

PSF

Greece

1934-39

PSF: Greece

THE WHITE HOUSE
WASHINGTON

May 24, 1934.

MEMORANDUM FOR:

THE SECRETARY OF STATE
and
THE UNDER SECRETARY OF STATE

This is an interesting
story of the Insull case in
Greece. After you have read it
will you return it for my files?

F. D. R.

FR

*Interesting Thanks
Hull*

DEPARTMENT OF STATE
RECEIVED
MAY 25 1934
OFFICE OF THE SECRETARY

2515 Greece

Athens, May 9, 1934.

Personal and
~~Confidential~~

Dear Franklin:

Here is another report from Athens, for you to read if and when you have a moment for it.

It was a great surprise and pleasure to receive your note of April 19th. How do you manage not only to keep us all in mind, but to keep in touch as you do, when you have such a vast number of things always on your hands?

I was indeed glad to get rid of Insull, and in case you may be interested, I will complete the story as I began it to you last fall.

I felt, even after the second extradition hearings had been decided against us, that the Foreign Office here was really on our side. Though this belief was not shared by many skeptical persons in Athens, I simply could not believe that M. Maximos, the Foreign Minister, had been misleading me all the time. So the very next day after the extraordinary decision which I sent you was handed down, I went privately to see him. I told him that I had no instructions, but that as a friend of his, and of Greece, I wanted to lay before him my fears in regard to the Insull matter. I told him that the reaction to the decision in America would be wide-spread and unfavorable to Greece. Indeed, I said Greece would probably get the widest publicity she had ever received and all of it would be bad. M. Maximos agreed with me and asked what I would propose. Whereupon I said that a man who was likely to cause such serious embarrassment to a country might well be classed as an undesirable alien, subject to expulsion under a certain Greek law, which I quoted. He agreed again, but warned me that it would be very difficult to effect such an expulsion in Insull's case, because the Greek Courts had twice declared him an innocent person, and the Government would fear the inevitable criticism that it was not upholding its judiciary. I countered this by pointing out that no reflection on the courts would be involved, since the reason

for

for the proposed action would be one of policy rather than jurisprudence. Later, this same attitude was actually taken by the Council of State, to which Insull appealed, but from the date of this conversation M. Maximos worked with a will, and with great astuteness, to put Insull out of Greece against the determined opposition of several members of the Cabinet, and the spineless indecision of a temporizing Premier. His method was simple, but of necessity slow. He would force the Premier to agree that Insull be expelled, and then announce the fact to me and to the press before the Opposition got in its counter-offensive and switched the Premier round. Thus he repeatedly put the Government on record as determined to expel the fugitive, and all that the friends of Insull could do was to secure repeated delays. Finally the State Department, which had all this time wisely kept its hands off, insisting that any decision in the matter must be taken by the Greeks themselves, asked to know when Greece intended to put into effect the assurances so many times given the American Minister, and that did the trick. Insull saw the writing on the wall, and fled.

If our Department of State had not taken the attitude it did, and anything but unofficial pressure had been exerted, the touchy Greek character would certainly have prevented our ever getting Insull out. We never bullied or threatened, and so far as "commercial reprisals" were concerned, we increased the Greek liquor quota at this time five hundred percent! I myself was particularly careful never to appear to push or demand. I indeed supplied much material to the political opposition wherewith to interpellate the Government, but arranged matters so that my part was not known. Similarly in communicating with the Government, it was all unofficial "in the interests of Greece which I had so much at heart." Thus I can report to you truly that in the entire course of this long-drawn out and delicate affair, there arose not the slightest unpleasantness in official relations to hamper the usefulness of this Legation in aiding and protecting American interests. In fact, I feel that we are now better friends than ever.

I know that there is little in the news that escapes you, so I will explain what may have puzzled you, namely, why Insull fled, and why the Greeks brought him back and let him go again.

He fled because he wanted to go out his own way, secretly, to escape notice, and not to go, as the Greeks were sending him, publicly on the Orient Express, where his movements could be followed. The Greeks brought him back because the Minister of Marine, an old fire-eater called "the Mad Admiral," insisted that no man could sneak out of the Piraeus under his nose and get away with it. Finally, the Greeks did not care how Insull went out, as long as he went, and went properly; so when they had checked up on him, they let him go out as he wished, on his expensive freighter.

When he fell into the hands of Turkey he fell into the hands of a dictator, and might as well have landed up in Italy. But where could he go? Only in Greece were the conditions really favorable to him, with his two court decisions and the muddy political waters in which to fish. I pinch myself sometimes to make sure I am not dreaming, and I shudder when I think what might have happened had the man been even half-way human and given a modicum of the money he spent on his camp-followers to the needy and the sick. The Greeks love a benefactor, and Insull missed the best trick of all by not becoming one. As it was, he got a lot of sympathy.

The Insull case is a small thing, and only interesting because so much of it has no parallel. More important in this region have been the diplomatic developments having to do with the Balkan Pact. When I last wrote you about it the Pact was a thing of the future. But it was drawn up very shortly after, initialled in Belgrade and signed in Athens. Briefly, it represents a consecration in this part of the world of France's policy of non-revisionism, and a virtual extension and reinforcement of the Little Entente. It draws an iron ring around Germany's old ally, Bulgaria. It ties Greece and Turkey into the Central and Western European tangle, and, as Veniselos has not failed to note, removes Greece from her natural Mediterranean grouping with Italy, if indeed it does not actually commit Greece to fight Italy should the latter move against Yugoslavia through Albania. The immediate reasons which led Greece into the Pact have largely to do with her fears of the Slavic peoples on her Northern frontier, and that she is determined to put teeth into it is evidenced by the mission she has just sent to Ankara, consisting of the Minister of War, the Chief of Staff, and a high official

of the Foreign Office. The four Powers signatory to the Pact are now reported as planning to adopt a common standard of military equipment including guns and ammunition, so as to simplify supply problems in case of war. The Pact has indeed the support of the strong local Balkans-for-the-Balkans sentiment, but it is essentially an extension of the great French armed camp in Eastern Europe down into the Aegean and across the Dardanelles, for whatever this may mean in the ultimate line-up of European forces. Thus, while it would certainly be a guarantee of Peace in the Balkans if the Balkans only were involved, its implications outside the Balkans make the Pact really another step in the progressive enlargement of the theatre of possible war.

With best wishes always, I am

Devotedly yours,

Lincoln MacVegh

The President

The White House,

Washington, D. C.

file

125F Greece

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DEPARTMENT OF STATE

THE SECRETARY

*Miss
Leland*

May 24, 1934.

Memorandum for Colonel Howe from
Secretary Hull.

Returned to the President in
accordance with your letter of March
30, 1934. I have read Minister Mac-
Veagh's letter with a great deal of
interest.

C.H.

Athens, February 12, 1934.

My dear Franklin:

I wish to thank you for your Note of January 16th and to reply as promptly as possible to your request for my opinion as to the present and future ability of the Government of Greece to pay us a little more on the debt. The question is a complicated one, and must be looked at from the political as well as from the economic standpoint. I think some consideration should be given, too, to the reduced present-day value of Greece's funded debt to us and the possibilities of settlement which this offers in connection with trade concessions and commercial bargaining.

From a purely economic standpoint there appears to be no reason why Greece should not make substantially larger debt payments to the United States Government during 1934 than in the preceding two years. The Bank of Greece reported reserves of gold and foreign exchange totalling over four billion drachmas (nearly 40 million dollars) on December 31, 1933, representing 36.7 per cent of banknote circulation plus sight liabilities. Furthermore, these reserves have shown a steady upward trend for many months, the Bank's ratio having risen from 21.7 per cent at the close of 1932. The Greek budgetary situation is less satisfactory, however, and expenditures for the fiscal year ending March 31, 1934, are expected to exceed revenues by about 6 per cent. Nevertheless, it may be assumed that a few hundred thousand dollars could be found for payments to the United States. You may not have seen that, on account of the rise in the cost of living in Greece, the salaries of Greek Army Officers and Government Employees, including Deputies, have just been raised to the tune of 420,000,000 drachmas, or over four million dollars.

Business conditions in Greece have shown steady improvement since the early part of 1933. The future is regarded with some optimism and further recovery should lead to a material increase in Greek capacity to meet foreign debt payments.

But

But the devaluation of the Greek currency to 43 per cent of its 1931 gold parity has produced a heavy increase in the drachma value of the foreign debt, most of which is in terms of gold dollars or sterling. Even fifteen months after the drachma depreciated to its present level, prices are only 32 per cent above the low point reached in August, 1931, as against a 130 per cent increase in the price of gold. Current revenues of the central government absorb nearly a quarter of the national income without providing for more than a fraction of the service of the public debt, and can hardly be increased. In the meantime, Greece has been forced to pay higher drachma prices for imported commodities than ever before. Until this disparity between prices of domestic and imported products disappears, the full service of the Greek foreign debt would represent an abnormally large percentage of national income and of total government revenues. Judging by past experience, however, Greek price levels will adjust themselves in time, and government revenues will again be adequate to cover all expenditures, including the full service of the foreign debt. So much for the economic aspects of the situation.

The political factors are less encouraging. Since the first Greek loan was floated abroad 101 years ago, this country has periodically increased its foreign indebtedness. Maturing obligations were normally met by additional borrowing, and there was apparently little thought that Greece should ever attempt an actual reduction of its foreign debt. The habit of a century is difficult to break. Greece was for generations a pawn of the Great Powers, and it is not surprising that a general feeling still exists in this country that the world owes Greece a living. When new foreign loans were not available, as at present, Greece played poor and complained of the enormity of its debt burden, as though the latter had never been assumed voluntarily. Whatever the purely economic aspects, the fact remains that any Greek Government which attempted too sudden a reversal of these established policies would scarcely remain long in power.

There is probably little question as to Greek financial ability to meet the modest annuities provided for in the American debt funding agreement. But what the United States may actually collect will depend upon the future action of Greece's

other creditors and upon any steps taken to render further payments to the United States politically palatable to the Greek public. This latter problem I believe presents a real crux here as in other European countries. Some combination of debt readjustment, trade concessions and export credits for American agricultural products would seem to present the most attractive possibilities, and such a combination would better express the true Greek capacity to pay than any financial balance-sheet.

In the funding agreement between the United States and Greece, interest on the older part of the debt (\$18,125,000) was calculated at 0.3 per cent, and on the newer portion (\$12,167,000) at 4 per cent. In this way, Greece was to repay the principal in full, while the very low interest rates were intended to bring aggregate payments within Greek financial capacity. It appeared to the American public, and less favorably to the Greek public, that full payment was being exacted. But during the same period Greece was borrowing money in New York and London on terms to yield 8 per cent and more. Appraised on this basis, the true value of the debt funding agreement of May 10, 1929, was scarcely more than \$12 millions as against a nominal total of over \$30 millions. Meanwhile, events since 1929 have indicated that an 8 per cent interest rate was by no means too high as a measure of the risk involved. Current quotations for Greek bonds in New York are in the neighborhood of 25 per cent of their face value. On this latter basis, the present value of the debt as funded would be less than \$8 millions, a figure which might well prove attractive to the Greek public and good business for the United States to accept as a basis for an early settlement in full, particularly if combined with trade advantages.

Any attempt at a true appraisal of the value of Greece's debt to the United States must produce a figure which seems unimportant in comparison to other American economic interests in Greece. This country has been for years the largest market in American agricultural and manufactured products in the Balkans and the Near East. When the United States was selling wheat at export prices prior to 1931, total Greek imports of American products were in excess of \$20 millions annually. Nor was this trade unbalanced. The United States is the only wheat exporting nation which also absorbs large quantities of Greek products.

Including

Including invisible items, notably emigrant remittances and tourist expenditures, the balance between the two countries has been in Greece's favor for many years. She continues to import very considerable quantities of wheat, cotton, rice and other products which the United States is in a position to supply. In 1934, she must import over ten million bushels of wheat and around fifty million pounds of rice. Both figures are well above the average Greek imports of these commodities from American sources during the past ten years.

Summing up, in answer to your question I would say that Greece has the financial and economic ability to pay us more than she is doing right now, and would probably be able to increase the payments in the future as her condition improves, but that it is highly unlikely that any Greek Government would dare, in the face of Greece's other engagements and the temper of her people, which is that of Europe at large, to make any serious attempt to live up to this particular obligation. I have even been warned, unofficially, that we shall have difficulty in collecting 27-1/2 % of the interest on the 1929 loan this year. What appears to be the best possible way out of our difficulties is, therefore, in line with the ideas you expressed to me before I left Washington last year; namely a fixed settlement in guaranteed cash payments to a greatly reduced total, perhaps based on the true value of the debt today, plus trade advantages which a popular government could accord in return for the maintenance of its credit without flying in the face of the general European prejudice against "Uncle Shylock." The reduction in the figures could be played up as a gesture from us and the trade concessions proved to be of advantage to Greece, whereas our position could be shown at home to be well taken. In other words, looked at from all the pertinent angles, Greece can indeed pay us out to a great extent, but only partly in cash.

Devotedly yours,

Lincoln MacVeagh

The President,
The White House,
Washington, D. C.

PS F Greece
Greece

plc

Athens, Greece,
August 14, 1934.

Dear Franklin:

Just a word to supplement my letter of last week.

I am glad to report that I have just heard from the Chief of the Near Eastern Division of the Department of State as follows: - "We fully appreciate the force, in the light of the circumstances you relate, of your suggestion that it would be desirable to seek to replace our present commercial modus vivendi with Greece by a new agreement more suited to existing circumstances. It is indeed our hope that under the powers conferred upon the President by the Tariff Reciprocity Act of June 12, 1934, it will become possible and practicable to effect a satisfactory solution of the problems of our trade with Greece through the negotiation of a reciprocal treaty agreement in the not too distant future."

In accordance with the wishes of the Department,

The President,
The White House,
Washington, D.C.

I am now formulating suggestions which recommend themselves here as of possible use in the drawing up of a trade agreement with Greece, and in the meantime carrying on as heretofore to meet the individual problems and difficulties affecting our trade with Greece as they are brought to my attention. In this latter connection, I am glad to report that Mr. Murray remarks in the same letter that "a noticeable measure of success is already attending your efforts".

Always devotedly yours,

Lincoln MacVay

United States Senate

CONFERENCE OF THE MAJORITY

January 11, 1935

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PERSONAL

My dear Mr. President:

Since talking with you, your letter transmitting the picture and a message from our mutual friend, Lincoln MacVeagh, has been received. I have read MacVeagh's comments on conditions in that part of the World with very keen interest. My own information confirms his statements in as much as my experience and acquaintance permit.

I regard MacVeagh as the best qualified man for the particular position which he fills and I think him worthy of any recognition to which he might aspire.

I regret not to be at the conference today, but McIntyre assured me that you said it would be all right for me to send Van Nuys. In compensation for your generosity in this particular, I hope to be able to send you evidence of my skill as a sportsman. Pittman and are going with our friend, Captain Dugger, at whose place I caught the black bass which you so much admired.

With regards and best wishes, I am

Yours sincerely,

Joe T. Robinson

Enclosures.

Athens, December 4, 1934.

Dear Franklin:

Christmas wishes will be crowding in upon you and Eleanor by the thousands but a few more, husky enough to reach you in good condition from the other side of the world, can't do you any harm. We all send them, including little Eleanor, who, I am glad to say, has come through her operation very well, and certainly seems a happier and stronger child than before the acute attack which made it necessary.

I am just now taking a vacation, but my address, as you see, is unchanged. We hope to get back home for a vacation next summer, but in the meantime it seems best to use this past year's leave to do and see things in the immediate neighborhood which we have no time for when we are actually "en poste." This idea, however, seems to be so unheard of that the Greek press has taken it up as news, and everyone seems to have read that the American Minister is devoting his precious leave not to going to Paris but to studying Greece! In enjoying ourselves we flatter our hosts, and thus seem to be killing two birds with one stone.

Last week we sailed over to Smyrna on an American Export boat and spent two days there, driving up country to Bergama - ancient Pergamon - and calling on the Consul

and

and the Governor. With our trip to the Dardanelles last Spring, we have now seen a goodly strip of the Asia Minor coast. Here in Greece we hear a great deal about the new Turkey, whose friendship means so much to this country at present. I have the official view of Turkish progress and achievement pretty well by heart. But though the vigor of the Government and the wealth of the land itself seems undeniable, the human material which the Government has to work with is very disappointing to the observer. A huge effort like that of Mussolini, or of Hitler, is being made to construct a great State on the occidental plan, and the population consists of orientals from whom their religion, the only thing that ever galvanized them into action, is taken away! It is a commonplace to remark on the fact that the immemorial business-men of Turkey have been driven out - the Greeks, the Armenians and the Jews. What I have wanted to see is how the Turks are getting along with only themselves as substitutes. Apparently they have taken to the new bureaucracy like ducks to water. They are a governing race. But now they must do the work of the country as well, and the people's poverty and ignorance are appalling. Taxes are terribly high, and paid because it is the will of those higher up, not because the necessity for them is understood. In Greece every person thinks too much about affairs, so that politics are always in a turmoil. But at least the population as a whole is vitally responsive to ideas. It can be appealed to, as any Western people can be. But, with orientals of the dull psychological type of the

Turkish

Turkish peasantry, to try to make a modern organized State seems very like trying to make bricks without straw. I was much impressed by the peasants I talked with who were refugees from Macedonia. They all longed to get back even to that unhappy region from a country where they can call neither piastres nor souls their own. As I wrote to Smouch the other day, I wonder whether the New Turkey, the product of the Great War, will not easily dissolve away in any new general conflagration. Or perhaps a re-crudescence of Mohammedanism, when the present strong-willed rulers disappear, will do the trick. Certainly when we got to the Greek island of Samos, across a narrow strait from Asia Minor, we sensed a great difference at once. It was the difference between a small people of high vitality and a huge depressed population. The vitality of Turkey is concentrated in the head. In Greece it quivers in every limb of every Greek that breathes. Differences like this are not to be observed in the rooms and corridors of Foreign Offices. But they inevitably influence international affairs in the long run. In talking with the island Greeks who are near to her, I find less confidence in Turkey as the Greek rock of defence than is expressed here in Athens. Those long-suffering people doubtless know that by taking a fez off a leopard one does not change his spots. East is East and West is West, and the line still runs where it always has. I am very fond of the upper-class Turks I have met and sympathetic with their problems. But to understand, one must get down to humble realities, and one cannot go about in Turkey without gaining the impression that its future is a huge question

tion

question-mark.

Meanwhile the international situation in the Near East is very strongly affected by the Greco-Turkish rapprochement, however formal or temporary this may be. The Balkan Entente, of which it is the keystone, was further elaborated, along economic lines, at Ankara this fall. As the Balkan Pact stands for non-revision of the Treaties, Bulgaria still refuses to join, but the idea of Balkan solidarity has received such stimulus that in one way or another Bulgaria may yet find a way to take her place beside the others in a regional groupment embracing the entire peninsula. The League of Nations, too, is very useful in this part of the world. By settling the Rhodope Forest dispute, it has opened the way to the composition of other long-standing difficulties between Greece and Bulgaria, and a nasty argument now going on with Albania over the schooling of the Greek minority is also being referred to Geneva.

