

## US Aid for Israel – A Historical Overview

Selected notes on the Political Economy of Alliances #1

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*Historical data on US aid to Israel illustrates incentives of political leaders and special interests, first and foremost in Israel. As on the early stages of Alliance Israel military capabilities could provide valuable services to USA, undermining USSR influence in the Middle East, the current relations are hard to explain by mutual national interests.*

*The paper focus on the political actors' personal incentives, provides explanation for growing exploitation of US Aid by the special interests in Israel, while significance of the aid is approaching to insignificant level and contributes negatively to the country Defense capacity because of political conditionality imposed.*

*The data presented could support a new vision of US-Israel alliance: ceasing of the US Aid programs for Middle East could contribute both countries Defense needs.*

**Keywords:** *Political conditionality; Special interests; political leverage*

**JEL codes:** D74, D78, D72, F35

### 1. Introduction

#### 1.1. *The Significance of the Problem for Israel*

The significance of American foreign aid programs for Israel is incommensurate with the size of the contribution comprised by this aid to Israel's state expenditures beginning in the 1970s.

For more than forty years, the fact of aid regularly provided – and significant in quantity – has been advanced by leftist party leaders as a sine qua non for the survival of the State. It has been cast as almost something more important than the State's own military and economic policies, than any considerations of territory, and so on. The threat of losing American aid became a key argument wielded in internal political discussions within Israel's borders. It is the

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argument used to explain military and political concessions and other measures taken which are – from the point of view of those opposing them – deleterious both to security and to national dignity.

Critics of American aid who oppose the Left insist on the aid's limited effectiveness, and on the negative side effects to which it leads and which outweigh its usefulness.

### ***1.2. Magnitude of the Aid and Its Significance for Israel***

Historically, American aid for Israel has oscillated between near-zero values in the 1950-'60s and 1.3-1.5% of Israel's gross domestic product (GDP) in the last few years. There were also the two years when it exceeded 20% of Israel's GDP. In the 1970-first half of the '80s, the influx of aid reached its peak; during this period, US foreign aid volume to Israel ten times (that is, in the course of a total of ten years) exceeded the 5% threshold of the latter country's GDP.<sup>2</sup>

### ***1.3. Issues in Methodology***

An essential problem in the methodology of the survey has to do with mutual compatibility among the data pertaining to the period under consideration. To address the problem, in different cases either data in fixed prices (from 2009) were used, or aid in current ("historical") dollars was evaluated in terms of Israel's GDP as measured in these same fixed dollar units.

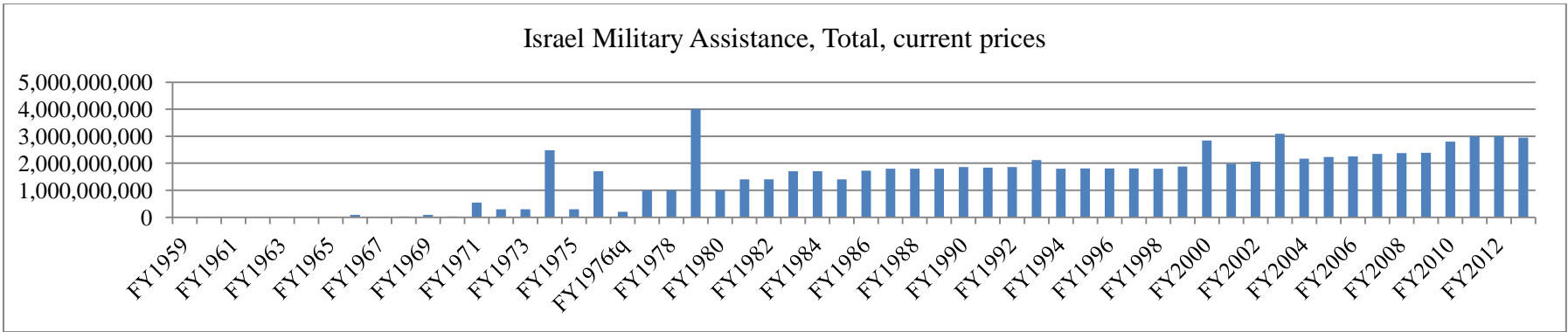
## **2. Goals of Aid Programs and Principal Stages and Factors in Providing American Aid for Israel**

- Preventing political radicalization (Sovietization) of the country;
- Sustaining the military superiority (Qualitative Military Edge (QME)) of Israel, a US ally, over her neighbors (allies of the USSR); and

