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6 May 1959

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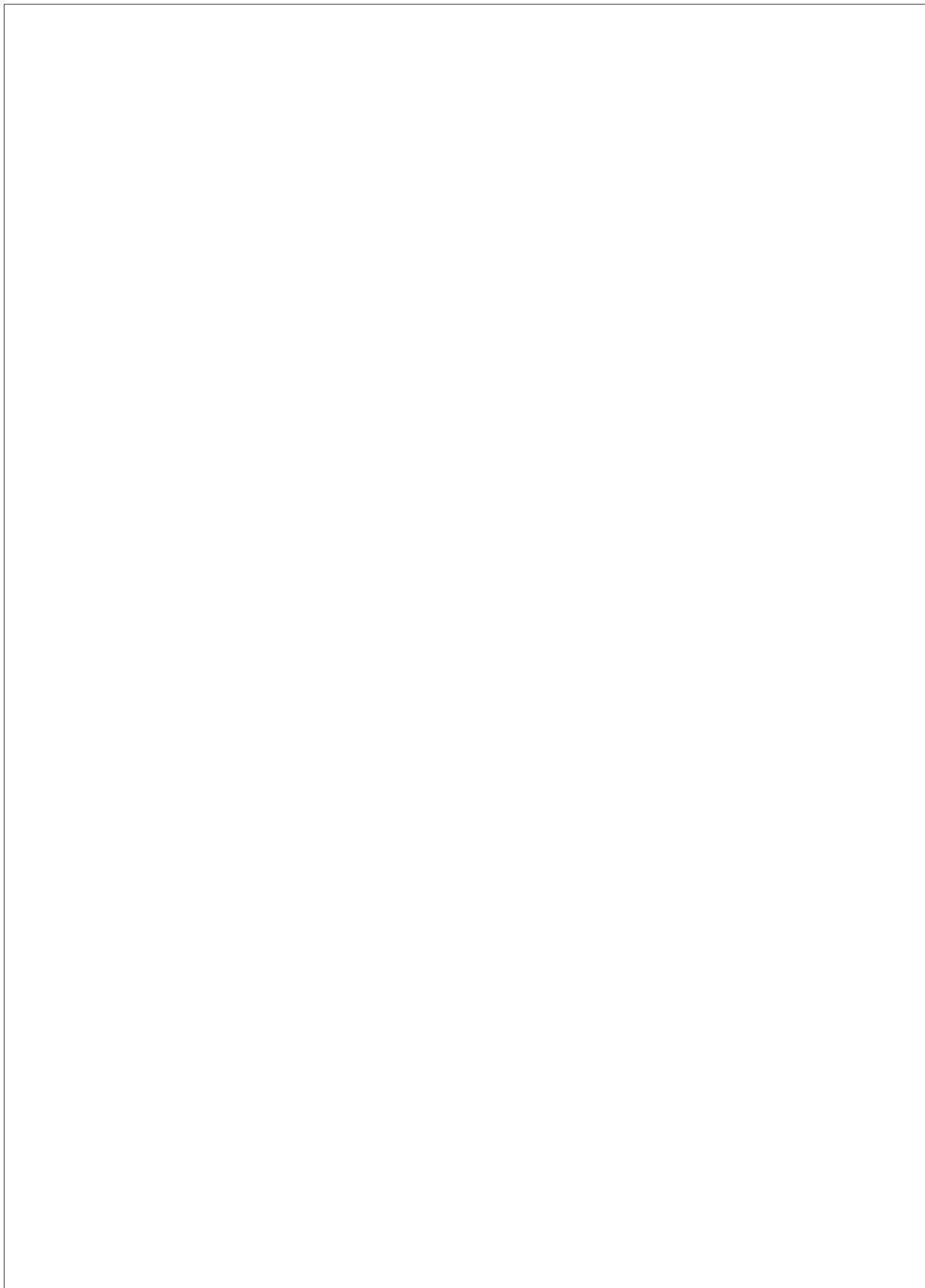
CENTRAL INTELLIGENCE BULLETIN



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6 MAY 1959

I. THE COMMUNIST BLOC

suppression of Tibetan rebel activity
in another major area.

