

U.S Aid to Israel

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The report by the General Accounting Office of the United States entitled *U.S. Assistance to the State of Israel*, released June 24, 1983, states that America's continued commitment to Israel's security and survival "is rooted in shared cultural, religious, moral and political values."¹ As for America's commitment to certain Arab countries, the report indicates that such commitment is based on them being a secure "source of oil for the U.S., Western Europe and Japan."²

It is precisely here, in the nature of the two "commitments," that we find the reason why America has most often made Israel's objectives and needs the basis for its actions and policies in the region, regardless of other legal, moral and humanitarian considerations, and regardless of objectives stemming from the United States' vast economic and strategic interest in the Arab world.

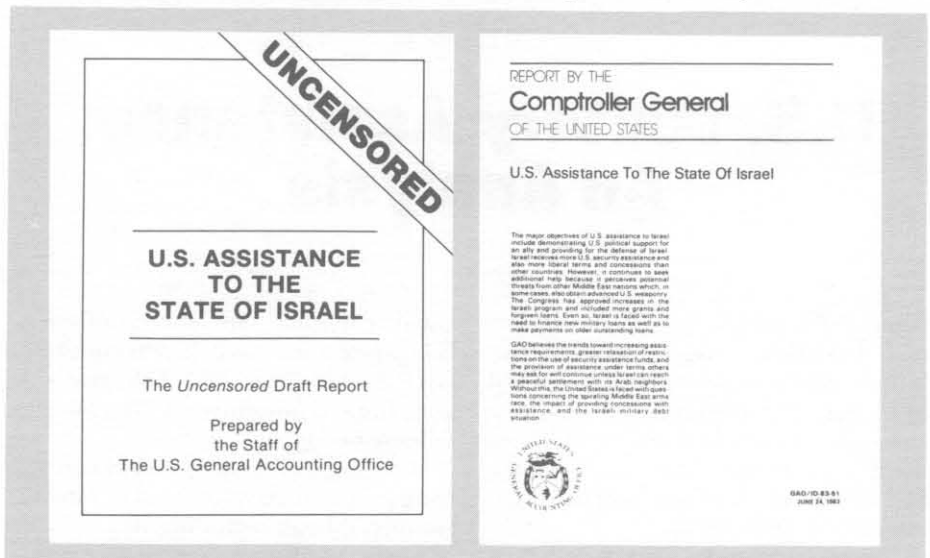
Over the decades, both Democratic and Republican administrations have provided Israel with substantial military and economic assistance in order to enable Israel "to maintain its qualitative and technological superiority over any potential combination of regional (Arab) forces,"³ even at times when the two governments have been at odds with each other, for example, over the treatment of Palestinians, the Israeli settlements in the Arab occupied territories, the use of U.S.-made weapons in non-defensive wars, and Israeli actions reflecting

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an aggressive, expansionist policy in the region.

This much is well-known by anyone who has followed U.S.-Middle East relations since 1948. Less well-known, perhaps, is that U.S. aid to Israel is increasingly dictated, not by the U.S. Administration, based on Israel's military and economic needs, but by the U.S. Congress, based on domestic political considerations. In 1982 the U.S. Embassy in Israel recommended that U.S. aid to Israel for fiscal year 1983 should remain at the same level as

cluded that Israel's defense requests were over-emphasized with the result that the Administration proposed only \$500 million in grants. The Congress, however, rejected this proposal as well, adding another \$250 million. Why? In a straight-forward assessment — deleted in the sanitized version — the GAO concludes: "State and DOD officials say that it is not politically possible to submit to the Congress, as an Administration proposal, a lower FMS figure for Israel than for the previous fiscal year."⁶



1982, arguing that Israel could manage at current assistance levels and that increased levels might damage Israel's standing within U.S. public opinion at a time when reductions were taking place in domestic programs and in other foreign aid programs.⁴ The Congress, however, rejected the Administration's proposal to keep the aid at the previous year's level and approved higher grants in economic support to Israel.⁵ Likewise, in military grants to Israel for 1983, the U.S. Department of Defense [DOD] con-

In order to shed light on the extent of U.S. assistance to Israel, this study is divided into two sections. The first will analyze the role played by the U.S. in helping Israel to build a formidable military force and, over the decades, to maintain a military balance favoring Israel in the region. The second section will examine U.S. economic assistance, which, although it has taken many forms, has consistently served to help Israel meet the high cost of its military buildup and the challenges of economic development.

About This Issue

The U.S. General Accounting Office is a Congressional watchdog agency set up to audit the executive branch. In 1982, without public announcement, it began a study of U.S. aid to Israel. On March 23, 1983, the completed study was submitted to Secretary of State George Shultz and other officials. Three months later a highly censored version was released to the public.

Shortly thereafter, a copy of all but six pages of the GAO's uncensored report was leaked to the press and articles appeared in major U.S. newspapers. This original report was then reprinted by the American-Arab Anti-Discrimination Committee (ADC) in Washington, D.C. Most of the deleted information is included in the ADC reprint, and is distinguished by boldface type.

This issue of *The Link* examines the content and significance of the

GAO report against the background of American military and economic assistance to Israel since 1948. Readers wishing a copy of the official GAO report should write their Congressional representative and ask for GAO/ID-83-51, June 24, 1983. Copies of the ADC's uncensored version are available from A.M.E.U.; to order, see page 15.

The article on Archaeology in the Holy City, originally scheduled for this issue, has been rescheduled for later next year.

Our January-February 1984 issue will focus on the extent and influence of Middle East lobbyists on American politics, particularly during the upcoming Presidential elections.

John F. Mahoney,
Executive Director

exception to the "Buy American" condition attached to all foreign aid grants.

However, when Israel wanted to produce its own fighter aircraft, the Lavi, thereby assuring jobs for 20,000 of its own people, it cited the Merkava as a "precedent" for further exemption from its "Buy American" obligation. In May 1982, Ariel Sharon, then Israeli defense minister, turned the exception into standard procedure by requesting \$250 million per annum for in-country use of U.S. military credits for fiscal years 1983 through 1986 "for the Merkava tank production, Lavi aircraft development and for other miscellaneous production."⁹

Substantial loans and grants from the U.S. have enabled Israel to tackle the serious economic problems it has been facing since 1948. Israeli records indicate a long-standing pattern of deficits in trade with other countries. While there has been a modest growth in the Israeli Gross National Product (GNP) over the years, Israel has steadily increased its military expenditures since 1948, both in dollar amount and as a proportion of expenditures: allocations for defense have risen from 30 percent of its GNP in 1975 to 40 percent in 1982. In view of these facts, it would have been difficult for Israel to meet its increasing military expenditures throughout the last three and a half decades without U.S. aid to fill the void. Nor could Israel have financed the wars it has been waging since 1948 nor maintained its qualitative and technological edge over the neighboring Arab states.

Table 1 (see page 3) shows that the U.S. has given more military than economic assistance to Israel since 1949; military assistance amounted to \$19.1 billion, or 68 percent of the total U.S. governmental assistance. U.S. administrations have provided Israel with massive military assistance "to maintain (its) security against threats from the outside and from radical forces within the region."¹⁰ In a paragraph deleted from the report, CIA sources conclude that, "another combined Arab-Israeli war is unlikely in the near future," due to the favorable military balance enjoyed by Israel because of the "general disarray in the Arab world." In exchange, the U.S. has relied on Israel to divert the energies of some Arab states to foster their economic and political dependency from development to confrontation. Some, mainly Zionists, argue that the purpose of American aid to Israel is

U.S. Military Assistance: An Analysis

From 1949-1985,* the U.S. Government has given Israel a total of \$30.7 billion: military assistance has totalled \$19.1 billion, while economic aid has amounted to \$9.9 billion. In addition, the Export-Import Bank has extended \$1.1 billion in loans to Israel during the period 1949-1983.

U.S. governmental assistance has grown in volume, increasing from a small fraction of all Israel's foreign transfers and loans in the early 1960's to more than 80 percent of such transactions by 1979.⁷ Thus, U.S. aid has become "an integral part of Israel's annual budget planning."⁸ According to the GAO report, Israeli documents revealed that U.S. aid to Israel covered 37 percent of its defense budget for

fiscal year 1982. The Israeli defense budget for 1982 was 21.3 percent of its GNP. From 1977 to 1983, U.S. assistance funded one-third of Israel's defense budget.

U.S. financial assistance has contributed to the development of Israel's industrial base, including its arms industry, used for export to generate needed hard currency and capital to finance Israel's huge military expenditure. At times, however, it has also had a negative impact on the U.S. economy through direct loss of jobs. The classic examples cited by the GAO report are Israel's Merkava tank and the Lavi fighter plane, both funded by U.S. grants. In 1977, Israel persuaded the Carter Administration to use \$107 million of its U.S. military aid to produce the Israeli-designed Merkava tank in Israel; this was considered by both countries as a one-time

*Inclusive 1984-1985, as approved by the House Europe and Middle East Subcommittee.

TABLE 1
U.S. Governmental Assistance, 1949–1985
(Millions of Dollars)

	Military Assistance			Economic Assistance			Total
	Loans	Grants	Sub-Total	Loans	Grants	Sub-Total	
1949–1952	—	—	—	—	86.5	86.5	86.5
1953–1961	0.9	—	0.9	248.3	258.9	507.2	508.1
1962–1976	3,461.6	2,450	5,911.6	931.3	1,048	1,979.3	7,890.9
1977–1983	6,800.0	4,700	11,500	1,044.9	4,545	5,589.9	17,089.9
1984–1985*	1,700.0	1,700	3,400	—	1,700	1,700.0	5,100.0
Total	11,962.5	8,850	20,812.5	2,224.5	7,638.4	9,862.9	30,675.4

Sources: U.S., Agency for International Development, Bureau for Program Policy and Coordination, *U.S. Overseas Loans and Grants and Assistance from International Organizations: Obligations and Loan Authorizations, July 1, 1945–June 30, 1971; July 1, 1945–September 30, 1977; July 1, 1945–September 30, 1979; and July 1, 1945–September 30, 1981. The New York Times*, August 10, 1982; *The Washington Post*, December 18, 1982.

*As approved by the House Europe and Middle East Subcommittee.

to promote and defend Western values and interests in the highly strategic Middle Eastern region in the face of mounting threats by the Soviet Union.

