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U.S.-Israel
Strategic Cooperation

MEMORANDUM OF AGREEMENT
BETWEEN THE UNITED STATES OF AMERICA AND THE STATE OF ISRAEL
REGARDING
JOINT POLITICAL, SECURITY AND ECONOMIC COOPERATION

PREAMBLE

The parties to this Memorandum of Agreement reaffirm the close relationship between the United States of America and Israel, based upon common goals, interests, and values; welcome the achievements made in strategic, economic, industrial, and technological cooperation; recognize the mutual benefits of the United States-Israel Free Trade Agreement; take note of United States economic and security assistance to Israel; and note that Israel is currently designated, for the purposes of Section 1105 of the 1987 National Defense Authorization Act, as a major non-NATO ally of the United States. The parties wish to enhance their relationship through the establishment of a comprehensive framework for continued consultation and cooperation and have reached the following agreements in order to achieve this aim.

ARTICLE I

The United States and Israel recognize the value of their unique dialogue and agree to continue frequent consultations and periodic meetings between the President and the Prime Minister, between the Secretary of State and the Minister of Foreign Affairs, between the Secretary of Defense and the Minister of Defense, and between other Cabinet-level officials. In these meetings, international and bilateral issues of immediate and significant concern to both countries will be discussed as appropriate.

ARTICLE II

A. The Director General of the Ministry of Foreign Affairs and the Under Secretary of State for Political Affairs will meet regularly, for a Joint Political Consultation (JPC) to discuss a wide range of international issues of mutual interest with a view toward increasing their mutual understanding and appreciation of these issues.

B. The United States Agency for International Development and Israel's Ministry of Foreign Affairs, Division of International Cooperation (Mashav) meet

periodically to coordinate and facilitate, as appropriate, Israel's assistance to developing countries.

ARTICLE III

-
The United States and Israel reaffirm the importance of the following U.S.-Israeli Joint Groups:

A. The Joint Political Military Group (JPMG) is the forum in which the two states discuss and implement, pursuant to existing arrangements, joint cooperative efforts such as combined planning, joint exercises, and logistics. The JPMG also discusses current political-military issues of mutual strategic concern.

1. The JPMG is a binational, interagency group co-chaired by the Director General of the Israeli Ministry of Defense and the U.S. Assistant Secretary of State for Politico-Military Affairs.
2. The JPMG normally meets biannually, alternating between Israel and the United States.

B. The Joint Security Assistance Planning Group (JSAP) is the forum in which the two states review Israel's requests for security assistance in light of current threat assessments and U.S. budgetary capabilities and agree upon proposed levels of security assistance. The JSAP also discusses issues related to security assistance, such as industrial and technological cooperation, as well as issues related to Israel's inclusion among those countries currently designated as major non-NATO allies of the United States for the purpose of cooperative research and development under Section 1105 of the 1987 National Defense Authorization Act.

1. The JSAP is a binational, interagency group co-chaired by the Director General of the Ministry of Defense and the Under Secretary of State for Security Assistance, Science, and Technology.

2. The JSAP currently meets annually, in Washington, D.C.

C. The Joint Economic Development Group (JEDG) is the forum which discusses developments in Israel's economy. With a view to stimulating economic growth and

self-reliance, the JEDG exchanges views on Israeli economic policy planning, stabilization efforts, and structural reform. The JEDG also evaluates Israel's requests for U.S. economic assistance.

1. The JEDG is a binational, interagency group co-chaired by the Director General of the Ministry of Finance and the Under Secretary of State for Economic Affairs. The group includes private U.S. and Israeli economists invited by their respective countries.
2. The JEDG currently meets biannually, alternating between the United States and Israel.

ARTICLE IV

This Memorandum of Agreement does not derogate from any existing agreements or undertakings between the two states nor in any way prejudices the rights and obligations of either state under the Charter of the United Nations or under international law. In accordance with the above, the parties reaffirm their aspirations to live in peace with all countries. This agreement shall come into effect upon signature, shall be valid for an initial period of five years, and shall thereafter be renewed for additional periods of five years unless either

party notifies the other prior to the expiration of a five year period that it wishes to terminate the agreement.

DONE at Washington and at Jerusalem, in duplicate, in the English language, the twenty-first day of April, 1988, the fourth day of Iyar, 5748, and the day of April, 1988, the day of Iyar, 5748.

FOR THE GOVERNMENT OF THE
UNITED STATES OF AMERICA:

FOR THE GOVERNMENT OF ISRAEL:

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FOR THE GOVERNMENT OF ISRAEL:

FOR THE GOVERNMENT OF
THE UNITED STATES OF AMERICA:

SECURITY AFFAIRS

1411 K STREET, N.W. • SUITE 1002 • WASHINGTON, D.C. 20005 • (202) 347-5425

INDEPENDENCE

10 YEARS AFTER ENTEBBE

The day Americans celebrate Independence is an appropriate day to consider the depth of U.S. commitment to countering international terrorism. For terrorists work to erode our independence - our independence to make alliances and choose friends; to travel freely; to write, think and speak freely. Terrorists kill innocents in hopes of sowing confusion about America's role in the world and about the "rightness" of the democracy enjoyed by citizens of the West. If we are frightened enough, they believe, if we can be terrorized, we will cease to be the people Americans are today.

Our goal, of course, is to ensure their failure - political and military. How have we fared?

The Fourth of July 1986 is a good time to ask, since it is the 10th anniversary of the Israeli rescue mission to Entebbe. It was really the Entebbe raid that raised the American consciousness about the West's ability to fight back. It was gripping and heroic - and successful. There has been, since then, a steady increase in political willingness to confront terrorism. This has, unfortunately, not been matched by resources devoted to the job.

There is always a time lapse between motivation and technical proficiency. Desert One, in 1980, was a case of great desire to succeed in a counter-terrorism operation, coupled with serious failures in control and capability. By 1985, when the U.S. went after the hijackers of the Achille Lauro, we were in much better condition.

Secretary of the Navy John Lehman told a JINSA audience shortly thereafter that the success was in large measure attributable to increased training over time; more ammunition and spare parts - which allowed our ships in the Mediterranean to carry out a mission quickly; and to increased public support for the role of the Navy (and all U.S. military forces) in defending our national interest.

This last is the advantage Israel has always had in an often lonely fight against international terrorism. The U.S. has arrived at that point only lately, but we have arrived - and the proof was in the favorable public response to our raid on Libya.

There were, even in our successful operations after the Achille Lauro and the Libya raid, serious functional problems. We still have a long way to go in providing the proper resources to fight terrorism. But this July 4th we salute the strides in political will and military proficiency that have been taken by the West since Entebbe.

JINSA STRIKES OUT

We are, apparently, not as influential as we would like to be - or like to think we are. - In the last issue of "Security Affairs", we urged the firing of NBC News President Lawrence K. Grossman for authorizing and defending the televised interview with terrorist Muhammad Abu Abbas at an unrevealed location. He has not yet been fired.

And -

On the eve of the trial (in absentia) of Abu Abbas in Italy for the hijacking of the Achille Lauro, Grossman was among the VIP attendees at a State Dinner at the White House.

Frankly, it had not occurred to us last month to write: "If Mr. Grossman is not fired by NBC, at least he should not be invited to attend a State Dinner in honor of a visiting president.

FOREIGN MINISTER YITZHAK SHAMIR ON LIBYA AND NICARAGUA

"We are mainly fighting against Arab terrorism. But we know that those organizations and others cannot cause much damage without being supported by states who help them with money, weapons, training areas, etc. That's why we believe the war against international terrorism - war in which the United States plays a leading role - is absolutely vital.

The U.S. attacks on Libya are of the utmost importance in that framework, and they have already deterred other states from walking along this path of supporting terrorism. International terrorism is an international monster that exceeds all bounds. We see this terrorism in Libya and we see it in other places such as Central America. We see it from Libya to Nicaragua.

We know that the PLO had assisted the Sandinistas and had cooperated with them in Nicaragua. The Sandinistas in turn have established a PLO base in Nicaragua. We welcome the American activities aimed at struggling with the danger of terrorism in that part of the world as much as we welcome the U.S. activities in Libya. There is a direct connection between Libya and Nicaragua, and this is a terror connection that spreads over continents and oceans. We believe that whoever is trying to deal with this threat has results and will have results."



The Lavie.

THE LAVIE: Comments & Controversy

by Josef Rom

Ed. Note: Mr. Rom is Professor of Aeronautical Engineering at the Technion (Israel's Institute of Technology). He served as Chairman of the Subcommittee for Defense Industries and Arms Procurement of the Defense and Foreign Affairs Committee of the Knesset (Israel's Parliament) from 1977 to 1984.

The Lavie prototype is preparing for its maiden flight this summer, but the controversy surrounding production of the supersonic fighter is increasing. The main issue is the economic justification for the development and production by Israel (in cooperation with U.S. industry) with Israel Aircraft Industries as the prime contractor.

There are those who objected to the project from its inception, viewing the prospect of an Israeli-developed, high-performance attack plane as an unjustifiable gamble. Those people had, in the main, three areas of concern:

1. Whether the Lavie would prove capable of meeting the special Israel Air Force (IAF) requirements for operational capabilities in the 1990s;
2. Whether the Israeli industrial complex was capable of developing and producing such an advanced weapon system; and the most trying issue
3. Whether the cost of developing and producing the Lavie would be competitive with the purchase of alternative U.S. aircraft.

Developing the Lavie

The Lavie is being developed in accordance with the specifications of the IAF, based on the accumulated experience of the Middle East battle fronts. Close contact between the designers and the operational personnel optimized the plane as a high-performance attack system to replace Israel's aging A-4s, F-4s and Kfir in the 1990s. The system design and its

expected performance as well as the economic considerations of development, production and life cycle costs - were closely reviewed by the IAF, the Ministry of Defense and the Knesset Defense and Foreign Affairs Subcommittee.

The conclusion of these reviews clearly indicated the advantages of the Israeli-developed Lavie over the alternatives. Battle-experience advantages must be built into Israeli weapon systems in order to ensure the qualitative edge over Arab military systems supplied by the Soviet Union, Western Europeans and also by the U.S. No less important was consideration of the benefit to the Israeli economy derived from developing the high technology base involved in the Lavie project.

American Objections

The prospect of Israeli industries having the capability to produce major systems which might compete with U.S. industries, resulted in strong objections to the Lavie by certain U.S. industries. Others, of course, supported the Lavie, being involved in the development of the project. Some Pentagon policy-makers raised even stronger objections, and Pentagon established a team to study the feasibility of the Lavie project.

The latest detailed studies by the Pentagon team did agree that the project meets the special operational requirements of the IAF. The Pentagon team is also convinced that the Israeli industrial base is capable of undertaking the development and production of the Lavie, in cooperation with U.S. contractors as presently planned. Thus, two of the three major concerns about the feasibility of the Israeli Lavie have been eliminated.

However, the third, and most critical issue, remains: can the Israeli defense

(Cont. pg. 5)

EDITORIALS

U.S. SINGLESPEAK

SALT II is unratified, unratifiable, violated and expired. It was notable chiefly as an example of the different perspectives the U.S. and the Soviet Union have toward international agreements. The U.S. has lived by SALT II as defined by Congress - in other words, unable to take full legitimate advantage of the provisions because Congress wouldn't fund even the items to which we were entitled. The Soviet Union has taken not only full advantage of the treaty provisions, but stretched the provisions (i.e., cheated) as far as they thought they could. In short, we lived by it, they didn't.

This fits the pattern of Western perceptions about the reliability of the two nations. A consistent 80% of Americans, when polled, say they believe the Soviets cheat on international agreements. A similar, though smaller, number of Europeans say they believe the same thing.

Then why are so many people displeased, or at least not relieved, by President Reagan's announcement that unless the Soviets change their pattern of SALT II violations, the U.S. will not consider itself bound by the unratified, expired, provisions after December? Critics of the President do not insist that the Soviets didn't violate the provisions - they know better. They do not insist the Soviets will stop their violations - they know better. They rarely even insist the treaty would have been a good one if it hadn't been violated. They appear to object mainly on the grounds that the President of the United States made public that which they wish they hadn't had to deal with. Our allies - and some of our own citizens - appear angry with the President for saying that if the Soviets cheat, we don't feel compelled to pretend they don't. But, shooting the messenger for exposing the Emperor (to mix metaphor and fable) doesn't help.

Our allies should recognize by now that the Reagan Administration has made a career of exposing Emperors. The United States, over the past few years, has developed enough confidence in our own policies to reject acquiescence or compromise that is not in our interest. The record, in chronological order, includes:

- 1) Rejecting the "Law of the Sea Treaty", which would have allowed, among other things, the PLO to claim some profits from the mining of sea bed minerals;
- 2) Refusing to halt Pershing missile deployment in Europe, which would have broken our agreement with our NATO allies at the insistence of the Soviet Union;
- 3) Withdrawing from UNESCO;
- 4) Rejecting any resolution emanating from the U.N. Women's Conference in Nairobi that contained the infamous formulation "Zionism is Racism";
- 5) Rejecting the "compromise" at the Helsinki Accord talks in Bern that contained language restricting travel abroad under certain "personal or political circumstances" (code for allowing the Soviets to restrict all foreign travel and Soviet Jewish emigration); and
- 6) Refusing to allow the U.N. emergency conference on Africa to degenerate into another Third World monologue about wealth transfers.

The results:

- 1) There is no Law of the Sea Treaty;
- 2) The Pershing missile installation began on schedule, no European country rejected them, and the Soviets returned to Geneva. This last was accomplished in part because of U.S. insistence on SDI research as a priority item, despite early European insistence that we were being naive;
- 3) The British followed us out of UNESCO, and the organization is undergoing a budgetary transformation;
- 4) The offending language was deleted for the first time in any U.N. conference since 1975;
- 5) The results remain to be seen. But the action is fully consistent with statements by Natan Shcharansky and Yelena Bonner about pushing the Soviets on human rights issues and not swallowing meaningless platitudes;
- 6) There was a serious exchange about free-market economies and foreign aid between representatives of Africa and the West. The Soviets, with neither money nor ideas, were relegated to the sidelines for perhaps the first time at a U.N. conference dealing with the Third World.

Other actions, such as capturing the Achille Lauro hijackers, bombing Libya and liberating Grenada, fit into a separate but similar category of U.S. refusal to "go along to get along". Our assertiveness was much appreciated by the Grenadians. Expanding Voice of America transmissions and instituting Radio Marti indicate further confidence in our system.

And now SALT II again given the track record of useful results when the U.S. decides what is in our interest and what is not, and then what happens when we stand behind our convictions, perhaps the West should concentrate on the message. If the Soviets cheat, to the detriment of Western security, the allies should look for ways to stop the cheating.

One sign that a lot of the unhappiness with the President's message is, to some extent, politicians on autopilot is the recent European decision to buy Norwegian natural gas rather than the Soviet product - for security reasons. This is, in effect, a European admission that the Administration was right those five years ago about the Yamal pipeline. Perhaps the Europeans are becoming more confident about standing up for Western interests as well.

MYOPIA

Entry of a guilty plea by Jonathan Pollard to charges he spied against the United States for Israel returned the story to the front pages. We felt thus compelled to return to our file and review our previous comments. ("Security Affairs", Dec/Jan 1985-86) Our conclusions were twofold: that Israel was entirely wrong in running a spy in the U.S. defense establishment and should do all it could to set things right; and that the U.S. should not conclude that the cooperative strategic relations we have been developing with Israel were no longer a good idea. Five months later, we are alternately relieved and discouraged.

Relieved to see that, in the main, the United States government has not tried to penalize Israel in ways that would, ultimately, penalize America. The elements of strategic cooperation continue. Exchanges by U.S. and Israeli military officers and civilian defense officials; purchases of Israeli equipment by the U.S. military services; port calls by the U.S. Navy in Haifa; and intelligence cooperation, among other things, have not been halted. It has become clearer than ever that Israel is important to the U.S. in a variety of ways directly related to our security. There is, however, not without reason, growing concern in the U.S. defense establishment about the heights in Israel to which this affair rises.

That is the discouraging part. Israel owed the U.S. no less than full examination in Israel, full disclosure, and full cooperation with American proceedings. It was clear that such actions would create political turmoil in Israel. But that seemed to be the least price a government would have to pay for activities so detrimental to U.S.-Israeli relations. Unfortunately, the Israeli government has appeared more concerned with whether or not the U.S. broke an agreement to keep the investigation quiet than it does with the extent of its own complicity.

Israel's obfuscation on the subject has led to a spate of nasty articles in the U.S. press and the regurgitation of every charge that has ever been leveled against Israeli intelligence. If it were not for the determination of the State Department under Secretary of State Shultz to keep the incident from disrupting U.S.-Israeli relations, the recriminations would be flying even more thickly. As it is, American critics of Israel are having their greatest public success in a very long time.

For these reasons, it is essential that Israel change course and open the curtain. Failure to do so thus far has been myopic. Meanwhile, we trust the U.S. security establishment will remain patient while the Israelis straighten their house.

KING HUSSEIN'S DOUBLESPEAK

In a recent interview in an American newspaper, in English, King Hussein of Jordan said: "When you take a weapon like the Stinger that is being supplied to many movements in this world which could be described as freedom fighters by some, as terrorists by others, and when you come to governments that have been reliable, that have been your friends and allies for many years, and suggest that you do not wish these weapons to be in their hands...this is very hard to swallow."

Although his English is fluent and syntactically correct, King Hussein used no less than five English words that seem to mean one thing to him and something else entirely to us.

1) "Freedom fighters" and 2) "Terrorists". He means the Afghans. Who in the world thinks of the mujaheddin as "terrorists"? The Soviets. If the King considers the Soviet opinion of the Afghan freedom fighters to be legitimate, even as the Soviets carpet-bomb Afghanistan, then we and the King are on separate wavelengths.

As an aside, one of our chief concerns with the Saudis having Stingers is Saudi support for terrorists who attack Americans - i.e., the PLO and all of the spokes under its umbrella. The mujaheddin are fighting the PLO's other chief sponsor, the Soviets. It is unlikely that the Afghans would allow their weapons to be sidetracked to the PLO or similar groups. The same would hold true for the Contras or the UNITA guerrillas, who are also fighting Soviet-sponsored repression. We know for a fact that the Saudis are loose-fingered.

3) "Reliable". If the King really does think the Saudis have been reliable over the years, we need a new definition of the word. As only one example, the Saudis claimed to have brokered a deal in Lebanon to have Syria withdraw when the Israelis withdrew. We trusted them (naively perhaps, but we did) and there was never such a deal. As another, after the bitter AWACS fight, our Secretary of Defense went to Saudi Arabia on an official mission. He was treated in a most rude and arrogant manner (see "Security Affairs" Feb/Mar 1982). At that time, even the barest elements of military cooperation between the U.S. and Saudi Arabia were denigrated by the Saudi princes.

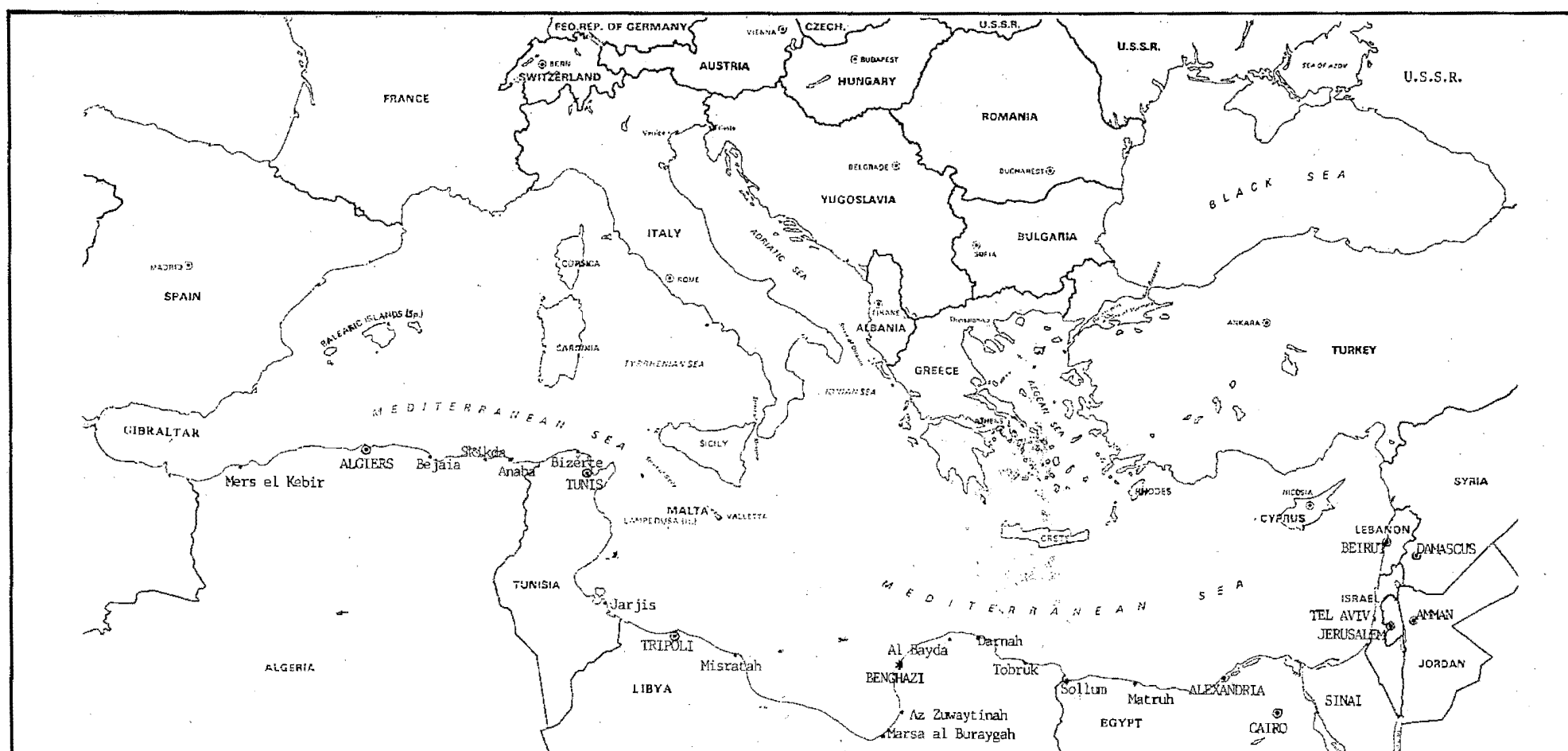
4) "Friends" and 5) "Allies". We can try to give the King the benefit of the doubt, but what kind of friend would cut Egypt off over the Camp David Accords? What kind of ally refuses to allow the U.S. basing rights to secure its own territory? What kind of friend calls the U.S. "an arms merchant to whom we pay cash"? What kind of ally supports financially those groups seeking to damage U.S. interests, while causing its own sort of damage to U.S. interests by voting against us 86.4% of the time at the U.N.? (Jordan's own record is only slightly more "friendly" - 85.8% of Jordan's votes were in opposition to U.S. votes.)

The problem is not what Hussein says. It is either what he believes he meant, or what we believe we heard. The same thing happens when we talk about "peace" in the Middle East, "democracy", "legitimacy" or any one of a hundred other concepts so easily misconstrued.

From the American perspective, it should be simple - we and Jordan and Saudi Arabia and Morocco and Oman and a few others really do have interests in common. We, and they, want stability in their countries. We, and they, do not want radical, Iranian-style governments to overthrow their conservative monarchies. We, and they, do not want U.S. soldiers to try to guarantee the flow of oil from the Gulf. We, and they, hope to limit Soviet intrusion into the region.

But, from our perspective, the problem is that they don't consider the Soviet Union the primary threat to their stability, and they won't "give" on Israel. From theirs, the problem is that we don't see Israel as the primary threat to Arab security, and that we won't "give" on Israel. For a long time, we and they have engaged in a tacit agreement to paper it over.

We look for reassurance in "innuendo" and "hints". They want reassurance in arms sales. The differences are real. It isn't that they don't understand us, we're not speaking the same language - even though it's English.



THE MEDITERRANEAN LITTORAL DEFINING THE REGION & THE THREAT

Lt. Gen. Devol Brett (USAF, Ret.)

Ed. Note: General Brett is a member of the JINSA Board of Advisors, and accompanied the first JINSA trip to Israel in 1982. He has served as Commander of Allied Air Forces, Southern Europe, AFSouth and as Commander of the U.S. Air Force's in Europe's 16th Air Force. The following is excerpted from his presentation before the JINSA Annual Meeting.

I would like to talk from the map. I use maps because I am an airman, and most of the time we don't get to look at maps when we're in a cockpit (particularly like the F-111 flyers coming out of the U.K. — on their way to Libya). That's one reason.

The other reason is that I arrived in Naples via Iran (two years), Turkey (two years) and the Pentagon as Director of the Near East/South Asia Region (three years). So, for ten straight years, I worked with the Middle East and Southwest Asia. But I found that talking to fellow Americans and trying to explain something about that part of the world, they just couldn't relate to it.

If you look at a map, you will get a better perspective of the problems and some of the advantages to the Western position there.

The Importance of the Region

The southern region of Europe is often referred to by people who don't live there as the "southern flank" of Europe, to which I take great exception as do the people who do live there — it's not flanking anything. Most Army people and some Marines would agree that you can afford to lose a flank and still hold the center. The center, for them, is the part you're trying to guard. But I don't think anybody who lives there feels that the center of Europe is more important than the southern region. The people in the north feel the same way about their area.

The Soviets also feel that way, and they don't have flanking forces. They have

divided their air forces, as well as ground forces, into theaters of operations as we did in World War II. This was the Mediterranean theater of operations; it wasn't the southern flank of anything or the northern flank of anything else. It is an important point and the region should be approached in that manner, both by political and by military people.

