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Central Intelligence Agency



Washington, D.C. 20505

6 August 2025

Reference: EOM-2022-00157

Dear Requester:

This letter is a final response to your 10 June 2022 Mandatory Declassification Review request referenced above and submitted under Executive Order 13526, seeking **three CIA Documents**:

- **“Soviet Possession of the A-Bomb Upon the Security of the US and Upon the Probability of Direct Soviet Military Action” ORE 91-49 (6 April 1950)**
- **“Israel” SR-61 (24 July 1950)**
- **“United Kingdom” SR-25 (7 December 1949)**

We completed a thorough search for records responsive to your request and located the enclosed three documents. One document can be released in its entirety and two documents can be released in segregable form with deletions made on the basis of Executive Order 13526, Section 3.3(h)(2) (50X1) and Section 6.2(d) (FOIA Exemption (b)(3)). Exemption (b)(3) pertains to information exempt from disclosure by statute. The relevant statutes are Section 6 of the Central Intelligence Agency Act of 1949, as amended, and Section 102A(i)(1) of the National Security Act of 1947, as amended.

As the CIA Information and Privacy Coordinator, I am the CIA official responsible for this determination. You have the right to appeal this response to the Agency Release Panel, in my care, within 90 days from the date of this letter. Please explain the basis for your appeal. You may address appellate correspondence to:

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Central Intelligence Agency
Washington, DC 20505

If you have any questions regarding this response, you may seek assistance by calling this office at 703-613-1287.

Sincerely,

A handwritten signature in blue ink, appearing to read "Stephen Glenn".

Stephen Glenn
Information and Privacy Coordinator

Enclosures

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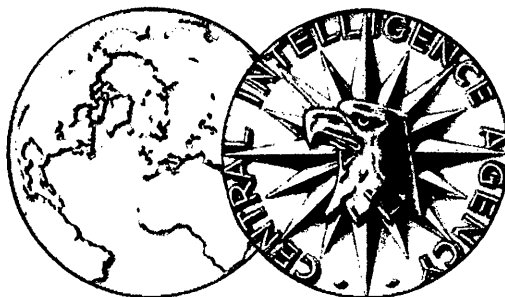
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ISRAEL



SR 61

Published 24 July 1950

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SR-25

ISRAEL

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SUMMARY

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Even in peacetime the inability of Israel and the Arab states to make peace affects US strategic interests by contributing to political instability both in Israel and in the Arab states, preventing their concentration on urgently needed political reforms and economic development, and in general weakening their ability to resist Communist infiltration.

Although no single political party controls a majority of the seats in the Israeli Assembly, the political situation in Israel is reasonably stable because of general agreement on fundamental aims. All the major parties subscribe to Zionism, socialism, unlimited immigration, and defense of the territory won from the Arabs in the 1948 hostilities. The moderate socialist MAPAI Party dominates Israel's coalition government and has been able effectively to resist pressures from the extremist right-wing and left-wing parties. The United Religious Front (URF) and the left-wing socialist MAPAM Party are the only political groups strong enough to influence MAPAI's policy decisions. The URF, as a member of the coalition, has been in a position to demand

the enactment into law of many of Jewry's traditional customs and observances. Although the religious parties appear to be losing ground to the dominant secularism of the country, the recent influx of religious oriental Jews from Yemen and North Africa may possibly increase their strength. MAPAM constitutes the major opposition group and demands closer ties with the USSR, less dependence on the US, and a greater degree of state control over Israel's economy than the present government is prepared to accept. MAPAI is steering a middle course between socialism and free enterprise in an attempt to attract urgently needed private foreign capital. The Israeli Communist Party has been unable to attract a wide following because of traditional Soviet opposition to Zionism and the refusal of the USSR to permit the emigration of any of its 2,500,000 Jews to Israel.

Israel's expanding armed forces consist of an organized army of 17,000 men, a navy of about 20 small vessels, and an air force of about 130 World War II type aircraft. Although these forces are handicapped by the lack of standardization in weapons and equipment, they constitute the most effective military force in the Arab area. Israel has a partially trained and combat-experienced reserve of about 145,000 men.


Israel's economy rests on precarious foundations because of four serious factors: (1) the paucity of natural resources in the Palestine area; (2) the increasing cost of attempting to absorb a rapidly expanding population resulting from the constant influx of immigrants; (3) the unfavorable state of its foreign trade; and (4) the oppressive cost of the recent Pal-

Note: The intelligence organizations of the Departments of State, Army, Navy, and the Air Force have concurred in this report. It contains information available to CIA as of 1 January 1950.

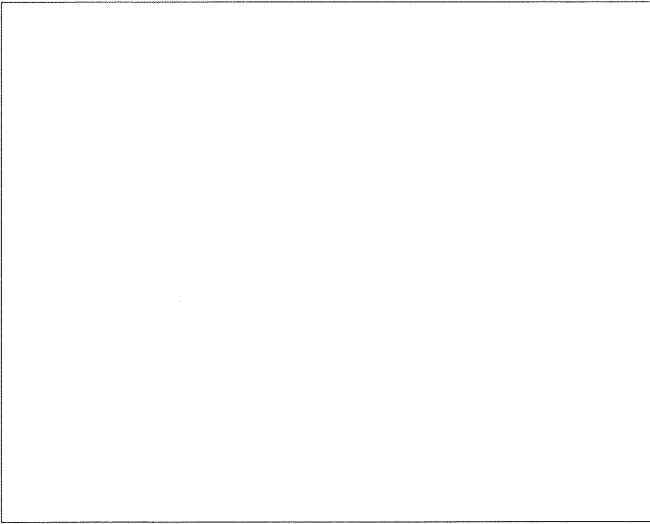
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estine fighting and the continued armed truce, both of which have absorbed a substantial portion of Israel's current revenue. The resulting unbalanced economy has made the new Jewish state dependent—for an indefinite period—upon extensive foreign assistance, particularly from US Jewry. As Israel will probably be unable to balance its economy by its own efforts and as foreign assistance will probably not cover all its needs, the standard of living of its people may well be drastically reduced.



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CHAPTER I

POLITICAL SITUATION

1. Genesis of Present Situation.

Israel owes its existence as an independent sovereign state to a complex of social, political, philanthropic, and international forces. The most important single factor, however, is Zionism, a Jewish nationalist movement that developed in the latter part of the 19th century after a wave of persecution in Eastern Europe. Zionism as a political movement originated in 1897 under the leadership of Theodore Herzl, who had for many years championed the idea of a home for the Jews in Palestine. Thereafter immigration increased rapidly and by 1922 the Jewish population of Palestine had grown to 85,000. In 1917 Zionism won its first great political victory when the British Government issued the Balfour Declaration favoring the establishment in Palestine of a National Home for the Jews. From 1917, when the UK established its control over Palestine, until May 1948 successive British Governments waged an unceasing and unsuccessful battle to reconcile the conflicting ambitions of the Jews and Arabs in Palestine. On the basis of the Balfour Declaration the British Government permitted Jewish immigration so long as it did not in its view prejudice the rights of the Arabs in Palestine, and recognized an official Jewish Agency to work with the Mandate Government in building up the Jewish Homeland. In spite of the 1920 ordinance fixing an annual Jewish immigration quota of 16,500, however, serious anti-Jewish riots took place in 1921. In 1922 the UK issued the Churchill White Paper, which outlined the projected steps in self-government for Palestine and assured the Arabs that the UK had no intention of permitting the establishment of a Jewish state in Palestine.

Palestine, governed according to the British Crown Colony model, enjoyed a period of relative peace from 1923 until 1929, when the

Arabs again rose up against an increase in Jewish immigration. The Passfield White Paper, issued in 1930 after an investigation of the Arab riots, recommended that Jewish immigration be restricted by the "economic absorptive capacity" of the country. Shortly thereafter, the effects of this limitation were nullified in the so-called Black Letter of 1931 from Prime Minister MacDonald to Dr. Weizmann.

From 1931 to 1936 progress in industry and agriculture helped to ease the tension in Palestine, but the refusal of the Jews and Arabs to cooperate politically made it impossible to establish a legislative council. Jewish immigration steadily continued, and in 1936 smoldering Arab resentment flared into new violence. The Peel Commission, which was sent out by the British Government in 1936 to investigate the disturbances and to study the whole Palestine problem, admitted that the mandate was unworkable and recommended the partition of Palestine between the Arabs and the Jews, with a continued British Mandate over the Holy cities of Jerusalem, Bethlehem, and Nazareth. This suggestion was rejected by the Woodhead Commission sent out in 1938 to determine the boundaries for the partitioned areas, whereupon the British Government abandoned the idea of partition and called a meeting of Jewish and Arab leaders to work out a scheme for a united Palestine. Meanwhile, Arab terrorism increased, and a Jewish undercover army was formed to defend the Jewish settlements from Arab attack.

When the Jewish-Arab talks failed to produce agreement on any plan, the British issued the White Paper of 1939, which proposed measures of partial self-government to lead to the establishment of an independent, unitary Jewish-Arab Palestine state in ten years' time. Other proposals in the White Paper, which gave the Arabs the right to restrict

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Jewish immigration after the entry of 75,000 more Jews over a five-year period and allowed the Mandate Government to restrict Jewish land purchases to certain areas, were violently condemned by the Jews. These restrictions were put into effect immediately in spite of a Jewish terrorist campaign against the Mandate Government and the Arabs. The outbreak of World War II, however, caused the proposed steps toward self-government to be postponed.

At the beginning of the war the Jews in Palestine called off their terrorist campaign and cooperated with the UK against the Axis. By the fall of 1942, however, when the five-year limitation on immigration was coming to an end and Allied victory in North Africa made the British situation seem less desperate, local Jewish problems again began to take precedence, as far as the Zionists were concerned, over world issues. The Irgun Zvai Leumi terrorist group resumed its campaign of violence against the Mandatory authorities. In the same year, the majority of Zionist parties accepted the Biltmore Declaration drawn up by American Zionists, which reaffirmed the Zionist aims in Palestine as the immediate establishment of a Jewish Commonwealth, the rejection of the 1939 White Paper, unrestricted Jewish immigration, and the formation and recognition of a legal Jewish military force.

Through 1944 and 1945, increasing illegal immigration into Palestine took place, propaganda giving prominence to the desperate plight of the European Jews was widely circulated, and terrorism increased. Arab nationalism was rising, and the UK was unable to establish any measure of agreement between Arabs and Jews. The Anglo-American Commission of Inquiry, which investigated the Palestine situation in 1946, proposed the establishment of a unitary Jewish-Arab state

in Palestine, to be first under British Mandate, later under UN trusteeship, and eventually independent after the Jews and Arabs had proved their ability to live and work peacefully with each other. As a humanitarian measure, the report recommended the immediate admission of 100,000 European Jewish DP's, immigration thereafter to be regulated by the Palestine Government without prejudice to any other section of the population. The report further recommended that it be made clear to both Jews and Arabs that, if the plan were adopted, any attempts to prevent its execution by threats and violence would be resolutely suppressed.

In the fall of 1946 the UK made one last attempt to solve the increasingly explosive Palestine problem by bringing Jewish and Arab leaders to London for talks based on the Anglo-American Commission of Inquiry recommendations. Held against a background of increasing violence in Palestine and interrupted by a US demand for the immediate admission to Palestine of 100,000 Jewish DP's, the talks broke down. In February 1947 both sides rejected the British proposals for a binational government, and the UK subsequently requested the UN to call a special session of the General Assembly to investigate the entire Palestine issue.

The General Assembly met in April 1947 and set up a Special Committee (UNSCOP) to study the Palestine issue and submit recommendations for its solution. After visiting Palestine and carefully considering the alternatives of a single independent state, a UN trusteeship, or partition, UNSCOP returned in September 1947 with a divided report. The majority recommended the internationalization of Jerusalem and the partition of the rest of Palestine into a Jewish and an Arab state, politically separate but joined in an economic union. (See map.) The Minority Plan proposed the establishment of a single independent federal state after a three-year transitional period during which Jewish immigration would be limited by the absorptive capacity of the Jewish areas.

Although Jewish extremist groups opposed the Majority Plan, general Jewish reaction to it was one of pleased surprise. The Arabs

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categorically rejected the whole principle of partition. Owing largely to US efforts and Soviet support, the Partition Plan was approved on 29 November 1947 in the UN General Assembly by a vote of 33 to 13 with 10 abstentions. The UN then set up a Palestine Commission to arrange for the implementation of partition and gradually to take over administrative responsibility for Palestine from the Mandate Government.

The Palestine Commission found its task almost impossible from the start. Although its terms of reference presupposed Arab, Jewish, and British cooperation, only Jewish cooperation was forthcoming. The UK continued to maintain toward the Palestine Commission its announced policy of refusing to implement any solution not acceptable to both parties. Arab reaction to the partition decision resulted in strikes and scattered riots in Palestine and in the Arab states. Soon, small Arab guerrilla bands were operating in the Arab areas of Palestine. The Jews were mobilizing and arming to meet this threat. Only the firm intervention of the British, who reinforced their Palestine garrisons, prevented open warfare.

In late February 1948, when the inability of the UN to implement partition had become apparent, the Palestine Commission brought the problem before the Security Council, which, in turn, could not agree on any course of action. In March 1948 the US, in a surprise move, asked the UNGA for an interim Palestine trusteeship which would be "without prejudice" to the final settlement. It soon became obvious, however, that in the face of fierce Jewish opposition, force would be necessary to implement this plan also, and it was consequently abandoned.

Meanwhile, the British were withdrawing from Palestine, and both sides were preparing for battle. Late in April the SC, alarmed by the prospect of widespread hostility, adopted a Palestine Truce Resolution, but neither Jews nor Arabs accepted it. At the same time a Truce Commission, composed of the senior consular representatives in Jerusalem of the US, France, and Belgium, was established.

On 15 May 1948, in accordance with its previously announced intention, the UK relin-

quished its Mandate over Palestine, and the Jews proclaimed the State of Israel. The US promptly granted *de facto* recognition to the Provisional Government of Israel (PGI) and the USSR followed with *de jure* recognition. The next day the Arab League announced that a state of war existed between the Arab states and the Jews, and shortly thereafter Syrian, Egyptian, Iraqi, and Transjordanian troops entered Palestine. The Jews advanced north along the coast, capturing Acre en route. Everywhere they armed and mobilized to protect the lands they occupied and to gain control of the corridor connecting Tel Aviv and Jerusalem.

Transjordan's Arab Legion captured the Old City of Jerusalem and partially isolated the Jewish community in the New City. Most of the other Arab forces were in the areas allotted to the Arabs under the Partition Plan along a line roughly corresponding to the partition border (except in the Negeb) when the first UN truce, under the supervision of Count Folke Bernadotte, went into effect on 11 June.

When this first UN truce ended on 9 July 1948, the large quantity of arms obtained by the Jews during the truce period in contravention of the UN ban had completely altered the military balance of power. After the fighting resumed, the Israelis seized the initiative and made substantial gains on all fronts before the second UN truce went into effect on 18 July. The first UN truce observers arrived in Palestine a few days later.

Had internal factors in Israel and the Arab states permitted the governments involved to take a moderate line, the situation in Palestine might have been stabilized at this point. Arab public opinion, however, had been stirred up for war and the Arab press rang with glowing, but untrue, accounts of Arab victories. No Arab leader dared put his government to the test domestically or offer his country as a scapegoat by suggesting that the Arabs voluntarily back down on any issue. The large number of Palestine Arab refugees, who had been driven or had fled from Palestine into the surrounding states, where they were an expensive and unwelcome charge, increased Arab bitterness toward Israel.

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The Jews, on the other hand, inflated by success, were confident of their military superiority over the Arabs, and the PGI was under constant pressure to take further action. The continued flow of armaments to Israel, primarily from Czech sources but also to some extent from Western Europe and the US, daily increased Israel's advantage over the Arabs, whose supply situation was becoming desperate. By mid-August the truce had almost broken down, and a renewal of major hostilities by Israel seemed imminent.

Count Bernadotte's efforts to mediate had proved so unsuccessful that in his report to the UN, he submitted a simplified partition plan (Bernadotte Plan) which he felt might have more chance of success. Bernadotte attempted to adapt the UN partition plan to the existing military situation by suggesting a transfer of most of the Negeb to the proposed Arab state and the incorporation of the latter into Transjordan. In exchange for this Israel would receive Western Galilee. If adopted, this plan would have drastically reduced Israel's area. Although both Israel and the Arab states rejected the plan, the UN was galvanized by Bernadotte's assassination in September 1948 to give his proposals serious consideration. The US and the UK strongly supported the plan; the USSR opposed it. After the shelving of the Bernadotte plan, the UN made no further effort to devise or implement a comprehensive solution for Palestine.

In October 1948, despite the existing truce, Israel resumed the offensive against the Egyptians in the south and against the Lebanese in Western Galilee. After Israel had made substantial gains on both fronts, cease-fire agreements were reached not only with Egypt and Lebanon but also with the Jordan Arab Legion in the Jerusalem area. On 16 November the SC adopted an armistice resolution, and on 11 December the GA established a Palestine Conciliation Commission (PCC) to help work out a permanent settlement of all outstanding differences between Israel and the Arabs. In a final military action in early 1949, the Israelis completed their conquest of the Negeb. The major military phase of the Palestine conflict thus came to a

close with Israel in military control of all areas allotted to it under the Partition Plan except for minor Syrian enclaves in Eastern Galilee. In addition, it occupied the Arab areas of Western Galilee, the Lydda-Ramle sector, a wide corridor to Jerusalem, and Arab-allotted areas in the Negeb.

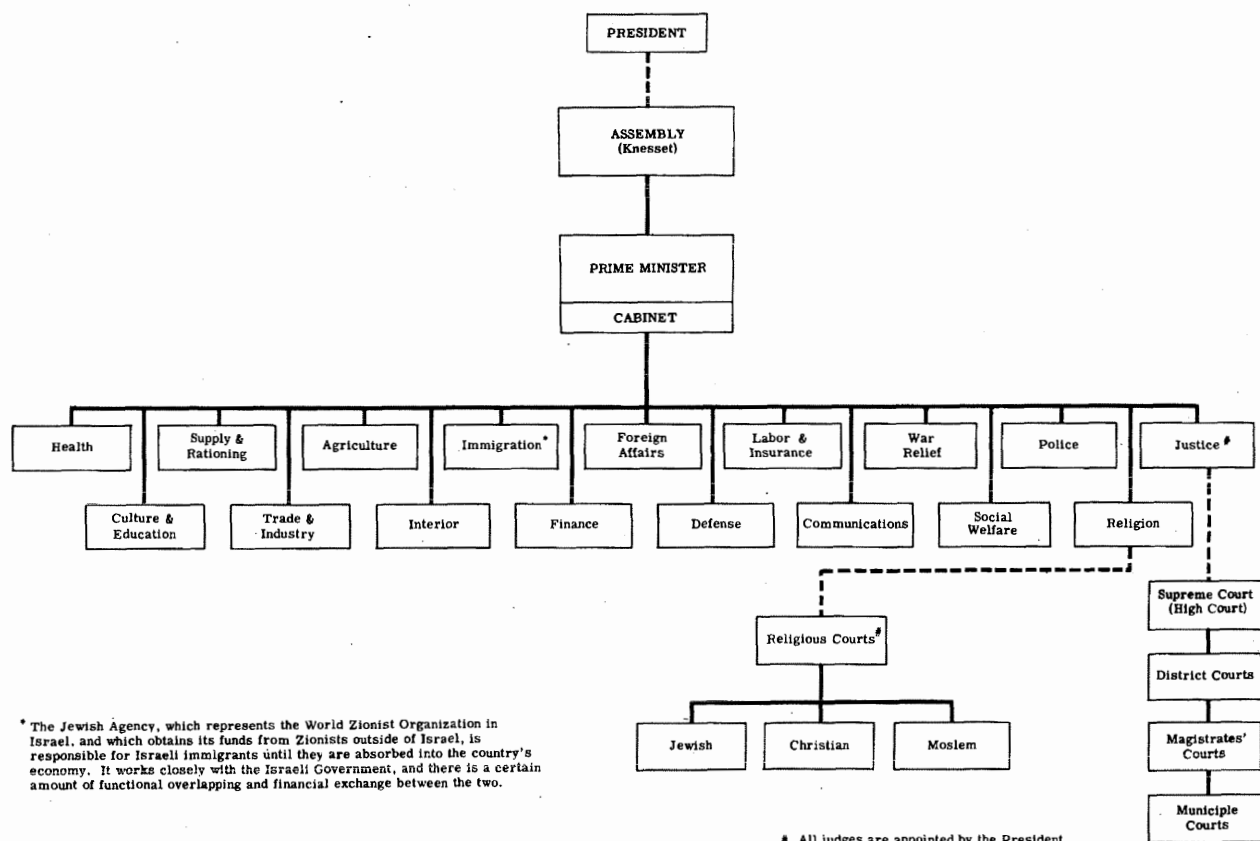
In January 1949, Israel held its first general election for a Constituent Assembly. Dr. Chaim Weizmann became President, and David Ben-Gurion, leader of the moderate socialist MAPAI Party, formed Israel's first non-provisional government, a coalition which included several center and religious parties in addition to MAPAI. In May 1949, Israel became a member of the United Nations.

