Israel’s main concern during the year was to maintain and consolidate the position it had won in the six-day war, despite international pressure and continual attacks by Arab regular and irregular forces across the cease-fire lines.

Constant vigilance on the borders prevented significant incursions by the Fatah terrorists. Despite some unrest, especially in the Gaza Strip, the areas administered under the cease-fire agreements were kept under firm control; at the same time, their Arab populations were given a considerable degree of personal freedom. Israeli forces hit back vigorously when fire was opened on patrols, roads were mined, villages shelled, and civilian planes attacked.

Israelis of all parties and views almost unanimously supported the government’s policy of standing fast on the cease-fire lines pending Arab willingness to conclude a permanent peace. The majority seemed ready to withdraw from part of the occupied territories if, as appeared unlikely, Egypt or Jordan would agree to a permanent settlement.

The revival of economic activity, which had started in the second half of 1967, gathered momentum at the cost of deficit budgets and a larger trade gap. There was also a large increase in immigration, for the first time including a sizeable influx from Western Europe and North America. The government took over from the Jewish Agency responsibility for immigrant absorption.

The Government of National Unity, backed by 106 of the 120 Keneset members, retained its support. At the same time, the United Israel Labor party, formed at the beginning of 1968, and the Labor-Mapam alliance made at year’s end, created a political force more powerful than any in Israel’s history. However, the struggle for the succession between Deputy Prime Minister Yigal Allon and Defense Minister Moshe Dayan threatened to disturb the precarious harmony of the newly united party.

**FOREIGN AFFAIRS**

*Relations with the United States*

Friendship with the United States continued to be the cornerstone of Israel’s foreign policy. As the year opened, Prime Minister Levi Eshkol
spent two days at the Texas White House as the guest of President Lyndon B. Johnson during a two-week tour to the United States, Canada, and Britain (January 4–19). According to a joint communique issued January 8, Johnson "agreed to keep Israel's military defense capability under active and sympathetic examination and review." The two leaders restated "their dedication to the establishment of a just and lasting peace in the Middle East in accordance with the spirit of the Security Council resolution of 22 November 1967," and noted that "the principles set forth by President Johnson on 19 June constituted an equitable basis for such a settlement" (AJYB 1968 [Vol. 69], p. 181).

Israel's main request in the defense area was for supersonic jet Phantom fighters, particularly in view of the continued French embargo on the delivery of 50 Mirage aircraft ordered and paid for before the six-day war. On October 9 President Johnson ordered the opening of negotiations on the subject, and an agreement to supply 50 Phantoms, at a cost of $200 million, during 1969 and 1970 was announced in Washington on December 27.

After the U.S. presidential elections, there was considerable speculation in Israel on the policy President-elect Richard M. Nixon would adopt, and a factfinding visit to the Middle East by his special envoy Governor William Scranton was closely watched. Scranton met Israeli leaders on December 9 and 10. The newspapers expressed some apprehension that his call for a more "even-handed" U.S. policy in the area might presage a retreat from President Johnson's firm support of Israel (p. 102).

**Jarring Mission**

Ambassador Gunnar V. Jarring, the UN Secretary General's special representative under the terms of the Security Council's resolution of November 22, 1967, visited Jerusalem repeatedly for talks with Prime Minister Eshkol and Foreign Minister Abba Eban.

Through Ambassador Jarring, Eban conveyed to the Egyptian and Jordanian governments on December 27, 1967 and January 7, 1968, respectively, proposals for discussing the establishment of "a just and lasting peace" under the terms of the UN resolution. On February 1, he told Jarring that Israel "is prepared to negotiate on all matters included in the Security Council resolution which either side wishes to raise," and agreed that the envoy arrange a meeting between the governments. On February 12 he asked Jarring to inform Egypt and Jordan that, "We accept the Security Council's call in its resolution of November 22, 1967, for the promotion of agreement on the establishment of peace with secure and recognized boundaries," and reiterated the assurances given on February 1.

Eban advised the Keneset, February 26, that he had informed Jarring of Israel's agreement to meet with Arab state representatives at any place specified by the latter, saying,
At the same time it is obvious that a sovereign State cannot be the subject of a demand that it acquiesce in a procedure based on its being boycotted. We shall regard the readiness of the Arab governments to sit down with us face to face as a test of their actual desire to make peace.

Eban described the issue of "recognized and secure borders," called for in the Security Council resolution, as "the central key to peace." He continued that, at the negotiating table, Israel would put forward "serious and responsible proposals in harmony with the interest and the national honor of all concerned."

Early in March, Israel accepted Jarring's proposal that he meet with representatives of Israel, Egypt and Jordan in separate "conferences" similar to the 1949 armistice negotiations in Rhodes. The proposal was rejected by Egypt and not accepted by Jordan.

In a March 12 statement to the Jerusalem press Eban blamed the UAR for the lack of progress in the UN peace efforts:

UAR policy continued to be governed, as Nasser has said, by the decisions of the Khartoum Conference: "No peace, no negotiation, no recognition."
In these circumstances, the UAR hint of willingness to implement the UN resolution is a vast international hoax.

Ambassador Yoseph Tekoah informed the Security Council on May 1 that the Israel government had indicated acceptance of the November 1967 resolution "for the promotion of agreement on the establishment of a just and durable peace," and reaffirmed Israel's willingness "to seek agreement with each Arab state on all the matters included in that resolution."

On May 29, Eban informed the Keneset of Israel's proposal for carrying out the resolution in four phases:

1. Face to face negotiations between Israel and each Arab state on the basis of declared agreement that the aim of the negotiations was the establishment of a permanent peace;
2. Agreements on all matters mentioned in the Security Council resolution, including "the secure and recognized border, which would go into effect with the signing of peace treaties" and would "determine the deployment of armed forces in conditions of peace";
3. The incorporation of such agreements "in peace treaties, upon the signature of which the state of belligerency will end and a state of peace will prevail";
4. Arrangements worked out by the parties for "the implementation of the agreements after these have been signed in the framework of peace treaties."

In the UN General Assembly, on October 8, Foreign Minister Eban discussed the various Israeli proposals submitted to Egypt and Jordan through Ambassador Jarring, and added that there had been no specific response from the Egyptian and Jordanian governments.
Eban further pointed out that while Egypt's President Gamal Abdel Nasser, on June 23, expressed willingness to attempt "a political solution," he also cited the following principles of Egyptian policy as being immutable:

(1) No negotiations with Israel; (2) No peace with Israel; (3) No recognition of Israel; (4) No transactions will be made at the expense of Palestinian territories or the Palestinian people.

