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NSC 5405, paragraphs 44 and 45 read:

"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."

"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."

Under the foregoing policy directive a number of diverse projects involving military and economic assistance, as described in PSB D-23 (Thailand) were either carried out or initiated. In addition, certain projects initiated by Ambassador Donovan, which were in conformity with the above policy, were launched. The MAAG was strengthened and transformed into JUSMAAG. The scale and nature of the assistance was planned in relation to the problem of enabling the Thai Government and people to maintain internal peace and security in the midst of nations disturbed by Communism, Thailand not yet being under direct attack and the adjacent areas not yet lost to the forces of Communism.

Among the projects recently launched or approved were the enlargement of the training facilities for the military, the provision of air operational equipment and the construction of the Saraburi-Ban Phai Highway connecting the central plains highway system with that of the northeastern plateau.

Military developments in the Indochina area and negotiations at Geneva have punctuated the transition from Phase I of PSB-23 to one approaching Phase II which visualized the loss of Indochina to the Communists.

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A twelve-man military mission headed by the Commanding General of the Thai Armies, General Srisdi, assisted by the Thai Chief of Defense Staff General Jira Vichit, arrived in Washington July 1 for discussions with the Department of Defense. The Chief of JUSMAAG, General Gillmore, accompanied the mission. Shortly before the mission departed from Bangkok the Thai Government presented far reaching requests for the expansion and diversification of the Thai military services which would involve very substantial sums of money, the totals of which have not yet been ascertained. The Thai Ambassador, Pote Sarasin, has mentioned a round sum of \$400 million. Some indication of the extent of the requests is shown by the following items which were under discussion before the arrival of the Thai Military Mission:

1. The development of an air base in northeastern Thailand at Korat, at the terminus of the proposed Saraburi-Ban Phai highway, and possibly the deploying of a U.S. fighter wing on a TDY basis. The development of such an air base and the presence of a U.S. fighter wing would be both an element in the containment of Communism and a threat of massive retaliation if Communist Chinese forces moved south.

2. The effective development of present MDAP forces in Thailand, together with certain non-MDAP units to an approximate equivalent of four U.S. divisions, should be carried out. The total cost of this program is estimated at \$52.3 million of which about \$1.6 million would be used in the first year for expanded officer training.

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3. The augmentation of the Thai armed forces by seven additional light infantry divisions with a minimum of motor transport and electronic equipment and a maximum of automatic weapons and mortars should be planned and carried out. There is no estimated total cost available but it would be much cheaper per division than equivalent U.S. divisions.

4. The development and training of a militia or volunteer Home Guard force is desirable. These would be village forces aimed to cope with small roving bands of Communist guerrillas or propaganda agents. Their equipment would be of a light police nature and their training would probably be supervised

In a discussion between the Thai military mission and the Department of Defense on July 3, 1954, the Thai Commander-in-Chief, General Srisdi, sketched out a broad three-year program for developing an amplified military program for Thailand. As described by General Srisdi these were in summary as follows:

1. Army - Reorganization of existing units into one complete Army corps (including three infantry divisions, corps artillery and other corps troops), one separate infantry division, and four horse cavalry squadrons. The divisions to be about 3/4 U.S. strength and otherwise patterned along U.S. lines except lighter in tanks and motor vehicles.
2. Navy - Re-establishment of naval forces of 66 ships of various types, and 6 Marine battalions (including 2 infantry-type battalions; 2 AA battalions, MP security elements, and 1 amphib-trac company).
3. Air Force - 12 Fighter-Bomber squadrons, several transport and training squadrons, 12 helicopters, and security forces consisting of 8 infantry-type battalions, 2 AAA battalions. The Air Force now has a security force but it is not organized into battalions and not at the strength desired. The Thai Air Force is also concerned with acquiring radar equipment and with creating an air defense system.

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c. Thailand desires that all existing and projected Thai forces be placed under U.S. MDAP support.

d. Thailand desires to establish with U.S. assistance, a small arms ammunition factory.

During the lengthy discussion General Srisdi emphasized a number of times that the main problem is financing; that Thailand's budget is already overburdened and that Thailand would like to have direct U.S. financial assistance. He implied that the amount would be substantial.

The proposed program had been developed by the Thai in view of the deteriorating situation in Indochina and the expectation that if the situation deteriorates further Thailand would be attacked by Communist forces from China either by armed force or by subversive activities.

NSC 5405, paragraph 46 states:

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

The foregoing courses of action (NSC 5405), (paragraphs 44, 45, 46), are not regarded by the Department of Defense as adequate authority for the build-up of Thailand's military strength along the lines currently under discussion between the Thai and U.S. Governments.

Recommendation:

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Recommendation:

That the National Security Council examine the courses of action in NSC 5405 with a view to relating them to current U.S. objectives in the area.

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