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taining intact its opposition to closer contact with the DRV. Although the GVN may agree to limited discussions with DRV representatives, such as the proposed negotiation regarding administrative problems of the Demilitarized Zone, it is not likely to enter into any broader discussions (whether or not held under the auspices of the International Control Commission (ICC)); and even less likely to agree to the establishment of regular official contacts with the north.

25. *Cambodia*: Relations between the GVN and Cambodia have become acutely strained. Diem is convinced that Cambodia's Prince Sihanouk is untrustworthy and is tolerating, if not supporting, anti-GVN operations on the Cambodian border area by both Communists and non-Communists. The GVN leaders have little confidence in the ability of Cambodia to resist Communist pressures and they are convinced that Cambodia's recent recognition of Communist China shows that there is little will to resist. The GVN is fearful of a Communist takeover in Cambodia which would provide a base for subversive operations or attack. GVN leaders were closely involved in recent anti-Sihanouk plots, and probably will continue activities designed to stir up anti-Sihanouk feeling both inside and outside of Cambodia and to lead to Sihanouk's downfall.

26. *Laos*: South Vietnam's relations with Laos are on a generally friendly basis, especially since the Lao Government has indicated greater awareness of the Communist threat and has become more outspokenly pro-West in its foreign policy statements. The GVN has undertaken to advise the Lao Government on an anti-Communist program, has offered to train some Lao troops, and in other ways is seeking to stiffen the anti-Communist position of the Lao Government. However, GVN worries have been only partially relieved by recent Lao Government measures to check Lao Communist political activity; the GVN continues to feel considerable disquiet because of North Vietnamese pressures along the DRV-Laos border.

27. *France*: The GVN leaders continue to suspect the French of intriguing to overthrow the Diem government and to increase their influ-

ence in South Vietnam. French businessmen and officials in South Vietnam are carefully watched and the scope of French commercial, cultural, and educational activities is restricted. The GVN leaders also believe that the French are at least partially to blame for Cambodia's apparent drift towards Communist China and for the failure of recent anti-Sihanouk plots. Although many South Vietnamese leaders have a cultural affinity for France, GVN-French relations are likely to remain cool.

28. *US*: Although we do not expect the present close GVN-US relationship to be undermined, the GVN's sensitivity to its dependence on the US is likely to grow and to complicate our dealings with it. Nhu and some other leaders have expressed resentment at what they consider US attempts to dictate to them and to restrict their freedom of action at home and abroad. Diem has indicated that South Vietnam expects the maintenance of large US aid and special consideration from the US as a reward for its steadfast support. Failure to receive such special consideration could lead Diem to assume a stance of greater independence *vis-a-vis* the US. However, in light of Diem's strong aversion to the French and in the absence of any acceptable alternative source of support, he will almost certainly avoid jeopardizing basic US-South Vietnamese ties during the period of this estimate.

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29. The prospects for continued political stability in South Vietnam depend heavily upon President Diem and his ability to maintain firm control of the army and police. The regime's efforts to assure internal security and its belief that an authoritarian government is necessary to handle the country's problems will result in a continued repression of potential opposition elements. This policy of repression will inhibit the growth of popularity of the regime, and we believe that dissatisfaction will grow, particularly among those who are politically conscious. The power and unscrupulousness of the Can Lao, if unchecked, will probably prejudice the prestige of the gov-

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