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a cease-fire in Viet Nam and sporadic hostilities continue in Laos. The Viet Minh have continued to improve their combat capabilities since the Geneva Conference of 1954.

b. Subversion. In most countries of Southeast Asia a threat also arises from the existence of extensive local Communist capabilities for all types of subversive activities, ranging up to armed insurrection. Additionally, the large overseas Chinese communities in Southeast Asia offer a fertile field for subversion. The weak internal security systems of the Southeast Asian states make them highly vulnerable to such activities.

c. Communist Political and Economic Offensive. At present overt aggression and militant subversion are less likely than an intensified campaign of Communist political, economic and cultural penetration in the area. The political instability, economic backwardness, export problems, and extreme nationalism of these countries provide many opportunities for Communist exploitation by trade and economic assistance, conventional political and diplomatic activity, and extensive infiltration. This offensive now constitutes a threat to U. S. interests more subtle and more difficult to cope with than other threats.

4. U. S. Role. The United States is likely to remain the only major outside source of power to counteract the Russian-Chinese Communist thrust into Southeast Asia. Thus, the retention of this area in the Free World will continue to depend on the extent and effectiveness of U. S. support as well as on the local efforts of the countries themselves.

a. Political. The underlying purpose of U. S. assistance in the area is to help the non-Communist countries develop more effective political organizations, strengthen their internal administration and enlist greater allegiance in both urban and rural districts. In part, this purpose will be served by programs for military and economic aid dealt with below. In part it will require an intensification of present programs for training competent Asian managerial and technical personnel. And, in part, new approaches, both governmental and private, will be needed. These should not concentrate exclusively at the national level, but should include activities designed to strengthen and vitalize indigenous traditions and institutions and to have an impact on village life, rural society, and educational systems.

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