The Scope

The second thing to understand is that it's huge. This part of the world is six times bigger than Central Europe between the Baltic and the Alps. The distance from Spain to Eastern Turkey, which is the area of NATO's interest, is over 4,000 kilometers. Turkey alone would fill the eastern half of the United States.

The way we approached this part of the world when I was in Air Force South was as five distinct theaters of operations. From an airman's perspective it is important to know that:

- 1) The Mediterranean Sea itself is considered a theater of operation, an area that is isolated to a degree from the other areas;
- 2) Northern Italy is the second. Northern Italy faces twelve Soviet divisions (give or take ten, depending on who is talking and when);
- 3) The third theater is Northern Greece;
- 4) The fourth is Turkish Thrace; and
- 5) The fifth is Eastern Turkey.

That is the present NATO approach to it, and it is a good departure point for looking at this part of the world. For years, however, even NATO people just looked to the east, to the northeast and to the southeast, bordering on the Warsaw Pact. In 1978, for the first time in my experience, a Commander-in-Chief of the U.S. Forces/Europe (who was also the Supreme Allied Commander of NATO SAC/EUR) General Alexander Haig, said publicly that we had to take a hard look at the southern

coast of the Mediterranean. He was specifically concerned about Libya.

Looking at the Threats

For the first time, then, we were allowed to include these countries and list the threat

"If you draw the arc that measures the range of (Soviet) aircraft. . . most of their fighter-bombers can cut at least across Italy. . . we have bases in Turkey, Italy and Greece."

from them — not in our live exercises, but in what we call our CPX. But, it took us a long time to get to that point. And it took a long time for the people in the center to recognize the fact that this is a very, very important area to our survival and to our strategic and tactical interests.

There is a tremendous number of Soviet aircraft in that part of the world, and their bombers can fly all the way to Gibraltar. If you start drawing the arc that measures the range of the aircraft, it is quite significant. Most of their fighter-bombers can cut at least across Italy. This is particularly significant because we have bases in Turkey, Italy and in Greece, behind the line of the arc. We have aircraft there that we plan to use either in an offensive manner, or in an air defense role protecting our ground forces and aiding the 6th Fleet and allied navies.

In the past, Soviet aircraft were "short-legged" and their weapons were rather unsophisticated. Now most of them can cut out across Europe and we don't know

which direction they're going to go. If they take off from bases in Eastern Europe, and even some in the western U.S.S.R., they can go to any of the points of the compass, threaten our forces and threaten our response capability.

Finally, the actual figures don't make much difference, but we are severely outnumbered in the air forces — those that would be involved in a European scenario or any other. We are not only outnumbered, but we are facing very, very sophisticated aircraft. In recent years the Soviets have made tremendous advances in fighter aircraft, as well as building some pretty good bombers and associated support aircraft — communications and control and intelligence gathering aircraft.

In the meantime, the Italians, the Greeks and the Turks have not increased their inventory in any sizeable amount, and they only have brought on one or two sophisticated planes that can match the Soviets.

Libya, Syria & Iraq

The Soviets have also put a lot of their good aircraft in countries including Syria, Iraq and Libya. These are countries not very friendly to the United States, and which present a threat to us. We watched in Libya, for example, a good many years of aircraft build-up. A lot of them are still in crates, and people said, "Well, gosh, the Libyans can't fly." But there is nothing to preclude the Soviets from coming into Libya, bringing the necessary pilots, ground crews and support equipment, and flying them themselves. That has always disturbed us.

And we have never been really sure which way the Syrians would go — and neither have the Turks been sure. What role will the Syrians play? What role will Iraq play? No matter what the scenario, all of us should be concerned about which way these people will go, and when they will go — if they go.

THE PLO AND WEST EUROPEAN TERRORISM

by David E. Thaler

Ed. Note: Mr. Thaler is a graduate student at Columbia University's School of International Affairs. The following is derived from a longer article on PLO operations.

In recent months, West European leaders have expressed an increased willingness to forego their traditional belief in Yasser Arafat as peacemaker.

During a May visit to Israel, Italian Foreign Minister Giulio Andreotti declared the Venice Declaration, which calls for PLO participation in any Middle East peace settlement, no longer viable. Soon after, British Prime Minister Margaret Thatcher proclaimed that unless the PLO renounced terrorism completely, it would be time "to get some people who truly represent the Palestinian people."

There is good reason for their change of heart. Aside from its own terrorist activities, the PLO has played an active role as a clearinghouse for some forty West European terrorist groups. Italy's Red Brigades (BR), West Germany's Red Army Faction (RAF, better known as the Baader-Meinhof gang), and the Irish Republican Army (IRA), among others, have benefited from a well-entrenched PLO network of training camps, intelligence and logistics support, and weapons supply.

"Shatila was referred to as 'The European base' where terrorists were offered 45-day courses in demolition, small arms operation, and hand to hand combat."

There exists a large body of evidence regarding the involvement of the PLO in terrorist activities promulgated against Europe's liberal democracies. The depth of involvement has been corroborated by a wide array of testimonies, confessions, statements by leaders, and captured documents.

Training and Joint Operations

Training is one of the most important factors in establishing a terrorist infrastructure. Without instruction, an aspiring terrorist would have great difficulty assembling a suitcase bomb, executing a kidnapping operation, or evading the police.

Much of the evidence supports the premise that the PLO, through training operations, has been an effective catalyst for the spread of international terrorism. Arafat presides over an organization proven masterful at transforming inexperienced recruits into highly efficient killing machines.

PLO-IRA connections originated in the mid-1960's, when several members of the IRA trained in Jordan in camps of the Popular Front for the Liberation of Palestine (PFLP), a wing of the PLO. Active cooperation began with a bombing campaign in London in 1973, heralded by a PLO announcement indicating "joint military operations on British territory against Zionist organizations."

The RAF also trained in PFLP camps in Jordan. In 1970, Ulrike Meinhof, Horst Mahler, Andreas Baader, and other RAF leaders received military instruction under PLO auspices. This training was continued in Lebanon after the PLO was unceremoniously forced out of Jordan by King Hussein at the beginning of the 1970's.

The first joint PLO-RAF action was an attack on a Jewish home for the aged. It was followed by a string of others. The RAF helped organize the Munich Olympics massacre in 1972. They allegedly provided safe houses and logistical support for Black September, the terrorist arm of Arafat's Fatah wing which executed the attack. Further, two West Germans, Wilfried Böse and Brigitte Kuhlmann, carried out the Entebbe hijacking in 1976. The Germans were aided by five PLO terrorists.

Damour, Shatila, and Burj al-Barajneh in Lebanon were the primary PLO training camps for foreign terrorists before Israel's "Peace for Galilee" operation in 1982.

The Israelis found vestiges in Damour of two terrorist groups which should have been diametrically opposed to one another. The names of the Turkish Gray Wolves and the Armenian Secret Army for the Liberation of Armenia (ASALA) were scribbled on the walls of buildings where both had maintained offices.

Mehmet Ali Agca, would-be assassin of the Pope, was a member of the Gray Wolves. ASALA terrorists were arrested in the United States in 1982 for the attempted bombing of an Air Canada office in Los Angeles. Diaries were discovered by Israel

in Lebanon attesting to PLO instruction for "the comrades from Turkey."

Shatila was referred to as the "European base" where terrorists were offered 45-day courses in demolition, small arms operation, and hand-to-hand combat. German, Italian, and Basque terrorists trained at Shatila until 1982.

The PLO did not limit itself to training only left-wing terrorist groups. In a 1981 interview with Der Spiegel, Arafat's deputy, Abu Iyad, confirmed that the PLO had provided paramilitary training to the neo-Nazi Defense Sports Group Hoffman. This group bombed a crowded beer hall in Munich during the 1980 Oktoberfest. It was also implicated in the Bologna railway station bombing in 1980 that left 84 dead and many more injured. Abu Iyad justified the Hoffman group's training under PLO auspices because they shared tactical, if not strategic, goals.

Arms Supply

Palestinian and West European terrorists have consistently used the same types of weapons, the vast majority having been manufactured in the Soviet bloc. This in itself does not constitute proof of a PLO arms supply network. However, several weapons consignments en route to West Europe and captured by Western security forces have been traced back to the PLO. Moreover, documents and testimonies of repentant/captured terrorists have pointed to the existence of a PLO arms supply pipeline.

In 1972, Western authorities intercepted a shipment of weapons in Antwerp, Belgium. The consignment had been sent by Fatah from Cyprus to the IRA. In a

(Cont. pg. 5)



PLO training camps in Lebanon contained huge stores of ammunition. These crates labeled "tractor parts for Libya" contained 107 mm rockets for Katyushas. They were manufactured in North Korea.

A VIEW FROM THE PENTAGON: THE U.S.-ISRAEL RELATIONSHIP

by General Volney Warner (USA, Ret.)

Ed. Note: General Warner served as Commander-in-Chief of the U.S. Readiness Command and participated in a JINSA trip to Israel. The following is excerpted from his presentation to the JINSA Annual Meeting.

I had someone call the Pentagon and say, "Find for me the Israel Desk Officer on the Joint Staff, and have him put together on one piece of paper what he -HE, not the Pentagon -considers to be the current military relationship between the U.S. and Israel as of this moment." (That was a Friday afternoon you always get a better answer out of the Pentagon on Friday.) This comes from the Pentagon:

"The U.S.-Israel relationship is very strong and is based on a wide variety of common interests and shared values. It is commonly called 'a special relationship'. Israel is the strongest military force in the Eastern Mediterranean and can project significant power up to 500 nautical miles from its shore.

"The Israelis consider themselves in the Western camp and have supported the United States in virtually all international disputes.

"Support for Israel does have some penalty for the United States, primarily in our relationships with the Arab world. It also impacts on some of our relations with our European allies who take a more 'balanced' approach to the Middle East conflict.

"While there has been talk of strategic cooperation, the areas where the U.S. and Israel can cooperate are limited, mainly because the two sides see the threat and the region very differently. In military terms, the Israelis are friends, but not allies because we do not have an alliance; mainly because we do not have a common threat. The threat to the Israelis is from the Arab states. Certainly the Arabs do not threaten the United States, and we do not agree with the Israelis that all of the Arab states threaten Israel.

"Some of our best friends in the region, Jordan and Saudi Arabia, are considered enemies by the Israelis and consider the Israelis enemies. At the same time, the Soviets are considered to be our threat.

"The Israelis do not consider the Soviets a direct threat to Israel, and unless the Soviets were to attack Israel, the Israelis would do all they could to avoid a major confrontation. This is because the Israelis lack a nuclear umbrella.

"The difference between our NATO allies and Israel is obvious. The Europeans

see the Soviets as their main threat. Our European allies also have significant U.S. forces stationed in their countries and nuclear-capable systems -something Israel does not have nor does it want.

"The question is then, how best should we and the Israelis work together? It is probably best to concentrate on areas which do not require definition of a common threat. This would mean we could train with the IDF (Israel Defense Forces), use their ranges, exchange officers to discuss various technical issues, use Israeli maintenance facilities and so forth. Terrorism is another area where we can cooperate, though we will both want to maintain a certain level of independence.

"The bottom line is that, while it may not be pleasant, the reality of the region is such that we are constrained in our dealings with the Israelis and the Arabs as long as the Middle East conflict remains unresolved. The United States, as a superpower with friends on both sides, must accept this and deal with the region as it is, not as we wish it to be; and we must accept the tensions this causes in our relationships with both the Israelis and the Arabs."

Then a note for me, "Hope this is helpful. Good luck."

The question was then asked whether, in view of the stated and demonstrated threat to "Western interests" (which include both the U.S. and Israel) posed by Iran's Khomeini, Libya's Khaddafi, and other radical Arabs, the Pentagon might reassess the position that the U.S. and Israel do not face a common threat? Noting that the Pentagon statement recognized counter-terrorism as an area in which U.S.-Israel cooperation could be beneficial, General Warner stressed that a formal alliance might not be the best approach.

"Certainly (the radical Arabs) are a threat. (But) the extent to which the United States would be willing to align itself in some sort of contingency plan with the Israelis to jointly apply force to resolve the threat would be difficult to decide. The decision would be undertaken very, very gingerly because if the U.S. and Israel jointly apply force in the region, you alienate the balance of the Arab world that is not as (the questioner) describe(d).

"So, I don't see the U.S. as willing to buy into the problems that are implicit in a joint military alliance and contingency plan to do something about Khomeini and Khaddafi that would be advertised to the world as a joint U.S.-Israeli effort."

Lavie (from pg. 1)

budget, with future U.S. financial support almost assuredly limited, maintain the Lavie and all the other weapon systems needed for the IDF - the Army and the Navy as well as other Air Force requirements?

The Cost Estimates

Is there a less expensive alternative to the Lavie? First, the cost of the aircraft must be established no easy matter under present circumstances. The cost of development is estimated by Israel to be \$2.2 billion, while the Pentagon estimates \$2.6 billion. The original Pentagon estimate for Lavie development was \$4-10 billion, so the present difference of 15% is reassuring, and arises mainly from estimates of reserves for contingencies. The larger discrepancy is in estimating the cost of production. The Israeli estimate is \$15 million for each plane, while the Pentagon estimates \$22 million. These estimates are being reexam-

expensive. Therefore, it is reasonable to assume that the Lavie, which is 30% lighter than the F-16, should cost less. Furthermore, the production number required to break-even for the development and production of a modern military aircraft is 200-250. The IAF requirement for about 300 Lavie planes is beyond break-even.

Further Potential

In addition to Israeli considerations for the Lavie, the aircraft might be suitable to other air forces. The U.S. Air Force is now considering the A.T.F. as the next-generation air superiority fighter. Its qualities mean a large and heavy aircraft, therefore, a very expensive one. There are also requirements for a much smaller and less costly close-support attack aircraft as a replacement for the A-10 and other attack aircraft in use by the Tactical Air Command of the Air Force and by the Marines.

The Lavie is designed for attack missions, based on the extensive lessons of the



The cockpit of the Lavie.

"The purchase of the first 75 U.S.-built F-16s cost Israel \$1.4 billion. The second 75 cost \$1.8 billion (\$18.7 million and \$24 million per airplane respectively).

ined, since Israel claims the Pentagon is using unreasonably high values. As one example, Israel cites the cost of hourly work: \$46/hr by the U.S. estimate; \$24/hr by Israel's actual cost. In the opinion of the Israeli team, the 32% higher cost estimate of the Pentagon team would be lowered by a more realistic evaluation. Differences in the U.S. and Israeli cost figures for the engine account for much of the remaining discrepancy in price.

Including or excluding the additional cost does not solve the problem of financing the increased cost of all weapon systems, particularly that of an alternative aircraft system.

The purchase of the first 75 U.S.-built F-16s cost Israel \$1.4 billion. The second 75 cost \$1.8 billion (\$18.7 million and \$24 million per airplane, respectively) - both being more than Israel's estimate on the Lavie, and even more than the Pentagon team's estimate. This is important in addressing Israel's need to replace 300 aging aircraft in the 1990s. The alternative of a mix of U.S.-built planes, including the F-18 and the F-16, is more costly than the Lavie.

Israel's Defense Base

The dilemma of overwhelming defense expenditures - important as that is - cannot and should not be solved by sacrificing the development of defense industries. Israel's defense industries were the base for many, many other high technology developments. Aborting the Lavie project would mean a mortal blow to Israeli high-tech for years to come.

There are those who believe Israel should concentrate on developments in avionics and auxiliary systems which can be assembled into mainframe systems supplied by U.S. industries. Such a reasonable-sounding suggestion does not, however, take into account recent history. When such possibilities were explored for the F-16, we learned the arrangement results in much higher costs and long delays. Without the responsibility as prime contractor for the weapon system, Israeli industries will not be able to develop competitive products and/or avionic packages.

There are a few well-known "rules" in the aviation industry which are useful in evaluating the economic viability of the Lavie. The cost of an airplane is related to its size and weight - a heavier plane is more

expensive. It is small in size and weight with powerful operations characteristics for successful close-support attack missions with reasonable probability of survival in the environment of future battlefields. Production in large numbers would make it less expensive, to the benefit of all users.

It might be useful to involve a U.S. manufacturer in the development and production of a U.S. version of the Lavie for U.S. and possible NATO utilization. There

Terror (from pg. 3)

separate instance, the British discovered a vessel laden with five tons of materiel disguised as "electric transformers." The shipment of automatic weapons, RPG-7 anti-tank rockets, grenades, and explosives was again sent by Fatah from Cyprus.

One delivery route for arms to the IRA uncovered by British intelligence led from the PLO through Syria and Libya to Canada. From there, the FLQ (Quebec Liberation Front) would transfer arms shipments back through Le Havre and on to the IRA.

A Favor for a Friend

Considerable data points to the existence of a pervasive PLO arms supply relationship with the Red Brigades. One incident best describes this connection. In 1979, an automobile driven by BR members was stopped for speeding by Italian authorities. A search of the vehicle revealed two Soviet-manufactured, shoulder-launched "Strela" (SA-7) surface-to-air missiles. In court, one of the members claimed he was merely doing George Habash, leader of the PFLP, a "favor" by transporting the missiles for the PFLP's later use.

PFLP spokesman Bassam Abu Sharif confirmed this. He claimed the Red Brigades members should be released on "moral" grounds because they were only making a "fraternal gesture." He then demanded the missiles back, arguing that they were the property of George Habash.

Testimony offered in Italian courts by repentant/captured BR terrorists further indicates the PLO's deep involvement in West European terrorism. Patrizio Peci, formerly of the Red Brigades' strategic high command, confessed that arms re-

ceived in Italy "were coming from a single distribution center stocked by Palestinian formations."

Peci recalled yachting trips involving the transfer of large consignments of automatic weapons, explosives, Strelas, and anti-tank mines from the PLO to the Red Brigades. The arms were then distributed to terrorist groups in Italy, Ireland, Spain, and West Germany. The VZ-61 Skorpion submachine gun used in the BR's abduction and murder of Aldo Moro in 1978 was included in one of these consignments.

Peci's testimony was confirmed in court by Antonio Savasta, leader of the Red Brigades team that kidnapped U.S. Brigadier General James Dozier in 1981. Savasta's confession led the prosecuting judge to conclude that the PLO functioned "as a political and military point of reference for all the European terrorist organizations above all as regards the delivery of arms." In addition to these testimonies, the minutes of a meeting between Abu Iyad and Red Brigades leaders in Paris were discovered in a safe house in Italy. They relate to Abu Iyad undertaking to provide weapons, later indicating that he would have to check with Arafat on the arrangements. Finally, Abu Iyad states that he had received an affirmative answer from Arafat.

A Venice court issued an arrest warrant for Abu Iyad and Yasser Arafat, later successfully appealed on a technicality. The warrant held that the PLO leaders had "concurred in the illegal retention of a part of the arms mentioned above (surface-to-air missiles, Sterling machine guns, rockets, etc.) which were held by the Venetian column of the [Red Brigades] at the disposition - on Italian territory - of the PLO, . . . committing this act for the purposes of terrorism."

American Victims

Americans in Europe have been directly affected by this PLO-linked terrorist infrastructure. European terrorist organizations enjoying PLO patronage have attacked U.S. personnel, installations, and businesses. The Dozier case has already been mentioned, but this incident was only one of many. It would be useful to note some of the most recent cases:

— Leamon Hunt, U.S. commander of the Multinational Force and Observers in Sinai, assassinated in Rome in February 1984. The BR claimed responsibility.

— Edward Pimental, U.S. serviceman, shot and killed by RAF and robbed of military ID in Wiesbaden, West Germany, in August 1985.

— Car bomb exploded at U.S. Rhein-Main Air Force Base one day after Pimental's murder, killing two U.S. citizens and wounding 18 others. Pimental's ID was used to gain entrance to the base.

— Basque terrorists carry out bombing campaign in Spain in 1985 against U.S. firms. Companies hit included Firestone, Norton, Citibank, Xerox, and Honeywell.

Europeans have endured much greater suffering at the hands of West European terrorists. Therefore, those Europeans who advocate PLO participation in Middle East peace talks should keep one thing in mind: the same Arafat who feigns moderation has also facilitated the proliferation of terrorism in their cities, in their airports, and aboard their ships.

They need only to look at the evidence of the PLO's role as clearinghouse.

NEWSBRIEFS

LIBYA'S "FOXTROT" SUBMARINES: The U.S. Navy has apparently taken Libya's force of six Soviet-built "Foxtrot" submarines seriously. During the April airstrikes against Libya, the Navy positioned its sophisticated "Los Angeles" class attack submarines between the "Foxtrots" and U.S. surface combatants sailing off the Libyan coast.

AND MIDGET SUBMARINES: According to U.S. intelligence experts, Libya's Muammar Khaddafi is in the market for mini-sub. Yugoslavia is named as a possible supplier. With a seven-man crew and the capability of firing small torpedoes, these subs may enable Libya to pose a limited terrorist threat to Mediterranean shipping if Khaddafi so desires.

LIBYA TO JOIN WARSAW PACT?: The United Arab Emirates newspaper *Al-Ittihad* reports that Libya and the Soviet Union have agreed in principle on the former's membership in the Soviet-led Warsaw Pact military alliance. Quoting informed Arab sources, the paper notes that official documents on Libya's accession were prepared during a recent visit to Moscow of 'Abd al-Salam Jallud, a lieutenant of Libyan leader Muammar Khaddafi.

NEW EGYPTIAN TANK PLANT: Field Marshal Abu Ghazala, Egypt's deputy prime minister and minister of defense and war production, has revealed that his country is currently constructing a plant for the production of tanks. The Egyptians have reportedly chosen to produce the American M-1 "Abrams" and German "Leopard" tanks.

YOM KIPPUR WAR SECRETS: Abu Ghazala has also announced that Egypt plans to reveal its Yom Kippur War secrets in 1988, 15 years after the conflict.

SOVIET WARNING TO ISRAEL ON SDI: The Soviet Union has reportedly warned Israel, through the Finnish foreign ministry, that Israel's participation in Reagan's Strategic Defense Initiative would harm prospects for a Middle East peace settlement.

SANDINISTA MATH: Sofonias Cisneros, head of Nicaragua's equivalent of the PTA, reports that Nicaraguan math students must answer questions like the following: "The clip of a rifle has the capacity for eight cartridges. How many cartridges are needed to fill two clips?" Sandinista educators appear to be taking lessons from the PLO — UNRWA-funded books in Palestinian refugee camps on the West Bank were found to have similar "lessons" after the Six Day War.

CHINESE ARMS TO IRAN: The London-based International Institute of Strategic Studies has estimated that Iran recently purchased arms from China totaling \$1.6 billion, although China has denied this. Arms shipments have included Chinese-made J-6 interceptor jets, T-59 tanks, artillery, and surface-to-air missiles. Through arms sales, China can earn foreign exchange for its economic modernization program and build its influence in recipient countries.

WHAT THEY ARE SAYING

RICHARD PERLE, Assistant Secretary of Defense (commenting on the US decision to cease compliance with the provisions of the unratified SALT II Treaty): There was no way to make this decision palatable to the Europeans...And I think it is fair for us to ask Europeans who don't like the decision what they would do to obtain compliance. The Europeans have a terrific record of ignoring treaty violations. The tendency to show an unjustified deference to the wisdom of this mature European diplomacy twice in this century has produced world wars.

If there is anything that is important, it isn't [a question of] weapons one way or another on one side or the other, it is the way in which the leadership of the Soviet Union regards the leadership of the United States.

ON TERRORISM

CASPAR WEINBERGER, U.S. Secretary of Defense: Embassies are used as terrorist arsenals and planning centers, and so-called "diplomats" actually plan and orchestrate murders and bombings in the nations hosting them. . . . Yet, under the prevailing law of diplomatic immunity, the embassy is a sanctuary. There is no recourse against the so-called "diplomat" except expulsion. . . . I think we should examine, very carefully, the whole idea of diplomatic privilege extending to the support of terrorism.

ANDREAS PAPANDREOU, Prime Minister of Greece, accused the United States of engaging in "terrorism." Mr. Papandreou stated that there were efforts "to destabilize governments through intervention in Libya, Nicaragua and Afghanistan." Mr. Papandreou concluded that there "is not a shred of evidence linking Libya to terrorism."

ON THE PALESTINIANS

PRIME MINISTER MARGARET THATCHER: If PLO do not totally reject terrorism and renounce it, as I was trying to persuade them to do, and do not recognize UN Resolution 242 and Israel's right to exist, then if you want to get negotiations going you have to get some people who truly represent the Palestinians.

CROWN PRINCE HASAN of Jordan: The fact that Mrs. Thatcher is focusing on Palestinian representation is a continuation of her interest in initiating a dialogue with the Palestinians. And if you recall the Palestinian Liberation Organization disqualified itself from such direct talks last year in London when they were expected to enter discussions with the British foreign secretary. Their position at that time, of course, was that they were not yet ready to accept United Nations Resolution 242. [She was] not totally disqualifying the PLO, but effectively saying...that they have disqualified themselves. And therefore we have to focus on the Palestinians per se, which means the people in the occupied territories and the principle constituency of Palestinians there.

YASSER ARAFAT (on Jordan's apparent encouragement of a breakaway faction of Fatah): It is well-known that it is a theatrical show directed by the Jordanian secret service.

CONOR CRUISE O'BRIEN, author of *The Siege* (on the "political sources" of terrorism): The clear implication is that negotiation between Israel and Jordan can dry up "a principle source of terrorism." Now, nobody who has studied that political context at all, and is not blinded by wishful thinking, could possibly believe that. For the Arab terrorists—and most other Arabs—"the unresolved Palestinian question" and the existence of the State of Israel are one and the same thing. The terrorists could not possibly be appeased, or made to desist, by Jordan's King Hussein getting back a slice of the West Bank, which is the very most that could come out of a negotiation between Jordan and Israel. The terrorists and their backers would denounce such a deal as treachery and seek to step up their attacks, directing these against Jordan as well as Israel.

