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FAR EAST

4. Comment on Chou En-lai's new overture to formalize relations with Japan:

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[Redacted]

On 25 July Chou En-lai publicly said he hoped that Prime Minister Hatoyama would send a "suitable representative" to Peiping to discuss the normalization of relations between Peiping and Tokyo.

Although the Chinese Communists on occasion have asked to normalize relations, they have not pressed Tokyo in recent months. This renewed effort is timed to take any possible advantage of the atmosphere created by the announcement that the United States had publicly agreed to hold talks with Communist China in Geneva.

Chou's overture will increase popular pressure on the Hatoyama government to restore normal relations with Peiping. Hatoyama's response that he did not intend to send a representative immediately but preferred to await for an accord between the United States and Communist China conforms to Japan's policy of co-operation with the free world. Japan has indicated, however, that an official representative might be sent to Peiping to negotiate on the repatriation of Japanese detainees.

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SOUTHEAST ASIA

5. Final break between Recto and Philippine president approaching:

25X1

[Redacted]

Senator Recto's virulent attack on President Magsaysay over Philippine recognition of Vietnam indicates that the two men are headed for a showdown, according to the American embassy in Manila. Magsaysay, in reaction to Recto's ceaseless and obstructive attacks on the administration program, is reported to have instructed his senatorial supporters to take a "gloves-off stand" against Recto. Some sources are predicting that the president will seek Recto's expulsion from the Nacionalista Party.

The embassy comments that Recto's position appears to reflect the mounting anxiety of the Nacionalista Party "old guard" over Magsaysay's increasing self-assertion as senate elections approach.

Comment: Senator Recto, leader of the ultranationalist faction of the Nacionalista Party, has been engaged in a struggle with Magsaysay for party leadership since the 1953 presidential election. Magsaysay's pro-American foreign policy has been the basic issue in the struggle. Their most recent clash developed out of Recto's charge that the Philippine government's recognition of Vietnam on 15 July was dictated by the United States.

Recto is now reported ready to form a new political party in preparation for his expected campaign for re-election to the senate in November.

NEAR EAST - AFRICA

6. American official assesses North African problem:

The French have achieved a precarious success in Tunisia and a lull in violence in Algeria, but are faced with acute difficulty in French Morocco, according to preliminary observations of Julius Holmes, American diplomatic agent in Tangier, upon completion of a trip through French North Africa.

Holmes sees the key to the present impasse in replacement of the present sultan, who is unacceptable to the Moroccans. He expects Moroccan turbulence to continue and perhaps to increase as both nationalists and French settlers attempt to influence Resident General Grandval. Further clashes on the scale of those at Casablanca and Marrakech may even make settlement of this issue of little avail, particularly if guerrilla operations in the Moroccan countryside develop as they have in Algeria.

He believes the three separate North African problems are so interrelated that progress toward a solution in one area requires simultaneous progress in the other two. Unless there is early progress toward guaranteeing both the continued presence of France in North Africa and satisfaction of the reasonable aspirations of the North Africans, strife and violence will increase and North Africa will be lost.