

~~CONFIDENTIAL~~

CENTRAL INTELLIGENCE AGENCY  
WASHINGTON 25, D. C.



February 10, 1955

*to Mr. Handman*

MEMORANDUM FOR: Mr. J. E. McDonald  
Operations Coordinating Board

SUBJECT: Second Progress Report on NSC 5405

Since we have agreed that it is an objective to keep the material which we submit to the Board members as short as possible, I went over the first four pages of the proposed progress report on NSC 5405 and have attempted to shorten it by omitting things that, it seemed to me, the Board members do not need to know.

I am sending you my marked-up copy for whatever disposition you want to make of it. I do not intend to argue for these deletions and changes either with you or at the Board Assistants' meeting but I do not believe that I have crossed out anything which is necessary and I have reduced its length by at least a quarter.

*2/11  
Ken - looks like a good idea of me*

*(55-612-277-100 800)*

EO 12958 3.5(c)



Wayne G. Jackson  
Operations Coordinating Board  
Assistant

Attachment

DECLASSIFIED with deletions  
Authority NLE 2012-106 #1  
By MMK NLDDE Date 7/20/16

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NLE MR Case No. 2012-106

Document No. 2

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DRAFT

OPERATIONS COORDINATING BOARD  
Washington 25, D. C.

February 4, 1955



PROGRESS REPORT ON NSC 5405  
UNITED STATES OBJECTIVES AND COURSES OF ACTION  
WITH RESPECT TO SOUTHEAST ASIA

(Policy approved by the President, January 16, 1954)

(Period Covered: July 22, 1954 through January 20, 1955)

A. SUMMARY OF MAJOR ACTIONS

1. The previous Progress Report dated August 4, 1954 <sup>marked</sup> ~~the termination~~ <sup>coincided with</sup> of 7-1/2 years of organized warfare in the Associated States, especially concentrated in Viet-Nam, characterized by the final declaration of the Geneva Conference on July 21, 1954. That Progress Report ~~was~~ <sup>was</sup> ~~chiefly~~ <sup>was</sup> preoccupied with the Associated States and the major forward stride of Communism in ~~one~~ <sup>one</sup> part of Southeast Asia.

On August 4, 1954 the OCB agreed to establish an Indochina Special Committee ~~and in Item 3 of the minutes noted that~~ the NSC 5405 ~~Committee~~ <sup>is</sup> ~~would~~ report on the remainder of the area of Southeast Asia. ~~On September 10, 1954 under the title OCB Coordination of NSC 5405/2, (approved August 20, 1954) "Review of U.S. Policy in the Far East," Item 2 e. referred to Indochina (special working group) and mentioned its special responsibility for the information and cultural programs under NSC 5405, Section 3, paragraph 6 and Section 4, paragraph 10, with respect to Indochina. This was in accordance with the purposes of the Indochina Special Working Group which assumed full responsibility for the coordination of these aspects of NSC 5405 which pertained to the Associated States.~~ <sup>but left it to that Working Group</sup> ~~no operations were carried on in respect of~~

The present Progress Report, therefore, will be concerned ~~primarily~~ <sup>primarily</sup> with Thailand, Burma, ~~and~~ <sup>and</sup> Malaya. ~~The principal actions regarding Thailand were the~~

2. The principal actions regarding Thailand, ~~which~~ <sup>which</sup> received the major emphasis, ~~under NSC 5405, fell roughly into the following aspects:~~

- a. Granting special assistance to Thailand to strengthen ~~its~~ <sup>its</sup> the military establishment ~~[in view of the recommendations of JUSMAG and of General Srisol Thanarajata during the General's official visit to Washington in July and August of 1954. After considerable detailed planning and consultation among JUSMAG, the Thai Government and~~

*delete unnecessary*

*Malaya*

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By MMK NLDDE Date 7/20/16



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the Department of Defense during the six months subsequent to General Srisdi's visit, the distribution of the special \$27 million military assistance was agreed to as follows:

\$18 million to be distributed for military equipment

- \$10 million to the Army
- 2.3 million to the Navy
- 5.7 million to the Air Force

\$7 million for FOA use in the construction of military establishments, particularly related to training programs.

