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anti-communist and, in February, declared that Laos had satisfied all the provisions of the Geneva Agreement. While the government has somewhat gone back on this bold stand and resumed an announced foreign policy of neutrality (with our encouragement), in fact it has continued to oppose the exchange of diplomatic missions with any communist country and at home has taken firm measures to counter and control the Neo Lao Hak Xat. The progress which the government was slowly making, its firmness toward this party, and the party's consequent lessening prospects of a peaceful take-over, have been considered causes for the events of the past summer. By reverting to armed subversion, the communists presumably sought to protect their apparatus and recover their influence which had been gradually eroded over several months.

14. The events of this summer brought world attention to focus on the situation in Laos. Domestically, they resulted in strengthening the anti-communist, anti-Viet Minh convictions of the Lao leadership. Internationally, they brought about the decision to establish an enlarged UN presence in the country which would permit world opinion to focus rapidly on the situation if new fighting were to break out. At the same time, the Lao gained a sense of reassurance that SEATO and, more meaningfully, the U. S. were prepared to stand by their country if it came to a showdown.

15. While it is not inconceivable that a Cabinet with neutralist tendencies might be created, such an eventuality is far less likely than in April 1958. Major elements of the Lao leadership are firmly committed to an anti-communist stand. Therefore, the major problem is no longer one of insuring an anti-communist government but rather one of giving the pro-western anti-communist elements cause for maintaining their position encouraging greater cohesion among them and reassuring them that their policies will permit their country to progress. This evaluation is strengthened by the recent political crisis of December 1959-January 1960 which brought about the downfall of Phoui and the creation of a new Cabinet under Kou Abhay. While Kou has made public declarations of neutrality (in consonance with our recommendations), all the Ministers on whom the Ambassador called have made clear that they would continue to look to close cooperation with the U. S. The Kou Government is charged with preparing Laos for new elections in the near future.

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