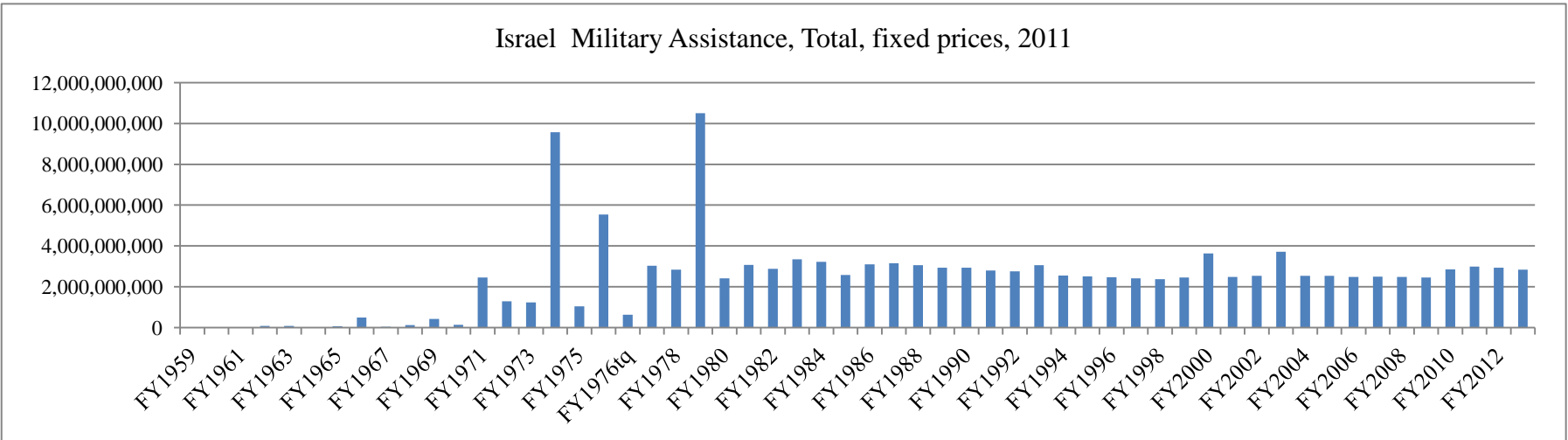
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<sup>2</sup> We are here concerned with the total volume of military and civil foreign aid. Our principal source of data pertaining to military and civil aid is the USAID [US Agency for International Development] statistical site at <http://gbk.eads.usaidallnet.gov/> . The principal source of data for the GDP of Israel and other countries is the statistics collection by the World Bank of WDI [World Development Indicators].

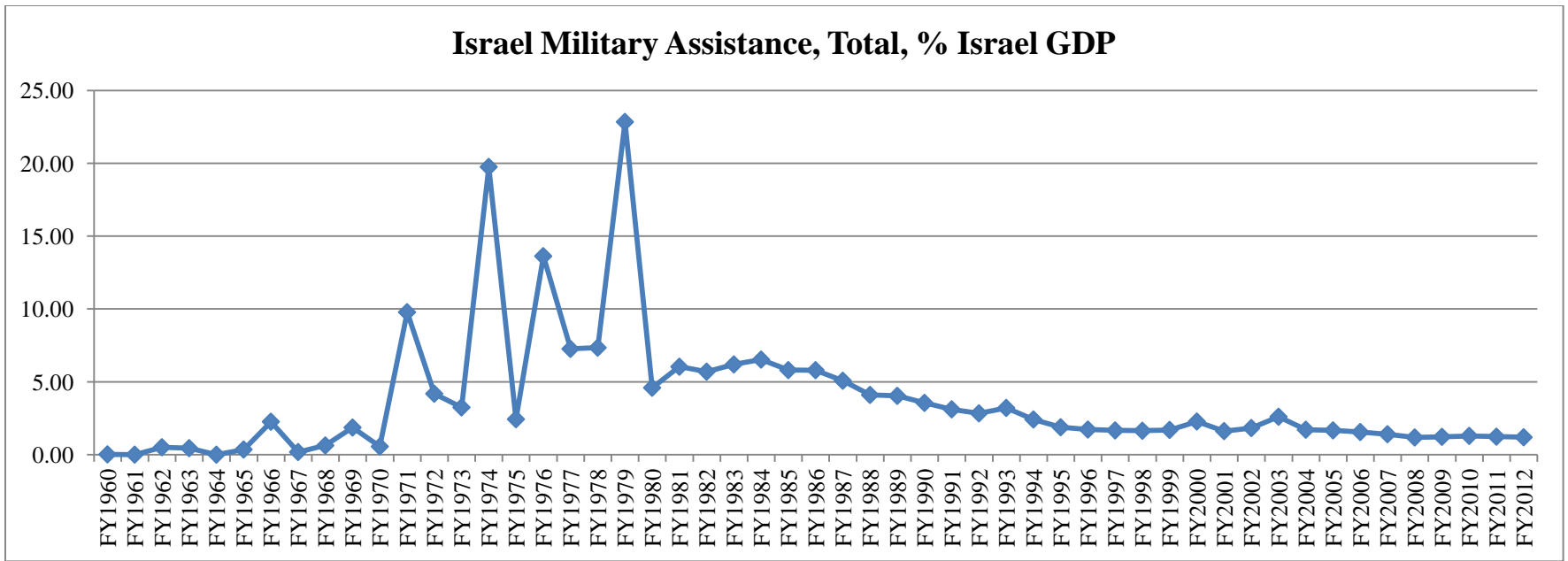
- Leverage for exerting pressure as a part of US foreign policy aimed at “achieving peace.”