*Programming*

b. ~~An additional \$3.5 million has been programmed for~~ <sup>15</sup> helping finance the construction of a highway through northeastern Thailand.

*4415  
1950-54?*

c. An increase of \$15.3 million has been recommended in the Thailand Fiscal Year 1950-1954 MDA program for Thai Armed Forces. If approved, the Army 1950-1954 MDA program ceiling will be \$94.1 million. As of November 1, 1954, \$67.4 million of this program has been delivered.

d. ~~Planning and granting a special sum of \$28.2 million during the visit of Police Director General Phao Sriyanon at Washington in November - December 1954, based on detailed requests for economic and military assistance for military equipment, railways, and specialized equipment aimed to create substantial improvement in such practical matters as communications. The specific projects are not finally agreed to during General Phao's visit and the projects discussed are tentative of the program which should be developed and made firm before the end of Fiscal Year 1955. However, One project was firmly agreed to: of this amount \$3 million was earmarked for the expansion of the Thai Volunteer Defense Corps to embrace 25,000 of the 40,000 villages of the nation and this organization in connection with the Thai police would be aimed to cope with Communist subversion or aggression at the village level.~~

*was programmed*

*for about 1/2 the specific projects worked out in the sub fields as*

e. Planning and launching a nation-wide information program to assist the Thai Government in informing the 20 million people resident in Thailand of the nature and dangers of communism.

*was launched*

*people resident in Thailand*

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was established TOP SECRET



f. ~~Establishing~~ A political basis for collective action against further Communist advances, ~~by creating the~~ *through the* Manila Pact involving eight nations vitally concerned with Communism in Southeast Asia.

3. ~~Planning was carried out~~ *S were made* for providing military assistance to the Burmese Government. Special study was approved ~~in October~~ according to which ~~a meeting~~ of \$20 million ~~for possible military~~ assistance to Burma was tentatively ~~contemplated~~ under Section 121 ~~out~~ of the \$700 million ~~batch~~. However, on Embassy Rangoon's recommendation no ~~actual~~ steps for implementing this policy ~~to~~ approach ~~the~~ U.K. or Burma have been taken. ~~The Embassy considered the present time~~ *is being held* ~~unpropitious for raising the matter~~ in view of public assurances given ~~the~~ *by* Prime Minister Nu that Burma ~~will~~ not accept aid from either the West or the Communists which might embarrass the other side; ~~it was~~ therefore proposed to hold the matter in abeyance until the China visit ~~is~~ *is* less fresh in the Burmese public mind.

in a maximum amount

the NSA.

Chinese Communist Government made

4. Lines of action were studied and agreed to regarding overseas Chinese in Southeast Asia with a view to preventing them from falling victims of the Communists.

B. OPERATIONAL CONSIDERATIONS BEARING ON POLICY

5. NSC 5405 is under process of revision in the light of the present situation.

C. EMERGING PROBLEMS AND FUTURE ACTIONS

6. The Asian members of the Manila Pact may exert pressure on the U.S. to depart from its previous position and ~~to~~ engage in combined planning and make more specific commitments with respect to the area and military implementation of the Pact.

7. The project for extension of military assistance to Burma will, if U.S.-Burma negotiations result in agreement, require programming, funding and other implementing actions involving the Department of Defense.