Greece, like most other countries, was frightened by the assassination of King Alexander, and is watchfully waiting for the League to conjure the dangers inherent in the tempers of Yugoslavia and Hungary. Actually, and for the time being, M. Barthou's death was of more consequence here, however. He had become the active soul of the system in which Greece placed herself, at least with one foot, when she signed the Balkan Pact with two nations of the Petite Entente. The success of the Germans in Poland, and the impression which this created in Rumania (though Titulesco made a quick recovery) has somewhat shaken the Greek faith. On the other hand, the Russian rapprochement with France, which was the

answer

answer to Poland's defection, means much to Greece on account of the importance of Russia to Turkey, and meanwhile she waits to see what Laval can do in Barthou's shoes with Italy. Indeed, Greece is so completely vulnerable from every side that she literally must have friends. The old game of the balance of power is being played all over again in Europe today, and Greece's hesitations and fears supply a watcher in Athens with an almost daily record of how it progresses. When the next war comes, I believe she will do her best to repeat her accidental success of 1917-18, and stay out till it is perfectly clear which band-wagon she ought to jump on. In this sense, her foreign policy at present is perhaps nearer that of England than of any other power. The eventual actions of these two depend on so many variables as to be practically impossible of prediction.

Internally, M. Veniselos almost forced the Government to go to the people a few weeks ago, but his lines gave way, and when seventeen of his senators went over to the other side, the jig was up for the moment. The Popular (Royalist) party is now even more securely in the saddle, and continues to pursue its policy of economic and fiscal retrenchment, and of temporizing on every controversial issue. Our trade with Greece is growing in spite of the difficulties in its path, and I have awakened the Foreign Minister's interest in our new tariff policy, so that the way is prepared for approaching a commercial treaty should our authorities think one desirable at any time. Financially, the Government's position goes on improving, and Greece has lived up to the

agreement

agreement made last year with her foreign bond-holders to pay a percentage of the interest due. We have shared in these payments, though Greece in principle still maintains that our Refugee Loan of 1929 is really a war-loan, and her position on war-loans remains unchanged.

I hope I have not written too much about what are, naturally, vitally interesting topics to me. Greece is still beautiful, and I need say nothing about that. Senator Joe Robinson, who seemed to enjoy it, can tell you what it's like. Senator Tom Connally, too, drove about with us a bit, and Representative Cochran, a very likeable Republican, from my ancestral State of Pennsylvania. You will have seen a lot in the American papers about the marriage of Princess Marina of Greece to the Duke of Kent. There is some sentiment, or sentimentality, about that here too. But almost fifty per cent of the population of Greece would emphasize to any inquirer that the Princess has no Greek blood and no Greek passport. M. Papanastassiou, Ex-Premier and so-called "Father of the Republic" (Mr. Morgenthau, Senior, knows him well), told me: "the English Prince would have had far better chance of becoming King of Greece if he had not married that Princess," and intimated that he had no chance at all, anyway. Royalist propaganda is noticeably absent. But, of course, Greek politics shift so quickly that it may spring up tomorrow. (One has to qualify every statement or prediction involving Greeks).

The results of the elections at home were tremendously encouraging. Smouch ends a letter with a post-script:

"These

- 7 -

"These are times!" They certainly seem to be, and I'm glad they are times in which you are the boss.

Affectionately yours,

Lincoln MacVeagh

P. S. Your welcome letter of Christmas and New Year's greetings to the Foreign Service has just arrived, in good time for me to relay it on to everyone.

The President,
The White House,
Washington, D. C.

PSF Greece

Athens, May 4, 1935.

Dear Franklin:

Since I last wrote we have had some interesting times over here, and they are still going on.

First, the Italians began what may best be described as their Abyssinian preparations. This was not without repercussions of alarm in Athens, which is the chief nerve-centre of the Near East. Opinion here is always alive to any manifestations of Italian expansionist policy, particularly in view of Mussolini's persistent development of the Dodecanese Islands. Now it has become evident that the Italians, knowing quite well the value of their attitude in the Austrian question, have forced the French and British into letting them have a free hand in Abyssinia. But such a policy, if successful, may easily develop further, and Greece and Turkey may well fear a similar attitude on the part of the Powers should Mussolini later decide to give rein to his ambitions on the coast of Asia Minor.

Shortly after Mussolini began sending troops to Abyssinia, there came, not without general warning but quite suddenly as to the precise moment of the outbreak, the Veniselist revolt in Greece. It seems that the Cretan chieftan was taken by surprise himself, and the movement was set afoot by his supporters in the active

and

and retired ranks of the military and naval services before he was ready to give the signal. For this reason it never got up more than half steam. General Plastiras, on whom Veniselos counted heavily, never reached his master's side, and neither of them landed on the Greek mainland where they could raise among the "new Greek" and refugee populations the standard of a popular revolt. The movement was limited to a part of the officer corps and the few troops that it could buy or otherwise win over, and was crushed by the prompt action of the authorities. We had an anxious two weeks. The lighthouses were extinguished all round the coast, and the chief harbors mined. Practically the whole army was mobilized, and there was noisy street fighting as well as rioting in Athens. But careful and watchful waiting by the Government, and a fine exhibition of strategy on the part of General Kondylis, the Minister of War, put an end to the revolt with the minimum of casualties, and Veniselos fled.

Internationally, the revolt revealed some interesting things. Bulgaria's nervousness was promptly exhibited in an appeal to the League of Nations against Turkish military activity in Eastern Thrace, while Italy allowed General Plastiras to get all the way to Brindisi on his way to join Veniselos before she stopped him in the very act of sailing. By that time England had sent a battleship into the Piraeus and publicly announced her support of the status quo. Titulesco had spoken to the same effect, and France's diplomatic system in the Near East had shown unmistakable signs

of

of holding firm. A French warship had also arrived in the Piraeus. Then, a week after the others, and only then, did the Italian warships arrive. The Italian attitude seems to have been of a decidedly opportunist character in this affair.

Since that time, Greece has gone through the throes of révanche. Thirteen years ago the Veniselists had the Royalists on the hip, after the Smyrna disaster. Certain generals turned State's evidence; certain politicians presided over the destinies of the nation, while at the behest of a group of angry officers a military court condemned six Cabinet Ministers to be shot. After this year's revolt the shoe was on the other foot as regards these generals and politicians. Though the Government was minded to show clemency, again a group of angry officers forced the powers that be to execute a sentence of death. Two of the generals who testified against the Six thirteen years ago fell a victim to the hatred they engendered then, rather than as a result of their more recent acts. For a few days it seemed as if the Government was to be permanently paralyzed if not actually supplanted by the dictatorship of a rabid, fanatical and deadly few. That was only last week. Now, partly on account of our labors and those of the French and British, who have worked to bring foreign opinion to bear on the Government and strengthen its hand vis-a-vis the military, the danger to several ex-premiers and other civilians on trial is over. But for a time it was a very real danger, the danger of the judicial murder of conspicuous persons, with all the evil and enduring

consequences

consequences which such an act entails. There has also been a widely advertised campaign to clear out from all government services all persons suspected of Veniselmism. Fear and suspicion have held the country in a tight grip, and getting any of the Ministries to act in anything like normal fashion has been an impossibility. Every American interest in Greece has suffered in consequence. But by perseverance we are straightening this out.

Greek opinion is vividly alive to the possible consequences of Germany's scuttling of the Versailles Treaty. Germany's peaceful neighbors may prevent war from breaking out in the West for some time, but if revisionist nations like Hungary and Bulgaria are encouraged to treat their obligations in a similar manner, there are not the same forceful guarantees in Southeastern Europe to avoid a conflict. I feel that if one thing more than another could cause the Balkans to become again the tinder-box of Europe, it would be Germany's doing what she has done. There is unmistakable anxiety in this part of the world, not over Germany's action but over the actions of which this may be the parent. The papers are full of Turkey's claim to be allowed to refortify the Straits. But that the straits are to all intents and purposes refortified already is an open secret. The guns are ready and the emplacements for them. More important are the sudden moves which panic may bring about. Intentions in this part of the world are doubtless not offensive. I happen to enjoy the friendship of the present Director of the Bulgarian

Foreign

Foreign Office who was long Minister here, and I believe him when he says that his country does not want to make war on its neighbors. But war, of course, does not come out of the blue. It is rather the result of what we used to call in school a parallelogram of forces. In the Balkans these forces come from outside too often for the Balkan peoples to foresee their own fate from any distance ahead.

You may have noticed in the papers a good deal of to-do about a restoration of the Monarchy here. Such a thing is certainly on the cards, but there is no agitation for it in Greece comparable to what the foreign press makes out. There is a small group of Royalists which wants a restoration for the personal benefits to be derived by its members. There is, supporting this, the Greek fondness for change. But in general there is apathy. With the Opposition leaders only just released from jail, royalist votes may win a majority in the coming elections. Or the King may come back by a coup d'etat. But in any case a restoration would not be significant except locally, unless perhaps England should lend the Duke of Kent. She is hardly likely to do this, however, on account of the ensuing responsibility and its effect on her foreign policy in general. Almost certainly if Royalty returns it will do no good to Greece. Its supporters call monarchy a "stable form of government," but the lot of the Greek Kings has always been a stormy one.

American commercial interests have not been doing too badly here. Figures show that our exports to Greece for the first two months of 1935 increased about 30% over those for the same period last year. But Greek exports to the United States increased some hundred per cent in the same period. The balance of trade, already against us, is piling up. Germany's commercial policy, being more rigorous and almost coercive, has established her as top dog in Greek imports, in the position we used to occupy. I keep urging the Department to bring Greece to book under our new policy and write her up a new trade agreement more in keeping with present conditions than the present one of 1924. And I have been rewarded by a telegram promising that I am to be instructed in this matter soon.

I have written enough for the present, and can only feebly hope you will have time and patience to read it all. We hope to take a vacation at home this summer, sailing June 14th, bringing little Eleanor along with us. I shall go to Washington immediately on my arrival to talk with those who give me my orders. Maybe I shall have the luck to see you. At any rate, I am always

Yours devotedly,

Lincoln MacVeagh

The President,
The White House,
Washington, D. C.

The Hon. Lincoln MacVeagh,

#54

Athens, Greece.

54 file

The President,

Personal

The White House,

Washington, D. C.

Personal and
Confidential

9410

BF Greece

Hyde Park, N. Y.,
November 2, 1935.

Dear Lincoln:-

It is good to get your interesting letter of October fifteenth. You are very clearly in one of the most interesting spots in Europe just now. Cannon to right of you, cannon to left of you, and apparently quite a lot of potential cannon right next door in Athens!

Things move so fast that no one can tell what will be the story a month from now. Meanwhile, as you know, we are really keeping our skirts pretty clear of any involvements.

Always sincerely,

Honorable Lincoln MacVeagh,
American Legation,
Athens,
Greece.

PSF Greece

[Handwritten notes in the top right corner, including "M:", "no - 2/200", and other illegible scribbles.]

Personal

Athens, October 15, 1935.

Dear Franklin:-

Having in mind your admonition to write to you, I am going to send a few words in the present pouch, since a good deal has been going on around here since I saw you in Washington.

The Anglo-Italian situation continues loaded with dynamite in this part of the world, while war vessels of both navies prowl around fully equipped for any emergency. The British Minister here, who recently returned from London, tells me he thinks the danger of conflict is less than it was a while ago, but with so many people carrying weapons and nervously wrought up, we can never exclude the possibility of an "incident." The Greeks are acutely conscious of their exposed position, and the temptation which their many excellent harbors would be to both belligerents in time of war. The Italians have already anchored repeatedly in these

harbors

harbors without asking the Greek Government's permission beforehand - a high-handed policy which they seem now to have abandoned under Greek protest, but which has inflamed the Greek press against them, and increased the normal dislike here, and distrust of Fascist Italy. Consequently Greece may be said to be, at the present moment, not pro-British certainly, but less disposed to criticize England than Italy in the situation which has arisen between them. She is desperately anxious to preserve her neutrality, and quite baffled as to how she is going to be able to do it, if war comes. The Turks seem to be very much in the same quandary. The Turkish Minister here came to see me the other day and bewailed the difficulty of his country's situation.

England has a great fleet, but Italy has converted the Islands of the Dodecanese into a powerful base only a few miles from the Turkish Coast. It did not seem to console him to think that Italy is already using up a lot of money and men in Abyssinia. Incidentally, the British out here have quite frankly given Malta up for lost should hostilities break out with Mussolini. On account of the airplane and the submarine, there is a general feeling that Italian lines of communication will be preserved to a greater degree than British, at least at the outset, so that if any of the Near Eastern States join

join England at the start of an Anglo-Italian war they will risk receiving paralyzing damage before they can make their assistance felt to any great degree. Consequently we should expect them to do their best to remain neutral, at least till some decisive actions had been fought, or until time had made it possible to make a good guess as to the ultimate victor.

The Greeks are, characteristically, much excited over their own internal affairs, despite the World situation. The question of the restoration of the monarchy became a burning one when the small group which has been agitating for the King's recall for some time with little success secured the adherence of the Minister of War, during the summer. Last month these people, mostly in Athens Society and in the Army, forced the moderate and reluctant Premier to embrace their cause also. A few days ago, because his support seemed too lukewarm, and in order to make the recall of the King a certainty, they overthrew the Government and set up a Regency under the Minister of War. The Royalist Constitution of 1911 is again in force, and a plebiscite will be held November 3rd, the result of which is almost a foregone conclusion. The best observers here maintain, however, that the country is predominantly Republican. Contrary to popular

report

report it seems that the British are not favoring the Restoration. The British Minister told me that he is advising the Foreign Office that the return of the King would be a "calamity." He also said he had talked with the King of England about the matter and that the King said he was trying to persuade George of Greece not to be foolish and get himself into difficulties. Meanwhile, the Republicans, though suppressed, are many of them in an ugly mood.

Affectionately as always,

Lincoln MacVeagh

The President,
The White House,
Washington, D. C.

Greece

December 20, 1935.

Dear Lincoln:-

Your letter is a joy. I incline to the belief that things can happen under the Democratic or the Parliamentary forms of government which could not possibly have occurred in the days of unlimited monarchies or in the days of the feudal barons. The difficulty with all of it is that usurpation under the color and form of law seems to be increasing by leaps and bounds. The future picture is neither clear nor rosy.

Our British friends have come a sad cropper in the Hoare-Laval proposal. At this writing it looks to me like a sharpening of the tension between England and Italy.

What is your thought about the future of Greece, in the event that Mussolini should succeed in his Ethiopian venture? Would he, a few years from now, seek to do the same thing to Greece?

I wish I could run over and see you.

As ever yours,

Honorable Lincoln MacVeagh,
American Legation,
Athens,
Greece.

PSF Greece

Lincoln MacVigley

Athens, Greece,

Thanksgiving Day, 1935.

Dear Franklin;

Thank you for your note of November 2nd. It is very cheering to be remembered by you in the midst of all your many duties, and very encouraging too, as you must realize, though how you manage to keep in touch with us all, I can't imagine.

The Restoration in Greece seems to have occupied some space in the papers at home, but the real facts about it can hardly be appreciated without a knowledge of the way the Greeks take politics, and this is somewhat different from our way, to say the least. In Greece, politics is a game which is followed by the whole people as our people follow the races, baseball, or the stock market, or all three combined, and is subject to peculiar rules which everybody recognizes. Governments rise or fall by the ballot, but whenever the minority feels hopelessly up against it, it is

considered

considered all right for it to turn the majority out by a coup d'État, if it can manage to do so. And of course the game is played with the Army as the chief piece on the board. You can't keep a Greek from thinking, talking, and almost eating politics, and as the Army is naturally made up of Greeks, it is full of embryo politicians, ever ready to aid in some clever stroke.

Furthermore, one has to understand that this country has been split for years into two camps, about equally divided; the Royalists, including the peasants of Old Greece and the old patrician families, and the Veniselists, including most of the intelligentsia and the refugees. When the Veniselists were out-voted some twelve years ago, they staged a "revolution." You will find in Mr. Morganthau's book, "I WAS SENT TO ATHENS," an account of how Mr. Papanastasiou told him that he and his friends were about to make such a move. "Why?", said Mr. Morganthau, a good American, "Cant you get what you want by peaceful means?" "Oh, but the majority won't let us," explained the Greek, "and as we know best what the country needs, we must naturally make a revolution." This is a good example of Greek political thought.

Recently, the Veniselists were out again, and the Royalists in. As the Royalists only had the barest of

majorities

majorities, they had promised not to recall the King. But except for that, they ran the country as they wished for several years. So the Veniselists tried a coup d'État last Spring. It failed, and the Royalists not only gained in prestige, but some of them, the Extremists of the Party, claimed that they were absolved from their promise not to recall King George. The Moderate members of the Party, however, felt the time was not ripe for a Restoration. Elections were held, from which all the Veniselists abstained, and the Moderate Royalists won by a huge majority. This was the state of affairs when I saw you last summer. The Moderates, led by their Premier, Mr. Tsaldaris, were then promising the Extremists that they would hold a plebiscite on the question of the Restoration, but, being confirmed in their "moderation" by their overwhelming vote, were gradually killing the issue with repeated postponements.

Then came the action which started the King on the road back to his throne. By hook or by crook - it makes little difference which - the Extremists won over to their side the Minister of War, General Condylis, who had once been a Veniselist, and later joined Mr. Tsaldaris. He

controlled

controlled the Army. First he forced his chief, the Premier, to give up his policy of postponement, and then rushed things even faster by taking charge of the Government himself by means of a coup d'État. This he sugared over with a show of legality, but the coating was transparently thin, for the Assembly which voted him Regent and reestablished the Monarchy was not only intimidated by the military, but was not even representative, having been formed in the last elections, from which the Veniselists totally abstained.

The King thus owes his throne today to a minority of a party which itself numbers only about 50% of the voters. But this minority had secured the support of the dominant elements in the Army, and had settled itself securely in control, with the Opposition press muzzled and the Opposition leaders arrested, before any reaction could gather headway. The people accordingly accepted the revolution as a fait accompli, and now await the next move of a similar kind with the usual pleasurable anticipation and endless palaver.

To make the whole business look better, and "to fool the foreigners," as one Greek expressed it, the promised plebiscite was duly held, though the Monarchy had already been proclaimed. This plebiscite was the most barefaced

of bogus affairs. The Opposition was not given a chance to electioneer, and indeed largely abstained from the voting, as a protest, while the "ins" voted three, ten, twenty, and even as high as seventy times per man! The resulting percentage was 97.88 for the Monarchy, with a total Monarchist vote higher by 400,000 than the total vote cast by all parties combined in any previous election in Greece.

So the King comes back, called, as his Message says, by the "Unanimous Vote of his People." He faces the opposition of half the country, and dissensions among his own supporters, each of whom wants to control him. His road indeed is a difficult one, and apparently he is not a brilliant man. Furthermore, he is not a Greek and is likely to find it hard to keep pace with the political agility of his subjects. No one knows why he came back, but it is presumed that he and his family are heavily in debt to a number of rich supporters here, as well as to many people in Europe, including related Royalty. The British Minister told me on the very day of the coup d'État, that he thought the return of the King would be "a calamity," and that he had so advised London; and he said the King

of England was doing his best to persuade George II not to accept an invitation to come back. But now he has come, and of course the British will try to make what they can of the situation. In fact, the British Minister has actually been instructed to advise the King, "without," however, "becoming involved in the internal affairs of Greece." Sir Sydney told me this himself, and added that he was accepting the instruction as a "sporting proposition."

Most interesting of all, the difficulties into which the King has walked have given Mr. Veniselos his opportunity to participate in affairs once more, exiled and condemned to death as he is. He has proposed to the King that he amnesty all those convicted of complicity in the unsuccessful Veniselist revolt of last Spring, and hold new and genuine elections. In return, Mr. Veniselos has promised to advise his followers to "lay off" the King for the time being, and it looks very much as if the old Cretan had called the turn, with the Royalists divided amongst themselves and the Opposition growing more conscious of its strength every day. The King's best chance would seem to be compromise, in spite of the ob-
jections

objections of General Condylis, and the die-hard Royalists who hate Veniselos worse than the Devil. On the very day of the King's triumphal return to Athens, there was as much space devoted to Mr. Veniselos in the Athenian press as to the King himself!