ON CENTRAL AMERICA

PRESIDENT RONALD REAGAN: The strategy of the Sandinistas should now be clear to everyone. . . . It's a strategy of delay, dragging out negotiations, never taking a serious position so they can wipe out their opposition, while Congress waits to see if there's a peace treaty around the corner.

JOSE AZCONA HOYO, President of Honduras: The can be no peace, even if the Nicaraguans throw all their artillery and their helicopter gunships into Lake Managua, if there is no democratic opening in Nicaragua. The Nicaraguan people, both inside and outside, will keep fighting for their freedom and Honduras and Costa Rica will keep suffering the effects of that struggle.

TOMAS BORGE, Interior Minister of Nicaragua (answering an American reporter's question in 1983): That Nicaragua is the first domino [to fall] in Latin America. . . . is one historical prophecy of Ronald Reagan's that's absolutely true.

OTHER ISSUES

KING FAHD of Saudi Arabia: Experts are of the opinion that the [oil] prices will fall to \$7 a barrel because of the price and production war. But I do not believe this will happen, because oil is a vital commodity for which there is no substitute. Substitutes which have been considered have proved to be costly and dangerous. Just remember the Soviet nuclear disaster. So it all boils down to the fact there is no substitute for oil.

DR. SA'DUN HAMMADI, Iraqi National Assembly Speaker: I would like to explain that Iraq . . . is fully prepared to allow the passage of the Iranian Army and volunteers from Iran across Iraqi territory to Palestine . . . with the [Iran-Iraq] war continuing as it is.

REP. BILL CHAPPELL (D-FL.), Chairman of the House Appropriations Subcommittee on Defense (on the U.S. Army's lack of computer expertise): The Army is worse off than the Navy and Air Force by light years in its computer development. If war were declared tomorrow, things would be chaotic because there's no computer system to organize people and equipment. The Army has accomplished virtually nothing on this and other projects despite spending hundreds of millions of dollars.

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rds.**THE SPECIAL RELATIONSHIP**

First of Four Articles

U.S.-Israeli Ties Stronger Than Ever

By Charles R. Babcock
Washington Post Staff Writer

Every year since President Reagan took office in 1981, Tom Dine has prepared a report card on U.S.-Israeli relations for the annual meeting of the American Israel Public Affairs Committee, the influential lobbying group he heads. Each year, the assessment had been a mix of ups and downs. Not this year.

"We are in the midst of a revolution that is raising U.S.-Israel relations to new heights," Dine told more than 1,000 AIPAC members at the Washington Hilton Hotel April 6.

Gone, Dine said, are the days when some U.S. officials considered Israel "a liability, a hindrance to America's relationship with the Arab world, a loud and naughty child." Gone is the dark period during 1982 and 1983, when Israel's invasion of Lebanon strained the longstanding special relationship that goes back to Israel's founding in 1948.

No longer did Israel have to depend just on its friends in Congress, Dine said. Now, there were sympathetic officials at every level of the government, at the State and Defense departments, at the Central Intelligence Agency, at agencies that deal with science, trade and agriculture—all places, he said, where support for Israel had been weakest.

Leading the charge, he said, was Secretary of State George P. Shultz, the same George Shultz who came to office after heading a corporation doing billions of dollars in business in the Arab world and then scared some in the Jewish community by declaring that he wanted to resolve the "legitimate

needs and problems" of the 1.5 million Palestinians living on Israeli-occupied land.

By autumn 1983, Shultz had turned around and embraced an idea that previous administrations had rejected—"strategic cooperation," which envisions Israel

as a strategic asset that can help protect U.S. interests in the Middle East from Soviet incursions.

Dine said Shultz even had told him privately that he felt so strongly about Israel's strategic importance that he wanted to "build institutional arrangements so that . . . if there is a [future] secretary of state who is not positive about Israel, he will not be able to overcome the bureaucratic relationship between Israel and the U.S. that we have established."

Scores of people interviewed here and in Israel agree with Dine that the relationship, which has always been special, is closer now than ever before, a shift that concerns some Middle East experts. The relationship is bolstered by:

- The largest U.S. foreign aid package—\$3 billion last year and this year—for any country in the world. Egypt is second with \$2.3 billion, a direct result of its signing a peace treaty with Israel in 1979.

- A decision two years ago to give Israel only grants, or loans that need not be repaid, to cap Israel's debt to the United States at \$10 billion in principal and \$15 billion in interest—a major drain on Israel's economy.

- A special joint committee in which Israeli and American officials agree on the size of Israel's aid package, which then goes to Congress for approval. "We negotiate everything with them. We don't do that with anyone else," according to one knowledgeable U.S. official.

- Preferential treatment in how that foreign aid is distributed. For example, Israel gets all its economic aid in the first month of the fiscal year, a congressional decision that allows Israel to invest whatever it doesn't need immediately and keep the earnings.

- An agreement to pay for the development of Israel's new jet fighter (\$2 billion earmarked so far). Israeli officials expect that the United States will pay for the production of the plane, too (up to \$10 billion more), but are embroiled in a dispute with U.S. officials over the projected cost.

- A Free Trade Agreement, designed to help Israel's struggling economy by giving its exporters to the United States an edge over other countries. The agreement comes as American industries are asking for protection from this kind of cheaper foreign competition.

One former AIPAC lobbyist, Richard Straus, said the relationship is so close now that Israel is akin to a "51st state"; when Israel has an economic crisis, the U.S. government steps in. Others, only half jokingly, say statehood would be a disadvantage because Israel then would have only two senators—instead of the bloc of more than 50 senators who consistently back Israel.

One reason for Israel's support in Congress is the political clout of the American Jewish community, which has rewarded its friends with campaign support and has organized to defeat its enemies. But the basis of

CONTINUED NEXT PAGE

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TIES...CONTINUED

the relationship is rooted as much in emotion as in politics: 2,000 years of Judeo-Christian tradition, a remembrance of the Holocaust and a shared belief in democratic government.

Public opinion polls reflect these feelings. A Washington Post-ABC News poll in June found the public was more sympathetic to Israel than to the Arab nations by 62 percent to 13 percent—the largest margin in four years of asking the question.

But some persons interviewed for this series of articles, including officials in the Carter and Reagan administrations, said the relationship has become so close, so special, that it has upset U.S. policy in the Middle East—a delicate balance of protecting Israel's security while maintaining close ties to moderate Arab nations.

Harold Saunders, Carter's assistant secretary of state for the region when Israel and Egypt signed the Camp David accords in 1979, said, "There's a cancer growing on the relationship," arguing that it has become a "one-way street" and that Congress has given Israel "a virtual blank check."

Saunders said, "You can say there is more money being given to Israel, more cooperation . . . So it looks closer. But it can't be close if it is mindlessly close. It is closer when people on both sides are grappling with the tough issues," such as the peace process.

Geoffrey Kemp, the Reagan administration's Middle East expert on the National Security Council staff from 1981 to 1985, said, "We now face a very serious problem in terms of long-term Middle East policy . . . The United States must remain sensitive to its relations with Moslem countries in the region and to the fact that oil is important no matter what the price is."

The administration's credibility has been eroding in the Arab world, according to several officials, because it promised sizable arms packages to Saudi Arabia and Jordan and then failed to push them through Congress.

Among some Israelis, there is another concern: that Israel has become too dependent on the United States, that U.S. aid has become a way to avoid making hard decisions about how to revive an economy burdened by one of the highest per capita debts in the world.

But advocates of a closer relationship say the United States is taking the course that makes the most sense. Israel is a dependable ally, they say, while the Arab nations are not; by being close to Israel, the United States will force the Arab countries to recognize the reality of a Jewish state and improve the possibility of peace.

One leading supporter of the special relationship, Sen. Alan Cranston (D-Calif.), put it this way in a speech: "We should put to rest the myth of a 'balanced' U.S. policy in the Middle East. We should tell all the nations in the region that we will not take a 'balanced' view of PLO [Palestine Liberation Organization] terrorism or those who aid and abet terrorism, or of Syrian or Libyan or Iraqi extremism."

Terrorism, perhaps more than anything else, has hurt the image of the Arab countries in the public's eye and, thus, has undermined support for an even-handed U.S. policy in the Middle East, several officials said.

"Basically, Americans have come to accept as a given that it is American policy to be friendly to Israel," said Hyman Bookbinder, longtime Washington representative of the American Jewish Committee. "It is a genuine, visceral feeling, not all that carefully thought out. It is part of the culture of America. But the reason none

of us [in the Jewish community] can really relax is that some day, some president may be different."

The Shultz Conversion

In 1982, there was no revolution; there was despair.

At AIPAC's annual meeting in May, Dine had few words of optimism; he called Reagan's foreign policy "confused" and "misguided." Things quickly got worse. Israel invaded Lebanon and bombed Beirut, bringing public criticism from U.S. officials. Reagan came out with a peace proposal that was rejected immediately by Israeli Prime Minister Menachem Begin. Lebanese Christian militiamen massacred hundreds of Palestinian refugees at the Sabra and Shatila camps outside Beirut and an investigation began into whether Israel had any responsibility for it.

Meanwhile, there was concern in much of the American Jewish community about the newly appointed Shultz. He replaced Alexander M. Haig Jr., whom the Israeli government saw as an ally. Haig had tried to persuade Reagan to establish formal U.S. ties to both Israel and friendly Arab nations as a way of deterring Soviet influence; he called this plan "strategic consensus." Israel and the United States signed such an agreement in the fall of 1981 but the United States suspended it almost immediately after Begin unexpectedly decided to annex the Golan Heights.

Many Jewish groups were sorry to see Haig leave. They approached their first meetings with Shultz with some trepidation.

In September 1982, Shultz met with a contingent of American Jewish leaders to ask for their support for Reagan's peace plan. According to several participants, his manner was cold and dour as they refused. Some other Jewish leaders, including Dine, did endorse the Reagan plan—which immediately brought criticism from other American Jews and some Israeli officials.

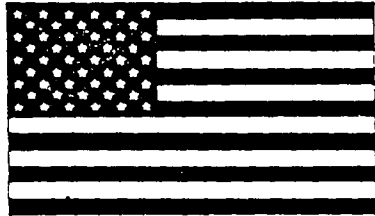
This period was one of the lowest in recent U.S.-Israeli relations. A combination of events and personalities healed the rift.

The key figure turned out to be Shultz. From the beginning, Shultz was troubled that he was viewed as pro-Arab, according to officials close to him. He talked about the problem with Frank Carlucci, then deputy secretary of defense, who suggested that he seek out Robert C. Ames, the CIA's senior intelligence officer for the Middle East. Ames would give Shultz a balanced view, Carlucci said.

Throughout the fall and winter, Shultz consulted frequently with Ames, who acted as a kind of personal guide to the politics and personalities in the Middle East. At the same time, Shultz was being wooed by Israel's top officials in Washington—Moshe Arens, the Israeli ambassador, and his deputy, Benjamin Netanyahu. Both men understood American politics; they were raised in the United States and were graduates of the Massachusetts Institute of Technology. They knew how to talk to Shultz.

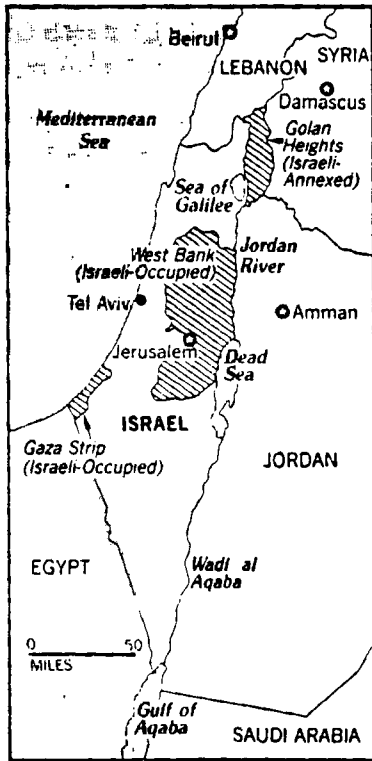
"The American Jewish community got down on Shultz something fierce . . . unrelenting pressure. He hated it. It was terrible—very, very strong. Moshe Arens saw this and rebuilt a relationship on a personal

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ISRAEL AT A GLANCE

- **POPULATION:** 4,172,000 (estimated).
- **AREA:** 7,992 square miles (about the size of New Jersey).
- **GOVERNMENT:** Parliamentary democracy.
- **RELIGIONS:** Jewish, 83 percent; Islamic, 13.1 percent; Christian, 2.3 percent; Druze and other, 1.6 percent.
- **LEADING EXPORT PARTNERS:** United States, 26 percent; Great Britain, 8 percent; West Germany, 7 percent.
- **PRINCIPAL EXPORTS:** diamonds, \$1.2 billion; textiles, \$450 million; iron and steel, \$358 million; fruit, \$245 million.
- **LEADING IMPORT PARTNERS:** United States, 19 percent; West Germany, 11 percent; Britain, 8 percent; Switzerland, 6 percent.
- **ECONOMY:** National budget, \$21 billion a year; foreign debt, \$24 billion (one of the highest per capita in the world); gross national product, \$25 billion.



THE WASHINGTON POST

WASHINGTON POST POLL

U.S. PUBLIC SUPPORT FOR ISRAEL HAS NEVER BEEN HIGHER...

Q. In the Middle East situation, are your sympathies more with Israel or the Arab Nations?

	MARCH 1982	SEPT 1982	SEPT 1983	JULY 1985	JUNE 1986
Israel	55%	48%	49%	49%	62%
Arab Nations	18	27	13	11	13
Neither	13	12	14	18	13
No Opinion	14	13	24	22	12

...BUT THAT SUPPORT IS NOT AS STRONG TOWARD U.S. AID TO ISRAEL...

Q. Aid to Israel should be...

Same or higher	30%
A little less	13
Somewhat less	18
A great deal less	20
Eliminated	13

...ALTHOUGH THE CONCERN APPEARS TO BE WITH THE AID PROGRAM, NOT WITH ISRAEL. PEOPLE WHO SAID... BACK ISRAEL OVER ARAB NATIONS BY...

Same or higher	80-8%
A little less	66-13
Somewhat less	61-11
A great deal less	52-20
Eliminated	38-21

NOTE: No opinion in the last two questions is not shown. Based on interviews with 1,505 people conducted in June 1986.

TIES... CONTINUED A New Era

For some of the 6 million Jewish Americans, supporting Israel is a significant part of their lives. They and other Americans send more than \$400 million a year to Israel each year by buying Israel Bonds. They donate another \$300 million or more to Israel in the form of tax-exempt contributions to the United Jewish Appeal.

In addition, many support Israel indirectly by contributing to pro-Israel political candidates or committees.

In the early years, supporters of Israel were wary about pressing for too much assistance for the new Jewish state. AIPAC's founder, I.L. (Si) Kenen, now 81, recalled in a recent interview that he asked then Rep.

Jacob K. Javits (R-N.Y.) in 1951 to cut a proposed \$100 million aid amendment to Israel to \$50 million because foes of the new Jewish state "couldn't attack a moderate sum like that."

Those days are gone. At the AIPAC meeting last April, Tom Dine told his audience:

"We know the U.S.-Israel relationship is strong, but that Israel is not safe yet. But we also know that what we do today will help secure the Jewish state and the Jewish people tomorrow. And now, in this new era in which the United States and Israel are allies in the defense of our freedom, we also know that we can pursue our mission, ourselves secure in the knowledge that what is good for America is good for Israel."

CONTINUED NEXT PAGE

TIES...CONTINUED

basis," said one senior official intimately involved in formulating the administration's Middle East policy.

In late 1982, Shultz got a first-hand look at the strength of Israel's support. He butted heads with AIPAC and Congress over a \$200 million increase in aid to Israel. He lost. From Dine's point of view, "That's the real turning point. It was a measure of strength and both sides recognized the other's interests."

Some officials at the State Department saw it differently. They saw Israeli officials grow more stubborn after AIPAC's show of strength in the foreign aid battle—particularly Ariel Sharon, then Israel's defense minister, who became "more impossible to deal with," according to one senior U.S. official.

They also saw Shultz becoming increasingly frustrated with the Arabs, who had not agreed to negotiate with Israel on the basis of the Reagan peace plan.

Then, on April 18, 1983, a Moslem fundamentalist group bombed the U.S. Embassy in Beirut, killing more than 60, including Ames, who was there for meetings on terrorism. The bombing shocked Shultz and the American public.

During the summer of 1983, four of Shultz's staff members, Lawrence Eagleburger, James Roche, Peter W. Rodman and M. Charles Hill, encouraged him to turn more toward Israel. Part of their rationale for a new "strategic cooperation" effort was tactical—to counter Syria's moves in Lebanon. By the fall, Rodman had prepared position papers on the new policy.

Shultz, joined by a top national security adviser, Robert C. McFarlane, took the policy to Reagan, arguing that the closer alliance would block any Soviet thrusts in the region. Reagan accepted their view over the objections of CIA Director William J. Casey and Secretary of Defense Caspar W. Weinberger, who argued—as they had in 1981 against Haig—that Arab countries would feel the pact was aimed at them, not the Soviets.

In late October, less than a week after the bombing of the U.S. Marine barracks in Beirut that killed 241 Americans, President Reagan signed top-secret National Security Decision Directive 111, which set out the guidelines for strategic cooperation.

William Quandt, the Middle East expert on the National Security Council staff in the Carter administration, said Arens deserves much of the credit for selling strategic cooperation. "He would give speeches about NATO getting billions and say an investment in Israel is cost-effective . . . It let them say, 'We're not a basket-case economy asking for help, but a security asset you should invest in.'"

One former AIPAC lobbyist said strategic cooperation fit with the Reagan administration's tendency to see global problems in East-West terms. "It was wise to sell it that way to Republicans," he said.

Looking back on how the relationship was mended, Samuel Lewis, the U.S. ambassador to Israel at the time, pointed out the irony of Lebanon. "The U.S.-Israeli relationship, paradoxically, was repaired throughout this period," Lewis said. "We were much less inclined to blame Israel for everything that went wrong in Lebanon after we got more involved ourselves and saw what a mess it was."

A Closeness to Envy

In April 1984, six months after the directive was signed, Tom Dine again spoke at AIPAC's annual meeting in Washington. For the first time in several years,

he was upbeat. "We meet at a significant moment," he said. "It is spring in this beautiful city; it is springtime in the U.S.-Israel relationship . . . We are making breakthroughs in fundamental areas."

Soon after strategic cooperation was announced, the administration set up two committees to meet privately with Israeli officials on political-military and foreign aid issues. Shortly after Shimon Peres was elected prime minister in 1984, a third committee on the troubled Israeli economy was established. It is the kind of closeness that other countries envy.

On the military front, strategic cooperation has led to joint naval maneuvers, increased intelligence cooperation focused particularly on terrorism, and a secret U.S. agreement to preposition military supplies in Israel, according to several sources.

On foreign aid, the two nations have met for the last few years to agree on a figure to present to Congress. In the past, AIPAC and other supporters lobbied Congress for more money than the administration had budgeted. "I think Shultz decided he was wasting energies, so why not come to some agreement," said Dan Halperin, Israel's economics minister in its embassy here.

Last year, as Israel's economy continued to flounder, Shultz endorsed giving Israel \$1.5 billion in emergency aid. But behind the scenes, he pushed the Israelis to make changes in their economy that would reduce soaring inflation. So far, the reforms have worked.

Special treatment for Israel began before strategic cooperation was announced in 1983. For example, most other countries receive aid that is tied to specific projects and overseen by U.S. aid officials. Congress allows Israel to get its money without any strings.

In 1984, Congress approved an amendment recommending that Israel's economic aid package be large enough each year to pay the debt, about \$1 billion a year, on old loans to buy U.S. equipment. As the debt increases, this clause could ensure an automatic increase in Israel's economic aid, which comprises \$1.2 billion of its \$3 billion in aid.

Israel gets one-fifth of total U.S. development, economic and military aid; 45 African countries share one-fifteenth of the aid package. That disparity is more apparent in terms of wealth and population. Israel, with 4.2 million people and a per capita income of \$5,300 a year, gets more than \$700 per person in U.S. aid. Egypt, with 50 million people and a per capita income of less than \$700 a year, gets about \$50 per person. The 45 African nations, with a combined population of 460 million and average per capita income of \$646, receive \$2.13 per person in U.S. aid, according to U.S. figures.

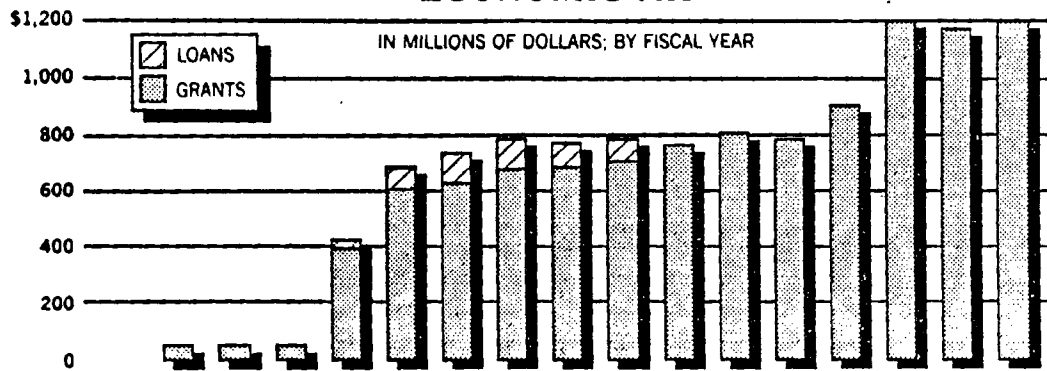
"The foreign aid program with regard to Israel and Egypt is not debated," said Rep. Lee H. Hamilton (D-Ind.), longtime chairman of the House subcommittee that oversees the foreign aid bill. "It is assumed they will be carried at about the same levels automatically."

So far, Israel and Egypt have been protected from the Gramm-Rudman-Hollings budget squeeze for fiscal 1987; meanwhile, other areas of the world such as Africa face aid cuts of up to 50 percent.

"We've probably got to begin to rethink the whole foreign aid program," Hamilton said. "It has changed very dramatically in the last 15 years. We now send money to countries on a political rationale basis, not on a humanitarian need basis."

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ECONOMIC AID



SOURCE: U.S. Agency for International Development

1950-'71	'72	'73	'74	'75	'76	'77	'78	'79	'80	'81	'82	'83	'84	'85	'86	'87
TOTAL																



Israel's limited withdrawal from Sinai

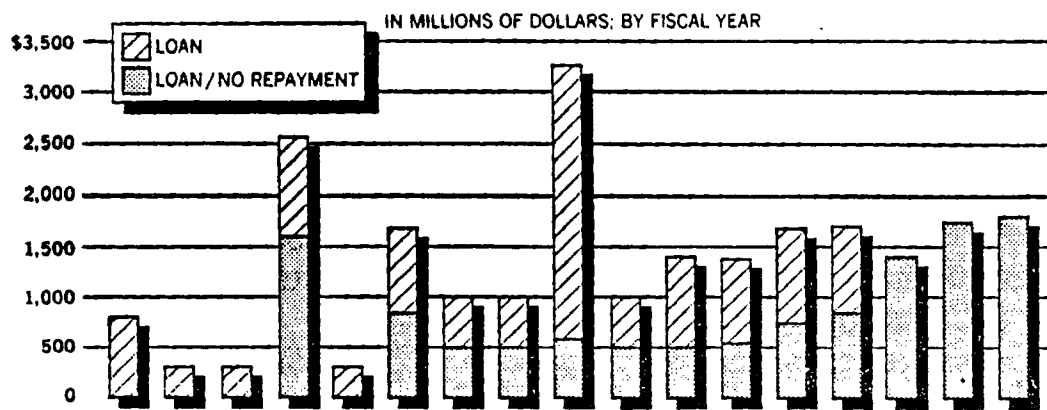
Jimmy Carter takes office

Ronald Reagan takes office

Israel's invasion of Lebanon

TOTAL	1950-'71	'72	'73	'74	'75	'76	'77	'78	'79	'80	'81	'82	'83	'84	'85	'86	'87

MILITARY AID



SOURCE: U.S. Department of Defense

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WASHINGTON POST 6 AUGUST 1986 Pg.1

How U.S. Came to Underwrite Israel's Lavi Fighter Project

By Charles R. Babcock
Washington Post Staff Writer

It was like the unveiling of a monument, a tribute to the growing closeness between Israel and the United States that has evolved during the Reagan administration. The moment—8:15 p.m. on July 21—was celebrated with military music, sweeping spotlights and stirring speeches.

Then, from a special hangar where engineers and technicians had hustled round the clock for months preparing for this evening,

THE SPECIAL RELATIONSHIP

Second of Four Articles

the new Lavi jet fighter was wheeled onto the tarmac at Ben Gurion International Airport near Tel Aviv and introduced to the world.

To the applause of American and Israeli dignitaries, the sleek plane's virtues were recited: speed, agility, range, the most modern electronic equipment—virtually all of it, every rivet, every microchip, paid out of nearly \$2 billion in U.S. aid money earmarked for the plane's development. Although no mention of it was made that night, Israel is operating on the assumption that the United States will spend billions more on the fighter's production costs.

This is the story of how the U.S. government came to underwrite a foreign fighter, which could compete with U.S.-built jets for sales in the Third World, and how Congress came to pay for the fighter with such alacrity that it initially provided \$150 million more than Israel could spend.

The tale of the Lavi—pronounced lah-VEE, the Hebrew word for "lion"—illustrates many of the ties that bind the United States to Israel. Like much of the history of U.S.-Israeli relations, it is a tale of weapons and money and politics, of personal relationships and persistence.