Commented Eban: "How one can build peace out of such negative and immutable principles defeats the imagination." He then enumerated nine principles which Israel considered essential:

(1) A just and lasting peace, duly negotiated and contractually expressed; (2) Permanent, secure, and recognized boundaries between Israel and each of the neighboring states, with Israel carrying out the disposition of forces in full accord with the agreed boundaries; (3) Other agreed security arrangements to avoid a breakdown of the peace; (4) An open frontier—on lines developing within communities of states elsewhere, as in parts of Western Europe—including free port facilities for Jordan on the Mediterranean and mutual access to places of religious and historic associations; (5) Guaranteed freedom of navigation on international waterways; (6) A conference of Middle Eastern and other states to chart a five-year plan for the solution of the refugee problem; (7) Arrangements to give effect to the universal character of the Holy Places of Christianity and Islam in Jerusalem; (8) Acknowledgement and recognition of the sovereignty, integrity, and right of national life of all states in the area; (9) Efforts to lay the foundations of a Middle Eastern community of sovereign states.

Jerusalem

On May 22 Foreign Minister Eban rejected the Security Council resolution of the day before, calling on Israel to rescind measures taken to change the status of Jerusalem, as "unreasonable, impractical, and an obstacle to the advancement of peace in the Middle East." He contrasted the resolution with the Council's disregard of Jordan's desecration of Jewish Holy Places and denial of access to Jews over the past twenty years. Eban reaffirmed that Israel recognized the existence of universal spiritual interests in Jerusalem and was ready to guarantee the immunity of the Holy Places of all faiths.

Jews in Arab Countries

Israel repeatedly called for an investigation into the situation of Jews living in Arab countries, particularly Syria, Egypt, and Iraq, who were not permitted to leave and many of whom were being detained without trial for long periods. Yosef Tekoah, Israel Ambassador to the UN, drew attention to the plight of the Jews in Iraq, in a June 25 letter to Secretary General U Thant.
In response to the September 27 Security Council resolution calling for investigation of the position of Arab civilians under Israeli occupation by a special UN representative, the Israel Cabinet (September 29) pledged cooperation, provided the representative also reported on the condition of Jews in Arab countries which were involved in the May-June 1967 hostilities, as the Gussing mission did the year before. Tekoah, who advised U Thant of the decision in a letter on October 4, wrote further, on October 11:

The continued persecution of Jews in Arab countries not only constitutes a gross violation of human rights, but also adds to the already grave tensions existing in the area of conflict in the Middle East.

Other Countries

Good relations continued with Canada, Australia, New Zealand, and the Latin-American countries. The same was true of Western Europe, with the notable exception of France (p. 332), though General Charles de Gaulle's embargo on the delivery of the Mirage planes did not affect normal day-to-day relations. Contacts expanded with the German Federal Republic, whose two leading parties generally supported Israel's positions. Italy's assistance in securing the return of the El Al airliner hijacked to Algeria (p. 350) was much appreciated. Frequent contacts with Britain, such as visits by Eshkol, Eban and other Israeli statesmen, established close understanding on Middle East problems. Official visits by Eban helped cement the cordial friendship with the Benelux and Scandinavian countries.

With the exception of Rumania, the Soviet Union and other Communist countries continued their support of the Arab demand for restoring the status quo existing before the six-day war. However, there were some nuances: Poland had a strong revival of antisemitism, which aroused great indignation in Israel; Hungary's attitude was more restrained; and in Czechoslovakia public opinion showed some support for Israel, especially after the Soviet invasion.

Good relations with Rumania were cemented by a three-day official visit to Israel by the Rumanian acting foreign minister, George Macovescu, in June, a trade agreement signed in Bucharest on June 28, and Israel's cooperation in a project for the irrigation of 12,500 acres of land in Rumania.

The developing countries in Asia and Africa were interested mainly in Israel's technical assistance and training facilities offered under the international cooperation program. However, some of them supported the Arab cause in the United Nations. Over a thousand trainees (about half from Africa, a quarter from Asia, and the rest from Latin America and the Mediterranean) participated in 35 training courses conducted in Israel in 1968, and some 500 Israeli experts served overseas. Numerous African and Asian leaders and officials visited Israel to study its achievements.
DEFENSE AND COUNTERATTACK

Throughout the year, the neighboring Arab countries maintained pressure on Israel by firing across the cease-fire lines and facilitating the operations of terrorists belonging to various "Palestinian" military organizations, the most prominent of which was al-Fatah.

A total of 281 Israelis were killed and 1,115 wounded by enemy action between the end of the six-day war and the end of 1968, according to an Israeli army spokesman. During the same time, Arab terrorists lost 600 killed and 1,500 captured, in addition to an estimated several hundred casualties inside Jordan.

There were 920 incidents in the Jordanian sector, involving the Jordanian regular army and saboteurs, frequently in joint actions; 166 in the Sinai sector, most of them precipitated by the Egyptian army; 37 in the Syrian sector; 35 in the Lebanese sector, and 130 in the Gaza Strip—a total of 1,288. In the two last areas, only saboteurs were involved.

Most striking was that only a small number of these attacks—159, or 12 per cent—were made deep in Israeli territory. The great majority of them were directed against civilian population centers, such as the bomb outrages at the Tel Aviv bus terminal, the Tombs of the Patriarchs at Hebron, and the Mahane Yehuda Market in Jerusalem.

Arms and ammunition captured from the saboteurs included about 2,500 pounds of high explosive, 615 mines, 438 rifles, 254 submachine guns and automatic rifles, and 129 mortars and bazookas.

The Jordan Front

The main focus of tension was the cease-fire line in the east along the Jordan River, where there were almost daily incidents of mine-laying, firing at Israeli forces by Jordanian military posts and irregulars, shelling of Israeli villages, especially in the Beisan Valley, and attempts at infiltration by armed al-Fatah and other detachments.

The calling-up of reservists for additional periods of guard and other duties became a serious burden for the economy. Therefore, it was announced, on January 7, that men whose army service was to be completed by March 31, 1969, would have to remain in the army for another six months, or for a total of three years. Service in the armed forces had been cut from 30 to 26 months in December 1963, and restored to 30 months in November 1966.

