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5. Public Attitudes Toward the U. S. 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 continues in most Southeast Asian countries regarding the presence of large numbers of foreign citizens.

Status of U. S. Actions: Some of the obstacles outlined above involve the U. S. world position in its entirety and require action beyond the scope of the information program alone. We expect that these obstacles will continue to be a serious problem in our efforts to present U. S. policies and programs to the leaders of Southeast Asia. Efforts continue to be made, however, to provide information and public relations support for U. S. political, economic and military policies and programs in order to achieve more favorable public attitudes.

6. 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. 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 suffers by comparison in these respects.

Burma and Cambodia continued to be the chief beneficiaries of bloc aid. However, the general offer of assistance to the underdeveloped Asian countries made by the Soviet delegate at ECAFE meetings in Bangkok and Kuala Lumpur early this year has not been followed up. Impressive progress has been made in implementing Soviet assistance projects in Burma, which include a technological institute, a hotel, a hospital, and technical assistance in agricultural projects. Under General Ne Win, Burma is likely to be less receptive to bloc assistance. Barter agreements with bloc countries have already been revised to provide for trade on a permissive and case basis. The USSR is making progress on the 500-bed hospital it is "giving" Cambodia. In connection with Cambodia's extension of diplomatic recognition to Communist China in July 1958, the latter has offered to increase its programmed aid of \$22.4 million by the equivalent of about \$5.6 million.

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