It also is a tale, one former State Department official said, like the old "story of the stone soup." Once there was a man with a stone. He offered to provide his stone to cook some soup for a guileless stranger, if the stranger would provide a pot of water. And some carrots to flavor the stone. And some potatoes. And some onions. And some meat. And seasoning. Before long, the stone had become a beef stew at the stranger's expense.

The official said he was reminded of the stone soup story as he listened to the Israeli team that first briefed the State Department in late 1981 on its ambitions for the Lavi. As the Israelis laid out their plans, the official said he sensed "general incredulity" among the Americans at the meeting.

"They were going to build this airplane," he said. "All they needed was American technology and American money."

Israel's defense strategy is based on air superiority, on the belief that it must control the skies in a geographic region where flying time from Arab capitals is measured in minutes.

Planning for a new plane to replace the aging Israeli fleet of U.S.-built A4 Skyhawks and Kfir's, the first generation of Israeli-built fighters, began soon after the 1973 Yom Kippur War, when Israel lost a quarter of its aircraft to Soviet-made surface-to-air missiles (SAMs).

Israeli air force planners vowed it would not happen again. They went to work on a new plane, whose main role would be in attacking ground targets. It would incorporate the nation's unique battle experience and the latest electronic gadgetry to help elude a new generation of SAMs. Realizing the country could not afford to build the new fighter without help, the Israelis in late 1977 added the project to *Matmon B*, their five-year wish list of requests sent to the United States, according to one former U.S. official. *Matmon* means "treasure" in Hebrew.

Israeli officials said they saw other benefits to the project, too: a way to provide needed jobs, a way to prevent Israel's aerospace talent from leaving the country for more challenging opportunities abroad and a catalyst for developing "high-tech" products suitable for export.

Such logic didn't carry much weight in Washington, however, and the Lavi idea foundered for several years, bereft of powerful patrons. In 1979, the Pentagon officials did give Israel permission to approach a U.S. company about buying an engine, but they blocked other requests for U.S. technology, arguing that Israel would be better off buying more American-made fighters, such as F15 interceptors and F16 fighter-bombers. The Defense Department also denied requests for U.S. aid money for the Lavi, saying that the aid was intended to buy American products only.

But the Israelis persisted.

"They were asking for everything," one Pentagon official recalled. "Fly-by-wire technology, the latest electronic countermeasure pods and radar-warning receivers and their logarithms, graphite composite and single-crystal turbine technology."

It was not until the spring of 1983 that the road-

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LAVI...CONTINUED

blocks in Washington began to crumble, in part because of changes in Israel's government. Moshe Arens, an aeronautical engineer, had just replaced Ariel Sharon as Israel's defense minister and had been one of the original champions of the Lavi project.

Arens, a graduate of the Massachusetts Institute of Technology and the California Institute of Technology, had just finished a tour as Israel's ambassador here, and he had made friends, including Secretary of State George P. Shultz. Arens knew he would need allies in the Lavi fight, and one of his first became Rep. Charles Wilson (D-Tex.), a key member of the subcommittee responsible for appropriating foreign aid.

In early April, Wilson went to Tel Aviv on a congressional trip and met with Arens, whom he knew from Washington. Also present at the meeting was Zvi Rafiah, a former embassy official here, Wilson recalled.

They talked about the Lavi project and Arens asked Wilson, an admirer of Israel and its fighting prowess, to sponsor legislation that would permit U.S. aid money to be spent in Israel on the Lavi. Wilson agreed. "I feel the only chance Israel's got to be economically viable is through military and high-tech sales," Wilson said. "They have no natural resources. They have lots of brains, but you can't support the economy exporting cello players."

A few days later, on April 13, 1983, Arens held an important seven-hour meeting with about 20 members of the Lavi project team, according to Marvin Klemow, Washington representative for the Lavi's builder, Israel Aircraft Industries (IAI). Klemow flew to Tel Aviv with Dan Halperin, the economics minister at the Israeli embassy in Washington.

Eight months earlier, Klemow had written a memo pointing out the need to make a concerted effort to sell the Lavi to the midlevel Pentagon and State Department officials responsible for drafting U.S. policy papers. But at the time, Israel was mired in a war in Lebanon and the memo went unanswered, Klemow said.

Now, Klemow advised Arens to go over the heads of Defense Department officials. "Our strategy should be that the Pentagon doesn't exist. This is a political decision. We should go to State and the White House," Klemow recalled saying at the meeting.

Rep. Wilson Makes Good on Pledge

Halperin said he then suggested that the time was right to call Shultz, Arens' friend, and ask him to expedite three crucial licenses, which the Pentagon was holding up and which American companies needed to transfer their technological secrets to Israel.

The Americans "hold you in high esteem and want you to succeed," Halperin recalled telling Arens, as a way of healing the rift in the U.S.-Israel relationship caused by Israel's invasion of Lebanon and Sharon's prickly style. Arens made the call and in a few days the first licenses were approved, Halperin said.

By autumn, attention shifted to Congress where Rep. Wilson of Texas was making good on his pledge to Arens. One night at Charley's Crab restaurant on Connecticut Avenue, Wilson bumped into Rafiah, the Israeli business lobbyist, and James D. Bond, a staff member of the key Senate Appropriations subcommittee controlling foreign aid. They sat together and worked out a plan for an amendment allowing U.S. aid money to be spent in Israel for the development of the Lavi.

By Wilson's account, he then asked the American Israel Public Affairs Committee (AIPAC), the influential pro-Israel lobbying group in Washington, to draft the language for the amendment. AIPAC's lobbyists were surprised by the request and asked Klemow how much money was needed.

There was confusion. "As far as I can remember," said Oded Eran, who was the Israeli Embassy's congressional liaison at the time, "the figure came right out of thin air." But another knowledgeable official said Wilson misunderstood and asked for \$150 million more than IAI needed that year.

The amendment earmarked \$550 million of that year's \$1.7 billion military aid package for Israel for the Lavi project. Of that, \$300 million was to be spent in the United States and \$250 million in Israel. "We couldn't spend it all," Klemow says.

Nevertheless, a Congress whose members appeared eager to respond positively to Israel's aid request approved the appropriation with virtually no questions. The only controversy was over who would get credit for it when it passed in November. "It was like a reverse paternity suit," Wilson said. "Everyone wanted to be the father of that amendment."

The next year—1984—Klemow and IAI asked for \$400 million for the Lavi. Rep. Nick J. Rahall II (D-W.Va.) offered an amendment to kill all U.S. funding for the Lavi on the grounds that the program was taking away Americans' jobs, but his amendment attracted just 40 supporters in the 435-seat House. In 1985, Rep. Robert E. Badham (R-Calif.) introduced and then withdrew an amendment calling for a study of the economic impact of Lavi in Israel and the United States. "I knew I didn't have the votes," he said. "I didn't want to be a *guy kamikaze*."

In contrast to the overwhelming support for the Lavi in Congress, some Reagan administration officials are concerned about where the project is headed.

One senior State Department official said Congress hasn't addressed the basic question of the Lavi, which is "the appropriateness of developing a foreign fighter offshore." He said Congress focuses on "the aggregate numbers [of how much aid Israel gets] and hasn't studied the details," and thus is largely ignorant about the Lavi. Some members of Congress said they have not scrutinized the Lavi because they consider it Israel's prerogative to determine how its foreign aid allocation is spent.

Said a Pentagon official who is skeptical of the Lavi program: "It boggles the imagination to think that we helped them finance a plane we'll never use."

Other countries might use it, however. An IAI marketing document put together in the early 1980s, entitled "Lavi: the Affordable Fighter," outlined ambitious plans to sell 407 of the jets to countries such as Argentina, Chile, South Africa and Taiwan.

The 56-page document listed the numbers of aging jet fighters around the world and estimated that the Lavi could capture 17 percent of the market between the years 1988 and 2000. It noted, for example, that Argentina's "political situation" included a dispute with Chile over the Beagle Channel Islands, and concluded

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LAVI...CONTINUED

that Israel had a 50 percent probability of selling 100 Lavi to Argentina.

The Lavi's export potential doesn't sit well with some U.S. aerospace companies, which covet the same dwindling market for high-performance fighters. As early as 1983, the Northrop Corp., which has invested roughly \$1 billion in the F20 fighter without any U.S. government aid and has yet to sell a single plane, began complaining about the potential competition from the American-subsidized Israelis. The marketing document listed four potential fighters likely to match up against the Lavi, three of which were made by U.S. companies.

In initial meetings, U.S. officials said, the Israelis assured them that the Lavi was not intended for export. Klemow, the IAI Washington representative, said he was unaware of these assurances. He said Israel does hope to export to the plane, but not until the Israeli air force gets its 300, sometime in the late 1990s.

Israel realizes that the Lavi could be a sizable addition to its \$1 billion defense export business, an important source of foreign trade earnings. In the past Israel has sold weapons to Taiwan, Iran, South Africa, Argentina and others. Still, Klemow pointed out, the United States could veto any Lavi export because so many of the plane's systems—including the engine, wing and tail—are made in America.

Moshe Keret, president of IAI, said in an interview at IAI headquarters near Tel Aviv that U.S. industry is benefiting from the Lavi because more than 100 U.S. companies have received \$800 million in subcontracts.

Keret sees the project as Israel's version of the Apollo moon rocket program, boosting the Israeli economy and providing high-tech spinoffs. If Israel can't provide jobs for its best technicians and engineers, they will head for California, he said, and "that's the biggest danger."

Anxiety about the Lavi's cost has provoked more public debate in Washington and Israel in the past five months than occurred in the preceding five years.

Israel originally estimated the plane would cost \$7 million per copy; it has since revised that figure to \$15 million. The Pentagon, in a 300-page secret study, has concluded the price will be \$22 million each. Thomas Pickering, the U.S. ambassador to Israel, has suggested to Israeli officials that production be delayed until the cost dispute is resolved.

Some Israeli military strategists also are concerned that the Lavi will gobble up so much of the \$1.8 billion annual U.S. military aid package that little will remain for other defense needs.

Even Israeli defense minister Yitzhak Rabin opposed the Lavi project until learning, as he said 18 months ago, that the United States will provide "99 percent of the development and production costs for more than 10 years."

The Israeli government so far has resisted U.S. offers of alternatives to the current Lavi plan. Although a U.S. Air Force spokesman said the comparable cost for a U.S.-built F16 is \$13.4 million, Israeli officials contend the Lavi is better suited to Israel's defense needs and is more survivable against today's lethal air defenses. They also vigorously dispute the Pentagon cost estimates for the Lavi, saying they are based on the higher labor costs of American aerospace companies. To cancel the Lavi, Israeli officials added, would mean firing thousands of engineers and technicians at 100 Israeli plants.

Lavi Could Impinge on Aid Package

"The real issue isn't just the cost of the plane, but whether the Israelis are going to face up to difficult choices on funding constraints," said one American official, who is an enthusiastic supporter of close U.S.-Israeli ties. "We've always bailed them out before. They could always go to Congress and get more money."

The new constraints of the Gramm-Rudman-Hollings deficit reduction law now mean "the cornucopia ain't there anymore," he said.

Amnon Neubach, economics adviser to Prime Minister Shimon Peres, said in an interview in Jerusalem that the current \$3 billion annual U.S. aid package to Israel could shrink to \$2 billion by 1990 under Gramm-Rudman-Hollings restraints. During the same period, Israel's debt payment to the United States will swell to \$1.35 billion a year, meaning that \$650 million might be left for military procurement, of which, by Israeli estimates, \$550 million will be needed each year for the Lavi.

Another concern—expressed by Dr. Dov S. Zakheim, deputy undersecretary of defense for planning and resources—is that Israel lacks the administrative infrastructure "to support the spawning of a major military-industrial complex." In a recent interview, Zakheim added that the Lavi program raises important questions about what role the defense sector should play in the Israeli economy.

When the first Lavi prototype rolled out from its hangar two weeks ago, some speakers mentioned the cost debate. But on that night, as the bands played and the 1,500 guests applauded, such concerns were muted.

Rep. Jack Kemp (R-N.Y.), one of five members of Congress who flew to Israel for the event, told the crowd that the Lavi was "a real and visible expression of the partnership of our two democracies."

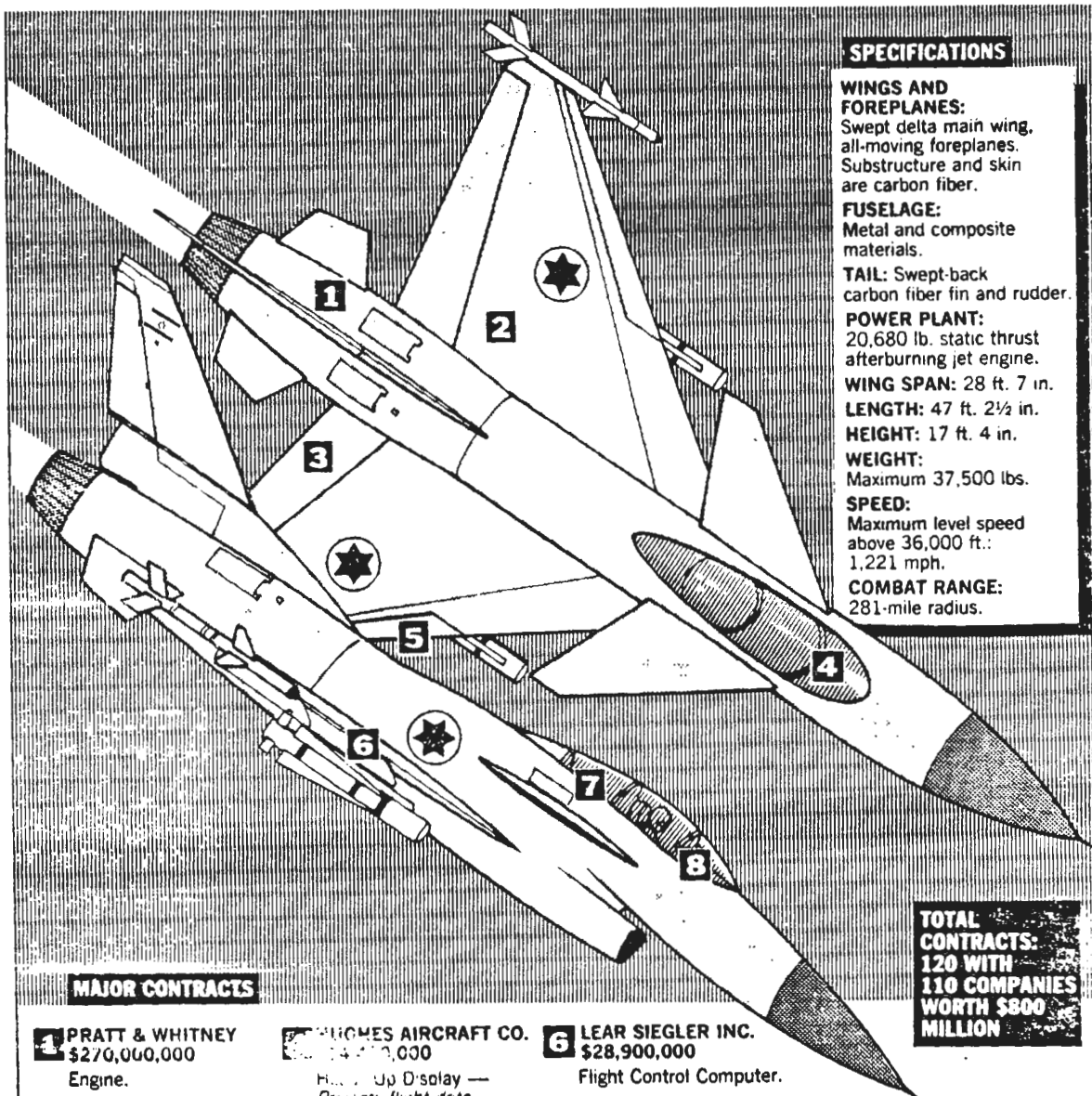
Then, noting the American role in developing the plane, he pointed toward the Star of David painted on the fuselage and said: "Save a little room for the Stars and Stripes . . ."

NEXT: The war over Arab arms sales

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EDITOR'S NOTE: PARTS THREE AND FOUR OF THIS SERIES WILL BE PUBLISHED IN THE MONDAY, 11 AUGUST EDITION OF THE SUPPLEMENTAL CLIPS.

MAJOR CONTRACTS FOR ISRAEL'S LAVI FIGHTER



SPECIFICATIONS

WINGS AND FOREPLANES:

Swept delta main wing, all-moving foreplanes. Substructure and skin are carbon fiber.

FUSELAGE:

Metal and composite materials.

TAIL: Swept-back carbon fiber fin and rudder.

POWER PLANT:

20,680 lb. static thrust afterburning jet engine.

WING SPAN: 28 ft. 7 in.

LENGTH: 47 ft. 2½ in.

HEIGHT: 17 ft. 4 in.

WEIGHT:

Maximum 37,500 lbs.

SPEED:

Maximum level speed above 36,000 ft.: 1,221 mph.

COMBAT RANGE:

281-mile radius.

MAJOR CONTRACTS

1 PRATT & WHITNEY
\$270,000,000
Engine.

2 GRUMMAN AEROSPACE
\$151,600,000
Wing and Tail.

3 MOOG INC.
\$61,000,000
Servo Actuators — Control, by hydraulic power, movable parts throughout the plane.

4 HUGHES AIRCRAFT CO.
\$44,000,000

Head Up Display — Projects flight data on screen at pilot's eye level.

5 SUNDSTRAND CORP.
\$10,400,000

Leading Edge Flap Drive — Controls the movement of the wing flaps, which help regulate speed and lift.

6 LEAR SIEGLER INC.
\$28,900,000
Flight Control Computer.

7 AVCRON INC., A SUBSIDIARY OF ITT
\$28,900,000
Electronic Support Measures Modules — Intercept and analyze signals produced by enemy radar or weapons.

8 GARRETT AIR RESEARCH AND MANUFACTURING CORP.
\$71,000,000
Environmental Control System — Controls cabin pressure, heating and cooling.
Secondary and Emergency Power Source — Backup generators.

TOTAL CONTRACTS:
120 WITH
110 COMPANIES
WORTH \$800
MILLION

Sources: Israel Aircraft Industries, the companies

BY JOHNSTONE QUINAN—THE WASHINGTON POST

WASHINGTON TIMES

7 AUGUST 1986

Pg. 8

Dole 'close' to cloture on Contra aid

By Christopher Simpson
and Rita McWilliams
THE WASHINGTON TIMES

Senate Majority Leader Robert Dole last night said he was "very close" to breaking a planned filibuster of the administration's \$100 million aid package for the Nicaraguan resistance.

But Democrats, locked with the GOP in a parliamentary war, said they doubted the Kansas Republican could win the votes to block the delaying tactic designed to derail the measure.

"We're close but not quite there yet," Mr. Dole said of efforts to round up the 60 votes that would be necessary to halt a filibuster. "But I think we'll get there."

The filibuster threat by Democrats has snarled Senate action on the anti-Sandinista measure and proposed sanctions against South Africa — the last two major foreign policy issues Congress is expected to face this year.

Mr. Dole, who controls the Senate agenda, has refused to allow the sanctions measures — which Democrats favor — to reach the floor until they agree not to filibuster the rebel-aid bill — widely backed by the GOP.

Mr. Dole and Senate Minority Leader Robert Byrd of West Virginia failed again last night to reach an agreement that would have allowed the two bills to reach the floor under restrictions that would have precluded the filibuster.

The two lawmakers said they would continue meeting in hopes of breaking the impasse, but both agreed that seemed unlikely soon.

The stalemate, which has been brewing for two weeks, occurred late Tuesday when Mr. Byrd and Sen. Edward Kennedy, Massachusetts Democrat, surprised the GOP by introducing a tough South Africa sanctions measure as an amendment to the Defense Department authorization bill.

Mr. Dole then quickly introduced a rebel-aid amendment, a move that would have brought his measure to the floor first.

Mr. Dole and Mr. Byrd, normally congenial adversaries, traded caustic charges before postponing further action in hopes of reaching a mutually accepted agreement.

Late yesterday, Mr. Dole offered to bring the rebel-aid measure for a cloture vote — which would end a filibuster — on Tuesday. If the vote passes, the Senate then would vote on cloture for a limited sanctions bill against South Africa's white-minority government — a bill that passed the Senate Foreign Relations Committee last Friday on a 15-2 vote.

Under Mr. Dole's proposed agreement, the Senate then would debate and vote on both issues by the close of business that day, thus precluding a filibuster.

Mr. Byrd rejected the offer, saying it was "impractical. The proposed agreement provides wholly insufficient time for adequate debate of either the Contra aid or the South Africa issues."

In rejecting the offer, Mr. Byrd suggested bringing the sanctions bill up first for two days of debate, then debating the rebel-aid bill for three days before a vote. Mr. Dole rejected that offer, but was drafting another recommendation late last night.

The aid package for the resistance forces fighting Nicaragua's Marxist Sandinista regime — which includes \$70 million for military support and \$30 million for non-lethal uses — passed the House in June, three months after a similar version passed the Senate on a 53-47 vote.

Sen. Alan Cranston, California Democrat and a leading critic of the anti-Sandinista plan, said Democrats will not agree to a time limit that does not require the 60 votes necessary to head off a filibuster.

"We're locked in on that and won't give," Mr. Cranston said yesterday. "If they can't get cloture, we will filibuster."

Sen. Orrin Hatch, Utah Republican, predicted the tough sanctions bill pushed by Mr. Kennedy would fail if it came to a vote in the Senate. But Mr. Hatch predicted the limited sanctions package approved by the Foreign Relations Committee would be approved overwhelmingly.

The committee-approved bill prohibits air travel to or from South Africa by U.S. and South African airlines, limits issuance of visas for South African government officials and prohibits importation of uranium and coal and other government-controlled industrial products.

Despite Reagan's shuttle push, NASA's future up in the air

By Storer Rowley

Chicago Tribune

WASHINGTON—The presidential commission investigating the explosion of the space shuttle Challenger vacated its offices last week after the National Archives carted away 143,000 pages of documents amassed during the panel's investigation of history's worst space disaster.

Across the street from the commission's barren offices, a demoralized National Aeronautics and Space Administration labored to implement a detailed blueprint that commissioners left behind in order to return the three remaining space shuttles to safe flight.

NASA officials concede the space agency's future remains uncertain. Its conduct during the commission's investigation has left lingering doubts among some panel members about NASA's ability, and inclination, to heal itself.

Moreover, more than six months after the Challenger disintegrated in a fireball 73 seconds after launch on Jan. 28, killing six astronauts and teacher Christa McAuliffe, the Reagan administration has yet to articulate a firm national space policy, although President Reagan indicated last week he plans to build a replacement orbiter.

"I think everything is up for grabs right now," said Robert Hotz, an aerospace expert and commission member who said that, despite the blue-ribbon panel's sweeping recommendations, which Reagan strongly endorsed, he still has questions about NASA's commitment to implementing them all.

"They [NASA] have fouled up the whole U.S. space program for the foreseeable future," Hotz said. "Never mind that the shuttles won't fly again until 1988. They've demonstrated that they could not perform the promises that they made for the shuttle."

After the commission's legal mandate formally expired last week, Hotz and other panel officials complained that, though the space agency generally complied with their requests during the probe, NASA too often held back crucial data.

The most glaring example was that NASA, after maintaining for

months that the seven astronauts died or lost consciousness at the moment their craft broke up, acknowledged the crew may have been conscious for 15 seconds as the orbiter's cabin tumbled through the atmosphere intact.

"They weren't forthcoming on a lot of critical information that should have been made available to the commission," said John Macidull, an accident analysis investigator with the Federal Aviation Administration.

Macidull wrote three letters sent by the commission to NASA requesting information about cabin voice communication recordings made before and during the fatal flight.

He said the first letter drew only a verbal response: NASA knew of no such tapes. The second letter was written two months after the accident when NASA disclosed it had found the tapes.

He said NASA replied April 14 that "all attempts to obtain the data from the tapes failed." But NASA said some information might be available by mid-June—after the June 6 deadline for the commission's report to Reagan.

Macidull wrote a final request June 23. But he said NASA waited until July to release a transcript of the final crew conversations, in which pilot Michael Smith uttered his fateful "Uh-oh"—the first evidence that at least some crew members knew they were in trouble.

"The bottom line is they [NASA] did have them transcribed before the commission was disbanded and they didn't comply with our request," Macidull said.

In addition, the commission first learned from the media that three of four recovered crew air tanks had been turned on and two were nearly drained of air—clear evidence crew members tried to save themselves as the orbiter broke up.

"This mindset is what got them [NASA] into trouble in the first place," Macidull said. "Indications are, with the way the commission had to pull teeth, that that mindset is still there."

Indeed, one official familiar with NASA described it as "a funny place. They view themselves as a real independent, unaligned agency. They feel that they should be able to make their own decisions,

unpressed by outside forces.

"Their first allegiance should be to the White House and the Congress, and it wasn't, and isn't and it won't be," said the official, who asked not to be named. He added that NASA administrator James Fletcher would have to make "some dramatic changes" to turn the agency around.

On Thursday, Reagan signaled that he plans to approve the building of a fourth shuttle to replace the Challenger, over-riding a division in his administration about whether the vehicle is worth the cost. But senior advisers continue to battle over how to pay the \$2.8 billion bill.

The President also must decide whether to approve a proposal, supported by Treasury Secretary James Baker and other top aides, to reserve the shuttle for only military and scientific payloads when flights resume.

Some members of Congress see the debates over funding and use as ominous signs. Sen. Donald Riegle [D., Mich.], a supporter of NASA, warned that the Pentagon's \$15.2 billion budget for space this year is more than twice NASA's, and agency defenders have long feared the Pentagon may ultimately take the shuttle program out of NASA's hands.

The two-year hiatus in manned space flights will give the nation an opportunity to re-evaluate U.S. space policy, and there are those who say that is long overdue.