On February 11 Israel protested to the UN Security Council against a series of incidents during the preceding four days, in which seven persons were killed and 13 wounded. These "repeated violations," the note said, placed "the greatest strain on the cease-fire structure."

Addressing a world conference of Jewish journalists in Jerusalem on February 12, Prime Minister Eshkol declared, "We shall not acquiesce in a
situation in which the Jordanian forces can open fire whenever they wish.”

The next day Defense Minister Dayan warned Jordan to keep the border quiet and prevent infiltration into Israel. Since the war, he said, there had been 41 exchanges of fire, 22 acts of sabotage and 27 mining operations along the cease-fire line, resulting in 15 dead and 59 wounded in Israel, and 200 dead and 700 wounded among Jordanian civilians and terrorists.

The main Jordanian sabotage bases were located in densely populated areas near the cease-fire line. Dayan accused the Jordanian army of extending aid, intelligence information, transport, and covering fire to the saboteurs. “When a cease-fire line is made into a war front, civilian life along it becomes impossible, although we shall do all we can to avoid making it so,” he declared. At the same time he stressed that sabotage and terror cannot be expected to lead to “any tangible military results” for the Arabs.

On February 15 Israeli planes, artillery, and tanks went into action, penetrating up to ten miles into Jordanian territory, to meet a heavy Jordanian bombardment of Israeli villages in the lower Jordan and Beisan valleys. A new climax was reached on March 18, when a bus carrying high school children going on an outing struck a mine about 12 miles from Eilat; two persons were killed and 28 injured. In a note submitted to the Security Council the same day, Israel declared that “the training, organization and dispatch” of the saboteurs were “openly carried out on Jordan territory,” while Jordanian and Iraqi army units and positions “increasingly assist the raids and provide covering fire for them.”

On March 21 Israeli forces struck at a major Fatah base at Karameh, North of Jericho, about three miles East of the River Jordan, and three smaller bases at Ghor Safi, Ghor Feifa, and Dahal, South of the Dead Sea. One hundred and fifty terrorists were killed, and a large number taken prisoner. The Israeli forces were ordered to avoid contact with Jordanian Arab Legion units; but when the latter intervened, there was heavy fighting with heavy casualties on both sides. There were 27 dead and 70 wounded on the Israeli side and 100 killed and 90 wounded on the Jordanian; the Legion lost 48 tanks.

Speaking of the operations, Major General Hayyim Bar-Lev, the Israeli Chief of Staff, said that the purpose of the operations was neither reprisal nor retaliation: “Ours was a clear and well-defined objective: to hit and destroy the terrorist elements and their bases.”

On the same day Prime Minister Eshkol told the Kneset that the bases of the Fatah were well known to the Jordanian government, and that its “members publicly appeared in towns and villages, wearing uniforms and carrying arms.” He further explained that, “According to reliable and thoroughly checked reports, a new and wider wave of terror was about to be launched against Israel, which would have aggravated the security situation to a dangerous degree.” Captured documents and statements by prisoners revealed plans to attack Hadassah Hospital on Mount Scopus, the
Keneset, and civilian communication centers, for which more than 1,000 men had been recruited and brought to Karameh.

Commenting in the Keneset on March 25 on the Security Council's condemnation the day before of Israel for the Karameh raid, Eshkol expressed regret at “the impotence of the Security Council to ensure peace in the Middle East.” He said:

So long as the Security Council is incapable of determining in so many words that the obligation of peace devolves on all parties; so long as it is inclined to accept a state of affairs in which one side is at liberty to pursue belligerence, while the other side is asked to put up with violations of the UN Charter and its resolutions, its decisions will not be calculated to render a tangible contribution to the establishment of peace in the region.

After the Security Council resolution, there were more Jordanian army and Fatah attacks, culminating on March 29 in an artillery barrage against villages in the Jordan and Beisan valleys. Israeli artillery and planes went into action to silence the Jordanian positions. The next day Ambassador Tekoah told the Security Council that: “Jordan has a choice: Either it will put an end to their [the Fatah raiders’] aggressive activities, or Israel will have to do it in self-defense.”

On April 21 the Israel Cabinet increased the country's defense budget by more than £500 million, to a record total of £2,200 million, the additional funds to be raised by a new voluntary loan of £300 million and cuts of £200 million in the development budget.

In a note to the Security Council on April 23, Israel drew attention to continued support of terrorist operations against Israel by the Arab states, which had assigned regular army units to help. The note warned:

Continuation of active warfare against Israel by the Arab states is the gravest problem in the Middle East conflict, particularly in view of the Arab governments' avowed aim to bring about Israel's destruction.

Defense Minister Dayan stated on April 26 that Israel would carry the war into Jordanian territory if Jordan did not cease its acts of war and terror. He noted that, while almost 70,000 persons abandoned their homes on the East bank of the Jordan as a result of Israeli replies to terrorist attacks, no one left the Israeli villages along the Jordan front.

The River Jordan must remain Israel's “security border,” Prime Minister Eshkol stated in an interview broadcast on June 22. A final agreement on the borders, he said would have to take into account the historic rights of the people of Israel to the Land of Israel, without ignoring the existence of concentrations of Arab populations. Explaining this statement in the Keneset on November 5, Eshkol said that when agreed political boundaries were drawn, Israel would insist that there be no Arab armies, Jordanian or otherwise, West of the Jordan, and that no foreign forces be permitted to cross the river after the conclusion of peace.
Sabotage activities constantly increased in June and July; in many of the 98 incidents in July the saboteurs were supported by Jordanian regular forces. On August 4 Israeli planes bombed two camps of the al-Fatah, the Palestine Liberation Front, and other terrorist groups near es-Salt, about five miles East of the Jordan River.

Effective patrolling of the borders thwarted the great majority of attempts to cross the Jordan. There were 103 incidents from August 18 through September 16: Israeli villages were shelled on 43 occasions, and fire was opened on patrols on 49; there were six minings and two acts of sabotage, but only two encounters with infiltrators. In reply to the shelling of Beisan on September 17, Israeli long-range artillery hit at positions near Irbid, some ten miles East of the river.