As much as \$8.9 billion out of the \$19.1 billion military assistance has been given to Israel as outright grants. The U.S. also has provided Israel with the most sophisticated weaponry in the American arsenal. For example, by 1975, the U.S. supplied Israel with F-15 Eagle fighters which could outperform the MIG-23 that Egypt and Syria had acquired from the Soviet Union. Israel also received the Lance surface-to-surface guided missiles which could deliver both conventional and nuclear warheads over a 70-mile range. Such a missile system is “five times more effective than the Soviet-made Scud B missiles in Syria and Egypt.”¹¹ There is a danger that these missiles can be used to deliver nuclear warheads since it is believed that Israel has “at least ten nuclear bombs with a 20-kiloton yield — the size of the U.S. atom bomb dropped on Nagasaki.”¹²

Israel is also one of two nations that have been permitted to order U.S. equipment through the security assistance program, that is, prior to Congressional approval of the appropriations. Second, it is one of five countries that have been allowed to spend U.S. military assistance funds in countries other than the U.S. Third, it has been given unprecedented privileges to bid for U.S. defense contracts. Fourth, it has been allowed to acquire the most sophisticated U.S. weaponry and military electronics. Fifth, the Israeli arms industry has access to strategic U.S. technology and equipment to build up their advanced weapon production. For example, Pratt and Whitney, the engine manufacturing subsidiary of United Technologies Corporation, is

helping Israel to develop the engine for the Lavi — that will be completed in the 1980’s.¹³

Also, Israel is one of the few countries identified as a potential recipient of low-interest loans. In addition, it has been permitted 30-year repayment with a grace period on the repayment of principal for the first 10 years of the loan.¹⁴ In fact, the huge annual U.S. military assistance has taken care of paying back the loans as well as acquiring new weaponry from the U.S.

Israel has provided the U.S. with an opportunity to test American weapons in the battlefield and to recommend changes to improve their performance. Israel has always used these recommendations as a means to obtain more advanced American weapons in return for such service. Israel and the U.S. have also shared intelligence information. In that swap, Israel has received intelligence reports obtained by U.S. satellites. Israel has also sold the U.S. large quantities of Israeli-made weapons in an effort to help Israel deal with its deficit in the international balance of trade. In 1975, for example, Israel’s deficit was running at \$3 billion. Notably, American purchases are helpful to Israel’s foreign exchange problems because of American support of Israel’s arms industry, which is the largest foreign exchange earner among Israeli products.

Table 1 reveals that 1962 was a turning point in the U.S. aid program, marking a major shift in the allocations of aid between military and economic assistance. Between 1949 and 1961, total U.S. military assistance amounted to less than one million dollars, while economic assistance totaled \$594.6 million. In addition, the Export-Import Bank supplied Israel with \$192 million in loans during this period. The

Truman and Eisenhower administrations, seeing no direct military threats to Israel in the aftermath of the defeat of the Arab armies in 1948, concentrated on economic assistance to help Israel develop its economy and maintain political stability.

The small size of military assistance was prompted by both military and political considerations. Militarily, Israel did not need U.S.-made weapons at this time; Britain and France were Israel’s major arms suppliers during the 1950’s. Politically, the Truman Administration temporarily shifted its focus away from the Middle East to other geographical regions where Communist threats were much greater. Between 1949–1952, Truman was preoccupied by (1) European reconstruction and rehabilitation under the Marshall Plan after the devastating effect that World War II had on European economies; (2) U.S. concern about the cold war, which culminated in the formation of the North Atlantic Treaty Organization (NATO) and its efforts to build up Western defenses to contain Communist threats in Europe; and (3) the outbreak of the Korean War, which was financed by the U.S. and fought under the United Nations banner.

The election of President Dwight Eisenhower in 1953 marked a new drive by the U.S. to form regional military alliances to contain communism in the most strategically important regions of the world, including the Middle East.¹⁵ Secretary of State John Foster Dulles sought to improve relations with the Arab states, especially Egypt because of the Suez Canal,¹⁶ and to persuade them to join the Western-promoted Middle East defense organization. He did not want to antagonize the Arab governments by giving military assistance to Israel as long as there was a chance that a regional alliance could be formed to stop Soviet penetration into the Middle East. When Iraq became a founder of the Baghdad Pact in 1954, American officials courted Egyptian and other Arab governments in the hope that they could join the U.S.-sponsored pact to combat communism in the region.

In 1962, the initiation of the Foreign Assistance Act, under President John F. Kennedy, ushered in a new era in the U.S. Foreign Aid Program. Relations between Washington and Moscow were strained and the international atmosphere was charged

with cold-war competition. Both superpowers were using foreign aid as a means to further their own national interests in the Middle East and elsewhere. The Kennedy Administration persuaded Congress to approve foreign-aid legislation, which committed the U.S. to furnish military assistance to friendly nations for "the common defense against internal and external aggression." This was primarily because U.S. efforts "to promote peace and security continue to require measures of support based upon the principles of effective self-help and mutual aid."¹⁷

This legislation reversed the trend that existed previously under the Republican administration. It resulted in an astronomical rise in the volume of U.S. aid to Israel and in a major shift in the allocation of this aid between economic and military assistance — changes that continued under Kennedy's Democratic and Republican successors. The U.S. provided Israel with substantial economic assistance, increasing from \$594.6 million between 1949–1961 to \$2 billion between 1962–1976. The increase in U.S. military assistance was phenomenal, rising from less than one million dollars between 1949–1961 to as much as \$5.9 billion between 1962–1976. As a result, military assistance to Israel accounted for 75 percent of total U.S. governmental assistance during this recent period.

This substantial increase in U.S. military assistance was a reaction to Soviet gains in influence in the Middle East and to a sharp decline that had taken place in Western influence during a time of rising Arab nationalism. With the cold-war fever running high in Washington, the Kennedy Administration thought Israel — a natural, reliable ally — could be used to counter Soviet influence in the Middle East. American policymakers advocated massive military assistance to Israel, then, as a way to block Soviet designs on the region and to offset the newly acquired Soviet-made armaments by Egypt and Syria.

Israeli officials, taking advantage of U.S. apprehension about Soviet moves in the Middle East, appealed to Washington for more and better arms to defend itself against the Soviet-backed Arab states. The U.S. responded generously to Israeli requests by embarking on an ambitious and costly program to help Israel complete renovation of its armed forces, until now European-

equipped.

Kennedy and his successors poured six billion dollars into Israel to modernize its armed forces between 1962–1976. In doing so, the U.S. made a long-term commitment to furnish Israel with the most advanced American weaponry; this commitment reflected a deliberate plan by the U.S. to tilt the military balance permanently in favor of Israel, thus placing the Arab states at a disadvantage. The U.S. denied Arab access to such advanced weapons.

The untimely death of Kennedy did not affect the flow of U.S. aid to Israel. Although President Lyndon B. Johnson primarily concentrated on the Vietnam conflict, he did not forget Israel. His deep distrust for the wars of national liberation affected his attitude toward the Palestine problem. His preoccupation with a military victory for the Vietnam conflict led him to increase aid to Israel to promote American strategic and economic interests in the Middle East as well as to counter the growing Soviet influence there. American officials saw Soviet influence in Egypt as a threat to the southern flank of NATO, to the naval and communications lanes across the Mediterranean, and to the oil-shipping lane across the Red Sea. For all these reasons, the Johnson Administration increased military and economic assistance to Israel. Table 2 reveals that, in 1966, President Johnson gave Israel a total of \$90 million in military assistance — the highest amount of aid given for any single year during the 1960's.

The Johnson Administration was responsive to Israel's ever-increasing military needs even when the Israelis were the aggressors, using force to capture Arab land. During the 1967 War, the Israelis demonstrated their military superiority by defeating Egypt, Syria and Jordan. Israeli occupation of the Sinai, Gaza, Golan Heights, and the West Bank of the River Jordan, including East Jerusalem, required additional military equipment to subjugate the Arab masses in the occupied territories. Johnson, instead of insisting on Israel's withdrawal from the Arab land as Eisenhower did in 1956, decided to meet Israel's new military requests by increasing U.S. assistance earmarked to Israel. In 1968, for instance, he gave Israel a total of \$25 million in military assistance, an increase of 357 percent over the previous year. Shortly

before leaving office, he sold Israel 50 Phantom jets as a replacement of French Mirages which President Charles de Gaulle withheld from Israel after the 1967 War. These long-range fighter bombers supplied by the U.S. gave Israel a formidable offensive reinforcement and ensured the continuation of its air force superiority. As one observer put it: "The Phantoms changed the course of the war.... They were superior to any other airplane flown in the Middle East, particularly in range and firepower."¹⁸

Johnson's timely assistance helped Israel strike into the heartland of Egypt and consolidate its military control over the occupied Arab land. However, such an increase did not help restore peace in the war-torn Middle East. On the contrary, it aggravated the situation in the region since it was only a matter of time before the Arabs were able to rebuild

TABLE 2
U.S. Military Assistance
to Israel, 1949–1985
(Millions of Dollars)

	Loans	Grants	Total
1949–1952	—	—	—
1953–1961	0.9	—	0.9
1962	13.2	—	13.2
1963	13.3	—	13.3
1964	—	—	—
1965	12.9	—	12.9
1966	90	—	90
1967	7	—	7
1968	25	—	25
1969	85	—	85
1970	30	—	30
1971	545	—	545
1972	300	—	300
1973	307.5	—	307.5
1974	982.7	1,500	2,482.7
1975	200	100	300
1976	850	850	1,700
1977	500	500	1,000
1978	500	500	1,000
1979	2,700	1,300	4,000
1980	500	500	1,000
1981	900	500	1,400
1982	850	550	1,400
1983	850	850	1,700
1984*	850	850	1,700
1985*	850	850	1,700
Total	10,262.5	7,150	17,412.5

Sources: U.S., Agency for International Development, Bureau for Program Policy and Coordination, *U.S. Overseas Loans and Grants and Assistance from International Organizations: Obligations and Loan Authorizations, July 1, 1945–June 30, 1971; July 1, 1945–September 30, 1977; July 1, 1945–September 30, 1979; and July 1, 1945–September 30, 1981. The New York Times*, August 10, 1982; *The Washington Post*, December 18, 1982.

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their armed forces and to embark on a military campaign to liberate their land. Furthermore, Johnson's tilt toward Israel did not serve U.S. interests in the Middle East; in fact, it provided the Soviet Union with new opportunities to penetrate the area by providing military aid to the Arab states, who were rearming themselves after the devastating defeat in the 1967 War.