The situation was further stabilized during 1949 by the signing of armistices on all fronts: with Egypt in February, Lebanon in March, Jordan in April, and Syria in July. Although Iraq refused to negotiate an armistice with Israel, it withdrew its troops from Palestine. As Jordan with Iraqi consent occupied the areas previously under Iraqi control, it was able to negotiate for the whole central area. Only minor territorial changes were made during the armistice negotiations, and the agreements in effect established provisional boundaries based on the military situation. Mixed Armistice Commissions under the supervision of UN representatives were set up to deal with the minor questions which were expected to crop up in the implementation of each of the armistice agreements. With the signing of the last armistice and the subsequent abolition of the role of Mediator, primary UN responsibility for Palestine passed to the Palestine Conciliation Commission (PCC).

After preliminary discussions in the Near East, the PCC, which consisted of a US, a French, and a Turkish delegate, met at Lausanne in April with representatives of Israel, Egypt, Lebanon, Jordan, and Syria. The main issues under discussion were: (1) Israel's frontiers; (2) the Arab refugees; and (3) the future status of Jerusalem. During the discussions Israel insisted on retaining all conquered territory as well as all areas allotted to Israel under the UN Partition Plan; refused to allow the return of any substantial number of Arab refugees; and rejected any interna-

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ISRAEL'S GOVERNMENT STRUCTURE



* The Jewish Agency, which represents the World Zionist Organization in Israel, and which obtains its funds from Zionists outside of Israel, is responsible for Israel's immigrants until they are absorbed into the country's economy. It works closely with the Israeli Government, and there is a certain amount of functional overlapping and financial exchange between the two.

* All judges are appointed by the President.

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tionalization of Jerusalem more concrete than a "protection" of the Holy Places. The Arabs continued to make extravagant territorial claims and insisted that Arab refugee repatriation to Israel precede any resettlement.

When, after two months of exhaustive negotiations, no compromise of consequence had been reached on any issue, the PCC called a short adjournment. The second series of PCC meetings in July and August were only slightly more productive. Israel offered, with reservations, to take back a total of 100,000 Arab refugees, but only if agreement were reached on all other issues. In the meantime, a PCC sub-committee in September 1949 presented for UN consideration a draft statute for the internationalization of Jerusalem. Although Israel and Jordan opposed complete internationalization, the other Arab states were moderately in favor of it.

Failing to make appreciable headway on these essentially political issues, the PCC in August 1949 set up an Economic Survey Mission (ESM) in the hope that the whole Palestine issue might more profitably be attacked from an economic point of view. The ESM subsequently proceeded to the Near East to study the economic aspects of the refugee situation. The mission was coolly received by both the Jews and the Arabs, who feared that economic pressure might be used in such a way as to prejudice their conflicting claims. On the basis of the ESM's November interim report, however, the UN General Assembly in December approved a \$54,000,000 18-month project to continue relief and institute a work relief program for the refugees. The UN resolution provided for a Relief and Works Agency for Palestine Refugees (PRA) and for a Director to coordinate its activities with the other public and private organizations that are concerned with the problem. Also in December the UN General Assembly recommended that Jerusalem be internationalized under the UN Trusteeship Council. Both Israel and Jordan declined to accept the UN recommendation, and Israel moved its Assembly, as well as most of its other government offices, to Jerusalem before the end of the year. The Ministries of Foreign Affairs and Defense, however, remained in Tel Aviv.

2. Present Government Structure.

On 15 May 1948, when the UK relinquished the Palestine Mandate and the state of Israel was proclaimed, Palestine's Jewish community had had many years of legislative and executive experience in the quasi-governmental Jewish organizations which had functioned under the Mandate. The community had conducted its internal affairs through a democratically elected Legislative Assembly and a National Council chosen by the Assembly from among its members. Relations with the Mandatory regime were conducted first through the World Zionist organization and later through the Jewish Agency, on both of which, however, the Palestine community was represented.

With the establishment of Israel, therefore, the transition from a quasi-governmental to a full governmental organization was effected relatively easily. The National Council Executive and the Palestinian members of the Jewish Agency Executive set up a joint committee which was designated the Provisional Government of Israel (PGI). The PGI consisted of a State Council of 38 members, proportionally representing the major political parties of world Zionism which had been active under the Mandate; a President elected by the Council; and a Prime Minister and Cabinet selected by the Council from its own members. Up until May 1948, world Zionism, as represented in the World Zionist Organization and the Jewish Agency, was primarily responsible for the development and prosperity of the Jewish National Home in Palestine. With the establishment of Israel, however, that responsibility was transferred directly to the Palestine community itself. The Provisional Government accepted this responsibility and relegated the World Zionist Organization, the Jewish Agency, and other Zionist organizations to a secondary role in the affairs of Israel.

The PGI, which ruled Israel by decree during the critical first eight months of the new state's existence, was superseded in January 1949 by a Constituent Assembly freely elected by proportional representation. The Assembly's 120 delegates came from twelve different political groups, although the parties which

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had been represented in the PGI polled 75 percent of the vote. Continuity in administration was thereby assured, and this continuity has contributed significantly to stable political institutions in the state.

Although the Israeli Assembly was elected specifically to frame and adopt a constitution, the government appears to be deliberately stalling on this issue, presumably because of unwillingness to relinquish the freedom of action which the absence of a constitution permits.

A draft constitution has been prepared, but no final action has been taken on it. Since January 1949 the Israeli Government has been operating under a Transitional Period Law, which defines briefly the functions of the President, the Assembly (Knesset), and the Cabinet and the manner in which they are to be established.

Thus, although the responsibilities and interrelationship of Israel's political institutions are still for the most part undefined legally, it is already evident that they have been shaped by three primary influences: British parliamentary and judicial methods; Western European socialism; and the spiritual heritage of the Jewish people. British political theory is apparent in the interrelationship between the legislative and executive branches and in the similarity in the functions of the Israeli and the British Cabinets. The judicial system owes much to the practical legacy of the British administration in Palestine. Israel's socialism is evident in the attitude of most of the parties toward nationalization and in the interrelationship between the government and Histadruth (see sub-section 3, b below). The draft constitution specifically vests in the state ownership of natural resources, guarantees all citizens an equitable share of the national income, and endorses the right of workers to form unions, to bargain collectively, and to strike. The spiritual heritage of the Jewish people is evident in laws regulating the com-

munity's Sabbath activities, its food, and its educational institutions.

Executive power in Israel is exercised by the President and the Cabinet. The Cabinet, which consists of the Prime Minister and fourteen other ministers or heads of departments (all of whom must be members of the Assembly), wields the real power, the President acting mainly as a figurehead. All legislation must be initiated by the Cabinet and every official act of the President must be countersigned by the Prime Minister or one of the other ministers, who thereby assumes responsibility for it. The Cabinet is collectively responsible to the Assembly and must resign when it loses the support of a majority of the Assembly.

Legislative power is exercised by the Assembly, which is elected by direct and universal suffrage on the basis of proportional representation. Voting is by secret ballot, and any citizen over 21 with no legal disability may vote. In the January 1949 election each deputy represented approximately 3,500 citizens. The Assembly enacts legislation, appropriates all revenues in the state, controls the armed forces, and approves all treaties and agreements with foreign countries. The Assembly elects the President and has the power to impeach him.

Under the Transitional Period Law the powers of the President are severely limited. Dr. Weizmann, in spite of his great personal prestige, has little political influence. His duties include appointing and receiving diplomatic envoys, promulgating laws, and concluding treaties with foreign states upon the advice of the Cabinet and with the assent of the Assembly. The President has discretionary power in two instances only. After consultation with the major political leaders he is empowered to choose a Prime Minister and, with his advice, the rest of the Cabinet. He may also dissolve the Assembly if the Cabinet has resigned and no leader can be found to command a majority.

Israel's judiciary consists of the following courts of law: Municipal Courts, Magistrates' Courts, District Courts, a Supreme Court (which may also sit as a High Court of Justice), and religious courts of the Jewish, Mos-

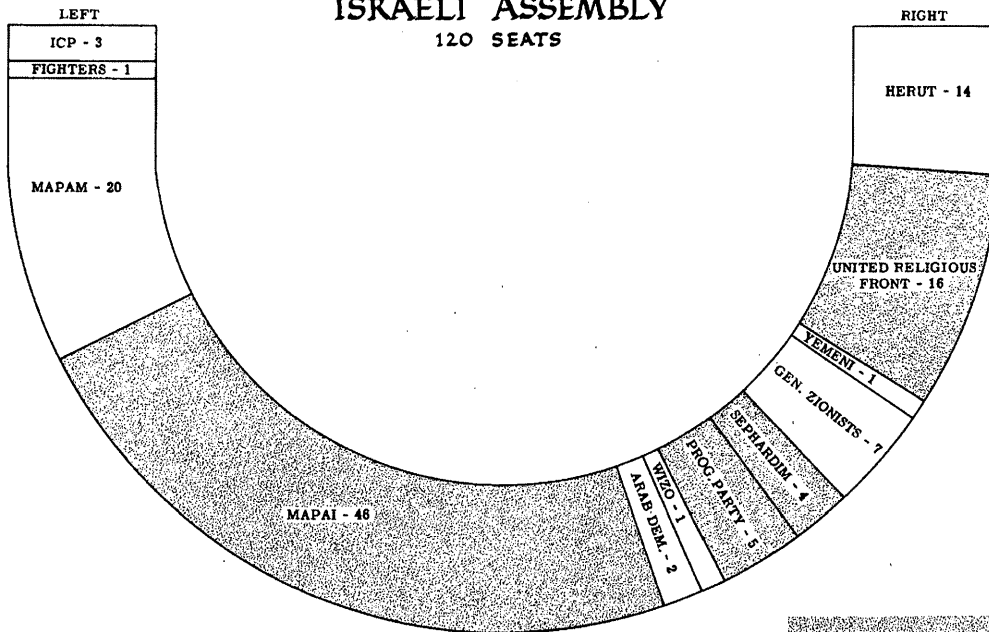
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ISRAELI ASSEMBLY

120 SEATS



ICP - Israeli Communist Party
 FIGHTERS - Fighters for the Freedom of Israel (Former Stern Gang)
 WIZO - Women's International Zionist Organization

LEFT TO RIGHT

ICP - 3 Deputies	ARAB DEMOCRATS - 2	GENERAL ZIONISTS - 7
FIGHTERS - 1	WIZO - 1	YEMENI - 1
MAPAM - 20	PROGRESSIVES - 5	UNITED RELIGIOUS FRONT - 16
MAPAI - 46	SEPHARDIM - 4	HERUT - 14

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lem, and Christian communities. The High Court has original and appellate jurisdiction in civil and criminal matters. The Supreme Court is the court of final appeal. The religious courts of the various communities exercise jurisdiction in matters of personal status and of religious foundations and endowments. In matters of personal status involving persons in different communities, the President of the Supreme Court decides which court should exercise jurisdiction. The organization and jurisdiction of the courts and the remuneration of the judges are regulated by law. All judges are appointed by the President of Israel. Civil judges are selected upon the advice of the Minister of Justice, and judges for the religious courts are selected with the advice of the Minister of Religious Affairs.

The fundamental human rights of liberty of person and freedom of speech, worship, assembly, and petition are accepted in principle in Israel, although some of them are now curtailed because the nation is still considered to be facing an emergency. The press and foreign mails are censored, emigration is severely restricted, and travel within the country is controlled.

3. Political Parties and Current Issues.

a. General.

Israel's chief problem is one of survival, and the energies of almost all Israelis are, at least for the present, directed toward solving this problem.* For this reason, the principal aims of the major political parties are strikingly similar. Thus the defense of Israel will be the chief concern of all parties so long as Israel is ringed by hostile Arab states. To promote the rapid growth of the new country and in support of the Zionist objective of the ingathering of exiles, all Israelis subscribe to unlimited immigration. Their determination to retain all the territory obtained during the fighting has made a dead letter of the UN Partition Plan, which was originally endorsed by the majority of Palestine Jews. Today many Israelis even feel that Israel should

expand east to the River Jordan and north to the Litani River, which they claim are natural frontiers. Only the right-wing Herut Party demands military expansion east of the Jordan River. Most parties appreciate Israel's immediate need for peace and, heeding the pressures exerted by the UN, the UK, and the US, support the present government's non-provocative although unrelenting attitude toward the Arab states. The majority of Israelis are also determined to make Jerusalem an integral part of the state despite repeated UN recommendations for the internationalization of the city.

Although the Israeli parties are thus in general agreement on basic objectives, they often differ radically on methods of achieving these aims. Israel is governed today by a coalition made up of center and religious parties and dominated by Prime Minister Ben-Gurion's moderate-socialist Israeli Labor Party (MAPAI). The government, which observes the principle of collective responsibility for policy decisions, advocates a neutral policy in the East-West cold war, intensive development of Israel's resources under moderate socialist controls, and complete civic equality for all citizens of Israel irrespective of race, religion, or sex. MAPAI invited all the parties represented in the Provisional Government of Israel (PGI) to subscribe to these policies and join the coalition. The United Religious Front, the Sephardim, and the non-socialist Progressive Party accepted, giving the government control of 72 of the 120 seats in the National Assembly. Although this majority permits the government to operate efficiently, it leaves the coalition less widely representative than is theoretically ideal for a government charged with framing a constitution for the country. The second largest party, the United Labor Party (MAPAM), more to the left than MAPAI, has refused to accept the principle of collective responsibility, especially in regard to MAPAI's "pro-West" foreign policy, and forms the major opposition. The right-of-center General Zionist Party also declined to participate. The right-wing Herut and the left-wing Communist Party, neither of which was represented in the PGI, were not invited to join the present gov-

* For discussion of two major aspects of this struggle, Israel's economic difficulties and international relations, see Chapters II and IV.

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ernment and continue in their role of opposition.

b. Parties Participating in the Government.

MAPAI, which has played a major part in Jewish political life since 1930, holds 7 of the 12 cabinet posts in the government. In the January 1949 elections MAPAI polled 36 percent of the vote, while its closest rival, MAPAM, got only 15 percent. As a socialist party, MAPAI gains much of its strength from the powerful secular socialist labor union Histadruth, which claims 195,000 of Israel's workers as members and has long been the major instrument for the Jewish economic development of Palestine. As with most other Israeli parties, MAPAI's political and economic theories have been modified by expediency. It is at present attempting to nationalize Israel's basic industries and essential natural resources, although it also encourages the investment of foreign capital in the country.

The United Religious Front (URF), which was formed in January 1949, is the second party of the coalition and represents Israel's five orthodox religious parties. These parties decided that only by combining their resources could they effectively counteract the wave of secular nationalism which was sweeping over the new state. The URF includes Mizrachi, a middle class religious Zionist party with wide support abroad, and its labor offshoot, Ha poel Ha Mizrachi. The latter combines Mizrachi's orthodox religious views with socialist labor concepts and within Israel is much more powerful than Mizrachi. The other members of URF are the Agudath Yisrael, a former non-Zionist party of ultra-orthodox Jews, Poale Agudath Yisrael, its labor branch, and the Religious Union of splinter parties. Save for its strong religious slant, the URF's platform is very similar to MAPAI's. It polled 12.4 percent of the January vote and holds 3 cabinet posts.

The Progressive Party, which was formed in October 1948 by a union of the liberal wing of the General Zionist Party with the Aliyah Hadashah, a center party under the Mandate, is slightly to the left of center but not socialist. In general it follows MAPAI's views and emphasizes Israeli neutrality and the need for cooperation with the Arab states. The

Progressives won 4 percent of the January vote and have one cabinet member.

The Sephardim, representing the descendants of Spanish and Portuguese Jews, is the last party of the coalition. As most Sephardic Jews are in business, they oppose wide nationalization. The Sephardim won 4.5 percent of the vote, have one cabinet post, and generally follow MAPAI's leadership.

c. Opposition Parties.

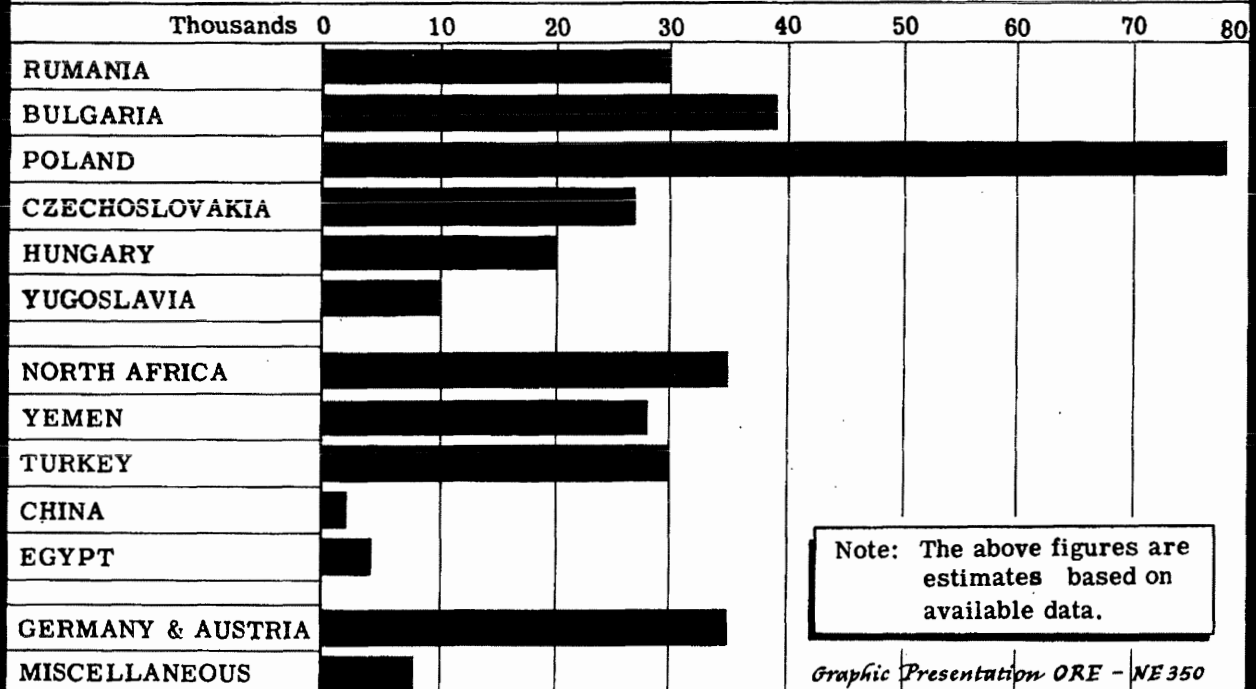
The second strongest Israeli party, the left-wing socialist MAPAM, now constitutes the chief opposition to the government. MAPAM, which was formed in January 1949 by the fusion of three left-wing parties, gains its strength mainly from rural collectives and affiliated labor organizations. Inasmuch as it has the allegiance of only 40 percent of Histadruth in comparison to MAPAI's 60 percent, it is compelled to cooperate closely with MAPAI in internal economic matters while being constantly critical of the government's policies. MAPAM demands more extreme socialism at home (more sweeping nationalization and less catering to private interests) and a foreign policy of official neutrality with fewer Western and more Eastern connections. MAPAM believes that, through closer ties with the USSR, Israel could obtain benefits from Eastern Europe comparable to those the MAPAI government has received from the US. Although there is a strong pro-Soviet wing in the party and much of MAPAM's propaganda follows the Soviet line, there is little evidence of direct Soviet influence over the party as a whole. MAPAM is already severely critical of the USSR and the Satellites for obstructing Jewish emigration from Eastern Europe and warns that, in spite of Israel's gratitude to the USSR for past assistance, the "new democracies" are inevitably losing the support of the left-wing movement in Israel by their refusal to permit Jews to emigrate to Israel. If the USSR's attitude continues to become less sympathetic toward Israel and the prospects for specific Soviet benefits dim, MAPAM's ideological affinity for the USSR may well weaken.

