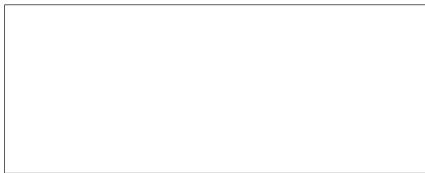


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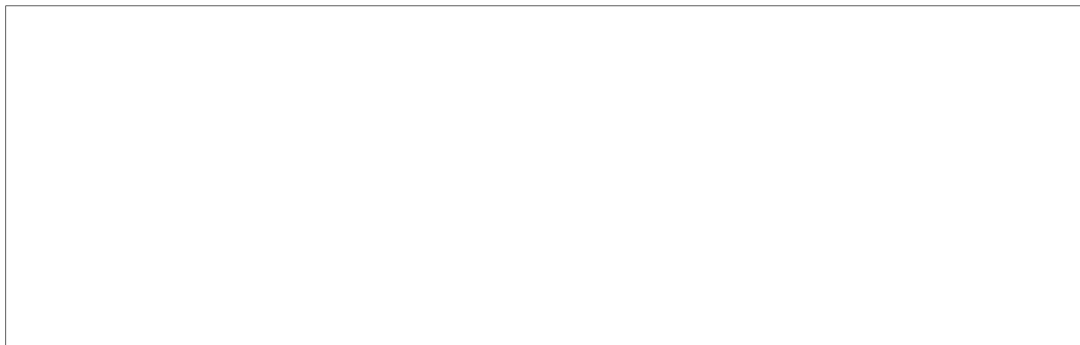
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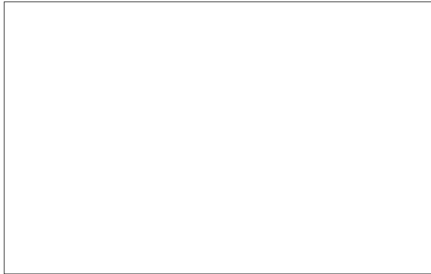
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1. ISRAELI-EGYPTIAN FRONTIER SITUATION



The Israeli raid in the El Auja area on the night of 2-3 November again underscores Tel Aviv's determination to maintain an unyielding frontier policy and to permit no encroachment on Israeli soil. It also appears intended to force the Western powers, which had not satisfied Foreign Minister Sharett's requests for security assurances and arms, to become actively and favorably concerned with Israeli security.

Israel carried out extensive mobilization before it acted in El Auja, and the American military attaché in Tel Aviv believes that when it initiated the raid, Israel was prepared for "any eventuality."

Serious violations of the armistice always raise the possibility that the fighting may grow into general hostilities, even though the indications are that neither side is at present prepared to resort to war. Major Israeli assaults may, however, eventually lead Egyptian prime minister Nasr to feel that he must resort to war or lose the support of his army and his people.



2. EARLY ELECTIONS NOW EXPECTED IN FRANCE

Elections for the French National Assembly will almost certainly be held by mid-December, even though the constitution gives the Council of the Republic two months in which to express its views on the bill voted on 3 November dissolving the assembly. The council is expected to give prompt backing to the conservative deputies who pushed the dissolution vote through the assembly.

The government may now decide to make a last appeal to the assembly to reconsider the problem of electoral reform, a dozen proposals for which were debated before the 3 November vote. Such action must be taken by 13 November if the elections are to be held in December, however, and in view of the reluctance of much of Faure's coalition to accept a change, it is likely the current system will be retained--a type of proportional representation which puts a premium on party alliances.

Nevertheless, Mendes-France can still be expected to try to marshal opponents of early elections. He will attempt to press the council for delay and, in a last effort to effect electoral reform, try to consolidate his control of the Radical Socialists at their national congress this week.

The Communists voted for dissolution of the assembly apparently in the hope of improving their chances for alliances with the Socialists, who may be prevented from affiliation with the center groups to the same extent as in the 1951 elections. An increase in local Communist-Socialist electoral alliances is likely. In any event, Communist representation in the assembly will probably be increased because of friction between the non-Communist groups.

3. BREAKDOWN OF LAOTIAN NEGOTIATIONS EXPECTED SOON

[Redacted]

Crown Prince Savang believes the negotiations between the Laotian government and the Pathet Lao will be broken off by 10 November.

Savang states that even if the Pathets make last-minute concessions, it is too late for them to participate in the December elections.

At the close of the negotiations the government hopes to get the International Control Commission's support for an appeal to Britain and the USSR as cochairmen of the 1954 Geneva conference regarding its dispute with the Pathet Lao.

Comment

Pathet Lao forces will probably increase military pressure in the two northern provinces following a final break in negotiations.

[Redacted] in early October, the Pathets were ordered by the Viet Minh to increase reconnaissance in preparation for a large-scale offensive during the winter dry season.

Savang said earlier that in the event of a breakdown in negotiations, he would strongly favor a study of the situation in northern Laos by the Manila pact powers and action by them should the Viet Minh intervene in force. [Redacted]

4. **INDONESIAN PRESIDENT REPORTED WORKING TO RESTORE LEFTIST GOVERNMENT**

[REDACTED] President Sukarno has sounded out the National Party, the Nahdlatul Ulama (NU), and several minor parties to ascertain whether a government similar to the Ali cabinet could be reconstructed,

[REDACTED] The "Ali formula" would include Communist support of the government but not participation in it. Both the NU and the moderate wing of the National Party reportedly rejected the proposal.

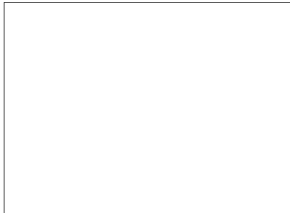
The American embassy comments that Sukarno apparently regards the unexpectedly large National Party vote in the recent elections as an endorsement of his own political approach and this may encourage him to proceed further in his experiments with the far left.

Comment

Sukarno, who continues to be the most popular political leader in Indonesia, has developed a strong prejudice against the anti-Communist Masjumi, which leads the present cabinet. It was largely as a result of his influence that the National-led Ali cabinet, which excluded the Masjumi and depended on Communist support, was established in 1953 and lasted for two years.

The outcome of a struggle for leadership within the National Party may be the principal factor in determining whether Indonesia returns to the "Ali formula" for its next government. Sukarno is reported to favor the left wing, which apparently is still willing to accept Communist support.

5. BRAZILIAN PRESIDENT'S REPORTED HEART ATTACK



Following a light heart attack on 3 November, Brazilian president Café Filho has reportedly been ordered to take a complete rest. His condition is described as not serious.

Should Café die or resign because of ill-health, his position would be filled initially by the president of the Chamber of Deputies, Carlos Luz. Within the following 30 days the Brazilian Congress would be constitutionally required to elect a successor for the remainder of Café's term, which ends on 31 January 1956. Until the inauguration at that time of President-elect Kubitschek, however, the government is unlikely to institute any major policy changes.

Luz, a federal deputy from the state of Minas Gerais since 1945 and president of the chamber since February 1955, belongs to the same party as Kubitschek, but is not considered one of his supporters. Luz is generally considered pro-US. 