Johnson's increase of U.S. military assistance in 1968 was only the beginning of a steady, sharp escalation of American aid to Israel. When Richard M. Nixon assumed the Presidency in 1969, he also substantially and steadily increased U.S. assistance to Israel. In 1969, U.S. military assistance reached \$85 million — an increase of another 340 percent over the previous year. Such a sizeable increase came at a time when Israel continued its armed aggression on Egypt, Syria, Jordan and Lebanon. Israel's air raids continuously struck deep over Egyptian territory — a situation that served mainly to accelerate Soviet involvement in the region. In January 1970, for example, Egypt's Gamal Abdel Nasser made a secret four-day trip to Moscow to plea for better defensive weapons in the face of Israel's daily bombing of Egypt's major cities. The Soviet Union, in response, agreed to provide Egypt with a new missile defense system to deter the Israelis from continuing their air strikes. Soviet technicians began training Egyptian personnel to man these missile bases and Soviet pilots provided protective air coverage over Egypt's interior against Israeli air strikes in Cairo and other cities.¹⁹

The neutralization of Israel's air superiority was frustrating to both Israel and the U.S.; they did not wish to see the military balance in the region tip in the Arab favor since this might result not only in more U.S. military assistance to Israel but, potentially too, in greater need for American military intervention in the Middle East.

Under these circumstances, U.S. Secretary of State William Rogers proposed in June 1970 a limited cease-fire between Israel, Egypt and Jordan in an attempt to clear the way for indirect talks to reach a political solution for the Arab-Israeli conflict. He also called on these governments to accept publicly the U.N. Security Council Resolution 242 of November 22, 1967, as the basis for peace talks. This res-

olution called for Israeli withdrawal from the occupied Arab territories and a pledge by the parties concerned to seek a permanent settlement. He also suggested that the mission of U.N. special envoy Gunnar Jarring be resumed to search for a solution.

Egypt and Jordan first announced their unconditional acceptance of the Rogers proposals. Israel, on the other hand, was cool to the American initiatives, largely because it had repeatedly refused to accept the Security Council Resolution of 1967, particularly about Israel's obligation to withdraw from the occupied Arab land. Yet, in the face of the Arab acceptance, outright rejection would put Israel in an awkward position with the Nixon Administration which might find it difficult to continue arms shipments to Israel. Under U.S. pressure, Israel finally accepted the broad outlines of the Rogers plan;²⁰ it did so, however, only after it had received assurances from Nixon that the arms balance in the Middle East would be maintained and that Israel would not have to withdraw from the occupied territories without first obtaining a permanent settlement.

To fulfill his pledge to help Israel maintain its military superiority, Nixon once again sharply increased U.S. military assistance to Israel. In 1971, Israel received a total of \$545 million in U.S. military assistance in contrast to only \$30 million in the previous year.

The cease-fire Rogers had arranged was short-lived since Israel insisted that its troops would move only to secure, recognized and agreed boundaries that would necessarily include large tracts of the Arab land. Furthermore, Israel continued to erect new Jewish settlements in the occupied land as a step toward future annexation. Although these settlements have been a thorny issue between the U.S. and Israel, and despite worldwide condemnation of the settlements, the U.S. has continued to provide Israel with military and economic assistance which helps Israel to impose its military control over the occupied Arab land.

The 1970's witnessed a sharp and steady escalation of U.S. military assistance to Israel. The largest increase came in the aftermath of the Ramadan War of 1973. At the outset of the war, Egyptian troops successfully crossed the Suez Canal and crushed the Bar Lev line of defense in the Sinai

and the Syrians crossed the Allon line in the Golan Heights. When the Egyptians were about to win, Nixon came to the rescue of Israel in an unprecedented manner. He put U.S. troops in the area on a military alert and airlifted critical military hardware to Israel to help turn the tide in favor of Israel. This U.S. massive airlift of military equipment in the early days of the fighting was decisive to the outcome.

It should be noted that the U.S. did so at a high cost. The Nixon Administration had to dip into its own reserves to meet Israel's military needs, thus jeopardizing U.S. national security for the sake of helping Israel. The U.S. also sacrificed its own economic well-being by siding with Israel; the Arab nations imposed an oil embargo against the U.S., which precipitated the energy crisis and a subsequent escalation of oil prices, which shook the foundations of Western economies. General Ira C. Eaker, who commanded Allied Air Forces in the Mediterranean in World War II, commented that the 1973 War: "cost this country at least \$4 billion. It used up scarce reserves of weapons and supplies and lost the critical Arab oil. General Motors, during the embargo, laid off 65,000 workers and put 5,700 more on temporary furlough, and the entire U.S. economy was affected inasmuch as this move had repercussions on GM's 13,000 dealers and 45,000 suppliers. There was hardly a company or person in the U.S. who did not suffer in some way from the shortage of materials, rising costs or even unemployment stemming from the embargo. Completely forgotten, too, was the cost to the United States and Europe of the closing of the (Suez) Canal from 1967 to 1975, well over \$10 billion."²¹

In the aftermath of the Ramadan War, the Nixon Administration, determined to give Israel a qualitative and technological edge over its Arab neighbors, again increased military assistance to Israel. U.S. military assistance to Israel increased significantly in 1974 to a record high of \$2.5 billion, twice as much as Israel had received in U.S. military aid for the whole period between 1949 and 1972. It is important to note that \$1.5 billion out of the \$2.5 billion was given as grants — a practice introduced by Nixon. In fact, the year 1974 marked the beginning of a sizeable increase in the amount of U.S. military aid to Israel and a growing emphasis on grants.

The Nixon Administration sought to use this huge military aid as an incentive to persuade the Israelis to work with the U.S. on a temporary settlement in the Middle East as a step toward a permanent solution to the long-standing Arab-Israeli conflict. American policy planners saw two alternatives in the Middle East situation: either an endless war would continue, with the possibility of an eventual confrontation between the U.S. and the Soviet Union or, instead, the U.S. must search for a permanent solution.

They chose to try the latter approach. Secretary of State Henry A. Kissinger formulated a new policy toward the Middle East. Taking advantage of the detente between Washington and Moscow, he sought to find a political solution to the Arab-Israel conflict — a solution that circumvented the crux of the problem, however. He ignored the Palestinian right to self-determination; nor was he willing to deal with the PLO, recognized as the legitimate representative of the Palestinian people by the U.N., the League of Arab States, the Non-Aligned Movement, the Organization of African Unity and the Islamic Conference. Instead, Kissinger sought to reach a temporary arrangement between Egypt, Syria and Israel to pave the way for new efforts to find a peaceful solution. His “shuttle diplomacy” eventually resulted in the conclusion of the Disengagement Agreements on the Sinai. His diplomatic efforts also persuaded Egypt’s Anwar El-Sadat to sever relations with the Soviet Union and to establish closer ties with the U.S. Such a development weakened the military capabilities of the Arab frontline states as Sadat became more interested in seeking a negotiated settlement for the Middle Eastern conflict. It also removed any immediate threat to Israel, which was receiving extensive military aid during this time.

The resignation of Nixon did not affect the flow of U.S. aid to Israel, in part because Kissinger was retained as Secretary of State under the new President. Gerald Ford, with his sights set on the 1976 election, increased aid to Israel to rally the Jewish vote behind his bid for the Presidency. In 1976 Israel received \$1.5 billion in U.S. military assistance in contrast to \$300 million the year before. This five-fold increase in U.S. military assistance was in response to Israel’s

pleas for more aid to keep up with the race for arms in the Middle East. The initial goal of the race was the replacement of weapons destroyed during the 1973 War. “But this seems to have triggered a cycle of action and reaction in which each side now strives to better the arsenal of the other. As a result, both sides are not only stronger than before the October War but are also acquiring some of the world’s most sophisticated weaponry.”²² A recent study reveals that “U.S. supply of assistance is positively correlated with Arab defense outlays and negatively correlated with Israel’s gross national product growth.”²³ It concludes that “the Arabs appear to be more reactive to Israeli military expenditures than vice versa.” In addition, “the Arabs allocate, at the margin, a somewhat lesser increment of income growth to defense.”²⁴

Ford, like his predecessors, was interested in increasing Israel’s ability to deal with whatever threats it faced alone. For this reason, he increased the level of U.S. military assistance to help Israel meet the challenges in the Middle East. The PLO had moved its headquarters to Beirut and set up bases in southern Lebanon, which were being used to launch commando raids on Israeli border villages.

When the civil war broke out in Lebanon, Ford, whose war powers were crippled by Congress, could not convince Congressional leaders to get the U.S. directly involved in the crisis. Instead, he decided to increase American military aid to Israel, thus enabling Israel to intervene in Lebanon’s internal affairs. Israel provided weapons and logistical support to the Phalangists, carried out massive air strikes against the Lebanese and Palestinian civilian centers, and later crossed the borders into southern Lebanon and intervened militarily.

The same stance continued under President Jimmy Carter, who was sympathetic to Israel’s position on security because of the continuing Lebanese crisis and the rising tension between Israel and the PLO. For this reason, he maintained the high level of U.S. military assistance which, with the exception of 1979, amounted to one billion dollars a year. The bulk of the increased assistance came in a single year — 1979 — during which U.S. military assistance reached a record-breaking high point of \$4 billion. This substantial increase was in fact a reward to Israel for signing

the Camp David Accords, in which Israel agreed to withdraw from the occupied Sinai over a three-year period and to grant “autonomy” to the Palestinians in the West Bank and Gaza.²⁵ To facilitate Israeli acceptance of the Accords, the Carter Administration agreed to increase the volume of U.S. military assistance to Israel, to finance the construction of new military bases and airports in the Negev Desert, and to supply Israel with new weaponry to ensure the continuation of Israel’s military advantage in the region.

Although Israel agreed to a five-year transition period of Palestinian “autonomy” on the West Bank and Gaza under the Camp David Accords, no progress has been made in the “autonomy talks.” This is primarily because the Israeli Government sees “autonomy” as a temporary arrangement leading to an Israeli assertion of sovereignty. The governing Likud coalition has always insisted that these territories are part of the biblical land of Israel. Israel, therefore, has no plan to relinquish its control over them.²⁶ Israel, having annexed East Jerusalem after the 1967 War, does not intend to allow the Palestinians there to participate in the autonomous council. Furthermore, Israel does not agree to grant voting rights to the Palestinians except for local matters. Consequently, Israel narrowly interprets “autonomy” to mean that the Israeli Government would retain control over the “autonomous council,” which Israel wants to appoint. In the Israeli view, such a council would have some “administrative functions” but no legislative powers, with the Israeli cabinet holding a veto power on administration decisions and foreign affairs. Egypt, on the other hand, has more liberally interpreted autonomy, seeing it as a phase leading to self-determination by all Palestinians in the occupied territories, including East Jerusalem, preparatory to independence.²⁷ Egypt also advocates the establishment of an elected parliamentary-type body of 50 members empowered to enact legislation. Due to these fundamental differences, Egypt and Israel are far from reaching an agreement on how to organize the autonomous body, much less on the council’s size and on its specific functions.