II. ASIA-AFRICA

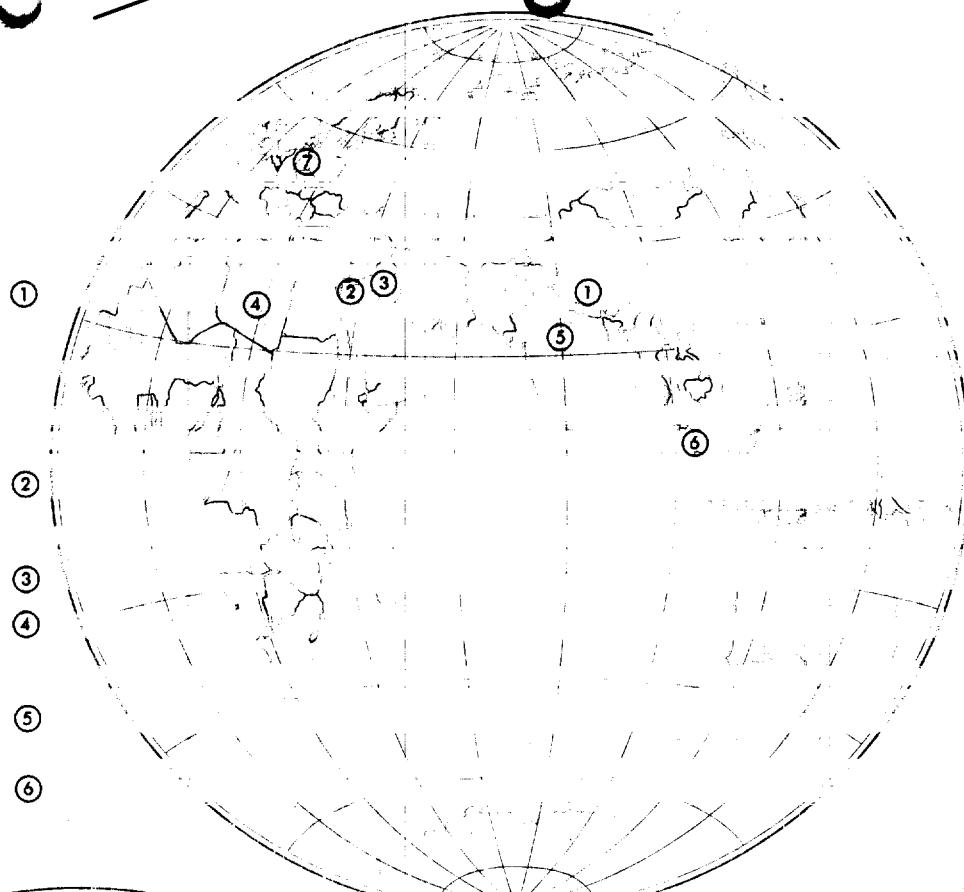
Jordan - Husayn's choice of Majallî to form cabinet aligns King with Bedouin faction of army; instability possible.

Iraq - Qasim pleased by British decision to sell him arms; British reiterate conditions.

