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18 December 1955

SC No. 05293/55
Copy No. 103**CONTINUED CONTROL**

CO/ED

CURRENT INTELLIGENCE BULLETIN

DOCUMENT NO. 70
 NO CHANGE IN CLASS.
 DECLASSIFIED
 CLASS. CHANGED TO: TS S C
 NEXT REVIEW DATE: 2010
 AUTH: HR 70-2
 DATE: 17 JAN 1981 REVIEWER: 019360

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1. LAOTIAN OFFICIAL FORESEES LITTLE CHANGE IN GOVERNMENT FOLLOWING ELECTIONS

[Redacted] [Redacted]
Laotian minister of commerce Ngon Sananikone believes that following the 25 December election the balance of power in the coalition cabinet will remain substantially the same, with Prime Minister Katay and Foreign Minister Phoui continuing to be the dominant figures. Ngon said that the principal change expected is the departure of Defense Minister Souvanna Phouma to Paris as Lao representative there.

Comment The departure of Souvanna Phouma, who has often been at odds with his colleagues, would contribute to the cabinet's stability.

Katay's Progressive Party and Phoui's Independent Party are each expected to win one third of the assembly seats. The two parties now hold 28 seats in the 39-member assembly.

These two groups have formed a loose alliance during the campaign to decrease the prospects of any Pathet Lao sympathizer being elected, and they can be expected to favor continued co-operation with the United States.

2. NEW REVOLT REPORTED BEING ORGANIZED IN BRAZIL

A revolt to restore Joao Café Filho to the presidency of Brazil and to prevent the inauguration of President-elect Juscelino Kubitschek and

Vice President-elect Joao Goulart is now being planned for some time before 5 January,

The influential former air minister Gen. Eduardo Gomes and the governors of the states of Sao Paulo and Pernambuco are said to be involved, with support expected from elements in all three armed services.

The organizers are said to feel that sentiment in the armed forces against the present regime of Acting President Nereu Ramos and War Minister General Lott is sufficiently widespread to attract "much spontaneous support" for the revolt once it is under way.

Comment It seems unlikely that organization to carry out a plot could be very advanced because anti-Kubitschek leaders have probably been under watch since the mid-November coup. Kubitschek himself is confident that such plots have no chance of success, since he reportedly plans to leave Brazil for visits to Europe and the United States prior to taking office. The Brazilian embassy in Washington "tentatively" expects him to arrive here on January 10.

Plotting against the present interim government and against permitting Kubitschek and Goulart from taking office on 31 January has probably increased since the unconstitutional act of not permitting President Café to return to office on 21 November after the president's physicians stated that he was physically fit and able to resume office.

THE ARAB-ISRAELI SITUATION
(Information as of 1700, 18 December)

[REDACTED] No significant military activity has been reported.

In interviews with United States Information Agency director Streibert in Tel Aviv on 14 and 15 December, Israeli prime minister Ben Gurion said he was prepared to talk immediately with Egyptian prime minister Nasr about a peace settlement. Ben Gurion proposed as specific steps: (1) a cease-fire between Egypt and Israel, with a promise by Israel to abstain from retaliation even in the face of provocation during the time required to get an answer from Nasr; (2) strict observance of the armistice agreement; (3) opening of discussions. Ben Gurion said he accepted the idea, broached earlier to Streibert by Nasr, that boundaries and compensation for refugees should be the topics for discussion, and that boundary problems could be handled on a "give and take" basis. The American embassy in Tel Aviv believes that Ben Gurion's statements regarding boundary discussions and abstention from retaliation mark some advance over overtures the Israeli leader has made in the past. Ben Gurion also said, however, that he doubted Nasr wanted a settlement. He added that "we are deadly afraid" and that "I have to think of possibilities of our border settlements being destroyed, of tens of thousands of the flower of our youth losing their lives, and of Tel Aviv and Haifa being destroyed in half an hour from the air."

The American embassy believes that in line with his talks with Streibert, Ben Gurion currently is inclined to give great weight to what he regards as his duty to insure the rights and protection of Israeli border settlers. From conversations with Israeli Foreign Ministry officials, the embassy has received the impression that the decision to launch the 11-12 December raid on Syria was made by the prime minister "very much on his own." [REDACTED]

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[redacted] watching BEAGLE
(IL-28) aircraft flying over the Cairo West field on 14 and
15 December concluded that the planes were being flown by
"cautious beginners," according to the American air attaché
in Cairo. [redacted]

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