5

8. ~~The primary problem remains to be solved~~ *is* ~~for~~ the development of a basis for regional action among the non-Communist nations in Southeast Asia, with special reference to Thailand, Laos, and Cambodia. ~~It is being increasingly~~ ~~appreciated~~ ~~that~~ ~~if~~ ~~these~~ ~~countries~~ ~~are~~ ~~to~~ ~~avoid~~ ~~Communist~~ ~~aggression~~ ~~it~~ ~~will~~ ~~be~~ ~~necessary~~ ~~for~~ ~~them~~ ~~to~~ ~~cooperate~~ ~~with~~ ~~one~~ ~~another~~ ~~more~~ ~~than~~ ~~at~~ ~~any~~ ~~time~~ ~~in~~ ~~their~~ ~~previous~~ ~~history~~. ~~It~~ ~~is~~ ~~being~~ ~~increasingly~~ ~~appreciated~~ ~~that~~ ~~if~~ ~~these~~ ~~countries~~ ~~are~~ ~~to~~ ~~avoid~~ ~~Communist~~ ~~aggression~~ ~~it~~ ~~will~~ ~~be~~ ~~necessary~~ ~~for~~ ~~them~~ ~~to~~ ~~cooperate~~ ~~with~~ ~~one~~ ~~another~~ ~~more~~ ~~than~~ ~~at~~ ~~any~~ ~~time~~ ~~in~~ ~~their~~ ~~previous~~ ~~history~~. ~~It~~ ~~is~~ ~~being~~ ~~increasingly~~ ~~appreciated~~ ~~that~~ ~~if~~ ~~these~~ ~~countries~~ ~~are~~ ~~to~~ 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~~The problem is two fold, having both external and internal aspects. The external aspects of the problem may be dealt with chiefly under the Manila Pact which has a predominantly Western flavor. The internal aspects which are being considered in the draft paper will depend largely for its success upon stimulating initiative of leadership among the states located in the region. Although many references and studies have been made in Southeast Asia treating it as a region, the current study indicates that the countries in the area have not yet developed the bases for regional action and that those bases need to be brought into being.~~

9. The activities of the so-called Afro-Asian bloc (with particular reference to the Boger Conference in ~~January~~ 1955) will have a definite bearing on U.S. national objectives. The proposed conference will present the Chinese Communists with ~~some~~ propaganda opportunities which could result in increased difficulties in persuading South and Southeast Asian countries to align themselves closely with the anti-Communist bloc positions.

10. The United States is taking an active interest in the possible evacuation and repatriation of 54,000 Vietnamese refugees in north-eastern Thailand, most of whom entered Thailand during 1946 and 1947. Most of them came from the Hue area of Viet-Nam. As most of them proved to be Viet Minh sympathizers and potential Communist agents, the Thai Government regards them with suspicion. In October 1954 the Thai Government reached agreement with the South Viet-Nam Government for the repatriation of the Vietnamese refugees. Currently the Thai Government has requested and received the assistance of the French Government in making inquiry of the Viet Minh government ~~whether~~ will receive those Vietnamese refugees who desire to be repatriated to the Communist area. The United States Government will probably not become concerned publicly with the repatriation if it occurs but it may become involved in helping finance the arrangement.

11. The problem of rice surpluses in Burma <sup>and</sup> Thailand ~~and~~ the United States may rise to plague us during the coming year. These three nations are now the three major rice exporting nations of the world. At the close of the calendar year 1954, all three nations were faced with large surpluses unsold. The size of the problem is indicated by the fact that Thailand alone had a surplus unsold of about 600,000 tons of rice. Burma and Thailand were alarmed at the possibility that the United States would be selling its surplus in Asia thus overwhelming the already glutted market for rice. ~~The result was that~~ <sup>aggravating</sup> resulting in the sale of U.S. rice only to Japan and not to other parts of Asia. As the new crops are now becoming available in January 1955, the problem will probably become increasingly pressing.

D. EXTENT OF AGENCY INTERESTS having

12. Agencies participating in the implementation of NSC 5405 were: Department of State, Department of Defense, Foreign Operations Administration, Central Intelligence Agency, and United States Information Agency.

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ANNEX "A"

~~TOP SECRET~~DETAILED DEVELOPMENT OF MAJOR ACTIONSA. SOUTHEAST ASIA IN GENERAL

Para. 11. "Demonstrate to the indigenous governments that their best interests lie in greater cooperation and closer affiliation with the nations of the free world."

Action agencies: All agencies.

Action:

1. Politico-military-economic: - The development of the Manila Pact was aimed to focus the attention of the indigenous governments in the area on their need to cooperate and to affiliate themselves more closely with the nations of the free world.

2. Informational:- - Emphasis was put on Thailand and the Associated States adjoining it as the most critical points in a critical area. The information programs of the countries in the area were planned to complement one another.

Para. 12. "Continue present programs of limited economic and technical assistance designed to strengthen the indigenous non-Communist governments of the area and expand such programs according to the calculated advantage of such aid to the U.S. world position."

Action agencies: State, FOA

Action:

Existing economic and technical assistance programs in countries of the area have been continued and aid to Thailand has been substantially expanded during the period under review.

