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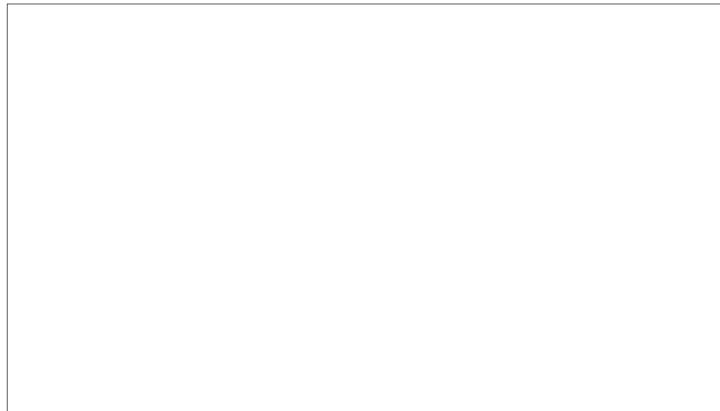
## OFFICE OF CURRENT INTELLIGENCE

### CENTRAL INTELLIGENCE AGENCY

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## 1. SITUATION IN GUATEMALA

Comment on:

The army has emerged as the dominant force on the Guatemalan political scene, and it is believed that a military figure will stand the best chance to be elected president. There are increasing rumors that interim president Luis Arturo Gonzalez Lopez, who has no political following of his own, may be replaced by a military junta if he fails to act in accordance with the wishes of the army. Defense Minister Col. Juan Francisco Oliva already virtually controls the government.

According to the constitution of 1956, elections must be held within four months, but the 30-day state of siege--which may be extended--will postpone the beginning of the legal four-month waiting period.

Oliva is the strongest of various potential presidential candidates and is believed to have the support of the administration party, the National Democratic Movement, as well as of the army. Although as a cabinet minister he is constitutionally ineligible to run for president unless he resigns six months prior to the election, Oliva could well arrange a waiver of the regulation. Ambassador to the United States Jose Luis Salazar is also known to aspire to the presidency. Both men are strongly anti-Communist and pro-United States.

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## 2. ARGENTINE CONSTITUENT ASSEMBLY ELECTIONS

Comment on:

Parties supporting the Argentine provisional government's call for constitutional revision appear to have won a majority of the 205 constituent assembly seats on the basis of 80 percent of the returns from the 28 July election.

At the same time a strong protest was registered against the government. Without affecting assembly seats, almost 25 percent of those voting cast blank ballots, as urged by the Peronistas. Another 21.2 percent went to the Intransigent Radical Civil Union, led by the demagogic Arturo Frondizi, which had opposed constitutional revision and had hoped to obtain widespread Peronista support.

Continued division and uncertainty in Argentine politics are suggested by the fact that the largest vote obtained by a single party thus far is the 25.6 percent won by the progovernment People's Radical Civil Union. Moreover, those supporting constitutional reform have varying programs, ranging from conservative to Communist. The Communist Party reportedly has won at least two seats thus far, marking its first representation in any Argentine assembly.

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### 3. TURKEY ADAMANTLY OPPOSED TO INDEPENDENCE FOR CYPRUS

Turkish Prime Minister Menderes told Ambassador Warren on 26 July that Turkey probably will not send representatives to the proposed 3 September London conference regarding Cyprus if independence for the island is one of the alternatives on the agenda.

Menderes charged that, despite his earlier refusal to discuss independence for Cyprus, the British were now trying to raise it as a possible solution in a conference of representatives from the UK, Greece, and Turkey.

Warren comments that the Turks are now so committed to partition that they can accept no other change in the status quo.

**Comment**      The Turks are adamant against independence for Cyprus because they see it as merely a steppingstone to union with Greece. They are unlikely to boycott any conference concerning Cyprus, however, for fear of losing a tactical advantage. In view of the adverse results of the 1955 London conference, Athens has insisted it will not send representatives to another such conference.

London's hope in calling the conference is presumably to gain domestic and international political credit by making a gesture toward settlement before the issue is taken up by the UN General Assembly.