From the international angle, the Restoration discloses some interesting vistas. Undoubtedly, the British originally shied away from the responsibilities involved in having Greece ruled by one so close to their own Royal family, particularly as his rule may not be any too secure, or perhaps even very lasting. Yet, since the thing has happened, they cannot remain blind to its advantages from their point of view, and they may be expected to use these, while they shun the responsibilities as far as possible. They are, as you know, great realists and opportunists, as their handling of the Italian situation proves once more, if proof were necessary. Mussolini may have been a real threat to their power in the Mediterranean, but that threat grows less every day while he exhausts his strength in Abyssinia and fifty nations fight the good fight with economic and financial sanctions. Thus England seems on the way to defeating Italy without a shot fired, though let us hope she leaves the way open to a final compromise before

before the Italian people are driven to the wall in desperation. But England has been roused by Mussolini's challenge more than by anything else since the Great War as our astute German Minister here emphasized to me on the other day. The British situation in Egypt is also none too happy. We may therefore be sure that the opportunities opened up by the insistence of the King of Greece to return to his country are viewed in London in some connection with the problem of making the road to Iraq more secure.

This letter has been written on Thanksgiving Day, at about 1 a.m. to be exact, for things are changing hourly here at present, and important political conferences have been going on all evening. I have read your Thanksgiving Proclamation with interest. We have many things to be thankful for here, as well as at home, and one of them is that violence is usually rather an accident than a proper part of Greek revolutions, while the country and the people remain perfectly delightful and endlessly interesting.

Affectionately yours,

Lincoln MacVeagh

The President,

The White House,

Washington, D.C.

ASSISTANT SECRETARY OF STATE
WASHINGTON

*file
"personal"
PSE
Suece*

December 26, 1935.

Dear Mr. President:

After you telephoned me the other day there was an inquiry made of Minister MacVeagh, a reply to which is hereto attached.

That there are to be no coronation ceremonies is probably fortunate, in view of the fact that Mr. Morgenthau in his book published in 1929 entitled "I was sent to Athens" bore down rather heavily on King George as indicated by the extracts herewith enclosed.

Yours very sincerely,

Enclosures:
As stated.

R. Wallace Brown

The President,
The White House.

LMS
A portion of this telegram
must be closely paraphrased
before being communicated to
anyone. (A)

Athens

Dated December 26, 1935

Rec'd 3:05 p. m.

Secretary of State,
Washington.

RUSH.

185, December 26, 6 p. m.

(GRAY) Department's 82, December 24, 1 p. m.

There has been no official pronouncement on the
subject. Discreet inquiries confirm my own under-
standing that there is no (repeat no) intention (END
GRAY) to hold coronation ceremonies.

CSB

MAGVEACH.

*From
"I was sent to Athens"*

(Pages 119-120) "I found the King to be a pleasant, but by no means imposing, young gentleman. With his military uniform and his small mustache, he looked like an average, well-groomed, rather youthful army colonel. His pleasant smile and unaffected good manners were most attractive. He quickly showed, however, that he was not of kingly mold. The self-confidence of inward power was wholly lacking. Beneath his efforts at self-possession it was easy to perceive that he was a man of uncertain mind and possessed by fear."

(Page 121) "Four days later I had my first meeting with the real rulers of Greece. These were Colonels Plastiras and Gonatos. Colonel Plastiras had led the revolution that deposed Constantine after the Smyrna disaster. With only the title of Chief of the Provisional Government, he (with his associates) was governing Greece until political conditions should evolve a civil government equal to the task. Colonel Gonatos was his Minister of Foreign Affairs. I was their guest at dinner and we had a long, frank talk about the political and economic situation in Greece.

"These were men of a different mold. Plastiras, especially, was a man of native force and power. Instantly upon meeting him I was conscious of a strong personality unencumbered by pretense. His manner was simple, direct, and sympathetic. His actions had already proved his sincerity and patriotism, although he had seized and firmly held the supreme power. He had assumed none of the ostentation of a ruler, and had not even increased his military rank from the simple colonelcy that he had already achieved in the army. His conversation with me showed me that his entire concern was for the welfare of his country."

(Page 123) "A week later I had another and longer conversation with King George. This time Mrs. Morgenthau and I were the guests of the King and Queen at luncheon. Even more clearly than before it was evident that the King was no statesman. Colonel Plastiras had taken the broadest view of the welfare of the country. The King's thoughts were altogether of himself and his dynasty. Instead of praising the men who were trying to stabilize distracted Greece, the King could only complain and criticize. He declared that Plastiras's government was using the situation to popularize itself as against royalty -- whereas the fact, of course, was that Plastiras was trying

to retrieve a disaster caused by the incompetence of royalty."

(Page 124) "The conversation of both the King and Queen impressed me as showing that they had not the slightest appreciation of the right of the Greek people to rule themselves. They evidently regarded themselves as divinely anointed rulers. They wished their subjects to look up to royalty for leadership without taking thought for themselves. What a strange delusion to cherish in the Twentieth Century! And how absurd in democratic Greece, of all places in the world!

"I told the King that he ought to visit the settlements to show his sympathy with the refugees, citing the action of the King of Italy, who rushed to Messina after the great earthquake. The King said that the Minister of Public Assistance had never invited them to visit the settlements. To this I rejoined, 'Then I, as the one responsible for the refugees, invite you now.' He replied that he was afraid that the Royalist Party would criticize him if he did so. Why they should do so I could not imagine, but King George's attitude was part of his mistaken policy, according to which he acted not as the disinterested head of the state, symbolizing the whole nation in his person, but rather as the leader of one political group within the state."

(The First)
(Pages 163-164) "The greatly beloved George I, had wisely limited himself to his functions as impartial head of the state, and consequently he had been a constant force for healing the internecine quarrels of the politicians and preserving the essential unity of the people. But his son, Constantine, had descended from this lofty position to become the active leader of a political party (the Royalist Party), in opposition to the greatest statesman that Greece has produced in modern times -- for whatever the tactical errors of which Mr. Venizelos has sometimes been guilty, his title to that eminent place in history is secure. This fatal precedent of Constantine's was inherited, whether he wished it or not, by George II, since the Royalist Party founded by his father continued to operate in the young King's name, for purely political purposes. The Greeks did well, therefore, to remove this whole subject of royalism from their national life."

PSF: Greece

Greece

file
personal

PERSONAL

Athens, February 29, 1936.

Dear Franklin;

I was much cheered by hearing from you in answer to my letter of last Thanksgiving Day, and I have only been waiting to continue my story of Greece until there should be a turn in affairs to give me a starting point. But the road has been long and still no turning is in sight, so I shall write you, anyhow, about the impasse into which the Greek internal situation has fallen, and which is in itself perhaps as remarkable as one of the local revolutions, if not more so. And I will add some words about the foreign situation, and about the Greek debt to us.

You will remember that the King came back on the strength of a revolution supported by a bogus plebiscite. The British, whom he most admires (he told me himself that "We need more Anglo-Saxon ideas in this country") are undoubtedly, as I wrote you, taking advantage of his being here for what it may

be

PSF Greece

be worth. But it can't be said to be worth much as yet. For in spite of newspaper correspondents, who see the restoration, à la E. Phillips Oppenheim, as a move in the British-Italian chess game, it was really, as I wrote you, a development of local politics, with its roots deep in the soil of recent Greek history, and only incidentally connected with foreign affairs. And it is because of the character of its local origin that it has been teetering on the verge between success and failure for months.

Whatever may have been the motives which led the King to accept the call of the plebiscite, the nature of which he probably understood then and certainly understands now, he has shown himself to be a serious-minded and genuine person determined to do his best as Monarch of the entire country and not simply of one party. He showed his attitude in this regard immediately on his return to Athens, when he insisted on amnesty and pardon for all persons, civil and military, who had been condemned for participation in the Veniselist revolt of last March. At the same time he himself has not gone over to the Veniselists, as his enemies say. He has criticized Mr. Veniselos to me personally, and his aides have gone

gone even further, so that I know where he stands. He is trying to be a non-partisan Greek. And it is precisely for this reason, which does him honor, that he has so far failed to achieve that prestige with the country which, among other things, would make him an asset rather than a liability to interested foreign friends. There is still a good likelihood that he will remain here. It would probably mean the ruin of any political leader to be implicated just now in a move to get rid of him. But I have yet to find a politician who will say he is satisfied with his attitude, and all the party chiefs without exception have openly ignored his personal appeal to their patriotism to bury the hatchet and get together. His program of uniting the Veniselist and anti-Veniselist factions and ruling over a pacified people has shown no signs to date of even beginning to work.

As soon as he was settled on his throne he dismissed General Condylis, and others who had helped to effect his restoration, and who desired to run him in their own interests, and set up a temporary government of non-political personages, headed by a university professor. With this body of men in power he then proceeded to hold honest elections in the hope that the example set by him and Mr. Veniselos in composing their

their differences would appeal to the people and be reflected at the polls. Honest elections were indeed held, but the result was far from what the King anticipated. The proportion of Veniselist and anti-Veniselist votes was almost exactly what it was three years ago, approximately 50-50. All that had happened in the interval, including two armed revolts, with their aftermath of courts-martial, one bloodless revolution, and a restoration, - not counting the reconciliation of King and Cretan, - had changed the opinions of hardly a single Greek! One ray of hope, however, seemed to exist in the fact that while the Veniselist front was strongly united about the nucleus of one party, the Liberal, which obtained a large plurality of seats in the Assembly, the anti-Veniselists were broken into several groups along apparently irreconcilable party lines. It was therefore thought that the King might call on the Liberal leader to form a coalition government. The adhesion of only one of the anti-Veniselist groups was, in fact, all that was necessary to that end. But the danger of control by the hated Veniselists promptly drew the anti-Veniselist factions together, and over a month of parleying has done no more than emphasize the essential antagonism

future consequences of past actions. There is hardly a

existing

politics.

existing between the two fronts. Now, the not very hopeful expedient of convoking the Assembly and letting it thrash the matter out itself seems about to be tried. If, as is likely, the deputies reach the same impasse as exists at present between the party leaders, then it would seem we must go on with a government such as the existing one, which is at best a temporary make-shift, and satisfactory to nobody in a country where politics is one and the same thing with government.

Such is the situation. Naturally, the root of the whole trouble lies in fear. A coalition government might be possible if only a government did not necessarily control the army, navy and police! Neither side dares trust the other, even in a sworn cabinet, with these important portfolios - and particularly, it seems, with the portfolio of the Interior. For it is this last which has jurisdiction not only over the police and the gendarmarie, but over the election machinery of the country as well, and matters being what they are, new general elections are already being mooted. The fear, of course, concerns the future consequences of past actions. There is hardly a

politician

politician in Greece who has not been exiled or condemned to death, or had friends and relatives executed at the instigation of rivals, or has not done these things to others. And the same thing is true of all the higher officers of the Army and Navy. Such people do not imagine that just because the King, presumably in his own interests, has made it up with Veniselos, their own political enemies will follow suit and forgive past injuries. "Do not trust the false promises of the Veniselists!" cried Mr. Tsaldaris, the most moderate of the Antis, publicly in the last campaign. And so it goes.

As a result of this situation, and of the King's attitude, the erstwhile extreme Royalists are now the Crown's most bitter critics. Before his sudden death, which mercifully relieved the country of its greatest potential trouble-maker, General Condylis publicly exclaimed that the King should be King of all the Greeks and not only of the Veniselists. On the other hand, Mr. Cafandaris, the veteran Republican ex-Premier and Minister of Finance, complained to me only the other night that the King was not acting properly. He was, so Mr. Cafandaris said, not taking a firm enough stand in opposing the absurd pretensions of the anti-Veniselists. When I said I supposed the King wished to stay apart and above party

considerations

considerations, he remarked: "But he must take a stand some-where!" And this, I think, shows where the present situation is really critical for the King. Willy-nilly, and by hook or by crook, the Greeks are trying to make a party man of him, and if they succeed in spite of his intentions, they will cook his goose for years in a repetition of King Constantine's fiasco. He is fighting his battle now to avoid such a fate, and the battle is not going very well.

From the point of view of foreign affairs, Greece has been acting normally - though I would not imply by this that her troubled internal state is abnormal; far from it! Like all the little nations of the Near East and the Balkans, she sets great store by the League of Nations, which has helped her compose her difficulties with her neighbors time and again. In her view, she has simply got to stand by the League, and for that reason she subscribed to the sanctions against Italy, though she has hurt her trade thereby and has as yet received no compensation. For the same reason she answered England affirmatively when asked if she would live up to her military obligations under the Covenant if Italy attacked England as a result of the Sanctions. It is supposed that she has conferred with England as to what support she might render in such an eventuality. Indeed, the British Minister confidentially explained the recent visit of British destroyers here by saying

saying that he had requested it for the purpose of exploring the possibilities of naval cooperation. But there seems to be no grounds for the story that some dicker has been made between the two nations - such as the cession of Cyprus in exchange for the use of Greece's western harbors. The British Minister has denied this to me, and besides there is no necessity for such action on England's part. The Greeks are strongly anti-Italian on the Abyssinian question, and do not forget what the Great War taught them in regard to their dependence on the power which controls the seas.

The recent revival in France of the policy, so actively pursued under Barthou, of encircling Germany with pacts, is causing some interest here, on account of the visit of King Carol to Yugoslavia after his conversations in Paris. It is felt that there may be a move on foot to get Bulgaria to join the Balkan Entente, two members of which, Rumania and Yugoslavia, are also members of the Petite Entente. Inasmuch as Bulgaria is suspected of still cherishing territorial designs, at the expense of Greece, by way of an outlet to the Aegean, Greek public opinion is somewhat restively awaiting clarification of this diplomatic activity. The German threat to the peace of Europe is so great in connection with the

already

already critical Anglo-Italian situation that it is felt France may turn on considerable pressure to make her protective encirclement as complete as possible.

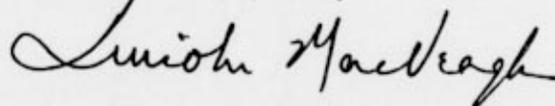
I was pleased and amused when the Greeks came forward the other day with another payment on account of interest on our Refugee Loan ~~of~~ 1929, which they persist in calling a War Loan. They insist that 35% of the interest is all they can pay on any of their foreign debt just now, and there may be some merit in the claim. The question is by no means clear. Certainly it would be political suicide for any government here to pay much more. What really counts in the circumstances is the continued recognition of at least one of their obligations. But I was amused because of the kudos they have received. Apparently they figured correctly that most people would misunderstand the payment as being on account of war debts, on which Greece is actually in default, and thus she would share in some of the glory that has gone to Finland. Representative Shanley, of my State of Connecticut, waxed truly rhapsodical on the floor of the House in his eulogy of Solon, Pericles, Aristotle, Plato and Socrates. And it wasn't so long ago that we were lambasting the Greeks over the Insull affair!

They

They certainly have a kind of small cleverness which it is hard to beat. But in doing what I believe to be the best they can to keep some shreds of credit, they show an appreciation of their situation which is gratifying. Hundreds of years of oppression have made them, as a people, prone to take quick profits at the expense of credit, and I am always trying to make them see that this is bad business, particularly in international relations with a great friendly country whose past benefits to Greece are as nothing to what the future may hold if they will play the game right.

With all best wishes for your health and success at all times, I am

Affectionately yours,

A handwritten signature in cursive script, appearing to read "Linn B. Hoadley".

The President,
The White House,
Washington, D. C.

PSF: Greece

Greece

Hyde Park, N. Y.
May 23, 1936.

Dear Lincoln:-

Thank you very much for yours of April thirtieth. Since then matters in Athens and the Balkans seem a little less tranquil. Therefore, it seems to me that you should not return until and unless the situation quiets down. I do not want to have all the Ministers and Ambassadors here at one time, especially if anything were to blow up at that particular moment. However, use your own good discretion.

I think you can help in various places in the campaign through your own excellent contacts. Things seem to be in fairly good shape.

As ever yours,

Honorable Lincoln MacVeagh,
American Legation,
Athens,
Greece.

PSIF Greece

Washington, April 30, 1936.

Dear Franklin;

I see that the clans are gathering and from what Smouch says in a recent letter I hope very soon to hear whether you want me to come home and when. If you think I can be of any help to you, I shall certainly do my best, and am in fact ready to go at the drop of the hat.

Since I last wrote, things have moved along here at a merry rate. You will remember that I described to you the difficulties besetting the King in his attempt to unite the country under his leadership as a constitutional monarchy. Shortly after I wrote, a group of the highest officers in the army, navy and aviation, fearing that a continuation of the King's conciliatory policy would result in reintegration in the army forces of the seditious officers whom they themselves exiled or condemned to death last year, called on the King, and demanded a dictatorship. The sequel shows pretty well the King's calibre. He had no time to ask advice of those who are supposed to be his mentors, such as the British Minister.

He

He replied at once: "Who will be the Dictator? "You will be," they said, "if you will stand with us."

You may remember what I said in my last letter about the King's greatest difficulty being to remain non-partisan. Here he was faced with it in an acute form.

"Let me think over your proposition, Gentlemen," he said. "Give me twenty-four hours." They agreed and withdrew. Whereupon the King immediately seized the telephone and called up Professor Demertzis, the Premier, and ordered him to secure at once the resignation of General Papagos, the Minister of War, and General Platis, the Under-Minister. The truth was that both these men really belonged to the Condylis faction of die-hard anti-Veniselists (which the King had turned out at the time of his restoration) but had played a double game, pretending to be the King's men while preparing the way to force him to be their partisan. It was this fact to which the King now suddenly woke up, and they and their bold officers found themselves figuratively in the street. "Send General Metaxas to me," went on the King, and in a jiffy Greece had a new Minister of War and Vice President of the Council; and very shortly thereafter this man became Minister of Marine, and temporary Minister of Aviation, as well.

One might describe the above as a coup d'état with a reverse english on it. The ball was struck but went the other

way.

way. General Metaxas was formerly King Constantine's Chief of Staff. Latterly he has been only one of the smaller political figures in Greece, eclipsed first by Veniselos and then by Tsaldaris. He has a following of only six deputies in the Chamber. But when the King, in order to come back, made it up with the exiled but powerful Veniselos, Metaxas alone among the old Royalists jumped with him. He has proved himself indeed the King's man and has reaped his reward. He is a good soldier and a disciplinarian, and seems now to have the army in his fist. His assumption of the War and other Ministries greatly strengthened the King's non-partisan government. And when Professor Demertzis died suddenly on Easter Monday, General Metaxas took over the Premiership and the Ministry for Foreign Affairs as good measure - and running over!

At that time, the King's plan was to have his non-partisan government receive a vote of confidence from the Chamber, which would thereafter adjourn till the fall. The inability of the various party-leaders either to form a one-party government or a coalition made this program advisable if not, indeed, inevitable, while the death of Mr. Veniselos seemed to herald considerable political changes, the extent of which cannot be immediately foretold. General Metaxas took over this program, and while he has received rather a vote of tolerance than of confidence, - owing to the fact that he is himself a politician and therefore hardly to be called "non-partisan, - he

may

may, according to present indications, run Greece until the first of October, when new elections will be in order. Of course, the Chamber may try to tie some strings to his power before it finally adjourns, but if it gets too rambunctious the King may dissolve it altogether.

In the realm of foreign affairs, Greece is still, so far as Italy is concerned, in England's boat. The King has actually admitted as much to a friend of mine, but the fact is evident and inevitable as long as England controls the sea. Germany's action in flouting the treaties of Locarno and Versailles, has, on the other hand, complicated the general situation immensely. It has caused Turkey to ask permission to refortify the Dardanelles, aroused revisionist ambitions in Bulgaria, and brought sharply to the fore again, in Greek foreign policy, the question of the Balkan Pact.

