing in mind the deep-rooted Greek fears of Turkish ambitions in the Aegean, it is understandable that the Greek government is not willing to agree to any divisions of airspace in the Aegean—even in the context of a NATO exercise—that might create precedents for future Turkish claims vis-à-vis Greece.

Despite these issues and his own previous stands, Papandreou in office has made it clear that Greece's refusal to participate in NATO exercises "does not mean that we are thinking of withdrawing from NATO." In sum, one can argue that the Papandreou government does not seem to have a clear strategy toward NATO. There is no better proof of this than the issue of the so-called "guarantees" of the Greek borders.

Shortly after taking office, Papandreou demanded that NATO, "with a simple statement . . . guarantee Greece's borders from every threat, from whatever side it emanates," implying, of course, that the source of the threat is Turkey. He repeated this demand on numerous occasions, making it the cornerstone of his policy toward NATO. The question was even raised at the NATO defense ministers' annual summit in December 1981, but Turkey naturally vetoed any such NATO declaration which would have implied that it was threatening Greece. Suddenly, however, in August 1982, Papandreou dropped the whole issue without explanation. He claimed that "the greatest guarantee is our armed forces," adding, "I never spoke of guarantees. Guarantees are things which are easily forgotten."⁶ This erratic approach damaged Greece's credibility; its allies were bound to wonder how seriously they should take Papandreou's future "demands."

On a related issue, Papandreou does not seem to question Greece's membership in the European Community and appears

⁶ On the "guarantees" question see J.C. Loulis, "NATO's Guarantees: Diplomatic Irresponsibilities," *Epikentra*, July-August 1982, pp. 4-9.

to have permanently shelved his demand for a referendum on the issue. Greece's economic benefits from the EC, some economists argue, have kept the Greek economy afloat. Actually, during January-July 1984, Greece had a net profit of \$313 million (receipts minus payments to the Community budget). This net profit (during the same months) rose from \$113 million in 1982 to \$266 million in 1983.⁷ The Papandreou government has submitted to the EC a memorandum asking for special treatment, particularly on agricultural issues, which has been the object of continuous negotiations since 1982.

The Papandreou government views the EC solely as an economic entity from which Greece can derive financial benefits. It has failed to promote—and in fact has hindered—political cooperation within the Community. The PASOK government has many times found itself isolated in opposition on a number of European foreign policy initiatives—for example, those concerning Poland, the Middle East, and the U.S.S.R.

VI

On "marginal" issues, Papandreou's policy has been clearly anti-Western and often blatantly pro-Soviet. A prime example was Papandreou's hesitant response to the Polish crisis.

Following the declaration of martial law in Poland in December 1981, the Greek government maintained silence; the PASOK Secretariat expressed its "deep concern," while avoiding, however, any condemnation of the Polish regime. *Exormisi*, PASOK's weekly journal, offered its "support to the Polish people," but made it clear that PASOK had no "prejudices or enmities toward each of the struggling sides." The PASOK group in the European Parliament refused to join in a condemnation of the Polish regime. When Under Secretary of Foreign Affairs Asimakis Photilas signed an EC communiqué condemning the Jaruzelski regime, obviously without Mr. Papandreou's approval, he was abruptly dismissed from the government while en route from Brussels to Athens. (Later reinstated, Photilas has since resigned.)

Finally, after nearly a month had elapsed, the Papandreou government felt it had no alternative but to condemn the Polish regime in a NATO communiqué. Subsequently, however, it not only opposed all sanctions against Poland, but officially endorsed the view (in a Ministry of Foreign Affairs circular)

⁷ *Vima*, September 9, 1984.

that "whatever solution would have been imposed on the Polish people, other than the Jaruzelski regime, would have been worse. . . ."

Papandreou, during his recent visit to Poland, claimed that the Jaruzelski regime "is making a truly serious and sincere effort." He argued that Solidarity pushed too fast for changes and became "a dangerous negation." He described Jaruzelski as "a patriot." He avoided—when questioned—calling the Polish regime a dictatorship, and accused Western countries of attempting to "undermine the political structures" of the Eastern bloc countries.

On the question of NATO's decision to deploy new intermediate-range nuclear weapons in Western Europe, the Papandreou government sided with the Soviets by demanding non-deployment of Pershing II and cruise missiles but not withdrawal of the SS-20s. The Papandreou government has also refused either to condemn the U.S.S.R. for its occupation of Afghanistan or to agree that there are strong indications that the Soviets are using chemical weapons in that country.

Papandreou has endorsed and promoted enthusiastically an old Romanian plan for a "denuclearized Balkan zone." PASOK has systematically avoided condemning the abuse of human rights in the Eastern bloc, though it has been more than willing to accuse right-wing military regimes elsewhere. In a typical example of such bias, the state-controlled television referred in the same newscast to José Napoleón Duarte of El Salvador as "the dictator Duarte" and to Jaruzelski as "the leader of Poland."

In the Middle East the Papandreou government has also been at odds with Greece's allies. It has adopted an extreme anti-Israeli stand (which provoked incidents of anti-Semitism in Greece) and endorsed the views of the most extreme Arab states. It was recently revealed that PASOK concluded an agreement of close cooperation with the Syrian Baathist Party aimed against "world imperialism and racist Zionism."⁸ Interestingly enough, though the Papandreou government has been Yassir Arafat's most vociferous supporter, it failed to condemn the Syrian takeover of the Palestine Liberation Organization. Overall, Papandreou's tendency to take sides in the Middle East has earned him more enemies than friends in the area.

It is hardly surprising that the Soviet Union seems content

⁸ The agreement can be found in *Gamma*, November 16, 1983.

with Papandreou's foreign policy, in spite of the fact that Greece is still a member of NATO and a host to U.S. bases. Soviet Vice Admiral Kalinan recently expressed "Soviet satisfaction for the similar positions and the identity of views of the Greek and Soviet governments on the major issues of international policy. . . ." A *Pravda* article also noted that "on important issues of foreign policy, the Papandreou government speaks with its own voice." The Soviet Communist Party paper heralded the new positive aspects of Greek foreign policy.

The U.S. response to Papandreou's anti-Western stance has been, until recently at least, extremely restrained. Monteagle Stearns, the U.S. ambassador to Greece, has insisted that Washington judge the Papandreou government on the basis of its deeds, not its words. Until the summer of 1984, the United States managed to ignore Papandreou's rhetoric. With the prime minister's attack against the United States during PASOK's first Congress in May 1984, irritation began creeping into American statements. Though the incident was contained, there is little doubt that U.S. impatience has been increasing since.

VII

It is often argued that the "tone" of Papandreou's foreign policy is of little practical importance. What matters most, this argument continues, is that on essential foreign policy issues Papandreou has chosen to avoid a break with the West.

The anti-Western tone of Papandreou's foreign policy, however, may well have neutralized whatever benefits Greece might have gained from its realism on the central issues. The tone also affects Greek domestic politics. The more strident Papandreou's anti-Westernism becomes the deeper he sinks into the quicksand of his own rhetoric. If he is still in power when the U.S. bases agreement ends in September 1988 it will be very difficult for PASOK not to insist on closing them down. The more Greek foreign policy is ideologically anti-Western and pro-Soviet, the more the KKE's views will gain legitimacy and support in Greek society. If a PASOK-KKE coalition should come about, the Communists and PASOK's own left-wing could put pressure on Papandreou to implement his own party's longstanding "strategic aims"—including withdrawal from NATO.