MAPAM is intensely nationalist and rejected the suggestion of the Israeli Communist Party (ICP) for joint election lists in January on the

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**THE COUNTRIES OF ORIGIN OF THE 346,000 IMMIGRANTS ENTERING ISRAEL
IN THE PERIOD 15 MAY 1948 - 1 JAN 1950**

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ground that the ICP's loyalty to international Communism was greater than its support of Israel's national interests. Nevertheless, the two parties do on occasion cooperate in opposing the Israeli Government on such issues as the state's "pro-West" foreign policy and such domestic measures as the austerity program and the wage-control plan, which they consider unfair to the workers.

MAPAI has made several attempts, most recently in October 1949, to bring MAPAM into the government coalition. MAPAM, however, demands that MAPAI first throw off its non-socialist supporters. MAPAI, on the other hand, hopes in time to detach the moderates in MAPAM from its Communistic left wing and then secure MAPAM participation in the government with fewer strings attached.

A minor opposition party is the General Zionist, of which President Weizmann is a member. The General Zionists have a wide following among Zionists abroad but are relatively weak in Israel, having received only 5 percent of the January election vote. The party was offered only one cabinet position, which it declined. It is right-of-center and represents those few diehards who refuse to accommodate themselves to Israel's socialist organization. Although the General Zionist platform demands national unity above party strife, civil liberties for all, and the combination of state control of basic economic enterprises with maximum freedom for private investment and enterprise, the party has become increasingly critical of almost every government measure.

Herut (Freedom Movement) is the political heir of the former illegal terrorist group, Irgun Zvai Leumi (IZL), and echoes IZL's demands for territorial expansion into Jordan. In an attempt to be all things to all men, Herut promises social services and a planned economy, but its socialist opponents consider the party right-wing and "fascist." In January Herut won 11.5 percent of the total vote. Herut was not asked to join the present coalition.

The Israeli Communist Party (ICP) was formed in the fall of 1948 by the merger of the Palestine Communist Party (Jewish) and the Arab League of National Liberation. In

December 1948 the Hebrew Communist Party (c. 700 members) joined the ICP (c. 1,500 members) to form a combined Communist list for the January 1949 election. The combination attracted some 15,000 votes or 3.4 percent of the total.* In February 1949 the Hebrew Communist Party again broke away from the ICP.

The LHY (Fighters for the Freedom of Israel) is the political party of the former terrorist Stern Gang. Opportunist and possibly pro-Soviet, LHY won 1 percent of the vote, which entitled its leader, Friedman-Yellin, to a seat in the Assembly.

d. The Immigration Problem.

Unlimited Jewish immigration into Israel is a fundamental Zionist tenet which no Israeli political leader would dare to repudiate openly. It is supported by every major party and the great majority of the population, not only on principle but also in order that Israel's manpower position vis-à-vis a hostile Arab world can be built up. The energetic execution of this policy, however, is causing Israel serious economic and social difficulties, further complicated by the costs of recent war.

The Israeli Government has never attempted to finance from its own resources the transportation of the immigrants to Israel or to provide for their care either at the point of origin or in Israel. These tasks are considered the responsibility of the World Zionist Organization and its offshoot, the Jewish Agency. The Zionists of America supply most of the funds, but Israel remains unable to absorb immigrants at the 1949 rate of over 15,000 a month. In spite of frantic government building and public works projects, some 100,000 of the 346,000 immigrants who have entered Israel since May 1948 are now crowded in reception camps awaiting housing and employment. The majority are city-bred and hence unenthusiastic about the vigorous pioneer life planned for them by the government. Only about 27,000 have gone into agriculture, leaving over 200,000 to crowd into Israel's towns, cities, and abandoned Arab villages. Many of these unassimilated Israelis will become increasingly

* A fuller analysis of Communism and the ICP will be found on pages 12-14.

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demoralized and depressed by these conditions and will, therefore, be more susceptible to extremist propaganda. The government is aware of the urgency of this problem, but it is severely handicapped both by lack of funds and by its inability to curtail immigration effectively. Any announced change in government policy would almost certainly result in a decrease of Jewish contributions from the US, and the genuine pressure of immigration strongly supports Israel's refusal to take back any significant number of Arab refugees.

The problem shows no signs of becoming less serious. Forty thousand Yemenite Jews have fled to Aden and are currently being transported to Israel; 30,000 Polish Jews, under the conditions of their exit visas, must leave Poland by August 1950; and thousands of North African Jews are also planning to enter Israel during the coming year.* In 1949 the United Jewish Appeal (UJA) in America, the Jewish Agency's chief source of funds, raised only \$115,000,000 of a goal of \$250,000,000. The Jewish Agency has already had to borrow from the Israeli Government in order to provide for the current needs of the 100,000 immigrants in camps in Israel, and the UJA is urging its affiliated organization to borrow against anticipated 1950 receipts. Although the prospects for the 1950 UJA campaign are somewhat better than in 1949, the donations are expected to fall far short of the \$272,000,000 goal.

So long as Israel seeks to maintain a policy of neutrality between the US and the USSR, remains unable to resolve its difficulties with the Arabs, experiences a badly unbalanced economy, and emphasizes the socialist character of its economy, it is unlikely to attract the foreign investment on the scale required. Without such investment, unlimited immigration will either drive Israel into bankruptcy or compel it to reduce its comparatively high standard of living to such an extent that political instability might well result.

e. Communism.

Although a substantial minority in Israel was induced by Soviet support of the UN Par-

* In March 1950 Iraq passed a law permitting Iraqi Jews to emigrate. A quarter to a half of Iraq's 125,000 Jews may well go to Israel, whether legally or illegally.

tition Plan to consider the USSR a friend, Communism is not strong in Israel. The recent deterioration of Israeli-Soviet relations, following Soviet support for the internationalization of Jerusalem, convinced most of the fellow-travellers that they were essentially Israeli nationalists rather than Communist internationalists. Traditional Soviet opposition to Zionism, Soviet support of the internationalization of Jerusalem, the refusal of the USSR to permit the emigration of its 2,500,000 Jews, and its recently revived campaign against "bourgeois Zionism" are largely responsible for the failure of the Israeli Communist Party to attract a wide following.

The Israeli Communist Party platform in January 1949 stressed the fight against "imperialism" and foreign concessions and demanded closer ties with the USSR and more socialism in Israel. One Arab and three Jewish delegates were sent to the Israeli Assembly. One Jewish delegate, however, in the course of ICP purges of "Titoist" elements, was ousted from the ICP and now is with MAPAM. The ICP is not represented in the cabinet but does participate in the activities of Histadruth. However, the eighteen Communist representatives in Histadruth, the total membership of which is about 500, have little influence.

The ICP's vociferousness and the noisiness of its leaders give it an appearance of importance out of all proportion to its size. (Although no exact figure is known, the hard-core of the ICP is estimated at not more than 3,000.) A certain number of Eastern European immigrants, with a scattering of planted Communist agents, will undoubtedly join the ICP, but membership is not likely to increase significantly so long as the internal situation in Israel remains stable. The ICP's awareness of its own weakness explains its continual efforts to form a united front with MAPAM, which, although willing to cooperate with the ICP on certain issues, rejects any idea of union with it.

As an orthodox Communist party, the ICP obediently alters its stand on various issues to coincide with that of the USSR. When the USSR strongly supported the GA resolution of December 1949 to internationalize Jerusalem, the ICP, although after some hesitancy, did

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an abrupt about-face and proclaimed that internationalization, not annexation by Israel as previously announced, was the only way to save Jerusalem from the imperialist countries. *Qol Haam*, the ICP paper, hews to the Moscow line. The ICP is reported to maintain contact with the Communist elements in the surrounding Arab states and with certain satellite Communist parties.

3.3(h)(2)
6.2(d)

The ICP, like all Communist parties, wants its country to be aligned with the USSR and the "Peoples' Democracies" against the Western "imperialistic warmongers." Its ideological allegiance to a foreign power, which is underlined by the ICP's steadfast support of the USSR regardless of Soviet policy toward Israel, reduces its appeal to the independent Israeli nationalist, who is suspicious of anything smacking of foreign domination. The ICP is further discredited because its record on the fundamental issue of unlimited immigration is suspect. Although it denies the charge, it is frequently accused of secretly adhering to the USSR's anti-immigration policy and of discouraging prospective immigrants from coming to Israel.

3.3(h)(2)
6.2(d)

Communism in Israel is faced with another fundamental difficulty. Almost 50 percent of the Israelis belong to socialist parties, and a large proportion of the workers belong to collectives or cooperatives. Israel does not have the extremes of rich and poor upon which Communism thrives, and it is hard to convert to Communism a socialist worker who already has a stake in the means of production.

The only disgruntled, and therefore potentially exploitable, elements in Israel today are the unassimilated immigrants and the Arabs, and toward these the ICP particularly directs its efforts. It promises to fight the high cost of living, bring wages into line with living costs, and provide housing and employment. Although the ICP and MAPAM have succeeded in sponsoring several strikes against governmental economic measures, their over-all show-

ing has been poor. The government's watchfulness and strict security, as well as Ben-Gurion's occasional severe attacks on the Communists, indicate that the ICP will not be allowed to increase its power or prestige unduly as long as the MAPAI government is in power.

ICP activities among the Arabs in Israel appear to center in Haifa, Western Galilee, and in the Arab-Christian town of Nazareth, where for a time the entire Arab labor market was controlled by the Communist labor union. Although both MAPAI and MAPAM tried to set up Arab adjuncts, the ICP is the only political party in which Arabs are substantially represented. The ICP attempts to capitalize on this situation by ceaseless propaganda and an ardent defense of Arab rights in the Israeli Assembly. The Communist leaders who tour Arab villages always stress that the ICP will make Arab workers the equal of Jewish workers, establish a free, united democratic government of Jews and Arabs, and arrange for the return of the Arab refugees. Although a number of the 130,000 Arabs in Israel, who see themselves becoming second-class citizens in a hostile environment, may be won over by the Communists, they will not significantly increase Communist power in Israel.

In addition to the ICP, and the Soviet ecclesiastical mission there are a number of relatively uninfluential Communist, fellow-traveling, and pro-Soviet organizations in Israel. The best known of these is the League for

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Friendly Relations with Soviet Russia (formerly the V-League), which was founded to aid the USSR during World War II and which now attempts to foster cultural and educational relations between Israel and the USSR. The League is strongly Communist and consists solely of ICP and MAPAM members; its former MAPAI members having withdrawn in 1949 to form their own Association for Friendly Relations with Soviet Russia, which is non-Communist. Other Communistic groups in-

clude the Pan Slav Union, the Levant Publishing Company and its affiliated Circle of Book Lovers, and a number of women's clubs, youth groups, and cultural societies. The main Arab Communistic groups are the Arab Workers' Congress, which is controlled by the Arab League of National Liberation and federated with the World Federation of Trade Unions, and the League of Arab Intellectuals, which is active in disseminating Communist propaganda.

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CHAPTER II

ECONOMIC SITUATION

1. Review of the Situation up to 15 May 1948.

a. General.

At the beginning of the Mandate, Palestine was a typical Middle Eastern country whose 87 percent Arab population was supported principally by subsistence farming. During the interwar years, increased immigration of technically skilled Jews, accompanied by a large flow of capital, brought about gradual industrialization and improvement in the country's economic condition. As a result, two economic systems developed simultaneously: one Arab, predominantly rural and dependent as before upon individual subsistence farming; the other Jewish, based upon a growing industry and mechanized agriculture as practiced on collective or cooperative farms. World War II had far-reaching effects upon Palestine's economy. The closing of the Mediterranean deprived the country of the greater part of its markets for citrus fruit and blocked normal sources of imports. On the other hand, industrial development made significant progress. Many factories were converted to war production, and new industries sprang up to supply the Middle East with civilian goods formerly obtained from abroad. Large British military expenditures brought increased earnings and profits, accompanied by widespread inflation of prices and living costs.

b. Agriculture.

For the most part, up to the end of the Mandate, farming on the Arab-owned lands of Palestine had not greatly changed since Biblical times. Small individual holdings produced typical Mediterranean crops: cereals (principally wheat), vegetables, olives, grapes, and other fruits. Some poultry and livestock were also raised. These products were largely consumed locally, although some trade was carried on with neighboring countries.

Jewish immigration and Jewish capital, however, brought radical changes in citrus fruit cultivation and marketing. Former desert areas, by the extension of irrigation, were transformed into communal groves producing large commercial crops. In 1939 citrus production had risen to more than 15 million cases and, during that year, accounted for about 75 percent of Palestine's export income. (While about half of these citrus groves were under Arab ownership and management, the substantial progress made in citriculture as a whole was primarily the result of Jewish initiative.) The cutting off of markets during the war forced many farmers in the citrus industry to turn to subsistence crops. The post-war years, however, saw a steady rise in citrus production until the outbreak of Arab-Jewish hostilities in 1948.

c. Industrialization.

Before 1923, industry played a minor role in the economy of Palestine. In 1922, for example, there were only about 10,000 employees in industry, and plants were for the most part small and individually owned. During the following twenty years, however, manufacturing employment increased sixfold, with Jewish enterprises accounting for perhaps 90 percent of the value of manufactured goods. Jewish immigrants brought with them technical skills and the financial support of Jews throughout the world. Industries in food processing, textiles, metal working, and chemicals were established.

With the outbreak of World War II, the cleavage between the Arab and Jewish economies became still more marked. The rupture of world supply lines gave tremendous impetus to Palestine's industrial development, many factories being converted to the manufacture of military needs, others producing goods required to maintain the economy of the various countries in the area. New industries

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also sprang up, the most important of which was diamond cutting, carried on by many skilled cutters who made their way from the Low Countries to Palestine. Unfilled world demands fostered the industry's rapid growth; by the end of the war, cut diamonds had taken first place among Palestinian exports, being valued at \$22 million.

Palestinian manufactures had hoped to continue after the war as the source of the Middle East's industrial needs, but in many cases Palestinian products proved too high in price and too low in quality to meet the renewed competition of imports from overseas. Efforts to persuade the government to impose a tariff sufficiently high to protect the domestic market were not successful; "buy local" campaigns proved less compelling than considerations of price. Shortages of raw materials made increased production, as a means to lower unit costs, difficult, particularly in the diamond industry, which felt the effects of revived European competition.

*d. Finance.**

During the twenty years between world wars the aggregate cumulative receipts of the Palestine Government amounted to £P 60 million, while expenses for the same period approximated £P 57½ million. In this period Palestine received British Treasury grants from the Colonial Development Fund amounting to £P 89,000 and general grants-in-aid in the sum of £P 4,000,000. A distinction must be made, however, between contributions toward the maintenance of Palestine's internal economy, and funds allocated to the Palestine Government for disbursement in the country for the benefit of the British Empire as a whole. The greater part of the general grants-in-aid fall into this latter category of "imperial expenditures," used for military and security purposes such as communications and special harbor developments. These general grants from the British Treasury were not used for the welfare of the country as a whole, and hence cannot be considered true subsidies.

In the war years 1940-45, as a result of increased military needs, general grants-in-aid

* 1 Palestine Pound (£P) = \$4.03

amounted to some £P 6 million. Palestine Government receipts from other sources were also used during this period for purposes which might properly be considered "Empire expenditures."

This view of the financial picture suggests that during the years under the Mandate, the country was financially self-supporting. It cannot be said, however, that a balanced Palestine budget was attained through the exploitation of the country's internal resources alone. (For discussion of additional economic support contributed to Palestine see Section e).

e. Foreign Trade.

Under the Mandate, the principal exports from Palestine consisted of petroleum products, citrus fruit and juices, polished diamonds, false teeth, and potash. Main imports were crude petroleum, raw materials (such as rough diamonds, yarn, iron bars, and cotton), textiles, cereals, and machinery. The country had an adverse balance of visible trade, varying from £P 3.3 million in 1922 to about £P 57 million in 1947.

These statistics do not mean, however, that Palestine built up a large foreign debt. Before the war, invisible items, the most important of which were immigrant funds and capital contributions from Jewish organizations abroad, were sufficient to counterbalance this deficit. During the war, British military expenditures were the largest offsetting item. As a member of the sterling bloc, Palestine accumulated sterling balances in London estimated at £P 135 million at the end of 1946.

With the exception of diamonds and petroleum, the bulk of Palestine's trade was normally channeled to Britain and other sterling countries. Polished diamonds were customarily sent to the United States as a source of dollars; additional dollars were obtained through contributions of the Jewish community in this country. Under ordinary conditions, Palestine carried on an active trade with neighboring countries, importing cereals, livestock, and other foods, and exporting petroleum products, manufactured articles, fruits, and vegetables.

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2. Israel as an Independent State.*

During its short existence the state of Israel has never functioned under other than emergency conditions. Since the proclamation of its independence on 15 May 1948, a state of war has existed between the new nation and the Arab countries which surround it. Before the present armistice agreements were reached, the efforts of the government were devoted primarily to the development and strengthening of Israel's military potential. Factories were converted to the production of war goods, men of fighting age entered the armed forces, and all financial and economic resources were mobilized for defense of the state.

- 3.3(h)(2) Although a state of war still technically exists, the conclusion of armistice agreements with the Arabs now permits Israel to give some attention to the country's pressing economic problems. In 1949, Israel's imports were valued at £ ** 75 million and its exports at £ 10 million, leaving an adverse balance of visible trade of £ 65 million. Figures for the first nine months of 1949 indicate that 28 percent of these imports consisted of food, 13 percent of raw materials, and 56 percent of manufactured goods. Although the Israeli Government has attempted to cut down on food imports, certain essential foods will constitute a substantial import item for some time to come. For example, Israel now produces less than 10 percent of its wheat needs. The release of the agricultural allotment of the Export-Import Bank credit has resulted in a heavy increase in the import of much-needed agricultural machinery. Other principal imports in 1949 included industrial machinery, automobiles and trucks, spare parts, lumber, oil, and cotton and wool products. In 1949 Israel's main exports were citrus fruits, citrus

* Since its establishment, Israel has functioned under a code of emergency regulations, including strict censorship. This censorship embraces economic and financial statistics which are considered information of military value. Consequently, such economic figures as are available are scanty and of doubtful reliability. An effort has been made in this chapter, however, to give a very rough picture of the country's economic position.

** Value of the Israeli pound is equivalent to the pound sterling.

by-products, and cut-diamonds, the latter Israel's chief dollar earning export. An accurate breakdown of the sources of funds by which this heavy import surplus was financed is not available. The chief known sources are outright gifts from World Jewry (including the £ 26 million donated by American Jews through the United Jewish Appeal), the £ 4.6 million drawn during 1949 from the Export-Import Bank's \$100 million authorized credit to Israel, and the £ 8 million released by the British from the Palestine blocked sterling account. The remainder of the balance was financed by capital transfers to Israel, money brought in by immigrants, and credits.

Israel's published internal budget of £ 40 million presents a rough balance.

Moreover, while in theory the World Zionists and the Jewish Agency are financially responsible for the absorption of immigrants in Israel, the Israeli Government is ultimately responsible for them. The financial situation of the Jewish Agency is not good. Its operations during 1949 have probably added another £ 10 million to its £ 13 million deficit, and it has had to borrow from the Israeli Government and from private banks to meet its current expenses.

The Israeli Prime Minister has reported that the 1949 United Jewish Appeal provided only one-fifth of the sum needed to settle this year's immigrants, and requirements for an anticipated 150,000 immigrants in 1950 will be even greater. In the light of the 1949 returns, it is extremely unlikely that the UJA in 1950 will even approach its announced goal of \$272 million. One factor hindering Israel's economic development is the lack of private capital resources within the country. Of the £ 86 million invested in Israel in 1949, only 39 percent was private capital, and of this only 19 percent came from abroad. Of the 61 percent representing public capital, 36 percent came from abroad, a substantial part of the latter consisting of withdrawals under the Export-Import Bank credit. During the years 1918-1945, 67 percent of the Jewish capital

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invested in Palestine was private capital, indicating the current trend toward government financing and dependence on foreign loans. The Israeli Government hopes to reverse this trend by making conditions more attractive for private foreign capital investment. Such investment would benefit Israel's economy in two ways: it would immediately improve the Israeli foreign exchange position, and, by developing industries producing goods for export, it would also help Israel to reduce the dangerously unfavorable balance of its trading position. The Israeli Assembly is considering a special bill to encourage approved foreign investments by allowing the repatriation of profits up to 10 percent annually of the capital invested and liberal amortization of the original investment.* Certain tax and duty adjustments to favor the investor are also proposed in the draft bill. It is improbable, however, that even these concessions will be sufficient to overcome the reluctance of foreign business to invest in an economically unstable country in which business is closely controlled by a socialist government.