As you will remember, that pact, signed by Rumania, Turkey, Yugoslavia and Greece, guarantees the status quo of Balkan boundaries. It was conceived originally as an extension of Titulesco's francophile policy and aimed to isolate Bulgaria. On account, however, of the possibility of Italian aid to Bulgaria should the latter attempt to break her bonds, a secret military protocol seems to have been attached to the pact, according to article 3 of which the signatory powers

are bound to make war on a non-Balkan power should such a power aid a Balkan power in an attempt to change the boundaries guaranteed.

The existence of this secret protocol, which seems to have been signed in Geneva in June, 1934, has long been regarded among us foreigners as an open secret, and recently the Greek Government in official communiqués has actually referred to it and to article 3 (though the Turkish Minister here looked me in the eye and said he couldn't imagine what was meant!). There are soi-disant copies of it in our files here and in Washington. It seems to have been this protocol, rather than the Pact itself, which led Veniselos, who dreaded anything tending to embroil Greece with Italy, to launch a terrific attack on the ratification of the Pact by Greece two years ago, forcing the Foreign Minister, Mr. Maximos, to make a declaration before the Chamber to the effect that nothing in the Pact obligated Greece to make war on a non-Balkan State. And it was only on the strength of that declaration that the Government secured ratification.

Recently, only a short time before he died, Mr. Veniselos returned to the question and charged, what has not been denied by the Government, not only that Mr. Maximos signed a document (the secret protocol) at Geneva in contravention of his statement before the Chamber, but that he made no written reservations in keeping with that statement, and that therefore Greece stands
committed

committed under certain conditions to fight a non-Balkan power under the provisions of the Balkan Pact. Mr. Maximos replied, rather weakly, that he made "verbal reservations" as to article 3 and so reported by telegram to his Government. But no copy of his telegram exists in the government's files, the Veniselist press has branded him as a traitor, and altogether there has been a sweet to-do! A secret meeting of the Government and the Party-leaders has now resulted in the publication of a statement that all is well, and that Greece stands by the Pact and is not committed in the sense indicated by paragraph 3 (which is often referred to but never quoted!) and the upshot is that Greece's allies are puzzled as to how one can sign and not sign at the same time, and Mr. Metaxas, the present Premier, is going to attend the meeting of the representatives of the Balkan Entente at Belgrade next week and try to explain his country's position - if he can!

The situation is indeed ticklish for Greece. To have the Balkan Pact dissolve away would be a calamity for her, vulnerable as she is not only by sea but along her northern border. Yet she cannot support a policy which may lead her to cross swords with Italy, if she has only Balkan States to back her. Thus in the face of renewed Bulgarian hopes of eventually reaching the Aegean, which have been stirred up

by

by what is going on in Central Europe, she is trying to have her cake and eat it too, to enjoy the secure possession of Greek Macedonia and Thrace by the help of allies whom she herself is not willing to support wholeheartedly.

All this might conceivably be called a tempest in a teapot. But the Balkan Entente is, as you know, tied in with the Little Entente by the participation of Yugoslavia and Rumania, and the above represents the progress of one of those cross-currents which seem threatening the whole structure of French-inspired regional pacts encircling the danger zone of German ambitions. That the current sets from the direction of Italy may be a sign of the times. Perhaps Greece should be forgiven if her foreign policy seems a bit erratic just now. As I wrote before, it is necessarily anchored to England on the one hand and the status quo on the other, and one if not both of these rocks would appear to have come somewhat unstuck. One remembers the wobbliness, and importance, of Greek foreign policy in the first years of the World War.

The Greco-Turkish treaty of friendship does not at present show the same shakiness as the Balkan Pact. As peoples, the Greeks and Turks don't love each other. They could hardly be expected to. But economically the two countries are rather complementary than otherwise, Turkey being more of a producer and Greece controlling the carrying trade. Also both countries fear Italy and Bulgaria. Consequently when Turkey the other day, in gentlemanly fashion (compared with Germany) asked permission to
refortify

refortify the Straits, the Greek Government immediately expressed its sympathy with the Turkish point of view. The general assent to the Turkish proposition is another sign of the times. Turkish feelers in that direction were not similarly encouraged a year ago. Europe seems rapidly reaching a sort of "scrap-of-paper" stage by mutual consent (or necessity?), and allies are being sought on the basis of "what armaments have you got?" rather than "what have you signed?" Observers here feel that Mussolini has bluffed England out on the Abyssinian question and that the next war will at least not start in that quarter. Eyes are rather on Germany and Central and Eastern Europe.

Economically and financially, Greece is in pretty good condition. Too much of her population is concentrated in Athens, and the housing boom is a cause for uneasiness. But in general she is doing well. The Finance Minister is going to London shortly to discuss with the English Committee of the holders of Greek bonds the possibility of increasing the present percentage of payment. His main argument against doing so is likely to be the necessity of increasing the appropriation for national defense. At the same time, the Greeks don't want to be too intransigent, as they undoubtedly wish to work along gradually towards a general reconsideration, and writing down, of their whole foreign debt. Perhaps the most
outstanding

outstanding recent development of their economic and financial situation, however, is the extent to which they have fallen into the hands of the Germans, through the working of the 100% clearing arrangement between the two countries. Germany has for the past year and a half been buying Macedonian tobacco of even the poorest grades (we take the best) at fantastic prices. The Bank of Greece pays the producers in drachmas and gets credit in Berlin in blocked Reichsmarks. This enables Germany to bring pressure on the Greek import trade and flood the country with a lot of poor stuff at high prices, and still, in spite of all Greece can do, the amount of her credits in Germany increases. The Bank of Greece recently tried to take measures to correct the situation, but political pressure from the tobacco regions put a stop to that, and as a result the Government has had to step in and take the responsibility; borrowing the Bank's credits in Berlin and promising to do something to ameliorate the situation when present crops are exhausted!

I have already written too much, and I will spare you other details, such as how the past months of uncertainty have encouraged the Communists, and the great number of strikes which we have had in consequence. In general, we cannot say that the country is badly off, and it plays no
observable

observable part in causing the present troubles, but it is so placed that it reacts in some way or other to nearly every current of unrest in Europe today, and as you know there are a lot of these.

Smouch seems to have seen something of you and Eleanor recently. He writes a good letter about politics, but says nothing about his own activities. I must find out about them when I get home! It seems that little Eleanor has been with you too. We miss her a lot this year.

Affectionately yours,

Lincoln MacVeagh

The President,
The White House,
Washington.

135: Greece

fact up.

Athens, June 13, 1936.

Dear Franklin;

I have received your letter and wish to assure you that I wouldn't think of asking for home leave this year, unless it was your wish that I return. The general European situation does not clear up. Rather it seems to be becoming more complicated, and armaments are growing at an alarming rate. Furthermore, Greece has a lot of local trouble of her own in which our people may at any time be involved, and the Department has taken away my two secretaries, old hands and experts in Near Eastern problems, and given me in exchange only a youngster in his twenties, who is going to be a very good man indeed, I believe, but who at present lacks experience. Professionally, in regard to the job you have given me, and which I try to do my best with, it seems to me therefore that I should stick around subject to your decision as to whether I could be of better use elsewhere.

As

As far as my personal contacts are concerned, these are by this time pretty wide among the scattered half-million or so of the Greek Americans, who have astonished me by the interest they seem to take in who represents our country here. They and I seem to find it easy to think along the same lines, on many subjects, and that goes for thinking along Roosevelt lines. I believe there are few Greek Americans who are not Roosevelt men, or unaware of the fact, which means much to them, that your administration is responsible for conducting Greek-American affairs with sympathy and understanding.

The "non-partisan" government which recently gave way to the "King's own," as we might call it, was naturally a timid one and little action, if any, was taken by it in regard to a multitude of questions, some of them of considerable local importance. The present Premier is accordingly swamped with administration ^{US} arrears. But his policy for the next few months before the general elections is gradually taking shape. It appears that he will stall on the question of the foreign debt, in spite of the claims of the English bondholders that Greece can well afford to pay more than 35% of the interest.

He

He will also, it seems do nothing about the German clearing, which has resulted in Greece's accumulating a dangerously large credit in blocked reichsmarks. But he is actively working to strengthen the country's military defences, and increasing the naval forces, and is continuing the King's conciliatory policy toward the Veniselist revolvers of last year. Preparedness and unity would thus seem to be his watchwords. As he told me himself, his Government, with probably only a short life ahead of it, has to deal with a thoroughly disorganized country and must not try to do too much at once if it wishes to achieve results.

A sign of the disorganization caused by the events of last year has been the number of labor difficulties which the country has had to face these past months. The Greeks are naturally individualists and resist regimentation of any kind. But much misery exists in the industrial centres, and years of governmental indifference capped by many months of governmental weakness have provided Communistic agitators with their chance. Starting with local strikes in particular industries into which the Communists have been boring for some time, trouble finally flamed out in Macedonia last month in the

from of a general strike. There was mob violence and shooting by the police, and a number of "martyrs" were made. I was in Salonika the day the trouble started, and immediately thereafter travelled through the entire region affected. That a strong government was at last in power became evident from the prompt use of the armed forces to quell disturbances. But in conversation with the Prime Minister when I returned to Athens, it did not seem to me that he realized the serious nature of the underlying causes of the trouble. He was inclined to regard the whole thing as political, and due to an alliance between the Liberal Party and the Communists to make difficulties for the Government. His published utterances since that time confirm my impression, since he denies that there exists any danger to the social order in Greece. The lesson of the general strike would seem to be, however, that there is a very real danger of this nature which can only be met effectively by measures to alleviate the wretched condition of the workers in such places as Salonika and Cavalla. The Americans in Macedonia and Thrace are unanimous in taking this point of view and

the British Consul General at Salonika, with whom I talked at length, feels the same way. Since then, there have been further troubles in Volo and Patras, but Salonika, a growing city of over 250,000 inhabitants where many textile and other factory hands receive a mere pittance per day, is the chief danger-spot. There can be no doubt but that the Communists regard it as a promising center. During the general strike the progress of the uprising was commented on in broadcasts from Moscow. Indeed, the place has present possibilities of becoming the Barcelona of Greece, if not also ^{of} the Near East generally, and unless the Greeks develop a constructive social program soon, it will almost surely do so. The Greeks have this advantage, if they will only forget their petty politics for a time, that it takes little to make their people contented, and a modicum of interest in their welfare on the part of their own government can overbalance much in the way of promises of foreign agitators.

On account of its size and its strategic position, the development of Communism in Salonika is a matter of importance not only for Greece. We have a very active and intelligent Consul there, James H. Keeley, whose reports I find

admirable.

admirable. In fact, like his opposite number, George Allen, in Patras, he keeps me informed of everything that goes on, as if he were a member of the Legation staff itself.

In foreign affairs there seem to be some big decisions coming in the near future. The French Minister has just been summoned to Paris and tells me that the new French Foreign Minister plans to see every one of his Chiefs of Mission in Europe personally before he goes to Geneva. The French Minister is confident that the Blum Government will prove definitely Anglophile and Sanctionist. We shall see. Today's press reports that d'Ormesson and Pertinax, two of the best known editorial writers on Foreign Affairs in France, are now emphasizing the dangers of a German-Italian-Polish entente. Of course, we all have long been aware of these, but the emphasis in the French press does seem to be new. Is the French nation as a whole going to wake up at last to the facts, which its General Staff makes no bones about, that the one enemy it has to fear is Germany and that England and France have a common frontier on the Rhine? Meanwhile Greece is much impressed by Mussolini's

de facto

de facto conquest of Abyssinia, and is trying to be very polite indeed to the Italians, while noting almost pathetically every rumor as to the immensity of England's efforts in rearmament. The Greeks fear Italian ruthlessness, which was exhibited in Corfu not so many years ago, and they are familiar with a certain Italian point of view which regards small Mediterranean nations as having no right to exist. She is under the spell of the British Navy, but desperately afraid of the Italian air force, as well she may be. And she knows that Italy's real army is still in Italy, that the Straits of Otranto are held in an Italian vice, that Albania is being rapidly developed in a manner perfectly adapted for service as an Italian bridge-head in the Balkans on the flank of Yugoslavia, that Malta is no longer of any use to the British, who have not yet developed Cyprus and possess a doubtful friend in Egypt, that the Dodecanese Islands are fully equipped to form an Italian base in the Aegean on the flank of Turkey, and that Bulgaria is a possible Italian ally, and militarily stronger than either Greece or Rumania. All these facts would, as you may imagine, make her position intensely difficult in the

case of a European conflict in which Italy and England were on opposite sides. No one here expresses the idea that Mussolini actually intends himself to start such a conflict. But there are grave doubts as to the limits of his imperial ambitions, and a very general fear of some spark, probably in Central Europe, setting off the whole fireworks as soon as Germany is prepared.

Ever yours affectionately,

Lincoln MacVeagh

The President,
The White House,
Washington.

PSF Greece

P.S.

Athens, July 22, 1936.

Dear Franklin;

Smouch writes that you now think it all right for me to go home, and certainly it seems that the Austro-German pact has created a situation in Europe which may take some time to clarify. If there is perhaps more bewilderment, there is certainly less tension. For example, I have just received a letter from a very good friend of mine who is German Minister to Czechoslovakia. He says he is going on leave and speaks of the strain he has been under as done with, at least for the time being.

I have wired Smouch that I am returning. I have a certain amount of normal leave - it will give me a few weeks in America - and aside from seeing you and my mother and my chiefs and colleagues in the Department I shall stir about and renew personally as many of my contacts as I can, particularly among Greek-Americans and people interested in this country in one way or another, to whom I mean something. As

you

you have undoubtedly made a strong appeal to these people, my getting round among them ought to be useful in clinching them. In any case it seems to me worth doing on the principle, as Smouch says, of leaving no stone unturned, ^{and} ~~so~~ I think you think so too.

There have been a few interesting developments over here, which I can tell you about better when I see you. If this letter is to reach you before I do, it must go by open mail, and by air at that.

Always affectionately yours,

Lincoln MacVeagh

The President,
The White House,
Washington, D. C.



file
personal

DSF
Greece

Fabrizio
August 29th
1936

Dear Franklin:-

I am going back to my
job after a considerable swing
around the country. Your peace
talk at Chantigny seems to
have filled the bill to such an
extent that smaller fry aren't
much in demand on that
subject. Neither the Department
nor the Govt. Wing have done a
weary bit, ~~on that subject~~,
though I set myself all prepared.
But, as I thought, the Greek
Americans wanted to see me
and I gave them the opportunity.



ROMA

We had a big crowd in St Paul from all over the country, and my speech was enthusiastically received and will be published in their journals. Got some place talk in with the republics. In Detroit I got together with the leaders of the Greek colony. In Boston I spoke again, and the speech will be distributed to the Greeks throughout New England.

In general our Greeks are sober, serious, independent men, nearly all devoted to you, mostly for the New Deal, and can be counted on, I think to pull at the polls. I hope I have helped to cement their feelings and ideas for the cause.

Appreciating you
Lincoln M. M. C.

file
personal

PSF
Greece

Athens, November 9, 1936.

Dear Franklin:

The result of the elections has caused the greatest rejoicing, not only to me and to those about me here in the Legation, but all over this country. The Greek papers all emphasize the sweeping nature of your victory and the tremendous endorsement given to you personally and to your policies, which they unite in praising. Privately, I have been "congratulated" on all sides, with evident enthusiasm and genuine pleasure. Flowers, letters, telegrams have multiplied with the passing minutes, Greeks as well as Americans joining in an extraordinary and spontaneous chorus. Mr. Maximos, who was the Foreign Minister with whom I fought out the long-drawn Insull affair, called me up before the election to express his warmest sympathy with

The President,
The White House,
Washington, D.C.

with your cause and tell me of his hopes for your success. The British Minister wrote me: "I cannot refrain from saluting you today with my warmest and most heartfelt congratulations on the victory of Mr. Roosevelt. I feel this is a great thing not only for America but for the world." The King, the Dean of the Diplomatic Corps, the head of the Foreign Office (but not yet our local Dictator whom I saw but for a second at the Palace before his trip to Crete, where he now is) have all congratulated me warmly. A friend in England who is a great pro-Greek, writes from London: "It does an outside onlooker like me no end of good to see such a thing happen in this dictator-infested world. I've looked into several papers today, morning and evening, and one and all have acclaimed the Great Man's victory as the victory of common sense, generosity, and freedom. The world badly needed a tonic like this." I like those words -- common sense, generosity and freedom. Adding a touch of romance, there came a telegram from Mycenae, ancient home of the dictatorial Agamemnon, where I have helped to build a Christian church in the tiny modern village. The telegram was signed by Greek peasants. It seems that all over the world, down even to the simplest of those who love themselves best, the King has struck through to the common

common sense, generosity and freedom, there is rejoicing over your victory, and the belief that under your guidance America is the greatest force existing today for peace, stability and progress. It would be an anti-climax to speak of my own feelings after all this, but then they have been caught up and expressed perfectly in the biggest vote of confidence and admiration that anybody ever got. And my feelings for you and your family personally put me a long way ahead of the majority in my happiness.

I have not written you about affairs here since my return because you have been so busy and the European volcano has not been actively erupting in these parts. We feel the shock of Spain in the impulse given to fascist ideas and in the repressive measures taken by the Government. There has been little actual communism in Greece heretofore, but the small royalist group which, with the help of the army, bagged the power last August on the excuse that Greece must be saved from the fate of Spain, is now treating all its critics as if they were reds, and with censorship of the press, castor oil, and imprisonment and exile, seems in a fair way to turn all the liberals in the country into radicals and alienate many of the conservatives besides. The King has thrown in his lot with
the

the dictatorship, and is now backing General Metaxas in all he does, contributing personally the only popularity which the régime enjoys, and that, apparently, a fading one. You will remember that the King came back on the basis of a faked plebiscite but promising to rule as a constitutional monarch. His volte-face has cost him dear. But I believe his early professions were genuine enough and that he only changed his mind through inability to make anything of the wrangling politicians. He came back with English ideas which he couldn't work out, and now has gone frankly fascist, giving free rein to his German nature, which has little use for democracy. It seems to be generally thought here that if and when the Greeks turn Metaxas out the King will have to go too. Meanwhile the Government seems really trying to put some efficiency into the public service. The seamy side is still the under-side of the new mantle Greece is wearing.

King Edward's good-will tour of Dalmatia, Greece, Turkey, and Bulgaria this summer, followed by the usual visit to Athens of England's Mediterranean squadron, has done, it appears, a good deal to restore whatever prestige England may have lost in these parts after her
failure

failure to check Mussolini in Ethiopia. The financial agreement between England, France, and the United States made a strong impression here, and Greece promptly tied her drachma to the pound sterling. But economically she is still in the throes of the German clearing, and we have to fight for everything we get. In this connection, I was awfully glad you saw Mr. Roufos before he left America. As I wrote you, he is no heavyweight, but he has now seen you and is as proud as a peacock, and as he met more of the right people in commerce and banking at home than any Greek before him, and as he effervesces like a siphon of soda water, the gospel of favoring American trade is going to get at least some good publicity, and every little helps. It is heartening to have a real Greek telling the Greeks that they should treat American capital better and improve the standard and quality of their exports.

With all best wishes, and many enthusiastic cheers for you, I am as ever

Affectionately yours,

Lincoln MacVeagh

Greece . . . DSF Greece
File
Personal

Athens, November 16, 1936.