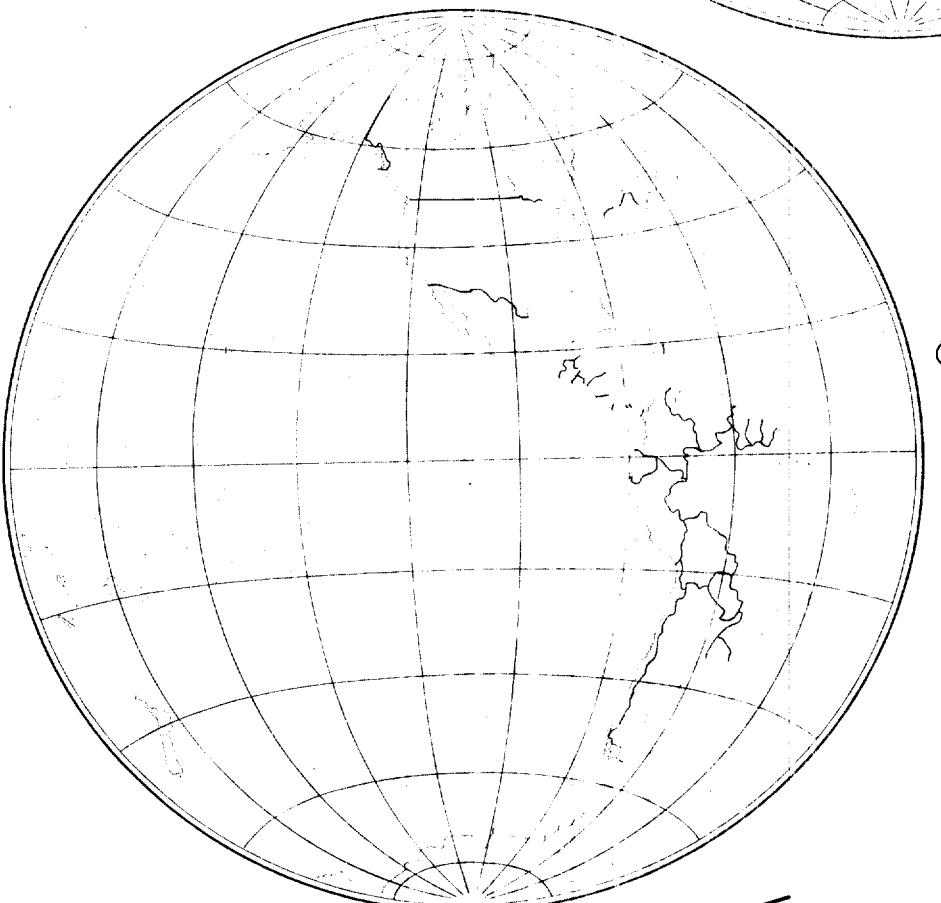
Promising oil strikes in Libya.

Nehru may reshuffle cabinet; no significant shifts in Indian policy expected.

Malaya - Racial tension highlighted by recent Chinese-Malay riots.

**III. THE WEST****IV.**

Conclusions of special USIB committee on Berlin situation.

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DAILY BRIEF

SIRAB

I. THE COMMUNIST BLOC

Tibet: [redacted]

[redacted] --eastern Tibet--

[redacted] had been suppressed after ten days of fighting beginning about 18 April. [redacted] 1,500 rebels were killed, wounded, or taken prisoner, and more than 1,100 weapons were captured during the fighting in Changtu. [redacted]

NO

[redacted] This is the second of three major areas of unrest now reported to have been brought under control, leaving Tsinghai Province the only important area of rebel activity unreported. Small-scale guerrilla activity can be expected to continue for some time even in the secured areas.

II. ASIA-AFRICA

OK
 Jordan: Premier-designate Hazza Majalli has formed a new cabinet following the resignation of Premier Rifai on 5 May. The King's designation of Majalli appears to tie the King more closely to the militant Bedouin minority which dominates the army, the monarchy's principal support. Majalli, [a British protege], who briefly served as premier during the unsuccessful attempt to take Jordan into the Baghdad Pact in December 1955, is related to some of the Bedouin army officers who have intrigued against Army Chief of Staff Shara and Rifai. Husayn's support of the Bedouin may alienate vociferous segments of the population, and open the way for resumption of instability in the government and army which was chronic before Rifai took over the leadership in the spring of 1957.

[redacted] (Page 1)

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No

Iraq: [On 3 May, the British ambassador informed Qasim of London's decision to sell Iraq arms including tanks and Canberra bombers. The ambassador reiterated the British expectations that Iraq would remain free of Communist control, keep oil flowing to Europe, and improve trade ties with Britain. Qasim seemed genuinely pleased by British willingness to sell arms but made no substantive comment.] (Page 3)

OK

Libya: Libya may soon develop into a major new oil area. The latest discovery well by Standard Oil Company of New Jersey, located 200 miles south of Bengasi, tested at a rate of more than 2,400 barrels per day. [] estimates a production potential for this well in excess of 10,000 barrels a day. Libyan oil could be highly competitive with other Middle East crude. (Map) (Page 4)

