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1952 constitution, appointed a Constituent Assembly responsive to his wishes, and named a small, competent cabinet. The maneuvering of certain of his colleagues to improve their chances of supplanting him should his health fail has waned with the renewal of his vigor. He has used his power in such a way as to win public confidence. He has not succeeded in eliminating graft and corruption from government, nor has he furthered the development of democratic concepts and practices.

Sarit has stressed his desire to promote the economic development and the public welfare of Thailand. Efforts to promote foreign private investments have been initiated. United States technical and economic aid programs, as well as loans from the IBRD, DLF and Export-Import Bank, continue to provide a major impetus to Thailand's gradual economic progress. Although Thailand's economy is essentially sound its economic development continues to be hampered by basic deficiencies such as its dependence on fluctuating amounts of foreign exchange earned through agricultural exports which are subject to weather and market variations; its lack of investment and management experience; a weakness in public administration including budgetary management; and its inadequate transportation, communications and power facilities.

While some communist suspects arrested last October have been released, the government has maintained its active anti-communist policy, and the communists have been unable to resume public dissemination of propaganda. Some important arrests have been made recently but the Thai counter-subversion effort has not become sufficiently effective to stamp out covert communist party activities.

Sarit has frequently publicized the threat of communism and has declared Thailand's faith in SEATO. The Thai, who fear an expansionist mainland China, have welcomed such signs of United States resistance to communist pressures as our firm position on the Berlin issue and our immediate and effective reaction to aggressive Chinese Communist acts in the Taiwan Straits last year. While for defense purpose Sarit desires continued substantial military assistance, he has recently indicated a preference for primary emphasis on economic aid.

9. Viet-Nam. The Diem Government continued its strong political controls which, while seemingly necessary at the time because of the internal security situation, continued to antagonize some of the Vietnamese elite. The government has shown particular concern over an apparent intensification of communist terrorism and sabotage intended to interfere with Viet-Nam's economic progress and possibly to disrupt the forthcoming national assembly

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