Dear Franklin:

As a little corollary to what I have already written you about this country's interest in the election and pleasure in the result, I send you the following excellent paragraphs from a report by the young Assistant Trade Commissioner of this Legation, George Lewis Jones:

"100 Per Cent for Roosevelt.

"That socially and financially the United States is Greece's 'alter ego' has never been shown more clearly than by the interest of the Greek newspapers in the American presidential elections. Greek liberalism is now held in check by the Dictatorship in force and the newspapers are hard up for material which will pass the censors, but the American elections were considered 'safe' and both before and after the event they carried
long

The President,
The White House,
Washington, D. C.

long articles strongly in favor of the Administration and its 'good neighbor' policy.

"That the elections had an important news value is indicative of the unique position of the United States in Greece. It has been brought about by transatlantic ties of the Greek-Americans, American philanthropy and our payments to war veterans, and as a corollary to these there is a marked popular preference for American products of all kinds. Under free trade conditions American exporters would have a small but very happy hunting ground in Greece."

In this connection, the Economologos Athinon, the leading economic paper here, carries today the following editorial which is pertinent: "The triumphant reelection of President Roosevelt continues to be celebrated in America as a great success not only for the partisans of peace but also for those who appreciate the reelected President's colossal achievement. For whatever may be said of the methods applied by President Roosevelt to bring back prosperity in the great Republic of the Two Oceans, the results of the policy which he has pursued to the end with confidence and sincere courage cannot be changed by the accusations of his enemies, given that these results are more than clear and self-evident. The

convalescence

convalescence of the United States has begun to be realized, slowly but surely. For Greece this economic reconstruction has an importance which is indisputable. Our exports to the Great Republic will increase along with the buying power of the American people, and we have every reason to think that the United States will soon constitute -- when we have settled our commerce with Germany on a reasonable basis -- the most precious market for our products. But from another point of view, too, the economic convalescence of America gives us the most absolute satisfaction, since we see a friendly people, whose affection for us has been tested many times in many ways, restored by a salutary policy to the path which leads, without danger of disastrous shocks, to complete reestablishment."

The same journal comments on your reception of Mr. Roufos, former Foreign Minister of Greece, and says you remarked to him that Greece holds opportunities for American tourism which are but half-realized as yet, "implying that the archeological sites lack the proper and comfortable hotel facilities offered in other countries." The paper then calls this to the attention of the new Minister of Tourism, adding "Mr. Roosevelt's interest in Greece is neither affected nor temporary and he has touched

touched here on a question which is closely related to the development of Greek-American relations."

Does it give you pleasure to see how far your constructive influence extends?

Affectionately yours,

Lincoln MacVeagh

-1 file
private

PSIF
Greece

Athens, February 17, 1937.

Dear Franklin:

What is going on in Spain and in other parts of the world must throw this region pretty much into the shade, but as the political situation in Greece and in the Balkans generally is getting more and more complicated, I will venture another letter. I can only hope you won't find it stale and unprofitable.

Old racial and national jealousies keep the possibility of war always very near the surface in Balkan affairs, but it seems that the question of war never crops above the surface so easily as it does when a new peace pact is signed! The phenomenon has made its appearance several times since I have been over here. This time the cause is the pact of peace and friendship just concluded between Yugoslavia and Bulgaria. This pact is being interpreted here widely (though not, of course, officially) as covering a secret understanding for the
partition

The President,

The White House.

partition of northern Greece. I am informed that even the Premier-Dictator, General Metaxas, has had his moment of panic, and told his Legation at Sofia that if his government had to resign it would be the Legation's fault. Officially the Government has done what it could not help doing. It has accepted the pact at its face value as a good thing in the cause of peace. But at the same time it has announced that the completion of its own rearmament program will be greatly accelerated, and military maneuvers on a large scale are expected in the spring along the northern frontier. German munitions are flooding into the country, incidentally reducing Greece's blocked credits in Berlin, and I have it from Americans in the district who have actually seen the works in progress that great activity is being displayed (supposedly in secret) in the fortification of the Bulgarian frontier. Of course, this latter work has been going on for some time, and rearmament has been part of the present Government's plans from the moment it came to power last August. Also it is by no means beyond the Greeks to re-export a lot of the German equipment they are now getting to Spain. Some airplanes seem actually to have gone through that way already, and the British Intelligence Officer here told one of my secretaries only the other day that he was sure that some such plan

lay

lay behind the recent great increase of Greek armament purchases abroad. Nevertheless, the announcement that Greece would complete her six year rearmament schedule in one year has served as a reply to those who claim the Government was caught napping by the Bulgars and the Yugoslavs. Greece could hardly oppose a peace pact between its neighbors. But if those neighbors plan aggression, this is her answer. As a face-saving maneuver it would seem to be a good one, as well as necessary in view of the nervousness (always in evidence regarding Bulgaria) which gives otherwise partisan criticism its cutting edge.

But what of the reality of the menace? I am told that many people in Bulgaria, as well as in Greece, believe that the peace pact is a blind, and covers an agreement whereby Yugoslavia and Bulgaria are to attack Greece, the one taking Salonika and the other the exit to the Aegean she has so long desired. Greek nervousness and Bulgar truculence are known factors in the creation of "information" of this sort, and can be discounted. But we should be careful not to trust our own ideas too much in judging these people. It may seem to us incredible that any statesman could believe in a localized, and as it were private, Balkan war after the lessons of 1914.

But

But those who direct these nations today fought in, or at least lived through the Balkan Wars of 1912-13, which did not spread to the rest of Europe, and I believe them capable of regarding such a thing as a possibility again, and of starting a new war among themselves if the immediate temptation is great enough and their strength sufficient. Furthermore, Balkan history would seem to justify little faith in the ability of the Balkan Entente to check a sudden access of cupidity on the part of one of its members. Indeed, all those who attribute sinister designs to Yugoslavia, blandly assume that the Balkan pact would be no bar. Finally, if the Great Powers, who all have axes to grind here, are counted on to halt hostilities, we have history again to caution us. One has only to read the story of the Greeks in Asia Minor after the War to see what may come from counting on the Powers with their conflicting interests. And finally, in a part of the world hardly yet freed from brigandage and still in the vendetta stage, private wars seem natural. Much as I should like to think otherwise, I am afraid that another Balkan War is indeed a possibility, particularly so long as Bulgaria and Yugoslavia feel they have something to gain by a change in the status quo. Considerations which we would think deterrent do not appear the same in the light of Balkan

history

history and character.

The question becomes, accordingly, whether an attack on Greece by Yugoslavia and Bulgaria is likely in the near future, rather than whether it is possible. I am inclined to doubt it, but the question opens up some interesting vistas. Balkan statesmanship may be myopic from our point of view, but it sees very clearly what it sees. The regional pacts fostered by the French some years ago to enclose Germany, have failed of their purpose. The ring was never completed, and Germany has tunneled below political lines and become economically dominant even in the Little Entente, not to speak of the less compact Balkan groupment. These things these people see, and though the Council of the Balkan Entente, meeting this week in Athens, may herald unanimity of purpose and identity of view, as heretofore at other meetings, the fact remains that this Entente is not strong. The feeling is abroad that bilateral pacts with one's strongest neighbors are better guarantees than multilateral agreements embracing doubtful factors. The Yugoslav-Bulgarian agreement seems conceived along these more realistic lines. Greece has enjoyed a similar agreement with Turkey, and it is this agreement, based fundamentally on the fact that it suits the Turkish book to

have

have the weakest of the Balkan states (if we except Albania) as her only neighbor in the Aegean, that appears to be the best guarantee against slavie aggression in Macedonia and Thrace. When the abortive Veniselist revolt took place here in 1935, it was the Turkish concentration in Eastern Thrace, rather than the Balkan Pact, which prevented Bulgaria from trying to turn it to her advantage. So I believe that now it is Turkish friendship, or rather Turkish interest, which agrees with Greek interest in preserving the status quo, which is the real guarantee of Greek territorial integrity (and to this extent of peace in the Balkans and perhaps in Europe) rather than the Balkan Pact or German armaments. The Yugoslav-Bulgar rapprochement would thus seem a threat to Greece in the event of a general conflagration, in which all question of the status quo would disappear, rather than an immediate danger.

But, behind the Yugoslav-Bulgarian agreement there are, of course, other forces. For instance, suppose that Italy has been pressing Yugoslavia to agree to an alliance of such a nature as to free Italy of all fears in that quarter while she embarks on an adventure further afield. (I am supposing a situation actually suggested to me by my British colleague.) Such action, if really taken, would amount to an invasion of the freedom of

action

action of the Little Entente, and would certainly be resisted by Yugoslavia if she felt strong enough to do so. Now some of my other colleagues are presuming that behind the Yugoslav-Bulgar pact lies the influence of England. The two suppositions "march together" as the French say. If Yugoslavia resisted the Italian pressure and the Italians counted on Bulgaria to aid her to keep Yugoslavia in line by threatening the latter's back door, -- and hitherto Bulgaria has played the Italian game, -- the pact is a definite check to Mussolini. Such considerations as this tend to overshadow the relatively minor question of Greek security.

The question of what Italy is planning is really what exercises the best informed foreign observers here. Even my Hungarian colleague, whose country tries to keep in with Italy without loving her, tells me that he is puzzled and afraid. The gentleman's agreement between England and Italy has done much to quiet Greek fears for this country's exposed position in the Mediterranean. But as the poem has it, "One rubber plant can never make a home!" Living near Mussolini is like living on Vesuvius. One would therefore expect English influence to be exerted here toward an increase of Greco-Turkish cordiality. But unfortunately England, though still relied on by the Greeks to save them in a pinch, seems none too influential in
the

the immediate conduct of Greek affairs. The influence of Germany is strong with the King, the Kaiser's nephew, and with General Metaxas, who was trained in Germany, and Germany has much to gain and little to lose from trouble in the Balkans as well as in other parts of Europe. The Greeks certainly do not seem to be cultivating the Turks as much as they should for safety's sake, and their persistent internal political difficulties, which they cannot hide from their anxious friends, are, to say the least, not calculated to impress the latter with their reliability.

In regard to internal affairs, I may say that the Metaxas dictatorship is weak and unpopular. It is weak because it relies on the King and the army for its support, rather than on popular enthusiasm and a fascist party, and because the King is a moderate and will not allow a free use of extremist methods. It is unpopular because the Greek people are democratic, and the King will not or cannot completely bar repressive action -- censorship of the press, and the occasional use of castor oil, exile, and ice. Nearly all the public men of any consequence are now in opposition, and even in the army, loyal to the King as it is, there is beginning to be evident, particularly in the north, a growing discontent with the régime. Some observers believe serious trouble is

is due to break out in the spring, others that the régime can carry on some time longer, because the opposition is not organized and no alternative is apparent except anarchy. We shall see; but there can be no doubt that there is widespread uneasiness here as concerns both internal and external affairs.

It seems that war-talk and fear-talk come into the conversation whenever diplomats get together in these days. One of the Czechoslovak secretaries asked me last night what headway the German propaganda against his country is making in America! I did not know there was any, but it appears that Hitler has been calling names, the chief of which is "communist", and that's as bad as "j'accuse" was to Mr. Dooley. The Czechoslovaks seem as convinced that Germany is going to hop on them as others are suspicious of Italy or Bulgaria. Everyone seems to agree that Germany and Italy are not strong enough economically to stand the strain of a European war such as even the most modest armed aggression might precipitate. Nevertheless, it is a fact that the nervous condition of such people as ought to be well posted out here in Greece is very bad. Perhaps we can take consolation from the fact that Europe has cleared some pretty high hurdles recently in the cause of peace, and every one of these that is cleared gives us hope for the next.

Ever yours affectionately,

Lincoln MacVeagh

POST OFFICE
DUBLIN, NEW HAMPSHIRE

175 F 920 cc

Guice

file
personal

FASNACLOICH
IN
NEW HAMPSHIRE

Saturday

[7-?-37?]

[August 21, 1937]

Dear Franklin! :

Your letter of July 7th
has at last reached me
here, after being forwarded
from Athens. I didn't know
about it, or I would have
thanked you for it. When I
saw you the other day in
Washington.

Mount-

Mount Athos is a
fascinating place. I wrote a
despatch about my visit there
which is now in the Depart-
ment's files, and if you are
interested, I shall get it out-
for you when I return to
Washington. It has some things
in it which are not in the
books, and has the merit of
being up-to-date, though brief.
The manuscript of Mount-
Athos has been thoroughly
examined by scholars within

within the past few years.
I understand that no new
ancient texts were discovered,
though there are quantities of
fine examples of works already
known. Modern library techniques
has not yet penetrated the
place, and they actually let
you handle the old parchment
rolls. This is rather fun, but
as and if visitors become
more frequent, the practice
may have to be abandoned.

Monks live on Mount
Athos as they lived there
a hundred years before the

Norman

Conquest of England, and hermits
live in the cliffs as the
anchorites lived in the desert-
caves in the time of Saint
Anthony.

I am sailing on September
25th on an Export Line
freighter from New York direct
to the Piræus. The Export Line
is keeping one flag afloat in
the Aegean these days. I have
already sailed on a number
of its ships, butting into
many a famous little harbor
on both sides of that sea, and
at Istanbul and the islands.
In Athens we are deeply
interested in its success and

FASNACLOICH
IN
NEW HAMPSHIRE

and proud of its enterprise
- as one one maritime
chicken! As a Yankee I just
naturally feel that a boat
ought to fly the American
flag. Out there we see too
few, but it is becoming more
common than it used to be
to see an Export Line freighter
booming up in almost any
little harbor, loading chromium
ore, or valonea, or tobacco, or
olive oil, or those funny beans
that grow on trees, called
carrots; or citrus or raisins of

of Corinth ("Curaants"), - or
magnesite, or bauxite. Did
you know we send you so
many things? One expert-
captain had several tons of
aut-eggs - for gold-fish food!

But I must not waste
your time. The papers say
you are going to have a brief
vacation now that Congress
has adjourned. May it be
a good one while it lasts! It
was delightful to find you
looking so well the other
day. I shall be in Washington
from the 18th to the 24th
of September and hope that

You may have a moment -
on one of those days in
which to see me and let
me pay my respects and take
my leave.

I wonder if the Japanese
aren't some day going to
regret this summer. The
 Greeks used to talk of a
thing called "nemesis" which
caught up with people for
being "overweening."

Affectionately yours

Lincoln MacVeagh

PSF Quice

Athens, November 10, 1937.

Personal

Dear Franklin:

It was certainly fine to see you this summer and I feel like a different man for having touched home base. We had a good voyage back with some excitement owing to our being on a small freighter which any pirate might mistake in his haste for one going to Spain. In fact we sighted the two "unidentified" destroyers which a couple of hours later shelled and set on fire a Soviet vessel bound for Valencia. And we were carefully inspected by a bombing plane, apparently an Italian, off Cape St. Vincent. But all in all I don't think I ever enjoyed an ocean trip more than this one, with its opportunities to learn of shipping and navigation from the inside, not to mention Mediterranean geography. And speaking of that, we sailed by the island of Pantellaria between Sicily and Tunis, which Mussolini is said to be fortifying. From what I had read about it I imagined it a rocky islet. But it's a regular mountain, sticking up out of the sea long and high, with most of the potentialities of Gibraltar, from which modern guns can reach both Sicily and Africa.

Here

The President,
The White House,
Washington.

Here in Greece we found that the summer had been quiet. The dictatorship remains in the saddle, with the hope expressed by many that the King, who still seems to control the army, may at some future date revert to a parliamentary régime. He told one American friend of mine, who had remarked to him that Americans don't like dictatorships, that they should make an exception in the Greek case, since unlike the Fascist and Nazi régimes, the Metaxas dictatorship is neither supported by a party nor permanent. On the other hand, the Dictator himself, it should be remarked, rules as if he quite intended his régime to be permanent. There is little liberty which the Greeks are permitted just now except the liberty to hope,--and to talk when they are confident there are no secret police near at hand.

Aside from some treaty matters--I signed a long-overdue treaty of establishment and residence, and got the extradition treaty which we denounced during the Insull case reinstated on the basis of an interpretative protocol,--the American Legation has been chiefly busy over commercial matters. On account of the German stranglehold on Greek commerce, which makes trouble for all the other nations here, we are engaged in a perpetual struggle on behalf of our exports. Last year we loosened up lumber and steel sheets to the tune of 230,000 dollars, and I have just heard that our important and inadequate machinery quota is now to be doubled, accounting for just about our estimated needs in this regard. My commercial attaché, who of course comes under the Department of Commerce, has been most helpful and cooperative. He and his staff

work

work in perfect accord with the Legation and Consulate General, --and have done so right along. I mention this because I know there are places where there has been friction, and people talk of whether it is State or Commerce that does this or that. Here it's just the U.S.A! And that's not due to me either, but to the high type of foreign service officer of both Departments I have had to work with at this post.

In regard to the international situation, you told me last summer that you believed the German urge to be toward the East and that you felt the Germans would make some move in that direction within the next ten years. Confirming this, the best opinion I can gather around here is that the present talk of colonies is to some extent a smoke screen; that Hitler still believes, as he wrote in "Mein Kampf" that Germany wants no colonies which she cannot defend. The breakdown and absorption of Czechoslovakia, Austria and Hungary in a triumphant progress to the Ukraine is regarded in these parts as Hitler's real program. But for the present I am told that, whatever the party may think about it, the German army, powerful as it is, is not prepared for so large an order. Republican Czechoslovakia is regarded as strong enough to resist alone for say three months, and longer with such help from outside as Loyalist Spain is receiving. Furthermore, people here believe that she can count on the full support of France, which could hardly afford to see Germany enlarged and the last liberal régime in central Europe go under. The help of France is of course the crucial question. Krofta appears to believe he has it absolutely assured. So a good observer from Czechoslovakia, who has talked with him, told me only yesterday

yesterday. If France came in, England could hardly stand aloof, and for Germany to lose another war would be disastrous for her--she would almost certainly go Bolshevik. Such is the reasoning given to support the belief that Germany, at least for the present, is blocked before Prague. As for Austria, it is pointed out that Germany needs Italy these days, and Italy wants an independent Austria. Some people think Germany may move against Poland, the latter having somewhat alienated France. But this would be stirring things up with a vengeance and one hears less of it than of the danger to Czechoslovakia and Austria where German "penetration" is already pretty well advanced.

Closer to home we have the Greeks cementing their friendship with Turkey which is a potent influence against trouble in the Balkans, at least trouble of a local origin. The prestige of the British would seem to be rising--their fleet, their rearmament program, and their constant pre-occupation with the preservation of peace, are apparently drawing more and more countries into their orbit. Turkey, with one eye turned to Russia is looking more and more to England with the other. Yugoslavia is, they say, more impressed with English diplomacy than of yore. The kings of both Bulgaria and Greece have just gone to London.

No wise man cares to prognosticate in such circumstances as prevail today, but I should say there were more people who dared to hope for an indefinite prolongation of peace than there were last year. It interested me greatly to hear one of the best informed Greeks of my acquaintance say only the other day that your recent speeches had

contributed

contributed greatly to this end. Incidentally, this man came from Macedonia, so in addition to all the other things you have done, you would seem to have answered the cry which sounded in Paul's ears, "Come over into Macedonia and help us"!

Smouch is being awfully good to little Peggy whom we left behind at Bryn Mawr. Best wishes always to you and Eleanor.

Affectionately,

Lucian MacVeagh

file
personal

D.F. - Greece.

Athens, January 24
1938

Greece

Dear Eleanor:-

I have just received your
very nice note telling me that
my daughter was at the White
House for dinner and a dance
afterwards. In the same mail
came another note, from Bryan
Mour, which makes me wonder
how you felt about it when
you found her in bed in your
apartment in New York! She
says you were awfully good to
her, and I have no doubt about-

a revolution. It seems to have
been snuffed out with a
number of arrests and banishments,
but it provided a little local
excitement to spice the general
World unrest.

