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54. Bloc propaganda activities have been especially marked in Cambodia, where Communist China, the USSR, and North Viet-Nam have all made rapid progress in the film field. During the first nine months of 1958 over 100 Soviet films appeared as compared with a total of 15 to 20 during all of 1957. A number of Chinese technicians have arrived in Phnom Penh to install the 20 kw radio transmitter presented to Sihanouk last year. The bloc's propaganda efforts within Cambodia have been aimed primarily at youth through the educational system, and Soviet diplomatic personnel have continued to make aggressive efforts along this line.

55. Subversive Activity. Bloc officials in the area have usually concentrated on developing correct cordial relations with constituted authorities. Covert contacts, however, are maintained through embassies and through Chinese Communist-controlled banks in places such as Burma and Singapore. The banks provide legitimate financial support to pro-Peiping adherents and are also a means of psychological and economic pressure on the population.

56. Communist China exploits extensively pro-Peiping elements within Overseas Chinese communities throughout the area. These groups are culturally to a large extent resident aliens regardless of formal citizenship and they are drawn toward the "homeland" regardless of politics.

57. In Thailand, South Viet-Nam, Malaya, and Singapore the Communist parties are outlawed and for the most part fragmented. Although aid may have been given from time to time to insurrectionary forces, both the bloc and local Communists generally would prefer legality to continued illegal and guerrilla activity. Bloc subversive efforts have been aimed primarily at stimulating existing discontent among non-Communists.

58. The developing political situation in Laos, where the Communist dominated Neo Lao Hak Zat (NLHZ) won 13 of the 21 assembly seats up for election last May, has shown the Communists to be successful in using legal and semi-legal tactics. The victory was made possible by superior NLHZ grass roots organization and by lack of unity among non-communist elements who won a majority of the popular vote but dissipated this advantage by running too many candidates. The NLHZ appears to be making strong gains in almost every sector of Laotian society including a swell of pro-NLHZ sentiment among Laos' 13,000 Buddhist monks who have some influence over village opinion. The NLHZ also appears to be making some headway in penetrating the army and eroding government authority in the provinces. Some locally elected officials in rural areas are reported to be resigning under NLHZ pressure.

59. Reaction to Bloc Activities: Generally speaking, the governments of the area are preoccupied with and somewhat fearful about resurgent

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