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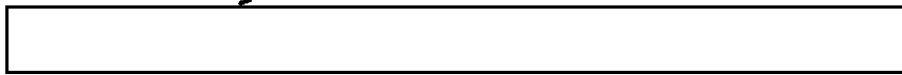
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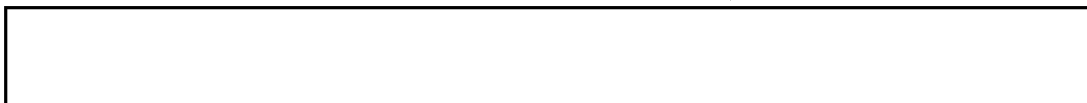
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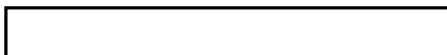
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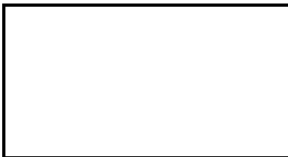
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2. NEW JAPANESE GOVERNMENT'S PROGRAM

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 The American embassy in Tokyo believes that the new Japanese government--to be formed about 21 November by Premier Hatoyama from former

Liberal and Democratic members of the new conservative party--is not likely to stress such unpopular measures as increased expenditures for defense, economic austerity, and those which imply dependence on the United States. The embassy notes, however, that with Hatoyama's power to act independently now circumscribed by the new party's collective leadership, there may be less flirtation with the Sino-Soviet Orbit.

The government is expected to concentrate on improving its domestic position, with the aim of gaining the few votes necessary to preclude a Socialist veto in the Diet on any revision of the constitution. To this end, it will use its Diet majority to revise election laws so as to hamper the Socialists, institute a popular welfare program, and then call for a new election.

The embassy believes that while the conservative union will in the beginning be frail and uneasy, the Socialist threat will hold the alliance together long enough for the conservatives to achieve their goals.

Comment

The desire to place economic stability ahead of defense, and to encourage increased contacts with Communist China, cuts across all political factions in Japan, and no drastic change in these policies is likely. Security legislation previously rejected by the Diet may now be passed, however, including anti-subversive measures and bills creating a Defense Ministry, a National Defense Council, and a constitutional revision committee.

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4. SOUTH VIETNAM DESIRES FORMAL ASSOCIATION WITH SEATO

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The government of South Vietnam is eager to "climb on the SEATO bandwagon," according to the American ambassador in Saigon. The embassy feels, however, that a number of SEATO powers would strongly oppose any formal association at this time and cites the cool reaction of visiting British and New Zealand officials to whom Premier Diem broached the matter.

Comment

South Vietnam has no formal connections with SEATO, although it is included in the organization's zone of protection. The Diem government, conscious of its inferior military position compared to that of the Viet Minh, presumably believes that a balance can be secured through a closer association with SEATO.

Objections to a closer Vietnamese connection with SEATO, particularly on the part of the British and French, stem from a desire to avoid any action in Southeast Asia which might provoke the Communists. The Viet Minh has repeatedly denounced any South Vietnam association with SEATO.



5. BURMESE CABINET MINISTER CONCERNED OVER
INCREASING ECONOMIC TIES WITH SOVIET BLOC

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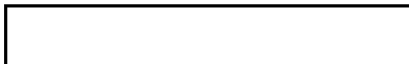
Kyaw Nyein, the influential Burmese minister of industries, told Ambassador Satterthwaite on 15 November that he was concerned over the trend toward increasing economic ties between his country and the Sino-Soviet bloc. He asked what the United States could do to help Burma, and stated that "we or at least some of us in the government are still anti-Communist."

Kyaw Nyein defended Burma's position, however, on the grounds that it is absolutely essential for Burma to dispose of its rice surplus wherever possible. He indicated that a disproportionate share of Orbit payments would be in the form of technical assistance and that a number of technicians would be in Burma for several years.

Comment

Kyaw Nyein is the most outspokenly anti-Communist of the top three Burmese government leaders and has previously complained that Burma was in danger of being drawn into the Soviet bloc out of economic necessity. The Burmese government, however, has welcomed Orbit agreements to trade for rice, and Premier Nu's conciliation of the Sino-Soviet bloc is generally approved by the Burmese people.

The Soviet Union, Communist China, and Poland are already committed to take nearly a third of Burma's rice exports, and a Czech trade mission will soon be in Rangoon, reportedly to negotiate for another 100,000 tons.



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THE ARAB-ISRAELI SITUATION
(Information as of 1700, 17 November)

No significant military activity on the Arab-Israeli borders has been reported. The American military attaché in Tel Aviv believes that a call-up of small numbers of personnel and vehicles noted on 14 November is probably for rotational purposes or for a small-scale maneuver.

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The fact that the visit to India of Soviet leaders Bulganin and Krushchev apparently will overlap three or four days with a visit by King Saud of Saudi Arabia suggests that a Saudi-Soviet meeting may take place there. While Saud might not seek such a meeting himself, he professedly was unable to resist pressure for a meeting with the Soviet ambassador during his visit to Tehran last August. Since that time the USSR reportedly has made repeated offers of arms to the Saudis.

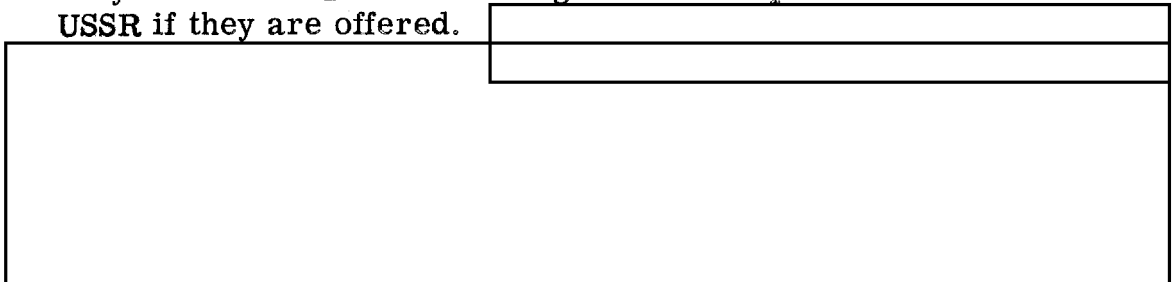
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The Yemeni ambassador in Cairo has publicly announced Yemen's willingness to accept arms from the USSR if they are offered.

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