We all got hot under the
collar looking at the movies of the
Panay incident. How awfully
feel we are lucky to have Franklin
where he is. I like his restraint, and
his naval program! He has made
America's influence felt abroad as
no President has ever done, without
compromising us, and all for the
good. If the Government censored
his speeches all mention of
democracy vs. autocratic regimes,
but it doesn't let the people know
that, for they all adore him. He

that. But you must realize that she is unable to resist her Uncle's will, under whose orders she was at the time. She inherits that disability from her father. She says she worshipped him, however, when she kissed him in saying good-bye, and in that moment seem to be one up on me, who have never seen him at a loss, much less put him there.

We have just had a Royal wedding, which was something to remember. Some forty bishops in full regalia and the most divine singing. afterwards, by way of vanity - we had the threat of a new cinema, as the guests call

has made the world realize that
while we have a giant's strength,
and know it, we do not wish to
use it like a giant, and in con-
sequence we enjoy a genuine respect.
What this means to an enemy
working for American interests in
a part of the world which thinks
in terms of armaments and hard
war sees an American warship,
or even an American military
attaché, you may imagine.

I read about the "recession" at-
home and wonder what our people
would think of real economic stress
such as these countries are being
laid under all the time. We are the
favored people. I'd like to show some
of your good friends a whole country
in desperate straits keeping a high
heart nevertheless and making something
out of ^{life} ~~my~~ best wishes always to you both.
Affectionately yours
Lincoln MacVeagh

June 15, 1938.

Dear Lincoln:-

A line in haste to thank you much for yours of May twentieth which has just come. Congress is in the throes of adjournment and the minute the gavel falls I leave for Johnny's wedding at Mahant.

I am glad all goes well with you and yours. Things here are hectic but not hopeless!

As ever yours,

Honorable Lincoln MacVeagh,
American Legation,
Athens,
Greece.

Dear Franklin:

I have not bothered you with a letter for some time as things have been taking a more or less quiet, if not exactly normal course in this little country, while the affairs of the world have been exceptionally troubled, as you know probably better than anyone.

In external affairs, Greece remains particularly afraid of Italy, and not too confident of England's strength. She thus has welcomed with relief the recent accord between the two. The German menace to Czechoslovakia still seems somewhat remote to her, in spite of her link with the Little Entente through the Balkan groupment. But the Anschluss, coming as and when it did, shocked her. It is recognized that the appearance of the Germans at the Brenner, being a menace to Italy, may have facilitated the Anglo-Italian agreement, and to that extent helped to conjure Greek fears in the Mediterranean. But the creation at the same time of a German-Yugoslav frontier is not regarded as good news. As the situation in central Europe has grown more dubious, what has heretofore been the closest alliance in the Near East

The President,
The White House,
Washington.

has been drawn even tighter, and Greece, possibly egged on by England, has made concessions to Turkey in order to cement more firmly the union with that more powerful country. Under the terms of the Greco-Turkish treaty signed the other day in Athens, Greece agrees to prevent, by force of arms if necessary, any third power from crossing her territory in an attack on Turkey from the West, while Turkey agrees to maintain a similar attitude if Greece is attacked from the East. The Greek dictator explained to me that the treaty is nothing more than an extension to the naval sphere of the Greco-Turkish treaties already in force, binding both countries in the Aegean as already they are bound in Thrace. But Greece is hardly likely to find a foe in the hinterland of Asia, whereas the extension westward of safeguards aimed hitherto only at isolated Bulgaria would seem to point directly at Italy, and the undertaking by Greece of commitments she can never carry out without naval help on a large scale, smells of British collusion, if not of British impulsions. In other words, the Turco-Greek alliance in its completed form looks very much like a part of the British defensive net against any dangerous eastward sagging of the Rome-Berlin axis. Diplomatically, such a net does seem to be in preparation. My Egyptian colleague tells me that the British are now actively wooing Islam in competition with the Duce, though they operate less crudely, and he assures me that it is no idle rumor which maintains that for some time past they have been anxious to tie up

Egypt with Greece and Turkey in an anti-Italian bloc. If so, their diplomacy outruns their military preparation, for my Military Attaché tells me that they have done nothing to fortify Cyprus, and that their forces in Palestine, Egypt, and the rest of the Near East are negligible.

British and German propoganda in this country, not to speak of French and Italian, is now more active than at any time since the war days. Particularly noticeable is the development of the British propoganda. It made splendid use of the Duke of Kent (who married a Greek princess) at the Crown prince's wedding. And recently, Lord Lloyd, President of the British Council, visited Athens and gave his encouragement and that of the funds at his disposal to the local British effort. The British Minister tells me that if he is to go on doing all the propoganda work required of him, his Legation should be doubled. Meanwhile the Germans are not taking all this lying down. Following the visits of Göring, Goebbels and Schacht, a whole flock of minor officials visited here, and we have seen a big development in German archaeological activity and have been treated to a host of lectures and expositions. This activity is all very reminiscent of the days of King Constantine. We have a new German crown princess in place of the old German queen, and the Dictator is the old pro-German chief of staff; on the other hand, the country is probably as democratic as ever at heart. But, and this is a great difference, there is no Veniselos.

In internal matters, the dictatorship continues, and it is this very lack of a Veniselos, or anyone else of his caliber, which seems more than anything else to be keeping it alive, in spite of plenty of opposition. Mr. Metaxas is quite the ablest man in Greek political life today, even if we count in the politicians he has exiled. After the deaths, in quick succession, of Kondylis, Tsaldaris, Veniselos, Papanastassiou and Demertjis, the King really had no one else to turn to half as promising as the rotund little general now in power. And so he gave him the reins, and is letting him drive. The general trumpets that he has the mandate of the people, which is not true, and that he will not lay it down, which on the other hand is probably quite correct, if it depends on him. He is intelligent and active and vigilant, and though the kind of régime which is foisted on the country is out of keeping with its spirit there is no one in sight around whom the scattered opposition can get together. If a revolution occurs, as so many wish, it must produce a man. On the other hand, if Mr. Metaxas should die, the position would also be difficult in the extreme. I have canvassed his own entourage as well as the King's, and have heard not a single hopeful suggestion as to who could replace him.

To come down to our own problems, this Legation's battles remain chiefly commercial. A striking difference between the present régime and that which it replaced was brought out the other day when it took only ten minutes to grant us a request for extradition!

But in commercial matters the present Government has inherited a complicated system of import quotas and licenses and is deeply tied in with "clearing" countries. Against the existing complex of un-American ideas and practices we have made some encouraging progress. But more than this we have let the Greeks see what effect our proposed trade agreement with Turkey might have on their own exports, and I hope an entirely new basis for consideration of our commerce here will be the result. We are now actively engaged in conversations.

With best regards to you and Eleanor, and loyal and hearty cheers for all that you are doing at home, I am, as ever,

Affectionately yours,

Lincoln MacVeagh

Athens, May 20, 1938.

1
file
personal

PSF
Athens
Greece

Athens, August 22, 1938.

Dear Franklin:

You have been having a wonderful trip since I last wrote. It must have been grand on the "Houston," and reviewing the fleet in San Francisco Bay! In Athens we have followed your every move around the circle.

I am happy to say that the latest big news in Greece and the Balkans generally has been of a peace-making nature. You may have noticed the recent signing of the Pact of Salonika, which has not only removed some persistent war clouds from this immediate region, but would seem to have a significance even for the general European situation. In its preamble, it speaks of "relations de bon voisinage." Do you recognize the parentage?

The history of this latest Balkan peace pact falls, as I see it, into two parts, the first retrograde and the second progressive. I think I have written you about the fear which the Greeks have so long felt for the Bulgars, a fear that was pretty well justified,

The President,
The White House,
Washington.

justified, all things considered. After the World War, if the other Balkan powers did not fear Bulgaria as Greece did, they were still worried about her as the one revisionist nation in their midst, and this despite the fact that the Treaty of Neuilly had cut her armaments, on paper, to a minimum. Consequently in 1934, egged on by France, who was then bolstering up the status quo with "regional pacts," the lot of them--Turkey, Greece, Yugoslavia, and Roumania--ringed her round with an agreement called the Balkan Entente. Being dedicated to the preservation of existing mutual boundaries, this was hardly a pact she could afford to join, despite their invitation. She therefore remained in coventry, an outsider, or rather an uncomfortable insider, a possible source of trouble, and undoubtedly regarded hopefully in that light by Germany and Italy, who both of them have long-handled irons in the Near Eastern fire. Indeed, it may be that Italy, viewing the Balkan Entente with disfavor, was partly responsible for what followed. Certainly, Bulgaria was willing enough to take a chance at breaking out. In 1935, a move on her part down into Thrace, when venizelos raised the standard of revolt in Greece, was only forestalled by Turkish concentration on her flank and the collapse of the revolt itself. Later, in 1937, Kemal, speaking by telephone to Ismet in Athens, thought it well to give her another warning. Anyone attempting to change the existing inter-Balkan boundaries, he said, would "expose himself to the full rays of the sun," he, Kemal, being presumably that luminary. Since that time
the

the Greco-Turkish alliance, regarded by most people as being an even stronger guarantee of our local peace than the Balkan Pact, has been strengthened and enlarged. Furthermore, since 1936, when he came to power, Mr. Metaxas, the Greek Dictator, has been feverishly strengthening the Bulgarian boundary with a "little Maginot line," which my Military Attaché tells me is now probably strong enough to hold the Bulgars at any point where the difficult terrain renders attack feasible. On the other hand, it is common knowledge that Bulgaria's armaments far surpass the restrictions set upon them by the Treaty of Neuilly.

Here, then, is the first part of the picture. The second is contributed by the Anglo-French reaction to Mussolini's advance in the Mediterranean, and Hitler's expanding threat in central Europe. This reaction has expressed itself in this region in revived diplomatic vigor. I wrote you in my last letter of what seemed the effort of the British to construct a defensive network against any possible sagging eastward of the Rome-Berlin axis. The French have now joined them. After a period, under the Blum Government, of complete diplomatic ineptitude, they have waked up with Daladier to a sense of their situation. The British weaned the Turks away from Schacht economically. The French have now collaborated politically with acquiescence in the Sandjak affair. Furthermore, they have sent into the bay of Athens the strongest French naval force that has ever been seen in these waters, and the effect has been electric. The Balkan powers, all except Bulgaria, chiefly

chiefly want to keep what they have got, and at present seek nothing more, if we except Turkey's designs in Syria, to which France is pandering. They therefore fear the upset of a general war, and when Great Britain and France show strength, they rally naturally to that side, the only one evincing any doubt at present, if we leave out Albania, being Roumania, the most remote in terms of allied sea-power.

With the British already tightening up, it seemed, even as early as the beginning of 1937, that the position of Bulgaria might eventually come in for some re-defining, in her interests as well as those of her neighbors. Consequently, with British knowledge, the Yugoslavs,--those "Jugs" whom my British colleague is never tired of praising,--extended to the Bulgars the hand of friendship at that time and it was firmly grasped. Greek opinion, always sensitive to the menace of panslavism, naturally became somewhat alarmed over this. But Kemal's warning about the sun was calculated to dispel mistaken notions, and Prince Paul of Yugoslavia made it his business, at the Crown Prince's wedding last January, to prove to the Greek leaders the value of this move to all the Balkan states. Other things being equal, it could not be denied that the Balkans might go to war again among themselves, but under existing circumstances in Europe it would be tantamount to insanity. Furthermore, to make the Balkans count as a force for peace they must be united. Therefore, in some way or other,--short, of course, of sacrificing Greece,--Bulgaria must be appeased, and the way, the Yugoslavs felt,

felt, could only be through a show of friendship and understanding to a proud and smarting people. England was certainly back of this idea, but my Yugoslav colleague tells me that the Greeks did not wholly lay aside their fears even so. However, when France came back into the picture, as I have described, and in addition her bankers even offered Sofia a loan, which has since been realized to the tune of 375 millions of francs, the advantages to Bulgaria of no longer standing aloof became too apparent for even the Greeks to doubt of Slavic bona fides. A way was then quickly found for saving her face, and letting her in with the Balkan Entente forces on the ground floor, at least as far as the vestibule. Briefly, in return for the abrogation by her neighbors of the armament provisions of the Treaty of Neuilly, she has now agreed with all of them to a mutual renouncement of aggression. By some observers it is even thought that she will shortly enter the Balkan Entente itself. But it does not matter whether she does this or not, the essential has been achieved, if only from the negative side. For in the tightening network in this region which makes for the preservation of the peace, she no longer presents a gap for disruption or encroachment. Roumania may still be a doubtful quantity. Turkey, for one, seems to regard her leanings toward Berlin and Warsaw with suspicion and dislike. And of course Albania is definitely in the Italian orbit. But none of the countries comprising the heart of the Balkans can any longer be counted on to help in upsetting the apple-cart of Europe. This would seem to be the
real

real meaning and the most important result of the Salonika Pact.

In Greece, the opposition has not scrupled to charge surreptitiously that Mr. Metaxas has paid for Bulgarian non-aggression with a secret promise of territory. But this charge I believe is as groundless as it is malicious. So far as local affairs are concerned, the Dictator continues to rule more effectively and efficiently than has been customary in Greece, at least in my time. There is plenty of opposition, because no dictatorship can be popular in this country, but Mr. Metaxas keeps the opposition scattered. A recent unsuccessful revolt in Crete has raised the hopes of his enemies, but has not yet led to any other manifestations. The Dictator maintains that he is Dictator for life, and this may well be the case, from present indications. Unfortunately there is still no sign anywhere on the horizon of a man capable of being his successor, should he die or be otherwise removed from the scene which he now dominates. His entourage is second-rate, and the exiled politicians seem a feeble folk. This is perhaps the worst aspect of a régime which has many things against it but has done a good deal for the country on the whole.

Affectionately yours,

Lincoln MacVegh

October 26, 1938.

Dear Lincoln:-

Ever so many thanks for yours
of September twenty-sixth. Under separate
cover I am sending you the photograph. I
have only just signed it because it is
apparently to stay in the offices permanently.

My best wishes to you,

As ever yours,

Honorable Lincoln MacVeagh,
American Legation,
Athens,
Greece.

PSF Greece

Athens, September 26, 1938.

Dear Franklin:

I have at last realized a dream which I have had ever since I came here, and have placed the offices of the Legation in suitable quarters in this city.

When I arrived here the Chancery was located in the cellar of the Minister's residence, and had been there for nearly 25 years! The Consulate General was nearly a mile away, while the Commercial Attaché occupied quarters in a different building again and in another direction from the Consulate. The Chancery was unheated, reeked with odors from the Minister's kitchen, and had only one old-fashioned telephone, hanging in the basement hall. Can you beat it?

Now, after one intermediate change for the better, which I made immediately the old lease ran out, we are all getting together in a renovated office building

The President,
The White House,
Washington.

Writing about this sort of thing in the midst of Atay's broadcasts from
Prague, Berlin, London & Paris, seems almost like kidding while the world burns;
but Uncle Sam must carry on!

on one of the principal boulevards, and this combination gives our offices not only an adequate, but the finest foreign government set-up in Athens. At the same time I have personally taken residence quarters (the old Austrian Legation) not far away. It has naturally pleased me to have Mr. Messersmith write: "Athens is one of the posts at which we desired to see combination of diplomatic and consular functions effected and at which such combination had seemed doubtful in view of the quarters situation. Now, however, this much-sought consolidation is to become a reality, and I recognize that this would not have been possible without your whole-hearted and earnest cooperation toward that end, even to the extent of assuming additional personal financial responsibility for the residence quarters which you will lease from October 1, 1938."

However, the main purpose of this letter is to ask you whether you would inscribe a photograph for me, to put on the mantel in my new office. The pictures on the walls are large etchings of Washington, Jefferson, and Lincoln, and a few charming old color prints of the White House and the Capitol. The picture of you which I now have, I want to keep in my house, so I am requesting Harris and Ewing to send you a photograph together

with this letter, in the hope that eventually I may receive what will put the final touch on our new arrangements, so long overdue and finally accomplished under your aegis.

Ever yours affectionately,

Lincoln MacVeagh

PSF Greece

HARRIS & EWING
Photographers of National Notables

*Photographic
News Service*



*133F Street
North West*

WASHINGTON, D. C.

NATIONAL 8700

October 24, 1938

Miss Marguerite Le Hand, Secretary
President Franklin D. Roosevelt
The White House
Washington, D.C.

My dear Miss Le Hand:

Honorable Lincoln MacVeagh, American
Minister to Greece, has purchased a photograph
of the President and requested us to send it
to him with the enclosed letter.

Yours very truly

Harris & Ewing
HARRIS & EWING

VHC:RJF

File personal Greece

h 2 -

Athens, November 22, 1938.

Dear Franklin:

Thanks for signing the picture, which we are all delighted with and proud to have.

The internal situation here remains very much as when I last wrote. The King and the Dictator are still unpopular and still in control of the army, the press and whatever else may be necessary for their purposes. But foreign affairs and the economic situation may call for some comment.

In Athens we have, of course, been witnessing events in Europe rather than playing a part in them. But we have been witnessing them from no great distance, and it is quite obvious that the Greeks are thoroughly scared.

Italy has for a long time been the great bugaboo of this country. But now the shadow of Germany is creeping toward the Balkans, and so far the British and French have done nothing to stop it. Against this new menace the Greeks must console themselves somehow, and they are doing it by reflecting that the German advance threatens

The President,
The White House,
Washington.

threatens Italy too, and imagining that sooner or later the Rome-Berlin axis must break and Italy join hands with France and Britain.

To the Greeks, revisionism is naturally a disease, and they dread its proving contagious. Their joy over the periodic Anglo-Italian rapprochements of the past years has always been connected with their fear of Mussolini's supporting Bulgarian pretensions to a part of northern Greece. Whenever the Duce veers toward London they feel definitely safer. Hence the latest Rome-London agreement has been praised here to the skies. But things are not what they were before Mr. Chamberlain went to Munich. Boundaries fixed by the Peace Treaties have now fallen before the same plausible arguments which were used to justify their creation. The Greeks have emptied their parts of Macedonia and Thrace of most of the non-Greek population; but some still remains. Is this enough to implement with plausibility a Bulgar-Yugoslav move for exits on the Aegean? There are rumors in this connection which the Greeks officially refuse to consider, but the Political Director of the Foreign Office has told me privately that they have recently furnished new data to all their Legations with which, if necessary, to justify Greece's intransigence in this matter before the bar of public opinion.

Of course, under prevailing European conditions, a small country like this must always be afraid of diplomatic isolation. The Balkan Entente has never been a very strong union, and it is weaker today than ever, with Rumania

playing its own game, Kemal dead, and Ismet a question. I wrote you of how delighted the Greeks were over the Pact of Salonika, whereby the Entente agreed with Bulgaria not to use the hatchet, although they did not exactly bury it. More recently the Premiers of Bulgaria and Yugoslavia have had another of their love-feasts, this time at Nish, and the Greeks are wondering what it is all about. Should their northern neighbors gang up, as the saying is, to apply the formula of Munich to Greece's northern provinces, and should Ismet regard the Greco-Turkish friendship in a different light from Kemal, and England go on washing her hands of continental affairs, what can keep this little country from finding itself out on a limb?