3. Outlook for the Future.

Four serious factors account for the fact that Israel's economy rests on precarious foundations: (1) the paucity of natural resources in the Palestine area; (2) the difficulty of absorbing the Jewish refugees at the present rate of immigration; (3) the unfavorable state of Israeli foreign trade; and (4) the oppressive cost of the recent Palestine fighting and the continuing armed truce, both of which have absorbed a substantial portion of Israel's current revenue. The resulting unbalanced economy has made the new Jewish state dependent—for an indefinite period—upon extensive foreign assistance, particularly from US Jewry.

Israel hopes eventually to make itself economically viable. During the next few years, immigration is expected to continue at a high rate. While the housing and settlement of the immigrants are now creating a problem, the Israelis believe that with immigrant aid the undeveloped and relatively barren areas of Palestine can become among the more produc-

tive agricultural and industrial regions of the Middle East. They consider that the implementation of plans to exploit the water resources of the Jordan River would permit the expansion of citriculture for the export trade, and that the growing of fruit and vegetables for local consumption could also be increased. Israelis also believe that their skilled labor reserve and the power potential (available either from nearby Middle East oil supplies or from hydroelectric sources) will permit a significant increase in industrial development, primarily in light industries (e.g., diamond cutting, textiles, light machinery) requiring skilled labor and a minimum of raw materials. Economic gains are also anticipated through the expansion of transportation services and the resumption of operations at the Haifa oil refinery. The Israelis admit that during the time required for the development of these projects they will need financial assistance from abroad.

The Israelis, who have given serious consideration to their economic problems, feel that the following events tend to confirm their economic estimate: (1) financial contributions are continuing to flow in from abroad, particularly from US Jewry; (2) a loan of \$100 million has been granted to Israel by the Export-Import Bank; (3) a financial agreement was concluded with the UK, whereby a portion of Israel's sterling balances were unblocked; (4) foreign trade pacts have been signed with a number of Eastern European and Scandinavian countries (some of which included barter arrangements whereby Israel gets essential goods without expending foreign exchange); (5) there has been some foreign investment in Israel in commercial enterprises; and (6) the inauguration of Israel's domestic austerity program, designed to keep the consumption of imported goods to a minimum, has now taken place.

Nevertheless, Israel's attack on the major problems noted above is vulnerable in several respects. Any serious diminution of foreign financial aid—e.g., through a US business depression, which would substantially reduce contributions—would strike at the roots of a state so limited in natural resources, particularly since it is anticipated that \$2.5 billion will have to be spent during the next few years

* This bill was passed 30 March 1950.

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to implement the agricultural and industrial schemes and to support the rapidly increasing population. There are already indications that contributions from US Jewry will not reach the hoped-for level. The Israelis' ability to develop sufficient exports is also open to question. Although Israel has certain favorable prospects of becoming a Middle East industrial supply center, Arab bitterness caused by the Palestine war makes it highly debatable when and to what extent Middle East markets will be available to Israel, while the postwar return of US and other foreign mass-produced goods to world markets are already providing severe competition for Israel's high-cost goods. The Haifa refinery is still closed, and there has been no indication of the conditions under which it will reopen.* Finally, even with

* Late in 1949 the refinery operated briefly on a part-time basis on oil brought by tanker from the Western Hemisphere.

arable acreage substantially increased through expanded irrigation, the country would by no means be assured of agricultural self-sufficiency; the continued necessity of importing food would require the allocation of foreign exchange badly needed for other projects.

On the whole, the unfavorable omens appear to outweigh the favorable ones. A great deal, however, will depend upon the final determination of Israel's boundaries and the nature of the agreements reached between Israel and the Arab states. At present, for example, a large part of the water sources of the Jordan River (the keystone of Israeli development plans) is under Arab control. When it becomes clearer to what extent Israel will be able to use the waters of the Jordan, it may be possible to assess Israel's economic potentialities more accurately.

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CHAPTER III

FOREIGN AFFAIRS

1. General.

Israel's position in the international community is uncertain because of the single-minded determination of the Zionists to build for themselves in Palestine a strong independent state with little concern for the effect of their actions on the Arab states or on the interests of the US and the UK in the area.

strong position. Its military success against the Arab armies strengthened its self-confidence and persuaded Israeli leaders that all their claims would be satisfied.

With changing circumstances, however, the attitude of the world toward the Palestine issue slowly altered. By the summer of 1949, the great majority of European Jewish DP's were already in Israel, and the sympathy motive had largely died out.

3.3(h)(2)
6.2(d)

During its fight for independence, Israel was able to obtain the active support of the US and the USSR and the sympathy of most of the United Nations. The majority of the United Nations believed that the establishment of an independent Jewish state in Palestine was the most practical solution of an outstanding international issue. They felt a deep sympathy for the suffering of European Jews under the Nazis and believed that a Jewish state would constitute a refuge for the thousands of European Jewish DP's who had survived the war. The majority of Americans shared these views,

At the same time, the USSR became increasingly critical of Israel's US ties.

Although there have been recent indications that Israel is beginning to realize that the attitude of the world on the Palestine issue has undergone a significant change during the past two years,

3.3(h)(2)
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3.3(h)(2)
6.2(d)

The USSR also supported the establishment of Israel and permitted arms to be shipped from Czechoslovakia during the Palestine war. Soviet motives, however, were somewhat less altruistic than those of most Zionist supporters, the USSR presumably foreseeing that the establishment of Israel would completely upset the equilibrium of the Near East, drive a wedge between US and UK Near Eastern policies, and undermine the influence of both throughout the region. With the support of both the US and the USSR and the general good will of the UN, Israel was in a

Because of its military victory over the Arabs, Israel expects to dictate the terms of peace. It refuses to give up any territory it now occupies. It demands war reparations from the Arab states and refuses to accept any responsibility for the Arab refugees. Above all, it insists that the Arab states recognize it as a sovereign, independent state. What irks Israel is the fact that, though it defeated the Arab armies, it was prevented from fully exploiting its military successes by the intervention of the UN and by direct pressure from the US and the

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UK. The UN truce observers and the UN representatives on the Mixed Armistice Commissions, for instance, have had some success in discouraging Israeli aggressive moves; and US pressure in January 1949 was largely responsible for the withdrawal of Israeli troops from Egyptian soil. This intervention and pressure have resulted in the establishment in Palestine of an uneasy equilibrium to which neither Israel nor the Arab states are fully reconciled. Israel, being the victor, has been reluctant to reduce its own claims under outside pressure and for the most part has refused to acknowledge that the claims of the Arabs have any validity.

2. Relations with the Arab States.

As a result of this situation, Israel has no relations with the Arab states in the usual diplomatic sense. Armistice agreements between Israel, on the one hand, and Lebanon, Syria, Jordan, and Egypt define Israel's de facto frontiers. Although there is some smuggling, the frontier is officially sealed, no representatives are exchanged, and official contact exists only in the Mixed Armistice Commissions (MAC's). However, the terms of reference of the MAC's are so restricted that discussion of basic issues is impossible. Israel has no official contacts of any sort with Iraq, Saudi Arabia, or Yemen, although for internal reasons Iraq and Yemen are permitting its Jews to emigrate to Israel.

From time to time Israel has attempted, both openly and in secret, to institute direct negotiations, without UN mediation, with one or another of the Arab governments. The difficulties of the peace negotiations begun in November 1949 between Israel and Jordan, however, emphasize the reluctance of any Arab state to bear the onus of being the first to make peace with Israel unless the latter makes significant concessions. Although King Abdullah appears eager to reach a settlement with Israel, Jordanian opinion has refused, so far at least, to be seduced by the prospective benefits of peace with Israel. Even if some sort of settlement were achieved between Israel and Jordan, the latter would be extremely reluctant to exchange diplomatic representatives with Israel so long as the attitude

of the other Arab states toward Israel remains so antagonistic. The course of the current negotiations and the failure of past negotiations point to the fact that under any circumstances Israel will have difficulty in establishing peace with the Arabs. An enduring settlement in Palestine would probably call for more concessions than Israel is currently willing or able to grant.

3. Relations with the Great Powers.

Israel's relations with the great powers are based on an official policy of strict neutrality between East and West. Although the present Israeli Government and the majority of Israel's population are believed to be far more sympathetic to the US than to the USSR, Israel has attempted to maintain cordial relations with both. Owing to circumstances not always under Israel's control, this attempt has for the most part been unsuccessful. During the past two years the attitude of the USSR has changed from outright support for Israel to disapprobation, and Israeli-Soviet relations are currently purely formal and unproductive. The USSR has refused to allow Russian Jews to emigrate to Israel, has ignored Israeli requests for loans, and has opposed Israel on Jerusalem.* The USSR has adopted the propaganda line that Israel is a US puppet and Zionism a bourgeois nationalist heresy.

Israeli's relations with the Eastern European States are somewhat more satisfactory. Poland, Yugoslavia, Czechoslovakia, Bulgaria, Rumania, Hungary, and Finland now have or have recently had trade agreements with Israel. For domestic reasons Rumania has blocked the emigration of its Jews, and its relations with Israel are consequently strained.

It is unlikely that relations between Israel and the USSR or the Soviet Satellite states will improve substantially for some time to come. Although Israel may desire friendly relations with both the US and the USSR in the hope that it can thus avoid becoming embroiled in an East-West war, the Israeli Gov-

* The USSR in April 1950 changed its position and withdrew its support of the internationalization of Jerusalem.

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ernment is being compelled by the exigencies of Israel's economic situation to adopt policies which are progressively strengthening its ties with the US and weakening its ties with the USSR. At the same time, MAPAI, the dominant party in the coalition, is strongly anti-Communist; and neither the Israeli Communist Party nor the pro-Soviet MAPAM Party is represented in the government. For these reasons it is not surprising that the USSR has little faith in Israel's professions of neutrality and accuses Israel of being within the Western orbit. Furthermore, there appears to be no real threat to MAPAI's dominant position in Israel or any indication that either the ICP or MAPAM will significantly increase its following in the foreseeable future.

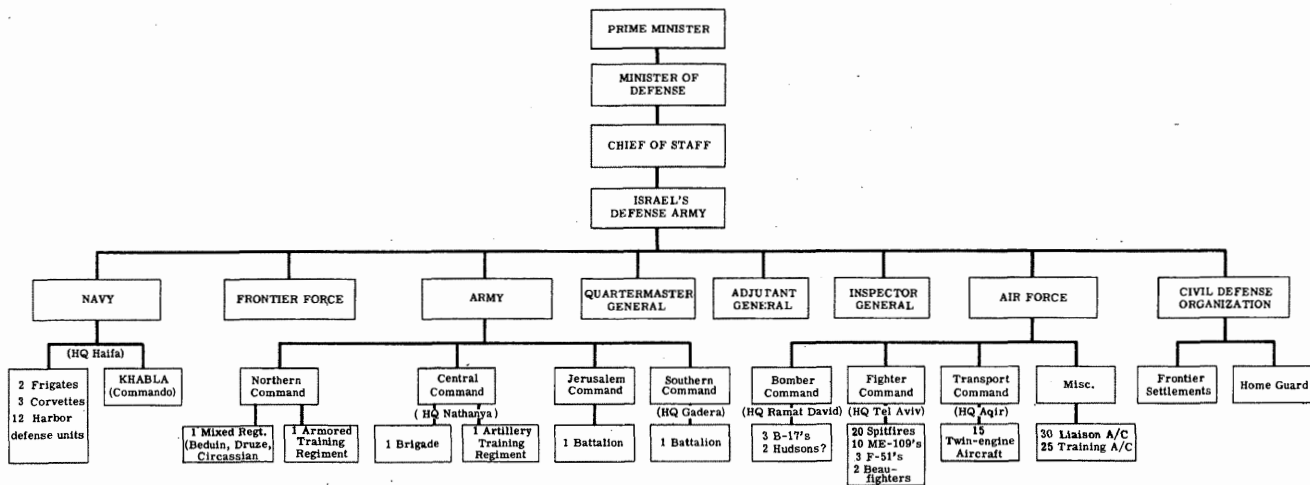
Israel's relations with the US have also cooled somewhat during the past two years largely as a result of differences over the solution of the Palestine issues. At the same time, however, though Israel is resentful of the more critical attitude of the US, it knows that it is heavily dependent on US financial and diplomatic support. In January 1949 Israel was granted a 100-million-dollar loan by the Import-Export Bank, and US Zionist sources have in recent years collected between 100 and 150 million dollars annually to meet Israel's pressing needs. Financial assistance of this order will be required for many years, but the willingness of public US sources to assist Israel financially in the future will depend in some degree on the compatibility of Israel's policies with US interests in the Near East and upon the ability of Israel to show that it is a sound economic risk. At present US and Israeli policies toward the three major issues in Palestine differ widely. On the territorial issue, Israel insists on keeping all the territory it now occupies; while the US supports a settlement based on the 1947 UN Partition Plan, unless Israel and the Arab states agree on some other solution. On the question of the Arab refugees, Israel refuses to accept any responsibility, while the US endorses the December 1948 UN resolution that those refugees wishing to return to their former homes in Israel be permitted to do so and that those not wishing to return be compensated by Israel for their losses. On the question of Jerusalem, Israel favors limited UN supervision of the Holy

Places, while the US supports some form of international regime for the whole city. Although the US has indicated that it is prepared to modify its views on all these issues, particularly if Israel and the Arab states reach direct agreements on them, there is at present little likelihood that the views of either Israel and the Arab states or of Israel and the US can be soon reconciled. Until they are reconciled and the major issues in Palestine are resolved, Israel will probably be considered an increasingly poor credit risk, and its relations with the US Government will rest on an uneasy basis. Israel's continuing need for financial support from the US, however, will probably eventually compel it to base its policies on economic rather than political or nationalist considerations.

The best evidence that Israel's foreign policy is still dominated by nationalist war psychology rather than by the realities of a desperate economic situation is the fact that relations with the UK are still strained even though the UK is potentially one of Israel's best markets. In general, the Israelis continue to hark back to the UK's restriction of Jewish immigration and land purchase during the Mandate, the UK's refusal in the winter of 1948 to cooperate with the UN and Jewish authorities in implementing the UN Partition Plan, and the UK's subsequent impounding of Palestinian assets which Israel claimed as the successor power. Israel believes that the UK's close ties with Jordan have been largely responsible for Jordan's refusal to negotiate a peace settlement on Israel's terms. It has accused the UK of rearming not only Jordan, but Iraq and Egypt as well, so that the Arabs can eventually resume the war against Israel. Although a temporary agreement was reached between Israel and the UK in May 1949 for the release of a portion of Palestine's sterling credits to Israel, subsequent trade negotiations between the two countries have broken down over the question of the assets and liabilities of the mandatory regime. While Israel has taken over the assets, it has refused to accept responsibility for the liabilities. While the whole question of the reopening of the Haifa refinery (a British concern) has revolved primarily around the unwillingness of Iraq to permit crude oil to flow through the Iraq

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ISRAEL'S DEFENSE ORGANIZATION



Note: The strength and disposition of the various units are constantly changing; those given are for 1 January 1950.
The organizational structure is based on information available to CIA as of January 1950.

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CHAPTER IV

MILITARY SITUATION

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6.2(d)

1. General.

Israel's military structure is still relatively new, but it is already well organized and one of the best in the Arab areas. The Israeli Army developed from three underground forces which were organized by the Palestinian Jews during the Mandate to thwart Arab attacks against the growing number of Jewish settlements. The Haganah, the military arm of the Jewish Agency, was the largest group. The other two groups, the Irgun Zvai Leumi and the Stern Gang, although considerably smaller, were equally well organized and played a significant part particularly in terrorist activities against the British. When the Mandate came to an end in May 1948 and large-scale fighting broke out between Israel and the neighboring Arab countries, Haganah became the regular army of the Israelis. Throughout the 1948 hostilities the Israeli troops, man for man, proved far superior to those of the Arabs. Many Jews had had previous military service in the British Army during World War II, and others before coming to Palestine had had considerable underground fighting experience against the Germans in Europe. Although the Arabs had a temporary superiority during the early period of the fighting, Israel, with the financial support of American Jewry, was able to take advantage of the truce periods to obtain sufficient arms from clandestine sources abroad, particularly Czechoslovakia, to win the initiative and gradually force the Arab armies out of the greater part of Palestine.

[REDACTED] With the subsequent breakup of Palmach, Haganah's special striking force, and the inclusion of all the services under the single Israeli Defense Army late in 1948, the integration of Israel's military forces was well established.

The Israeli Defense Army (IDA) includes, in addition to the army proper, the Navy, the Air Force, and the Frontier Force. At present, Prime Minister Ben-Gurion is also the Defense Minister and as such has supreme authority over all the services. Actual command of the armed forces is exercised by Brigadier General Yigal Yadin, the Chief of the General Staff of the IDA.

2. The Army.

The Israeli Army, through its successes against the Arab armies, proved itself to be an efficient fighting machine, and its morale is high. After the end of hostilities in early 1949 the numerical strength of the army was progressively reduced. With the implementation of conscription in late 1949, however, Israel started to rebuild its army and increase its reserves. The Israeli Army, totaling approximately 17,000 men, is estimated to have about 10,000 regulars, as well as some 7,000 conscripts undergoing military training. Under the current conscription plans for drafting men between the ages of 18 and 29, Israel is expected to increase its army strength gradually to 30,000. Unmarried women (18 to 26) will undergo one year of non-combat military training, so that more men may be released for combat duty during an emergency. With trained reserves estimated at 145,000, Israel's mobilization capacity is believed to be 17,000 on M-day, 150,000 by M+30, and 200,000 by M+180. Israel has been attempting to obtain foreign training for some of its officers, par-

3.3(h)(2)
6.2(d)

The consolidation of the Israeli armed forces was speeded up by the 1948 hostilities in Palestine. [REDACTED]

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ticularly in the US and the UK. To date the US has granted permission for five Israel officers to train in certain US military schools.

The army consists of one brigade, three regiments, and two battalions. In the beginning of 1950 one battalion was stationed in Jerusalem; the other battalion was stationed in Beersheba; and a regiment made up of Beduin, Circassian, and Druze squadrons under Jewish officers patrolled the Israeli-Jordan armistice line between Tulkarm and Beisan. The brigade, which constitutes a central reserve, was stationed at Nathanya. An artillery training regiment comprising one battery of 75 mm guns, another battery of 25-pounders, and a third mixed battery was believed to be at Hadera. An armored training regiment equipped with Sherman tanks was stationed with the Northern Command. Israel's area is sufficiently small and its communications sufficiently well developed to permit the rapid concentration of forces at any point in an emergency.

In addition to the regular army, there is a "gendarmerie" type Frontier Force of 3,000, comprising cavalry and motorized units, to combat Arab infiltration and smuggling. Added to the cordon of armed frontier settlements, it constitutes a fairly significant first line of defense against invasion.

Because of Israel's urgent military needs during the 1948 hostilities in Palestine, the Israeli Government obtained arms and other military supplies from any source available at the time. For this reason, Israel's military equipment has been heterogeneous, though mainly of British, Czech, and US manufacture. In order to correct this situation, Israel is attempting to obtain US military equipment.

3. The Navy.

The navy has a personnel strength of 2,200. Like the army, it is organizationally responsible to the Chief of Staff of the IDA and ultimately to the Defense Minister. Both the

operational and administrative headquarters of the navy are maintained at Haifa, Israel's largest and most modern port. While the Israeli Navy is relatively small, it operated effectively against Egyptian naval forces in 1948. Israel's largest naval units are believed to be in the medium-sized category: two frigates, one of which is non-operational; and three corvettes, one of which is also currently unusable. The Israeli Navy has several small harbor defense units and auxiliaries: two patrol craft, three patrol yachts, three LCI's, three harbor defense motor launches, and one submarine chaser. Also in the smaller vessel category are four motor boats, recently acquired for use in coastal patrolling, and four unarmed auxiliaries for transporting troops. In spite of the lack of specific details it is believed that most of the Israeli naval units are armed. There appears to be little confirmation so far of the rumors that Israel has recently acquired several submarines. At the beginning of 1950, Israel requested from the US thirteen LCM's for use in transporting tanks and military supplies.