Para. 13. "Encourage the countries of Southeast Asia to cooperate with, and restore and expand their commerce with each other and the rest of the free world, particularly Japan, and stimulate the flow of raw material resources of the area to the free world."

Action agencies: State, FOA

Action:

Data was secured on sources of critical and strategic materials available among the Southeast Asian nations and furnished to the technical services of the Army. Representatives of industries from Japan have been received and meetings arranged to enable them to present details of their operations to the military departments.



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Para. 14. "Continue to make clear, to the extent possible in agreement with other nations including France, the United Kingdom, Australia, and New Zealand, the grave consequences to Communist China of aggression against Southeast Asia and continue current military consultations to determine the military requirements for countering such Chinese Communist aggression."

Action agencies: State, Defense

Action:

During the period covered by these reports there were no Five-Power military staff consultations pursuant to the United States position adopted in view of the formation of the Manila Pact, and the Indochina armistice. The "Quintel" arrangements for periodic meetings for the exchange of intelligence were continued.

Action:

This paragraph will be separately reported. In this connection, the Department of Defense has continued to provide support as required for the conduct of [redacted] operations or in the formulation of foreign information policy guidance.

Para. 16. "Continue activities and operations designed to encourage the overseas Chinese communities in Southeast Asia: (a) to organize and activate anti-Communist groups and activities within their own communities; (b) to resist the effects of parallel pro-Communist groups and activities; (c) generally, to increase their orientation toward the free world; and, (d) consistent with their obligations and primary allegiance to their local governments, to extend sympathy and support to the Chinese National Government as a symbol of Chinese political resistance and as a link in the defense against Communist expansion in Asia."

Action agencies: State, FOA, [redacted] U.S. Information Agency

Action:

In connection with NSC 5405 and NSC 146/2 a study was presented on the subject of The Migration of Chinese Students of Southeast Asia into Communist China, which was sent forward for the approval of Board Assistants on January 3. The document contained eight courses of action which remain to be implemented when approved.

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(From Defense Comments)

Para. 17, page 7 - ADD TO SUB-PARA a.: The initial meeting of the Manila Pact nations will take place in Bangkok, Thailand, on 23 February 1955. The Manila Pact Working Group completed consideration of agenda items on 7 February 1955. The Department of Defense has recommended and State has concurred that Admiral F.B. Stump, CINCPAC, will be the U.S. Military Adviser to the SEACDT Council of Foreign Ministers.



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Efforts were made during the period through all possible channels to encourage overseas Chinese to support the non-Communist governments of the area in which they lived primarily, and secondarily the Nationalist Chinese Government. Special attention was given to means of dissuading Chinese youth from traveling to mainland China to study in Communist institutions of learning, with special reference to improving educational facilities to Chinese elsewhere in Asia such as at Singapore, Hong Kong, Taipei and Manila.

Para. 17. "Take measures to promote the coordinated defense of Southeast Asia, recognizing that the initiative in regional defense measures must come from the governments of the area."

Action agencies: State, Defense

Action:

- a. The creation and signing of the eight-nation Southeast Asia collective Defense Treaty known as the Manila Pact was the major development in this connection during the period. *→ (add defense agreements)*
- b. At the ANZUS Council meeting of October 11, 1954 it was agreed to continue the existing ANZUS military arrangements.

Para. 18. "Encourage and support the spirit of resistance among the peoples of Southeast Asia to Chinese Communist aggression, to indigenous Communist insurrection, subversion, infiltration, political manipulations, and propaganda."

Action agencies:  U.S. Information Agency

Action:

U.S. Information programs carried the theme of this policy constantly in major programs directed to Southeast Asian countries.

Para. 19. "Strengthen propaganda and cultural activities, as appropriate in relation to the area to foster increased alignment of the people with the free world."

Action agencies: U.S. Information Agency, State,

Action:

On the basis of increased informational and cultural activities, indicated in the last Progress Report and with particular reference to possible imminent developments in the area as anticipated in the General Agreement, an intensification of effort and further development and improvement of organization were accomplished. The programs in the Associated States of Laos and Cambodia were developed with an eye on the greatly expanded program in Thailand with the view of achieving the

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greatest coordinated impact to foster the increased alignment of these people with one another and with the free world against Communism. During the period the single program of the Associated States with headquarters at Saigon was divided into three programs as comprising a public affairs officer and staff independent of each other; one in Viet-Nam, one in Cambodia, one in Laos.

