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B. MAJOR OPERATING PROBLEMS FACING THE UNITED STATES

20. Cambodian Neutrality.

a. Cambodia's neutrality inhibits it from taking a strong stand in favor of the Free World, and together with the long-standing animosity between Cambodia and its neighbors, prevents close association with them in regional organizations.

b. Cambodian neutrality also limits the opportunities for the United States to work closely with the Cambodian Government. It is difficult to take measures to encourage Cambodia to meet the dangers of internal communist subversion without at the same time seeming to contravene Cambodian neutrality. We should encourage the Cambodians to orient their policy in a direction more favorable to the West but any evidence of undue pressure on our part to change the basic policy of neutrality could easily cause Cambodia to abandon its new firmer posture toward communism.

21. Internal Security. In spite of increasing awareness of the magnitude of the communist effort in Cambodia, Cambodian leaders have taken far too few steps to counteract such influence. Implementation of the police training program has progressed satisfactorily, but unification of all Cambodian police services has yet to take place and implementation of an agreed action program is hampered by administrative ineffectiveness.

22. Developments Relating to Operating Problems. It is possible that the Cambodian developments of the past few weeks, which indicate a new awareness of the communist threat and a determination to oppose it, may require that consideration be given to revision of certain paragraphs in NSC 5809 relating to Cambodia. In particular, paragraph 39, implying a continuing drift toward pro-communist neutrality, and paragraph 4i, implying that Cambodia might cease to demonstrate a will to resist internal communist subversion, may need to be replaced by paragraphs calling for U.S. action to promote increased awareness of the danger of subversion and to provide means to combat that danger, as well as U.S. economic aid in which continued stress should be put upon specific technical assistance.

23. Government Administration Weaknesses. One of Cambodia's most urgent needs is for effective civil administration. The ICA program is attempting to strengthen the most important public services: education, agriculture, health and transportation. In 1957 the government requested U.S. advisory assistance to improve its budget operations, tax administration, and customs collections. One advisor has been recruited; two advisors remain to be recruited.

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