Fear, then, has become the order of the day here as elsewhere. It is a time for looking to one's alliances, making new ones or patching up old. The Greeks can expect Germany to support Bulgaria's pretensions if and when she puts them forward, and by the same token, they must hope and pray that England and France will resist them, and that Italy will at least stay on the fence. Accordingly the Greek King is in London right now. His visit is a most important one for the Greeks, and was made at the very moment when the birth of an heir to the throne was being momentarily expected and when normally the King would not leave the country. But perhaps the visit has some importance from the English point of view as well. At the Greek Foreign Office I have been told, "We will fight rather than give up one inch of territory" (how often

one hears that!), "but some Great Power must tell our neighbors to stay within their boundaries." This puts Greece's position in a nutshell, and it is easy to see what Power is meant. On the other hand, we find England clapping the Garter on the King of Greece, and as the British Minister told me today, considering an appeal to its manufacturers to order more Greek tobacco "on patriotic grounds," as he said, the aim being to break the German control of the Greek economy. Indeed, England's present plan of campaign, at least in this part of the world, would seem to be to fight the German advance with money, as witness her recent loan to Turkey, and large purchases of agricultural products in various Balkan states. One thinks of Pitt and Napoleon, the old game being tried under new conditions. Last year Mr. Metaxas's proposal that England buy Greek tobacco was treated as "ridiculous" by my British colleague. Thus if Hitler has succeeded in turning the German clock back to the Middle Ages or earlier, he may also have succeeded at Munich in turning the clock of English continental policy back to the 18th century.

To throw Greece and England closer together would therefore seem to be a first result of the fear engendered here by the accord of Munich and its aftermath. On the other hand, it is absolutely necessary for Greece to explore at this time the dispositions of Turkey's new President, since equally with the English fleet the Turkish alliance has been a mainstay of her security. Mr. Metaxas has gone to Kemal's funeral, and it is certain

that he will do his best at Ankara to see behind merely formal assurances and determine what new orientations, if any, may be expected in Turkish policy. According to official statements, of course, the Greco-Turkish alliance stands at present much stronger than the rock of Gibraltar.

In regard to economic matters and dollar (or pound) diplomacy, it may be said that England's plan to check German pressure by using her financial strength is likely to find harder going than her financial foreign policy of Napoleonic times. For one thing, it is handicapped by the fact that Germany, though so much weaker in finances, has already been playing a very clever economic game here for some years. Without financial resources of her own to speak of, she has got the economic life of Greece almost in the hollow of her hand, by providing an assured market for Greek agricultural products against her own manufactured goods, and thus freeing much of the foreign exchange gathered by Greece from immigrant remittances, the merchant marine, the tourist trade, and a favorable trade balance with the United States, for purchases of that foreign wheat of which she stands in need. Against such tactics, neither a British loan, to be repaid by buying British manufactures, nor nibbling at the tobacco market, can make much headway. If Britain should offer to pay sterling for really large quantities of Greek tobacco, the result would doubtless be more encouraging. But when I asked the British Minister what his country could do with Greek tobacco, he said, "I don't know. Throw it into the sea, I imagine."

As I have probably told you before, our own trade with Greece has suffered a good deal the past few years as a result of these same German tactics. During this time we have generously tolerated the working of an import control system, framed according to the exigencies of this country's difficult position under her clearing agreements with Germany and others, and protested only flagrant discriminations as these arose and could be proved. This has kept us busy indeed, as I can testify. But by 1937 the balance of trade, and even more the balance of payments, between the two countries, had risen in Greece's favor out of all bearable proportion, and it appeared that the whole Greek system would have to be revised if we were to be properly served. Accordingly, we have, after some lengthy negotiations, concluded a new modus vivendi in commercial matters which accomplishes what is tantamount to just such a revision. Every word of this agreement was written in the Department of State, and though in essence it provides for nothing more than the old most-favored-nation treatment, it calls the spade a spade and specifically outlaws each and every one of the methods, administrative or otherwise, which experience has shown us operates under the existing Greek system to discriminate against our trade. The Greeks have given little publicity to the signing of this agreement, for it is really a thorough capitulation on their part. They were led to accept it, of course, by the fear that we might otherwise take restrictive measures of our own, and they know not only that we are the goose which lays

the golden eggs, in the shape of the dollars they need so badly, but that the American market is by far the best in the world for anything they can produce. The war scare in Europe has also, I think, tended to make them look more closely to their relations with us. Accordingly they have promised to be good, dotting the "i's" and crossing the "t's" in every particular we suggested. How they will live up to what they have promised, and what new methods of evasion they may devise, remains to be seen, but in the near future, at least, our exports to Greece should increase. What they buy from us, of course, they have to pay for, but the stuff which Germany dumps here under the clearing is in general so inferior to our products that among the many fears which the Greeks feel at present, the one we have thrown into them should be good for them, as well as for us, in the long run.

With best wishes and regards as always, I am

Affectionately yours,

Lincoln Macveagh

March 24, 1939.

Dear Lincoln:-

It is good to get yours of March sixth. Even over here we are restudying the map of the Balkans and Asia Minor.

You doubtless know that the German infiltration and propaganda continues very actively as far as Persia. Minister Fish told me a month ago that the Arabs and Egyptians are losing respect for the British.

All of this goes to prove to me the great essential of neutrality on the part of Greece and Turkey in the event of a European war. By remaining completely neutral they can prevent the spread of the war to "all points south and east."

These are tense days but I am still right in the hypothesis that when things look darkest they manage to quiet down, and that when things look better they proceed to get worse. I fear, however, that Hitler and Mussolini are still on the war-path.

My best wishes to you,

As ever yours,

Honorable Lincoln MacVeagh,
American Legation,
Athens,
Greece.

Athens, March 6, 1939.

Dear Franklin:

In your world-wide outlook the importance of Greece is small, but I know that nothing to you is negligible, and so once more I venture to report, as you originally asked me to do from time to time. But I will make it short, as I have perhaps been too prolix in the past.

During the Great War, Greece was a bitter bone of contention between the Allies and the Central Powers, and as the two sides are lining up once more, it appears she may become so again. The Eastern Mediterranean has still its old importance, and Greece, enlarged by the peace treaties, is even more in it than ever. She is allied to Turkey and is a member of the Balkan Entente. The latter is now unquestionably feeling the disturbing pressure of the Drang nach Osten. Two of its members, Yugoslavia and Rumania, are full of minority problems and even more dangerously

The President,
The White House,
Washington.

involved in central European politics than before the Anschluss and the Munich settlement. On the other hand, Turkey and Greece, the southern members of the group, remain exposed only to Mediterranean dangers. If more pressure is turned on by Germany in the north, either directly or through Hungary, it is not impossible that the Entente will fly apart. I know that the British have been fearing this result even as things are, and were pleased that the recent meeting of the Entente's Council at Bucharest resulted in at least another expression of lip-service to Balkan unity and independence. Turkey and Greece, however, are relatively removed from the threatening frontiers of Germany, and have no minority problems to speak of, and nothing against each other except historically. Their alliance may consequently be regarded as solid and likely to endure even should the Balkan groupment shortly follow the Little Entente into the Miltonic limbo of the Paradise of Fools.

In the Greco-Turkish alliance, this country is unquestionably the weaker party and the more exposed. Should war break out in Europe with Italy on the side of Germany against England and France, neutrality would seem her wisest policy. As I have written you before, I am convinced that this is the opinion of her leading men. But recent events seem to make it equally certain that such an attitude, while it might be acceptable to the Central Powers, does not satisfy Great Britain. The latter, perhaps understandably, would

not welcome any share-alike policy in regard to Greece's multitude of harbors in the Aegean. She would prefer therefore to tie up Greece in advance, definitely, upon her side, and would appear to be putting pressure on this country in consequence, both directly and obliquely.

Directly, she is attempting to extract the King from under the domination of his fascistic Frankenstein, the German-trained General Metaxas, and through a revival of the Royal prestige check what influence the totalitarian states may have acquired with the dictatorship. For though Greece is, in general, more favorably disposed toward the democracies than their opponents, Munich has terribly frightened these small nations, and General Metaxas has once before been sufficiently impressed by the power of Germany to back her to win in a general war. So far, just as in 1914, the British have not played their cards very well. By attempting to bully the King, whom they might have more safely counseled before he got himself so deeply committed to General Metaxas, they have for the moment only driven him to commit himself still further. But they are persistent. Obliquely, it would appear that they are using Turkish influence. The Turks are impressed with British sea power, and financial power, quite as much as the Greeks, but are of course less dangerously exposed to Italy. They can be on the British side, as I am informed they are, without the reservations which geography recommends

here. Furthermore they have tremendous influence over the Greeks, since Kemal more than once saved Greece from possible Bulgarian aggression, and anxiety lest İnönü fail to continue such benevolence is something which keeps the Greeks awake at night. The Turkish Minister for Foreign Affairs has just been here, declaring to the press that "the Greco-Turkish friendship is the basis of Turkish foreign policy." If that policy includes ante-bellum commitments to Great Britain, the British may feel that the foreign policy of this lesser partner in the alliance may be influenced to do the same.

There are many aspects of the involved international question out here, and I do not wish to go on at too great length. But the main outlines would seem to be as given above. Germany has now the power and may find the opportunity to crack the Balkan group-wide open at the top, but Britain has a chance of holding it firm at the bottom. In the latter respect, Greece is at present more problematic than Turkey, British naval power and the influence of the Turkish alliance having to contend with exposure to Italy and enhanced German prestige and power on land. Complicating the matter are the King's divided family affiliations, the dictator's Germanic propensities, the country's penetration by German economic influence, and its need for financial assistance, which only Britain can supply, and so forth. So far as the game has gone,

Greece still appears safe for democracy as a sympathizer, but not yet as an actual ally.

I listened to your speech before Congress the other night, getting a great kick out of it, and I would like to say here what I have already reported to the Department, namely that the prevailing impression here in official and unofficial circles is that if war is averted in Europe this year it will have been in great part owing to the attitude of the United States. It is felt that those who might start such a war have been warned in timely fashion of what risks they would themselves be running in thus putting our entire civilization in jeopardy.

Affectionately yours,

Lincoln MacVeagh

Greece

*file
personal*

Athens, April 17, 1939.

Dear Franklin:

I want to tell you personally what I have just wired the Department, namely that your message to Messrs. Mussolini and Hitler has made a most profound and excellent impression here. Early hopes that it might, by a bare possibility, find acceptance on the part of those gentlemen are fading this afternoon as reports come in from Germany and Italy, but it is strongly felt that by their now expected refusal they will stand more than ever condemned at the bar of world opinion.

The Government here, which rightly fears both Hitler's economic grasp and Mussolini's growing army in Albania, does not dare to let what the people really feel appear in the papers. There is no press comment as yet, and when it comes it will probably be mealy-mouthed and ambidextrous. But your message

The President,
The White House,
Washington.

itself has been printed in its entirety, and there's not a Greek today who doesn't know about it.

The local situation has somewhat changed since I last wrote, in that England has apparently realized that Greece's position precludes her making pro-British declarations ante-bellum, and the English guarantee to aid Greece if attacked has consequently been given unilaterally. If this country was shocked by the collapse of Czechoslovakia, it has been scared to death by the Albanian affair, realizing that its head now is right in the jaws of the advancing axis powers while its feet dangle in the Mediterranean where Britain is still powerful. Isn't this being between the devil and the deep sea with a vengeance? Meanwhile, popular feeling is more than ever on the side of the democracies, while the form of government is Fascist! Neutrality is the watchword, but how long can it be preserved? Even if Greece doesn't give England the use of her harbors, England will use them, and that will almost certainly bring retaliation from the Italians. My guess is that if war comes, Greece will suffer heavily but, in the interests of her cherished independence, will pin her hopes to the ultimate victory of England and France.

I must stop now, as the courier is leaving and we won't have another for two weeks. But I can certainly

-3-

send along with this letter the cheers and heartfelt
thanks to you personally of millions of people here
who realize fully what you are doing for the peace of
Europe and the world.

Affectionately yours,

Lewis Mumford



m/n SATURNIA

file
personal.

Boston Harbor

July 29, 1929

PSF - Greece
Athens
Greecean file

Dear Franklin:-

Just a word of farewell,
and thanks to you for our talks,
and best wishes for that lies ahead
of you. I hope you will soon have
some respite from the grueling
sessions in Washington. For me, I
am happy to be on my way
back to the job. I hope to have
seen you and your mother and
Suzanne and your brother, but to have

had many interesting talks in the
 Department. After two years almost
 one does need this sort of thing. But
 I am eager to get back to Athens,
 and feel new strength for it, like
 the fellow speaker last to waste, who
 got stronger every time he touched
 another earth!

I much doubt how well he
 at all, and I hope to hear he
 takes some good care of himself. I
 told him so, but sounded of course
 like one crying in the wilderness.
 He spoke about expenses connected
 with the post in Turkey, but I told

3.

him I had this figured out. As a matter of fact, Athens is a much more social capital than Ankara, and also keeps a count. It is in other ways that the Turkish job is bigger, and if I could handle it to your approval as I would seem to have handled the Greek, I would have no end of what Francis Bacon somewhere calls "satisfaction for a man's self."

Meanwhile Greece lies ahead, and from what my young men write me I think there should be some interesting developments to report to you when I get back.

Ever your affectionately
Lincoln MacVeagh

File

1

Athens, August 21, 1939.

Dear Franklin:

All's well that ends well, and despite my worries I got back to my post without having to go round by the Cape of Good Hope. Here I find military preparations still going on quietly but efficiently, and though there is perhaps more scepticism than when I left as to whether peace can be maintained, there is noticeably less nervousness and jitters. This is partly owing, perhaps, to the fact that the British fleet has been visiting in these waters. But it is also partly owing to a certain fatalism induced by the long drawn out threat of war. I understand there is something of the same attitude in England and France.

As soon as possible after my return I had a long talk with the Premier (our Dictator), General Metaxas. I wanted him to tell me just where Greece stands, and he did, in terms he has never been willing to use before. "We are with the Western Powers, because it is to our own interest, and because of our allies (the Turks)." This is what I have been reporting for some time, but I never got it so unequivocally from the horse's mouth. He went on to explain that Greece cannot take this attitude

openly

The President

The White House,

Washington, D. C.

openly, for fear of provoking the Italians and annoying the Germans, who have such a hold on Greece's economic life. "But this attitude will last just so long as peace is maintained and no longer." He stated that the Turks understand the reasons for Greek caution, and even applaud them, since an attack by Italy on Greece would inevitably involve Turkey too. He said he has 80,000 men under arms. Most of these are along the northern and northwestern frontiers. There has been no general mobilization, again for reasons of caution, but "Greece will defend her independence to the last man."

A sudden and, at the outset, secret visit of the Permanent Under Secretary for Foreign Affairs to Turkey just before I landed has caused people in Istanbul to surmise that Greece was fearing a sudden Italian attack. But the Premier's cheeriness, and still more the fact that the King is still in Corfu make me doubt this. The Greeks are obviously angling for all the aid from Turkey they can get, but eventually, not now. In fact, General Metaxas told me he thought that war is not immediately imminent "because the Italians don't want to fight, and particularly don't want to fight for Germany; and because the armaments of the Western Powers are so much more powerful than they were; and finally because of the propitiatory propensities of Mr. Chamberlain". But of course we must remember that, in the present state of tension, when a European statesman says "immediate" he means just that, today or tomorrow, and not even next week. Incidentally I see that Ham Fish prophesied the War would break out today, "and I know what I'm talking about". Such are the dangers of contemporary prophecy.

Do you remember telling me about the danger of graft under dictatorships? Well, this danger seems to be rising up round the Greek régime. There are rumors of serious financial scandals in the air, and these all center around one group, that of the National Bank (not the Bank of Greece), which has little by little placed men of its own in key positions in the Cabinet. They have the portfolios of Finance and National Economy and Social Welfare, among others, as well as the collaboration of a sinister and shadowy figure, or eminence grise, named Diakos, whom no one ever sees but who is rumored to be the Premier's alter ego. General Metaxas is no grafter. His one besetting sin is ambition, if that is a sin. But to pay for his grandiose schemes, and finance the country's rearmament at the same time, he would seem to be going into debt to an unscrupulous and greedy crew, with all that that may mean for the future. While I was home they finally got their hands on the Bank of Greece itself, whose independent-minded Governor was shelved under suspicion of being a revolutionist.

In our official family, we are busy consolidating the commerce service with the Legation and Consulate General under the new dispensation, and this I believe will be a great step in advance. We were already consolidated at this post in spirit, but the elimination of duplicate reporting and divided departmental allegiance should considerably enhance our usefulness.

The papers report you in Campo Bello. Oh, happy days! I hope you enjoyed every minute.

Affectionately yours,

Lincoln MacVeagh

File
Personal

PSF
Greece

Athens, August 31st
1929

Dear Franklin

Our courier service has been interrupted, and we are sending our pouch off by the Express line due to leave this afternoon, not knowing exactly when we'll have another opportunity.

Please also take some of Americans whom we have been working day and night to assist in departing. This is just a note to say we are all right, in one small corner

of this agitated world. The Greek
Government is doing very good to
us despite its own anxiety and
the difficulties caused by the
mobilization of many of its people.
Some hope is still expressed that
war may be averted, in general, and
that Italy may stay out, in partic-
ular. Meanwhile the Greeks want
have forces on the Albanian front which
can be expected to make Italian
penetration very difficult if not
impossible, and appear to be
cooperating smoothly with their allies
the Turks, whose concentration in
Eastern Thrace should discourage the

Andreas from moving, at least -
just yet: I am informed from
Salonica that Greek morale is excellent -
in that critical region. There is
an outward calm which is remarkable,
perhaps influenced by Act of Italy.
You certainly put the Dictator on the
spot with your message! Private
comment here is, of course, universally
favourable, and the publicity has
been good, though comment in the
editorial columns has been either
non-existent or very guarded.

Best & luck always

Yours affectionately

Lincoln MacVeagh

file
Confidential

Greece
Dossier 1

Athens, September 16, 1939.

Dear Franklin:

I have the honor to report briefly as follows:

I had another long talk with the Premier, General Metaxas, the other day. He spoke more warmly than ever of Greece's attachment to Great Britain, and when I asked about his own Government's position, he read aloud to me the statement of Turkey's attitude recently made by the Turkish Prime Minister before the Grand National Assembly: From other sources, I learn that Greek and Turkish military plans are coordinated for the defense of Salonika and Thrace; and from General Metaxas, as well as his competent Under Minister, that Greece will make no move in foreign affairs without England's approval.

I gave the Premier a copy of your neutrality proclamation and asked him whether he intended also to declare neutrality. He said "no", that it wasn't necessary, and that he desired "to give umbrage to no one", a delicate way of saying he will keep in line with the Turks, who not long ago were cross with him for what they thought a too neutral attitude on his part. Meanwhile the attachment to Great Britain is apparent in action as well as

confidentially

The President,
The White House,
Washington, D. C.

confidentially expressed. Greek cargoes destined for Germany have been turned back by the British control, and the matter has been kept dark by the Greek Government. The Premier told me that he would not renew the Greco-German clearing agreement without England's consent, and actually, though initialled in Berlin two weeks ago, the renewal remains unsigned.

The Premier's handling of the foreign situation has the approval of the country at large. For the moment foreign affairs overshadow domestic issues, and as there is virtual unanimity on the one, the danger of dissension arising from the other is lessened. Greece faces the second world war in far better condition than she faced the first.

The question of Italy's neutrality is the question of the hour here, and contributes to the continuance of the "war of nerves" in this region. Is this neutrality genuine? General Metaxas says he thinks it is, in the sense that Italy is genuinely undecided as to which side offers her the greater advantages; and the British Minister says he thinks London has decided to find Italian neutrality "acceptable" for the time being. On the other hand, the Under Minister for Foreign Affairs sagely remarks, "The measure of Italy's neutrality must be the extent of her disarmament." Hence certain negotiations which appear now to be in progress between Athens and Rome for a reciprocal decrease of forces on the Albanian frontier not only promise some local appeasement but may afford a first justification of England's policy.