Defense Minister Dayan told the Keneset on November 27 that hostilities against Israel had been stepped up after a November 10 agreement between King Hussein and the terrorist organizations in Jordan. On December 1 Israeli commandos destroyed two bridges some 40 miles East of Sodom, severing Jordan's North-South communications. On each of the following three days Israeli planes went into action in reply to repeated bombardments of villages in the Jordan and Beisan valleys. They inflicted severe damage on Iraqi artillery bases which had participated in the shelling.

Several bomb outrages took place in Jerusalem, Tel Aviv, and Hebron. On August 18 nine persons were injured when three explosive charges went off in various parts of Jerusalem. One pedestrian was killed and 51 wounded by three bomb explosions in the Tel Aviv Central Bus Station. On both occasions, angry crowds of youngsters started molesting Arabs, but were soon brought under control by the police. Defense Minister Dayan as well as Mayors Teddy Kollek of Jerusalem and Mordecai Namir of Tel Aviv denounced any attempts by Jewish "hotheads" to take the law into their own hands. Within 36 hours of the Tel Aviv outrages, the police rounded up 22 Arabs who were charged with responsibility for the explosions.

On October 10, the third day of Sukkot, 47 people were injured, 15 of them seriously, when a hand grenade exploded on the steps of the Tomb of the Patriarchs in Hebron. On November 22, a charge of explosive packed into a parked car in the Mahane Yehuda Market in Jerusalem killed 12 and injured 52 persons. Prime Minister Eshkol placed full responsibility on the leaders of the Arab countries.

The Suez Front

On January 25 Dayan wrote to General Odd Bull, chief of the UN ceasefire observers, agreeing with Egyptian proposals for removing the 15 freighters blocking the Suez Canal since the six-day war, as a one-time exception to the "no-sailing" agreement in force in the canal, and stipulating that only the Southern exit be cleared. On January 30 the Egyptians sent two survey boats toward the Northern end of the canal. When Israeli forces fired
several warning shots into the air, the Egyptians replied with an artillery barrage along the thirty-five-mile stretch, which was answered by Israeli guns.

Foreign Minister Eban denounced the Egyptian action as a breach of the agreement and said that any proposal for movement to the North would have to be considered on its merits as a separate question. Ambassador Tekoah stated on February 7 that Israel favored “the early opening of the Suez Canal for the free and unimpeded navigation of the ships and cargoes of all nations”; until that was achieved, he said, his country insisted on the maintenance of the existing agreement prohibiting the movement of craft in and into the canal.

Another flareup on the Suez front started with an ambush on August 26, in which two Israeli soldiers were killed and one abducted to the other side. The Egyptians denied any responsibility, but the UN observers reported that the attack was carried out from the West bank of the canal. Ambassador Tekoah told the Security Council on September 4 that an Egyptian military force of about 30 men was responsible for the incident.

On September 8 one of the heaviest artillery duels in the area since the six-day war took place along 80 miles of the canal, between Kantara and Fort Suez. The Egyptians opened fire when Israeli sappers exploded a mine on the East bank, firing over 10,000 shells at the Israeli positions. Israel lost ten soldiers killed and 18 wounded. Egyptians again opened fire across the canal on September 10, and an Israeli truck was ambushed 12 days later. Fifteen Israeli soldiers were killed and 34 wounded in an artillery clash across the canal on October 26, which began with a sudden Egyptian barrage. In their reply, Israeli artillery started three fires in Egyptian oil refineries at Suez.

Defense Minister Dayan stated in the Knesset on October 29 that the Egyptians had broken the cease-fire 119 times since the six-day war. Israeli casualties on the Egyptian front totalled 101 killed and some 300 wounded, including losses suffered when the destroyer Eilat was sunk (AJYB, 1968 [Vol. 69], p. 127).

On October 31 an Israeli commando unit penetrated deep into Egyptian territory, blowing up the Qena and Naj Hammadi bridges and the Naj Hammadi transformer station on the River Nile.

**Hijacking of Israeli Aircraft**

An El Al Boeing 707 aircraft, with 38 passengers and a crew of ten, was hijacked on July 23 during a routine flight from Rome to Lod and compelled to land in Algeria. The Israel government asked the UN Secretary General, the International Civil Aviation Organization and the Italian government to work for the release of the aircraft and its passengers.

A day later, the Algerian government released the 23 passengers who carried non-Israeli passports, but kept the Israelis under guard at the Maison Blanche airport, near Algiers. Foreign Minister Eban said on July 26 that
there was no justification to postpone for a single hour the release of the plane, with all its passengers and crew, and that Israel would exhaust all possibilities of international influence and pressure to persuade Algeria to let them leave. On July 17 ten Israeli women and children, including three stewardesses, were released. The Israel cabinet, on July 28, called the hijacking of the plane “a most grave crime against international law and morality. The holding of the plane and its occupants is no less criminal than the hijacking. Only by an immediate release can the Algerian government rehabilitate itself in the eyes of the world.”

Negotiations continued. The 12 Israeli men among the passengers and crew, as well as the plane, were not released until August 31, after being held for 39 days. As a “humanitarian gesture” and a mark of appreciation of the Italian government’s efforts in securing the release of the plane, Israel agreed to free 16 Arab prisoners, four of them captured after the six-day war. Foreign Minister Eban expressed appreciation to all who used their good offices to help solve the problem.

**Lebanon**

Lebanese press reports of government encouragement and support for Fatah terrorists were noted in the spring. Prime Minister Abdallah Al-Yafi took part in a leave-taking ceremony for 50 young men who joined the organization (*Al-Yaum, April 30*). Recruiting offices for the volunteers wishing to join the terrorist organizations were opened in Beirut (*Al-Jarida, April 30*). Al-Yafi attended a large public funeral of a Fatah fighter who had been killed in Jordanian territory (*Al-Dad, May 2*). Training camps for new terrorist recruits operated in Sidon (*Al-Difa, May 8*). Defense Minister Dayan said in the Kneset, July 24, that nine hostile acts were perpetrated against targets in Israel from bases in Lebanese territory in the first half of 1968.

On December 26, two Arab terrorists attacked an El Al airline Boeing-707 with machine guns and hand grenades, as it was about to take off from Athens airport to Paris and New York. Leon Shirdan, an Israeli machine engineer, was killed and several passengers injured. According to a Greek government spokesman, the terrorists disclosed that they had been told to destroy an Israeli plane “wherever they found one.” Transport Minister Moshe Carmel warned that Israel would not tolerate attacks on her planes without “exposing Arab objectives and personalities to the responsibility of consequences of such acts.” He held the Lebanese government responsible, because “we know that the men came from Beirut; they schemed and organized and were aided there.”