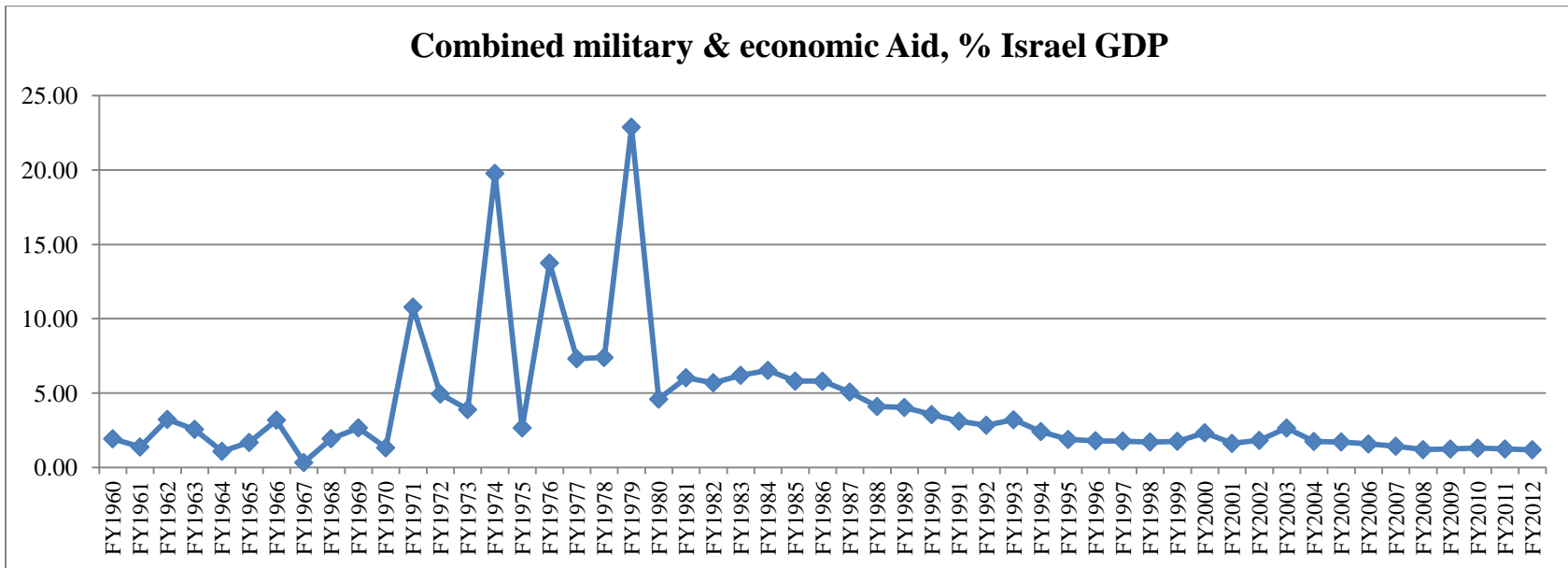
III. 1. USA Military assistance to Israel, current prices Source: USAid Greenbook Foreign Assistance Statistics, at: <http://gbk.eads.usaidallnet.gov/>



III. 2. USA Military assistance to Israel fixed prices, 2011 Source: USAid Greenbook Foreign Assistance Statistics, at: <http://gbk.eads.usaidallnet.gov/>



Ill. 3. Sources: USAid Greenbook Foreign Assistance Statistics, at: <http://gbk.eads.usaidallnet.gov/> World Bank World Development Indicators, 2013; CBS Israel at [http://www1.cbs.gov.il/reader/?Mival=cw\\_usr\\_view\\_SHTML&ID=719](http://www1.cbs.gov.il/reader/?Mival=cw_usr_view_SHTML&ID=719).