OK

India: Nehru may reshuffle his cabinet shortly to compensate for the partial loss of the services of Home Minister Pant, who recently suffered a heart attack. The changes are not expected to result in any significant shifts in cabinet policies. Finance Minister Desai, an equally strong individual, may replace Pant. Desai is considered a leading candidate for the prime ministership when Nehru dies or retires. C. D. Deshmukh, a highly respected, conservative finance minister, may return to the Finance Ministry, thus ensuring continued capable handling of Five-Year Plan and foreign aid problems. Some move may be made by cabinet members to replace Defense Minister Krishna Menon in the reshuffle, but it is doubtful that it will succeed. (Page 5)

OK

Malaya: Recent Chinese-Malay riots on an island off the Malayan coast highlight the serious underlying racial tensions in the Federation of Malaya. Communal disorders could also develop on the mainland as a result of political agitation during the state and federal election campaigns now under way. (Page 6)

III. THE WEST

IV. CONCLUSIONS OF SPECIAL USIB COMMITTEE ON BERLIN SITUATION

The USIB has taken note of the following conclusions reached by its special committee on the Berlin situation. The committee pointed out that its conclusions were to be used in context with SNIE 100-2-59 (24 February 1959) and with the review of that estimate in SNIE 100-2/1-59 (17 March 1959):

OK

1. The USSR appears to be concentrating more on the issue of West Berlin in anticipation that this rather than the question of a peace treaty will be its strongest card at the Geneva foreign ministers' meeting. However, there are indications that the USSR will attempt to have the West discuss the draft Soviet peace treaty for Germany paragraph by paragraph.

Soviet propaganda media are attempting to undercut the Western concept of an indissoluble package on reunification, European security, disarmament, and Berlin before the talks begin, to divide the Allies, to build pressures on Western governments to move toward Soviet positions, and to prepare the ground for blaming the West for any failure to reach agreement.

2. Debate in the French National Assembly provided a strong demonstration of support for De Gaulle's position on Berlin and related German questions.

3. The May Day Freedom rally in West Berlin, with an estimated crowd of at least half a million--as large or larger than those led by Reuter during the 1948 blockade--indicates morale in West Berlin remains strong. There were no significant changes in West Berlin's economic situation.

4. While it is highly improbable that the USSR will turn over access controls to the GDR unless there is a

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breakdown in East-West negotiations, the physical transfer could be accomplished with little or no warning.

5. There are no reliable indications of a bloc intent in the near future to blockade Allied or West German access to West Berlin, or to seal off West Berlin from the bloc. However, the USSR could take such actions with little or no warning. [redacted]

I. THE COMMUNIST BLOC

No Back-up Material

II. ASIA-AFRICA

Hazza Majalli Forms New Jordanian Cabinet

Premier-designate Hazza Majalli has formed a new cabinet, following the resignation of Premier Rifai on 5 May for reasons of "health." The new cabinet was scheduled to be sworn in on the morning of 6 May. [Although the 60-year-old Rifai endured three mild heart attacks during the last year, his resignation actually was intended as a maneuver to obtain the King's reaffirmation of his authority, including the premier's support of Army Chief of Staff Major General Sadiq Shara. Shara had been accused by Bedouin army officers of plotting against the monarchy. Rifai had also been at odds with the "palace clique," which has long sought his replacement.] He had been premier since May 1958; he was de facto government strongman for the year before that as deputy premier to ailing Ibrahim Hashim.

The King's selection of Majalli would appear to commit the King more closely than ever to the militant Bedouin minority whose domination of the army has ensured the monarchy's survival. The Bedouin number about 300,000 out of Jordan's total population of 1,500,000. Among the Bedouin, the officers of the Bani Sakhr tribe form the most potent bloc. This group, during Husayn's absence on his world tour, further enhanced its position through accusation and arrest of members of a rival officer clique from northern Jordan--the maneuver which led to the resignation of Rifai.

Hazza Majalli, [a former British protege] who served briefly as premier in December 1955 during the unsuccessful attempt to take Jordan into the Baghdad Pact, is distantly related to the

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prominent Bedouin officers of the Majalli family in the Bani Sakhr tribe, who led the intrigues against Shara and Rifai. He has in the past had fairly good relations with the pro-UAR, ultranationalist National Socialist party, and this might improve the prospects for a normalization of relations with the UAR. Unless some accommodation to the nationalist view is made, Husayn's decision to go along with the Bedouin in this instance could narrow further the basis of the monarchy's support in Jordan. It might thus open the way for a resumption of instability in the government and army which was chronic before Rifai took over government leadership.