On the evening of December 28 an Israeli commando unit raided Beirut airport and, after warning bystanders to keep out of the way and making sure that no mechanics or passengers were inside, destroyed fourteen aircraft.
belonging to Arab airlines. At the same time, other Israeli units dropped smoke bombs in an effort to halt traffic to Beirut and prevent Lebanese forces from reaching the airport. There were no casualties.

At the conclusion of the cabinet meeting next day, the Prime Minister pointed out that it was pure accident that the number of victims in the attack on the El Al plane had not been larger, for "The aim of the assailants was to kill dozens of people and—by spreading fear—to paralyze Israel's civil aviation." He continued, "We have no interest in worsening our relations with Lebanon. But we are obliged to defend ourselves against all aggression, wherever it is planned or carried out."

Speaking in the Knesset on December 31, after the Security Council's censure of the Israeli raid, Eshkol maintained that, had the attack on the plane been successful, the fuel tanks would have exploded and tens of charred bodies of men, women and children would have been removed from the wreckage. He pointed out that the Israeli forces at Beirut increased their risks to prevent casualties. He refused recognition by Israel of the maxim that "she is bound by the cease-fire, while the Arab states are free to fight her, by terrorist or other means, without let or hindrance."

## Domestic Affairs

### Population and Migration

In December 1968 Israel's permanent population numbered 2,841,000 persons: 2,436,000 Jews and 405,000 non-Jews (mainly Arabs and Druses). Jewish immigration for the year totaled 31,071 (compared with 14,327 in 1967): 18,156 *olim* (permanent immigrants), 8,404 registered as temporary residents, 2,547 tourists settling, and 1,964 returning residents. Of the total, 5,599 came from North America, 2,290 from South America, 3,692 from France, and 1,509 from the United Kingdom. At the end of 1968 there were 4,500 overseas students in the universities and 1,500 in *yeshivot*.

### Israel-administered Areas

According to a census conducted by the Israel Central Bureau of Statistics between August 15 and September 25, 1967, a total of 994,735 persons lived in the areas that came under Israeli administration as a result of the cease-fire agreements after the six-day war: 598,637 in Judea and Samaria (the West Bank); 356,261 in the Gaza Strip; 33,441 in Northern Sinai; 6,396 in the Golan Heights. Twenty-nine per cent of the population in Judea and Samaria, 92 per cent in the Gaza Strip, and 90 per cent in Northern Sinai lived in urban areas or large refugee camps.

It was found that 315,959 persons (33 per cent of the total *) belonged to

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* Not taking into account 38,300 whose origin was unknown.
households whose heads came from Israeli territory inside the 1949 armistice demarcation lines: 105,654 (18 per cent) in Judea and Samaria and 210,295 (61 per cent) in the Gaza Strip. Thirteen per cent of the total population on the West Bank and 48 per cent in the Gaza Strip lived in refugee camps; 15 per cent of the camp inmates on the West Bank, and 9 per cent in the Gaza Strip did not originate from pre-1967 Israel. The number of refugees thus determined was far smaller than the figures previously published by the UN Relief and Works Agency (UNRWA). In the Gaza Strip, which few people had left, the census showed a total population of some 22 per cent less than the Egyptian estimate of 454,960 for 1966.

Measured by the percentages of persons possessing such household conveniences as kitchens, running water, inside toilets, radios and television sets, the refugees in the camps were better off than the village population, but not so well off as the townfolk.

Israel's administration of the areas continued to be based on the principles laid down after the six-day war, namely maintenance of law and order by the security forces; minimum interference with the lives of the population; freedom of movement to all parts of Israel and across the cease-fire lines to Jordan and other Arab countries; freedom of expression, even opposition to Israeli rule, short of incitement to violence and open resistance; facilities for trade across the cease-fire lines; maintenance of the Arab judiciary, acting under existing British mandatory, Syrian, or Jordanian law in civil and ordinary criminal matters; assistance to local authorities, as and when requested, in improving services and developing agriculture and industry.

Ninety-seven per cent of the administration—other than customs officials, police, and prison staffs—remained in Arab hands. There were 23 municipalities, some 80 rural councils, and about 450 villages without municipal status in Judea and Samaria, with a total revenue of £10.5 million ($3 million) and expenditure of £9 million for the 1968–1969 financial year.

There were some 107,000 visitors to Arab states in 1968, and, during the summer, about 16,000 students and others living in the neighboring Arab countries were permitted to visit relatives in Judea and Samaria.

Up to the end of 1968 some 21,000 Arabs, who crossed the Jordan during and after the six-day war, returned under permit from the Israel government; another 11,000 permits were not utilized. During a further grace period from November 24 to the end of the year, only 55 more Arabs returned.

Moslems and Christians continued to administer their own religious affairs. The Moslem Sharia courts continued to operate. The Israel government undertook to bear the cost of repairing all war damage to churches and other holy places, upon request.

Jordanian bank branches could not be reopened since their assets were held in the head offices East of the Jordan. Therefore Israeli banks opened 13 branch offices, nine in Judea and Samaria, and four in the Gaza Strip.
and Northern Sinai. From the beginning of 1968, export of goods to Jordan was freely permitted without a license, except goods subsidized in Israel and raw materials imported into Israel. Israeli export incentives were extended to the administered areas, affecting mainly citrus sent out from the Gaza Strip and souvenirs from the Bethlehem area. In the second half of 1968 the monthly trade turnover between the administered areas and Jordan was about the same as during the same period in 1967: £6 million a month, imports from Jordan covering half of exports; trade with Israel rose from £9 to £25 million, of which roughly £10 million were purchases of Israeli products.

Agricultural training, research, and services were reorganized on a regional basis, with an Israeli agricultural officer as adviser to the Arab staff in each region. Seven Arab agricultural committees were organized to deal with various branches of farming. About one-fifth of Arab farmers in Judea and Samaria attended demonstrations of new methods of irrigation, mechanization, sowing, and the use of fertilizers. Some 104,000 tons of agricultural produce valued at £42 million were sold to Transjordan between July 1967 and the end of May 1968, including 30,000 tons of Gaza citrus fruits. About a million saplings were planted by several hundred Arab workers under the supervision of Jewish National Fund experts.