III. 4 Volume of US aid (combined military and economic) to Israel as a share of the Israel GDP

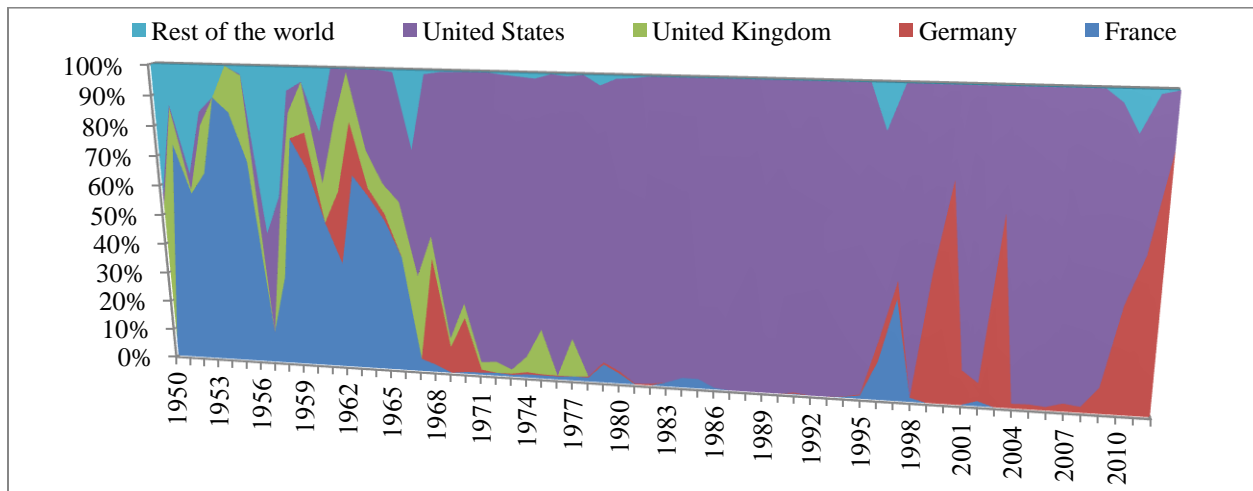
Sources: USAid Greenbook Foreign Assistance Statistics, at: <http://gbk.eads.usaidallnet.gov/> ; World Bank World Development Indicators, 2013; CBS Israel at [http://www1.cbs.gov.il/reader/?Mival=cw\\_usr\\_view\\_SHTML&ID=719](http://www1.cbs.gov.il/reader/?Mival=cw_usr_view_SHTML&ID=719) .

**Box 1. Current state: US Aid accounts for 3 billion USD (almost 100% military - \$2,945 mln), Israel GDP exceeds \$250 billion. Israel military spending:** 2013-2014 two-year budget plan set Defense ministry budget at 50.9 billion NIS<sup>3</sup>, or, roughly \$14.5 billion, w/o contingent expenditures, usually planned at \$1.3-\$1.4 bln. level; SIPRI estimate for 2012 year 14,638 million USD; Thus, **US military aid accounts for 20.3% of Israel military spending** (or slightly less, an estimated SIPRI).

<sup>3</sup> [http://www.mof.gov.il/BudgetSite/StateBudget/Budget2011\\_2012/MinisteriesBudget/Safety/Pages/MinistryofDefence.aspx](http://www.mof.gov.il/BudgetSite/StateBudget/Budget2011_2012/MinisteriesBudget/Safety/Pages/MinistryofDefence.aspx)

The US was not an Israel ally prior to the 1970s. US interest in Israel was thoroughly limited and bound up exclusively with the US struggle against the spread of communism. Iran was the chief recipient of US aid in the region.<sup>4</sup>

As for France, who had counted on preserving her colonies and influence in the region, she stood in need of allies.<sup>5</sup> This explains the French military-technical support for Israel at this stage. But with the departure of France from Algiers, the objective interest of France in a strong Israel began to wane.