Thus, the anti-Western tone of the Socialists' foreign policy

⁹ *Kathimerini*, October 13, 1983.

does matter. On the practical level, it leads to Greece's isolation from its allies (thus weakening its positions vis-à-vis its northern neighbors and Turkey). On the ideological level, it strengthens leftist tendencies within PASOK, encourages an anti-Western climate in the country, and allows the KKE to increase its influence.

The West, and particularly the United States, needs to demonstrate greater sensitivity to Greece's genuine alarm over Turkish actions and intentions. For PASOK, the only logic behind Papandreou's realism is that Greece needs Western assistance to counter the Turkish threat. The Turkish problem is, indeed, a matter of Greece's vital interests. In maintaining a balance of power with Turkey and pressing for a just solution of the Cyprus issue, any Greek government must stand up against any friend or foe. Anti-Westernism in Greece was not created in a vacuum; it was produced largely by actions, or lack of action, by Greece's allies.

The United States can maintain its sensible low profile in dealing with Papandreou. After all, he has not damaged any vital Western interests in the area. Of course, should Papandreou prove unable or unwilling to curtail his anti-Western outbursts, Greek-American relations could deteriorate rapidly, a development from which neither side stands to gain. However, a major rupture in the two countries' relations seems, for the time being, rather improbable.

One danger, however, is Washington's tendency to play the Turkish card. There appears to be a school of thought in the United States that since Papandreou is proving to be a nuisance, the West should "warn" him to return to the fold by tipping the balance of political and military support in favor of Turkey—a (supposedly) "loyal" ally.¹⁰ If Washington does decide to punish the Papandreou government by altering in Turkey's favor the current ratio in U.S. military aid, and thus upsets the balance of power in the Aegean, the chances of a severe crisis in Greco-Turkish relations would significantly increase.

While the bulk of public opinion in Greece continues to support the country's "Western option," attitudes would change radically upon a U.S. decision to tilt toward Turkey. This would be viewed as a direct attack on Greek vital national interests and would provoke a wave of anti-Western resentment. These feelings would in their turn be easily exploitable

¹⁰ This position has been endorsed by *The Wall Street Journal Europe*, in "Mediterranean Friends," December 8, 1983.

by the left to push Greece even further—maybe irrevocably—from the West.

It must be recognized that Papandreou has not permanently shelved his anti-NATO and anti-American objectives. But his immediate options are limited, and an appreciation of reality will, more probably than not, continue to guide his policies. However, exactly because one should not underestimate the impact of the domestic political factors in shaping Papandreou's more radical tendencies, the West, and particularly the United States, should carefully nurture his realistic core commitment to the Western Alliance, despite his provocative and radical rhetoric—and particularly as Greece enters the national election year of 1985.

sations in North Rhine and Westphalia merged with Mr Biedenkopf as their leader and a popular local left-wing Christian Democrat, Mr Dieter Pützhofer, as his deputy.

That puts Mr Biedenkopf at the head of a third of the party's total membership. It will make him a power-broker at party congresses. He has already begun to talk of the need for a more collegial leadership in the party and has crossed swords with the federal government on such sensitive issues as pensions and labour legislation. He is aiming for a seat on his party's ruling presidium, alongside federal ministers and Christian Democratic state premiers.

Mr Biedenkopf faces a formidable opponent in the state parliament in Düsseldorf. The Social Democratic leader in North Rhine-Westphalia, Mr Johannes Rau, is a candidate for chancellor in next year's election. The most recent national opinion poll puts Mr Rau four points ahead of Mr Kohl in popularity, although the Social Democrats lag well behind the combined weight of the three Bonn coalition parties. This has led Mr Biedenkopf to criticise Mr Rau for trying to sell himself to voters on his individual charms rather than his party's policies.

In Hesse, where 4m voters live, the Christian Democrats think they have a model of left-wing unreliability to wave in Mr Rau's face. Last December, Hesse's Social Democratic premier, Mr Hölger Börner, formed a coalition with the ecology-minded Greens, which hold the balance of power in the state parliament in Wiesbaden. The coalition, which gave the Greens only minor posts, has worked smoothly so far. But the Christian Democrats are reminding voters of a pledge by Mr Börner after the state election in 1983 not to work with the Greens.

The Christian Democrats' real target, though, is Mr Rau. He says he will not seek any "red-green" alliance next year, even if it is the only way for the Social Democrats to gain power in Bonn. Look at what is happening in Hesse, the Christian Democrats retort, counting on the spectre of a Social Democratic-Green pact to sway middle-of-the-road voters into backing Mr Kohl in January. Christian Democrats are not the only ones to be worried. A national opinion poll taken just after the agreement in Hesse reported that 40% of Social Democratic voters thought their party should not work with the Greens.

Mr Wallmann and his colleagues will do all they can to keep Hesse in the limelight over the next nine months. But the sheer size of North Rhine-Westphalia means that Mr Rau and Mr Biedenkopf between them hold the key to how close next year's election result will be.

Greece

Let's talk about it later

FROM OUR ATHENS CORRESPONDENT

If Greece's prime minister, Mr Andreas Papandreou, wants to play a waiting-game about the American bases in Greece, the Americans are willing to let him. The Americans would rather settle the question with the Socialist prime minister than wait for a possible conservative successor. They know that most Greeks would accept an agreement extending their use of the bases beyond 1988 if Mr Papandreou signed it, whereas a similar deal made by a right-wing government would be backed by only a minority. So after Mr George Shultz, the secretary of state, had met Mr Papandreou on March 27th, he could claim no breakthrough but said cheerfully that relations between the two countries had taken a "real turn for the better".

Mr Papandreou wants to wait because Greece has municipal elections in October. His Socialist government has made itself unpopular by the economic austerity it has had to adopt to redress the harm its previous over-spending had caused. This is not the moment for the Socialists to lose even more votes on the left by going back on their promise to remove the American bases.

So all that Mr Shultz could wrest from Mr Papandreou on March 27th was a brief statement that "a serious discussion of the [bases] question would take place in time to permit the orderly resolution of the question well prior to December 1988"—when the current agreement expires. Speaking to farmers in Larissa on March 30th, Mr Papandreou said that there had been "no deal, no commitment, no secret agreements". The prime minister may reckon that, after the October elections, he will be able to trade an extension of the bases agreement against some form of American guarantee for the Greek islands in the Aegean, which the Greeks still nervously claim Turkey would love to pounce on.

Mr Shultz, for his part, gave the Greek government's economic policies his endorsement. He told journalists that: "I have no worries in my own mind about the basic strength of the Greek economy". That remark could be worth a lot on western money markets, where debt-ridden Greece's credit has lately been weakening. Mr Harold Goldfield, the Americans' assistant secretary of commerce for trade and development, is due in Athens early in May to discuss trade, as well as 23 investment ideas submitted by the Greek

government a year ago.

Less than a week after Mr Shultz left Athens, the State Department granted a long-overdue export licence for the sale of 40 F-16 fighter aircraft to Greece. At the same time the Greek defence ministry confirmed that America had offered to sell to Greece 500 second-hand M-48 tanks and 40 second-hand Phantom and F-5 aircraft, all cheap. It is hard to believe that these things are unrelated to Mr Shultz's hopes of getting the bases sorted out after October.

Portugal

Coabitacao may be easier

Like France, Portugal is adjusting to the "cohabitation" of a Socialist president and a conservative prime minister. President Mario Soares, who took office as president on March 9th, seems to be getting on fairly well with Mr Anibal Cavaco Silva. Their first attempt at *coabitacao* was a much more friendly meeting than those that Mr Soares had, when he was prime minister before last October's election, with General Antonio Eanes, the austere soldier-president whom he has succeeded.

