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321st NSC Meeting
2 May 1957

ITEM 6 (For Information)

12

PROGRESS REPORT ON MAINLAND SOUTHEAST ASIA (NSC 5612/1)

BACKGROUND

1. The current U.S. policy on SE Asia (NSC 5612/1) was approved 5 September 1956. This is the first progress report thereon and covers the period through 13 March 1957.

SUMMARY

2. No review of NSC policy is recommended by the OCB.

3. Burma appears to be moving closer to the Free World. Although her basic policy of neutralism is unlikely to change, Burma has indicated interest in obtaining U.S. economic and military assistance. The U.S. has been unable to influence Cambodia in the direction of development of a stable government and non-involvement with the Communist Bloc. The situation in Laos worsened, the government being threatened with the possibility of downfall if negotiations with the Pathet Lao should collapse. The Federation of Malaya made further progress in its transition to independence. Thailand's slow progress toward free representative government continued, and Vietnam seems clearly persuaded that its interests lie in stronger affiliation with the Free World.

4. A combined SEATO military exercise was held to improve military cooperation among the SEATO nations. Prospects that other nations might participate in SEATO did not improve, with the exception of Vietnam. On the whole, MDAP has begun to make a contribution. In Vietnam the Army is now capable of insuring internal security, and in Cambodia the MAAG has made some progress toward achieving a working relationship with the Cambodian general staff. In Laos MDAP has made an army possible. In Thailand the armed forces are considered capable of meeting any indigenous threat to internal security, retarding external aggression, and making a token contribution to collective defense.

5. The economic aid programs in the area have all continued to show slow progress. No new U.S. commitments have been entered into during the reporting period. Efforts have been made to lessen demands upon U.S. resources and upon local economies (NSC Action No. 1599-e). In Cambodia and Laos the armed forces were reduced, and in Vietnam the U.S. has refused a request for an increase of forces. In Burma, for overriding political considerations, it was found necessary to grant Burma's request for needed loan assistance. In Thailand no formal consultations have been held with regard to the purposes of NSC Action No. 1599-e.

COMMENT

6. As you know, the JCS recently recommended that U.S. policy re Cambodia be modified to restore the mission for its armed forces of resisting external aggression. We have recommended that you non-concur in the JCS recommendation.

RECOMMENDATION

7. It is recommended that you note the report without exception.

TOP SECRET

1100