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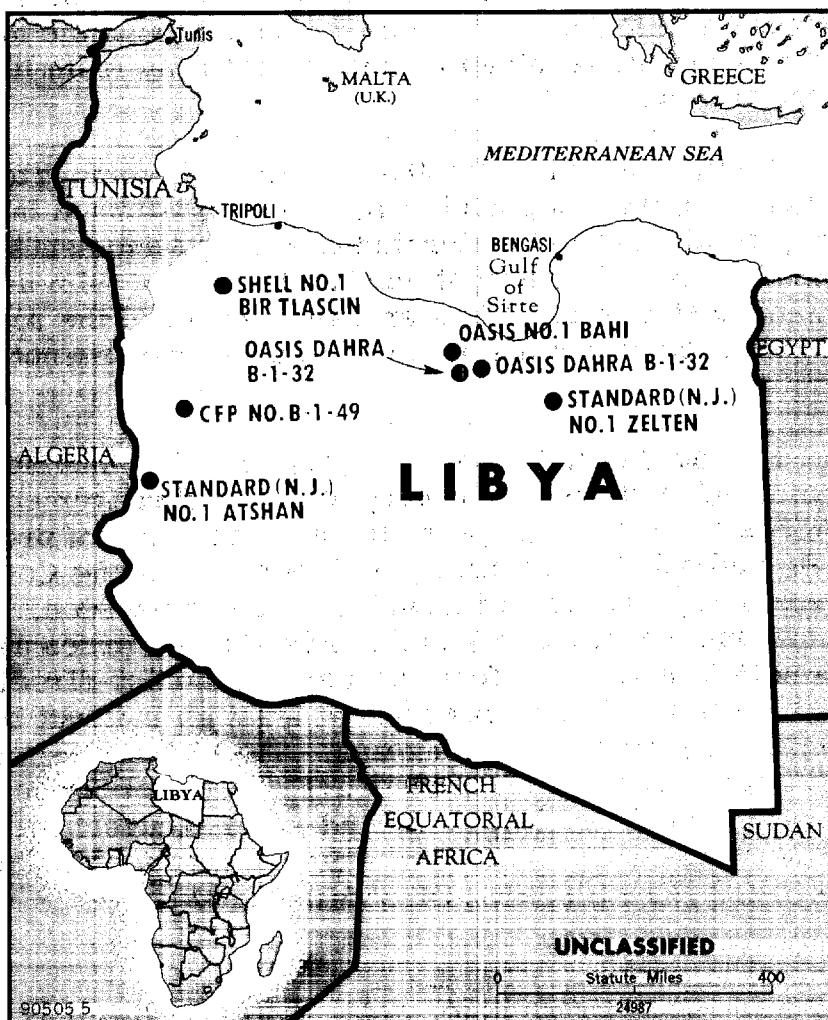
American Embassy Assessment of Iraqi Situation

[Developments in Iraq during the past five weeks lead the US Embassy to conclude that the drift toward a Communist state is continuing at a steady rate. Ambassador Jernegan now feels that Premier Qasim is the only possible force in Iraq capable of turning the government away from its leftward course.]

[Qasim said on 3 May that Britain's agreement to sell Iraq heavy military equipment was a "new page turned in British-Iraqi relations" and reiterated that his government intends to remain "free of both East and West." Both Qasim and anti-Communist Foreign Minister Jawad have told the American ambassador within the past week that Iraq would not "go Communist!"]

[By and large, however, strong anti-Communists have been liquidated by arrests, purges, and forced retirements. Real control of the army appears to be in the hands of pro-Communists and political neutrals, and members of the Communist party will probably be included in the cabinet soon. The Communist-controlled Popular Resistance Forces are growing both in size and effectiveness; Communist-directed mass organizations, having received at least an indirect blessing from Qasim, are continuing to expand. The Communists already control the propaganda media, are consolidating their control over the educational system, and are maneuvering to bring the economy under the control of a Soviet-model planning system.]