President Soares, who has some autocratic tendencies, may eventually tire of playing second fiddle to the prime minister. But the presidential election was exhausting, and Mr Soares, at 62, has discovered the pleasures of long weekends in the Algarve. Mr Cavaco Silva, who became prime minister last Novem-



The new, shoes-off Soares

COUNTRY PAPER - TURKEY

Green - Turkey
Cyrus

As promised by the military government which took power in September 1980, national parliamentary elections were held in Turkey in November 1983. An absolute majority was won by Turgut Ozal's Motherland Party, and he was installed as Prime Minister in December. The Motherland Party also won the majority of the votes in nationwide local elections which were held in March 1984. The next national elections are scheduled for 1988, preceded by by-elections this year.

Major Issues Facing Current Turkish Government

Internal Security: The Turkish Government must manage serious threats to its internal security from terrorists, including Kurdish groups with separatist claims. In addition, since 1975 well over 50 Turkish citizens have been assassinated in and outside of Turkey by Armenian terrorist groups which also have territorial claims on Turkey.

In 1980, prior to the military takeover, terrorism claimed approximately 20 lives a day in Turkey. Currently, daily life is, by and large, secure. Nevertheless arrests of armed terrorists and some bombing incidents continue. These activities are believed to stem from efforts being made by terrorist leaders living outside of Turkey who are trying to stage a comeback. In addition the Turkish Government is currently engaged in a major military operation in southeastern Turkey to deal with raids on towns and government installations by Kurdish militants operating out of safehavens in Iran, Iraq and Syria.

Economic Reform and Development: The economic reform program, which was first adopted in 1980 under the guidance of then Director for Planning, Turgut Ozal, is replacing an autarchic state-dominated approach with a policy that emphasizes export-led growth and progressive release of market forces. The program has received international acclaim as a model of a responsible way of dealing with third-world debt problems. While it works to maintain its credit rating, however, the Ozal government must achieve development goals that will help resolve a chronic unemployment rate that hovers around 20 percent and offer real income growth to a population that receives an average per capita income equivalent to \$1,000.

Last year Turkey achieved a real rate of growth of GNP of 4.9 percent and an annual export growth rate of about 13 percent. The current government has instituted major currency, trade and bureaucratic reforms intended to expand trade, encourage investment by private capital, both foreign and domestic, and improve tax receipts. Turkey's two major problems are high unemployment (20%) and a high rate of inflation. As a result of strong GOT efforts, the inflation rate fell from 52% in 1984 to 44% in 1985, but the monetary policy that Ozal is using to bring it down keeps interest rates high and has slowed development.

Human Rights: The return to democracy has laid the groundwork for return to the civil rights guaranteed by the Turkish Constitution, and major advances have been made, but some problems remain. Martial law has been lifted in all but 9 provinces. Those provinces where martial law continues are in the southeast, where government forces are contending with Kurdish guerrilla activity. A general amnesty has so far been rejected by the government as imprudent. Both the Prime Minister and President cite the resurgence of terrorism in the wake of general amnesties declared by previous governments.

Accusations of torture in Turkish prisons has been publicly acknowledged by the Turkish Government which has taken measures to eradicate the practice. In addition to prosecution and punishment of officials found guilty of mistreating prisoners, the government is undertaking a program of prison reform and has raised standards for police recruitment and training. The issue is vigorously debated in Parliament and the press, and a parliamentary team which is investigating the problem has issued a report recommending specific reform.

In spite of these important advances, however, troubling human rights questions remain. Although the majority of those on trial are accused of committing or abetting violent crimes for political goals, some major trials are aimed at groups accused of crimes of association or contravention of martial law regulations which limit criticism of the government. These include the current trials of members and directors of the Turkish Peace Association, the trial of the DISK labor union leaders, and the trial of those who in 1984 circulated and signed a petition requesting speedier relaxation of restrictions on civil rights.

Defense: A member of NATO since 1952, Turkey maintains the second largest standing army in the alliance after the United States. It has, however, far fewer domestic resources with which to support that army. As a result, although Turkey devotes 22 percent of government expenditure to defense, it is equipped to a large extent with WWII/Korean War vintage equipment and must rely heavily on outside assistance, primarily from the United States, Germany and NATO, to upgrade its military capabilities.

Foreign Policy: Turkey has traditionally pursued a balanced policy toward its neighbors, many of which do not share Turkish views of democracy or secularism. Historically and culturally tied to the East, since Ataturk's revolution Turkey has deliberately sought to nurture Western institutions and has cultivated its ties with Europe and with the United States. While working to preserve and improve its ties with the West, the Ozal Government emphasizes further development of its economic ties with its Middle Eastern neighbors.

In regard to most of the Eastern bloc, Turkish relations remain cool, but proper. The Turks have signed an economic cooperation agreement with the Soviets extending long-standing programs of economic assistance and bilateral trade, including a new agreement to buy natural gas from the Soviet Union. Relations with Bulgaria have soured considerably in the past year as the result of Bulgarian oppression of their Turkish ethnic minority.

Turkey's relations with Europe are mixed. Turkey was readmitted to the Council of Europe and is attempting to fully regularize its associate membership in the EEC. Bilateral relations with European countries which had been strained by human rights questions since the military takeover in 1980, are beginning to relax. The Turks want continued aid and special access for their exports to the EC. The Europeans have limited some Turkish textile and food exports and want to continue limitations on the movement of Turkish labor in the community.

Major disagreements between Greece and Turkey continue regarding division of rights in the Aegean and over Cyprus. Prime Minister Ozal has offered to begin fence mending by opening a dialogue between the two countries, offers which have so far been rejected by the Greek Government.

Approximately 18,000 to 20,000 Turkish troops remain on Cyprus following the 1974 Turkish military intervention there which resulted from the attempted Greek-led coup against the Makarios Government. The Government of Turkey has, however, expressed support for a settlement of the Cyprus situation which would be considered fair by both communities on the island and is encouraging Turkish Cypriot participation in the talks being conducted by the UN Secretary General to find such a solution.

At present, both for strategic and economic reasons, Turkish diplomacy is heavily involved in the Middle East, although they maintain neutrality in regional conflicts. Turkey is a member of the Islamic Conference Organization and the only Muslim country other than Egypt which maintains diplomatic ties with Israel. Iran and Iraq are important trading partners with Turkey, and since the advent of the Iran-Iraq war Turkey has become an indispensable trade route for both countries. Turkish contractors have important contracts in several Middle Eastern countries, most notably Saudi Arabia and Libya, and large numbers of Turkish workers are employed as contract labor in those countries.

Turkish-American Relations: While the security interests that the United States and Turkey share as NATO allies are central to the U.S.-Turkish relationship, political and economic relations have expanded steadily in recent years.

The United States maintains several important military installations in Turkey including Incirlik Air Base, the largest such installation between Italy and the Philippines. Turkey also provides important ports of call for American naval vessels. The initial five-year term of the U.S.-Turkish Defense and Economic Cooperation Agreement (DECA) concluded on December 18, 1985. The agreement, in the U.S. view, is now in force on a year-to-year basis. The U.S. and Turkey are currently conducting discussions on the DECA. While the U.S. believes that the DECA has been a successful instrument for the expansion of U.S.-Turkish cooperation and should be retained, both sides agree that there is room for improvement in our cooperation and that ways should be found to strengthen it.

In FY 1986 Turkey will receive \$735 million in security assistance for Turkey, which includes \$615 million in military assistance and \$120 million in economic support funds. For FY 86 the Administration has requested \$820 million in military aid and \$150 million in economic assistance. In addition the Export-Import Bank of the United States provides a full range of export credit programs for Turkey.