While the Israeli Navy has no Marine Corps as such, there is a specialist group separately organized and trained under naval command for commando operations. This commando group, known as "KHABLA," is based at the Naval Station in Haifa and has received intensive specialized training in sabotage, amphibious, and guerrilla operations.

4. The Air Force.

The Israeli Air Force is capable of defending Israel from Arab air attacks, even though its effectiveness is limited by the shortage of experienced flying personnel. It still has a number (mostly South Africans) of the foreign pilots who flew for Israel during the 1948 hostilities, and in an emergency it could probably obtain the services of many more foreign Jewish pilots. In general, also, the Israeli Air Force is superior to the Arab air forces in training and discipline and more resourceful in the use of its equipment.

The Israeli Air Force was organized under emergency conditions during the 1948 hostilities. While Israel inherited several good airfields from the British Mandatory regime

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(Ramat David, Aqir, and eventually Lydda), it had almost no aircraft and very few pilots. Most of the former were obtained from Czechoslovakia and the US and were flown for the most part by foreign volunteers, many of them Americans. The Israeli Air Force, like the army, would like to standardize its equipment by obtaining additional planes from the US, but will probably continue to buy new planes and spare parts from any source available.

Like the other armed services, the Israeli Air Force is organizationally responsible to the Chief of Staff of the IDA and ultimately to the Defense Minister. Of approximately 130 aircraft, only 50 are considered airworthy because of the shortage of spare parts. The personnel strength of the Israeli Air Force is estimated to be between 2,000 and 2,500. Its organization is believed to be modeled roughly on that of the USAF and consists of three sections or commands: Fighter Command, Transport Command, and Bomber Command. Transport Command, operating as a quasi-

military civil airline out of Aqir, is apparently the best organized; during the 1948 fighting in Palestine it was successful in transporting arms, aircraft, and personnel to Israel. It is equipped with about 5 C-46 type aircraft and about 10 C-47 transport planes. This command could obtain a few additional transports from the civil airline, El Al, in any future hostilities with the Arab countries. Fighter Command, which operates primarily from the Tel Aviv area, is believed to have 20 Spitfires, 10 Messerschmitt 109's, three F-51's, and two Beaufighters equipped for night fighting. Bomber Command, which operates from Ramat David, has three B-17's, one of which is non-operational, and it may also have two Hudsons. In any future emergency a number of transport planes could undoubtedly be converted for use as bombing aircraft, as they were in 1948, by the installation of crude bomb-racks and modified doors. Israel also has a miscellaneous assortment of about 30 liaison and 25 training aircraft.

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CHAPTER V

STRATEGIC CONSIDERATIONS AFFECTING US SECURITY

In spite of its small area and population, Israel is of considerable strategic importance to the US because of its geographic position and its influence on developments in the Arab world.

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6.2(d)

During World War II Palestine's artificially supported war industries helped to maintain and supply the North Africa armies.

Perhaps of even greater importance to US strategic interests than Israel's friendship or enmity in the event of war is Israel's present isolation from its Arab neighbors. The inability of Israel and the Arab states to make peace is reacting continuously on US strategic

interests in the area. It is contributing to political instability in all the Arab states and preventing concentration on urgently needed political reforms and economic development, which would reinforce the ability of these nations to resist Communist infiltration. Because of this situation the entire Near East area would be extremely vulnerable in the event of an East-West war, and the Western Powers would have great difficulty in defending it. More immediately, the Israeli-Arab relationship is effectively reducing the contribution which the Near East, because of its oil resources, might make to the European Recovery Program. Except for a short period, the Haifa refinery has been closed since May 1948, and is unlikely to reopen for an extended time until a comprehensive settlement is reached between Israel and the Arab states; and the construction of pipelines from Iraq and the Persian Gulf area to the Mediterranean has been seriously delayed and in some cases indefinitely postponed.

For all these reasons US interests are affected not only by Israeli internal developments but also by Israel's relations with the Arab states. In terms of global strategy the Near East is a very important area. For good or evil Israel is the most dynamic nation in the Near East, and its actions, therefore, will inevitably affect US strategic interests throughout the area.

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CHAPTER VI

PROBABLE FUTURE DEVELOPMENTS AFFECTING US SECURITY

For the reasons enumerated in the preceding section, future developments in Israel and between Israel and the Arab states will significantly affect US strategic interests in the Near East. The precise form which these developments will take is particularly difficult to foresee because of the revolutionary effects of Israel's existence in the heart of the Arab world. The cultural, political, and economic backgrounds of Jews and Arabs differ widely. So far as the Arabs are concerned, Israel is an alien, aggressive interloper.

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6.2(d)

The clash between Arab antagonism toward Jew and Jewish condescension toward Arab is certain to produce instability in the Near East for a great many years.

In any assessment of future developments, two considerations stand out. The first of these is that, by all the accepted standards of economics, Israel, with a population planned to exceed 2,000,000 within ten years' time, probably cannot become viable under existing conditions. The second consideration is that the Israeli people and their international Zionist supporters are imbued with so great a faith in their mission that they will refuse in the future, as they have refused in the past, to recognize the possibility of defeat when confronted by obstacles which by all materialistic standards appear insurmountable. Although this second consideration cannot be accurately assessed, it must be used to temper the unfavorable forecast made by assessing the more tangible prospects for Israel's development.

In an attempt to overcome some of the formidable problems which confront it, the Israeli Government in the latter part of 1949 made some basic modifications in its political and economic policies. Although officially it maintained its neutral attitude between East

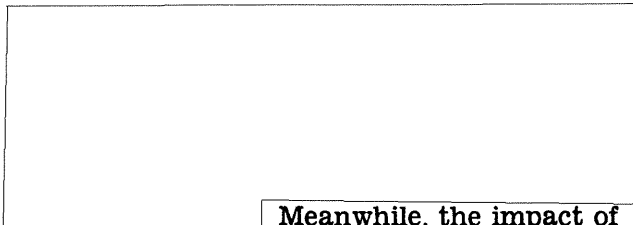
and West, it appeared less interested than in the past in retaining the good will of the USSR and more anxious to improve its relations with the US. Although essentially it did not alter its attitude toward the Arab states, it appeared sincerely desirous of reaching a peace settlement, at least with Jordan. At the same time it took special measures to check inflation, increase production, and reduce the imbalance in its foreign trade. These new policies were designed directly or indirectly to bolster the foundations of Israel's economy. Not only would they (if successful) reduce defense, and other internal costs, but they might also be expected, as evidence of Israel's Western sympathies, its desire for peace with the Arabs, and its determination to put its economic house in order, to attract a substantial increase of Western capital investment to Israel. The Israeli Government was probably confident that such an increase, together with continued contributions from American Zionists, would be sufficient to carry Israel through the next few emergency years of immigrant absorption and industrial infancy.

It is extremely unlikely, however, that Israel's expectations of a substantial influx of foreign capital will be fulfilled. Israel cannot convincingly claim to be a good credit risk when at the same time it admits its dependence on annual Zionist contributions of over \$100 million from the US alone, as well as lesser amounts from other countries. Although Zionists may be willing indefinitely to subsidize Israel for sentimental reasons, they are unlikely to sink capital in Israel unless there is a reasonable expectation of some return. At the same time it is unlikely that Israel can significantly improve its relations with the Arab states for some time to come. Mutual distrust between Jews and Arabs has resulted in competitive arms programs which neither Israel nor the Arab states can afford.

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If Israel is unable to overcome its formidable financial and economic problems through the policies already described, it may eventually resort to more drastic means in the struggle for viability. These may take the form of reduced immigration, severe limitation of non-essential imports, lowered wages, and curtailment of governmentally financed industrial expansion. Projected large-scale hydroelectric and irrigation projects will probably be severely limited. As a result of these developments the country's standard of living may well be drastically reduced; internal stability will be seriously affected, and the demands of Israeli extremists for territorial expansion to relieve population pressure and round out Israel's "historic boundaries" will probably be raised more insistently.



Meanwhile, the impact of Israel on the Near East is not only disruptive but difficult to control. The US and UK will find it extremely difficult to persuade the Arabs to extend political and economic recognition to their new neighbor. At the same time Israel, despite the considerable diplomatic and economic assistance which it has obtained from the US, has indicated clearly that it, too, cannot be easily swayed. For the US, the danger exists that the Jews and Arabs, both potentially friendly to the US and occupying a strategically vital area, will remain burdened by the high economic and psychological costs of open or latent hostility to the detriment of stability in the Near East.

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APPENDIX A

TERRAIN AND CLIMATE

1. General.

As Israel's frontiers have not yet been finally delimited, the entire area of Palestine is covered for the purposes of this section. At present Israel occupies approximately 8,000 square miles, or about 80 percent of Palestine. Jordan controls most of Judea and Samaria, and Egypt controls a narrow coastal strip from Gaza to the Egyptian frontier. In the western Negeb, a small area around El Auja is neutral territory by the terms of the Egyptian-Israeli armistice agreement.

Palestine is located at the eastern end of the Mediterranean Sea. To the north of Palestine is Lebanon, to the south, Egypt, and to the east, Syria and Jordan. The area extends approximately 250 miles from north to south, through nearly four degrees of latitude. The breadth varies from about 30 miles in the north to more than 70 miles in the south. The total area is 10,429 square miles, of which 272 square miles are inland waters.

In Palestine there is a sharp division between the areas inhabited by sedentary and nomadic populations. The present population of Palestine is approximately 1,750,000, of which 97 percent is sedentary and the remainder nomadic. The sedentary population occupies that part of Palestine north of Beer-sheba, and scattered nomadic tribes occupy the region to the south. The diversity of both climate and terrain in the area of sedentary population has had a definite influence on local agricultural economies, whereas, in the south, the diversity of terrain is overshadowed by the uniform dryness of the climate.

From west to east Palestine can be divided into three physiographic regions: (1) a coastal plain; (2) the Central Highlands, bisected by the Plain of Esdraelon; and (3) the rift valley in the east, which includes the Jordan Depression in the north and Wādi el Araba in the south.

Climatically, Palestine can be divided into three regions: (1) a Mediterranean climatic zone north and west of a line connecting the towns of Gaza and Hebron in the south and Samakh at the lower end of Lake Tiberias; (2) a narrow belt of steppe climate, which borders the Mediterranean climatic zone on the south and east; and (3) an extensive area of desert climate, which includes the rift valley south of Wādi el Far'a and nearly all of the Negeb.

Drainage in Palestine is from the central highlands westward to the Mediterranean Sea and eastward to Lake Hule, Lake Tiberias, the Jordan River, and the Dead Sea. In general, the streams are perennial north of an east-west line through Jaffa and intermittent south of that line. In addition, intermittent streams drain from the highlands southward, only to disappear in the sands of the Negeb without reaching a permanent body of water.

2. "Sedentary Palestine."

a. The Coastal Plains and Plain of Esdraelon.

The plains of sedentary Palestine include: (1) the coastal lowland, which runs the entire length of the Mediterranean coast from Ras en Naqura in the north to the Egyptian border in the south; and (2) the Plain of Esdraelon, which trends northwest-southeast from Haifa to the Jordan Depression. It is in these two areas that citriculture has been most highly developed.

The coastal plain varies in width from two miles, north of Acre, to 25 miles, near Gaza in the south, and is dune-fringed along most of the seaward side. In the Haifa area, Mount Carmel extends to within 200 yards of the coast and divides the coastal lowland into the Plain of Acre in the north and the plains of Sharon and Philistia in the south. The coastal road and the railroad, which connect

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the port of Haifa with both the agricultural centers of the plains of Sharon and Philistia and the large cities of Jaffa-Tel Aviv and Jerusalem, pass through the narrow gap between Mount Carmel and the sea. North of Acre, the coastal lowland narrows and near Ras en Naqûra is barely wide enough to contain the coastal road and railroad.

The Plain of Acre, which is the smallest of the three coastal plains, and the Plain of Sharon are more valuable agriculturally than the Plain of Philistia, farther south. Rainfall is greater and perennial streams provide more water for irrigation in the two northern plains. In the southern plain the rainfall is, at best, marginal for agriculture; and irrigation is both costly and difficult.

The Plain of Esdraelon consists of three easily distinguished parts: (1) the Plain of Acre, which is a part of the coastal plain, on the west; (2) the Plain of Esdraelon proper, in the center; and (3) the Emek or Jezreel Plain on the east. Spurs of the mountains of Galilee separate the Plain of Acre from Esdraelon proper. The two eastern plains are continuous, but the Plain of Jezreel is distinguished by a more undulating surface.

Much of the Plain of Esdraelon was malaria-infested marsh until after World War I when the Jewish colonists arrived in large numbers. The colonists have drained the swamps and utilized the fertile black soil for wheatfields and citrus groves.

The principal streams draining from the central highlands across the coastal lowland to the Mediterranean Sea are: (1) Wādi el Qarn from Upper Galilee; (2) Nahr en Na'min and (3) Nahr el Muqatta', from Lower Galilee and the western part of the Plain of Esdraelon; (4) Nahr ez Zarqa, (5) Wādi Hadera, and (6) Nahr Iskanderune, from Samaria; (7) Nahr el 'Auja (Yarkon River), with tributaries from both Samaria and Judea; and (8) Nahr Rûbin, from Judea. All but Nahr Rûbin are perennial in their lower courses. The large number of streams that flow from the highlands of Judea to the coast during the rainy season are of relatively little importance.

The coastal plain north of Gaza and the Plain of Esdraelon have a Mediterranean type climate, which is characterized by cool, wet winters and hot, dry summers. Typical vege-

tation of the region originally consisted of evergreen oaks and various hydrophytic plants; but the oak forests have long since been destroyed, and the marshes are being drained and replaced by the commercial citrus groves and farms of Jewish colonists.

During January and February the temperature on the plains varies between a mean daily maximum of 65° F. and a mean daily minimum of 45° F. As the elevation increases inland toward the highlands, mean daily maximum and minimum temperatures both decrease. The highest summer temperatures usually occur in May or September, when the ameliorating effects of the sea breeze are not so marked as during the midsummer months. The daily maximum in summer rarely exceeds 95° F., and the diurnal range is very small.

From June to October, rain is extremely rare on the coastal plain, and the average amount of cloud cover is less than two-tenths. The rainy season, which starts in October and lasts until April, is divided into three distinct periods: the Former, Main, and Latter Rains. The Former Rains occur in October and November, immediately before the plowing and sowing, and bring 1 to 5 inches of rain. The Main Rains begin in December and continue into February. During this period 10 to 20 inches of rain fall, and the wells, cisterns, and wadies are filled with water. The Latter Rains, which occur in March and April, are somewhat lighter than the Former Rains. In general, the average annual rainfall increases from south to north and from the coast inland. Frost and snow are rare, but both occasionally occur.

b. The Central Highlands.

A limestone highland region runs through the central part of the country. The width of the region increases from about 25 miles in the north to 40 miles in the south.

The Plain of Esdraelon separates the highland of Galilee on the north from the Samaritan and Judean highlands to the south. The two southern sections are continuous, the division being historic rather than physiographic. To the west the highland slopes gradually to the coastal lowland, but the descent to the Jordan Depression on the east is abrupt.

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The highland of Galilee is divided into two parts by the Sahl el Battauf, a plain 9 miles long from west to east and 2 miles wide. Upper Galilee, the northernmost section, is structurally an offshoot of the Lebanon Mountains, whereas Lower Galilee consists of a series of narrow parallel ridges and open valleys that trend west-east. Most of Upper Galilee is above 2,000 feet in elevation, with a large section over 3,000 feet. In Lower Galilee elevations are much lower.

In Samaria, south of the Plain of Esdraelon, the pattern of open valleys and parallel ridges changes rapidly to one of continuous highlands with increasing elevations. Most of the area is under 2,000 feet in elevation, with only a few peaks of more than 2,500 feet. Mount Carmel, which approaches near the sea at Haifa, is a westward extension of the Samaritan Highlands.

The highlands of Judea are more rugged than those of Samaria. Access to both the Jordan Depression and the coastal plain is through deep gorges. Elevation increases southward, with much of the district immediately to the north of Hebron over 3,000 feet. South of Hebron the elevation decreases, and the high plains are reached within 20 miles. The whole region is primarily one of denuded hills, from which the soil has been washed by torrential winter rains and resulting rapid run-off. Only in the vicinity of Ramallah is there sufficient soil for widespread cultivation.

The portion of the Central Highlands that lies to the west of the drainage divide is climatically similar to the coastal lowlands. Winter temperatures are lower than on the coast, with a January mean of 50° F. and a mean daily minimum of 40° F. Summer temperatures are lower in Galilee and Samaria but higher in southern Judea than on the coast.

The average annual rainfall in the Central Highlands increases from south to north and from the lower to the higher elevations. Over 32 inches of rain are received annually near Ramallah in Judea and Mount Carmel in Samaria, whereas the area west of Safad in Upper Galilee has an average annual rainfall of over 44 inches. Snow is common in the highlands and occasionally is heavy enough to disrupt transportation.

Eastward from the drainage divide, the climate changes rapidly from a Mediterranean type to a steppe type north of Wādi el Far'a and to a desert climate south of Wādi el Far'a. Between Jerusalem and Jericho the average annual rainfall decreases from 24 inches to 5 inches.

Evergreen oak and Aleppo pine are typical vegetation in the Central Highlands. Few forested areas remain in Judea and Samaria, vegetation of a maquis type having succeeded the forests. In Galilee, 13 percent of the area is still forested.

c. The Jordan Depression.

The Jordan Depression, which begins north of Lake Hule, occupies the central section of the rift valley that extends from the Valley of Orontes in Lebanon to the Gulf of Aqaba. A number of small streams flow from the mountains of southwestern Syria and southeastern Lebanon, cross the marshy Hule Plain, and enter the northern end of Lake Hule. A single stream, the Jordan River, emerges from the southern end of the lake and, within a distance of 10 miles, falls from 230 feet above sea level to 680 feet below sea level at Lake Tiberias. Throughout the 65 miles south of Lake Tiberias, the river maintains a steep gradient but meanders tortuously between escarpments before reaching the Dead Sea, 1,290 feet below sea level.

The marshy plain to the north of Lake Hule has been partially drained and brought under wheat cultivation. Before the Jewish colonists drained the swamps, the area was malaria-ridden and nearly uninhabitable. Much still remains to be done, but the plain shows promise of becoming one of the most productive agricultural areas of Palestine. The only other parts of the Jordan Depression that are farmed extensively are the area around Beisan, the easternmost part of the Plain of Esdraelon, and the area around Jericho. The Jericho area has recently become important for the production of winter vegetables and tropical fruits.

For most of its length, the Jordan River flows through a valley, 3 to 4 miles wide, but the intense heat of summer makes settlement nearly impossible. The land south of the

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Wādi el Far'a is, in addition, impregnated with salts, which would have to be removed before the land could be farmed.

At both the northern and southern ends of the Dead Sea, the Jews have established processing plants for the extraction of mineral salts. The northern plant, now under Jordan jurisdiction, is wrecked and has not been operated since the beginning of Arab-Jewish hostilities in May 1948. The waters of the Dead Sea are 23 to 25 percent salt and yield valuable quantities of potash and bromine.

With the exception of the Wādi Amud, which enters Lake Tiberias, only three right-bank perennial tributaries are worth noting: Nahr el Jālud, which drains the eastern end of the Plain of Esdraelon, and Wādi Shubash and Wādi el Milh, which rise in Samaria. To the south, other wadies flow intermittently into either the Jordan River or the Dead Sea. The Yarmuk River, a left-bank tributary, joins the Jordan River just south of Lake Tiberias.

Zones of Mediterranean, steppe, and desert climates occur in succession from north to south in the Jordan Depression. From Samakh northward, the climate is similar to that of the coastal plain and the western part of the highlands. From Samakh southward are areas of steppe and desert. The heat is nearly unbearable during the summer months, the mean daily temperature ranging from 80° F. in the north to 90° F. in the south. The daily temperature maxima remain over 100° F. from June to September in the lower Jordan Depression. The winter temperatures are mild in the whole area. The average annual rainfall decreases from 16 inches at Samakh to 8 inches at the mouth of Wādi el Far'a and to 4 inches at the northern end of the Dead Sea.

In the marshes to the north of Lake Hule is the largest stand of papyrus in the world. The vegetation south of Samakh is luxuriant and rank; farther south the soil is so impregnated with salt that it will not support plant life. Marshes abound throughout the length of the Jordan Depression, and malaria is prevalent everywhere.