An interesting sidelight on present Greek nervousness comes from the Palace. When I asked to see the King on my return, he sent me word that while he would very much like to receive me, and wanted specially to hear of my talks with you, he thought it best not to, for the present, since if he received me it might also be necessary,--in the words of the Grand Chamberlain who gave me the message,--"to receive the Polish Minister and other persons":

Affectionately yours,

Lincoln MacVeagh

Greece
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Hyde Park, N. Y.,
October 21, 1939.

Dear Lincoln:-

Yours of September twenty-sixth has come just as I am leaving for Hyde Park and I am delighted to have it.

The other day the Anglo-French-Turkish Treaty was signed and it seems to be a definite step in the right direction. Let me know what you think are its effects after you receive this.

My best wishes to you,

As ever yours,

Honorable Lincoln MacVeagh,
American Legation,
Athens,
Greece.

Athens, September 26, 1939.

Dear Franklin:

Most of what I write must be ancient history before it reaches you, and of course I am telegraphing the Department frequently, but coming events sometimes cast long shadows ahead, and so I'll keep on with the Greek record, just in case it may contain something illuminating somewhere. One of your secretaries can always call me off if I become a nuisance.

Immediately after I wrote you last, the Russians moved in on the Poles, and threw even people as far away as Greece into a temporary panic. The Foreign Office was, of course, aware that such a thing might happen. But a fait accompli is a very different thing from a fait envisagé. The immediate anxiety concerned British reaction. Would England declare war on Russia, and if so, what would be the effect on Turkey? When it became evident, in a day or so, that the British had no intention of honoring their obligation to Poland in the case of this second aggressor, there was a noticeable let up in the tension here. But, on the other hand, fear is increasing that Russia may now move to recapture Bessarabia from the Rumanians.

In this connection, the Under Minister for Foreign
Affairs

The President,

The White House,

Washington, D. C.

Affairs said to me the other day that Russo-German collaboration could not survive an attempt by either power to penetrate the Balkans, where their interests clash today as they always have in the past, and that therefore he thought there was a good chance Rumania might be left in peace. Since that time, however, the Russians have advanced so far west in Poland, and their position there is so strong while Germany is occupied with France and England, that they may feel the present moment offers an opportunity not to be ignored. Under the circumstances of England's guarantee to Rumania and her alliance with Turkey, it is not to be wondered at that the Turkish Foreign Minister is in Moscow today seeking a clarification of the situation!

The question of whether Italy will stay neutral remains, however, the question of the hour here, because the issues involved appear more immediate for Greece. The Greeks and Italians have agreed, on Italian initiative, to a reciprocal withdrawal of troops on the Albanian frontier, and the first Greek editorials on any phase of foreign affairs since September 1st, record satisfaction and a perhaps unwarranted degree of hopefulness. It is rumored that Italy may now withdraw some of her forces in the Dodecanese, and thus extend her policy of appeasement to Turkey. But the Turkish Military Attaché here suspects that the Italians are planning to join Hitler if the allies continue to reject the latter's ^{peace} proposals, and are now attempting to appease

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the Balkans only as a protection for their rear in case of a joint Italo-German attack in the south of France. In this connection, a recent telegram from Mr. MacMurray says that the Turkish Foreign Minister also feels that the existing Italian neutrality is only for the time being and for strategic purposes. The British, on the other hand, seem still to take this neutrality at its face value, and the new Turkish Ambassador in Athens (who is an old friend of mine, since he was Minister here when I came out six years ago) feels the same way. He thinks Italy "cannot afford" to join Germany, for whom victory over England is "impossible". When such a conflict of opinion exists in supposedly informed circles, you can imagine the rumors that fly about.

I have seen the King, and given him your thanks for his message of appreciation of America's cultural and philanthropic help to Greece. I also gave him your message that America had always been a great friend of Greece and intends to remain so. Obviously he was enormously pleased to have this interchange with you, even though it was confined to amenities. I then, without drawing the bow too pointedly at the situation in this country, told him what you said about the danger of graft under dictatorships, and, as luck would have it, that very afternoon the news broke of the enormous fortunes put away in foreign countries by the Nazi leaders! Referring to the concluding paragraph of my last letter, I may say that I was amused to see that immediately I left the audience chamber, the Polish Minister

Lucius M. Ballagh

Minister popped in.

The King told me stories of his visit to Italy this summer which confirmed the impression that the House of Savoy is definitely opposed to the pro-German policy hitherto followed by the Fascist party. But more interesting than royal audiences, and second only to the possibilities of actual involvement in the war, are the economic problems which have arisen here since hostilities began. The British sea blockade is effective, but rail communication is open with Germany, and the Germans are trying to convince the Greeks that barter trade with them can go on as usual. Shipment by rail, however, is complicated and expensive, since neither Germany, Yugoslavia, nor Greece, will allow their rolling stock to cross their borders. Furthermore, the Greek authorities are very doubtful of Germany's ability, under war conditions, to supply her with anything but highly manufactured articles, and these she can neither eat nor use for fuel. The goods she herself produces she wants to trade for necessities, or for foreign exchange, of which her stock is desperately low. There is a tendency, therefore, to refuse barter, even on the most favorable terms which the Germans can invent. I am informed today that the British will not object to a continuance of the Greco-German clearing so far as tobacco is concerned, but that the Bank of Greece itself is objecting and demanding the cash which Germany hasn't got. Altogether the signs indicate that carrying on economic warfare in this region is by no means a hopeless one from the British point of view.

Affectionately yours,

Lincoln MacVeagh

*file
personal*

Athens, October 13, 1939,

Dear Franklin:

The situation round here gets "curiouser and curiouser", as Alice would say. The Greeks now feel that the Italian menace is diminishing as Russian interference in Europe increases. In fact, the Under Minister for Foreign Affairs tells me that this country is now chiefly interested in the outcome of the Soviet-Turkish talks in Moscow and the evident growth of Russian influence in Bulgaria. He described present Italo-German relations as "a divorce, with possible continuance of illicit intercourse", adding that there is little left for Italy now that Russia has come on the scene. Similarly, the Turkish Military Attaché said to me this morning, "Italy can no longer play the part of a great power. She has been doing so recently, despite her exposed geographical position and lack of resources, but now Russia has finished all that". He agreed that Italy, with the Soviet on the march, had better join with England, France and Turkey to protect the Mediterranean. But, in keeping with what I hear of his chiefs in Ankara, he is still suspicious of Fascist intentions, and fears they may not be what we would call rational.

He

The President,
The White House,
Washington.

He said Italy is "laying in supplies for a long war", which would hardly seem necessary if she did not expect to fight, if fight she does, against powers which can put her in blockade.

Thus Italy is still a factor in our local "war of nerves", but not to the extent it was when I last wrote two weeks ago. If the west is threatening, the north is even more so. It is suspected here that Russia will move her steam-roller from the Baltic to the Rumanian border as soon as the Finns are settled with, and that she and Bulgaria will then jointly demand the restoration of Bessarabia and the Dobrudja to their former owners. Rumania may be offered a guarantee of her independence if she complies peacefully, and may also be given the opportunity of joining the other states bordering on the Euxine in a "Black Sea Pact". I am informed that agreement to such a scheme is essentially what is being asked of the Turkish Foreign Minister at Moscow right now, and that the Bulgar and Soviet military authorities are already in consultation. We'll see now in a day or two, probably, what will be forthcoming in this regard. A more drastic demand to abandon France and England and close the Straits to their vessels, the Turks here say their government will never agree to, but they admit that Mr. Saradjoglu is in Moscow to discuss not only Turco-Soviet relations properly speaking, but Balkan affairs in general, in which Bulgarian territorial pretensions bulk large. The protraction of his stay they explain by the magnitude and variety of the issues to be discussed.

discussed.

Greece's own immediate fears are of course concerned with Bulgaria's claim to an exit to the Aegean at her expense. It appears that Bulgaria is willing to postpone the satisfaction of this claim for the present, but appetite comes with eating. Meanwhile the infinitely greater menace of the situation consists in the possible assumption by the Soviet of Turkey's position as arbiter of the Balkans. The Turkish leadership, established by Kemal, made for stability and peace. It is hardly to be expected that Stalin's leadership would do the same. No wonder the Greeks are anxious as to the outcome of the talks in Moscow! And, despite continued Turkish suspicions of Italy, I should think the Italians would share in this anxiety, too, and shape their policy accordingly. They countered a German threat to this region by taking Albania. Can they afford any better to have it dominated by Russia?

I know that the eyes of the world are now focussed on developments in western and northern Europe. But it would appear that something is brewing down here which is worth watching too, and which may make the Near East as important a factor in this war as it was in the last. Not the German Drang Nach Osten this time, but, by grace of Hitler's
surrender

surrender to Stalin, the recrudescence of Pan-Slavism
under a Bolshevik banner.

Affectionately yours,

Lincoln M. Wright

Greece

December 1, 1939.

Dear Lincoln:

Just back from Warm Springs in the midst of this dreadful rape of Finland. I find yours of November eighth on my desk, twenty-two days from Athens. All that you say is tremendously interesting. Continue to keep me in touch. I wonder what the next Russian plan is?

As ever yours,

Honorable Lincoln MacVeagh,
U. S. Minister to Greece,
Athens, Greece.

FDR/dj

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Athens, November 8, 1939.

Dear Franklin:

You may have "seen by the papers", as Mr. Dooley used to say, that the Greeks and Italians have exchanged notes agreeing to abide by the spirit of their pact of Friendship of 1928 which has just expired. The event has made a bit of a stir in these parts and has not only a queer history behind it but an importance beyond its immediate significance.

As to the history, the Pact of Friendship between these two countries had become so far a dead letter last spring, that when Mussolini decided that he had no intention of attacking Greece (understand Corfu), he forgot to mention that he was already bound to her in friendship and gave "assurances" entirely de novo, while the Greeks themselves never noticed the omission!

As to the importance, the facts are that the initiative was Italian, that the Greeks consulted the British before agreeing, and that the Italians knew it. This exchange of notes--it is hardly a "pact" but may grow into one--thus throws a bridge of sorts between Rome and London.

Whether

The President,
The White House,
Washington, D.C.

Whether any traffic will cross the bridge remains to be seen, but the practical wisdom of the Near East is asking what is a bridge for? The position of Greece is of course greatly improved. When I talked with the Premier last night he was positively radiant. He has now the friendship of Italy, an alliance with Turkey, and the guarantee of Britain. But the fate of Greece amounts to little in comparison with the implications of this new development if they are what they seem.

The sequence of events is interesting. Late in August, Germany made her pact with Russia, and on September 1st attacked Poland, without the assent of her Axis partner. On September 12th, Italy officially "remembered" her pact of friendship with Greece, and on September 20th, announced the withdrawal of her troops from the Greco-Albanian frontier. Is post hoc, in this case, also propter hoc? It looks very much like it.

Greek opinion tends to see Italy veering away from the Axis toward a more neutral policy. This involves the consolidation of the Balkans against Russian, and perhaps also German aggression, and the eventual protection of Italian interests in the Mediterranean against powers far more ruthless than England and France.

I am informed here that the countries of southeastern Europe would probably not wish to form a neutral bloc under Italian leadership, but that such a bloc may possibly come about nevertheless, since "needs must when the devil drives", and that Italy might be accepted as big brother if not as patron. Furthermore, to the extent that Roman

imperialism

imperialism runs counter to any non-Mediterranean domination of the Straits, Italy would seem to be becoming more and more, as Russian appetite grows, the virtual ally of the other Great Powers with interests in the Mediterranean Sea.

The second problem of the day in this region is, of course, this same Russian appetite. Who was it of whom the Bible says that his maw is never full? Was it the Devil? or Anti-Christ? Though the Finnish business is not yet settled, the Russians have already inquired at Ankara how Turkey intends to interpret her Tripartite agreement with England and France so far as Rumania is concerned, and in Sofia there has been talk of the establishment of a Russo-Bulgarian frontier. According to information from the Greek Embassy at the Turkish Capital, the Turks have refused to commit themselves. If they don't intend to help the Rumanians, they are, at any rate, not telling the Russians so. And it now seems established that the Bulgarian cabinet fell because the King wanted to be wholly free of Russian influence in the conduct of foreign affairs. These may be good signs, to some extent, but they are also the smoke which betrays the presence of fire. As to the importance of the fire, opinions differ. The Turkish Military Attaché said to me yesterday: "We know that Russia is not in a position to fight; and we won't be bluffed." But the majority hardly shares this view.

So far as internal affairs here are concerned, I may say that the Premier has gathered some laurels as Foreign

Minister

Minister, but that the Army appears restless over being held so long on a war footing when there isn't any war, while the difficulties connected with the breakdown of the international barter system and the British control of exports have created seemingly endless economic problems, some of them of a serious nature. In this connection, the Premier said to me last night (at the Soviet celebration!) "America is our hope." Maybe the Greeks will now look on a possible American trade agreement with different eyes than when the German clearing was going strong. In any case, that is my hope.

Finally, I would add that though the press has been cautious as usual and allowed no editorials on the subject, the Greek reaction to our repeal of the arms embargo has been generally enthusiastic. Naturally, people here think less of our neutrality in this connection than of the fortunes of the belligerents, and I have been somewhat embarrassed occasionally by the unvarnished phraseology of congratulations received.

Affectionately yours,

Lincoln MacVeagh

*File
personal
Greece*

Athens, Greece,
Monday, December 3, 1939.

Dear Franklin:-

Things move so fast these days that my letters, which take so long to reach you, ought to be cast in the mold of prophecies. But I feel rather handicapped as a prophet. It may be true that coming events cast their shadows before, and that a good observer should note them. But when one's whole sky is clouded, with storms on every horizon, there are no definite shadows, and all is more or less dark.

The Mediterranean situation was certainly much improved by the conclusion of the Turkish Pact with England and France, and Italy's continuing neutrality has been no less reassuring, marked as it has been with concrete evidences of pacific intentions, at least for the immediate future. Thus, Italy has given "winter leave of absence" to many of her troops, and has resumed the sailings of the Adriatica Line to the Piraeus, Izmir and Istanbul, and I am told, is exploring Turkish reactions to a possible extension of the Ala Littoria Air Line from Salonika to the Bosphorus.

So

The President,
The White House,
Washington.

So far as I can find out, she has not withdrawn any of her forces from the Dodecanese, and without that there can hardly be any real Italo-Turkish rapprochement, as conditions stand. But feeling is certainly less tense than it was between these two countries, possibly because both realize that they are alike menaced by the threat to the Straits inherent in Russo-German collaboration.

Against this improvement in the local situation, however, which has allowed Greece to reduce her mobilized forces to about the numbers on hand last August, must be set the feeling here that Russian pressure on Rumania is likely to follow promptly on the Finnish business, and that Germany and Russia are encouraging both Hungary and Bulgaria in their claims to the lost provinces of Transylvania and the Dobrudja. I have talked only this evening with the Under Minister for Foreign Affairs on this subject. He has no proof that an agreement exists between Russia and Germany regarding zones of influence in the Balkans, but he feels such a thing not unlikely, in view of the way the two have been working together in the north. He feels they may not get on so well in this region, since for both there is really only one prize here, namely the Straits. But though there may eventually be some double-crossing between them, preliminary joint manoeuvres bringing both within grasping distance of the goal are not to be excluded. In this connection, he mentioned German concentrations on the Hungarian border

as possibly meant to encourage Hungarian exploitation of a Russian move against Bessarabia. Both Russia and Germany are known to be actively intriguing in Sofia, but the reduction of Rumania still seems first on the list of agenda. How far it is intended to impair Rumania's independence is a question, but her shearing and humiliation would make Russo-German influence supreme in the Balkans right down to the Greek border, and from the Turkish point of view this would probably be intolerable no matter where the two powers drew the line dividing their zones of influence. It is the Under Minister's idea that Turkey will fight rather than let any great power control the territory which used, as "Turkey-in-Europe", to constitute the western bulwark of the Straits, and the Turkish Military Attaché confirms this by saying that when Turkey fights it will not be in Turkey but in Bulgaria. All this, of course, constitutes a forecast dependent on a number of unknown factors, but it has sufficient verisimilitude and urgency to cause the Greeks extreme uneasiness.

Something like panic in the Rumanian breast has been the cause of our most recent diplomatic dust-up here. After the repeated failures of the last few years to draw the Bulgarians into the fold of the Balkan Entente, and thus make possible a solid Balkan Bloc, the Rumanians, apparently encouraged at first by Italy (always anxious to play a leading rôle), proposed the idea that southeastern Europe, that is, the

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the Balkan nations plus Italy and Hungary, should unite in taking the pledge of neutrality. There was to be no question of mutual assistance, or anything like that, but the idea itself would create a bond capable of being developed. The Rumanian Ambassador here informed the Greeks that all the great European powers were pleased with the idea, and it is undoubtedly true that Germany expressed her accord to begin with. The French, however, soon showed themselves jealous of the prestige to be acquired by Italy in such a combination with lesser states, and when Germany heard that England was favorable she withdrew her consent. The Under Minister for Foreign Affairs added tonight that Russia also was against the idea and that she used her influence with the Germans to help destroy it. Finally, Italy withdrew her support as soon as she saw the plan might not go through. Thus, regardless of the willingness, or otherwise, of the majority of the states immediately concerned, the idea has come to exactly nothing. The Greeks very sensibly say it was too hastily launched and not sufficiently studied in advance as regards the conflicting policies of the Great Powers. Now they say that Mr. Gafencu is thinking of restricting the pledge to the Balkan Entente countries alone. But this could hardly have the same effect. The fact is that the neutrality or the non-neutrality of the Balkan States is not theirs to dispose of, and can never be until they unite on things more fundamental than neutrality alone.

While

While Greece waits for the storm in northern Europe to roll southeastwards, her most pressing problems remain economic. Like most of the neutral countries, and like all which have been subsisting for years largely on German barter, she is deeply resentful of the British blockade, particularly the new blockade of German exports. Frankly, her leaders tell me that they don't see how she is going to live unless England does something--they know not what--to compensate her for her loss of trade. No protests have been made to Germany in regard to the Greek boats sunk by German submarines and mines. The Under Minister for Foreign Affairs has told me that this will be done only "when we receive accurate information as to the circumstances in each case". But the British are hearing from the Greeks every day about the blockade. This may seem a little unfair, but as one wit remarked, "Greek ships carry good insurance". So far, the French and British have promised to buy some Greek tobacco, but more than this will have to be done. The French member of the International Financial Commission tells me that the Commission's receipts from the monopolies it controls--salt, customs, matches, tobacco, etc.--have gone down 33-1/3 percent since September 1st, and ~~xxxx~~ the movement of shipping in the Piraeus, normally the second or third port in the Mediterranean in this respect, has gone off by 50 percent in the same period. The Greek tramp marine, the second in the world, is making a good profit, as it did in the last war, but is being more heavily and efficiently taxed than it was then to make up
for

for Greece's losses in other ways. The Greeks get meat only three days a week now and are rationed in sugar, coal and gasoline. The bread has been debased (being partly made of beans) and numbers of imported manufactured articles have totally disappeared from the market. But this after all is the common lot of Europe in these days. Though struggling, Greece is still keeping her head above water and is favorably situated still, as European countries go. Also, as far as she deems it safe, she is still on the side of the Allies. She congratulated Hitler on his escape from the Munich bomb, but in so doing she only sent the Director of Protocol of the Foreign Office to call on the German Minister. The incident may serve as a parable of her attitude.

Affectionately yours,

Lurion MacVeagh