*for Laos, Cambodia & Vietnam*  
A supplemental budget of \$1,575,000 for Fiscal Year 1955 and \$870,000 for 1956 (totaling \$2,445,000) was prepared for presentation to the Bureau of the Budget and the Congress. Themes emphasized and to be emphasized included faith in and support of the present organized Government to strengthen it to resist infiltration and the encroachment of Communism.

Para. 20. "Make clear to the American people the importance of Southeast Asia to the security of the United States so that they may be prepared for any of the courses of action proposed herein."

Action agencies: State

Action:

Various pronouncements and speeches of the Secretary and of the President gave the American public a clearer understanding of American objectives in Southeast Asia, particularly in connection with developments of the Manila Pact.

#### B. C. INDOCHINA

These sections have been handled by the Special Working Group on Indochina and will not be reported on in this paper.

#### D. BURMA

Para. 34. "Encourage the Burmese Government to cooperate with the anti-Communist nations."

Action agencies: State

Action:

Every feasible opportunity has been taken to impress the United States point of view on the Burmese, who now appear well aware of the Communist threat. Nevertheless, Embassy Rangoon reports as of January 5 that the temper of Burmese neutrality has been changing in the last six months. While quiet, confidential cooperation with the Western democracies has not ceased, the GUB surface of strict neutrality has become firmer and more publicly displayed. Burma seems to be more determined



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in her role as a mediator between "power blocs," and has shown this partially, through recent months, in increasingly friendly relations with Communist China.

Para. 35. "Implement promptly and effectively the recent agreement to furnish Burma with military equipment and supplies on a reimbursable basis."

Action agencies: State, Defense

Action: The Government of Burma has requested that the U.S.A.F. provide the Burmese Air Force with training (pilot and technical) which would cost approximately \$500,000. The Government of Burma has been advised that there is no known provision for such aid, even under grant aid programs but that the U.S.A.F. would be in a position to consider such training on a reimbursable basis. A reply from the Government of Burma on this proposition has not been received.

In accordance with OCB paper approved and revised by the OCB on October 27, 1954 on the subject: "Operating Plan on the Sale of Arms and War Materials to Burma" there has been tentatively earmarked a maximum amount of \$20 million from Section 121 for possible arms aid to Burma. However, in view of certain public utterances made by the Burmese Prime Minister U Nu, no approach has been made to either the U.K. or Burma in order to implement the actions approved in the paper.

Para. 36. "Be prepared to resume economic and technical assistance to Burma if requested by Burma."

Action agencies: State, FOA

Action:

The U.S. is prepared to consider any requests for economic assistance from Burma but there has been no indication that the Government of Burma will request the resumption of a grant aid program. There has been some indication that Burma might request U.S. loans.

Para. 37. "Continue to demonstrate U.S. interest in a solution of the problem of the Chinese Nationalist irregular troops in Burma, and be prepared to provide limited logistic support for the evacuation of these troops."

Action agencies: State

Action:

The evacuation of some 7,000 willing to go has been successfully completed. The United States is not now directly involved, but in the

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last United Nations discussion in October 1954 we expressed our continuing interest in a final solution.

- Para. 38. a. "Exchange views with the UK regarding policy for Burma, avoiding indications of any desire to supplant the British, but making clear that it is undesirable for the British to maintain a monopoly over military assistance to Burma."
- b. "Urge the British to expand their military mission, insofar as possible, to meet Burmese requirements."

Action agencies: State

Action:

Deferred in view of recent statements made by Prime Minister U Nu, pending clarification of their significance. It should be noted that the British no longer have a military mission in Burma. The mission was phased out beginning in January 1954 because of the refusal of the Government of Burma to review the agreement under which the mission was initially established.

- Para. 39. "Attempt to arouse the Burmese to the dangers of Chinese Communist expansion and to the need for effective military defense against it, including coordinated military action with other Southeast Asian countries."

