

SECRET

LAOS SITUATION

1. The Bon Oum Government is in control in Vientiane but faces critical problems:

- a. Militarily its forces are subject to Communist-supported guerrilla warfare throughout the Kingdom and to the threat of overt intervention by the DRVN (North Viet Nam).
- b. Politically the government does not control the entire country and is considered by the Department of State to be too narrowly based to be popular.
- c. Economically the government faces the necessity for (1) emergency relief for civilians, (2) payment of military forces and civilian officials throughout the Kingdom for a three-months period (less the amounts paid Phoumi forces by CAS), and (3) reconstruction in Vientiane.
- d. Internationally only the U.S. and the Thais are fully supporting the government although there are indications that the British, Philippines and others will give de facto recognition. Souvanna Phouma claims to be the legal Prime Minister and is supported by Communist Bloc countries.

2. The United States is faced with the problem of giving the new government immediate and substantial aid in each of the above-listed problem areas. Action is being taken in each field.

3. Immediate matters of concern to the U.S. include:

- a. The necessity to bolster Phoumi forces against Communist-supplied Pathet Lao attacks, and to be ready for military and political action in the event of overt intervention by DRVN forces. (CINCPAC has cautioned Chief, PEO, to assure that Phoumi does not become over optimistic - a major effort lies ahead).
- b. The desirability of forestalling efforts by Nehru and others to reconstitute the ICC.
- c. The desirability of gaining wider acceptance for the Bon Oum government in the Free World.
- d. Funding of U.S. support activities.
- e. Assumption by the U.S. of primary adviser status with relation to the provision of training and operational advice to Lao forces.

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