Water pipelines totaling 12.5 kilometers in length were laid, and a reservoir with a capacity of 1,000 cubic meters was constructed. It was estimated that water resources could be developed to permit an 80 per cent increase in water consumption.

Social welfare assistance was given to some 220,000 persons, in addition to 180,000 refugees assisted by UNRWA.

Assistance was given to government and private hospitals in the administered areas. Arabs also were admitted to Hadassah hospital in Jerusalem and other Israeli institutions, when suitable treatment was not available in Judea and Samaria. At the beginning of 1968 there were 654 schools in the area, with 3,811 teachers and 110,966 pupils.

Housing construction, which was reduced because of political uncertainty after the war, picked up again in 1968. The Ministries of Housing and Defense drew up plans for the investment of about £13 million in public and private constructions. In Qalqilia houses destroyed during the war were rebuilt at a cost of £1 million. About 200 kilometers of roads were widened and 40 kilometers of new roads built, and the daily average number of persons employed rose from 2,500 to 8,000.

In 1968 the flow of Israeli visitors declined, but there was an increase in the number of foreign tourists and it was estimated that the income from tourism was about the same as in 1966, though a higher proportion went to shopkeepers and less to hotels and special tourist trades.

On the eve of Passover 30 religious Jewish families, with 30 children, moved into the Park Hotel in Hebron, where they celebrated the seder.
When the festival was over, they said they intended to remain in the city. Religious Affairs Minister Zerah Warhaftig and Labor Minister Yigal Allon came to see them. Allon welcomed them as "being privileged to be among the first to revive the Jewish community in the City of the Patriarchs, the cradle of the nation," and promised them employment in public works as well as vocational training. They were later housed in the military government compound.

In the Gaza Strip, with a 200,000 refugee population, there were a number of violent demonstrations in the course of which hand grenades were thrown at passing cars. Although shop and school strikes took place in Judea and Samaria, the local population, on the whole, did not cooperate with the groups of saboteurs from the East Bank of the Jordan. The vigilance of security forces and punishment for breaching the peace, on the one hand, and economic prosperity and a considerable degree of freedom on the other, prevented serious unrest. There were signs of readiness on the part of some Arab notables to seek an accommodation with Israel, but no authoritative leadership emerged beyond the municipal level.

Economic Developments

The upward trend in economic activity, which was resumed at the end of 1967 after a halt caused by the recession and the six-day war, continued throughout 1968. The gross national product (GNP) grew by 14 per cent, and investments by 48 per cent. The major roles in this growth were played by industry, with a 28 per cent rise in output which in part covered increased defense needs, and construction, with a 26 per cent expansion to meet the needs of increased immigration. Agricultural output rose by only two per cent. Employment was up 9 per cent, and the percentage of unemployed fell from 10.4 per cent in 1967 to 5 per cent at the end of 1968.

Over 432,000 tourists visited Israel in 1968, one-third more than in 1966, the previous peak year; they spent $95 million, 50 per cent more than the previous record. The average length of stay was two weeks, and hotel occupancy averaged 60 per cent over the year, almost ten per cent higher than in 1966.

Despite increased activity, there was no rise in the cost-of-living allowance during the year; prices and wages remaining almost stable. Per capita consumption increased by 7 per cent, after a 2 per cent drop in 1967, but a rise to 16 per cent in savings of disposable private incomes, compared with 12 per cent in the year before, helped to absorb surplus demand.

The price paid for economic growth was a rise in the unfavorable balance of payments to $615 million. Exports increased $186 million, totaling $1,120 million ($490 million, industry; $113 million, agriculture; $95 million, tourism), but imports grew by $343 million to a total of $1,735 million. Part of the higher deficit was financed by capital imports, but foreign currency balances declined by $100 million.
Close to 500 Jewish industrialists, businessmen, and economists from abroad attended an economic conference, convened by Prime Minister Eshkol in Jerusalem on April 1–4, to discuss ways and means of cooperating with leaders of Israel's economy in developing and modernizing the economy and expanding markets for Israeli products. Twenty-two subcommittees, as well as regional and national commissions, were set up for promoting projects in specific branches of the economy. Progress was reported at a follow-up conference in Jerusalem on November 6–9.

Political Developments

Mapai, Ahdut Ha-'avodah, and Rafi officially merged, on January 21, to form the United Israel Labor party (Mifleget Ha-'avodah Ha-yisre'elit). It was agreed that Mapai should nominate 57.5 per cent of the governing bodies of the new party, and the two other partners 21.5 per cent each. On February 8 Golda Meir, the former foreign minister, was elected secretary general of the party, with Simeon Peres (Rafi) and Abraham Gevelber (Ahdut Ha-'avodah) as her deputies.

Rafi pressed for the election by direct membership vote of delegates to the national convention that was to decide on the party's candidates for the October 1969 parliamentary elections; Mapai and Ahdut Ha-'avodah wanted the convention to be constituted by agreement to give the new party time to settle down. In a crucial vote on September 19, the party's central council (merkaz) decided that delegates to the pre-election convention would be nominated by the three component groups, and that the first directly elected convention should be held only after the parliamentary elections. At the same time, Rafi proposals for secret ballots in the party secretariat, if demanded by a large minority, and for legislation to ensure the direct election of mayors and local council chairmen were adopted.

Despite the union of the parties, former members of the three components still maintained a degree of coherence and continued the struggle for power. The growing popularity of Moshe Dayan, as shown in public opinion polls, caused some concern among the veteran leaders who criticized the "personality cult" among his supporters. The appointment of Yigal Allon as deputy prime minister and minister of immigrant absorption, on July 2, was widely regarded as meant to give him a start in the race for the succession. The co-option of Joseph Almogi (former Rafi) as minister of labor was calculated to neutralize an important member of the rebel group. Mrs. Meir resigned as secretary general for personal reasons, and was succeeded on August 2 by Phinehas Sappir, the minister of finance. (Minister of Commerce and Industry Zeev Sharef took over the Finance portfolio, in addition to his own, and Sappir became minister without portfolio.)

Despite the opposition of the former Rafi section, the Labor party concluded an alliance (maarakh) with Mapam, the United Workers' party,
toward year's end. The combined parliamentary group now numbered 63, for the first time commanding an absolute majority in the Keneset.