At present American investment in Turkey is approximately \$223 million. Opportunities offered to foreign investors by the present economic program have attracted investment by several American banks, and American oil companies are currently conducting explorations in the country. Other major American investments in the minerals and agro-industry sectors are also contemplated. With the revival of the Turkish economy, trade between the two countries is growing as well. In 1985 the trade was valued at \$1.9 billion. American products account for about 10 percent of Turkish imports. The U.S. and Turkey have recently signed a bilateral investment treaty, and negotiations on a textile agreement began in August 1985. A U.S.-Turkish Business Council has been established to play an advisory and facilitative role in expanding trade and investment between the two countries.

Turkish-American relations in general remain close and supportive, although there are disagreements over the level of security assistance and sensitivities regarding Cyprus and resolutions introduced in Congress which refer to a genocide of Armenians by Turks earlier in the century. Turkish public opinion was outraged in 1984 following adoption by the House of Representatives of one such resolution, and the Turkish Government made clear that relations would be seriously affected if another such measure were passed. U.S. limitations on Turkish exports, upon which Turkey depends to effect its economic recovery, also are causing friction, and exchange of views on human rights issues continues as well.

DEPARTMENT OF STATE

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PRESS CONFERENCE BY
THE HONORABLE GEORGE P. SHULTZ
SECRETARY OF STATE
Athens, Greece
March 27, 1986

SECRETARY SHULTZ: I want to thank the Prime Minister and his colleagues for all they have done to make my visit to Athens pleasant and productive. My talks here have been straightforward and constructive. Last year the Prime Minister expressed the wish to move Greek-American relations into what he termed "calmer waters," an objective also sought by President Reagan. My visit here demonstrated to me how far we have moved in that direction. We have made this progress through the step-by-step process the Foreign Minister and I agreed to last fall.

During my talks here, we were able to identify a list of significant steps that our two governments might look at: the defense and economic cooperation agreement which we signed in 1983 is functioning well; we have concluded all necessary steps for the sale of advanced U.S. fighter aircraft to Greece; we have concluded an agreement on the protection of military information, the Gsomia; we have just concluded an interim civil aviation agreement; we have been able to broaden and deepen our cooperation in meeting the challenge of terrorism. So, we have a record of achievement.

My talks here also enabled us to identify items on our common agenda which we will be working on together in the months ahead and, I believe, with potentially good results. These include: resolution of outstanding issues that will clear the way for negotiations on a base labor agreement and a comprehensive status of forces agreement; negotiations on an agreement for

For further information contact:

Voice of America facilities in Greece; further negotiations on the Defense Industrial Cooperation, as described in our DECA; further trade and investment talks scheduled for early in May; examination of ways to make our cooperation in meeting terrorism even more effective.

We have also had good discussions on the future of U.S. military facilities in Greece. We did not come to a conclusion, but we did agree that a serious discussion of this question would take place in time to permit the orderly resolution of the questions well prior to December 1988.

We also reviewed other issues on the agendas of both countries. I emphasized my government's concern about the differences between our Greek and Turkish allies, our hope that they will be able to resolve them, and our interest in the peace and stability of the region. I expressed the hope that Greece will be able to find a way to return to full participation in NATO activities, and I underlined my government's interest in a lasting and fair settlement of the Cyprus question as well as our conviction that the Secretary General's initiative is the most promising route to that goal.

Finally, I had the pleasure of extending an invitation to the Greek Foreign Minister to visit Washington, and he has accepted.

If there are any questions, I'll be glad to try them.

QUESTION: Jim Anderson (UPI): Mr. Secretary, how will the United States go with the necessary investment and modernization of the U.S. bases in Greece without a firm commitment from Greece on the future of those bases?

SECRETARY SHULTZ: Well, first of all, we have now the basis for our labor agreements, so we'll be able to move forward in doing the things that need to be done. And, as I said in my statement, we had good discussions of the bases question, and we will be able to work with that issue so that the questions will be resolved well before December 1988. And I have found the discussions quite satisfactory.

QUESTION: My name is Amy Lundberg and I represent the American Oil Industry Press (Teledrop). I have a message for President Reagan through you, and a question. As a Greek-American, I see Greece, like Turkey, simply renegotiating the terms of the bases. Equity and American financial aid to Greece and Turkey is a key to reassuring our American investment here. This is my opinion. Greece cannot tolerate the injustice of inequity of American financial aid. Greece offers bases of vital, unparalleled, strategic importance which you know better than I do. Moving the bases elsewhere -

BERNARD KALB: Do you have a question, please?

QUESTION: My question is, in order not to weaken the United States, Greece, Turkey and NATO, can we possibly achieve this equity in aid to Greece and Turkey, according to you, at some point? Is there any hope?

SECRETARY SHULTZ: We, of course, work hard for stability in this region and for high performance in our NATO alliance. The efforts of the United States are to work, of course, with all the members of the alliance who have different problems, different contributions, and to be part of something that adds up to a strong deterrent against the potential aggression from the East. We've had forty years of peace in Europe, and I think that the strength of the NATO alliance is to be put down as a major contributor to it. And we'll continue to work with the alliance and with our friends in the alliance.

QUESTION: Did you try to bring closer, Turkey and Greece, in connection with the Cyprus question?

SECRETARY SHULTZ: We discussed the Cyprus issue in both countries, and in both we expressed our view. As I said in my statement, that the Secretary General's initiative looks to us like the best way, and the most promising approach to resolving this issue. We're supporting it. Others have said that they support it as well, and we hope that as his next move takes place, that it will turn out to be a basis -- and we think it will -- for a genuine discussion of the issue, and that's what we're working for.

QUESTION: Bernie Gwertzman (New York Times): Mr. Secretary, on this question of the base discussions you mentioned, can you give us an idea of the time frame you're talking about, and whether these talks will be simply limited to discussing whether there is an interest on Greece's part in continuing the agreement after it expires in 1988, as I think you indicated, or do you have a sense that the Greeks do want to continue the agreement and that these discussions would go beyond that question and include details on what a new DECA might look like after 1988?

SECRETARY SHULTZ: What I'm prepared to say on that question is that we agreed that a serious discussion of this question, all of its dimensions, will take place in time to permit the orderly resolution of the questions well prior to December 1988.

QUESTION: Mr. Secretary, has the world reaction, especially the European reaction, to the attacks in the Libyan Gulf of Sidra heightened your concern for security of American diplomats and American facilities around the world?

SECRETARY SHULTZ: Well, we are always concerned, and we watch all of the intelligence, of course. Mr. Qadhafi has consistently threatened us and others with terrorist acts, so we must be on our guard. But at the same time, it's important to every country that gains from freedom of the seas -- and that's everybody -- and freedom of the air spaces, that no country be allowed unilaterally to announce itself in possession of what are universally recognized as international property. So our action is based on that, and the Libyan aggression against us has no justification.

QUESTION: John McWethy (ABC): Mr. Secretary, it's difficult not to notice on this visit that the security for you in particular has been extraordinary. Is that related to the situation in Libya? Do you have fears for your own safety?

SECRETARY SHULTZ: No, I don't have fears for my safety. I think the governments involved have perhaps taken special steps, and of course we have our own security people who do a fine job, and I'm traveling around feeling very secure and safe.

QUESTION: (Newspaper Eleftheros): Mr. Secretary, in case that agreement has been reached for the bases -- for the American bases in Greece --

SECRETARY SHULTZ: No, there hasn't been an agreement reached, I said that explicitly.

QUESTION: In case.

SECRETARY SHULTZ: You shouldn't say, "in case," because -- I can't understand you. What was your question?