Former commissioner Hotz adds: "The big thing here is that space is no longer a luxury. It's a necessity. They're still treating it like a luxury, and it's not. The economic, military and intellectual survival of the country depends on it."

Pro-Israel Lobbyists Target Sale of U.S. Arms to Arabs

By Charles R. Babcock
Washington Post Staff Writer

Page 23 of a secret 1984 U.S. study on the balance of military power in the Middle East—intended to be the most authoritative judgment of the government's intelligence agencies—draws this conclusion:

"Israel not only will maintain its current margin of military superiority over every combination of Arab forces, but will widen the gap during the next five years. Israel will be able to defeat any combination of Arab forces through the rest of the decade."

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ority over every combination of Arab forces, but will widen the gap during the next five years. Israel will be able to defeat any combination of Arab forces through the rest of the decade."

This military superiority, which U.S. intelligence officials say hasn't changed, is a direct result of the longstanding special relationship between the United States and Israel. Since 1970, the Israeli military has used \$21 billion in U.S. grants and loans to buy the most sophisticated American weaponry or to pay for building its own.

More recently, friends of Israel in Congress have helped maintain that military edge in another way—by blocking or reducing sales of U.S.-built military equipment to allied Arab nations.

Israel's supporters consider opposition to Arab arms sales to be an important test of congressional fidelity to the Jewish state, second only to support for the \$3 billion annual aid package to Israel. Members of Congress who pass the test are the most likely recipients of campaign donations from pro-Israel political action committees (\$3.6 million in 1984) and from individuals, according to interviews and fund-raising materials.

Congressional support for Israel has become so strong that some officials say they believe it has become the controlling factor in U.S. arms sales policy in the Middle East. Others

say Congress is just filling a vacuum created as the Reagan administration has backed away from actively pursuing Arab arms sales.

In 1981, President Reagan saved a major arms package for Saudi Arabia by personal intervention; last year, two multibillion-dollar sales, to the Saudis and Jordan, were lost at the outset when administration officials failed to agree on a plan to push them through.

These recent events trouble some key officials, who see the United States shifting away from its longstanding policy of maintaining close ties to relatively moderate Arab countries as it tries to protect Israel's security.

Richard W. Murphy, assistant secretary of state for the region, told Congress last spring that it should reject the contention that U.S. policy in the Middle East "is a zero sum game, that ties with one side preclude friendship with the other Those notions are wrong and our experience proves that they are."

Referring to Congress' inclination to oppose Arab arms sales, Murphy added, "For the first time in three decades . . . recent events threaten to undermine our balanced approach" in the area.

Study Delayed Saudi Package

A revealing case history of this apparent shift in U.S. foreign policy began with a White House meeting on Jan. 23, 1985. At that time, the Reagan administration planned to sell Saudi Arabia an arms package worth more than \$3 billion, including 40 top-of-the-line F15 fighters, thousands of missiles and improved electronics for F15s already in the Saudi inventory.

Attending that White House session were then-national security affairs adviser Robert C. McFarlane, Secretary of State George P. Shultz and Defense Secretary Caspar W. Weinberger. McFarlane reported mounting opposition on Capitol Hill to the Saudi sale, and said it would be prudent to delay the proposal and conduct what came to be known as the MEAT (Middle East Arms Transfer) study of the impact of such sales on U.S. policy in the region, according to knowledgeable officials.

Weinberger supported the Saudi sale. A month earlier, he had hand-delivered a letter from Reagan to officials in Saudi Arabia that committed the United States to selling the F15s, according to Saudi and American sources.

Weinberger agreed to McFarlane's suggestion for a delay in hopes of using it to push a \$2 billion arms package for Jordan, which would include advanced fighter jets and air defense missiles, knowledgeable sources said.

But the delay played directly into the hands of opponents, led by the American Israel Public Affairs Committee (AIPAC), who needed time. "Cap [Weinberger] had the Saudi sale in his pocket. It had already been approved by the president," recalled one official who was involved in the discussions. "But he took the chip out and

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put it back on the table in hopes of getting the Jordan sale, too. In doing so, he lost both."

McFarlane estimated that the MEAT study would take four to six weeks; it took six months. Some officials said the delay was intentional, a way to avoid confronting the issue. By the time the study was done, both packages were dead or dying.

AIPAC started the attack long before the administration announced its intention to sell the arms. It used a time-tested formula: Get inside information on the proposals, give it to the press or friendly members of Congress and use the resulting publicity to generate opposition.

After learning of the proposed sales, AIPAC's executive director, Thomas A. Dine, met with McFarlane and warned him that AIPAC wouldn't retreat from an all-out battle to prevent more F15s from being sold to Saudi Arabia. (In 1978, Congress approved the sale of 60 fighters after a lengthy and bitter fight.) Dine made AIPAC's position clear: No arms sales to any Arab country that hasn't made peace with Israel.

As Dine saw it, the timing was right for AIPAC and wrong for the administration. "They had other priorities. Contra aid. Tax reform," Dine said. "And they didn't want to go through another AWACS fight."

In fact, much of AIPAC's strength stemmed from that earlier deal to sell AWACS early warning radar planes to the Saudis, which the administration had narrowly steered through Congress in 1981. At that time, according to Dine, the organization had 8,000 members, 24 staff members and an annual budget of \$1.8 million. Shaken and inspired by the AWACS defeat, AIPAC launched a vigorous membership and fund-raising drive. It now claims nearly 50,000 members, a \$6 million budget, 80 staff members and offices in New York, Los Angeles, San Francisco and Austin as well as Washington.

The AWACS defeat also led to the proliferation of scores of pro-Israel political action committees. It spurred activists in the Jewish community to mount campaigns against members of Congress perceived as anti-Israel while attempting to elect more sympathetic politicians.

During this time, AIPAC sounded ever-louder warnings to its members and supporters on Capitol Hill about a growing threat to Israel from the arsenals of neighboring Arab states. American efforts to sell fighter planes to Saudi Arabia and Jordan was like "ringing Israel with a noose of American iron," warned Benjamin Netanyahu, Israel's ambassador to the United Nations.

In early February 1985, Sen. Alan Cranston (D-Calif.), a supporter of Israel, announced that he had collected the signatures of 63 senators on a letter to Reagan expressing "serious reservations" about any Saudi sale.

On March 20, Rep. Lawrence J. Smith (D-Fla.) attached an amendment to the foreign aid bill making any proposed Jordan sale contingent on King Hussein's willingness to recognize Israel and begin "direct negotiations." The measure

angered the Jordanians, including Foreign Minister Taher Masri, who tried vainly to argue Smith out of the proposal over breakfast that morning at the Watergate Hotel. Even the wording was troublesome; in Arabic, "direct" negotiations would be interpreted as "separate"—implying that Jordan was willing to make a separate peace with Israel, something that many Arab countries would not abide.

Jordan's lobbyist, Denis M. Neill, whose Washington firm represents several Arab countries, got the language changed to "negotiate directly"—which is more vague and would allow Hussein more flexibility. It was a diplomatic nicety but an important one, said a Jordanian official.

Despite warnings from Congress, Reagan in May told Hussein at the White House that he would push for approval of a sale.

By late May, administration officials realized they could save the Saudi package only by jettisoning the bulk of it—the F15s. They informed Bandar Bin Sultan, the Saudi ambassador to the United States.

Looking ahead, Bandar then requested and received a letter from Reagan that said generally that the president understood the Saudi need to shop for fighters elsewhere. The Saudis wanted the letter, according to two knowledgeable sources, because they suspected the administration would later blame them for steering their business away from American aerospace companies if they bought from another supplier.

Much of this took place out of the public eye and went unreported by the press.

Conditions Imposed on Jordan

Meanwhile, the Jordan sale was in trouble, too. Despite Reagan's promise to Hussein, the administration did little during the summer of 1985. Then, on Sept. 27, Hussein tried to get the sale back on track during a speech at the United Nations, saying for the first time that he was willing to "negotiate directly" with Israel. Administration officials were pleased; three days later, Hussein made the rounds on Capitol Hill to lobby for the weapons.

But AIPAC and others were busy, too. The day after Hussein's visit to the Capitol, six House members signed a letter calling for further conditions, specifically that no arms could be sold to Jordan until negotiations between Israel and Jordan had begun. Three days later, six senators did the same.

On Oct. 7, the Italian cruise ship Achille Lauro was hijacked by Palestinian terrorists, further inflaming anti-Arab sentiment here. "Whoever said timing is 75 percent of politics is right," Dine said.

On Oct. 21, the administration formally sent the Jordan package to Capitol Hill, despite all indications that it would go nowhere. The next day, 74 senators sponsored a resolution to block the sale. Two days after that, the Senate upped the ante,

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delaying all action for four months unless "direct and meaningful" negotiations took place.

Hussein was angry. He referred to the addition of "meaningful" as blackmail. Lobbyist Neill said, "The king jumped one hurdle so [Congress] erected a wall." The Jordanian sale was dead.

"The cumulative effect of the American government inflicting public national humiliations on our moderate Arab friends is bound to have an adverse effect," said Nicholas A. Veliotis, who was assistant secretary of state for the region from 1981 to 1983 and then ambassador to Egypt until this spring.

But Cranston sees the issue as a legitimate battle between the president and Congress over foreign policy. "We specifically have a law that gives us [Congress] the power to veto an arms sale," he said. "It creates a misunderstanding elsewhere if we say that once a president makes a promise that's it as far as America goes. That's not the way America works."

Geoffrey Kemp, the Middle East specialist on the National Security Council from 1981 to 1985, said he felt AIPAC's successes may be making Israel more vulnerable in the long run. "They are getting their friends in Congress to vote against the very countries most likely to make peace with Israel," he said. "What's important is whether there will be any moderates left. How will AIPAC feel if Hussein or Fahd [of Saudi Arabia] is assassinated and replaced by a radical military junta?"

Fighters Purchased From Britain

Meanwhile, the Saudis needed to find a replacement for the F15s that had been dropped from their package. Armed with their July 1985 letter from Reagan, the Saudis went to London and bought 72 Tornado fighters in September as part of a package estimated to be worth more than \$12 billion.

Some defense experts contend that Israeli security is jeopardized more by the Tornado attack plane than it would have been by the F15, because the British put fewer restrictions on the Tornados' use than Congress did when it sold F15s to the Saudis in 1978, specifying that they could not be based on Saudi airfields nearest to Israel or be equipped with certain kinds of bomb racks.

Some U.S. officials said the Tornado sale hurt the United States, too. The U.S. aerospace industry lost lucrative contracts and potential new jobs; the U.S. military lost the advantage of having familiar equipment at Saudi bases, which might be needed in a confrontation involving Persian Gulf oil fields.

After the British sale was announced, two pro-Israel congressmen carried the fight across the Atlantic. Reps. Mel Levine (D-Calif.) and Benjamin A. Gilman (R-N.Y.) wrote a letter of pro-

test to British Prime Minister Margaret Thatcher, complaining that Britain's decision had endangered Israel's security. Thatcher's reply included the same reasoning that the Reagan administration used in proposing the sale—that Saudi Arabia is a moderate pro-Western country with a right to defend itself.

Levine said in an interview that Saudi Arabia's ability to get its arms elsewhere raises "a difficult question" for U.S. lawmakers who opposed the U.S. sale. But he said, "I don't think that means that Congress should acquiesce to a policy that we don't think is in America's interest."

Without the F15s, only fragments remained of the administration's original Saudi package. It still included \$1 billion for Stinger and Sidewinder anti-aircraft missiles and improved electronics for the F15s owned by the Saudi air force.

But after several consultations between Dine and Shultz, including a 90-minute session last Feb. 28, the electronics were tossed out and the proposed deal—pared to \$354 million worth of missiles—was sent to Congress in early March.

On March 20, less than half an hour after the administration had lost the first key vote in the House on \$100 million in aid to CIA-backed rebels, called contras, fighting the government of Nicaragua, Dine said to Shultz, "I have some good news for you."

AIPAC had decided, Dine said, not to fight the reduced Saudi arms package. AIPAC's new position baffled some allies on Capitol Hill and angered some Jewish organizations, such as the Zionist Organization of America.

In fact, AIPAC and its allies in the previous 14 months had so successfully gutted the package that there wasn't much left to fight; even the Israeli government didn't object to it.

On May 6, the Senate crushed the proposal anyway, 73 to 22, after a debate filled with references to how the Saudis provide money to the Palestine Liberation Organization and Syria, which U.S. intelligence officials and some congressmen criticize for supporting terrorism.

The House followed suit the next day. On May 20, Bandar, the Saudi ambassador, visited the White House and agreed to another cutback—the removal of the Stinger missiles from the package, reducing it to \$265 million.

On May 21, Reagan vetoed the bill opposing the sale. He needed 34 votes to prevent the Senate from overriding the veto and the White House twisted arms toward that end.

On June 5, the administration prevailed by a single vote. The message seemed clear, according to administration and congressional sources: Even with AIPAC on the sidelines for three months and the White House actively backing the Saudis, Congress was so pro-Israel that it would vote against an Arab arms sale almost as a reflex action.

"I like to think," Dine said, "we prepared the environment."

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Pro-Israel Political Activists Enforce 'Percy Factor'

After rallying enough support this spring to cut the proposed \$3 billion Saudi arms sale to \$265 million, the American Israel Public Affairs Committee, the main pro-Israel lobbying group, was satisfied. So was the government of Israel, which didn't see the smaller package as a threat to its security.

Not Morrie Amitay.

Amitay, treasurer of the pro-Israel Washington Political Action Committee, which has handed out \$260,000 for 1986 House and Senate races, has set his sights on two Jewish senators—Edward Zorinsky (D-Neb.) and Chic Hecht (R-Nev.)—who voted for the pared-down Saudi package.

In a recent newsletter, Amitay said Zorinsky and Hecht, who aren't up for reelection until 1988, "can expect to do very poorly with Washington PAC and other like-minded PACs." He particularly scolded Zorinsky, saying "the Z stands for zero on Israel-related issues."

Zorinsky declined comment on the description, but told the Omaha World Herald after he voted for the sale that he has been criticized before by supporters of Israel. "I tell them I vote for what I think will benefit the country," he said. "I am a United States senator who happens to be Jewish."

In the world of political fund-raising, Morrie Amitay and his counterparts at other pro-Israel PACs are a force to be reckoned with. They have a goal (electing friends and defeating perceived enemies) and they have money (\$3.6 million in contributions in the 1984 races).

Beyond the PACs, there is the clout of the Jewish-American community, which contributes to campaigns in relatively greater numbers than other groups.

None of this is lost on some members of Congress. They talk about "the Percy factor," a reference to the 1984 defeat of Sen. Charles H.

Percy (R-Ill.), who was targeted by pro-Israel lobbying groups because he pushed the 1981 sale of AWACS radar planes to Saudi Arabia.

One Jewish-American businessman from California, Michael Goland, spent more than \$1 million of his money to help defeat Percy. He stayed within campaign financing laws by spending the money "independently" rather than at the direction of Percy's opponent. Most of the money was spent on advertisements.

Administration officials who lobbied members of Congress on the recent Saudi arms sale said they saw evidence of the "Percy factor."

One exasperated Pentagon official recalled: "They say, 'I agree with you 100 percent.' But then they say they can't vote for the sale and cite 'what happened to Percy.'"

Goland was active in the recent Saudi sale, too. Just before the first Senate vote on the issue last May, Goland appeared in the Senate cloakroom with Sen. Rudy Boschwitz (R-Minn.) to lobby two wavering Republicans against the sale.

Sources said Boschwitz made sure his colleagues knew that this was *the* Michael Goland. Boschwitz's tactics made several senators, administration officials and some lobbyists wince. Boschwitz wasn't trying to pressure the two senators, an aide said.

The Goland episode was mentioned later on the Senate floor. Saying he did not understand the "awesome, mythical, metaphysical powers of some Californian named Michael Goland," Sen. Alan K. Simpson (R-Wyo.) said he was bothered by the idea that "you must be with me all the way or you are not for me." Calling himself a friend of Israel, he said, "You cannot build friendship on threats or intimidation or talk of political retribution or the ancient political game of 'keeping score.'"

—Charles R. Babcock

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WASHINGTON POST 8 AUGUST 1986 Pg.1

Israel Has Complex Bond With Jewish Americans

By Charles R. Babcock
Washington Post Staff Writer

Last January, nine Jewish Americans went to Montreal for a conference on the future of U.S.-Israeli relations and quickly found themselves in a heated argument with the eight-member Israeli contingent.

It started with a simple question: What should Americans be doing for Israel? The Israelis' reply was unexpected: "Move to Israel."

Rep. Mel Levine (D-Calif.), who attended the conference, said he

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"provoked a big fight" when he firmly rejected the suggestion. "I said, 'I'm an American. I'd never consider *aliyah* [emigrating to Israel], and you have to understand this," Levine recalled.

This episode illustrates the emotional nature of the relationship between Jewish Americans and the Jewish state, perhaps the most special part of the special relationship between the United States and Israel. Since Israel was founded almost 40 years ago, it has always looked to the American Jewish community for support—and that support has always been forthcoming.

Jewish Americans contribute or lend almost \$1 billion a year to Israel for a variety of programs, including land reclamation, universities and hospitals; more than 400,000 American adults visit Israel a year, alone or with their children; Israel is frequently discussed in U.S. synagogues, one way that Jewish children learn about Israel's role in Jewish life.

"The money we raise is nice," said David B. Hermelin, of Detroit, international campaign chairman for State of Israel Bonds. "But the full support we give to Israel is what ties us together more."

Not all Jewish Americans participate in the special relationship. For example, the Washington branch of the United Jewish Appeal raised \$13 million in charitable contributions this year; that money came from 30,000 of the 160,000 members of the local Jewish community, less than 20 percent.

An official of one Jewish organization called the inactive members of the community "cardiac Jews"—"they feel Jewish but don't do anything to act it out," he said.

It is difficult to generalize about the relationship between Jewish

Americans and Israel. The community rarely speaks with one voice on most other issues. But there are several emotional factors that provide depth to the relationship, according to representatives of Jewish groups here and in Israel.

They cited such factors as a historical pride in the establishment of Israel and its victory in the 1967 war; a sense of responsibility that was heightened after the near debacle of the 1973 Yom Kippur war; the lingering horror of what happened to European Jews during the Holocaust; and, for some, a touch of guilt about not having the urge to move to Israel.

The combination, they said, can make some Jewish Americans more Israeli than the Israelis at times—quicker to reward friends and quicker to attack perceived enemies. Over the years they have provided largely unquestioning public backing for Israel; when they are bothered by such controversial issues as Israel's handling of West Bank settlements or its treatment of Palestinians, the debate usually remains private.

They do so, heads of some Jewish groups say, because they fear a sign of disunity would undermine the general public's support for the Jewish state.

An exception was the Jonathan Jay Pollard spy case. After the Israeli government admitted paying Pollard to obtain classified U.S. documents, some Jewish Americans criticized Israel publicly and sharply.

Hermelin, the Israel Bonds chairman, said, "That was terrible. I'd like to think they wouldn't have to do that. It shouldn't happen. No one should try to justify it."

The most intense private debate took place in 1982 after Israel invaded Lebanon, according to several officials of American Jewish organizations.

"For the first time in many Jewish organizations, there was the feeling of dismay, puzzlement, chagrin," said one official, who asked not to be named. "Finally, we had a debate . . . but the real question was: 'Do American Jews have the right to question Israel publicly?'"

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Some Israelis and Americans said the Jewish community's generally unwavering support has given hard-line elements of the Israeli government confidence to take controversial actions. Less than two weeks after the invasion of Lebanon in 1982, for example, then-Prime Minister Menachem Begin appeared at an Israel Bonds event in New York and collected \$35 million in pledges.

Roman Bookbinder, longtime Washington representative of the American Jewish Committee, said he felt Begin operated "on the rather arrogant assumption that he didn't have to worry about American Jewish support." He said many American Jews had "deep reservations" about Lebanon, "but it didn't add up to a loss of confidence in what Israel stands for."

For the majority of Jewish Americans, believing in Israel does not include the possibility of moving to Israel. Only 50,000 have done so since the Jewish state was founded, according to Israeli government statistics.

Meanwhile, an estimated 200,000 Israelis have moved to the United States over the last 20 years. They leave Israel for a variety of reasons: their homeland's ailing economy, religious infighting, the constant threat of war. As demonstrated by the passionate arguments at the Montreal conference, this emigration has become a critical issue in Israel.

Rep. Levine tried to explain at the conference why Jewish Americans aren't moving to Israel. He said, "We're here [in the United States] by our choice, our preference. Support for Israel comes out of our frame of reference as Americans."

Harry Wall, an American who is the representative in Jerusalem of the Anti-Defamation League of B'nai B'rith, said: "Israel is the religion for a lot of American Jews. Israel is the home team, and the members of the American Jewish community are the fans. They are in the stands, but they don't want their kids to be on the field."

Where the Money Goes

On June 11, about 200 Washington-area real estate agents and developers arrived at the Mayflower Hotel for an Israel Bonds luncheon. They listened to Sen. Daniel K. Akaka (D-Hawaii), a supporter of Israel who once considered converting to Judaism, talk about selling Israel Bonds in the 1950s. Then, they began making their pledges—\$5,000, \$10,000, up to \$25,000—and the master of ceremonies took the time to read each contributor's name and the amount of the pledge.

When the lunch ended two hours later, the group had pledged to buy \$2.4 million in bonds, an average of \$10,000 each.

This scene is repeated, month after month, in many major cities around the country. Last year, Americans invested \$400 million in Israel Bonds, which are used to finance such public works projects as roads and water treatment plants and are later repaid with interest. Since the campaign was started by David Ben Gurion in 1951, more than \$8 billion in Israel bonds have been sold, about 80 percent of them in the United States.

Members of the American Jewish community also donate more than \$600 million a year to the United Jewish Appeal to fund charity programs here and in

Israel. More than half the funds, on the average, goes to Israel for social services projects. For example, the Washington area branch of UJA has provided \$5.4 million to aid a poor neighborhood in Jerusalem; the money is used for, among other things, a dental clinic.

Israel's seven universities have "American friends" groups that raise money for their operating budgets and endowments. The American Friends of Hebrew University, for example, has sent more than \$25 million to the school in Jerusalem. The Jewish women's group, Hadassah, spends \$20 million on aid for a group of hospitals in Israel, and another \$12 million goes to plant trees and reclaim land in projects sponsored by the Jewish National Fund.

A newer group, the New Israel Fund, raises about \$1 million a year to fund projects such as battered women's shelters and an Arab-Israeli youth soccer league.

A recent emphasis is helping to rebuild Israel's debt-ridden economy. Last fall, Detroit industrialist Max Fisher announced an ambitious project, Operation Independence, to help Israel increase its exports and lessen its dependence on U.S. government aid.

There is concern in some Jewish circles that fundraising for Israel may flatten out, in part because of the proliferation of pro-Israel causes and in part because younger generations of Jewish Americans are more assimilated into the U.S. mainstream. One Jewish group estimates that only one-third of Jewish American children are receiving any Jewish education.

But some Jewish Americans are such active givers to their synagogues, political campaigns and charities that they joke, and sometimes complain, about being over-organized. Paul Flacks, executive vice president of the Zionist Organization of America, said several groups have complained that they must compete for members with the aggressively expanding American Israel Public Affairs Committee, the main pro-Israel lobbying group. AIPAC has opened regional offices and used direct mail to get 50,000 members in recent years.

"They are supposed to do their work in Washington," Flacks said. "There is enough for them to do there." ZOA and a few other groups have complained that AIPAC officials reach decisions, such as whether to fight the remnants of the recent missile sale to Saudi Arabia, without forming a consensus of its member groups.

In an effort to reach the next generation of bond buyers and UJA contributors, there is a wide range of activities to acquaint young people with Israel firsthand. For example, there are programs to spend a high school year there and to "earn your wings" by spending the summer on an air base in the Negev desert.

These efforts also extend beyond the Jewish community. One example is the Mickey Leland Kibbutzim summer internship program, which sends 10 high school juniors from the predominantly black Houston district of Rep. Mickey Leland (D-Tex.) to visit Israel and live on a communal farm for several weeks.

A Multitude of Voices

Debate continues among Jewish Americans about how they should relate to Israel—how much energy to de-

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vote to the cause and how important Israel is to the Jewish community in this country.

Part of the debate centers on pro-Israel political action committees and whether their support for candidates should be based solely on how the candidates feel about Israel. Bookbinder, of the American Jewish Committee, has written that some American Jews thought it was "obscene" that the PACs were helping pay off the debt of Sen. Jesse Helms (R-N.C.), a conservative who favors school prayer and other issues that traditionally liberal Democratic Jewish voters find appalling.

"I have absolutely no problem with individual Jews or specific Jewish groups making the judgment that Israel is so important that they choose to devote themselves exclusively to the issue," Bookbinder said. "But I am disturbed when they fail to understand that the Jewish community as such cannot be so single-minded. Highest priority, yes. Only priority, no."

Some contend that this singlemindedness sometimes blinds Israel's supporters. A former Reagan White House official said, "In Israel everyone is very open about disputes. There is a healthy debate. But over here, when you think about raising questions, you pause and ask, 'Will someone think I'm anti-Semitic?' You will be labeled. [Former national security affairs adviser] Bill Clark, for instance, was called anti-Semitic because he was critical of the invasion of Lebanon."

Philip Klutznick, a former president of B'nai B'rith and the World Jewish Congress and secretary of commerce in the Carter administration, was attacked by some Jewish Americans because he called for a Palestinian state as a way to ensure Israel's security.

"They said I agreed with the enemy," he said of the critics. (A recent poll by the American Jewish Committee showed that one-half of American Jewry agrees that Palestinians have a right to a homeland as long as it doesn't threaten Israel.)