**Zionist Affairs**

Aliyah was the major preoccupation of the 27th World Zionist Congress, which opened in Jerusalem on June 9. That morning, the Israel cabinet decided to take over from the Jewish Agency the absorption of immigrants and to set up a special ministry for the purpose. This had been recommended by a committee, headed by Isaac Ben-Aharon, which was set up by the Israel Labor party. Nahum Goldmann, president of the World Zionist Organization, and Prime Minister Eshkol told the congress that the survival of the Zionist movement depended on how successful it was in increasing aliyah.

Of the 644 delegates to the congress, 120 were nonparty representatives of youth movements and of student and aliyah groups. The Labor Zionists (Poale Zion and Ahдут Ha-'avodah) had 179 delegates, the World Union of General Zionists 94, the World Confederation of General Zionists 83, the Mizrachi 69, Herut-Revisionists 53, United Workers' party 34, and WIZO 12.

The congress, which closed on June 18, adopted a new Jerusalem Program (the first was adopted at the 23rd Congress in 1951), redefining the aims of Zionism as:

The unity of the Jewish people and the centrality of the State of Israel in its life; the ingathering of the Jewish people in its historic Homeland Eretz-Israel by aliyah from all countries; the consolidation of the State of Israel, founded on the prophetic vision of justice and peace; the preservation of the uniqueness of the people by the advancement of Jewish and Hebrew education and the fostering of Jewish spiritual and cultural values; defense of the rights of Jews wherever they live.

It adopted a plan to promote mass immigration from the West by setting up aliyah movements committed to settlement in Israel at the earliest possible opportunity, and by establishing a special division in the Jewish Agency's Youth and Pioneering Department to coordinate activities among students.

In the new 14-member executive (reduced from 27), A. Louis Pincus, the chairman, took over the immigration and absorption department. Nahum Goldmann was not re-elected president.

MISHA LOUVISH
ECONOMIC DEVELOPMENT

The position of the Jews in Iran can best be understood in the light of the country's astonishing internal development. The commitments made by Mohammed Reza Pahlavi, Iran's ruling Shah, in his book *The White Revolution* were becoming reality.

The entire population profited greatly from the housing boom that had been in progress for several years. In the urban areas alone, over 63,000 buildings were completed in 1967. Less than 20 years ago Tehran had been a sleepy Middle Eastern community. It now was a bustling world metropolis of almost three million people, in a total population of 25.7 millions, with its northern suburbs converted into a fashionable residential area. The city had all the problems associated with such growth—traffic snarls, smog, noise, and a public transportation system constantly in need of expansion.

The average annual growth of GNP, which has been 10 per cent for a number of years, rose to an impressive 16 per cent in 1968. The variety of locally manufactured products increased, and their quality improved almost daily. The shift from importing to manufacturing had a favorable effect on the trade balance. Air conditioners, refrigerators, televisions, radios, and automobiles were being manufactured under local brand names, some by Jewish-owned firms.

Although changes were more readily seen in the cities, rural areas also were affected. Cooperatives for buying, selling, and marketing were introduced among the farmers. The parcelling out of land to landless farmers continued in conformity with the Shah's earlier assurance. Dams, model villages, and improvements in agricultural methods were being made available to rural dwellers at a constantly increasing rate. To quote but two examples, sugar production increased 107 per cent and cotton textiles 267 per cent within a few years. Other figures rose even more sharply; in an eight-year period, the production of cement increased over 1,000 per cent.

The basis of much of this progress was oil, providing three-quarters of Iran's foreign exchange, and wise government investment of foreign earnings to encourage local production. A certain percentage of these earnings—the
latest available figure showed an increase to 70 per cent—was transferred annually to the national Plan Organization, which has proved its efficiency in investing these funds in the country's development. Before the June 1967 six-day war, Iran's income from oil sales abroad was $575 million. In May 1967 the government and the consortium of oil companies agreed to a 24 per cent increase in production. As a result of the conflict and the Arabs' refusal to sell to the West, Iran could readily expand its markets, and 1968 was expected to yield close to one billion dollars in foreign oil sales.

Careful government policy and planning, the desire of foreign powers to invest, and the discovery of new gas fields and a sizable deposit of copper, all contributed to Iran's growth. Its first steel mill, a $350 million enterprise now under construction (AJYB, 1966 [Vol. 67], p. 428), will be paid for by exporting natural gas to the Soviet Union. The continuing sale of gas was calculated to give Iran over the next two decades substantial credits for purchases in the Soviet Union.

The lavish coronation ceremonies in October 1967 were a graphic expression of Iran's growth. The Shah, who has reigned since 1941, was quoted as saying that he waited 26 years for the coronation because he did not want to be the ruler of a poor country. The display of wealth in every city during the coronation period and the extravagant gifts, heaped on the royal family by loyal subjects, revealed that his wish had been fulfilled.*

Social Progress

In summer 1968, after Iranian women were given the right to vote, the Shah appointed a woman as minister of education, the first to hold a cabinet post. The Health, Literacy, and Development Corps continued its impressive programs in the countryside. Its latest addition was a women's corps of volunteers, who were more successful than men in reaching the protected rural women.

Literacy, health, and nutrition received badly needed attention; but despite recent progress, much still remained to be done. The 1968 average per capita income was close to $350, an increase of nearly $60 since 1967.

FOREIGN AFFAIRS

The competence of the government was most apparent in foreign affairs. It maintained a careful balance between East and West, between Arabs and Jews. Iran has emerged as a significant power in the Near East, a result of its own efforts as well as of Britain's abdication of power in the area. While

* Former Pennsylvania Governor William W. Scranton, who visited Iran on December 5, 1968 on his tour of the Middle East to gather information for President-elect Richard M. Nixon, was most impressed with the country's prosperity. The Shah told Scranton that he wished to settle all political problems on his borders, with the Soviet Union, with Iraq, and in the Persian Gulf, to protect the continuation of the internal development.
continuing, and even enlarging, trade with the West, it has managed to make significant strides in developing trade with the East.