QUESTION: In case that agreement has been reached for the bases in Greece, for the American bases, it would be issued (as a) common announcement or separated as it happened last time?

SECRETARY SHULTZ: What I can say on the question of the bases, I said in my statement. And I am not going to elaborate on it further. Obviously, if there is a positive outcome, as it says in the statement, well before December 1988, there will have to be an arrangement for how to announce it. And I don't regard that as any particular problem.

QUESTION: Ann Garrels (NBC): After Mr. Whitehead left Greece, the U.S. was concerned about what the Greek Government then said about terrorism. Indeed, Mr. Papandreou's own party was very critical of our actions in Libya the past few days. Can you tell us, then, what kinds of discussions you had on terrorism and why you are encouraged?

SECRETARY SHULTZ: We had a thorough discussion with the Foreign Minister, I did, and I spent a fair amount of time with the Prime Minister and others to a lesser extent. On (a) the subject of our actions in defense of freedom of navigation in Mediterranean waters, and, two, the general problem of terrorism in our determination to deal with it firmly and effectively. Of course it is up to the Greeks to speak for themselves. I'm not going to make any statements about their views, they'll make their own statements. But I think that certainly they understand our views and I thought that in our discussions about terrorism and in some of the things that we agreed we would get underway, that I found great encouragement in that. But I don't want to be more specific than that because we have some things we're starting and we'll just have to see how they do.

QUESTION: (Washington Post): Mr. Secretary, you said you were hopeful that Greece would find a way to return to exercises for participation in NATO. Since that depends upon the resolution of the question of Limnos, could you explain to us what makes you hopeful about this issue?

SECRETARY SHULTZ: I hope that those things can be -- that that Limnos situation or some other way around, can be found. And I fully recognize the difficulty. But it seems to me important with respect to our alliance to have the ability to exercise fully maintained, and that was my intention, to express that again here.

QUESTION: (New York Times): Mr. Secretary, now that you've had the occasion to speak with both Turkish and Greek officials on their particular views of the Aegean, are we entitled, do you think, to any hope that this gap can be bridged in the near future?

SECRETARY SHULTZ: Well, I can tell you, as an authority on what each has said recently, that they don't agree. I believe that the importance of resolving these issues is very high on everybody's agenda. So the problem is there, and it's well recognized, but I wouldn't want to make a prediction. I certainly do hope that it's possible for a way to be found to gradually bring these issues under control, perhaps through some sort of step-by-step process. I think all of these things, just as in our own relationship between the United States and Greece, or the United States and Turkey, or with other countries, is a combination of working back and forth between content and confidence. On the one hand, if you develop the content, as I think we've been doing in our relationship with Greece, step-by-step, it tends to improve the

atmosphere and give confidence, and at the same time when people are confident of each other, then it makes it easier to deal with things in the content area. So, somehow that kind of process has to get going and I hope that something of that kind can take place, but I don't have anything specific to point to.

QUESTION: Mr. Secretary (inaudible), from what you said, there seems to be a fairly dramatic change in the U.S.-Greek relationship. What was your deduction?

SECRETARY SHULTZ: I believe there has been a real turn for the better and it's a positive and constructive atmosphere that we have, I believe. What to attribute it to, I won't speculate about it. I think that Prime Minister Papandreu's statement some time ago, that he wanted to see the relationship move into "calmer waters," which I have quoted a number of times, was a very good signal. Under President Reagan's leadership, we picked up on that signal and we've tried to design a systematic, operational way of finding our way into the calmer waters and a lot of things have happened, as I tried to outline here. We have some additional steps we've identified. I think they are going to be taken, so we see this interplay between -- moving on content and developing confidence, and it is very evident, and I think a very welcome development.

QUESTION: Mr. Secretary, do you consider now Greece a safe country for American visitors?

SECRETARY SHULTZ: Yes.

QUESTION: (Athens News): I would like to know if your visit has set the stage for further official visits from officials of the U.S. to Greece?

SECRETARY SHULTZ: Well, we've had a number of visits now and, of course, in the course of this visit I invited my counterpart to come and visit in Washington, and he has accepted. So I look forward to that. We've tried to meet together on the fringes of various meetings and that has been very helpful. We'll continue to do that. But this would be a kind of return visit similar to mine here, so I think that's a good part of the overall process.

QUESTION: Andriana Ierodiaconou (Financial Times): You said you agreed with the Greek side to settle the bases issue well before 1988. How much before is well before, end of '86? Mid-87? End of '87?

SECRETARY SHULTZ: Well, it is very clearly and definitely well before December 1988. That is what I am going to say about the subject.

QUESTION: (Reuters): Mr. Papandreou said after your talks that the Greek side was satisfied by the 1983 agreement which, as interpreted by Athens, is a terminated agreement. In other words, there is a fixed date after which the bases must withdraw. Mr. Papandreou further added that if the American side wasn't satisfied by the agreement, then it must renounce the agreement and start a new negotiating process. Have you any interest in renouncing the agreement?

SECRETARY SHULTZ: We think that the agreement is working well, and the question is what happens next, that is, in December 1988. And I'll read it again: "We agree that a serious discussion of this question would take place in time to permit the orderly resolution of the questions well prior to December 1988." If anybody wants to ask me another question on this, I'll read it again.

QUESTION: Do you agree with Mr. Papandreou's interpretation, that the agreement has (inaudible) letting the Greeks terminate it, that in other words, if nothing else is done, then it expires and the bases go?

SECRETARY SHULTZ: Well, we're satisfied with the way the agreement is operating. There are issues in connection with it, and "we have agreed that a serious discussion of this question would take place in time to permit the orderly resolution of the questions well prior to December 1988." Does that satisfy you?

QUESTION: Mr. Secretary, did you bring any messages from President Reagan to one or more of the Greek personalities you met in Athens?

SECRETARY SHULTZ: Am I bringing a message of President Reagan?

QUESTION: From President Reagan to Mr. Papandreou, Mr. Karamanlis or anyone?

SECRETARY SHULTZ: Well, I think the message that President Reagan is conveying by sending me here is his endorsement and strong support for this step-by-step process of moving U.S.-Greek relationships into calmer seas and it's working, and so we are going to continue it. He is very much in support of it.

QUESTION: Mr. Secretary, earlier in your tour, you said that until you got a firm answer on the future of the bases in Greece, the United States wasn't going to put a penny into them. As the result of your talks today, are you now prepared

to put the big bucks into those bases that you said you wouldn't be prepared to?

SECRETARY SHULTZ: Well, of course, we will be here through the term of the present agreement and the bases need to be operational, and we have responsibilities in that connection and we will fulfill those responsibilities, both from our standpoint and the standpoint of our strong ally, Greece, and so that will undoubtedly involve some expenditures.

QUESTION: (Radio Israel): Have you during this trip extended an invitation to Mr. Papandreou to visit Washington?

SECRETARY SHULTZ: Well, our two Governments have been approaching the relationship and addressing its strengths and weaknesses on a step-by-step basis. My visit and my talks with the Prime Minister constitute the latest and the most high-level step to date. And I am very pleased with the results. I shall, of course, report these results back to President Reagan upon my return to Washington. In a context of continuing improvement in our bilateral relations, an official visit by the Prime Minister at an appropriate time that accompanies both of their schedules would certainly be in order.

QUESTION: Was there an invitation?

SECRETARY SHULTZ: Say it again?

QUESTION: Do you think that the "calm waters" has any connection with the bad Greek economy today?