Action agencies: U.S. Information Agency

Action:

Attempts have been made to take advantage of continued Burmese wariness of Communism in order to encourage the Burmese to take a more bold position. The Burmese Government, however, continues to play a safe line and subsequent to the Prime Minister's recent visit to Communist China the Burmese Government joined with the Colonial Powers in inviting Communist China to the proposed Afro-Asian conference in April.

- Para. 40. a. "Develop united action and cooperation among indigenous, anti-Communist groups in Burma to resist Communist encroachments."
- b. "Make suitable preparations for the establishment of guerrilla forces among suitable ethnic groups for possible use against the Communists; recognizing the limitations involved in making such preparations, because (so long as the Burmese Government remains non-Communist) a major consideration should be to take no action that would involve serious risk of alienating that Government."



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This course of action will be separately reported.



Para. 41. "If there is a large-scale attempt by local communists to seize power in Burma, activate to the extent practicable the guerrilla forces referred to in paragraph 40 above."

Action:

This course of action will be separately reported.

Para. 42. "In the event of overt Chinese Communist aggression against Burma:

"a. Support an appeal to the UN by the Burmese Government.

"b. Consistent with world-wide U.S. commitments take appropriate military action against Communist China as part of a UN collective action or in conjunction with France and the United Kingdom and any other friendly governments.

"c. Employ as desirable and feasible anti-Communist forces, including Chinese Nationalist forces, in military operations in Southeast Asia, Korea, or China proper."

Action:

This contingency did not materialize during the reporting period. However, the Manila Pact provides for collective action by the eight member nations in event of Communist overt aggression in Southeast Asia.

JCS planning for general war with consideration therein to Southeast Asia has been conducted during this period. (However, specific theater-level planning with respect to Southeast Asia is the responsibility of CINCPAC.)

Para. 43. "If, in spite of the preceding courses of action, Communist control of all or a substantial part of Burma becomes inevitable, support any trustworthy elements capable of continued resistance to Communism."

Action:

This will be separately reported.

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~~TOP SECRET~~E. THAILAND

Para. 44. "Continue to assist the Government of Thailand in creating conditions of internal security, in becoming a stabilizing force in Southeast Asia, in better withstanding Communist pressures in the area, and in maintaining its alignment with the free world; and, as appropriate to support these ends, conduct military, economic and technical assistance programs, and strengthen cultural and propaganda programs and covert operations."

Action agencies: All agencies.

Action:

Implementation by all of the agencies of the economic, military, political and informational phases of creating increased internal security has continued.

a. Implementation of the \$25 million grant extended to Thailand on July 12, 1954 has been delayed pending the finalization of a detailed program acceptable to the Thai military services and Government and to the Joint U.S. Military Advisory Group (JUSMAG). In December 1954 the JUSMAG was advised of the service breakdown recommended by the JCS as follows:

\$18 million to be distributed for military equipment.

\$10 million to the Army  
2.3 million to the Navy  
5.7 million to the Air Force

\$7 million for FOA use in the construction of military establishments, particularly related to training programs.

b. USAF support, under the MDA Program, has been continued for the eight squadrons of piston-type aircraft that presently constitutes the Royal Thai Air Force (RTAF).

c. To provide for the modernization of the Royal Thai Air Force, the revalidated 1950-54 MDA Program includes 6 T-33 jet trainer aircraft to be used in the transition training of RTAF pilots in preparation for subsequent activation of a sixth Fighter-Bomber squadron. The T-33's are scheduled for delivery to Thailand during the period January - March 1955. Also included in the revalidated MDA Program are 30 F-84g jet type aircraft to be used in equipping the above referenced sixth F-B squadron. These aircraft are scheduled for delivery April - June 1956.

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d. The USAF training assistance to Thailand during this period has enabled the RTAF to make rapid progress toward self-sufficiency in the field of training. Future training programs should assure the capability of the RTAF to handle jet type aircraft.

e. The technical assistance program in Thailand has been maintained at approximately past levels. During the period under review FOA-financed contracts were negotiated between Oregon State College and Kasetsart University covering technical assistance to improve Thai educational facilities in the field of agriculture, with Indiana University for assistance to the Thai College of Education, and with Texas University for helping to upgrade the instruction in the College of Engineering of Chulalongkorn University.