Klutznick said, "Many people who talk about this subject [the Arab-Israeli dispute] know one side and have never closely examined the other. I suffer from the fact that I have been to the Arab countries and know some of the people. I have also been to Israel and I know my people . . . I suffer from the fact that I try to be fair. I see there's a certain amount of justice on both sides. It's not black and white."

Commenting on Klutznick's experience, Levine said criticism of Israel seems to touch "a fundamental visceral nerve" for many Jewish Americans and goes to the heart of the special relationship.

"I grew up immediately following the Holocaust," said Levine, who was born in 1943 and grew up in Los Angeles, part of which he represents. "We [my generation] were spared that tragedy, but our upbringing and our childhood and education and cultural life instilled in us a very strong identity with Jewish history and assuring Jewish survival."

"The most robust example of that is the state of Israel . . . A strong Israel is the best evidence that [the Holocaust] won't happen again, and that has become an essential part of American Jewish life."

SECURITY/ESPIONAGE

CHICAGO TRIBUNE 16 NOVEMBER 1986 Pg. 1

Taking advantage of a friend

Israel's pursuit of military technology hampers U.S. ties

By Douglas Frantz
and James O'Shea
Chicago Tribune

WASHINGTON—The Israeli government is waging a deliberate campaign to obtain vast amounts of restricted U.S. military technology through legal channels and a clandestine network of agents.

Israel is using the technology to bolster its national defense and to turn itself into a major international weapons merchant that competes in the high-technology field with the U.S. arms industry.

The situation is creating increasing concern among mid-level U.S. officials responsible for safeguarding American military technology. These officials say the United States is losing control of its ad-

This is another in an occasional series of articles examining international weapons trafficking.

vanced weapons technology because it is being used in arms that Israel sells to third countries, including China.

They say several instances in recent years have strained U.S.-Israeli diplomatic relations, in part because the manipulation is coming from an ally that receives more U.S. aid than any other country, \$3 billion a year, and has received costly favored treatment by every U.S. administration since Israel was granted its independence in 1948.

High-ranking Israeli officials deny exploiting their nation's special relationship with the U.S. They said Israel has proved itself to be a stable democracy and a loyal American ally in the Mideast.

The Israelis maintain they violate no laws in pursuit of technology and that special treatment is a two-way street often benefiting the U.S.

Israel traditionally has provided the U.S. with military assistance,

such as intelligence on the Mideast and the Soviet Union. It has provided data on how U.S. weapons perform in battle, and it has passed along the most recent Soviet weapons systems captured from Arab states.

The closeness of the two nations was illustrated by the recent disclosures that Israel served as middleman in the secret arms deals with Iran that were arranged by the White House in the hopes of freeing American hostages held in Lebanon. This is only the latest incident where a U.S. president has asked Israel to help the U.S. carry out a dual policy in the Middle East.

Indeed, America's relationship with Israel has fostered two sets of policy guidelines governing aid and access to military technology—one set for Israel and another for the rest of the world.

The Reagan administration, citing Israel's strategic value, has granted Israel enormous flexibility in its use of U.S. aid and unprecedented access to American technology.

But a three-month investigation, based on scores of interviews and examination of hundreds of pages of government documents, found evidence that Israel has taken advantage of its unusual ties to the U.S.

With little monitoring from federal agencies and active assistance from some U.S. officials, Israeli defense companies have obtained access to some of the most sophisticated American weapons technologies.

Israeli companies have purchased small U.S. firms involved in classified work for the military, established joint ventures with major U.S. defense contractors and set up American subsidiaries. Spokesmen for the Israeli government and the companies said the effort was motivated only by eco-

nomics considerations and is not government directed.

Yet the Israeli companies, most of which have close ties to their government, are being exposed to more and more U.S. defense technology through the economic program.

As a result, Israel not only is being given \$1.8 billion a year by the U.S. to buy weapons, but it is snapping up the technology to build the weapons itself for sale around the world—at a profit and with little effective U.S. control over its customers.

Furthermore, the Israeli actions have prompted a string of federal investigations into whether the Israelis have crossed the legal boundaries into the areas of espionage and theft.

Federal law-enforcement authorities are known to be investigating six cases where Israeli agents and government employees have been accused of trying to obtain an array of military secrets, from the know-how to build deadly cluster bombs to a process for making the world's most accurate and durable tank barrels.

Most of the investigations deal with possible violations of U.S. export laws, which are designed to protect American military technology and control the spread of weapons.

A high-ranking Justice Department official said the cases "represent problems," and added: "We're going to try to continue to tackle each one of them and do something about it."

Barukh Binah, an Israeli government spokesman in New York, said when some of the cases under investigation were outlined for him by a reporter: "Any case you have described has no criminal meaning. It might have been a misunderstanding, but there is no

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pattern. The attempt to put them all together is artificial and arbitrary."

Binah agreed to respond to part of a list of written questions, but declined to answer others on what he said were security grounds.

Several of the federal investigations involve employees of Israel's Defense Procurement Mission in New York, a delegation of an estimated 200 military and technical experts who act as a liaison to defense companies and military installations.

Binah said no official from the mission would respond to questions, and he refused to confirm the number of employees in the New York office.

A secret report prepared by the Central Intelligence Agency in 1979 described the procurement mission as a key element of Israel's intelligence-gathering operations.

Collecting scientific information in the U.S. to accelerate Israel's technological and military development was one of the three top goals of the Mossad, the Israeli intelligence service, according to the CIA assessment of Israel's espionage activities.

The CIA report said Mossad agents used jobs in the Israeli purchasing mission as a cover for spying and to establish commercial companies for long-range penetration of specific fields of military technology and science.

The report was found in the U.S. Embassy in Tehran by Iranians during the 1980 hostage crisis. It later was made public by Iran, and the CIA never has denied the authenticity of the report.

A similar description of Israeli methods was presented more recently by R.D. McLaurin, a former expert on international security at the Pentagon. McLaurin's findings were based on a classified report he prepared as a consultant for the Defense Department.

The report was not available, but McLaurin, now senior consultant at a research firm specializing in the Middle East, delivered an unclassified version at a symposium on international relations last year.

"One of the most interesting aspects of the Israel-U.S. case is the conscious, assiduous and broad-based effort Israel has made to acquire advanced military technology," McLaurin said in his symposium paper.

McLaurin said that largely through the efforts of Foreign Minister Shimon Peres when he was defense minister, Israel developed what McLaurin called a "technology penetration and acquisition network" to obtain the technology.

He said the network involves the New York purchasing mission, science attaches at the Israeli Embassy in Washington and at consulates around the country, and Israeli military and scientific officials who visit U.S. military bases and research centers. When Jonathan Pollard, a U.S. Navy intelligence analyst, was exposed last year as a spy for Israel, Joseph Yagur, an Israeli science attache in New York, fled to Israel. Yagur later was described by prosecutors as the chief handler of the spy.

The Israelis have been accused in the past of stealing technology from other countries. For instance, the Israeli jet fighter, the Kfir, was developed from 200,000 blueprints for the French Mirage that were stolen by a Mossad agent and shipped to Israel in 1968 and 1969, according to published accounts.

Since 1948, Israel has been surrounded by Arab enemies, and its survival has depended on military supremacy. Often, however, other nations have imperiled Israel by embargoing weapons shipments there. So Israel's initial goal in seeking U.S. technology was to improve its defense and attain military self-sufficiency.

But in recent years, Israel has reached the stage where its weapons industry has developed into a major component of its foreign trade and domestic employment. Today, one out of every five industrial workers in Israel is connected to the expanding defense industry.

The reasons for this development appear to be related more to economics than to self-defense, according to Meir Tamari, director of the Jerusalem Institute of Ethics and Economics, who said in a recent article that Israel's weapons industry "has become an economic enterprise justified by its profitability."

The need for this profitability lies in Israel's economic troubles. Since 1982, Israel has been forced to reduce domestic defense spending by \$2 billion, a decline of more than 25 percent. Some of

the slack has been picked up by increased aid from the Reagan administration.

But to continue expanding its defense industry, the Israeli government has encouraged defense companies to expand sales abroad.

Israeli arms exports reached \$1.2 billion in 1982, a staggering increase from \$50 million in 1974, according to figures from the Stockholm International Peace Research Institute and the U.S. government. Weapons sales account for about one-fourth of Israel's annual industrial exports.

A nation of 4 million people, Israel has emerged as a major international weapons supplier. It has an export list that includes missiles, tanks, advanced electronics and jet fighters, and a customer list that includes such repressive regimes as South Africa, Chile and much of Central America as well as China.

Executives at American firms privately expressed anger that they have to compete for international sales against Israeli weapons that are based on U.S. technology and indirectly subsidized by U.S. tax dollars.

For instance, at a recent arms show in Washington, the state-owned Israel Military Industries displayed its new antitank missile, called MAPATS, a few hundred yards from a booth where Hughes Aircraft Co. exhibited the latest version of its TOW antitank missile.

From outward appearances, the two missiles are almost identical, and some Hughes executives said they think the similarities are more than skin deep.

Hughes, a giant in the American defense industry, pioneered the TOW for use in Vietnam, and U.S. export law still imposes tight restrictions on its export. Among the countries permitted to buy the TOW is Israel, which has purchased thousands of them.

"We are very perturbed that the Israelis took our TOW design and modified it, and [have] begun selling it," said a Hughes executive, who refused to be identified.

Eitan Dromy, an Israel Military Industries official, denied that Israel stole TOW technology. He said MAPATS is a "new generation of missile," with a laser guidance sys-

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tem that is better than TOW's wire system, as well as other differences.

He acknowledged, however, that MAPATS is so similar that it can be fired from a TOW launcher.

Another Israel Military Industries official, Yitzhak Gilat, said the Israelis are trying to sell MAPATS to the U.S. Marine Corps, and the missile is being produced for a South American country that he refused to identify.

The sale of MAPATS to a South American nation disturbs some U.S. officials, who view it as an example of the difficulty of controlling U.S. technology once it leaves the country, even when the technology goes to a friendly nation such as Israel.

But that is only one of the concerns expressed privately by U.S. officials.

Behind the scenes at the Justice Department, Customs Service and Pentagon, officials said they think Israel has grown too aggressive in its quest for American technology.

"The prevalent view here is that the Israelis are trying to get whatever they can, however they can," one law-enforcement official said. "People stop short of saying it is a 'well-orchestrated effort,' but I don't know what else you can honestly call it. They're trying to get everything they can."

Israel's espionage in the U.S. made the headlines last year with the arrest of Navy intelligence analyst Pollard, who admitted spying on the U.S. as part of an Israeli ring. He is now cooperating with the government.

Pollard was nabbed outside the Israeli Embassy in Washington as he sought asylum. He since has identified several Israelis involved in the operation, including science attache Yagur, a secretary at the Israeli Embassy and an intelligence officer in Israel.

Israel apologized publicly for the affair, saying it was "an unauthorized deviation from the clear-cut Israeli policy of not conducting any espionage activities whatsoever in the United States." The Justice Department and FBI are continuing to investigate the extent of the ring.

The Pollard affair was followed by a series of disclosures of other federal investigations. Top-ranking Israeli government officials have

taken a hard line in response to the other disclosures, repeatedly denying any wrongdoing and protesting publicly and privately to U.S. officials about what they consider an unfair campaign against Israel.

After raids by Customs agents last December in connection with an attempt by Israel to obtain technology for chrome-plating tank cannon barrels, Israeli officials contended the raids were "anti-Israel" and part of a "vendetta."

Yet information obtained from court documents, military records and interviews show the tank-barrel episode illustrates many of the concerns expressed by law-enforcement officials.

In late 1984, the Israeli procurement mission requested bids from U.S. companies to build a chrome-plating facility in Israel for Israel Military Industries. The contract was to be financed by \$1.8 million in U.S. military aid.

The successful bidder was NAPCO Inc., a small electroplating company in Terryville, Conn.

In winning the contract, a company lawyer said NAPCO stressed to the Israelis that it had a crew, under an Army subcontract, working on a new chrome-plating process for 120 mm. tank barrels inside the Army arsenal at Watervliet, N.Y.

But the proposed contract submitted by Israel to the Pentagon for routine approval contained no reference to tank barrels. The document said the technology was to chrome plate "hydraulic tubing and cylinders."

Defense Secretary Caspar Weinberger said in a letter to a congressman this year, "There was no mention or implication in the contract provided by the government of Israel for financing approval that the technology involved was for large caliber cannons."

Chrome-plating the lining of cannon barrels extends their life and enhances accuracy. A cathode conducts electricity through an anode, which causes the chrome to adhere to the inside of the barrel.

The U.S. was five to seven years ahead of the rest of the world in chroming 26-foot cannon barrels for tanks because of a unique configuration of anodes and cathodes

developed at the arsenal. The transfer of the technology to any other country is specifically prohibited by federal law.

Soon after signing its contract with Israel, members of the NAPCO crew at Watervliet sketched the anodes and cathodes at the arsenal and delivered the drawings to company officials, said William Flannery, a lawyer for NAPCO.

Flannery and Ray Banoun, a defense lawyer hired by NAPCO, said the company had not violated the law in sketching the devices, because the technology was not restricted. They said the devices were in an open area at the arsenal, and arsenal personnel were aware that sketches had been made.

But federal agents said authorities at the arsenal did not discover what was going on until months later.

On Oct. 16, 1985, Thomas Mahar, a metals expert for the Army at Watervliet, made a routine visit to an arsenal subcontractor in Pennsylvania and was stunned to find the company manufacturing anodes based on the arsenal's design.

A company executive told Mahar the anodes were for Israel under a subcontract with NAPCO and showed Mahar photocopies of hand-drawn sketches of the anode provided by NAPCO.

The executive later told a Customs agent that representatives of NAPCO and Israel Military Industries had visited the plant in the spring of 1985 and authorized production of the anodes.

Mahar's discovery touched off a federal investigation that led to raids of three U.S. companies last December. A government affidavit said the raids were part of an investigation of a possible conspiracy to steal the arsenal's technology and transfer it illegally to Israel.

The federal investigation is continuing, said David Homer, the assistant U.S. attorney in Albany, N.Y., who is handling the case.

Federal grand juries in Iowa and Pennsylvania are conducting inquiries into a similar attempt by the Israelis to obtain technology to make cluster bombs.

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Cluster bombs are metal pods containing hundreds of smaller bombs that explode individually, spewing shrapnel over a wide area. The U.S. halted shipment of cluster bombs to Israel in 1982 after the Israelis used them against civilians in the invasion of Lebanon.

Israel responded by stepping up production of its own cluster bombs for its use and for export. But U.S. defense experts said the Israeli technology was far behind that of American manufacturers.

In 1985, Israel Military Industries signed contracts with companies in Iowa and Pennsylvania to produce machinery that would vastly improve its ability to produce the bombs.

As in the case of the chrome-plating technology, the machinery was to be paid for with U.S. military aid and the contracts were arranged by the Israel Defense Procurement Mission in New York.

U.S. Customs agents raided both plants last July and halted the shipment of machinery to Israel. Several employees of the New York purchasing mission were subpoenaed by the grand juries, but the subpoenas were dropped after Israel pledged to cooperate in the probe.

Israeli officials have denied trying to skirt export laws and have maintained they had proper licenses for the cluster bomb machinery. American officials said at least one employee of the Israeli purchasing mission had suggested the export licenses be written in a way that disguised the military use of the machinery.

In a slightly different twist, the Customs Service is investigating allegations by Recon/Optical Inc., of Barrington, Ill., that Israel tried to steal the technology for a super-sophisticated aerial reconnaissance system that Recon was developing for the Israelis under a \$40 million contract paid for with U.S. military aid.

Three Israeli air force officers who had been monitoring the project at Recon for two years were stopped when they tried to leave the plant last May with 50,000 pages of documents in Hebrew. Recon contends the documents contained technical information that could not be provided to Israel under U.S. export law.

The Israeli Defense Ministry said

it was entitled to the technology under the contract negotiated by the procurement mission with Recon and approved by the U.S. government.

Israel was more successful in obtaining krytrons, which are 2-inch electronic tubes used to trigger nuclear bombs and as timing devices in many conventional weapons.

A California aerospace engineer and computer expert, Richard K. Smyth, was indicted last year on charges that he illegally exported 800 krytrons to Israel between 1980 and 1982.

Smyth was a consultant to NATO and the U.S. Air Force, with a top-secret U.S. clearance. He ran a small firm outside Los Angeles that developed computer software for the military. Prosecutors also say Smyth used the company to make at least 10 illegal shipments of krytrons to Heli Trading Ltd. in Tel Aviv.

The krytron order came from one of Heli's owners, Arnon Milchan, who was acting on behalf of the Israeli Defense Ministry.

Milchan is an Israeli millionaire with close ties to the government. He was identified widely as a participant in a money-laundering scandal in the mid-1970s involving Israel's role in South Africa's attempts to buy newspapers and TV stations around the world to improve Pretoria's image. Milchan also has produced Hollywood films, such as "Once Upon a Time in America," which is about Jewish gangsters.

Smyth first tried to obtain the krytrons for Milchan in 1975, but the State Department refused to grant an export license because the devices were on a list of restricted technology.

When he got another order from Milchan in late 1979, the government said Smyth mislabeled the krytrons and shipped them without a license.

The Israeli government claimed to be unaware that the krytrons had been exported illegally, and it eventually returned 460 unused devices. Israel said the rest were used in research and development.

U.S. intelligence agencies have thought for more than a decade that Israel makes nuclear weapons, but the Israeli government has said only that it will not be the first country to use nuclear weapons in the Mideast.

Last month, an Israeli told the London Sunday Times that he worked for 10 years in a top-secret, underground bunker in the Negev desert where Israel manufactured components for its nuclear weapons. The Israeli, Mordechai Vanunu, disappeared last month.

Last week, Israeli officials admitted they are holding Vanunu "under lawful detention," but refused to give further details.

Smyth's attorney, Alan Croll, has indicated in court papers that the California case involves issues more extensive than krytrons.

He said U.S. authorities uncovered the shipments after Smyth reported a suspicious burglary at his offices in January, 1983. Computer software was taken, but the burglars left other valuable property.

The CIA was the first agency to investigate the break-in, Croll said, and he said Smyth had provided information to the CIA in the past.

Croll, who no longer represents Smyth, refused to expand on his court filings in an interview. William Fahey, the assistant U.S. attorney handling the case, said he did not know what Croll meant by more significant issues. Fahey said the investigation remains open.

Smyth's company records indicate that he did a large amount of business with Israel. Federal law-enforcement sources said investigators suspect Smyth obtained other restricted military technology for Israel over a long period.

A new mystery developed Aug. 14, 1985, when Smyth didn't show up for a court appearance. Authorities later said he and his wife vanished from their sailboat. A few months later, relatives said an anonymous caller told Smyth's mother-in-law that the missing engineer and his wife were safe.

U.S. intelligence reports indicate Smyth and his wife were seen in at least three European countries in late 1985 and earlier this year, according to law-enforcement sources.

"The latest intelligence is that Smyth is in Israel," one of the sources said.

MONDAY: How American military aid finances expansion of the Israeli weapons industry.

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Strategic Coop.
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AMERICA'S SECURITY STAKE IN ISRAEL

INTRODUCTION

The United States and Israel, longstanding friends bound together by congruent national interests and shared value systems, have been engaging in increasingly close strategic cooperation. And in recent years, Israel's importance in American strategic thinking has been growing. One reason stems from the Iranian revolution, which destroyed one of the "twin pillars" of American security policy in the vital Persian Gulf region and demonstrated the political fragility of "one man, no vote" regional allies. Another reason is the hesitant Arab response to American requests for access rights for the U.S. Rapid Deployment Force following the Soviet invasion of Afghanistan. This reduced the perceived costs of U.S.-Israeli cooperation in terms of forgone Arab cooperation. Finally, the ominous Soviet-sponsored military buildup in Syria and the sobering American experience in Lebanon drove home the need for closer Israeli-American military coordination.

Although Washington and Jerusalem have cooperated informally for decades ad hoc, an operational framework for strategic cooperation was constructed only in 1983. Its aim is to counter the common threat posed by the Soviet Union in the Middle East, and it extends to the Arab states only when they toe the Moscow line. Both the U.S. and Israel stress the deterrent value of close cooperation. The U.S. gains a reliable regional partner, which constrains Soviet military planning in the eastern Mediterranean and Middle East. Israel gains the close support of a superpower to offset Syria's Soviet connection, which encourages Damascus to dream of a Greater Syria whose borders would include what now is Lebanon, Jordan, Israel, and parts of Turkey.

Although Israeli-American strategic cooperation falls short of a full-blown formal alliance, Israel is gradually being transformed into

a strategic anchor on the southern flank of the North Atlantic Treaty Organization (NATO). Israel's strategic assets include its pivotal geostrategic location (which makes it, among other things, an unsinkable aircraft carrier), its formidable military strength, and its reliable and stable pro-West political system. Israel also has much to offer the U.S. as a source of hard-earned intelligence about the combat capabilities of modern Soviet weapons systems and how to counter them.

Close Israeli-American cooperation enhances the stability of the Middle East by convincing radical Arab states that Israel cannot be dismembered by military means. This improves the prospects for a negotiated settlement to the Arab-Israeli conflict and buttresses U.S. influence in both camps.

Israel is now the largest recipient of U.S. aid, receiving this year \$1.2 billion in economic and \$1.8 billion in military assistance, plus \$750 million in emergency economic assistance. This aid should be viewed not as a handout but as one element in a web of relationships creating a critically important U.S.-Israel strategic partnership. The U.S. serves Israel's interests and Israel serves those of the U.S. Now that the relationship rests on a solid base, each partner should evaluate how the relationship's benefits could be expanded. From the U.S. perspective, this means finding ways for Israel to provide more effective support for U.S. global strategic interests.

THE REAGAN ADMINISTRATION AND ISRAEL

Ronald Reagan entered the White House as a strong supporter of Israel and a proponent of closer U.S.-Israeli relations. In 1979 he wrote: "Israel's strength derives from the reality that her affinity with the West is not dependent on the survival of an autocratic or capricious ruler. Israel has the democratic will, national cohesion, technological capacity and military fiber to stand forth as America's trusted ally."¹ Secretary of State Alexander Haig shared the President's enthusiasm for Israel and sought to include it in the anti-Soviet "strategic consensus" that he attempted to forge in the Middle East.

During his September 1981 visit to Washington, Israeli Prime Minister Menachem Begin proposed a military pact between the two countries. The Reagan Administration responded with a Memorandum of Understanding (MOU), which both nations signed November 30, 1981. It was designed to meet the threats posed by the Soviet Union or Soviet-controlled forces introduced from outside the region. Although

1. The Washington Post, August 15, 1979.

the 1981 MOU provided for joint naval and air exercises, a framework for cooperation in military research and development, American use of Israeli medical facilities, and up to \$200 million of American purchases of Israeli military goods and services each year, it fell short of Israel's expectations. Some Israelis suspected that Americans viewed it as a political gift, perhaps to assuage Israel after the bruising October 1981 congressional battle over the proposed sale to Saudi Arabia of airborne warning and control system (AWACS) aircraft and F-15 enhancement packages. Then when the Begin government extended Israeli law to the occupied Golan Heights without consulting Washington, the Reagan Administration complained that the spirit of the MOU had been undermined. In retaliation, the U.S. suspended the agreement.

The nadir of U.S.-Israeli relations during the Reagan Administration came after the June 1982 Israeli intervention in Lebanon. While Washington accepted the limited goals initially proclaimed for Israel's operation, it could not accept the prolonged siege of West Beirut, which was under the control of the Palestine Liberation Organization. The Reagan Administration deployed U.S. Marines first as part of a multinational force (MNF) to separate the combatants and facilitate a PLO withdrawal and then in an attempt to restore order following the September 1982 assassination of Lebanese President-elect Bashir Gemayel. To preserve their neutrality in the eyes of the Lebanese, the Marines distanced themselves from the Israelis and avoided any cooperation that would mark them as occupiers rather than peacekeepers.

Despite the arms-length relationship between the Marines and the Israelis, the Marines came under increasing attack by Shiite fundamentalists and the Druze, both backed by Syria. Neither group, however, was motivated primarily by factors related to the Arab-Israeli conflict. Instead, the Shiite fundamentalists were incited by the Iranian Ayatollah Ruhollah Khomeini's brand of Islamic fanaticism, and the Druze were motivated by a desire to improve their position in Lebanon's sectarian struggles by increasing the territory that they controlled.

The U.S. experience in Lebanon was a costly but valuable lesson for Washington. By distancing itself from Israel, the U.S. reduced pressure on Syria to withdraw from Lebanon and allowed Damascus to play off the U.S. against Israel. The May 1983 Lebanese-Israeli withdrawal agreement reduced the strains in the U.S.-Israel relationship and exposed Syria as the chief roadblock to the reconstruction of an independent Lebanon. Washington grew increasingly impatient with Syrian duplicity, disenchanted with the failure of

Saudi Arabia to deliver a promised Syrian withdrawal, and frustrated with the bloody jousting of warring Lebanese factions.² Finally the October 23, 1983, bombing of the Marine compound at Beirut airport was the catalyst for a change in American policy.

On October 29, the President signed National Security Decision Directive 111, a classified document that calls for closer cooperation with Israel. In November 1983, Israeli Prime Minister Yitzhak Shamir visited Washington to discuss it with Reagan. Though the Reagan-Shamir talks did not yield a formal pact, they produced the Joint Political Military Group (JPMG), a forum for consultation about common threats posed by Moscow and its clients. The JPMG meets twice per year, or at the request of either side, to identify possible areas of cooperation and to monitor the ongoing strategic dialogue between Israeli and American officials. Subcommittees meet periodically to develop a response to military, logistical, and legal issues. Unlike the 1981 Memorandum of Understanding, which was an umbrella agreement made at the top but not taken seriously by mid-level U.S. officials, the JPMG is an institution to build cooperation from the bottom up. It is a nexus connecting the defense establishments of both countries that generates direct contacts between working-level officials familiar with the nuts and bolts issues required for practical cooperation.