SECRETARY SHULTZ: Well, I think the objective was stated some time ago, and we have been working at it with pretty good success. I think the results are positive. There are problems. We have economic problems in the United States; Greece has economic problems; everybody has economic problems, and we all work at them. It helps us all if there is stability on the world scene, on the world economy. At the same time, I look around here in Greece, I look at the statistics and I see the strength and determination of the measures being taken to deal with Greek economic problems, and I don't have any worries in my own mind about the basic strength of the Greek economy.

QUESTION: (Time Magazine): The U.S. has undertaken a number of moves in the last several weeks in Haiti and the Philippines, towards Nicaragua, towards Libya, that suggest the U.S. is interested in a more assertive or interventionist kind of foreign policy. Has this all been a number of ad hoc responses or do you have some larger strategic conception that explains a more muscular foreign policy?

SECRETARY SHULTZ: Well, I think it is a misreading of the situation to hook those things together. It was the people of Haiti who decided they didn't want Mr. Duvalier there anymore and we helped to the extent of providing transportation, and we felt that was a service, since a more delayed departure clearly would have resulted in a lot of bloodshed that did not need to occur. In the case of the Philippines, the people of the Philippines, through a kind of peculiar electoral result, nevertheless, it was clear, have changed the Government of the Philippines. Now in the case of Libya, we simply asserted our rights, as we do all around the world, to freedom of navigation. We did not engage in any kind of provocative or aggressive behavior. It was the Libyans who fired on us while we were in international waters. And insofar as Honduras and Nicaragua are concerned, it was Nicaragua that sent troops into Honduras. So that's hardly an example of some sort of aggressive behavior on the part of the United States.

QUESTION: (Ta Nea): What was the purpose of your visit to Mr. Karamanlis?

SECRETARY SHULTZ: Mr. Karamanlis has been a long-time friend of the United States and a long-time fighter for freedom and democracy and for the defense of those ideas, and so I thought it was appropriate to ask for an appointment with him, and I felt he was very gracious in granting that, and I was delighted to have a chance to visit with him.

QUESTION: (The Times of London): Sir, the Greek Government has said recently that the American bases in Greece cannot be used in connection with military operations directed against Libya, and that this is provided in the Defense and Economic Cooperation Agreement. Is this your understanding also?

SECRETARY SHULTZ: We don't have any operations directed against Libya. Libya has had an operation directed against us, and we responded to it.

QUESTION: Mr. Secretary, I didn't quite understand your earlier answer on whether an invitation to the Prime Minister would be forthcoming or not. Was your answer saying, "Yes, he has been invited," or "he will be invited if relations continue to improve?"

SECRETARY SHULTZ: Well, I think I'll just read it again. In the context of continuing improvement in our bilateral relations, an official visit by the Prime Minister at an appropriate time, that accommodates both of their schedules -- that is, the President's and the Prime Minister's -- would certainly be in order.

QUESTION: (Ethnos): Mr. Gorbachev proposed last night the withdrawal of both fleets, U.S.A. and Soviet Union, from the Mediterranean Sea. What do you comment on this?

SECRETARY SHULTZ: I think it's a tired old Soviet idea, and we and our allies have great interest in the Mediterranean, and we will continue to work together and defend those interests. Thank you.

PREPARED STATEMENT OF ASSISTANT SECRETARY RIDGWAY
BEFORE THE SUBCOMMITTEE ON EUROPE AND THE
MIDDLE EAST OF THE HOUSE COMMITTEE ON
FOREIGN AFFAIRS
(May 21, 1986)

I'm pleased to be here again today, Mr. Chairman, to bring the subcommittee up to date on significant issues with Europe, and to address your questions and concerns.

Since we last met on April 8, Summit Seven leaders gathered in Tokyo for their annual meeting. I'd like to say a few words about that, about where we are in U.S.-Soviet relations, about trade issues raised by EC handling of enlargement this year, and about the U.N. Secretary General's Cyprus initiative.

TOKYO SUMMIT

The President and Secretary Shultz were both pleased by the atmosphere of candor, consensus and stepping up to problems that prevailed among the leaders at Tokyo.

Economic Highlights

The Tokyo Economic Declaration reflected a trend, begun at Williamsburg in 1983, of closer economic cooperation. This in turn reflects a growing consensus on the central role of market-oriented policies in promoting sustained, non-inflationary growth. With the Summit countries in the fourth year of economic upturn, the declaration welcomed

improvements over the past year in inflation, interest rates, and exchange rates. The Summit Seven Heads agreed to improve the coordination of economic policy through the formation of a G-7 Ministers' group to enhance the compatibility of economic policies and promote greater exchange rate stability. Italy and Canada will be included in G-5 meetings "whenever the management or the improvement of the international monetary system and related economic policy measures are to be discussed and dealt with." The Heads also agreed to the use of economic indicators as part of the "multilateral surveillance" process in the G-5 and G-7.

The Tokyo Declaration called for an early launching of the new round of multilateral trade negotiations in the GATT, agreeing to work at the September GATT Ministerial to make "decisive progress," and to support an extension of GATT discipline to new areas such as services, intellectual property and investment.

The Summit leaders expressed their concern over agricultural trade problems, recognizing the need for cooperation to redirect policies of subsidy and protection of agriculture. They also welcomed the growth and inflation benefits of the recent oil price decline, recognized "the need for continuity of policies for achieving long term energy market stability and security of supply," and noted that the

current situation provides a good opportunity to increase stocks.

The Economic Declaration stressed the need for both developed and developing countries to implement effective structural adjustment policies. It endorsed measures to assist LDC adjustment and development efforts, including: the "Baker Plan," an early and substantial IDA-VIII replenishment, and implementation of the IMF's new Structural Adjustment Facility. With respect to Africa in particular, it called for steady implementation of measures identified in the report on Aid to Africa, and stated the intention of Summit countries to participate actively in the UN Special Session on Africa which takes place May 22-31. The U.S. hopes for a constructive conference which will reinforce the need for African nations' policy reforms.

Political Highlights: Terrorism

The statement on terrorism that emerged from the Tokyo Summit represents a collective expression of resolve by the heads of the seven major industrialized democracies to combat the challenge of international terrorism. We welcome this strong and courageous statement, and the productive discussions among the heads of government and Foreign Ministers which it reflected.

The action plan the statement puts forward marks a major advance over the last Summit Seven declaration on terrorism issued in 1984 in London. In Tokyo, the heads of government recognized that terrorism must be fought through a combination of national measures and international cooperation. They asserted that "terrorism has no justification," and they decided to apply specific measures "within the framework of international law and in our own jurisdictions in respect of any state which is clearly involved in sponsoring or supporting international terrorism, and in particular Libya." Those measures include: refusal to export arms to states which sponsor or support terrorism; strict limits on the size and movement of diplomatic missions of states which engage in terrorist activities; denial of entry to all persons who have been expelled or excluded from any Summit Seven nation for suspicion of terrorism; improved extradition procedures; stricter immigration and visa requirements; and close cooperation between police and security organizations. Also noteworthy, given the expanded threat to civil aviation, was the agreement "to make the 1978 Bonn Declaration on hijacking more effective in dealing with all forms of hijacking affecting civil aviation."

Governments are also putting action behind their statements. In recent weeks we have seen a number of significant advances in Europe, contributing to the diplomatic

and political isolation of Libya. Terrorist plots have been exposed and prevented; terrorists have been expelled. And European governments have moved to curtail the size of Libyan missions, to restrict the travel of Libyan officials and to tighten visa and other requirements.

The group of seven countries represented at the Tokyo Summit constitutes an important forum for cooperation in the fight against terrorism -- and one which we expect will pursue the Tokyo agreement to extend the 1978 Bonn Declaration. However, it is not the only forum. In recent months, we have seen intensified cooperation and consultation in other bodies. Last month's U.S. consultations with EC Ministers of Justice and Interior, for example, opened up new opportunities as well.