One trade agreement with Rumania provided for the purchase of $100 million worth of oil from Iran; in payment Rumania was to build a plant that would produce 15,000 tractors over the next decade. Trade with the Soviet Union averaged about $20 million in 1962. Currently, projects involving over $500 million had either been concluded or were under discussion. Besides the steel mill, the Russians were scheduled to build a machine tool plant, a pipeline, generators, improve the railroad system, and develop Caspian sea ports. Iranian heaters and textiles were appearing on the Russian market. By 1971 trade between the two countries was expected to reach $200 million annually, a ten-fold increase in a decade.

_Irano-Arab Relations_

Iran's relations with the Arab countries were one of the most delicate areas in its international affairs. They were often uneven. For example, on March 19, 1966 it protested to the Iraqi government the use of poison gas by the Iraqi army against villages on the Iranian border. A successful concerted effort was made to improve relations between the two countries when 'Abd al-Raham Arif was President of Iraq. However, after Arif's ouster in a bloodless coup in July 1968 (AJYB, 1968 [Vol. 69], p. 131), relations again became strained. Iran soon protested against incursions by Iraqi armed forces and resultant casualties among its civilian population. When the newly-appointed Iraqi minister of information publicly spoke of the protection of Arab interests in the Persian Gulf, the Iranian press, doubtless reflecting the government position, strongly objected to the terminology. Such references by the Arab states invariably irritated Iranian leadership, since Iran is a Moslem, not an Arab country. The government also resented any attempts to pressure it into a pro-Arab position that may not have been in its national interests. Relations with Iraq improved by year's end.

In May 1967 Egypt's President Gamal Abdel Nasser accused Iran of selling oil to Israel, an allegation which Iran correctly refuted. Before the six-day war, Iran issued a statement defining the rights of Moslems; after the cease-fire, the Shah repeatedly called for the immediate evacuation by Israel of occupied territories. Iran also established a camp for Arab war refugees in Jordan, for which it received the thanks of Jordan and other Arab states. However, despite Iranian efforts to improve relations with its Arab neighbors, Kuwait and Saudi Arabia failed to invite Iran to a conference on the future of the Persian Gulf, an area in which Iran was a power. Offended by this slight, the Shah cancelled a visit to Saudi Arabia, scheduled for February 1968. Later, in November, he did make the trip, which was hailed by the Iranian press as a diplomatic triumph.
Irano-Israeli Relations

Although Iran and Israel had no formal diplomatic relations, both saw to it that their interests were represented. In Tehran, Israel maintained an office with experts in consular, trade, and economic affairs. Several Israeli firms operated in Iran, with considerable success, many engineering firms involved in development projects and contributing to Iran's modernization. Impartial press and radio reporting during the June war was interpreted as reflecting the independent position and self-confidence of the Iranian government.

Iran's decision in the 1950s to open its gates to tens of thousands of Iraqi-Jewish refugees was a humanitarian act too little noted in the world press. It was described as one more gesture of Persian friendship for Jews, which has a historic tradition dating back to the fourth century B.C.

Jewish Community

About one-third of one per cent of Iran's population of 25.5 million was Jewish. Of the community of 75,000, an estimated 45,000 lived in Tehran, 8,000 in Shiraz, 3,000 in Isfahan, and the rest in smaller communities including Hamadan, Yazd, Kermanshah, Brujerd, Kerman, Abadan and others. The population trend was downward in the small communities, and upward in Tehran.

Emigration to Israel has been sporadic and was offset by the number of births. There was little impetus to leave, since the Jews enjoyed all political and social rights of Iranian citizens. They tended to gravitate to business and the professions; few preferred to work in government. Along with the Armenians, the Jews had the highest literacy rate of any group.

Communal Affairs

The June 1967 war called forth a unanimous display of solidarity for Israel. It left a permanent mark on the community, which never before had been so united. It now made greater efforts at organization and centralization. The Central Jewish Committee, headed by Habib Elghanian, attempted to gather all Jewish community holdings under its aegis. An assessment of these holdings was undertaken. At the same time, tentative steps were taken toward a single annual fund-raising effort. The newly elected representative of the Jewish community in Majlis (parliament) was Lotfollah Hai.

Each community had its own central Jewish committee, and these bodies were loosely affiliated with the Tehran community. Official recognition was granted to the Shiraz community, which now was empowered to collect and distribute funds and to own all Jewish community property. Thus far, such property had been held in the names of individuals.

A number of international Jewish bodies were active in Iran, the most
important of them the American Jewish Joint Distribution Committee (JDC), with offices in Tehran, Isfahan, and Shiraz. JDC listed 20,000 beneficiaries under various programs of health, education, and welfare.

**Education**

The Alliance Israélite Universelle maintained a network of schools with over 6,000 students. The traditional-oriented Otzar Ha-torah, with headquarters in New York, had over 5,000 students. ORT, with about 800 students in Tehran, offered a dynamic program on a model campus, producing a significant number of the country's much-needed technicians. The Jewish Agency helped pay the salaries of a number of Hebrew teachers in these schools. All charged nominal tuition fees. The Jewish community maintained several schools at its own expense.

Kindergartens in the four largest communities continued to be supported partly by Jewish Ladies' Committees, but mostly by JDC. Food and clothing were usually supplied in these schools through local effort, with considerable assistance from JDC.

**Health and Social Services**

In May 1968 the Jewish Kanoun Kheir Khah (Welfare Institute) hospital in Tehran opened a new surgical wing named after Cyrus the Great. The queen who, accompanied by a number of dignitaries, attended the ceremonies, was so impressed that she donated the equivalent of $70,000 for the construction of a nurses' school, to be connected with the hospital. Funded by local contributions, fees, and JDC assistance, the hospital was in the forefront of administering a family-oriented health program, which drew the interest of local authorities. In smaller communities, out-patient clinics were maintained by local communal bodies, with JDC help.

A welfare office in Tehran distributed food, clothing, and cash to the Jewish ill and aged. In smaller communities, this work was done by committees of volunteers, assisted by JDC.

**Cultural Activities**

In 1967 recreational facilities for Jewish youth near the Mahalleh, the old Jewish quarter of Tehran, were enlarged. Regular sports activities, language classes, as well as a small library were now available to members. Outings and picnics were organized in the summer of 1968.

The Koresh Kabir Cultural Center and a number of private clubs were maintained for more affluent Jews. Arthur Rubenstein and Yehudi Menuhin were among the artists performing in Rudaki Hall, the new Tehran opera house opened by the government in honor of the coronation.

**MORRIS ROMBRO**