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continues in most Southeast Asia countries regarding the presence of large numbers of U.S., British and French citizens.

8. SEATO. SEATO has a continuing problem in popularizing the organization within Asian member countries as well as in the general treaty area. It is essential that this problem be solved if the leaders of Asian member countries are to succeed in countering domestic criticism of SEATO membership; and if SEATO is to attract new members (notably Malaya). From the position taken by representatives of the Asian members in various SEATO forums, it is clear that they consider membership in SEATO should enable them to obtain preferential treatment in the allocation of economic assistance.

9. Sino-Soviet Bloc Economic and Psychological Inroads. A combination of fairly widespread acceptance of communist coexistence propaganda, a desire to profit from communist "largess" and conviction that communist infiltration is controllable, facilitates communist efforts to promote acceptance of their economic aid programs. In addition, although bloc aid has boomeranged psychologically in certain instances, notably in Burma and less so in Cambodia, the resistance to bloc aid is reduced by its reputation for "speed", "easy terms" and the apparent absence of "strings". In some instances, U.S. assistance, because of premature commitments or assurances of aid on the one hand and subsequent delays, apparent inflexibility and conspicuous checks and control procedures on the other, suffers by comparison in these respects. The high political impact of communist aid projects emphasizes the importance of continuing efforts to maximize the effectiveness of U.S. aid programs.

While Burma and Cambodia continue to be the chief beneficiaries of bloc aid, a general offer of assistance to the underdeveloped Asian countries was made by the Soviet delegate at recent ECAFE meetings in Bangkok and Kuala Lumpur. Also, in addition to credits of up to five years for the purchase of machinery and equipment, the USSR announced it would consider long-term agreements for the purchase of basic exports. The USSR has offered a trade agreement to Thailand.

Burma has indicated its intention to use Soviet assistance in the priority construction of a technological institute, a hotel and a hospital. The number of Soviet technicians in Burma is soon expected to increase greatly. Communist China's assistance to Burma was extended in the form of an agreement with Burma for a \$4.2 million loan. Burma continues to be receptive to bloc assistance but is revising its barter agreements with bloc countries to trade on a permissive and cash basis.

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