Political Highlights: East-West and Chernobyl

In the context of noting the thriving appeal of democratic values around the world, the Summit Seven leaders reaffirmed their resolve "to maintain a strong and credible defense" and their commitment as well to "addressing East-West differences through high level dialogue and negotiation."

Chernobyl was also much on the minds of the Summit Seven leaders. They pointed out the responsibility of individual countries for prompt provision of detailed and complete

information on nuclear emergencies and accidents, particularly those with potential transboundary consequences. They welcomed and encouraged the work of the IAEA to improve international cooperation on safety, handling of nuclear accidents and their consequences, and provision of emergency assistance.

We are studying with care, and in a positive spirit, General Secretary Gorbachev's proposals to strengthen cooperation through the IAEA in dealing with similar incidents in the future.

U.S.-SOVIET RELATIONS

Looking more specifically at U.S.-Soviet relations, the President remains committed to the process of high level bilateral meetings agreed at Geneva, including a Summit meeting in the United States during 1986. We see nothing, in principle, that would preclude such a meeting. The Soviet Union has never indicated to us officially that the Summit meeting will not take place this year. Yet they have postponed an essential step needed to get this process in motion -- the holding of a foreign ministers' meeting.

The Soviets have said that any meeting between the President and the General Secretary should be carefully

prepared. We agree. They say they want concrete results. So do we.

We regret the fact that the Soviet Union has seen fit to place the recent events in the eastern Mediterranean in an East-West context. Our action against Libya was directed at terrorism. It was not directed at the Soviet Union and need not have affected our relations with the Soviet Union. It is, of course, important to bear in mind that we repeatedly warned the Soviets that providing Qadhafi with sophisticated SA-5 missiles could well encourage him to create an incident, which he did. We remain ready to proceed with the ministerial meeting and our preparations for the Summit.

Despite our disappointments in developments since Geneva, I would note that we have been moving ahead with the Soviet Union on a range of meetings agreed at the Summit. We have already held experts' talks on chemical weapons proliferation, risk reduction centers, southern Africa, and Central America. Our experts will also hold meetings on East Asia and the Middle East in the coming weeks. We have made considerable progress in implementing agreements reached in Geneva on such issues as expanded people-to-people contacts and civil aviation.

Arms Control

The important arms control part of our agenda with the Soviets needs energetic commitment. In the Nuclear and Space Talks the United States continues to pursue balanced, equitable, and effectively verifiable arms control agreements. Our negotiators are working to achieve the goals set out by the President and General Secretary Gorbachev at the summit in November, such as a 50 percent reduction in offensive nuclear weapons, appropriately applied, and an interim INF agreement.

We hope that the Soviet Union will be more forthcoming in the current round, which began May 8, than in Round IV. Unfortunately, major obstacles remain in all three negotiating groups.

-- In START, the Soviets have done nothing to reconcile differences between their proposal of September 1985 and our proposal of November 1985. Their insistence on a highly one-sided definition of strategic forces, and their linkage of progress in START to a ban on SDI, continue to block progress.

-- In the INF talks, the Soviets submitted a draft treaty on May 15 in Geneva. We are reviewing that draft now. While it does not meet U.S. and Allied concerns about Soviet

positions on third country forces, SS-20 missiles deployed in the eastern USSR, and Soviet shorter-range INF missiles, we are hopeful that the private, business-like way that it was submitted to us indicates a Soviet intention to negotiate seriously on this crucial matter.

-- In the Defense and Space area, the Soviets have persisted in demanding a one-sided and unverifiable ban on U.S. research on the feasibility of strategic defenses based on new technologies.

Good agreements require concrete verification measures. In January General Secretary Gorbachev indicated readiness to accept proposals for cooperative verification measures, including on-site inspection. We responded at the end of the last round with a major proposal containing detailed verification measures. We hope that the Soviets are more forthcoming in the new round with serious detailed proposals that include effective verification measures.

EC ENLARGEMENT

The Administration welcomes, as you know, the entry of Spain and Portugal into the EC. But U.S. agricultural exports should not be saddled with the bill. The U.S.-EC enlargement dispute over new quotas on grains and oilseeds in Portugal, and

over our claims for compensation for lost corn and sorghum markets in Spain are quite different, and we are therefore dealing with them on two separate tracks.

In response to assurances from the EC that the quotas in Portugal will have no immediate impact on our trade, the President has imposed similar non-restrictive quotas on a list of EC agricultural products, including white wine. Should the EC's quantitative restrictions begin to affect U.S. exports, the U.S. quotas will be adjusted to have a comparable effect, or the President may substitute tariff increases for the quotas. As you know, the United States considers that the measures in Portugal are inconsistent with the GATT. Serious consideration is being given to taking the EC to the GATT because of the violations.

In response to the variable levies on corn and sorghum in Spain, the President decided to unbind tariff levels on approximately \$600 million worth of EC agricultural imports, but to actually raise tariffs only when and as our corn and sorghum exports are hurt. These measures were announced on May 15 and went into effect on May 19. The U.S. has begun negotiating with the EC on compensation for the measures in Spain. The decision on any duty increases will be deferred until July to allow time for further negotiations with the Community.

5/21/86

U.N. SECRETARY-GENERAL'S CYPRUS INITIATIVE

In my last appearance I reported that the U.N. Secretary General had put forward a draft agreement containing a framework for a future Federal Republic of Cyprus and establishing a negotiating process for working toward an overall settlement. If accepted by the parties, this negotiating process would lead to direct negotiations on such fundamental issues as troop withdrawals, international guarantees, and freedom of movement, freedom of settlement and right to property; and to further elaboration of constitutional arrangements essential to a fair and final settlement. In his April 14 Report to the Congress on Cyprus, the President noted that the Secretary General's initiative presents the two Cypriot communities with a historic opportunity to begin a process toward peace and reconciliation and urged their leaders to work with the Secretary General in his current effort.

Since then the Turkish Cypriots have accepted the latest draft framework agreement. The Greek Cypriots have not accepted the document and have proposed instead an international conference or a Cypriot summit meeting. On May 8 the Secretary General asked President Kyprianou for a direct reply on the draft framework agreement and told him that his proposed alternatives are not viable.

We fully support the Secretary General's approach, which is to conclude a framework agreement and, building on the mutual confidence that has been achieved, proceed to negotiations on the most difficult issues. We believe that this is a realistic and practical way to move forward. We remain convinced that the Secretary General's guideline that "nothing is final until everything is final" protects the interests of the parties throughout the negotiating process envisioned in the framework agreement. We have urged the parties to work constructively with the Secretary General and hope they will do so.

WASHINGTON TIMES 4 June 1986 Pg. 6

U.S. bristles at statements on terrorism by Papandreou

By Bill Kritzberg
THE WASHINGTON TIMES

Reacting harshly to Greek Prime Minister Andreas Papandreou's assertion that the United States was engaged in "terrorism," a State Department spokesman said yesterday his remarks were "baseless, unhelpful and indeed harmful."

State Department spokesman Bernard Kalb said Mr. Papandreou's statement last Friday hurts "international and Western efforts to achieve a focused, effective response to international terrorism."

"We find these remarks all the more surprising in view of the threat that terrorism has posed to Greek national interests," Mr. Kalb said. "We're communicating privately with the Greek government to urge a more responsible approach to this grave international problem."

In a speech to the Greek Parliament, Mr. Papandreou compared the American bombing raid against Libya last April and the Reagan administration's support for Nicaraguan rebels fighting the Marxist Sandanista government to the Soviet invasion of Afghanistan.