3. "Nomadic Palestine."

The Negeb is inhabited primarily by nomadic tribes. Sedentary farmers and nomadic herdsmen jointly occupy the narrow zone of transition between the Mediterranean region and the desert. Beersheba is generally considered the northern limit of the Negeb and serves as its administrative center. About 45 percent of the total area of Palestine, 4,500 square miles, is included in this region.

Centered on Beersheba is a narrow belt of steppe that extends west to the coast and northeast to Wādi el Far'a in the Jordan Depression. Although the average annual rainfall, 8 to 12 inches, is marginal for dry farming, a large part of the steppe has been brought under cultivation, with barley as the principal crop. The winters are cold and relatively dry, and the summers are extremely hot and rainless though heavy dews may fall at night. The mean temperature for the hottest month is 94° F. at Beersheba.

The region south from the steppe to the Egyptian border is a desert. From 8 inches at Beersheba, the average annual rainfall decreases to less than 2 inches in the extreme south. Winters are cold and summers are very hot, with dust storms a common occurrence.

The coastal dunes extend farther inland than in northern Palestine. The elevation increases toward the southeast and reaches its highest point along the Egyptian border, midway between the Mediterranean and the Gulf of Aqaba. South and east of the Central Highlands the slope toward Wādi el Araba, the southern extension of the Jordan Depression, is less sharp than farther north. There are no perennial streams in the Negeb. Wādi Ghazza, which drains toward the Mediterranean Sea, and Wādi Fūqra, in the east, are the most important of the intermittent streams. Some experiments in drilling wells in the northwestern section of the Negeb indicate that part of this area can be brought under cultivation by irrigation from wells and cisterns.

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APPENDIX B

COMMUNICATIONS

1. Ports and Harbors.

Haifa, situated on the northern part of Israel's Mediterranean coast, is the largest port in Israel and the only one capable of accommodating deep draft vessels. The harbor has a water area of 300 acres enclosed by two breakwaters and affords adequate facilities for ordinary passenger and cargo ships. The port can handle ships as large as 30,000 tons and has about 4,362 feet of quayage with depths of 30 feet, and 2,506 feet with 15 to 18-foot depths. Besides being the terminus for a pipeline from the Kirkuk oil fields in Iraq, Haifa is also the site of a large refinery which has an annual capacity of 28,000,000 barrels. Storage facilities totaling approximately 3,857,000 barrels of both crude and refined petroleum are available, and efficient loading berths for several tankers are located in the port. Three roads meet at Haifa, which is also situated on the main rail line running south to Jaffa, Jerusalem, and Cairo, and northward to Beirut.

While Haifa is by far the most important port in Israel, three others which should be mentioned are Jaffa, Tel Aviv, and Acre. Jaffa, which has recently been incorporated into Tel Aviv, is second in size and importance to Haifa. The city is located about 48 miles south of Haifa on the coast and derives its importance from being the closest seaport to Jerusalem, 30 miles inland. The harbor has been dredged to at least a depth of six feet, has a total of 1,951 linear feet of protected berthage for small craft, and is used by lighters and small boats only. A standard gauge railroad runs from Jaffa to Lydda, where it connects with the main system providing service to Jerusalem, Haifa, and Gaza. A road connects Jaffa with Ramle, Jerusalem, Jericho, and Amman. The port of Tel Aviv, adjoining Jaffa on the north, consists of an un-

sheltered roadstead and a small lighter terminal, but it has no accommodations for ocean-going vessels. The lighter terminal comprises a small artificial basin with several small cranes, five transit sheds, and a sizable adjacent stacking area. Depths within the basin are only 6.5 feet, and its 822 linear feet of wharfage will accommodate lighters only. All cargo transfer is by lighter in the roadstead, and port capacity is estimated at only 800 tons per day. Tel Aviv has the same rail and highway connections as Jaffa. The port of Acre is completely overshadowed by Haifa, seven miles to the south, and handles only coastal traffic carried on by small sailing vessels.

In September 1949, the Israeli Government allocated \$2,350,000 from the \$100 million Export-Import Bank credit for the purchase in the United States of materials and equipment for the improvement and expansion of Israel's ports. The capacity of the port of Haifa is to be expanded by 50 percent under this program.

2. Roads.

The highway network of Israel, the major portion of which is located north and west of Jerusalem, consists of approximately 1,500 miles of surfaced roads suitable for all-weather traffic and 1,000 miles of unsurfaced roads and seasonal tracks. Israel's basic highway system consists of five principal routes. Two main north-south routes traversing Israel link the Levant with Egypt. One highway follows the coastline, and the other parallels it along the central hill belt. The three main east-west roads interconnect the north-south routes and lead from the ports of Haifa, Jaffa-Tel Aviv, and Acre to Jordan and Syria. The principal highways are constructed primarily of water-bound macadam with a bituminous treated surface. The sur-

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face width of the principal highways is from 14 to 25 feet with 2 to 6 foot shoulders. Secondary highways generally have a stone or bituminous treated surface 10 to 14 feet in width. Unsurfaced roads and tracks are generally narrow and often impassable during heavy rains, although during the dry seasons they are sometimes as satisfactory as the surfaced roads. There are numerous bridges and culverts in the highway network of Israel. Most of the bridges are of concrete construction and, on the principal roads, are generally wide enough to permit two lanes of truck traffic. On the secondary and unsurfaced roads, the bridges are often narrow and will only permit one lane of traffic. The highways are generally in poor condition, but a construction program with a goal of 1,000 miles of new surfaced highways is now under way. Improvements are also being made on present roads.

3. Railroads.

The Israeli Government has inherited the railway system which served Palestine under the Mandate. Two railway lines, one standard gauge (4'8½") and the other narrow gauge (105 cm), are strategically important. The first line runs the length of Israel from the Egyptian-held Gaza strip in the south through Lydda, Haifa, and Acre to Ras en Naqura in the north and has a branch connecting Jaffa with Jerusalem through Lydda. The narrow gauge line runs from Acre through Haifa, Affula, and Beisan to Samakh near the Syrian border and has a branch into Arab Palestine which runs from Affula through Jenin to Masudiya, where it splits west to Tulkarm and east to Nablus. Only Haifa and Lydda on the standard gauge line and Haifa and Samakh on the narrow gauge line have adequate terminal facilities.

The Palestine war disrupted the normal operation of these lines. Since the end of hostilities, however, Israel has not only brought them back into operation insofar as possible but has also initiated improvements. In order to maintain railway communication between Haifa and Tel Aviv, a 42-kilometer stretch from Ras el Ain to Hadera had to be repaired and the tracks diverted around Arab-

occupied Tulkarm. A major project now under construction will shorten the present Haifa-Tel Aviv route from 128 to 82 kilometers by laying the tracks along the coast between Tel Aviv and Hadera. After an adjustment of territories in the environs of Jerusalem, railway services between Lydda and Jewish Jerusalem were resumed under the terms of the Israel-Jordan Armistice Agreement.

The narrow gauge branch lines in Arab Palestine are not now in operation.

4. Airlines.

Since the re-opening of Lydda airport to civilian traffic in November 1948, civil aviation in Israel has been developing rapidly. The national Israeli aviation company, "EL AL," in which the government has invested IE 200,000, has the top men of the Ministry of Communications serving on its board. "EL AL" flies scheduled services from Lydda to London via Rome and Paris, and from Lydda to Zurich via Rome. A petition to conduct scheduled air service to the US is pending before the US Civil Aeronautics Board. Expansion of the services to the east and south is currently precluded by the Arab ban against air transit or traffic by Israeli aircraft and by foreign aircraft serving Israel.

Eleven international air carriers, all representing western-oriented nations, currently fly scheduled air services into Israel. TWA (US), BOAC (UK), SAS (Norway, Denmark, Sweden), KLM (Netherlands), SABENA (Belgium), Air France (France), Swissair (Switzerland), LAI (Italy), HELLAS (Greece), Cyprus Airways (Cyprus), and PAL (Philippine Republic) all maintain one or more flights per week to Lydda. The routes are adjusted to comply with the Arab air ban. Soviet-influenced air services into Israel were shut off in mid-1949, when operating rights through Greece and Italy were withdrawn from the Czech carrier CSA, the European satellite air agent.

US non-scheduled airlines have been active in conducting operations into Lydda, primarily to transport displaced persons from various parts of the world to Israel. Following the return of foreign scheduled air operators into Israel, and the emergence of an Is-

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raeli national air carrier, the Israeli attitude toward charter operators stiffened. Strict observance of charter conditions is now required on the few landing rights granted non-scheduled air operators.

Before June 1949, when military authorities returned Tel Aviv to civilian use, Lydda and Haifa handled all the civil air traffic. During the first part of 1949 two thirds of the 1,468 aircraft landings in Israel and 85 percent of the 19,800 passengers arriving and the 7,855 departing used Lydda airport. In order to cope with the increasing traffic, some airport improvements have been carried out, especially at Lydda. According to the Minister of Communications, the maintenance of the Israeli airports requires an annual expenditure of I£ 200,000.

5. Telecommunications.

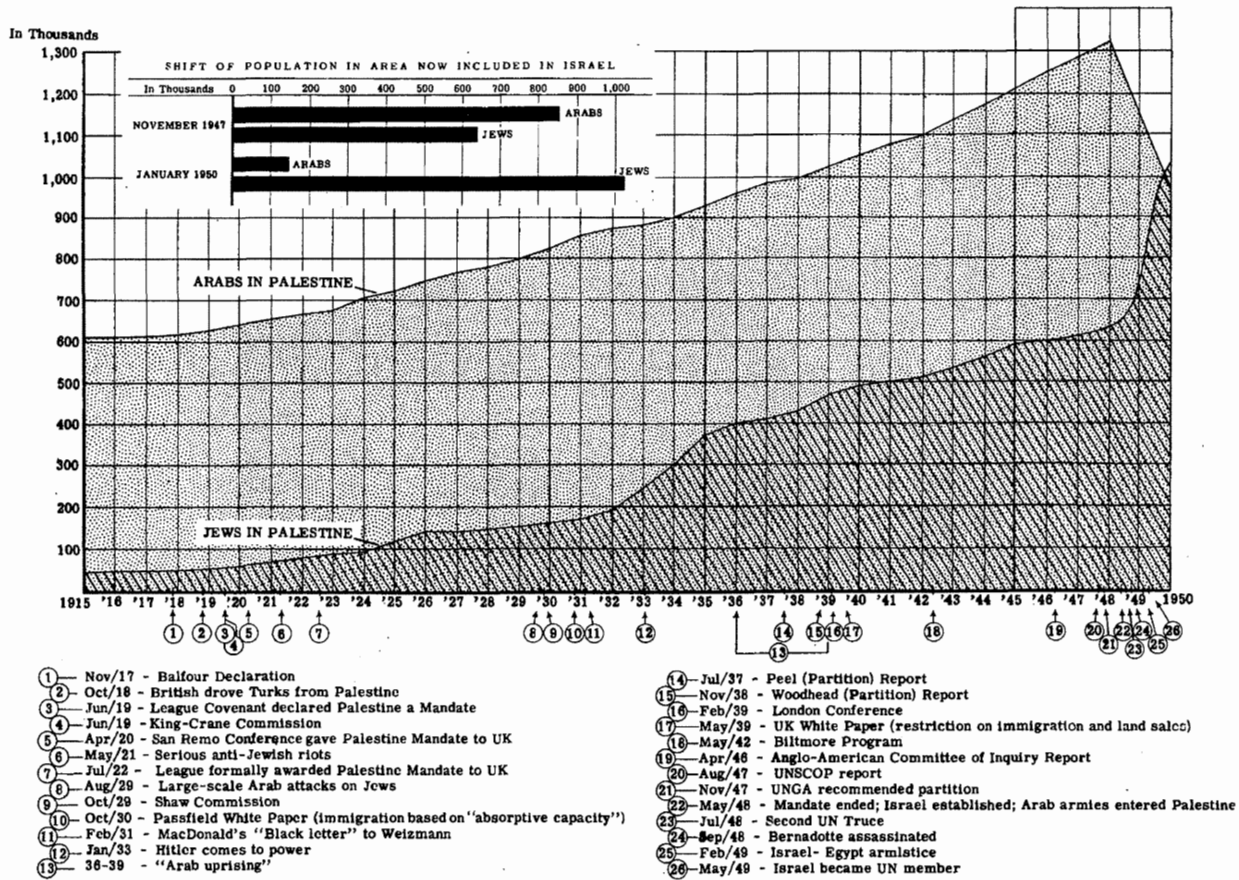
Israel inherited the bulk of British telecommunication facilities, which, although inadequate and obsolete by American standards, have proved markedly superior to those of other Middle East countries mainly because of the high calibre of Israel's technical personnel operating the facilities. All telecommunication installations are owned by the government and operated by the Ministry of Communications. The domestic wire network consists essentially of two north-south trunk routes, one along the coast from Haifa to Tel Aviv and one inland from Haifa to Jerusalem with several cross routes between major

points. At the end of the Mandate there were eighteen automatic telephone exchanges, the principal ones being at Haifa, Tel Aviv, and Jerusalem. There are approximately fifty telegraph offices located in Israeli towns of 1,500 inhabitants or more. Israel has no civil domestic radio communication stations. However, the Army maintains a network, and three small stations are operating in Jerusalem, Tel Aviv, and Haifa.

Israel is largely dependent on imported telecommunication equipment. There is, however, some production of military wire (German type) as well as limited amounts of plastics and high-grade precision and optical instruments. Of the \$100,000,000 loan granted Israel by the Export-Import Bank, \$5,000,000 has been earmarked by the government for the purchase of telecommunication equipment in the US. Israel plans to use this equipment to expand its telephone coverage to a total of 43,000 phones from the present 12,000, replace most of the manually operated exchanges by automatic multi-exchange systems, expand long-distance service in major localities by radio-telephone multi-channel circuits, and increase the number of radio circuits to important world communication centers. With an eye to adding to the reservoir of skilled technicians, Israel has contracted with RCA to train Israeli personnel at the RCA relay station in Tangier, and both the Weizmann Scientific Institute and the Hebrew University offer courses in electronics and physical sciences.

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SIGNIFICANT EVENTS AND POPULATION TRENDS IN PALESTINE 1915-1950



Graphic Presentation ORE-NE 550

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APPENDIX C

POPULATION

1. Number and Distribution.

By January 1950 the population of Israel was estimated to be about 1,160,000, representing approximately 1,030,000 Jews and 130,000 Arabs. Of the former, about 346,000 entered Israel after the end of the Mandate in May 1948. The Arab population of Israel, on the other hand, decreased from approximately 860,000 to 100,000 during the Palestine war, when almost the entire Arab population fled or was expelled from Israeli-held territory and settled in Arab Palestine or the Arab states. Thirty thousand Arabs have now filtered back, but Israel is unlikely to allow any large-scale return of Arab refugees.

In spite of determined government efforts to create a firm agricultural foundation to Israel's economy by having at least one fourth of the population working on the land, Israelis show a marked preference for urban life and crowd to the principal cities of Tel Aviv, Haifa, and Jerusalem. Immigrants follow the same trend and only about 27,000 immigrants have been absorbed into agriculture since May 1948. The majority are still in reception camps or in the abandoned Arab towns of Jaffa, Lydda or Ramle; a few have been integrated into the economic life of the country largely through the urban labor exchanges. Before the emergence of Israel as a state the Jewish population in Palestine was concentrated along the coastal plain from Acre to below Tel Aviv, in the plain of Esdraelon, and in Eastern Galilee. Since May 1948, 130 small agricultural settlements have been established in strategic locations in former Arab territory, especially in central Galilee and the Jerusalem and Hebron areas. There are also a few settlements in the Negeb desert to the south.

2. Physical Type.

There is no "Jewish race," nor is there even a predominant physical type among the present population of Israel, which ranges from the tall blue-eyed blonde "Nordic" to the small dark-skinned Yemenite Jew.

The early Hebrew tribes which invaded Palestine in the second half of the second millennium B. C. were desert nomads generally similar to those still living in Jordan, Syria, and Arabia. Their few relatively pure descendants in Palestine are physically indistinguishable from the average type of other Middle East populations. Overwhelmingly, however, the present inhabitants of Israel reveal the effect of racial admixture with all the diverse peoples among whom the Jews have been dispersed for centuries.

Two major groups of Jews developed in Europe. The Sephardim, small in number and considering themselves superior, are the descendants of the Jews who settled in Spain and Portugal prior to the Christian era and were expelled and scattered in the 15th century. The Ashkenazim are the Jews of Central Europe, chiefly Germany, Poland, and the USSR. (Throughout the world it is estimated that about 90 percent of Jews are Ashkenazim.) The Sephardim generally are representative of the "Mediterranean" type prevalent in southern Europe and the Ashkenazim, with greater variability, of the "Alpines" of central Europe.

In addition there are numerous groups of so-called "Oriental" Jews whose ancestors settled in the cities of the Arab world, Persia, and Central Asia. There are large Jewish communities in North Africa and smaller ones in Yemen, India, China, and Ethiopia. All of these groups have, to a greater or lesser degree, taken on over generations the physical

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characteristics of the population among which they live.

Small groups of Sephardic Jews returned to Palestine in the early 16th century, but the modern wave of resettlement did not begin until after the Russian persecutions of the 1880's. Although most of these refugees preferred to go to the US and South America, a steady trickle, which was slowly swelled by the efforts of the early Zionists, started back to Palestine. By World War I Zionism was a powerful political movement and under its auspices, despite the limitations on immigration during the Mandate, the Jewish population of Palestine grew from 35,000 in 1880 to 640,000 by May 1948. With the creation of the Jewish State the flood gates were opened and the survivors of German and Austrian concentration camps, DP's from Cyprus, large numbers of Bulgarians and Czechoslovakians, North Africans and Yemenis, and smaller numbers of Jews from Yugoslavia, Rumania, Poland, France, Turkey, India, and English-speaking countries have flooded to Israel at a monthly average of 15,000.

3. Culture.

All these Jews bring with them not only the physical type but also the language and customs of their countries of origin. They have little in common with one another save a common historical heritage and a shared sense of "not belonging" to the countries in which they were living.

The languages spoken in Israel are as varied as the countries from which its people come, although German, Yiddish (a medieval German dialect with some Slavic and Hebrew admixture), and English (a legacy from the Mandate) predominate. Hebrew is the national language. Archaic as it is, the Israelis feel that the advantage of having a historic common tongue outweighs the disadvantage of having to revive a dead language and teach it anew to the citizens of Israel.

Even religion is not entirely a unifying force as every shade of religious feeling from the ultra-orthodox, anti-Zionist to the nationalistic atheist is found in Israel. Although the trend in Israel seems to be away from orthodox Judaism toward the purely secular nationalism of the younger immigrants, the

power the religious faction still exercises is shown by the strength of the religious parties, which came in third in the January 1949 elections, and by the many restrictions which the Orthodox groups are able to impose on everyday life in Israel.

There is thus no thoroughly integrated Israeli culture. The highly intellectualized Western European Jew, the Communist-escaping Eastern Europeans, the backward and diseased North Africans and the Arabic speaking Yemeni have little in common with one another. Class differences are appearing. There is an aristocracy of old-time immigrants of Ukrainian or Polish birth who play leading roles in the MAPAI Party and the Histadruth. The illiterate Yemenis may replace the Arab fellahin as a peasantry and common labor class. The task of fusing these diverse and sometimes conflicting elements into an integrated and uniquely Israeli culture is one of the most formidable confronting the Israeli people today.

4. "Characteristics."

It is dangerous to generalize on the physical and mental characteristics of any people and in particular those of the Israelis in whom so many elements are yet unassimilated. Certainly the early Zionists were fired with a vision and willing to work and suffer to carry it out. During the recent Arab war the Israelis proved themselves brave, cunning, and exceedingly clever, both at getting forbidden supplies and exploiting Arab weaknesses. Too little is known about the recent immigrants to know whether they share the will to work and the enthusiasm of their predecessors or whether long periods of waiting and poor conditions have demoralized them. There is an intangible quality about the Israelis—part a will to win through, part a faith that they cannot fail—that is almost impossible to evaluate. Certainly it helped them to establish their state against seemingly impossible odds and to win a war in which they seemed doomed to defeat. Now, in the face of seemingly insurmountable economic obstacles, the Israeli leaders are undismayed. Their faith still is invincible that "everything will work out" and the "destiny" of Zionism be fulfilled.

