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OPERATIONS COORDINATING BOARD
Washington 25, D. C.

May 28, 1958

REPORT ON SOUTHEAST ASIA (NSC 5612/1)
(Approved by the President September 6, 1956)
(Period Covered: From November 6, 1957 through May 28, 1958)

(NSC 5612/1 was revised on April 2
and issued as NSC 5809.)

I. REGIONAL

A. SUMMARY EVALUATION

1. General. Burma and Cambodia showed a more friendly attitude toward the United States and the Free World, and Cambodian leaders made some attempt to control communist subversion. Thailand's new regime re-invigorated the pro-SEATO, anti-communist policies of its predecessors, and Viet-Nam maintained close relationship with the United States.

On the other hand, as the price for regaining control of the two provinces previously dominated by the Pathet Lao, the Lao Government accepted two Pathet Lao leaders in the National Cabinet and assimilated some Pathet Lao troops into the Royal Lao Army. The conservative governing coalition in newly-independent Malaya suffered some political setbacks. The communist-supported leftist party did very well in Singapore municipal elections in contrast to the poor showing of moderate and conservative political parties.

The short-run economic outlook in Southeast Asia is somewhat clouded by declining foreign exchange reserves and prospects for lower export earnings resulting from poorer rice crops and lower prices for other export commodities. In the long-run better prospects exist, assuming favorable political developments, because of: (a) the wealth of human, agricultural and raw materials resources of the area and (b) the developing power, communications, irrigation and other basic facilities supported by external financial assistance.

2. SEATO. Satisfactory progress continued at the operational level in military and civil aspects; however, the Asian members still seek an expansion of economic activities. Atomic-capable weapons were

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