Despite Israel’s failure to live up to the commitments made in the Camp David Accords, the U.S. has seen no

reason to use its leverage with Israel to grant autonomy to the Palestinians in the West Bank and Gaza. On the contrary, the Carter Administration continued business-as-usual with the Begin government. It continued to provide military assistance making it possible for Israel to impose its military control over the occupied land, despite Israel's record of human rights violations²⁸ — an issue that the Carter Administration had espoused as a cornerstone of U.S. foreign policy.

When Ronald Reagan assumed the Presidency in 1981, there was a noticeable improvement in U.S.–Israel relations. Reagan's conservatism led to the re-emergence of the cold-war rivalry and once again made the Middle East a pawn in the East–West conflict. U.S. Middle Eastern policy has become an integral part of a global strategy to “establish restraints on Soviet behavior.”²⁹ Reagan's plan for a “strategic consensus” of anti-communist states in the Middle East thus brought him closer to Israel and put him at arm's distance from the Camp David Accords.

At the beginning, Reagan showed little or no interest at all in the autonomy talks — which had been on-again, off-again because of Israel's intransigence. He increased U.S. military assistance to Israel, however, reaching a total of \$1.4 billion in 1981 and again in 1982. In addition, Israel was forgiven from repayment of \$500 million in 1981 and \$550 million in 1982, respectively. Reagan also accepted Begin's proposals for a military link with the U.S. On November 30, 1981, the U.S. and Israel signed a memorandum on strategic cooperation agreement which would enable Israel to build up its arms industries. This was alleged to be part of Reagan's plan to combat military threats by the Soviet Union and its allies in the Middle East. The U.S. also was planning joint American–Israeli naval and air maneuvers in the eastern Mediterranean and the prepositioning of U.S. supplies in Israel. The Reagan Administration also agreed to give serious consideration to the following Israeli requests: (1) authorize the U.S. Defense Department to purchase military equipment from Israel up to \$200 million a year; (2) allow Israel to use U.S. military assistance funds to buy from its domestic arms industries rather than from U.S. firms; and (3) permit other nations receiving U.S. military aid to use part of their funds

to purchase equipment and services from Israel.³⁰

This agreement was a victory for the Israeli Government, since it signified a special relationship with the U.S. Menachem Begin, then Prime Minister, hoped that it could lead to an increase in military cooperation between the U.S. and Israel. The Reagan Administration, however, decided to suspend the strategic cooperation agreement 18 days later, because of Israel's annexation of the Golan Heights. On December 14, the Israeli Knesset voted to extend Israeli law to the Golan Heights, which Israel had occupied since 1967. This move was a virtual annexation of the territory — an action that was declared “null and void” by the United States and the United Nations Security Council.³¹

The Republican Administration was angered by Israel's decision to annex the Golan Heights. Dean Fischer, State Department spokesman, stated that “The Israeli action was taken with no advance notice... We are particularly disappointed that the government of Israel took this action just as we were facing a serious political crisis in Poland and only a few weeks after we signed a memorandum of understanding on strategic cooperation.” Mr. Fischer added that “The spirit of that agreement obliged each party to take into consideration in its decisions the implications for the broad policy concerns of the other. We do not believe that this spirit was upheld in the case of Israel's decision on the Golan.”³²

Fischer stressed the U.S. position that the final status of the Golan Heights can only be determined through negotiations between Israel and Syria based upon U.N. Security Council Resolutions 242 and 338.

U.S.–Israeli relations deteriorated further in the aftermath of Israel's invasion of Lebanon in the summer of 1982. The widespread Israeli use of U.S.-made cluster bombs against Lebanese and Palestinian civilians — which violated the terms of U.S. agreements with Israel — led Reagan to place a ban on the shipment of such weapons to Israel. Relations have been further strained as a result of the slaughter of hundreds of Palestinian refugees at the Sabra and Shatila camps in West Beirut in September. American officials have blamed Israel for the Palestinian massacres because Israeli Defense Minister Ariel Sharon had ordered his

troops, which were guarding the camps, to allow the Phalangist militia-men to enter the grounds; this was done even though, a short time earlier, Sharon had expressed concern that the Christian militia would massacre Palestinians.³³

The massacres of Palestinian civilians have presented a moral and legal dilemma for the U.S., whose special envoy Philip C. Habib had guaranteed the safety of Palestinians in Beirut after the PLO pullout.³⁴ Furthermore, the massacres, perhaps for the first time, raised substantive questions in America concerning the extent to which the U.S. should tolerate and support Israel's expansionist scheme to create a Greater Israel.

In an attempt to distance America from the annexationist policy of Israel, President Reagan, in September 1982, called for a “fresh start” in the long-drawn-out Middle East peace talks, by calling for a freeze on Jewish settlements in the occupied land and for “full autonomy” for the West Bank and Gaza in association with Jordan. He recommended that the future of Jerusalem should be determined through negotiations, although he favored having the city remain undivided. He also expressed a strong commitment to Israel's “security.”³⁵

Arab reaction to Reagan's initiative was generally favorable. Although Reagan did not advocate the establishment of a Palestinian state, they saw that his plan had several merits. Arab governments expressed an interest in continuing a dialogue with the U.S. to seek a permanent settlement for the war-torn Middle East. Israel, on the other hand, rejected Reagan's proposals, since it did not agree with Israel's plan to incorporate the West Bank and Gaza into Israel.³⁶ Despite the negative Israeli reaction, Reagan continued efforts to convince the Israeli Government to trade occupied Arab land for peace in the region.

The Likud government was able to ignore U.S. overtures because of past American promises not to link military and economic assistance to Israel to political issues such as Reagan's peace initiative³⁷ or his proposed freeze on new Jewish settlements in the occupied West Bank. Thus, the U.S. failure to use foreign aid as a means to pressure Israel to trade occupied land for security has been the reason for the U.S.'s inability to deliver the pledges made in the Camp David Accords. As it stands now, the U.S. has only suc-

ceeded in concluding a peace treaty between Egypt and Israel — a step that resulted in weakening the Arabs militarily in their confrontation with Israel over return of their captured land. The Camp David Accords have placed American troops in the Sinai to serve as a buffer between Egypt and Israel, thus freeing the Israelis to concentrate their forces along the borders with other Arab states. The Accords have also given the Israelis an opportunity to initiate new ventures, such as their military intervention in Lebanon in 1982, without having to worry about Egypt's involvement on the side of the Arabs.

The U.S. has considerable leverage with Israel but as previously mentioned, Reagan's ability to use it is undermined by Congress' politically motivated financial support for Israel. On December 16, 1982, the Senate, acting over the Administration's objection, decided to add another \$125 million in economic assistance and to transfer \$350 million from military loans to grants.³⁸ Thus, Israel will be exempted from paying back 50 percent of the military assistance, or \$850 million out of the \$1.7 billion.

The Senate's action dealt a potentially serious blow to the Administra-

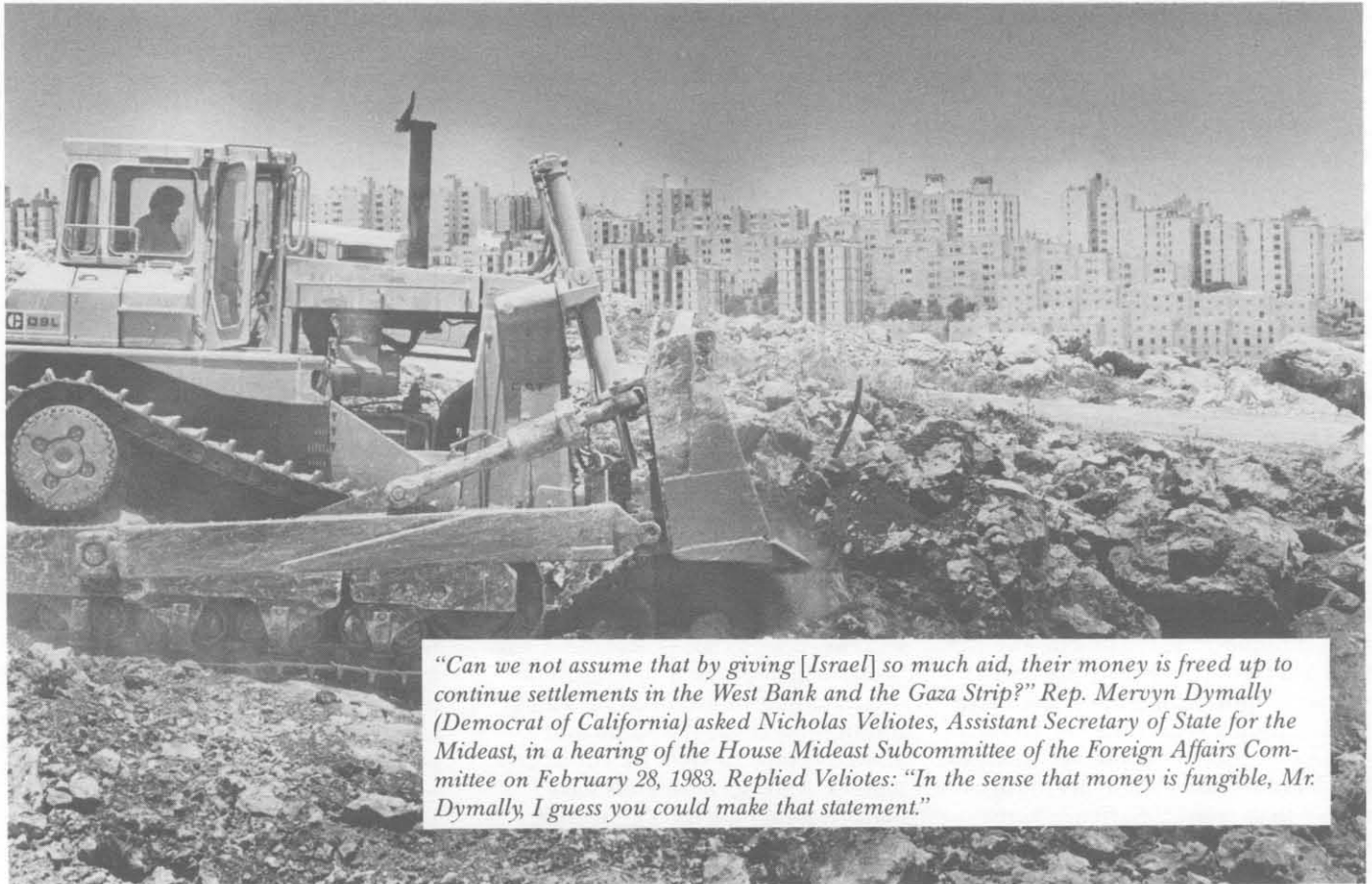
tion's effort to persuade Israel to stop placing obstacles in the way of the U.S.-sponsored talks for foreign troop withdrawal from Lebanon and to change its stance on Reagan's peace initiative. Congressional failure to support Reagan's policies in Lebanon and the Middle East encouraged Israel to ignore Reagan and to harden its position.

