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affairs, political antagonisms and suspicions, and the general lack of complementary economies.

While four riparian states are now agreed on the collection of basic data regarding the Lower Mekong River Basin, difficulties will probably arise if the time comes to determine means of developing and utilizing power, irrigation, and navigation facilities.

The Regional Telecommunications Project has fallen far behind schedule chiefly because of problems with the engineering contractor. A top-level advisor has completed an evaluation of the fundamental plan of the contractor in an attempt to expedite the project.

6. Slow Economic Development. Economic development in the area is slow because of a shortage of both public and private capital, and limited basic facilities such as power, communications, and transportation, as well as the limited number of trained, skilled personnel. The resistance of many Southeast Asia countries to measures which might encourage or assist overseas Chinese and other minority groups, also retards economic and business development. The fall of prices for the basic export commodities of the area, with resultant government revenue losses, may slow economic development.

It has been difficult to find appropriate means of encouraging Free World industrial countries to contribute to the economic development of Southeast Asia. In the case of Japan, at present Asia's only important industrial country, it is difficult to determine the extent to which the U.S. should encourage Japanese economic development activity in Southeast Asia. While Japanese proposals of June 1957 for Asian regional financial institutions, to be funded largely by the U.S. and joined by other non-regional participants, were not found practicable by the U.S., the U.S. continues to recognize the desirability of close economic ties between Japan and Southeast Asia, and has offered to cooperate with Japan and interested Southeast Asia countries on a case-by-case basis.

7. Public Attitudes. Efforts to encourage favorable public attitudes in the area toward collective security pacts and toward the U.S. and the Free World in general continue to face important obstacles, including: (1) demonstrated growth of Sino-Soviet scientific, military, and economic power; (2) Asian fear of involvement in nuclear warfare; (3) the appeal of communist coexistence propaganda; (4) increasing public interest in domestic, economic, financial and social problems; (5) doubt that participating in collective defense measures offers more benefits and less disadvantages than neutrality; and (6) national sensitivity which

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