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Libya's Oil Prospects Become Increasingly More Favorable

Discoveries in Libya during the past 18 months have indicated the presence of oil in commercial quantities. Libya awarded its first concession on 20 November 1955.

Seven successful wells have been drilled thus far: three along the western border near French Sahara and Tunisia and four located 50 to 100 miles south of the Gulf of Sirte. One of these four drilled by Standard Oil Company (N. J.) tested at more than 2,400 barrels per day, and [redacted] estimates it has a production potential in excess of 10,000 barrels per day.

The other three important discoveries have been made in this area by the Oasis Oil Company, which brought in three promising wells less than 75 miles south of the Gulf of Sirte. Together, they have an estimated potential of 2,200 barrels per day. Additional drilling is under way to determine the extent of the fields.

Since 1955 most of the major international oil companies have acquired concessions in Libya, but earlier hopes that substantial quantities of oil would be quickly discovered in western Libya near the French Saharan fields have faded somewhat. Despite the Libyan prohibition against companies owned or controlled by foreign governments, British Petroleum and Cie. Francaise des Petroles, both largely government owned, have been granted concessions. Thus far the foreign-government provision has been invoked only against the Italian firm Ente Nazionale Idrocarburi.

Libyan oil could be highly competitive with other Middle East crude since it is closer to European markets. [redacted]

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Indian Cabinet Reshuffle Likely in Near Future

(A reshuffle of the Indian cabinet may take place shortly. Prime Minister Nehru apparently plans to move Finance Minister Morarji Desai to the Home Ministry--a steppingstone to the prime ministership--to replace Home Minister Pant, who recently suffered a heart attack. While the capable 71-year-old Pant is expected to be able to return to work in about a month, it is unlikely that he will be able to hold the demanding post of home minister. He may be made a minister without portfolio.)

(Desai, a 63-year-old moderate socialist, is an able administrator. He won national reputation as chief minister of Bombay State from 1952 to 1956 when Bombay was generally conceded to be the best-run state in India. He was commerce minister from 1956 to 1958 when he became finance minister. As home minister, Desai would be in charge of India's internal administrative and political affairs, a responsibility ranking immediately under that of the prime ministership.)

(Nehru apparently is considering the appointment of former Finance Minister C. D. Deshmukh as minister of finance. Deshmukh, who held this post from 1950 to 1956, has had extensive experience in both Indian and international financial matters and is widely respected throughout the country. His appointment would ensure continued capable handling of the Five-Year Plan and foreign aid problems. He has differed with Nehru in the past because of his somewhat more conservative approach to economic and financial problems.)

(Defense Minister Krishna Menon apparently is in trouble over his handling of the recent incident in which Pakistani fighter planes shot down an Indian Canberra bomber. The Canberra reportedly was sent on a photo-reconnaissance mission at his express order against the advice of his chiefs of staff. In addition, Menon, who in the past had done a good job as defense minister, apparently is no longer getting along well with Army Chief of Staff General Thimayya. Because of his close ties with Nehru, however, it seems unlikely that Menon will be fired.)

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Riots in Malaya Underscore Racial Tensions

The Malayan Government's concern over racial tensions is reflected in Prime Minister Abdul Razak's hurried visit on 3 May to the scene of the Malay-Chinese communal riots on Pangkor Island about 100 miles northwest of Kuala Lumpur. Further indications of this concern were the government's efforts to suppress the news and later to play down the racial aspects of the riots.

The trouble apparently began on 1 May when a Malay molested a Chinese girl. The subsequent riot spread rapidly and, according to press reports, soon involved nearly all of the island's 3,000 inhabitants. One person was killed and ten injured. The situation was finally brought under control by 200 police reinforcements, including a special riot squad.

The incident highlights the serious underlying racial tensions in Malaya, where 37 percent of the population is Chinese. These tensions are likely to increase as a result of political agitation during the current campaigns for the state elections in May and June and the federal elections in August. Widespread disorders could destroy the ruling multiracial Alliance party and with it the concept of Malay-Chinese political cooperation upon which stability in Malaya depends.

The last serious riots in Malaya took place in November 1957.

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