For fiscal year 1984, the Reagan Administration requested \$1.7 billion in military aid and \$785 million in economic aid for Israel. This request came at a time when the Israeli invasion of Lebanon resulted in the death of 10,000 people, when 600,000 were made homeless and when U.S. Marines in Lebanon were being constantly harassed by the Israeli Army. (In a March 14 letter to U.S. Defense Secretary Weinberger, the U.S. Marine Corp's Commandant General R.H. Barrow, wrote, "It is evident to me, and the opinion of the U.S. commanders afloat and ashore, that the incidents between the Marines and the IDF [Israeli Defense Force] are timed, orchestrated and executed for obtuse Israeli political purposes.")

The generosity of the Reagan Administration, nevertheless, was followed by an important policy decision. In a letter dispatched to Israel's

Defense Minister in mid-April, Secretary of State George Shultz wrote that the three long-awaited licenses for parts and technology for the Lavi had been approved. In the same letter, Shultz revealed the reason for such approval when he stated, "I hope your meetings with Phil Habib will bring us closer to reaching an agreement (on an Israeli troop withdrawal from Lebanon)."³⁹ Despite all of this, Israel did not withdraw from Lebanon. The Congress, in an apparent move to compensate Israel for its losses in Lebanon, voted to increase Israel's share for fiscal year 1984 by \$65 million and the grant allocation from \$1.335 to \$1.7 billion. The House Europe and Middle East Subcommittee approved Israel's aid package for fiscal year 1984 in the amount of \$2.55 billion, of which \$1.7 billion is for military aid and \$850 million is for economic aid. The forgiven amount totaled \$1.7 billion and \$850 million in loans. The panel also approved the same allocation for fiscal year 1985.

There must be a close collaboration between the White House and the Congress, if the U.S. is to convince the Israeli Government to agree to a timetable for withdrawing Israeli troops



"Can we not assume that by giving [Israel] so much aid, their money is freed up to continue settlements in the West Bank and the Gaza Strip?" Rep. Mervyn Dymally (Democrat of California) asked Nicholas Veliotes, Assistant Secretary of State for the Mideast, in a hearing of the House Mideast Subcommittee of the Foreign Affairs Committee on February 28, 1983. Replied Veliotes: "In the sense that money is fungible, Mr. Dymally, I guess you could make that statement."

from Lebanon and to give a favorable response to Reagan's Mideast peace initiatives. Israel must be convinced that it cannot expect support from Congress unless it shows a willingness to trade occupied Arab territory for peace. Under such circumstances, U.S. assistance could be used to pressure Israel to recognize that Reagan's proposals do represent a fair basis for resuming negotiations. Whether the

Reagan Administration is willing to use Israel's dependence on U.S. aid as leverage is currently being debated in the White House and the State Department. The outcome will heavily depend on how much support Reagan can find in Congress and whether he will be able to convince American Jewish leaders to support his proposals for a permanent peace in the Middle East.

U.S. Economic Assistance: Government and Private

U.S. economic involvement in Israel has been the backbone of Israel's continuing ability to deal with: a huge foreign debt, which reached a record high of \$18.2 billion in 1981; a decline in the GNP growth, which is now below 5 percent; and an annual rate of domestic inflation of more than 120 percent.⁴⁰

When Menachem Begin took office in 1977, the U.S. dollar was worth about one Israeli shekel. When Yitzhak Shamir took office in October 1983, it was worth 80 shekels. Israel's monetary crisis stems from its growing national debt, which damages its international credit and eats into its foreign currency reserves. At one point in October 1983, Israel's bank shares dropped so low in value that the Israeli stock market had to close down for an indefinite period in order to halt the run on cashing in bank stocks for U.S. dollars.⁴¹

The primary reason underlying the deterioration of the Israeli economy is the diversion of domestic capital resources and manpower from development projects to military buildup. In 1980, for example, Israel spent 25 percent of its GNP and 14 percent of its total available resources on defense.⁴² In addition, the costs of deploying Israeli troops and building of Jewish settlements in the occupied Arab territories, as well as expenses related to the military invasions of Lebanon in 1978 and 1982, have added further burdens on Israel's economy.

These burdens, according to the GAO report, are regularly passed on to the U.S. taxpayer. Claims, for example, by Israeli officials that the 1982

invasion of Lebanon would not result in any increase for demands for U.S. aid are refuted by the GAO report in one of the deleted sections stamped "secret."⁴³ The GAO report also points out that the Israeli Government's liberal subsidies to its West Bank settlers must be absorbed at the cost of other needs,⁴⁴ and since Israel is the only country whose U.S. economic aid is not tied to particular projects, it can easily channel this aid to colonizing the West Bank.

The GAO report also reveals that Israel enjoys long-term loans, some at special rates, and is allowed to order military equipment under special financial arrangements even before its share of the Foreign Aid Bill is approved by Congress. Consequently, the U.S. has become the largest single source of capital inflow for Israel. Between 1949-1983, U.S. governmental assistance amounted to \$25.6 billion. In addition, several other billions of dollars have been sent to Israel through unilateral transfers from American citizens and institutions as well as from the sale of Israel Bonds in the U.S.

To ease the financial burden of Israel's debt, American aid has been divided between grants and loans. Out of \$30.7 billion assistance to Israel since 1949, the U.S. has given Israel \$16.5 billion as outright grants, which Israel is under no obligation to pay back. In addition, Israel has routinely been granted long-grace and amortization periods on American loans, thus giving Israel a breathing period to deal with its balance-of-payment problems and to accelerate economic growth. A recent AID report on the

Israeli economy stated that "Our economic and military assistance enables Israel to pay for weaponry, fuel and other civilian imports which it needs without overly heavy reliance on high-cost commercial borrowing, depletion of its foreign exchange reserves, or economic depression."⁴⁵ Moreover, because U.S. funds involve no projects and, therefore, no AID supervisory staff, what it amounts to is simply a check-writing operation.⁴⁶

Table 3 (see page 10) shows that U.S. economic assistance has been substantial in volume and has steadily risen to meet Israel's ever-increasing needs to deal with its ailing economy and to prevent its financial collapse. U.S. economic aid grew, for example, from as little as \$15.7 million in 1967 to as much as \$791.8 million in 1978. All in all, Israel has received a total of \$8.2 billion in U.S. economic assistance between 1949 and 1983, of which \$5.9 billion has been given as outright grants.

Prior to the enactment of the Foreign Assistance Act of 1962, the U.S. gave more economic than military assistance. Eisenhower believed that it was not enough "to guard against the external military threats.... We must also move against those conditions exploited by subversive forces from within."⁴⁷ He placed greater importance on technical, economic and developmental projects.

Between 1953-1961, the U.S. concentrated on economic aid, giving Israel a total of \$507.2 million, of which \$258.9 million was given as grants. In addition, the Export-Import Bank supplied Israel with an additional \$57 million in loans.

Table 3 reveals that there was a substantial increase in economic assistance to Israel in 1962. The Kennedy Administration gave Israel a total of \$80.2 million — the highest amount of aid given for any single year throughout the 1960's. The second largest increase came under the Johnson Administration in 1968, during which economic assistance reached a total of \$75.5 million. This came in the aftermath of the 1967 War and was intended to ease the financial strains on the Israeli budget caused by the cost of its military aggression. The 1968 aid package represented a five-fold increase in American economic aid over the year before.

The coming of the Nixon Administration did not affect U.S. economic assistance to Israel. Nixon main-

TABLE 3
U.S. Economic Assistance
to Israel, 1949-1985
(Millions of Dollars)

	Loans	Grants	Total
1949-1952	—	86.5	86.5
1953-1961	248.3	258.9	507.2
1962	73	7.2	80.2
1963	68.6	6	74.6
1964	32.2	4.8	37
1965	47.3	4.9	52.2
1966	35.8	0.9	36.7
1967	15.1	0.6	15.7
1968	75	0.5	75.5
1969	74.7	0.6	75.3
1970	51	0.4	51.4
1971	68.8	0.3	69.1
1972	53.8	50.4	104.2
1973	59.4	50.4	109.8
1974	—	51.5	51.5
1975	8.6	344.5	353.1
1976	268	525	793
1977	252	490	742
1978	266.8	525	791.8
1979	265.1	525	790.1
1980	261	525	786
1981	—	764	764
1982	—	806	806
1983	—	910	910
1984	—	850	850
1985	—	850	850
Total	2,224.5	7,638.4	9,862.9

Sources: U.S., Agency for International Development, Bureau for Program Policy and Coordination, *U.S. Overseas Loans and Grants and Assistance from International Organizations: Obligations and Loan Authorizations, July 1, 1945-June 30, 1971; July 1, 1945-September 30, 1977; July 1, 1945-September 30, 1979; and July 1, 1945-September 30, 1981. The New York Times, August 10, 1982; The Washington Post, December 18, 1982. The Mideast Observer in Washington, April 15, 1983.*

tained the same high level of spending by providing Israel with \$75.3 million in 1969. These high levels of aid 1968 and 1969 were crucial to Israel, whose government was busy consolidating its military control over the land captured from Egypt, Syria and Jordan in the 1967 War. The Israeli occupation required additional funds from abroad since Israel had fewer domestic revenue sources that were capable of meeting the high cost of subjugating more than one million Arab inhabitants in the Sinai, Gaza, the Golan Heights, and the West Bank, including East Jerusalem. The Nixon Administration readily met Israel's financial needs by increasing U.S. economic assistance, reaching a new record high; it passed the \$100-million mark in 1972 and again in 1973. These substantial increases were intended to help Israel overcome the increasing costs of the military occupation and a growing deficit in its balance-of-payments, which amounted to \$3 billion in 1975 alone. Washing-

ton spared no effort to assist Israel to deal with the deficit and to finance its development plans without heavy reliance on high-interest commercial loans and without slipping into economic recession.