Because the JPMG's activities are highly classified, little is known by the public about what it has accomplished or how it operates. The best available information was provided by Reagan at the close of his 1983 talks with Shamir. He said: "This group will give priority attention to the threat to our mutual interests posed by increased Soviet involvement in the Middle East. Among the specific areas to be considered are combined planning, joint exercises and requirements for prepositioning of U.S. equipment in Israel."³

POLITICAL DIMENSIONS OF STRATEGIC COOPERATION

Both Washington and Jerusalem are constrained by foreign policy considerations in setting the scope and nature of strategic cooperation. The U.S. is a global power with global responsibilities. It has many important strategic, political, and economic interests in the Middle East and South Asia. Washington seeks an arrangement that will strengthen the U.S. vis-a-vis the Soviet Union without undermining American influence in anti-Soviet parts of

2. See James Phillips, "Standing Firm in Lebanon," Heritage Foundation Background No. 302, October 24, 1983.

3. President's statement on the departure of Israeli Prime Minister Yitzhak Shamir, November 30, 1983.

the Moslem world. This means that U.S.-Israel strategic cooperation must be presented clearly as anti-Soviet, not anti-Arab.

For its part, Jerusalem seeks to neutralize the Soviet backing enjoyed by Israel's chief adversary--Syria--without unduly antagonizing Moscow. Israel naturally does not want to be drawn into a Soviet-American crisis unless its own vital interests are at stake. Confronted with the constant threat of Arab attack, it cannot afford to increase the risk of a direct clash with a superpower. The prime threats to Israel's security come from the Arab confrontational states, not from the Soviet Union. Although the Soviets arm and train many Arab armed forces, they rarely have confronted Israel with direct military force.⁴

A formal Israeli-American defense treaty has not been needed because the primary Soviet threat to American security is a secondary threat to Israel's interests and the primary Arab threats to Israeli security are secondary threats to American interests. The Israelis, in any event, are wary of a formal treaty with the U.S. because they fear that it would constrain their freedom of action in blunting regional threats. Bold actions such as the preemptive Israeli airstrikes that assured Israel's victory in the 1967 Six-Day War, the 1982 airstrike on Iraq's nuclear reactor, and the 1982 campaign to oust the Palestine Liberation Organization from Lebanon would have required extensive consultations, if not hard bargaining, with Washington. Given the press leaks plaguing many American bureaucracies, such a necessity would heighten the already great risk involved in such actions, deprive Israel of the advantage of surprise, and narrow its effective options. Some Israelis, moreover, are concerned that an anti-Soviet treaty with Washington could complicate efforts to ease the plight of 400,000 Soviet Jews who have been unable to emigrate.

Both countries thus prefer low-key, low-profile strategic cooperation to a full-fledged defense treaty. Yet strategic cooperation also may create major problems. A common criticism is that close Israeli-American strategic cooperation precludes Arab-American strategic cooperation. This of course overlooks the historical record that Arab states have refrained from close cooperation with Washington even when the U.S. has held Israel at arms length. Inter-Arab rivalries, xenophobia, acute sensitivity to foreign military presences spawned by bitter experiences with Turkish, British, and French empires, and an exaggerated adherence to the shibboleth of nonalignment have diluted Arab willingness to cooperate openly with the U.S. on defense matters. The lesson is that shunning Israel would not earn Washington the close cooperation of Arab

4. See: James Phillips, "As Israel and the Arabs Battle, Moscow Collects the Dividends," Heritage Foundation Background No. 291, September 20, 1983.

states. The Arab-Israeli conflict is not the only issue, nor necessarily the most important issue, in determining the closeness of bilateral Arab-American relations.

Paradoxically, Washington's ties to Israel have been an incentive for Arab leaders to improve relations with the U.S. Egypt's late President, Anwar Sadat, launched a rapprochement with the U.S. in part because he believed that Washington's influence with Israel gave it "99 percent of the cards" in any peace process. Jordan's King Hussein also has benefited from Washington's close ties to Israel, particularly in 1970 when, with U.S. and Israeli help, he rebuffed a Syrian-Palestinian challenge to his throne. Arab-American and Israeli-American strategic cooperation are not necessarily mutually exclusive because both are targeted at the Soviet Union and its regional allies. For this reason, Washington is right to seek strategic cooperation with such Arab states as Egypt, Jordan, Saudi Arabia, and Oman, among others.

Another criticism of Israeli-American strategic cooperation is that such cooperation would damage Washington's standing as a mediator between the Arabs and Israel. This danger could be minimized by reaffirmations of U.S. commitment to the 1982 Reagan peace initiative that called for self-government for the West Bank in association with Jordan. To shun cooperation with Israel, moreover, would harm the peace process enormously by encouraging Arab states, which reject negotiations, to cling to the chimera of a military solution in the mistaken belief that Washington might abandon Israel at some point in the future. On the other hand, close cooperation with Israel furthers the peace process by building trust between Israel and the U.S., making it easier for a secure Israel to risk territorial concessions in return for peace.

THE BENEFITS OF MILITARY COOPERATION

Medical Cooperation

The JPMG initially addressed the least controversial and complex issues, such as the medical field. The U.S. sought and gained access to Israeli medical facilities in the event of a crisis. This would reduce greatly the time needed to evacuate wounded American servicemen to modern hospitals. In a full-scale U.S.-Soviet clash in the Middle East, for example, estimated U.S. casualties would create a need for 17,000 hospital beds.⁵ In June 1984 the U.S. and Israel staged their first joint exercise--a medical evacuation to practice the

5. Christopher Madison, "Reagan Links Middle East Dispute to Global East-West Struggle," National Journal, January 28, 1984, p. 162.

transportation of casualties from Sixth Fleet ships to Israeli hospitals. Cooperation in the medical field also includes the pre-positioning of U.S. medical supplies in Israel and exchange visits of American and Israeli doctors.

Military Cooperation in the Eastern Mediterranean

Washington has shown interest in Israeli help in possible air and sea battles with Soviet forces in the eastern Mediterranean. The growing strength of the Soviet Navy and declining political reliability of Premier Andreas Papandreu's anti-American regime in Greece has increased the importance of Israeli cooperation in this vital area. Israel, meanwhile, depends on Mediterranean routes for virtually all exports and imports. The Israeli Air Force has had extensive combat experience over the Mediterranean and could play a dominant role in the area south of Turkey and east of Crete.

A U.S. Navy study reportedly has concluded that Israel's Air Force alone could destroy the entire Soviet Fleet in the eastern Mediterranean.⁶ By one estimate, Israel could launch 20 times as many air attack sorties as an aircraft carrier air wing or 12 times as many air combat sorties.⁷ Even if only 10 percent of the Israeli Air Force were committed to sea control missions, Israel could project more air power than could a U.S. carrier in the eastern Mediterranean. The Sixth Fleet itself rarely deploys more than two carriers at once in the entire Mediterranean.

The small Israeli Navy, meanwhile, is a modern force comprised of fast missile boats that pack considerable punch. Operating under Israeli air cover, the Israeli Navy could challenge Soviet naval forces up to three hundred miles from Israel's coast. To test this, in December 1984, Israel and the United State conducted joint anti-submarine warfare exercises. Given the large Soviet submarine fleet and Israel's limited experience in anti-submarine warfare, this is a promising area for cooperation.

Even if Israel sits out a military conflict with the Soviet Union, Jerusalem could make a major difference in the outcome by permitting U.S. warplanes to use Israeli air bases. This would extend the strategic depth of NATO's southern flank and help counterbalance Soviet access to Syrian and Libyan airbases.

6. Citation of ABC News Report in Wolf Blitzer, Between Washington and Jerusalem (New York: Oxford University Press, 1985), p. 76.

7. W. Seth Carus, Israel and the U.S. Navy, AIPAC Papers on U.S.-Israel Relations, Washington, D.C., 1983, p. 9.

Israel offers other benefits to the U.S. Navy. For one thing, U.S. Navy fighter bombers can use Israel's bomb range in the Negev desert. For another, the U.S. Navy now makes an average of two port visits per month at the Israeli ports of Haifa, Ashdod, and Eilat. Although warships of the Sixth Fleet did not begin visiting Israel until 1977, Haifa has become an important source of fresh food for the U.S. Navy. Israeli harbors are now favorite ports for American sailors. Indeed, with the recent terrorist attacks on U.S. servicemen in Europe, Israel is one of the few places where uniformed Americans on shore leave do not have to fear terrorist attacks.

Another promising area for cooperation lies in Israeli maintenance of U.S. Navy vessels. Haifa offers dockyard and repair facilities that easily could be expanded to accommodate many classes of American ships. Aside from the greater flexibility and effective fighting strength that this would give the Sixth Fleet, the use of Israeli repair yards would strengthen American bargaining leverage over Greece. If Papandreou carries out his threats to terminate U.S. access to Greek naval bases in 1988, then Israel, along with Turkey, could replace the Greek bases.

Persian Gulf Contingencies

Jerusalem would play more of a role in eastern Mediterranean than in Persian Gulf contingencies. But in the event of a U.S.-Soviet clash in the Persian Gulf area, Israel could provide air cover for U.S. troops being airlifted on the initial leg of their journey, probably to Egypt. Given the lack of long-range American fighter escorts, an Israeli air umbrella would free U.S. tanker planes and fighters that would otherwise be needed to protect defenseless air transports.

Israel also could serve as a depot for pre-positioned U.S. ammunition, fuel, and weapons. By storing such heavy war material 6,000 miles closer to the prospective front, the U.S. could reduce significantly the Herculean logistical task of airlifting combat units to the Gulf theatre. These pre-positioned supplies could be flown to Egypt or some other Arab staging area, to be married to American troops arriving from the United States. While pre-positioned stocks also should be dispersed prudently in friendly Arab states, it would be unwise for Washington to concentrate them in any one Arab state, given the political volatility of many Arab governments and the limited capability of some Arab states to provide security against Soviet air attack and commando operations.

Israel offers other advantages as a pre-positioning site. The Israelis have developed a "dry storage" technique that enables them to store sophisticated weaponry indefinitely in airtight containment vessels without any degradation in performance. Israel's pivotal location also would enable it to provide pre-positioned supplies to a

swing force assembled for NATO contingencies, one of the many ways that Israel could enhance the strategic depth of NATO's southern flank.

The strongest argument against using Israel as a pre-position site is that Persian Gulf states may not accept assistance facilitated, however indirectly, by Israel. But if the U.S. quietly stores supplies in Israel without publicly admitting it, Persian Gulf governments would not be forced to rule out such assistance in advance. Even if domestic political pressures should force American friends in the Persian Gulf to decline such assistance publicly, there is often a wide discrepancy between what governments do in a crisis and what they say in peacetime. Finally, if Persian Gulf states are adamantly opposed to pre-positioning U.S. supplies in Israel, they always have the option of enlarging the scope of their own strategic cooperation with the U.S. to diminish their dependence on Israeli cooperation in a crisis. Having made American security planning more difficult by denying the U.S. local bases, Arab Gulf states cannot expect to dictate to Washington as to the source of American assistance.

Military Intelligence

The U.S. has been able to study the military lessons of the Arab-Israeli wars to glean information that may improve U.S. security. For two decades, Israel has fielded a modern military force equipped with state-of-the-art weapons to face Arab forces increasingly equipped with sophisticated Soviet weapons. Periodic Arab-Israeli clashes have made the Middle East the prime combat proving ground for Soviet and American military technology. Over time, Israel has gained extensive experience in defeating Soviet weaponry, countering Soviet tactics, improving American weaponry, and devising its own combat doctrines. The U.S. military has profited immensely from Israel's hard-earned combat experience in the past and should work to take full advantage of Israel's military expertise in the future.

Following each of its wars, Israel has made available to the Pentagon invaluable data on the performance capabilities, technical specifications, and electronics components of Soviet weapons encountered on the battlefield. Israel has provided intelligence bonanzas in the form of captured Soviet-made tanks, electronic equipment salvaged from the remains of Soviet-made warplanes, and even an entire Soviet radar station captured during the 1969-1970 war of attrition. Israel also provided the U.S. access to an intact MiG-22 delivered by a defecting Iraqi pilot. In many cases these Soviet-made weapons never before had been subject to detailed Western inspection.

Israel has contributed significantly to the evolution of U.S. military tactics. Following the 1967 war, the Israelis passed on

information on the Soviet high-altitude SAM-2 anti-aircraft missile, which enabled U.S. pilots to survive missile barrages over North Vietnam.⁸ Israel later passed on intelligence on the low-altitude SAM-6 missile after the 1973 war and on other SAM systems after the 1982 war in Lebanon. Israeli experience has led to the decreased use of searchlights on tanks; the increased reliance on thermal sights for nightfighting; the greater use of tanks and armored personnel carriers in mixed formations; improvements in command, control, and communications between air, land, and sea units; the provision of electronic warfare capabilities to reconnaissance units; and improved aerial electronic countermeasures.⁹

In addition to influencing Western tactical doctrines, Israeli-supplied military intelligence has affected the evolution of American military technology. A joint Israeli-American analysis conducted after the 1973 war generated eight volumes of 200 to 300 pages each that affected the development of American weapons systems and eventually the U.S. defense budget.¹⁰ The 1982 war in Lebanon yielded substantial electronic intelligence on Soviet SAM missile systems and information on the vulnerabilities of T-72 tanks that may spark the creation of new military tactics and technologies to defeat these threats.

Technical Cooperation

Israel has improved American weapons to increase their combat capabilities, survivability, and endurance. The Israelis have made 114 modifications of U.S. M-48 and M-60 tanks, many of which were adopted later by the U.S. Modifications also have been made to the A-4, F-4, F-15, and F-16 warplanes, M-113A armored personnel carriers, and M-109 self-propelled artillery. In 1975, Israelis discovered defects in U.S.-made armor-piercing ammunition and alerted the Pentagon, leading to changes in U.S. manufacturing procedures.¹¹

Israel also has been a source of innovation in developing and applying new military technologies. The Israelis have been pioneers in fielding Remotely Piloted Vehicles (RPVs) to reconnoiter and strike heavily defended targets. The U.S. Navy has purchased the Israeli

8. The New York Times, September 5, 1982.

9. Steven Spiegel, "Israel as a Strategic Asset," Commentary, June 1983, p. 55.

10. The New York Times, March 13, 1983.

11. Steven Spiegel, "The Defense Benefits of the U.S. Relationship with Israel," unpublished paper, 1985, pp. 10-15.

Mastiff RPV and has initiated a joint program with Israel to develop another RPV.¹² Israeli companies also have contracted to provide components for the SMAW-B-300 rocket launcher for the Marines, heavy duty air filters for U.S. helicopters, and an engineering vehicle for the Army Corps of Engineers.

In May 1986 Israel also became the third U.S. ally to join the research activities for the Strategic Defense Initiative (SDI). Israel's expertise in lasers, computer software, and command and control technologies are promising areas for bilateral cooperation in developing strategic defenses.

POLICY RECOMMENDATIONS

Washington should integrate Israel discreetly into the global anti-Soviet defense system to strengthen deterrence of the Soviet Union in the strategic area between NATO's southern flank and the Persian Gulf. Joint contingency plans should be drawn up secretly to keep Moscow and its regional allies guessing about the extent to which Israel is willing to commit itself to containing Soviet aggression in a crisis. The eastern Mediterranean region should be the focus of such joint contingency planning because Israel's vital interests and greatest capabilities vis-a-vis the Soviets are centered there.

The U.S. should seek access to Israeli air bases on a contingency basis. The Sixth Fleet should increase its use of Israeli ports and naval repair facilities to augment its flexibility and reduce its dependence on problematic Greek bases. Naval and air exercises should be held regularly to familiarize U.S. and Israeli naval and air forces with each other and enhance teamwork in the event of a crisis.

U.S. medicine, fuel, ammunition, and weapons should be secretly pre-positioned in Israel to facilitate rapid movement to the Persian Gulf or NATO's southern flank if needed. An active Israeli role in Persian Gulf contingencies should be minimized to ease Arab anxieties about Israeli involvement and Israeli anxieties about being drawn into conflicts in areas outside the bounds of its vital interests. On the other hand, active Israeli support of U.S. efforts to help Freedom Fighters in Central America and Africa would be a powerful demonstration to the American public of Israel's status as a special ally.

Military intelligence liaison and technical cooperation should be organized to promote the maximum degree of cross-pollination in the joint assessment and countering of the Soviet military threat.

12. Aviation Week and Space Technology, January 13, 1986.

Israeli innovation in military technology should be adopted when practicable, including potential Israeli contributions to the Strategic Defense Initiative. In the Gramm-Rudman era, increased cooperation with Israel offers a cost-effective way to enhance the effectiveness of the American military establishment.

CONCLUSION

Israeli-American strategic cooperation is not a panacea that will blunt all Soviet threats in the Middle East, but without it, the world will be a more dangerous place. Such cooperation deters the aggressive action of Moscow and its regional clients, encourages Arab states to opt for a negotiated settlement rather than military action in the Arab-Israeli conflict, and strengthens NATO's southern flank. Israel has much to offer the U.S. in terms of military intelligence, technical innovation, access to air bases and naval facilities, and a pre-positioning site for fuel, medicine, ammunition, and weapons. Washington should work closely yet discreetly with Israel in order to transcend the zero-sum nature of the Arab-Israeli conflict.

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**WATER GEOPOLITICS IN THE MIDDLE EAST:
THE KEY COUNTRIES**

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Development".

I am making a way in the desert and streams in the
wasteland to give drink to my people
Isaiah

Resource geopolitics in the Middle East has long been dominated by one liquid, oil. Increasingly it is being realized that the fundamental political weapon in the region is now another liquid, water. It can be safely predicted that despite the expected growth in Western dependence upon Persian/Arabian Gulf oil towards the end of this century, water will be a more dominant factor in shaping the politics of the area⁽¹⁾.

Throughout most of the Middle East, rainfall varies from perhaps 250mm to 400mm per annum with, in the extensive desert areas, none at all. The only exceptions, in which falls of 1000mm a year or more are recorded, are the higher mountains of the Lebanon and the Maghreb, together with restricted areas of Turkey and Iran. For agriculture this is of course a major problem, since cultivation requires at least 400mm, while areas with less than 250mm can only be used for rough grazing. With comparatively high rates of population growth throughout the region, the need for increased economic development, particularly in agriculture and industry is obvious. Thus, it is vital to utilize all available natural supplies of fresh water and also to develop new sources. This is clearly realized in the high

priority given to water policy by all the governments concerned. Throughout the Middle East there is a high level of investment in water exploration, the construction of barrages of various kinds and the development of alternative supplies, particularly through desalination.

However, financial measures cannot provide by any means a total panacea. For example, the lower the total, the more unreliable the rainfall becomes, so that years of drought may be followed by the incidence of catastrophic floods. Procedures therefore need to be geared to extracting every possible drop of water, while also under totally different conditions, preventing massive losses into the sea. Costly recharge dams may stand idle for two or three years and, in the fourth, prove totally inadequate. Another problem resulting from the high evaporation rates, together with the meticulous use and re-use of water is the enhancement of the dissolved mineral content which leads to an increasing level of salinity in the soil. Since this condition can only be effectively cured by flushing with fresh water, it is not surprising that in many areas of marginal physical conditions and poorer management practices, soil deterioration is marked.

In analysing the Middle Eastern water crisis, many other difficulties, both hydrological and economic could be discussed, but there are two, essentially political, which

should be identified. Firstly, with regard to natural occurrences, the boundaries of water supply sources, both surface and sub-surface, may not coincide with political boundaries. In such cases, there is the basis for competition, if not actual conflict. However, perhaps less obvious is the fact that abstraction on one side of the boundary may seriously affect supplies on the other. In the Middle East there are several cases of such disputes, both actual and impending. The other factor, both political and strategic, concerns the nature of water infrastructure, but more particularly, the reliance upon artificial sources of supply. As more states become dependent upon them, so there is usually increasing reliance upon a few major installations which, in the event of hostilities, could be relatively easily damaged.

If population projections are taken into account, the full extent of the water crisis can be appreciated. The following statistics of water availability, both surface and ground water, per capita are taken from The Global 2000 Report to the President (units: '000 m³ per annum)⁽²⁾

	1971	2000	Population Increase (%)
Algeria	2.2	1.0	111
Arabian Peninsula States	0.7	0.3	106
Cyprus	0.06	0.05	22
Egypt	0.1	0.05	111
Iran	6.0	2.5	145

continued	1971	2000	Population Increase (%)
Iraq	3.6	1.3	173
Libya	3.7	1.2	198
Morocco	2.1	0.9	132
Sudan	4.0	1.9	107
Syria	3.0	1.0	165
Tunisia	0.9	0.4	126
Turkey	4.9	2.3	118

Taking the minimum ideal as 1000m³ per capita per annum, it can be seen that there will be a shortfall, in many cases marked, in most countries of the Middle East.

Natural Sources

With the sole exception of the Nile, all the perennial rivers of the Middle East are to the north of latitude 30°N and even beyond that parallel there are considerable areas with only ephemeral surface flow. Therefore, the opportunities for barrage construction are limited and the majority of perennial rivers have one dam, although multiple damming is becoming the norm. Major multi-purpose dams can of course exercise a great influence on development downstream and this can be particularly important when the lower reaches of the river are in a different state. For example, the Ataturk Dam on the Turkish section of the Euphrates, to be completed by about 1991, with a capacity to irrigate approximately 750000 hectares, must affect the various schemes in Syria and Iraq.

While there are at least 35 major dam schemes projected for the permanent rivers of the region, the most marked tendency is towards constructions on seasonal water courses. In some cases these may impound sufficient water to form a permanent reservoir, but in most they are designed to check losses and increase recharge into the subterranean aquifers. There are plans for 60 such dams of varying sizes to be completed in Saudi Arabia by 1990.

Throughout the Middle East the ground water has been a major and in many cases, the key source of supply for millennia. Commonly, water is obtained from springs and wells, but in Iran and the eastern Arabian Peninsula, notably Oman, subterranean canals known as qanats or aflaj have been crucial. With the dramatic increases in water requirements over the past few decades, there has been great strain upon these sources. This applies particularly to those countries where there is the greatest reliance upon ground water, notably Israel, Libya and the Gulf States. Thus, almost half of the Oman Agriculture Ministry's budget allocation for water in the second plan has been set aside for the maintenance and repair of aflaj⁽³⁾. Over-pumping of shallow aquifers leads inevitably to a fall in the water table, the drying up of wells, springs and subterranean canals and often, as a result, the forced migration of the population. Furthermore, such water level depletion can also allow the incursion of saline water from the coast as landward water pressure

decreases. In this way, the fresh water supplies of Bahrain have been totally destroyed, but even in the Batinah, the most important agricultural area of Oman, there are marked increases in salinity along the coastal fringe. Thus, schemes for aquifer recharge are under active consideration in many countries, particularly Oman.

The other possible measure with regard to this source is the use of the deep "fossil water" aquifers, although these are considered by many to constitute a non-renewable resource. The most spectacular example is the investment by Libya of over \$3300 million U.S. in the "Great Manmade River Project" to irrigate some 180000 hectares. When complete, the river will stretch from Kufra in the southern Fezzan to the coast and will facilitate agricultural and industrial development around most of the shoreline of the Gulf of Sirte⁽⁴⁾. However, at least in the medium term, this must be viewed as only a temporary solution.

With both surface and ground fresh water sources either unavailable or approaching exhaustion in many areas, there is great urgency attached to the search for alternative sources. Chief among these by far has been desalination and more money has been spent on installations in the Middle East than in any other part of the world. Indeed, the region possesses over 35% of the world's desalination plants and over 65% of the total desalting capacity. Nonetheless, the costs of

production by conventional means are over \$2 U.S. per m³ and there have been great efforts to reduce these, particularly by the use of solar power. There has already been extensive research at the Kuwait Institute of Scientific Research and accelerated developments can be expected once the new prestigious Qatar Solar Energy Research Station has been completed. At present the most promising method and one which could be replicated on a small scale is that of the saline solar pond in which the sun's radiated energy can be collected and stored⁽⁵⁾. Depending very much on the scale of the operations, costs could be reduced to between three-quarters and one-third of those incurred by conventional desalination plants.

The second most important alternative source, but one limited to irrigation, particularly of amenities, is reprocessed sewage. Water from this source is already in use in many countries, notably Jordan and Qatar, while in Kuwait there are plans to irrigate up to 16000 hectares in this way. Since there seem to be no Islamic objections to its use, this source appears likely to expand over the coming years. A further solution, often discussed but rarely fully costed, is the regular import of water. The well known and dramatic possibility of towing icebergs from the Antarctic seems feasible, but practicalities such as the control of melting and the distribution of water have not been addressed. A further suggestion and one that has already been implemented

to a certain extent is for water to be imported by tanker. In particular, France, Japan and the United Kingdom, each with well placed regions of surplus and a well established shipping infrastructure, have been trying to develop the idea. Already Gibraltar and Malta receive regular supplies and last year Spain imported large quantities from France. There are however major problems of logistics and strategic vulnerability, if not of actual costs. Long term reliance upon a foreign source for such a vital commodity as water seems, to say the least, unwise. This applies also to the possible development of international water pipelines within the region and, considering also the developing needs of all the countries, such a solution appears unlikely.

Water Geopolitics

The most obvious and pressing geopolitical problems, both actual and potential, are those involving the distribution of surface water. In any situation where a catchment is divided between a number of states there is likely to be the possibility of conflict. Since upstream abstraction will affect the quantity and quality of water available to users downstream, unless the flow is sufficient for all needs throughout the year, some agreement about sharing is required. However, control remains in the hands of the upstream state and thus politically motivated actions can never be entirely discounted.

