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Viet-Nam, the Cambodians also harbored strong suspicions of United States complicity in the coup plots and anti-American sentiment reached alarming proportions in February and March. The Communists profited from the situation by actively identifying themselves with the Cambodian side in the dispute and by the fact that preoccupation with opposition movements supported by Thailand and Viet-Nam further distracted Cambodian attention from the threat of internal communist subversion. Communist influence in public information media continued to grow, although there is recent evidence of official alarm and attempts to right the balance in favor of a more strictly "neutral" news presentation. Repeated United States disclaimers of support for anti-Sihanouk activities, sympathetic United States responses to two messages from Prince Sihanouk, visits to Phnom Penh by high American officials and Cambodian fear of alienating the U.S., have recently improved relations. At the same time, continuation of our economic and military aid programs during the period of stress probably had a favorable effect on the Cambodian Government. In this context, relations between French and U.S. officials in Cambodia have improved resulting in better cooperation in our mutual efforts to further free world objectives. No further significant moves were made by Cambodia toward the Sino-Soviet bloc. Relations with Thailand became more cordial and the deterioration in Cambodian relations with Viet-Nam was halted. These developments followed by elimination of anti-Western persons from the cabinet, point to a pro-West oscillation in Cambodia's orientation.

5. Laos. Progress has been made in furthering United States objectives in Laos, particularly with reference to the strengthening of Lao political leadership, the improvement of Lao relations with other Southeast Asian countries, and in providing for the training of the Lao National Army. Since the grant of special powers in January to a new cabinet, there are indications that the prestige and morale of the Communist Neo Lao Hak Xat have deteriorated, while those of the non-communists have improved. Stresses and strains continue between the older conservative leaders in the Lao Hom Lao and the younger elements in the Committee for the Defense of Nation. Interests although both groups continued to participate in the government and recently have evidenced greater willingness to cooperate in the face of the NLHX threat. For the first time since Laos became independent, the Lao Government has recently been in a position to consider the long term problem of developing the rural areas. For instance, through the rural aid program, means have been made available to provincial administrators to help villagers carry out small but important development projects. Resumption of communist guerrilla activities in July may reveal communist recognition of their inability to make progress by "soft" tactics in the face of the improving Lao Government position. However, the military situation remains unclear and there is no conclusive evidence as to the exact composition,

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