Nixon's resignation had no negative effect on the flow of aid to Israel. In fact, in 1975, Israel received \$353.1 million in economic assistance, compared with only \$51.5 million the year before. This represented a seven-fold increase over the previous year and the largest amount of economic aid Israel had yet received from the U.S. since its inception in 1948. In the following year, Ford increased the economic assistance to Israel by two-fold, to \$793 million. This also set a precedent for substantial economic aid to Israel — a level that has been maintained by both Carter and Reagan. Israel received between \$742 million and \$792 million annually during the Carter years. Reagan gave Israel \$764 million in economic assistance in 1981 and \$806 million in 1982.

Before Israel's invasion of Lebanon in the summer of 1982, Reagan asked Congress to allocate \$785 million in economic assistance and \$1.7 billion in military aid to Israel in the 1983 budget. The Senate, however, decided in December 1982 to add another \$125 million in economic assistance and to transfer \$350 million from military loans to grants. Senator Mark O. Hatfield, Republican of Oregon, expressed his concern that, by this action, the Senate "is sending a signal that it supports the invasion and continued occupation of Lebanon.... It is very difficult to justify (the U.S.) being the largest arms peddler in the world when we are cutting all these domestic programs."⁴⁸

The Reagan Administration was opposed to the latest fiscal 1983 increase in American aid because of Israel's delaying tactics in getting the talks on troop withdrawal from Lebanon off the ground as well as its outright rejection of Reagan's proposals for a settlement for the Arab-Israeli conflict. As Kenneth W. Dam, Deputy Secretary of State, put it: the increase of aid to Israel would "imperil the strenuous effort we are making to find a settlement in Lebanon and to make progress in the broader peace process."⁴⁹ It is believed that such an increase will anger Arab states and endanger Reagan's peace initiative. It would also take limited foreign aid funds away from "other U.S.

friends and allies, including Spain, Portugal, Turkey and Pakistan,"⁵⁰ Dam said.

For the fiscal year 1984, the Reagan Administration requested \$785 million in grants for economic assistance. The Congress, however, approved \$850 million and also approved the same amount for fiscal year 1985.

It is interesting to note the configuration between loans and grants in the allocations of U.S. economic assistance. Between 1962-1971, most American economic aid was given as loans that obligated Israel to pay the funds back. During 1966-1971, grants amounted to less than one million dollars in any given year. Since 1972, grants have been sharply increased in response to Israel's requests for more American aid to offset its huge external deficit, which reached \$4.6 billion in 1975, \$3.9 billion in 1977 and \$5.4 billion in 1979.⁵¹ Since Israel cannot meet its financial obligations without foreign debts, the U.S. has continued to uphold the Israeli economy, resulting in a sharp increase in the volume of U.S. economic assistance as well as a dramatic increase in grants.

This trend began under the Nixon Administration and has continued under his Republican and Democratic successors. In 1972 and 1973, 48 percent and 46 percent, respectively, of the U.S. economic assistance were given as outright grants. In the aftermath of the 1973 War, the entire package of economic aid was given in the form of grants. In 1975, Israel received a total of \$353.1 million from the U.S., of which 97.5 percent was given as grants. The trend continued, with grants always far exceeding the loans under both the Ford and the Carter administrations. From fiscal year 1981 through fiscal year 1985, Congress, however, again gave Israel the total package of \$4,055 million as grants.

The year 1975 marked the beginning of a sizeable increase in the amount of U.S. economic assistance to Israel and of a growing emphasis on grants. The long-term U.S. objective is to prevent the shaky Israeli economy from collapse — an economy that has been overburdened by the military expenditures resulting from Israel's continued occupation of the land captured from neighboring Arab states in the 1967 War. The Israeli economy has been further strained by Israel's invasion of Lebanon in 1978 and

1982. In addition, the Israeli Government has been spending approximately \$100 million a year to erect Jewish settlements in the occupied West Bank as a preparatory step toward its annexation. Its plan is to resettle 100,000 Jews in the West Bank by 1985. It was recently reported that the Israeli Government has been using U.S. aid to finance the construction of settlements in the West Bank and to encourage the Israelis to move to the new settlements by offering financial rewards.⁵²

Although the settlement issue has caused disagreement between the U.S. and Israel, the U.S. administrations, aside from verbal criticism, have not initiated any measures to ensure that U.S. funds are not spent on settlements in the occupied Arab land. It is not enough for the Reagan Administration to secure a promise from the Likud government that American aid will not be used to finance Jewish settlements in the occupied land.

Private Assistance

U.S. private assistance given as charitable dollars has played a significant role in relieving pressure on the Israeli economy. Tax-free, tax-deductible contributions, large in volume, have become part and parcel of the Israeli national budget, giving the government flexibility in shifting budget allocations to cover areas not provided for by U.S. governmental loans and grants.

Private American assistance is obtained from three major sources: (1) private institutions; (2) private individuals; and (3) the sale of Israel Bonds. Over the years, these sources have generated billions of dollars for Israel from the prosperous American Jewish community and, to a lesser extent, from non-Jewish sources. Between 1948–1977, these sources raised \$10.8 billion for Israel: private institutions accounted for \$4.3 billion, private individuals, \$3.3 billion, and the purchase of Israel Bonds, \$3.2 billion⁵³ — the largest amount ever collected from private sources in any country. In fact, American individual transfers and the purchase of Israel Bonds accounted for 75 percent of all such foreign transfers and purchases among all countries during that period.⁵⁴

The U.S. Government has facilitated the task of soliciting private funds for Israel. One example is that the sale of Israel Bonds is not subject to the Interest Equalization Tax, which

is applied to other foreign securities.⁵⁵ Another is that the U.S. Internal Revenue Service (IRS) has approved the non-profit charitable status of several Jewish and Zionist organizations, chiefly among them, the United Jewish Appeal (UJA). The UJA and many others are active in fund-raising, not only for humanitarian projects in Israel but for political and/or governmental functions as well.

They can do this because it is Israel, not America, which determines whether organizations inside Israel are eligible charities, thereby automatically qualifying donors in the United States for tax exemptions.

A good example is the Jewish Agency, receiving a great share of its revenue from the UJA, which has been given tremendous power through an agreement signed with the Israeli Government in 1954. This agreement, known as the "Covenant," defines the functions of the Jewish Agency in areas of immigration, agriculture, investment, cultural activities, and finance—some of which are governmental functions. The Jewish Agency, however, assumes such responsibilities and operates as a state-within-a-state by acting as the international arm of the Israeli Government with a broad spectrum of domestic activities.

Ordinarily, amounts collected in the U.S. are put at the disposal of the Jewish Agency, which, in turn, uses the funds to finance various projects. During the period between 1920–1970, the Agency carried out the following projects:⁵⁶

<i>Name of Project</i>	<i>Cost in \$M</i>
Immigration and Absorption	\$ 573.0
Health Service	77.1
Education	74.6
Youth Aliyah	156.2
Immigrant Housing	432.5
Agricultural Settlement	945.8
Educational Activities	294.2
Overseas Operations	160.5
Various Activities	<u>301.6</u>
<i>Total</i>	<i>\$3015.5</i>

The 1954 Covenant also calls for "taxing the Diaspora." The taxing of American Jews, conducted by the United Jewish Appeal (UJA), is treated by the IRS as a charitable, tax-deductible function similar to that of the Easter Seal and the Red Cross.

The Zionists argue that American Jews have the "collective duty" to

"assist the state of Israel" in its major concerns, such as colonization, economic development, and national security.⁵⁷ Thus, the "American Jewish community," although it has chosen not to immigrate to Israel, is expected to contribute generously to uphold the Israeli economy and to help it defer some of the costs of military buildup and economic development.

Another important function of the Jewish Agency is to facilitate Jewish immigration into Israel. Until the 1967 War, the Israeli Government covered 50 percent of the cost of the immigration program to attract new settlers; after 1967, the Agency has absorbed more than two-thirds of these costs. The Jewish Agency, with an annual budget of \$500 million, has to rely heavily on contributions from world Jewry. American Jews have always been responsive to the Agency's appeals and have contributed generously to support efforts to resettle Jewish migrants in Israel. For example, between 1972–1978, Americans donated to Israel \$177.5 million for immigration purposes.

Over the decades, the Jewish Agency has been able to finance the resettlement of Jews in Israel on a large scale, spending approximately \$17,000 per family. Between 1967–1974, the Agency spent a total of \$2.1 billion to cover the expenses of settling 205,000 people in Israel.⁵⁸

Overall, 1,399,112 immigrants were accommodated by the Jewish Agency between 1948–1970.⁵⁹ Also, the Agency has accommodated 3,000 skilled American technicians and scientists in Israel. "This pool of technical talent is emerging as one of Israel's most important national assets for developing (its) long-range potential."⁶⁰

The donations of individuals and private institutions as well as the sale of Israel Bonds are essential to sustain and accelerate Israel's economic development. The purchase of Israel Bonds is not made purely on sound business grounds but rather on political and emotional considerations. An example was the Teamster's decision in 1973 to invest \$26 million of its pension, health and welfare funds in Israel Bonds. The 5.5 percent return on Israel Bonds due in 20 years was far below the interest rate available in the U.S. bonds at that time. Since the U.S. bonds' return was 6.9 percent annual yield, the union's pension funds lost \$7.3 million over the

20-year period based on the differences between the annual return of both bonds.⁶¹ Interestingly, several state legislatures have passed laws to allow banks to invest up to 5 percent of their capital in Israel.

Through the purchase of Israel Bonds, private American sources have supplied Israel with a total of \$12.5 billion between 1949 and 1982. These huge sums have helped Israel overcome the costs of meeting the challenges of sustaining a moderate rate of economic growth despite adverse conditions stemming from a mounting foreign debt and huge military expenditures. The large amount of money channeled by the American Jewish and Zionist organizations and by the purchase of Israel Bonds indicate the degree of Israel's dependence on the financial support from U.S. citizens and institutions, not to mention the huge subsidy the U.S. Government

gives to Israel year in and year out.