f. The firm of Sverdrup and Parcel completed an FOA-financed reconnaissance survey of the Saraburi-Ban Phai road and submitted a report and cost estimates on December 4. The engineers estimate that the total cost of the project will amount to \$22 million, as compared with the original estimate of \$7.5 million. The report is under review in FOA, in consultation with the Army Corps of Engineers and the Bureau of Public Roads. Meanwhile, construction will begin as promptly as possible from the Saraburi end of the road, pending review of cost estimates and determination of the feasibility of financing the completion of the road all the way to the Ban Phai as originally proposed.

g. The USOM/Bangkok has under consideration a number of new projects, primarily in the fields of transportation and communications, which would facilitate closer relations between Thailand and adjacent non-Communist countries.

h. The anti-Communist indoctrination program introduced during the last reporting period continued, with the participation of the Thai Government, carrying the instruction downward, in an ever-widening circle, from a few topmost government officials to the provincial and local officials and the general public. One specific event of the period which afforded an opportunity for exploitation of the U.S. message to the Thai was the Bangkok Fair held in December. U.S. agencies cooperated to provide an exhibition consisting of industrial, technical, and cultural accomplishments. The most successful of these was Cinerama, which proved to be so popular that an extended run was arranged. Another specific project in the planning stage: a new magazine patterned after Life, the first issue of which is in preparation.

i. The United States Government is taking an active interest in possible evacuation and repatriation of 54,000 Vietnamese

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refugees in northeastern Thailand, most of whom entered Thailand during 1946 and 1947. Most of them came from the Hue area of Viet-Nam. As most of them proved to be Viet Minh sympathizers and potential Communist agents, the Thai Government regards them with suspicion and in October 1954 reached agreement with the South Viet-Nam Government for the repatriation of the Vietnamese refugees. Currently the Thai Government has requested and received the assistance of the French Government in making inquiry of the Viet Minh Government whether it would be willing to receive those Vietnamese refugees who desire to be repatriated to the Communist area. The U.S. Government will probably not become concerned publicly with the repatriation if it occurs but it may become involved in helping finance the arrangement.

Para. 45. "If a serious deterioration of the situation in either Indochina or Burma appears imminent, take whatever measures, including increased aid to Thailand, may be determined as feasible to forestall an invasion of Thailand or a seizure of power by local Thai Communists."

Action:

On December 3, 1954 the U.S. Government committed an additional \$28.2 million in aid for Thailand in Fiscal Year 1955 in connection with requests for assistance of an economic and financial nature presented by General Phao Sriyanon to Governor Stassen. Specific projects are currently being developed by the Thai Government in consultation with U.S. representatives in Bangkok. Of this amount, ~~the amount~~ was earmarked for the expansion of the Thai Volunteer Defense Corps to embrace 25,000 of the 40,000 villages of the nations. This organization in connection with the Thai police would be aimed to cope with Communist subversion ~~at the village level~~ at the village level.

This special grant was in addition to \$5 million for technical cooperation and \$3.5 million previously programmed for FOA assistance to the northeastern highway in Fiscal Year 1955, bringing total aid for the Fiscal Year of an economic nature to \$36.7 million.

Para. 46. "In the event of overt Chinese or other Communist major aggression against Thailand:

- "a. Support an appeal to the UN by the Thai Government.
- "b. Consistent with world-wide U.S. commitments take appropriate military action against Communist China as part of a UN collective action or in conjunction with France and the United Kingdom and any other friendly governments.
- "c. Employ as desirable and feasible anti-Communist Chinese forces, including Chinese Nationalist

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forces, in military operations in Southeast Asia, Korea, or China proper."

Action:

This contingency has not materialized. See paragraph 42 for action developed for the contingency.

F. MALAYA

Para. 47. "Support the British in their censures to eradicate Communist guerrilla forces and restore order."

Action agencies: State and other agencies.

Action:

The British administration has not requested any assistance even of a minor technical nature.

Para. 48. "In the event of overt Chinese Communist aggression against Malaya, in addition to the military action which would already have been taken against Communist China, (see Paras. 32, 42, 46) the United States should assist in the defense of Malaya, as appropriate, as part of a UN collective action or in conjunction with the United Kingdom and any other friendly governments."

Action agencies: State, Defense

Action:

This contingency did not materialize. See paragraph 42.

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