Ill. 5. Structure of arms imports to Israel, 1950-2012 Source: Calculation on SIPRI Database<sup>6</sup> data. Greatest military achievements coincide with balanced structure of arms import (1967).

**1962-68** In 1962, with the Kennedy administration in power, the US agreed to provide Israel with weapons on a commercial basis (that is, to bring down administrative restrictions bearing on trade of this kind). The first large-scale transaction consisted of the sale to Israel of a set of 1962 exterminator Hawks.

<sup>4</sup> Ibid., p. 2: "...using foreign aid as an incentive to foster peace agreements between countries in the region." This is indirectly confirmed if we make a note of the fact that aid to countries in the region grew against the backdrop of US departure from Indochina. This last fact is – by the standards of any logic, except for the logic of foreign policy ministry bureaucracy – devoid of significance either in connection with achieving other goals, or for the struggle against terrorism or the “struggle for peace” as such.

<sup>5</sup> Sharp 2010, p. 22.

<sup>6</sup> © SIPRI 9 January 2014. For terms and conditions of use see <http://www.sipri.org/databases/terms>

**1968 – Camp David:** Regular and considerable-sized US foreign aid in the economic and military sphere for Israel begins during this period. The beginning of the period is marked by the agreement to sell ultrasound Phantom exterminators, which is not in any significant way different from the deal of 1962. But with the decision making now came the emergence of an essentially new formula: the decision made was explained as based on that the step was crucial for ensuring Israel’s military and technical superiority vis-à-vis her neighbors.<sup>7</sup>

*Aid provided in connection with the war of 1973* (in terms of accountability, this was recorded as part of the US 1974 fiscal year) hit a record level, relatively speaking (in terms of share of the GDP). This was American aid at its peak. But in terms of the absolute indicator, the record was broken during the 1979 fiscal year.

*1979 was a record year both in terms of the share of Israel’s GDP constituted by the influx of economic aid and in terms of the absolute indicator in fixed prices. Considering that the fiscal year began in October 1978, in the month precisely following the signing of the Camp David Accords in September,<sup>8</sup> it seems logical enough to sum up that Menachem Begin has been the only Prime Minister to date who has managed to exact payment from an ally for making concessions (albeit one of the direct consequences of the Accords was the beginning of regular substantial aid to Egypt, who remained hostile despite the fact of the Accords’ having been signed). Judging by the data made available pertaining to the dynamics of US aid, all further concessions agreed to by Israel were made exclusively at Israel’s own expense.<sup>9</sup>*

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<sup>7</sup> Ibid.

<sup>8</sup> “The Camp David Accords: The Framework for Peace in the Middle East,” at <http://www.jimmycarterlibrary.gov/documents/campdavid/accords.phtml>; “Framework for the Conclusion of a Peace Treaty between Egypt and Israel,” at <http://www.jimmycarterlibrary.gov/documents/campdavid/frame.phtml>.

<sup>9</sup> The 1998 Wye River Memorandum (“Agreement”) signed by Netanyahu brought financing for collection and disposal in the amount of \$700 million for the Arabs and \$1.2 billion for Israel. See <http://2001-2009.state.gov/p/nea/rls/22694.htm>. But the decision concerning the financing was approved (by US Congress) in 1999, while in practice it was implemented in 2000, i.e., during the time when Barak was in office. See Sharp 2010, p. 25. Yet in its survey, the Washington Report on Middle East Affairs, a liberal analytical site, includes the entire \$1.92 billion package, as it were, in the list of the components of US aid to Israel. See <http://www.wrmea.com/component/content/article/245-2008-november/3845-congress-watch-a-conservative-estimate-of-total-direct-us-aid-to-israel-almost-114-billion.html>.



To return to the air bridge episode of 1973: the following needs to be made a note of. The bridge began operating on Oct. 14, after a turning point in the way military operations were proceeding had become clearly evident to all observers.<sup>10</sup> The Syrian army had by this time begun to retreat. On this very day, the Egyptians were walloped in the largest tank battle since the days of WWII (G. Meir, 1975; W. J. Boyne, 2002).

Besides the bureaucratic problems crying out for resolution at the time, this can easily be explained by the extreme disinterestedness on the part of the US military in providing allies of the USSR with an array of modern US armaments in case of Israel's defeat.