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CHAIM WEIZMANN



DAVID BEN-GURION



REUVEN SHILOAH



AUBREY EBAN



WALTER GEORGE EYTAN



MOSHE SHARETT

Graphic Presentation ORE - NE650

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APPENDIX D

SIGNIFICANT BIOGRAPHICAL DATA

David Ben-Gurion

Place and Date of Birth:

Education:

Occupation:

Political Affiliation:

Religion:

Remarks:

Plonsk, Poland, 1886.

Religious schools, private tutors; University of Istanbul.

Prime Minister of Israel.

MAPAI.

Judaism.

Ben-Gurion is a remarkably astute politician, an able leader, and a powerful personality. A militant Zionist, socialist, and labor leader, he led the Palestine Zionists through the difficult Mandate period, organized illegal immigration to Palestine from 1943 to May 1948, and led the Provisional Government of Israel through its eight months of perilous existence. As a leader of the moderate MAPAI Party, he has fought against both left and right extremes in Israel, forced political obedience from the army, prevented military excesses, and curbed the terrorists.

3.3(h)(2)

6.2(d)

Active in promoting Zionism in Poland and Russia.

1906; emigrated to Palestine, agricultural laborer and watchman.

1915; exiled from Palestine, came to US, founded the American

Hehalutz (pioneer training movement), and served in the Jewish

Legion. Since 1920, one of the leading figures in the Palestine

Jewish labor movement and prominent in all its institutions.

Traveled extensively in Europe and the US for Zionism. May

1948 became Prime Minister.

Dr. Chaim Weizmann

Place and Date of Birth:

Education:

Occupation:

Political Affiliation:

Religion:

Remarks:

Pinsk, Poland; 1873.

Religious school; Universities of Berlin, Freiburg, and Geneva.

President of Israel. Chemist and Inventor.

General-Zionist.

Judaism.

Dr. Weizmann, now old and failing, lived to see the crowning of his life's work when he was made President of Israel in February 1949. The creation of Israel as a Jewish state is a tremendous personal triumph for Dr. Weizmann who, through his influence with the British Government was instrumental in obtaining for the Jews the Balfour Declaration of 1917 in which the British Government approved the establishment of a Jewish National Home in Palestine. Although disillusioned by recent British actions, he is friendly to the UK, has close contacts with the US and President Truman, and is fearful of Soviet influence in Israel.

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Took an active part in the early stages of the Zionist movement. Led opposition to Herzl's East Africa Scheme. 1903-1916; lectured in chemistry at Geneva and Manchester Universities. 1916-1919; Director of the Admiralty Laboratories. 1917; Balfour Declaration published. Weizmann headed the Zionist Commission which acted as liaison between the military authorities in Palestine and the Jewish institutions. 1919; headed the Zionist delegation to the Paris Peace Conference. Signed the Arab-Zionist friendship agreement with King Feisal in London. For many years leader of the World Zionist Organization and traveled widely, especially in the US. He was also leader of the General Zionist political party for many years. During World War II he did scientific work for the Allies. May 1948; made chairman of the Council of State in the Provisional Government. February 1949 was elected the first President of Israel by the Constituent Assembly.

Reuven Shiloah

Place and Date of Birth:

Education:

Occupation:

Political Affiliation:

Religion:

Remarks:

Palestine; 1911.

Hebrew University in Jerusalem.

Personal advisor to the Minister of Foreign Affairs; Director Israeli Security and Intelligence Service.

MAPAI.

Judaism.

3.3(h)(2)
6.2(d)

1932; writer and assistant editor, Palestine Post. Secretary of an Arab Stevedore and Lightermen's Union, Haifa. 1930-47; member Political Department, Jewish Agency. 1942-44; worked closely with British Intelligence in the Middle East. 1945; visited the US. 1948; member Israeli delegation to the Rhodes Conference. Personal advisor, Minister of Foreign Affairs. Member, Israeli Delegation, PCC.

Aubrey Eban

Place and Date of Birth:

Education:

Occupation:

Political Affiliation:

Religion:

Capetown, South Africa; 1915.

Queen's College, Cambridge University.

Permanent Israeli Representative to the UN.

None (sympathetic to MAPAI).

Unknown.

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Remarks:

3.3(h)(2)
6.2(d)

1922; emigrated with his family from Capetown to London. 1940; lecturer in Semitic languages and Persian at Cambridge. Secretary and adviser to Dr. Weizmann. 1940-45; Major in the British Army attached to District Security Officer in Cairo and Jerusalem. 1944-46; chief instructor, Middle East Center for Arabic Studies, Jerusalem. 1946-48; in charge of Arab Intelligence Section, Jewish Agency Officer, London. Adviser to Weizmann. 1948; Acting Representative of Provisional Government of Israel to UN. 1949; Permanent Israel representative to UN.

Walter George Eytan
(Ettinghausen)

Place and Date of Birth:

Education:

Occupation:

Political Affiliation:

Religion:

Remarks:

Munich, Germany, 1910.

St. Paul's School, London; Queen's College, Oxford.

Director General, Ministry of Foreign Affairs.

MAPAI.

Judaism.

Walter George Eytan is married to Vera Schiff by whom he has two sons and one daughter. He is the author of "Luther," "Exegesis and Prose," and "Prose Style," German studies, and many other articles on German subjects in daily and weekly newspapers.

Early in his career Eytan was Principal of the Public Service College in Beth Hakerem and later Fellow in the Institute of Public Administration, London. 1934-46; lecturer in German at Oxford University. 1940-41; trooper in the Royal Armored Corps. 1941-45; temporary Senior Administrative Officer, Foreign Office. May 1948-date; Director General, Ministry of Foreign Affairs.

Moshe Sharett (Shertok)

Place and Date of Birth:

Education:

Occupation:

Political Affiliation:

Religion:

Remarks:

3.3(h)(2)
6.2(d)

Kherson, Ukraine; 1894.

Hertzlia Gymnasia; University of Istanbul; School of Economics and Political Science, London University.

Foreign Minister of Israel.

MAPAI.

Judaism.

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3.3(h)(2)
6.2(d)

1906; emigrated to Palestine. 1916-18; officer in the Turkish Army. 1920-25; member Poalei Zion Executive in England. Delegate, British Labor Conference, London. 1925-31; member of editorial board, then editor, of *Davar*. 1931-33; Secretary, Political Department, Jewish Agency. Trips to UK, Europe, US, South Africa, and Canada for JA.

1933-48; Chief, Political Department, JA. 1943; member JA Executive. Attended American Zionist meetings in New York. 1945; presided at Jewish Labor Party Conference, Jerusalem. 1945; imprisoned briefly following outbreak of terrorism; again in 1946. 1946-47; delegate to World Zionist Congress at Basle. 1947; member JA delegation to meet British officials in London. 1947-48; in charge of JA case, United Nations. May 1948-date; Foreign Minister of Israel.

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APPENDIX E

CHRONOLOGY OF SIGNIFICANT EVENTS

1917	
2 November	The Balfour Declaration, favoring the establishment in Palestine of a National Home for the Jews, was published.
1918	
3 October	Turkish resistance broken, Palestine cleared of Turkish troops and Damascus taken.
1919	
28 June	The Covenant of the League of Nations, under Article 22 of which the Mandatory status of Palestine was established, was signed at Versailles.
10 June–21 July	The King-Crane Commission, an unofficial commission appointed by President Wilson, toured Palestine and Syria.
1920	
25 April	The Mandate for Palestine was allotted to the UK by the Supreme Council of the Peace Conference at San Remo.
1 July	The military regime in Palestine was replaced by a civil administration, and Sir Herbert Samuel assumed office as High Commissioner.
26 August	The first Immigration Ordinance was enacted, fixing the quota of 16,500 Jewish immigrants for the first year.
1921	
1–6 May	The sudden influx of Jews and the acquisition of lands by Jewish interests resulted in serious anti-Jewish riots.
1922	
3 June	Winston Churchill, then Secretary of State for the Colonies, issued a statement of British policy in Palestine, which while it reasserted the government's adherence to the Balfour Declaration, hoped to remove strong Arab opposition by its definition of the phrase "National Home for the Jews."
July	League of Nations formally awarded Palestine Mandate to the UK.
1929	
23–29 August	The first large-scale attacks upon Jews by Arabs resulted in the death of many persons on both sides.
October–December	The Shaw Commission of Inquiry visited Palestine.
1930	
20 August	Sir John Hope-Simpson's report, opposing admission of further Jewish immigrants as land settlers, was published.
20 October	The Passfield White Paper, reaffirming that "economic absorptive capacity was to be a limiting factor in immigration," was issued.
1931	
14 February	Prime Minister MacDonald's so-called Black letter to Dr. Weizmann, which sought to nullify the policy affirmed in the 1930 White Paper, was published.

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1936-1939

Periodic disturbances by Palestinian Arabs seeking stricter government policy toward Zionists.

1936

25 April

A Supreme Arab Committee, later known as the Arab Higher Committee, was established with the Mufti as President.

1937

7 July

The report of the Royal Commission (Peel Report), advocating partition, was published.

26 September

The assassination of Yelland Andrews, British District Commissioner for Galilee, brought on the most acute phase of the Arab insurrection.

1938

4 January

The British Government announced postponement of the partition plan and the appointment of a new commission under Sir John Woodhead to study boundaries of the new states and investigate economic and financial aspects of the problem.

9 November

The report of the Partition Commission, suggesting three alternative solutions to the Palestine problem, was presented to Parliament and published.

1939

7 February-17 March

The London Conferences between His Majesty's Government and the Arab and Jewish delegations were opened at St. James's Palace. The conferences closed without reaching a settlement.

17 May

The UK White Paper on Palestine restricted Jewish immigration and sale of land to Jews.

1942

11 May

A conference of American Zionists was held at the Biltmore Hotel, New York, and what became known as the Biltmore Program, defining Zionist aims, was drawn up.

1945

31 August

President Truman wrote to Prime Minister Attlee, bringing to his attention the suggestion in the Harrison Report that granting an additional 100,000 certificates for Jewish immigration into Palestine would alleviate the situation.

13 November

The UK and the US announced the appointment of an Anglo-American Committee of Inquiry to investigate the situation of European Jewry and the problem of Palestine, with a view to making recommendations concerning the subject.

1946

20 April

The Anglo-American Committee of Inquiry submitted a report recommending a cantonal system for Palestine and the admission of 100,000 immigrants immediately.

25 July

The Morrison Provincial Autonomy Scheme, based on the Committee of Inquiry report proposed by a group of American and British experts as a solution to the Palestine problem.

10 September

The London Talks on Palestine opened and closed February 1947 without reaching any agreement.

1947

28 April

Special session of UN General Assembly set up a special committee (UNSCOP) to investigate Palestine issue.

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31 August	UNSCOP report recommending partition submitted to UNGA.
29 November	UNGA, by a 33-13-10 vote, recommended the partition of Palestine.
1 December	The UNGA set up the UN Palestine Commission to implement partition.
1948	
19 March	US resolution in SC that partition be suspended and a special session of GA be called to set up temporary UN Trusteeship.
25 March	President Truman reasserted US support for partition.
16 April	Special Session of UNGA called to reconsider Palestine partition.
23 April	Truce Commission for Palestine established by UNSC.
14 May	The GA appointed a Mediator to cooperate with the Truce Commission.
15 May	British Mandate over Palestine terminated and the state of Israel proclaimed.
	US granted <i>de facto</i> recognition to Provisional Government of Israel (14 May by US time).
16 May	Troops of Egypt, Syria, Lebanon, and Transjordan entered Palestine.
17 May	USSR extended <i>de jure</i> recognition to Israel.
18 May	Dr. Chaim Weizmann elected President of the Provisional Government of Israel.
23 May	US Consul General Wasson killed by sniper in Jerusalem.
24 May	UNSC ordered a four-week truce with Count Folke Bernadotte acting as Mediator. Neither Arabs nor Jews permitted to import arms or men during that period.
28 May	Old City of Jerusalem captured by Arab Legion.
11 June	Four-week UN truce accepted by Arabs and Jews. Jews in control of partition area but cut off in Jewish Jerusalem.
9 July	Fighting resumed in Palestine at expiration of truce. Israelis opened road to Jerusalem and took Lydda and Ramle.
18 July	Second UNSC truce accepted by Arabs and Jews.
25 July	UN truce observers arrived in Palestine.
17 September	UN Mediator Count Bernadotte assassinated by members of Stern Gang; his deputy, Ralph Bunche, became Acting Mediator.
23 September	Bernadotte Plan for Palestine submitted to UNGA in Paris.
29 September	UNGA postponed action on Bernadotte Plan in spite of strong US and UK support for its immediate consideration.
18 October	Israeli forces in Negeb opened full-scale offensive against Egyptians, who retreated to Gaza-Beersheba line. Egyptian brigade cut off in Faluja.
27 October	Egypt and Israel accepted UN cease-fire order in Negeb.
30 October	Israel launched offensive in Northern Palestine to complete Jewish control of Galilee and area in southern Lebanon.
4 November	UNSC ordered Negeb evacuation; subcommittee set up to study sanctions if Israel refused to withdraw.
16 November	UNSC ordered Palestine armistice.
19 November	Egypt and Israel accepted UNSC armistice order.
30 November	Arab Legion-Israeli cease-fire agreement signed in Jerusalem.
1 December	Abdullah proclaimed King of all Palestine at Jericho Conference.
11 December	UNGA established Palestine Conciliation Commission to seek settlement of all outstanding differences between Jews and Arabs.
22 December	Israel launched second offensive against Egyptian forces in Negeb.
26 December	Canada gave <i>de facto</i> recognition to Israel.

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29 December UNSC ordered cease-fire in Negeb and withdrawal to 14 October positions. Israeli forces advanced into Egypt, threatening El Arish.

1949

6 January Egypt and Israel accepted cease-fire.

7 January Five RAF aircraft shot down by Israelis near Rafah.

14 January Egypt and Israel opened armistice negotiations at Rhodes.

19 January Export-Import loan of \$100,000,000 to Israel announced.

24 January France granted *de facto* recognition to Israel.

25 January MAPAI Party won large plurality in Israel's first general elections for Constituent Assembly.

29 January UK extended *de facto* recognition to Israel.

31 January US granted *de jure* recognition to Israel.

3 February First full meeting of Palestine Conciliation Commission in Jerusalem.

11 February James MacDonald appointed US Ambassador to Israel.

13 February Israeli Constituent Assembly opened in Jerusalem.

17 February Constituent Assembly elected Weizmann first President of Israel.

24 February Egypt and Israel signed armistice agreement at Rhodes.

1 March Armistice talks between Israel and Lebanon began at Ras en Naqūra.

3 March Ben-Gurion organized MAPAI-led coalition cabinet in Israel. MAPAM stayed out.

5 March Transjordan-Israeli armistice talks opened at Rhodes. Security Council approved Israeli-UN membership application by 9-1-1 vote. (Egypt opposed; UK abstained.)

9 March Israeli troops attacked Arab Legion post at Gharandal across Transjordan border; another Israeli force reached Umm Reshresh on the Gulf of Aqaba.

11 March Israel and Transjordan signed cease-fire agreement at Rhodes.

16 March Transjordan and Israel agreed on Jerusalem armistice.

21 March PCC held first meeting with Arab states representatives at Beirut to discuss Arab refugee problem.

23 March Israel and Lebanon signed armistice agreement at Ras en Naqūra.

24 March President Truman signed bill authorizing \$16,000,000 for Palestinian refugees.

27 March The Israeli Cabinet transferred four ministries to Jerusalem.

3 April Israel-Jordan armistice signed at Rhodes.

26 April The MAPAI-dominated cabinet under Ben-Gurion presented the Austerity Plan to the Assembly.

27 April PCC opened negotiations with Israel, Egypt, and Lebanon at Lausanne.

2 May Anglo-Israeli financial and trade talks opened in London.

11 May General Assembly admitted Israel to the UN by a vote of 37-12.

30 May UK agreed to release £7,000,000 of Israel's blocked sterling over next six months.

29 June PCC conference adjourned.

6 July Paul Porter appointed to succeed Ethridge as US member on PCC.

18 July PCC conference reopened.

20 July Israeli-Syrian armistice agreement signed.

27 July Israel offered to take back total of 100,000 Arab refugees.

11 August Near East Arms Embargo lifted by SC.

16 August Israeli Assembly voted to give to Russian Orthodox Church officials direct control over all Russian Orthodox Church properties in Palestine.

