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FAR EAST

1. Hatoyama seen most likely choice for next prime minister of Japan:

[Redacted]

Most political observers in Tokyo feel that Ichiro Hatoyama will be the next Japanese prime minister. Hatoyama is already selecting his cabinet, according to the American embassy. The Right and Left Socialists, however, are reluctant to support Hatoyama in the elections for prime minister in the lower house of the Diet because of his stand in favor of rearmament. They will do so only if he promises to dissolve the lower house as soon as the regular budget is passed next spring. The embassy points out that if the Socialists withdraw their support from the Democrats and run their own candidate, Liberal Party leader Ogata or a compromise candidate could still become prime minister.

No firm decisions have yet been made and all parties are revising their strategy in the light of Yoshida's resignation. Plans now call for selection of the new prime minister on 9 December.

Comment: The Socialists, despite their attempts to bargain, are likely to support Hatoyama for prime minister unless they discover some sort of deal between the Liberals and Democrats. The Socialists may reason that their temporary support of a weak Hatoyama government will hasten a general election in which they are sure to pick up strength.

Of the total of 467 seats in the lower house of the Diet, Ogata's Liberals hold 185, Hatoyama's Japan Democrats hold 120, and the Left and Right Socialists hold 134. The other seats are either vacant or held by representatives of minor parties.

SOUTHEAST ASIA

2. General Collins summarizes situation in Vietnam:

[Redacted]

At the end of his first month in Vietnam, General Collins feels that prospects are only fair at best that Premier Diem will

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develop an effective government capable of resisting Viet Minh encroachments. Although the worst of the army-government feud is probably over, Diem continues to preoccupy himself with petty details of army administration and with the elimination of any latent pro-Hinh sentiment to the exclusion of more important matters. His recent replacement of chief of staff Nguyen Van Vy-- who is competent but a French citizen--by the inexperienced but pro-Diem Le Van Ty reflects this suspicion.

Collins' initial impression of Diem's weaknesses has grown stronger, and he says "time is running out and it will take a lot of doing to make him into an effective leader."

Collins believes Bao Dai's continued tampering with Vietnamese institutions, especially the army, is injurious, and notes Diem's readiness to assert increasing independence of Bao Dai.

American relations with the French are satisfactory, Collins states, and General Ely has given assurances that the joint policy of supporting Diem will not be sabotaged by French subordinates, many of whom are still strongly anti-Diem.

3. Burmese propose triangular trade with Ceylon and Communist China:

The Burmese minister of trade development has suggested that Burma enter into triangular trade with Ceylon and Communist China,

The minister proposed that Burmese rice be shipped to Ceylon in payment for rubber sent to China, and that Burma receive payment in accordance with the terms of its recent trade agreement with Peiping.

This proposal was made in support of Premier U Nu's efforts to sell additional rice to Communist China during his visit to Peiping.

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In a speech shortly after his arrival in Peiping, U Nu stressed the importance of rice to Burma's economy and thanked the Chinese for their "generous gesture" in buying 150,000 tons.

NEAR EAST - AFRICA

4. Comment on execution of Moslem Brotherhood members:

The execution of six members of the Moslem Brotherhood in Cairo on 7 December will further alienate the Egyptian masses from the Nasr regime. Despite its history of terroristic activity, the Brotherhood is largely regarded as a religious organization and therefore the execution shocks the sensibilities of the devout. The Brotherhood's violent opposition left Premier Nasr no real choice; however, the executions can hardly be expected to stop terrorism. As a result, the regime will probably be forced to rely increasingly on police measures and has little prospect of returning to even a nominal democratic basis.

Brotherhood cells in various parts of the Moslem world have helped bring about an extensive adverse reaction to the executions. Mass demonstrations have occurred in several Arab states, and even in Pakistan--normally removed from Arab politics--strong criticism has been voiced by religious leaders. The Nasr regime has probably lost some of the prestige and influence it recently gained in the Moslem world and has lessened its chances of ultimately controlling the Sudan.

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5. Compromise solution in Tunisia seems probable:

The French authorities in Tunisia are elated and considerably surprised by the number of fellagha surrenders, according to the American consul general.

It now seems probable that well over 75 percent of the outlaws will lay down their arms. The Neo-Destour nationalist party's delegates made a supreme effort to induce the fellagha to accept the amnesty terms.

A high-ranking French official told the consul general on 5 December that steps will be taken at once to provide jobs for ex-fellagha members to prevent them from returning to banditry. He admitted, however, that he has no employment plan ready.

Comment: Prospects for a short-term compromise in Tunisia appear to be the best since 1951. The long-term outlook is, however, less clear. A final settlement must overcome the objections of both the French settlers with their powerful political allies in Paris and extremist Tunisian nationalists.

There are indications that Premier Mendes-France prefers to have a final Tunisian settlement delayed until after the 10 December parliamentary debate on North African policy in order to avoid revealing the extent of his concessions to the Tunisians and thus avert attacks by his opponents in the assembly.

LATE ITEM

6. French officials deny Moscow demarche deals with four-power talks:

High French officials have told Ambassador Dillon that the French demarche in Moscow is concerned solely with "the Austrian affair" and have denied as "utterly without foundation" press reports that the demarche

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deals with the possibility of a four-power conference in May. Both Alexandre Parodi, secretary general of the Foreign Ministry, and Jean Soutou, the premier's personal foreign affairs spokesman, have given these assurances. Dillon and British ambassador Jebb consider the French explanation "reasonable."

Parodi has also strongly assured Dillon that, contrary to speculation following General de Gaulle's speech of 4 December, the French government has no intention of holding up the implementation of the Paris accords pending the holding of a four-power conference.

Comment: The United States and Britain have objected to the French making a unilateral demarche in Moscow, fearing that such action would create the impression that the three allies were divided, and thus give the USSR a diplomatic advantage. Washington and London have reluctantly agreed to a demarche, however, on condition that the French say, in making the demarche, that they are doing so following consultations with the United States and Britain.

Mendes-France is eager to press a demarche on the Austrian question so that he can rebut charges in the assembly that his UN speech of 22 November was only "window dressing." He also hopes to expand his talks with Moscow ultimately into four-power discussions of all areas of East-West disagreement.

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