There is also a legal question resulting from the official link between the Israeli Government and U.S. Zionist and Jewish organizations such as the UJA. Their charitable, tax-deductible status is in question due to the political nature of their activities and their financial involvement in functions that are supposedly governmental operations, such as funding new Israeli settlements in the occupied Arab land and promoting and financing Jewish immigration to Israel. These activities are not in accordance with the spirit and letter of U.S. law, which permits tax exemption only for humanitarian and charitable activities. U.S. failure to enforce its own law raises serious questions about U.S. complicity with Israel and about the U.S. desire to search for a just solution for the Palestinian problem.

maintain the status quo in the area and would use its military superiority only as a deterrent against any Arab attempt to liberate Palestine. The Israeli record over the past three decades has proved otherwise. Recent events indicate that Israel, having acquired a qualitative and technological edge over the Arab states, has increased its expansionist appetite, initiating wars not for self-defense as originally perceived by America, but for territorial expansion, striking at will against near and far Arab targets (i.e. the Iraqi nuclear reactor, the invasion of Lebanon in 1978 and 1982) in order to maintain its military superiority and to prevent the Arabs from ever closing the military gap.

Although U.S. military assistance is intended to be used for self-defense, American policymakers have failed to initiate stern measures to ensure that Israel does not use American military wares in offensive wars. American officials have occasionally issued mild statements protesting Israel's actions, but under no circumstances have they thought of reducing or cutting off military aid in the face of violation of U.S. law. This is primarily because the U.S. shares Israel's concerns about Arab armament and approves Israel's pre-emptive strike strategy against Arab targets in order to maintain a balance of power in favor of Israel in the region.

The Israeli leaders request more aid and better military equipment by exploiting political events, i.e., the October War of 1973, the Camp David Accords, the sale of AWACS to Saudi Arabia and Soviet arms shipments to Syria. In response, both Democratic and Republican administrations have steadily and sharply increased the volume of U.S. military assistance even at a time when the Israeli Government has been intransigent and when key Arab states have shown moderation and accommodation.

Moreover the GAO report reveals that Israel has always taken advantage of any American initiative to move the Middle Eastern problem toward a diplomatic solution, in that the Israelis have always obtained a sizeable reward for every degree of token consent they give to the American diplomatic effort to break the stalemate in the war-torn Middle East. This was evident in the huge aid package that Israel received for accepting the Rogers initiatives and, later, Kissinger's "shuttle diplomacy." The price

U.S. Aid to Israel: An Assessment

Since the establishment of Israel in 1948, the U.S. has acted as its patron, providing massive assistance to ensure its survival as a political and economic entity in the midst of the Arab world. Table 4 (see below) shows that both the U.S. Government and private American sources have supplied Israel with \$44.3 billion since 1949. These huge sums have helped Israel overcome the costs of building and maintaining a formidable military force and of meeting the challenges of sustaining a moderate rate of economic growth despite adverse conditions stemming from mounting balance-of-payment deficits and huge military expenditures. Israeli diplo-

rats in Washington themselves "acknowledge their unusual vulnerability to any lessening of military, economic and financial support from abroad." They stress that "Israel's need for both military and economic aid has increased considerably since the Yom Kippur War in 1973, because any Arab arms buildup has coincided with growing Israeli foreign debt."⁶² Thus Israel has been able to overcome the costs of military buildup by relying heavily on American aid, the sale of Israel Bonds and, to a lesser extent, loans from American banks.

U.S. assistance has been the mainstay of Israel's continuing ability to finance both military and development programs. U.S. administrations have supplied Israel with a total of \$30.7 billion in military and economic assistance since 1949, of which \$16.5 billion was given as outright grants. The U.S. has always taken into account Israel's financial needs in giving aid—a situation that made Israel, a country with 3.5 million people, the largest recipient of U.S. aid.

U.S. administrations have wrongly thought that Israel would simply

TABLE 4
U.S. Aid to Israel, 1949–1985
(Billions of Dollars)

Source	Amount
U.S. Government Assistance (Military and Economic)	\$30.7
Export-Import Bank	1.1
Private Individuals and Institutions, and Israel Bonds	12.5
Total	44.3

was even higher for Begin's acceptance of the Camp David Accords engineered by President Carter.

American economic aid has enabled Israel to tackle serious deficits resulting from an unfavorable balance-of-payment in its trade without relying heavily on high-interest commercial borrowing or suffering from a devastating economic depression. Furthermore, it has assisted Israel to maintain a moderate rate of economic growth despite an inflation rate of more than 120 percent. The study reveals that the U.S. has increased the volume of its economic assistance and the amounts of grants as Israel's foreign debt has worsened—a debt which reached a record high of \$18 billion in 1981.

Recently, American aid to Israel has been questioned following Israel's invasion of Lebanon in the summer of 1982 and the subsequent slaughter of hundreds of Palestinian civilians in two refugee camps in West Beirut. As the syndicated columnist William Raspberry put it: "Those were American planes and missiles and tanks that smashed into Lebanon, leaving thousands of dead and maimed civilians, women and babies in their wake. At some point we will have to ... deal with the fact that weapons, supplied by us on the hard understanding that they will be used only for defensive purposes, have been used to slaughter innocents who were no threat to Israel."⁶³

The GAO report goes further to confirm that the increase in Israel's share of the FMS reflected "aid for the replenishment of ammunition stocks drawn down and tanks lost during the fighting in Lebanon."

Secretary of State George Shultz has been stunned by the revelation that U.S. assistance is being used to finance Israeli settlements in the West Bank, which currently cost approximately \$100 million a year. U.S. funds are used to supply homes for Israeli settlers at reduced prices along with other benefits. It was reported that "new West Bank housing is supplied at less than one-half of its cost in Israel proper; the basic services and utilities are free; that some mortgage loans of up to 80 percent are not collected so long as the buyer occupies his new home."⁶⁴ It can be concluded that American aid is essential to subsidize Israel's colonization of the West Bank because the Israeli economy is overheated by its huge military expendi-

tures and by a growing balance-of-payment deficit. Without U.S. assistance, the Israeli Government would be in no position to finance the resettlement of 100,000 Israelis in the West Bank by 1985 as a preparatory step toward annexation.

American officials believe that U.S. aid, being used to construct new settlements in the occupied Arab land, has subverted Reagan's plan, which has been accepted by the Arabs and rejected by Israel. To turn Israel around, it might be necessary to consider withholding American aid until the settlements are frozen—a necessary step to lift Reagan's plan off the ground. Such a measure might be difficult to initiate because of the pro-Israel bloc in Congress, which will spare no effort to defeat the Administration's move. This was evident in late December 1982 when the Senate brushed aside Reagan's plea not to increase U.S. aid to Israel in the 1983 budget over the amounts suggested by the Administration prior to Israel's invasion of Lebanon. The Senate action was embarrassing for the Administration; it dealt a blow to its credibility with the Arab states that have hoped that the U.S. could use its leverage with Israel to move the Middle East toward a peaceful settlement. It also sent signals to the Likud leaders that they could continue to ignore Reagan's plan and expect financial backing from the U.S. to support their absorption policy.⁶⁵ Under these circumstances, there is no hope that Reagan's initiative will succeed unless Congress is willing to support the Administration's strategy to use American aid as leverage to convince the Israeli Government to abandon its settlement policy in the West Bank and to agree to trade occupied Arab land for peace in the region. It is neither in the interest of the U.S. nor of Israel for the Middle Eastern conflict to continue—a conflict that has engulfed the region in an endless series of wars during the last three decades. As one observer put it: "the point is that we had better recognize—as the rest of the world already does—that we cannot supply Israel's war machine or underwrite its bellicose policies without buying into its bellicosity."⁶⁶

The U.S. must realize that if Israel insists on illegally confiscating additional Arab territory and occupying Gaza, the West Bank, and the Golan Heights instead of seeking peace, the

current cycle of attack, reprisal and expansion of Israel's "defense zones" will continue, engulfing the Middle East into more wars and undermining American strategic and economic interests in the area. It also means that U.S. taxpayers will have to carry the burden of subsidizing Israel's expansionist policy to finance Israel's military buildup and help ease its deficits. It is doubtful whether the U.S. can continue to provide sizeable economic and military assistance to Israel at a time when Americans have experienced deep recession and high unemployment as well as severe budget cuts in human services in an attempt to balance the federal budget and to reduce the American Government's own deficit, which is expected to reach the \$200-billion mark in 1983.

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The GAO Study: Reports And Commentaries

Although couched in fastidiously neutral language stripped of political buzz words, secret portions of a Government study on U.S. aid to Israel pose this warning: the United States confronts a rising spiral in financing Israel that may be impossible to stop . . .

What may catch the Congressional eye in the midst of Israel's political appeal is a warning closer to home. "The many facets of the U.S. economy . . . must all be considered" in handling the escalating Israeli aid crunch that lies ahead, says the GAO. In other words, the Congressional watchdogs are barking that the burden of bailing out Israel may be too much for American industry and labor to bear.

Rowland Evans and Robert Novak,
The Washington Post, July 8, 1983

Israel invaded Lebanon a year and a month ago, allegedly to clear its northern borders of enemies and assure peace on that frontier.

But the General Accounting Office of the Congress of the United States in a new report on aid to Israel informs us that this does not mean prospective decline in Israel's demands on the American taxpayer . . .

The prospect held forth by the report is that so long as Israel continues in a state of hostility with its Arab neighbors, its cost will continue to rise and the U.S. taxpayer will continue to be expected to pay.

Joseph C. Harsch,
The Christian Science Monitor,
July 5, 1983

An assertion that Israel is charging the United States for some of the costs of its invasion of Lebanon was censored from a General Accounting

Office report on U.S. aid to Israel . . .

A current Israeli request for a \$50 million increase in military aid "reflects, at least in part, aid for the replenishment of ammunition stocks drawn down and tanks lost during the fighting in Lebanon," the draft said.

That sentence was deleted in the heavily censored version of the report that was made public.

James McCartney,
The Philadelphia Inquirer,
June 25, 1983

A Government report has concluded that the United States is likely to come under increasing pressure to provide more economic grants or other concessions to Israel because of Israel's growing debt . . .

The report, the Government's most comprehensive study to date of official American aid to Israel . . . also provided extensive details on Israel's defense relationship with the United States, many of them not widely known before . . .

In listing the special concessions provided Israel by the United States, the report said Israel was the first country to be exempted from repaying some of its military debts to the United States.

Israel is also allowed to repay its military loans over 30 years, in contrast to the 12 allowed most recipients . . .

The GAO said that in addition to liberal repayment terms, Israel is allowed what is called "cash flow financing," which means that since 1974 Israel has been able to use its military credits from the United States to pay in installments for military equipment ordered. This contrasts with the more stringent requirements on most other countries.