26 August UN appointed Gordon Clapp (of TVA) to head the PCC-appointed ESM.

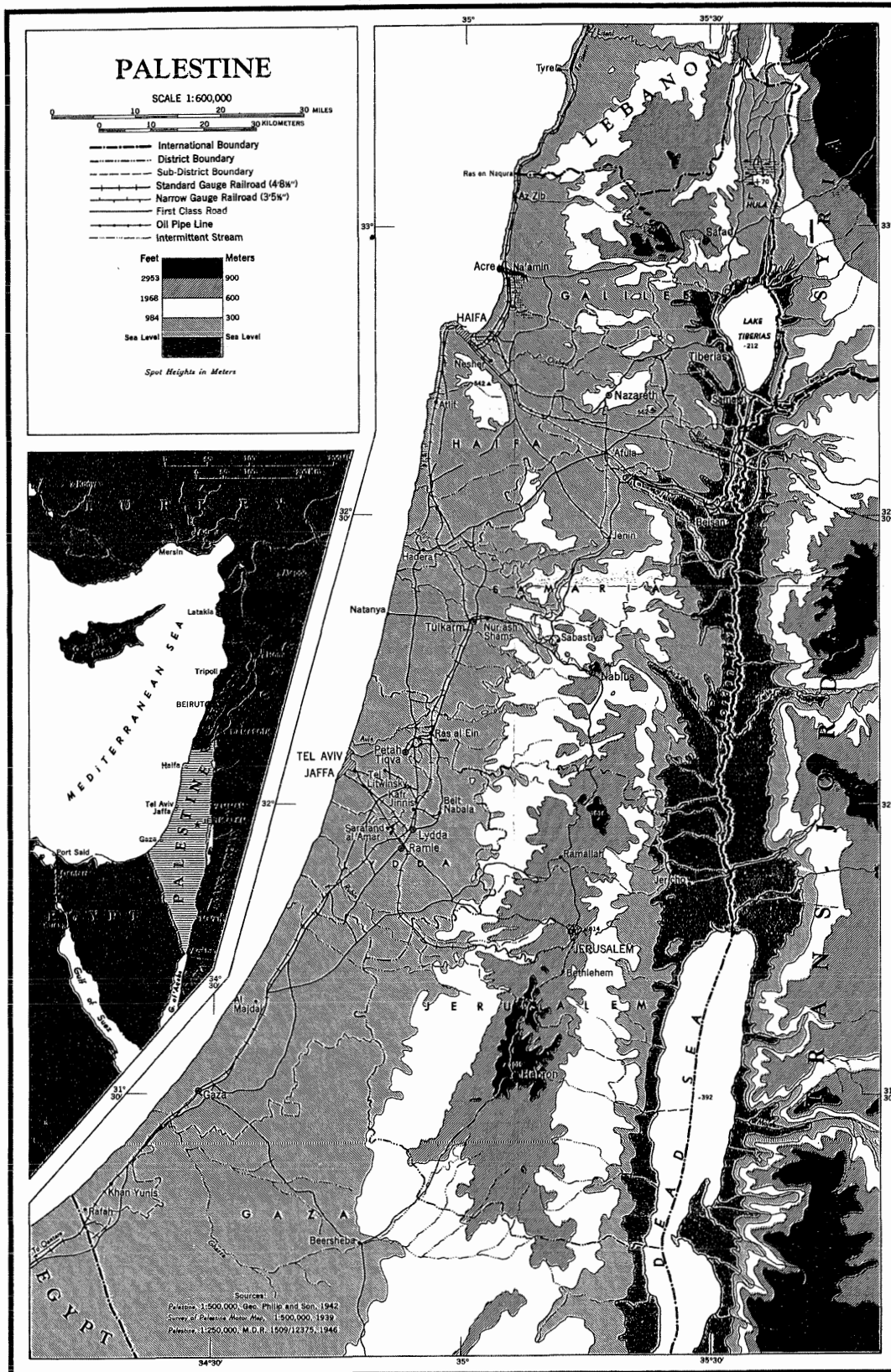
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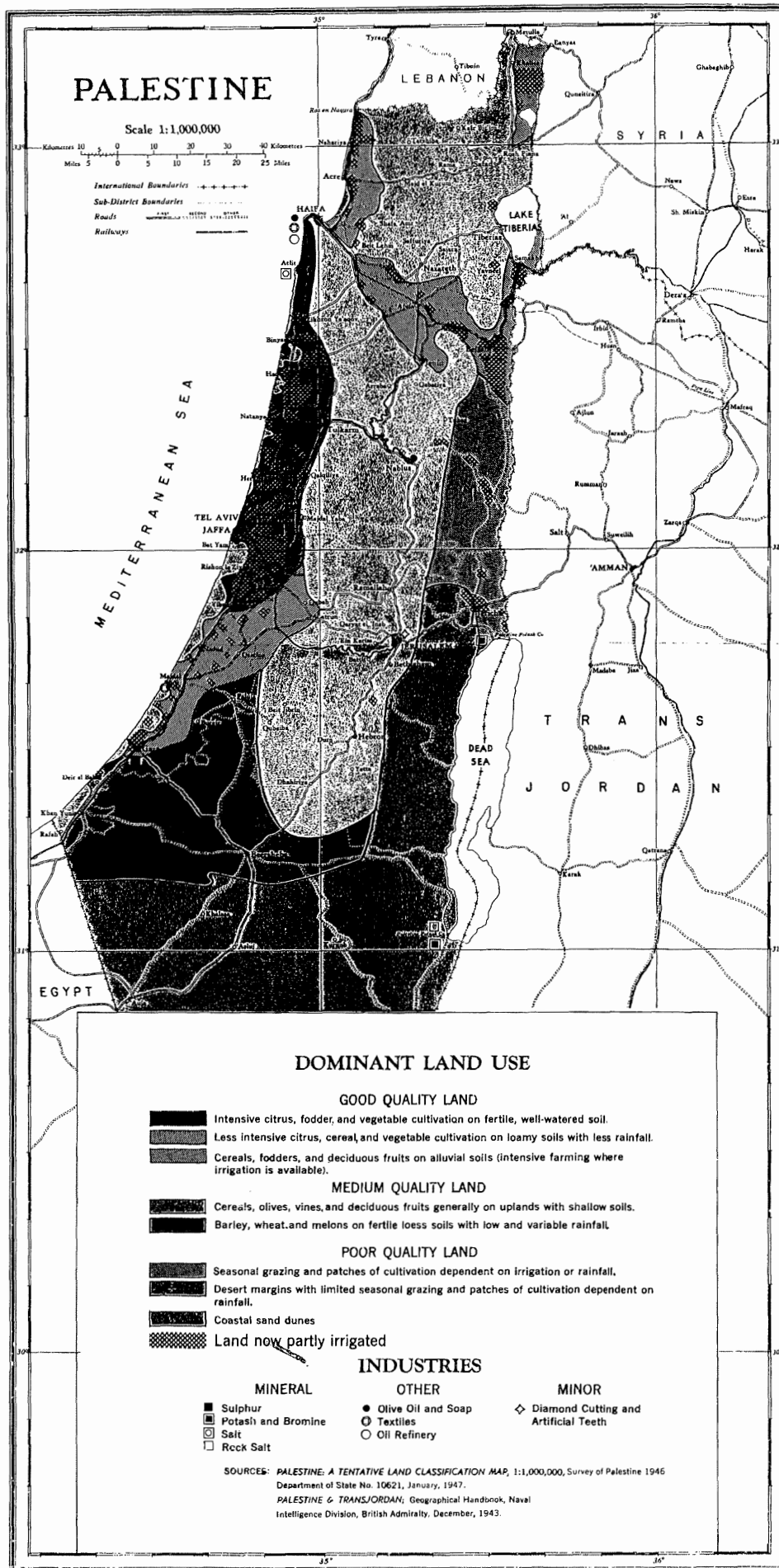
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29 August	PCC adopted statute for modified internationalization of Jerusalem.
15 September	Israel admitted to UNESCO. PCC adjourned.
18 September	Israel devalued the pound.
4 October	Jaffa incorporated into Tel Aviv.
14 October	Haifa refinery opened partial operation with oil tankered from Venezuela.
19 October	PCC reconvened in New York for desultory discussion while awaiting UN action on the Jerusalem statute and the return of ESM.
23 October	Israel appealed to the US to help "persecuted" Iraqi Jews.
27 October	Export-Import Bank released an additional \$20,000,000 to Israel, bringing total credit so far authorized to \$73,350,000.
4 November	Ely Elliot Palmer appointed to head US Delegation in PCC, in place of Paul Porter.
9 November	Brigadier Yadin succeeded Brigadier Dori as Israeli Army Chief of Staff.
11 November	First interim ESM report released by UN; recommended that the GA approve a \$48,000,000 relief and public works program for the 652,000 Palestinian Arab refugees.
18 November	Israel, Egypt, Lebanon, Jordan, and Syria accept principle of protection and free access to sacred sites in Palestine.
21 November	Israel and Jordan agree to begin secret peace negotiations.
8 December	UNGA adopted \$54,000,000 ESM work-relief plan for Arab refugees.
9 December	UNGA adopted resolution internationalizing Jerusalem under the UN trusteeship Council, 38-14-7.
12 December	US cautioned Israel and Jordan, when both rejected internationalization, against any precipitate action against GA resolution.
13 December	Israeli Assembly approved the transfer of more government offices and the Assembly to Jerusalem.
20 December	Trusteeship Council resolution called on Israel to withdraw government offices from Jerusalem.
31 December	Israel formally rejected TC request to remove government offices from Jerusalem.

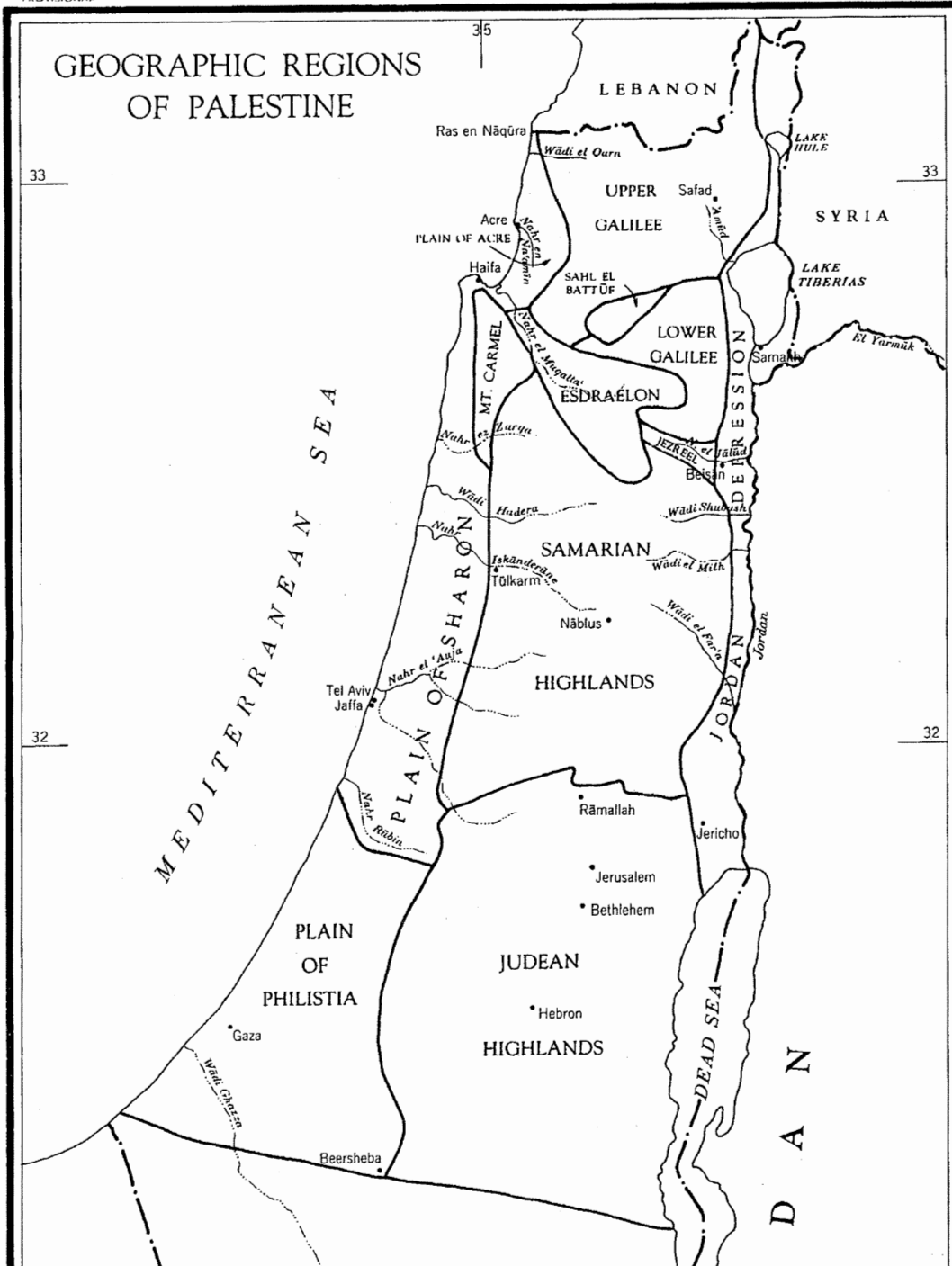
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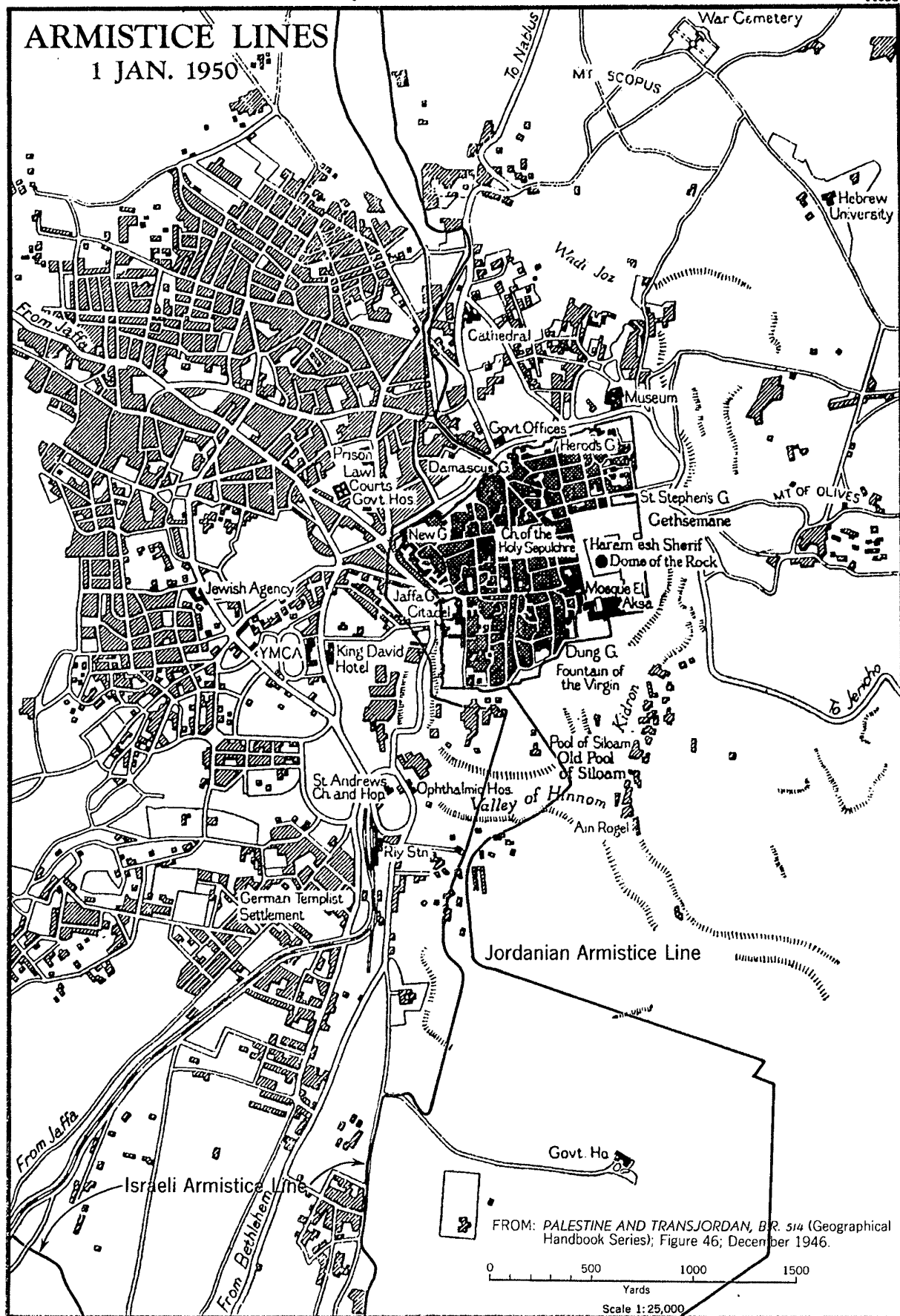
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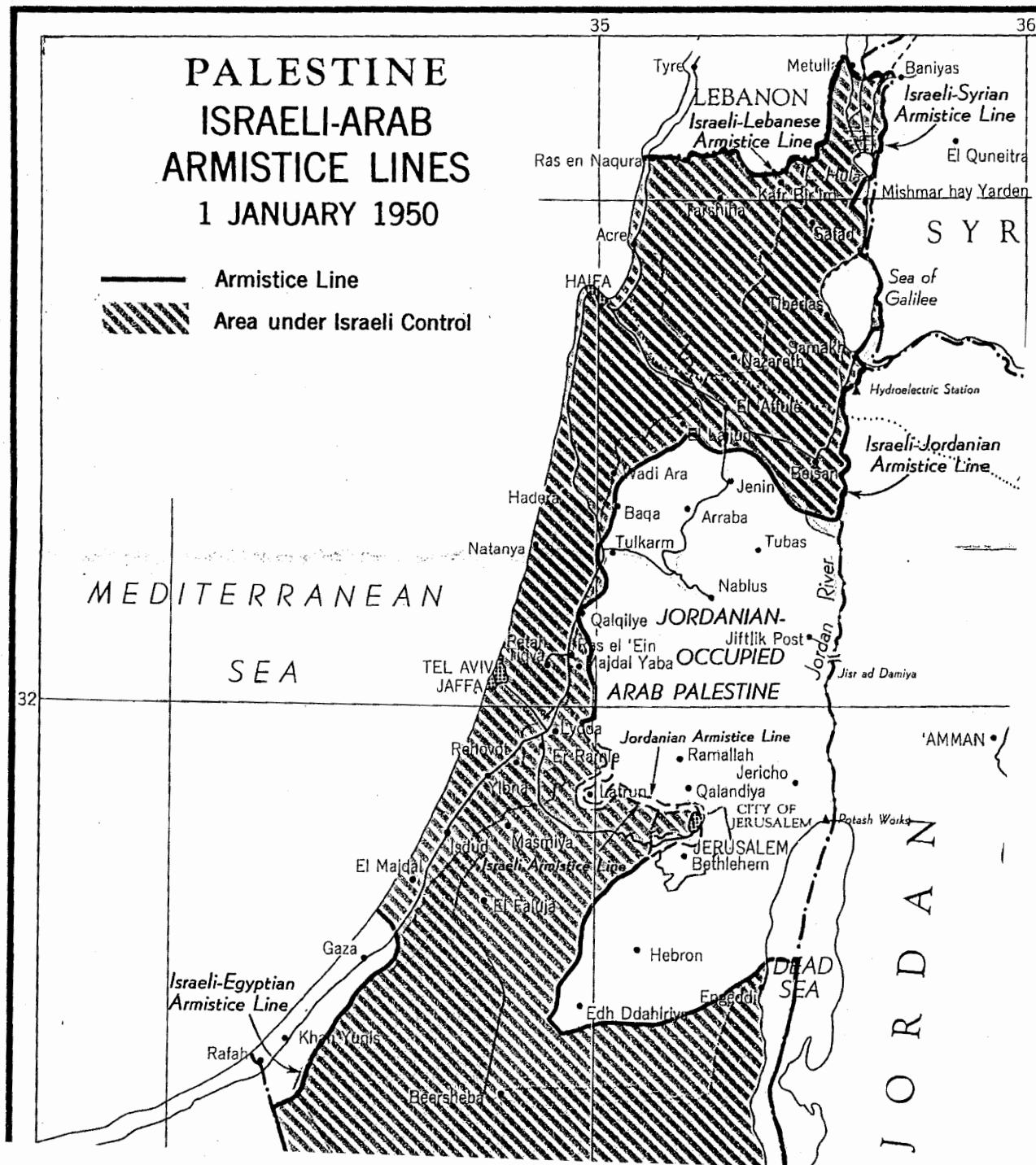
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(Revised Draft, May 1950)

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SUMMARY

- P. iii, 7th line from end - Period after "stability" and substitute following for remainder of paragraph:

"In efforts to counteract this the Israeli Government might be compelled drastically to reduce the rate of immigration and would probably exert every effort to obtain increasingly large amounts of financial assistance from abroad, particularly from the US. In order to divert the people from internal difficulties, Israeli leaders might adopt a more aggressive attitude toward the Arab states, particularly if the latter continue to ostracize Israel. Any consequent worsening of relations between Israel and the Arab states would adversely affect US strategic interests throughout the area by producing further instability in the Near East."

Chapter I

- P. I-7, 7th line - Change "senior diplomatic representative" to "senior consular representatives"

3rd line from end of page - Change "in the Arab areas along a line..." to "in the areas allotted to the Arabs under the Partition Plan along a line..."

- P. I-8, 3rd and 4th lines - Delete "The Jews promptly took the offensive" and substitute "After the fighting resumed, the Israelis seized the initiative"

- P. I-9, 5th and 6th lines - Change "...Negeb to Transjordan, in exchange for which Israel would receive Western Galilee." to "...Negeb to the proposed Arab states and the incorporation of the latter into Transjordan. In exchange for this Israel would receive Western Galilee."

11th line - Delete sentence "When its opponents succeeded...." to end of paragraph and substitute following: "After the shelving of the Dernadotte plan, the UN made no further effort to devise or implement a comprehensive solution for Palestine."

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Chapter I

P. I-10, 5th line of second full paragraph - Add the following after "Jordan" - "with Iraqi consent"

3rd line from end of paragraph - Add word "primary" after "Mediator,"

P. I-19, Delete last sentence of first paragraph "MAPAI also follows..."

P. I-24, 11th - 15th lines, sentence beginning "Only 27,000 - Change to "Only about 27,000 have gone into agriculture, leaving over 200,000 to crowd into Israel's towns, cities, and abandoned Arab villages. Many of these unassimilated Israelis will become increasingly demoralized and depressed by these conditions and will, therefore, be more susceptible to extremist propaganda. The government is aware...."

Chapter III

P. III-3, 5th to 8th lines, sentence beginning "What Israel refuses to face..." - Change to "What irks Israel is the fact that, though it defeated the Arab armies, it was prevented from fully exploiting its military successes by the intervention of the UN....."

15th to 17th lines, sentence beginning "Israel, in particular, is reluctant...." - Change to "Israel, being the victor, has been reluctant to reduce its own claims under outside pressure and for the most part has refused to acknowledge...."

Pp. III-4 and -5, last line on page III-4, delete sentence beginning "The obduracy of the Arab governments...." to end of paragraph on p. III-5, and substitute following "An enduring settlement in Palestine would probably call for more concessions than Israel is currently willing or able to grant."

Chapter VI

P. VI-1, 2nd paragraph, 4th line - Change "within its present territorial limits." to "under existing conditions."

Appendix C - Population

P. C-1, 1st paragraph - Change lines 1 to 6 to read "By January 1950 the population of Israel was estimated to be about 1,160,000, representing approximately 1,030,000 Jews and 130,000 Arabs. Of the former, about 346,000 entered Israel after the end of the Mandate in May 1948. The Arab population of Israel, on the other hand, decreased from approximately 860,000 to 100,000 during the Palestine war, when almost the entire Arab population fled or was expelled....."

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Appendix C

P. C-1, 2nd paragraph, 5th line - Add "about" before "27,000 immigrants..."

Appendix E - Chronology of Significant Events

P. E-6, 2nd paragraph under "15 May" - Add following at end of sentence
"(May 14 by US time)"

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