In the Middle East there are three such shared major basins, all of which exhibit a potential for conflict over water. The Nile catchment is shared by a number of countries, but only four, Uganda, Ethiopia, Sudan and Egypt are in a position to exercise significant influence hydrologically. Egypt alone is a sufficiently developed user to be considered a water crisis country. Less stable in political relationships is the basin of the Tigris-Euphrates, Shatt al-Arab, divided principally between Turkey, Syria and Iraq. All three countries are undergoing rapid development and, from their expenditure on major projects, it is clear that all appreciate the future crucial role of water. The third catchment, that of the Jordan, is by far the smallest, but also the most volatile in international relationships. The key riparian states are Israel, Jordan and Syria, although in the case of the last, developments on the Euphrates have a higher priority. This is the one basin in which water piracy has actually been seriously contemplated. Such purely political activity results from the fact that boundaries in the basin divide not only the individual states, but Arab nations of contrasting political persuasions and, more importantly, the Arab world as a whole from Israel.

Two other rivers of significance geopolitically are the Orontes, which flows through Lebanon, Syria and Turkey and the Litani, the whole course of which is technically in Lebanon,

However, while there have been no disputes over the water of the Orontes, the Litani flows in its lower course through Israeli occupied territory and has been the subject of much speculation. Thus a seventh country, Lebanon, emerges as one with something of a key role in Middle Eastern water geopolitics.

Elsewhere in the region, there is surface flow, in Turkey, Iran and the Maghreb and indeed major hydraulic schemes have been implemented in each of these areas, but there are no obvious sources of conflict. In the case of the Maghreb countries, the political boundaries tend to parallel the directions of flow and thus there is little opportunity for disagreement. Apart from the major catchments of the Tigris and Euphrates, the catchments of Asiatic Turkey, whether flowing to the Black Sea or the Mediterranean are basically self-contained. Furthermore, flow to the Black Sea is such that a scheme to transfer water across the watershed into the Tigris-Euphrates basin has been suggested. However, objections, economic, technological and particularly ecological have been so strong that there is virtually no possibility of such a major scheme being implemented. Iran includes some of the more minor head waters of the Tigris, but these are mainly in restricted valleys and dam building, whether politically motivated or not, seems most unlikely. The remainder of the Middle East, Libya and the Arabian Peninsula has very little surface flow and therefore

political disputes over water are likely to take a different form.

The Basin of the Jordan

The most intractable water problems are in the basin of the Jordan since not only is it a small river, but the countries involved, with the exception of Lebanon, all face major water shortages. The river is a complex system with varying hydrological characteristics among its contributing basins. They vary, not only in total volume, but also in reliability. The most important source of the upper Jordan is the Dan Spring which contributes some 50% of the discharge. The upper Jordan itself accounts for approximately 40% of Israel's water budget, the other major contribution to the Jordan being from the Yarmuk river⁽⁶⁾. It is significant that only 3% of the area of the Jordan basin lies within the boundaries of pre-1967 Israel. After the various extractions, the total discharge to the Dead Sea is equivalent to about 2% of the annual flow of the Nile, or 7% of the Euphrates in Syria. However, despite these limitations, it provides approximately 60% of the water for Israel and 75% of that for Jordan.

The major development in Israel was the construction of the National Water Carrier, completed in 1964, and therefore lying entirely within Israel's pre-1967 boundaries and taking water from the northern edge of Lake Tiberias, along

the coastal plain to the Negev Desert. There are contributions from other sources to the flow which averages 320mcm per year. On a smaller scale, the Huleh marshes in northern Israel have been drained. The other major project was the Mediterranean-Dead Sea Canal, planned to have an annual flow of 725mcm, but plans for this have now been shelved. Other options in Israel include the greater use of ground water and there is evidence that projects in the south of the country have been successful. An increased programme of desalination has also been considered but, more cost-effective, is recycling from sewage. Since the cost of artificial sources is high, it is clear that Israel, within its present boundaries, will always have major water problems.

While Israel was implementing its early schemes, Jordan was involved in co-operative efforts with Syria in initiating the Great Yarmuk Project. A major part of this, the Upper East Ghor Canal, was completed in 1964 and further expansions have occurred subsequently, although it has not yet reached, as originally planned, the Dead Sea. Jordanian plans to construct the Maqarin Dam on the Yarmuk to help alleviate its problems, have been opposed by both Syria, where the river rises, and by Israel, which fears the effect of water loss.

The occupied lands, particularly the West Bank, but to a certain extent the Golan Heights, are increasingly vital to the water economy of Israel. Apart from direct abstraction, recharge drawn off within Israel occurs over the West Bank, while the Israeli presence on the Golan Heights guards against any possible diversions in the upper Jordan valley, whether politically inspired or not.

The West Bank has become critical as a source of water for Israel and it could well be deemed that this consideration outweighs political and strategic factors. There are three major aquifers and before 1967, Israel was exploiting two of these almost to the maximum by pumping from within its own borders. After 1967, Israeli control of the West Bank allowed access to the eastern aquifer with an estimated yield of 66mcm annually. The growth of Jewish settlements in the West Bank has of course increased the water requirement, but there is a major disagreement about the actual amount available. While Israel considers the area to be self-sufficient, Jordan is convinced that there is a large surplus for use within Israel itself. Suffice it to say that at all levels Israel's use of water on the West Bank is contentious. One result has certainly been the limitation of Arab agricultural development and deep drilling has resulted, in some cases, in the dessication of Arab springs and wells. While the data cannot be checked, it has been asserted by some authorities that the increase

in water consumption by Israel since 1967 has only been possible through territorial expansion.

Despite the completion of six reservoirs, Israel has gained comparatively little for its water budget directly from its occupation of the Golan Heights. Most water required in the area is taken from Lake Tiberias and thereby supplies for the remainder of the country are depleted. However, the Israeli presence in southern Lebanon has brought control of all the sources of the upper Jordan. It has also given rise to Arab fears that Israel may try to divert the waters of the Litani into the Hasbani river through a tunnel, thereby providing Israel with an additional 500mcm of water annually.

Clearly, the Jordan basin is well suited to integrated development, but all schemes proposed so far have failed as a result of the extreme enmity between the Arabs and Israel. The most significant was probably that proposed by Eric Johnston, appointed by President Eisenhower to be special ambassador to construct a comprehensive plan for the Jordan system. The starting point was the Main Plan which included a number of dams on the various tributaries, the reclamation of the Huleh marshes and gravity flow canals down both sides of the Jordan valley. Subsequent modifications were put forward, each apportioning different allocations to the riparians, Lebanon, Syria, Jordan and Israel. Finally, the Johnston or Unified Plan received

general acceptance, although ultimately it was not ratified by the Arab League Council. Nonetheless, the proposed allocation of water; Jordan 52%, Israel 36%, Syria 9% and Lebanon 3% has clearly been retained by all states as a guideline in the implementation of their own schemes. Thus, despite the failure to develop a multilateral approach, the Johnston Plan approached nearer total success than any other such proposed development in the Jordan basin.

While there have been constant disputes over water within the region, some have led to more substantial geopolitical threats. An Arab summit meeting in 1964 resolved to divert the head waters of the Jordan tributaries outside Israel and Syria's subsequent diversion attempts resulted in a number of large scale border clashes. The outcome of the scheme would have brought about the diversion of water from the Hasbani, Dan and Banias to the Yarmuk. Thus, the water conflict has effectively been militarised and in 1969, Israeli raids on the East Ghor Canal resulted in severe damage. Furthermore, damage occurring as a consequence of war, together with the movements of population, have severely set back the agricultural programme in Jordan.

Thus, the Jordan river has been the scene of more severe international conflicts over water than the other two systems of the Middle East and it remains by far the most likely flashpoint for the future. Not only has tension

remained high but, more importantly, the water situation, particularly in Israel and Jordan, has continued to deteriorate. Indeed, it is estimated that Israel is at present consuming some 95% of all possible supplies. With the development of both states so crucially tied to water, since by far the major usage is in agriculture, it is only to be expected that further disputes and even conflict will result.

The Basin of the Tigris-Euphrates

The Tigris-Euphrates system is the only basin of the three where there is a marked surplus of water, but owing to present and future developments, there are actual and latent geopolitical problems. Unlike the main Jordan river riparian states, neither Turkey, Syria, nor Iraq is facing an imminent water shortage. It is rather problems of management, apportionment and development planning which are leading to controversy and, given the extensive irrigation and hydro-electric power projects at present in hand, tension may well escalate.

The Euphrates-basin covers an area of 444000 sq km and includes surface tributaries, wadis and areas of purely sub-surface recharge. It is divided between Turkey (28%), Syria (17%), Iraq (40%) and a source of wadi flow and sub-surface contributions only, Saudi Arabia (15%). However, the overall measured contributions of both Iraq and Saudi

Arabia are extremely small and the mean annual flow is effectively generated within Turkey (88%) and Syria (12%)⁽⁶⁾. The Tigris is very much more restricted, partly as a result of the capture of much of its head waters by the Euphrates. However, it receives flow from a number of important left bank tributaries, most notably the Kharun, a major river in its own right, furnishing the main proportion of the Iranian input.

Both rivers are subject to major fluctuations in flow, seasonally and also year to year. Thus, while one function of upstream dam building, water abstraction, may lead to disputes, another, that of discharge control, is beneficial. The mean annual discharge of the Euphrates is approximately 32000mcm per year, that of the Tigris 42000mcm per year and that of the Kharun 20000mcm per year. All three carry comparatively large amounts of sediment, often excessive in the case of the Tigris and the Kharun and all of course suffer large losses from evaporation during the summer months. Since the three key states are, unlike those involved in the Jordan basin apportionment, aligned geographically in linear fashion, water quality is of great significance. Water draining back after irrigation will tend to have an enhanced salinity, particularly given the high rates of evaporation in the region.

The area, now modern Iraq, has of course been concerned with irrigation projects since antiquity. It was also the first of the three riparians to begin major construction with the Hindiya barrage, completed in 1913. There have been several other such schemes and it is estimated that almost 50% of Iraq's agricultural area is under irrigation. Indeed, Iraq is considered to be the one Middle Eastern country to be self-sufficient in agriculture, based on irrigation⁽⁷⁾.

Immediately upstream, Syria is also a fast growing economy, dependent to a large degree upon agriculture. Initially, exploitation was concentrated upon the Orontes, but then attention turned to the Euphrates, since of course the Tigris forms only one short section of the border. The major construction was the Ath-Thawrah project for both hydro-electricity and irrigation. It was expected that the irrigated region resulting would total anything from 200000 to 500000 hectares, but so far this has not been achieved. There are also schemes for the Khabur, but all the Syrian projects are behind schedule.

Turkey has schemes in prospect for both the Euphrates and the Tigris, but so far the accent has been heavily upon the former. The first completed scheme was the Keban Dam, finished in 1973. Since the lake behind this was filling at the same time as that of the Ath-Thawrah Dam in Syria, the temporary effect on flow was significant. Indeed, in

examining possible sources of dispute, the sequence of project completion dates needs careful scrutiny. Too many coincidences would obviously lead to dramatic depletions in discharge over a short period and would be unacceptable to downstream riparians. Of the other major schemes, either planned or under construction, by far the most important is the Ataturk Dam which will require some 10000mcm of water annually and will, it is hoped, irrigate as much as 700000 additional hectares. If this abstraction is added to the 7000mcm projected for the Syrian plans, and allowance is made for the additional evaporation resulting from the large lake surfaces, the amount of water in the Euphrates entering Iraq would be reduced from some 30000mcm to 11000mcm per annum. With its own schemes, Iraq claims that its future minimum requirements will be at least 13000mcm. However, the major upstream projects are lagging well behind their completion dates and, given the current economic positions of both Turkey and Syria, it is possible that some of the larger schemes may not be completed in the foreseeable future. In addition, apart from other sources such as ground water and possibly recycling, Iraq could well make greater use of the discharge in the Tigris. In fact the Tharthar Canal project which at the moment diverts Tigris water into the Tharthar depression, thereby controlling floods, is planned to be extended to the Euphrates, facilitating therefore the transfer of flow from one river to the other. However, the budget would be affected adversely were the

agreement, signed between Iraq and Jordan, to pipe water from the Euphrates to Jordan, to be implemented. Apart from the engineering problems, the implementation of such a programme would do little for the Iraqi case when water apportionment is discussed with the other two riparians.

The only documented crisis over water in the basin occurred between Syria and Iraq in 1974, when the effect of new Syrian and Turkish dams reduced flow in the Euphrates to approximately 25% of normal. Various threats were issued, including the bombing of the Ath-Thawrah Dam and troops were amassed along the frontier. However, following the intervention of Saudi Arabia, Syria agreed to release additional water from the Ath-Thawrah Dam in June 1975. Nevertheless, this was not an incident concerned simply with water since there had been tension between the two regimes for some time.

While there have so far been no political agreements, in 1984 Syria called for the establishment of a multinational Euphrates River Authority and for a joint meeting to discuss riparian rights⁽⁸⁾. Thus although, according to current planning, there could be severe shortages in the basin within the next four to five years, the possibility of actual conflict seems unlikely. Not only can some other sources be used, but, although their political orientations vary, the three governments concerned appear to have

evolved a reasonably stable working relationship.

The Shatt al-Arab, produced by the confluence of the Euphrates and the Tigris, and, additionally in receipt of discharge from the Kharun, presents rather different problems. The lower part of the river of course provides the border between Iran and Iraq and these therefore concern frontier rather than water issues. During the long history of the dispute, few practical problems concerning water have ever arisen. However, recently published aerial photographs showing defensive canals, constructed by Iraq to impede Iranian military progress, have changed the picture. Should upstream abstraction lower the flow of the Euphrates in particular sufficiently, these defensive moats would dry out and their effectiveness would be considerably diminished.

The Basin of the Nile

The Nile river is unique in several respects. It is the longest river system in the world and drains approximately 10% of Africa. More importantly, no river system flows through so many different climatic regions and, as a result, none has such a complex hydrological regime. In this respect there is a major contrast between the main stream, the White Nile and its two major tributaries, the Blue Nile and the Atbara. Also of great significance is the fact that from its confluence with the Atbara to the Mediterranean, a distance of some 1800km, there are no perennial tributaries.

With a fast growing population, at present numbering some 46 million, virtually all settled in the Nile valley, the need to increase the agricultural area is paramount.

Therefore water use can only increase and the sole supply of importance is the Nile itself. Progress is being made with recycling and also with locating fresh sources of ground water, but as yet these have yielded comparatively modest amounts.

Egypt is; in many ways, the classic hydrological culture and water requirements underlie every facet of life.

Therefore, it is hardly surprising that estimates for supply and demand vary wildly. The most optimistic estimate a current very small surplus. These calculations depend principally on four assumptions⁽⁹⁾:

1. Crop water requirements per hectare in the Old and New Lands (including conveyance losses in the irrigation distribution system).
2. Extent of agricultural expansion through desert reclamation programme.
3. Completion schedule of upper Nile water conservation projects.
4. Extent of drainage water re-use in Egypt.

By 1990, the Egyptian Water Master Plan foresees a surplus of over 8000mcm per year. The Waterbury assessment indicates a deficit of some 4000mcm annually. Therefore, to expand its cultivated area, Egypt has three options:

1. To increase the efficiency of the irrigation system and improve farm water management practices.
2. To utilize more efficient irrigation and drainage technologies.
3. To increase the re-use of drainage water.

Statistics for Sudan are even less reliable and more contradictory and by 1990 deficits almost as high as 14000mcm per year have been forecast. However, these result directly from plans to make Sudan a major world agricultural producer. Plans, which given local drainage and soil conditions, seem at least over-optimistic.

As it enters Egypt, the average annual discharge of the Nile is approximately 85000mcm, 25000 being derived from the White Nile with its head waters in Sudan and Uganda and the remaining 60000mcm from the Blue Nile (50000mcm) and Atbara (10000mcm), both rising in Ethiopia. The first extensive Nile Water Agreement was reached in 1929 and particular constraints were put on Sudan, since Egypt received 48000mcm and Sudan a mere 4000mcm per year, leaving one-third of the discharge to pass unused to the Mediterranean. This Agreement was not seriously challenged for some 20 years, owing to Egypt's political dominance and Sudan's slow pace of economic development.

In the 1950's there was increasing tension between the two riparians, brought to a head by controversy over the Aswan High Dam project.

Relations deteriorated further and in 1958 there was a military confrontation between the two countries. One result of this was that, disregarding the 1929 Agreement, Sudan raised the height of the Sennar Dam. However, a new regime in Sudan was more sympathetic and a new Agreement for the Full Utilization of the Nile Waters was signed in 1959. The Aswan High Dam was completed by 1971, yielding some 32000mcm of available water, of which 10000mcm was lost annually through evaporation from the vast Lake Nasser created. Of the remaining 22000mcm per year, Egypt received 7500mcm and Sudan 14500mcm and, to date, there has been no conflict over this allocation. Furthermore, there have been several joint projects undertaken, the largest being the current Jonglei Canal scheme to cut a waterway through the Sudd marshes which, when completed, would recover some 4.7mcm of water annually⁽¹⁰⁾.

However, future developments are far more complex and controversial and, in particular, those involving the other African states will, in the future, greatly affect the geopolitics of the basin. It is reasonable to assume the long term foreign policy interests of Egypt in Ethiopia, Uganda and Zaire can be attributed in no small measure to

the need to safeguard its crucial water supply. Since the advent of a Marxist regime in Ethiopia, that country has featured largely in Egyptian thinking with, in particular, anxiety about the possibility of politically motivated dam building. Given the current state of the Ethiopian economy, such an outcome seems unlikely. In their turn, the other riparian states are highly critical of possible Egyptian plans to supply Nile water to the Sinai and even the Negev Desert of Israel and of the possible Sudanese plan to provide 20mcm per year, by pipeline, to Saudi Arabia. As with the projected Euphrates project, with the deteriorating water situation in the basin, any scheme to pipe water from it seems unlikely to be implemented.

Other Key Basins

While the Litani river lies entirely within the official boundaries of Lebanon, its lower course approaches closely to the head waters of the Jordan and is in Israeli occupied territory. The discharge averages 700mcm per year and, with the high precipitation of the Lebanon mountains, fluctuates comparatively little. The Litani River Project, was initiated by the government to provide some irrigated area, but principally, electricity. The essential features of the programme were completed by 1966 and resulted in the flooding of Lake Qirwan and a redistribution of waters in the Bekaa valley. The scheme included the diversion of part of the flow to the Awali and this further dampened seasonal

Only the short lowest section of the Orontes flows through Turkey and this has attracted comparatively little development. Thus, the basin would appear to offer little in the way of potential for water geopolitics. On the other hand, as Turkey's requirements grow and, given other possible disputes between the two countries over water, there is always the possibility of confrontation at some time in the future. At the other end of the valley, Syria has expressed a fear of possible Israeli occupation. However, at present, the Orontes basin is a model of co-operation, a very unusual situation in the Middle East and possible disturbances are purely conjectural.

Other Aspects of Water Geopolitics

Such competition for sub-surface water is more covert, but for both shallow and deep aquifers, the boundaries of which do not coincide with political frontiers, there is obvious potential for conflict. A classic case of trans-border sub-surface abstraction occurs in north-western Oman. Ideal natural recharge conditions exist to the east of Buraimi and over time, these have produced particularly high yielding aquifers. During the past decade, over-pumping in Al Ayn (United Arab Emirates) has resulted in a dramatic decline in the water table beneath Buraimi. Within that period, a fall of at least 50m has been recorded. There are many similar geological configurations throughout the Middle East, providing an obvious potential for the recurrence of this

problem. Geopolitical difficulties may even result from the large scale use of water from deep aquifers. For example, the immense pumping programme in Libya must affect potential for development in the adjacent regions of Egypt⁽¹⁰⁾.

Conclusions

Throughout most of the Middle East, with very low rainfall and therefore low recharge rates, there is a great shortage of naturally occurring fresh water. There are deep "fossil water" aquifers, but depletion of these is a contentious hydrological issue. In the case of both surface and ground water supplies, there are potential and actual geopolitical disputes, resulting from the non-coincidence of political and resource boundaries. Indeed, in the future it can be confidently predicted that water will become increasingly a key factor in confrontations over political frontiers.

As Mark Twain once said,

"Whiskey is for drinking - water is for fighting."

mcm = million cubic metres

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COMMENTARY

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SECTION

JOYCE STARR

Israel's fragile economy

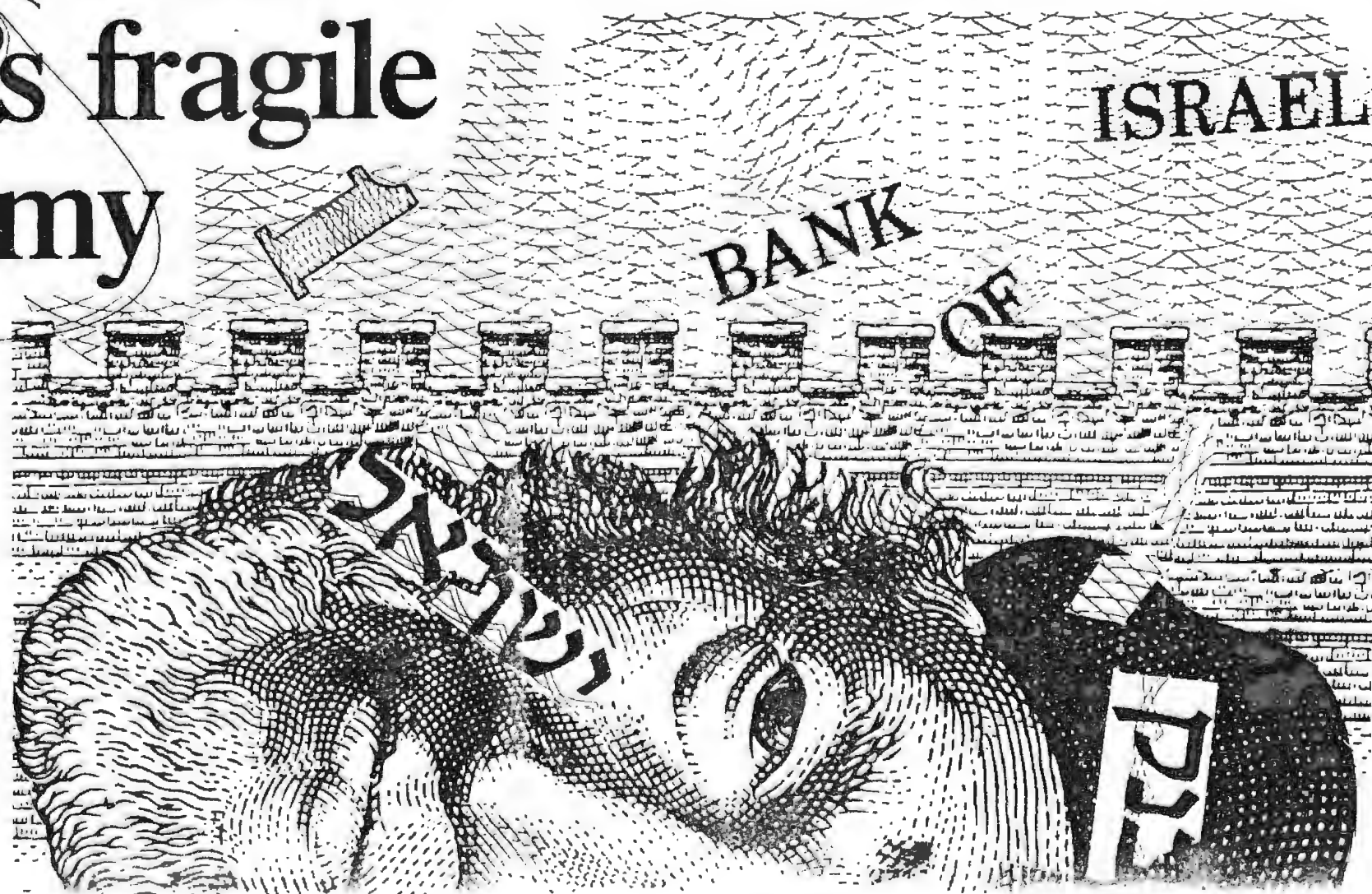
First of two articles

By 1984, when the present National Unity Government was established with Shimon Peres as prime minister, Israel was in a strategic economic crisis.

Inflation was 440 percent, the wage and price spiral was out of control, and foreign reserves were at a critical low. Israel's \$23 billion external debt, exceeding \$7,000 per capita, was one of the highest in the world, and highly volatile commercial loans stood at \$7 billion.

For the first time in its history, Israel's credit standing on the world market was in jeopardy. A major confrontation with the Arab states in 1984-85 could well have eroded Israel's financial situation to the breaking point.

The National Unity Government under the leadership of Mr. Peres turned the tide by assuming responsibility for crucial but exceedingly



largely on the same members of the Peres economic team that created the plan, including Michael Bruno, professor at Hebrew University and today governor of the Central Bank; Professor Eytan Berglass of Tel Aviv University, new chairman of Bank Hapoalim; and Emanuel Sharon, director general of the Ministry of Finance and credited by many as the real "hero" of the plan's implementation. (Mr. Neubach, who played a key role in forging the plan — bringing in both new concepts and players — and protecting the hard-won consensus through many battles, has left government service for private industry.)

Public opinion is also on Mr. Nissim's side. After 12 months of increasing stability, even the unions seem to concur that reduced salary and cost-of-living allowances are preferable to escalating inflation. By contrast to the 1983-85 period, when it often appeared that the entire country was on strike, over the past year there was only one major strike (the nurses), which was defeated by a finely tuned and coordinated government response.

Mr. Shamir's and Mr. Nissim's first challenge will be to maintain the economic achievements of 1985-86. The problem will arise if and when they attempt to introduce the next, crucial stage aimed at economic growth. "Now is the time to