The New York Times,
June 26, 1983

Perhaps the most controversial aspect of this [U.S.-Israeli] relationship within the U.S. Government concerns the decision allowing Israel to use Foreign Military Sales credits to purchase goods from Israeli as opposed to U.S. contractors. The report warns, perhaps a bit late, that this could lead to "future requests to subsidize the maintenance of an expanded Israeli defense industrial capability. . ."

The degree and nature of the censorship of the report suggests that both the U.S. and Israeli governments are extremely sensitive to U.S. public awareness of the full character of what is a very expensive and deadly relationship.

Joe Stork and Martha Wengen,
Merip Reports,
September 1983

When the public and secret versions of the [GAO] document are compared, it is evident just how far the Reagan Administration has acquiesced in financing Israel's defense industries to beat U.S. and French competition in the international arms trade. If the Administration accepts the current Israeli demands identified in the report, U.S. financial aid to Israel is likely to rise by more than \$2.7 billion over the next decade just to enable Israel to meet its *existing* debts to the U.S.

The secret sections of the GAO report show clearly, for the first time, that Israel's strategy is to get the U.S. Congress to finance half Israel's defense budget, underwrite most of Israel's export earnings, and cover the growth decline in Israel's foreign exchange reserves.

Claudia Wright,
Middle East International,
July 1983

Books To Order

New Selections

□ Colin Chapman, *Whose Promised Land?*, Lion Publishing, Herts, England, 1983, 253 pp., \$3.95. Outlines the conflicting claims to the Holy Land from the time of the Bible on. Discusses the relevancy of biblical promises to the modern age. Our price, \$2.75.

□ General Accounting Office, *U.S. Assistance to the State of Israel: The Uncensored Draft Report*, American-Arab Anti-Discrimination Committee, Washington, D.C., 1983, 78 pp. This report examines the full range of aid to Israel and the U.S. policies governing this relationship. Specifically it examines how the relationship is translated into policy objectives, the major determinants of aid levels to Israel, the effect of U.S. aid on Israel's economy and the U.S. commitment to develop Israel's arms industry—current and proposed. Our price, \$4.50.

□ Ibrahim Abu-Lughod, *Palestinian Rights: Affirmation and Denial*, Medina Press, 225 pp., \$7.95. In this book of essays, seventeen distinguished international scholars examine, analyze and detail Palestinian national rights, including their right to national identity, sovereignty in Palestine, return, and representation. The international assessment and response to these rights and their violation by Israel are carefully probed and documented. Our price, \$3.95.

□ Dewey Beegle, *Prophecy and Prediction*, Pryor Pettengill, 274 pp., \$5.95 (paperback). Refutes the biblical claim of Zionists to the Promised Land by discussing what the Bible teaches about prophecy, especially concerning the predictions of events which already have occurred and those which are to come. Our price, \$4.50.

□ Lenni Brenner, *Zionism in the Age of the Dictators*, Croom Helm Ltd., London and Lawrence Hill and Co., Westport, CT, 1983, 277 pp., \$8.95 (paperback). Using a wide range of sources, predominantly Jewish, Brenner concludes that from the beginning the goal of Zionism was the occupation and control of Palestine, and not the rescue of millions of Jewish victims of Nazi, Fascist and other European tyrannies. Our price, \$7.95.

□ Jimmy Carter, *Keeping Faith: Memoirs of a President*, Bantam Books, New York, 1982, 622 pp., \$22.50. Drawing from the 5,000-page diary he kept as President, Carter evaluates his accomplishments and disappointments. A sizeable portion is devoted to Camp David with minute-by-minute accounts of the negotiations and

private meetings with Middle Eastern officials. Our price, \$11.50.

□ Kenneth Cragg, *The House of Islam*, Kickenson Publishing Co., Inc., 145 pp., \$8.95. Outlines basic elements of Islam; particularly geared to a Christian audience. Supportive yet unafraid to face major questions between Christianity and Islam. Excellent group study guide with a section, "Questions For Further Study and Discussion." Our price, \$7.75.

□ Richard Curtiss, *A Changing Image: American Perceptions of the Arab-Israeli Dispute*, American Educational Trust, Washington, D.C., 1982, 216 pp., \$9.95. Traces the evolution of American public opinion on the Arab-Israeli conflict; concludes that it is becoming more balanced, and that this trend will continue. Our price, \$7.25.

□ Saad El Shazly, *The Crossing of the Suez*, American Mideast Research, 333 pp., \$14.00. Egypt's former military commander-in-chief tells how the Egyptian Army executed its brilliant 1973 crossing of the Suez and how Egypt's political leaders turned that success into disaster. Our price, \$10.95.

□ James Ennes, Jr., *Assault on the Liberty*, Random House, 301 pp., \$13.95. The author served as lieutenant among the officers of the U.S.S. Liberty on her fatal voyage. He was on watch at the bridge during the day of the Israeli attack. Our price, \$10.95.

□ David Gilmour, *Dispossessed: The Ordeal of the Palestinians 1917-1980*, Sidgwick and Jackson, 242 pp. Well-documented history of Palestinians, based in part on revealing quotations from Zionist sources. Author examines the status of Palestinians in exile, the complex inter-relationships of the P.L.O., and the Palestinians vis-a-vis the international community, particularly with the Soviet Union and the Third World. Our price, \$5.50.

□ Grace Halsell, *Journey to Jerusalem*, Macmillan, 1982, 256 pp., \$7.95. A distinguished journalist visits the Holy Land and meets people as diverse as Mayor Bassam Shaka of Nablus and Bobby Brown of the Bronx, NY, now a Gush Emunim settler near Bethlehem. Our price, \$2.95.

□ David Hirst, *The Gun and the Olive Branch*, Futura Publications Ltd., London, 1983 reprint, 367 pp. Aptly subtitled "The Roots of Violence in the Middle East." In tracing those roots, the author dispels a number of myths about Arabs and Zionists. Well researched and very readable. Our price, \$2.75.

□ Stephen D. Isaacs, *Jews and American Politics*, Doubleday & Co., 302 pp. An investigation into the role Jews play in Ameri-

can politics. It explodes many myths on this subject and shows how Jews have exercised the power they have. Our price, \$3.85.

□ Michael Jansen, *The Battle of Beirut*, South End Press, Boston, 1982, \$6.50 (paperback). This book analyzes the war from its start in June 1982, to the massacre at Sabra and Shatila in September. It explodes the contention of a "limited operation" and "minimal civilian casualties," and exposes the longer term ambitions of Israel. U.S. policy is also examined, especially the degree of collusion between Alexander Haig and the Israeli leaders. Our price, \$5.95.

□ Sabri Jiryis, *The Arabs in Israel*, Monthly Review Press, 314 pp., \$5.95. Expanded version of Jiryis' original authoritative account of the deprivation of Arabs living in Israel. Our price, \$4.25.

□ Alfred Lilienthal, *The Zionist Connection II*, North American, New Brunswick, NJ, 904 pp., \$9.95 (paperback). Covers the Arab-Israeli conflict from the time of Herzl to the 1982 Israeli invasion of Lebanon. Research involved is monumental. Contains much information of which most Americans are unaware. Our price, \$8.25.

□ Ian Lustick, *Arabs in the Jewish State*, University of Texas Press, 1980, 400 pp., \$10.95. A systematic, scholarly analysis of the strikingly low level of Arab political activity in Israel. Author examines success with which Israeli authorities have coopted Arab elites, maintained the backwardness of the Arab economy, and promoted parochial rivalries within the Arab sector. Our price, \$8.50.

□ Basheer Nijim, ed., *American Church Politics and the Middle East*, Association of Arab American University Graduates, Belmont, MA, 1982, 156 pp., \$6.95. Examines the biblical, theological and socio-religious factors in the formulation of U.S.-Middle East policy. Our price, \$5.25.

□ Livia Rokach, *Israel's Sacred Terrorism*, Association of Arab-American University Graduates, 1980, 68 pp., \$4.50 (paperback). Examines the 1953-57 diary of Moshe Sharett, founding member of Israel's Labor Party, his country's first foreign minister and its second prime minister. Our price, \$3.50.

□ Cheryl Rubenberg, *The Palestine Liberation Organization: Its Institutional Infrastructure*, Institute of Arab Studies, Inc., Belmont, MA, 1983, 66 pp., \$3.50 (paperback). This monograph studies the civilian network of social institutions and services established and operated by the P.L.O. to provide health care, education, employment, vocational training and social services to the Palestinian people. Our price, \$3.25.

□ Regina Sharif, *Non-Jewish Zionism*, Zed Press, London, 1983, 144 pp., \$9.95. Two centuries before Herzl the Protestant rev-

olution generated the belief that a Jewish return to Zion would expedite the Second Coming of Christ. That belief continues among certain fundamentalists, and the author attributes the axiomatic support of Israel in the West today to this theological foundation as much as to Jewish lobbying and diplomacy. Our price, \$5.50.

Jacobo Timerman, *The Longest War: Israel in Lebanon*, Alfred A. Knopf, New York, 1982, 167 pp., \$11.95. Timerman foresees consequences that Israel will have to face in the years ahead: a rise in pacificism and anti-militarism among its people; an army and air force that will no longer unquestioningly follow their government's lead; the world's changing perception of Jews from victim to victimizer; inevitable changes in Israeli society and its relationship with overseas Jewish communities. Our price, \$9.50.

Evan M. Wilson, *Decision on Palestine*, Hoover Press, 244 pp., \$14.95. Well-documented analysis of the six years leading up to the creation of Israel. Based on author's personal experience and on information made available by the United Nations and governments involved. Our price, \$10.00.

Marion Woolfson, *Prophets In Babylon: Jews In The Arab World*, Faber & Faber, London, 1980, 292 pp., £14 (\$38.00). Traces the story of the Jews through Babylon, Yemen, Spain, the Maghreb, and in the Ottoman era, Iraq, Syria, Egypt and Palestine. Author points out that while the Jews were sometimes misused or persecuted, more often they enjoyed a privileged status, respected by Muslim and Christian alike as "people of the book." In the concluding chapters Woolfson traces the growth of Zionism and its sometimes subversive consequences on Jews both inside and outside Israel. Our price, \$17.50.

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Notice

The Palestine Research and Educational Center in Washington, D.C. has begun the publication of *Palestine Perspectives*, the only magazine on Palestinian affairs published in the United States. The magazine, published bi-monthly, will be published monthly starting in January 1984. Its editor is Dr. Muhammad Hallaj.

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