#### 4. TURKISH CABINET EXAMINES RELATIONS WITH USSR

The American ambassador in Ankara notes that Prime Minister Menderes may have conveyed a "gentle warning" that the present Turkish position regarding the USSR could be subject to change. Menderes, in informing Ambassador Warren of a long cabinet discussion of Russian-Turkish relations on 25 July, recalled that the Soviets had been making economic and cultural overtures to Turkey for the past two years. He said that Defense Minister Zhukov suggested to a Turkish admiral at the Navy Day celebrations in Leningrad in mid-July that discussions of ways to improve relations between the two countries be held in either Ankara or Moscow.

Menderes reminded Ambassador Warren that the Turks have steadfastly refused to alter their relations with the USSR. With few exceptions, Turkish individuals and groups have declined invitations to visit the Soviet Union, and nearly all Russian offers of economic aid to Turkey have been rejected. The Turks have maintained that there is no need to discuss differences between the two countries.

Comment

The present shortage of foreign exchange and internal economic pressures in Turkey continue to make Soviet economic blandishments attractive. However, there is no indication that the government of Turkey is changing its position toward Russian economic or cultural overtures.

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## 5. BURMESE ENVOY DISILLUSIONED WITH PEIPING ON BORDER ISSUE



Comment              The fact that even the usually optimistic Hla Maung is now pessimistic over the prospects of an early border settlement suggests that Burmese patience in the face of protracted Chinese stalling may be reaching the breaking point.

Hla Maung's [redacted] may well inspire Premier U Nu to criticize Peiping publicly and thus precipitate another press campaign of the type which last summer embarrassed Peiping into agreeing to early boundary talks. U Nu heretofore has sought to minimize the difficulties of negotiating with the Chinese and has consistently held out hope for a settlement.

Peiping has been haggling with the Burmese over the northern sector of the disputed area despite the fact that the Chinese have more economic and military interests in the south. Peiping's strategy may be eventually to concede to the Burmese in the north in return for Burmese concessions in the south, particularly in the area bordering the Wa states.

## 6. PERU REQUESTS CZECHS TO CLOSE LEGATION IN LIMA

[Redacted]

Peruvian Foreign Minister Cisneros told the US ambassador in Lima on 26 July he had just asked the Czech chargé to close the Czech legation--the only bloc mission there. Cisneros said that Peru was not formally breaking relations but merely advising the Czech government that Peru found it inconvenient to have its legation in Lima. Peru has no diplomatic representatives in Prague.

Cisneros added that his main reason was to end the biweekly courier visits which he considered the principal means by which Peruvian Communists receive instructions and funds.

**Comment**      The Peruvian action may be designed primarily to conciliate conservative and army elements who have been critical of the increase in Communist labor agitation over the past year.

The legation, opened in January 1956, has made consistent efforts to expand its personnel and activities in promoting trade. It is now reported staffed by a chargé d'affaires and two commercial attachés. The Czechs have faced a generally hostile atmosphere in Lima, resulting in a considerable initial delay in securing quarters, sparse attendance at legation receptions, and attacks in the press.

Czechoslovakia is Peru's leading trading partner among bloc countries, but trade in 1956 amounted to only \$570,000, almost entirely confined to imports by Peru.

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## 7. PHILIPPINE NOMINATING CONVENTION DEADLOCKED OVER VICE-PRESIDENTIAL CHOICE

Comment on:

A convention deadlock over the nomination of a Nacionalista Party vice-presidential candidate for the November election may result in the emergence of a dark-horse running mate for President Garcia, the administration party's presidential nominee. Selection of a vice-presidential candidate has now been turned over to the party's executive committee, a maneuver possibly aimed at bypassing House Speaker Jose Laurel, Jr., who led convention balloting but failed to receive the required 60 percent.

Meetings between Garcia and the rival vice-presidential aspirants failed to resolve the deadlock. Garcia's refusal to state a preference for a running mate, despite his own overwhelming first-ballot victory, suggests not only his willingness to drop the controversial Laurel, but a possible tacit agreement among party leaders on a dark-horse candidate.

Prominently mentioned in this connection, according to American embassy reports, are Senators Gil Puyat and Lorenzo Sumulong, both of whom are proven vote-getters, acceptable to all party factions and less likely than Laurel to arouse strong opposition from Roman Catholic or pro-American circles.