Mr. Papandreou said political violence was being used "to destabilize governments through intervention in Libya, Nicaragua and Afghanistan." He said, "For many decades, Greece has been a satellite of the United States" and asserted that the American government was trying to "conceal an attempt by the United States to use force as a form of world policing."

A State Department official said, "We find it incredible that a responsible head of a nation which is a member of NATO would say these sorts of things." He added, "We certainly resent the fact that he said Greece has been a satellite of the United States."

Sources at the State Department said the unusually strong language was intended to express U.S. "irritation" but would not lead to a rupture in relations with Greece.

For the past year Greece has been trying to improve relations with the United States. The policy, dubbed "calmer wa-

ters" by Mr. Papandreou, was prompted by Greece's economic difficulties and what the official called "a realization that Greece's interests lie with the West."

The Reagan administration has asked for \$500 million in aid for Greece next year. Although the country does not receive payment for American bases there, the Greek government asked that aid be increased from the \$450 million it is receiving this year under the Defense and Economic Cooperation Agreement "as a quid pro quo" for consideration of extending American base rights.

The official said the United States was generally "impressed with the progress in relations [with Greece] over the past year," but added: "We have been disappointed in the last month or so in the Greek attitude on Libyan terrorism."

Mr. Papandreou has said that there "is not a shred of evidence linking Libya to terrorism." Greece was the only member of the European Community not to implement economic sanctions against Libya after being presented with evidence of Libyan involvement in several terrorist attacks.

During the North Atlantic Council meeting in Canada last week, Secretary of State George Shultz received assurances from Greek Foreign Minister Carolos Papoulias that the Athens government was taking steps to combat terrorism. But when Mr. Shultz demanded to know what measures had been implemented, Mr. Papoulias said he could not divulge them for security reasons.

A State Department official said the Greek government had not taken any action against the Libyan Peoples Bureau in Athens, which has more than 50 members and is the largest such bureau outside Libya.

U.S. and European investigators have found evidence that the people's bureaus, which serve as Libyan embassies, sometimes offer sanctuary to terrorists, smuggle arms to them in diplomatic pouches and relay communications to terrorist bases in Libya.

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United States as a refuge for political dissidents and set a precedent for other treaties that could permit extradition of rebels against tyranny, among them Nicaraguan *contras*.

Helms has thus far remained deaf to Administration arguments that no apparent precedents have been set by new extradition treaties with anti-terrorist clauses already concluded with Mexico, Colombia and the Netherlands, as well as an understanding to the same effect reached with West Germany.

See U.S. Taking Sides

The committee's Democrats, four of whom represent states in the East with large Irish-American voting blocs, have argued that the United States would be taking sides between the British government and the IRA if it went along with the treaty revision. They have sought to amend a \$250-million aid package—\$230 million in credits and \$20 million in grants proposed by the Administration for Northern Ireland—into a straight \$250 million grant program. Some have proposed linking the extradition treaty to the aid package.

Up to now, the committee's chairman, Sen. Richard G. Lugar (R-Ind.), has avoided bringing the treaty to a vote as he strives with representatives of the Administration, including Reagan, to persuade one or more of the Democrats to switch position. The committee's next meeting is set for Tuesday.

Greece, Turkey, Cyprus

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Weinberger urges new rules to tear shield of diplomacy from terrorists

NEW YORK CITY TRIBUNE
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Terrorism Held Overreported And Overrated

BY GUDRUN HASSINEN
New York City Tribune Correspondent

BONN, June 5 — An international terrorism expert says that while terrorism poses a certain danger to the world, its significance is exaggerated by coverage in the media.

Dr. Walter Laqueur, a professor of government at Georgetown University and chairman of the research board of the Center for Strategic and International Studies in Washington, D.C., gave his opinion at a gathering of experts here this week, invited by the conservative Konrad Adenauer Foundation.

Laqueur said terrorism is not expanding continuously, as is often claimed, and that he would not give it first place in a list of world problems.

He called it a mistake of the media to focus on terrorist acts — so that Libyan leader Moammar Qaddafi was heavily overestimated and politicians were concentrating on terrorism as the worst evil.

Laqueur is also the director of the Institute of Contemporary History and the Wiener Library in London, and publisher of the *Journal of Contemporary History*, the *Washington Papers* and *Washington Quarterly* in the U.S. capital.

There are two cases where, in his opinion, terrorism could become a danger to the world.

One may be referred to as the "Sarajevo complex" — terrorist activities that escalate into war between two or more small countries, drawing the global powers to intervene.

The U.S. and Soviet Union should make an agreement so that it never

THE ASSOCIATED PRESS

Defense Secretary Caspar Weinberger yesterday called for new international standards to thwart the use of embassies to shelter or support terrorists, saying "diplomatic title must not confer a license to murder."

"There is . . . important legal work to be done on the issue of state-sponsored terrorism," Mr. Weinberger said in remarks prepared for an American Bar Association meeting last night. "Embassies are used as terrorist arsenals and planning centers, and so-called 'diplomats' actually plan and orchestrate murders and bombings in the nations hosting them.

"Yet, under the prevailing law of diplomatic immunity," said Mr. Weinberger, "the embassy is a sanctuary; there is no recourse against the so-called diplomat except expulsion.

"I think we should examine very carefully the whole idea of diplomatic privilege extending to support of terrorism," he said in the keynote address to the ABA's conference on terrorism.

Mr. Weinberger did not advance any specific proposals on that score, saying, "The task remains for our diplomats with the assistance of the legal profession." But he added, "Diplomatic title must not confer a license to murder.

"The governments of Libya, Syria, Iran, Cuba and Nicaragua, not to mention the Soviet Union," said Mr. Weinberger, "have from time to time allied themselves with terrorist fanatics as a means of spreading their influence, or to destabilize Western society.

comes to such an escalation, Laqueur said.

The second case is when the terrorists' strategy of provocation succeeds in turning democracies into dictatorships — as happened in Argentina and Turkey, where martial law was implemented as a first step to counter terrorists, and dictatorship subsequently evolved.

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"These governments provide everything from funds, weapons and terrorist training to open political support and sanctuary. International terrorism has reached new levels of destructiveness through this symbiotic relationship of terrorists with established government authorities," he said.

"Surely we can preserve the good purposes of the doctrines of sovereign and diplomatic immunity without cloaking terrorists in those privileges," Mr. Weinberger continued.

"We should remember the 1984 incident, when Libya dispatched its emissaries to London to execute Libyan exiles there. The murderers barricaded themselves in the Libyan Embassy, and, from inside the embassy, they machine-gunned anti-Qaddafi protesters, wounding 10. They also killed a British policeman," he noted.

While British authorities considered what action to take, "[Libyan leader Muammar] Qaddafi's thugs surrounded the British Embassy in Tripoli," Mr. Weinberger recounted. "Thus Qaddafi not only used his diplomatic privileges in service of terrorism, but also enforced those privileges by terrorism. The Libyan murderers were accorded sanctuary from arrest . . . and ultimately were given free passage to Tripoli."

Mr. Weinberger called on Congress to enact legislation to expand federal jurisdiction to prosecute terrorists who attack Americans anywhere abroad, and to bolster extradition agreements with the United Kingdom. "At the very least," he said, "terrorists should be forced to hide in the embrace of the wretched regimes that collude with them."

Mr. Weinberger said the U.S. government reserves the right to strike, as a last resort, against terrorists, noting that right was exercised against Libya.

But "we must never reflexively resort to a military option," he said. "Our response to terrorism is carefully crafted to take account of particular circumstances."