The country's leaders justified refusing to deliver a preventive blow – a move which could have obviated the hardship and the losses of the first few days of the war – by claiming that had such a blow been delivered, Israel would have been unable to obtain aid in the record short time that it did, and of the magnitude that it did. “I thought, ‘Thank God, I was right not to agree to strike a preventive blow. Such a measure might have helped initially to save fighters' lives, but we would most probably not have gotten this air bridge, which is going to save so many lives now,’” Golda Meir wrote in her memoirs.<sup>11</sup>

The urgency of the need for the supplies and their delivery by US military (air) carriers led to a substantial increase in the share of the spending related to the delivery, to the detriment of the principal share of the spending, which was supposed to cover the technical equipment itself and the like. Judging by SIPRI data (see Appendix 2, 1973 and 1974), military deliveries alone a priori made up less than one-fifth of the total military aid to Israel (even if all aid scheduled for 1973 and 1974 arrived practically within a single week or two following Oct. 14, 1973. \$3.6 billion in purely military deliveries, if considered in 1990 prices, barely constitute 16-17% - taking inflation into account – based on the GDP deflator, of the aid amounting to \$9.315 billion, in 1973 prices, or of more than \$22 billion in the prices of 1990<sup>12</sup>).

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<sup>10</sup> Yuval Neeman, *Kishur operativi ben yisrael le-ven arhab be-milchemet yom ha-kippurim [Operative Link between Israel and the US during the Six-Day War]*, *Nativ* 104, June 2005, p. 53. See:

[http://www.acpr.org.il/nativ/articles/2005\\_3\\_neeman.pdf](http://www.acpr.org.il/nativ/articles/2005_3_neeman.pdf)

See also Golda Meir, 1975, at <http://lib.ru/MEMUARY/MEADEAST/meir.txt>, Chapter on the “War of the Day of Atonement.”

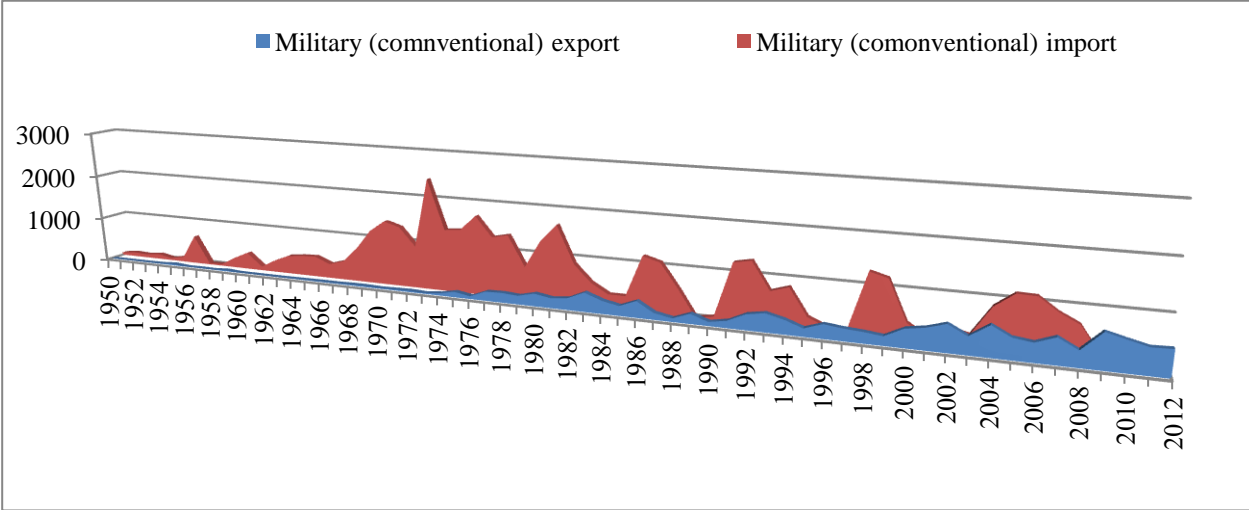
<sup>11</sup> *Ibid.*

<sup>12</sup> See the economic – historical resource “Measuring Growth,” a prices calculator at:

<http://www.measuringworth.com/uscompare/index.php>

Based on the data available, the view cannot be dismissed that delivering a preventive blow would not only have saved fighters’ lives at the outset, but would also have obviated the need for the large-scale urgent aid which Israel requested. Besides, the fact that Israel’s leaders had a reason to opt for the course involving restraint at the outset and aid at the end of military operations (see below in greater detail) is grounds sufficient for doubting the arguments put forth by Golda Meir.

Even so, the time periods between 1968 – Camp David and Camp David – Oslo saw the founding and rapid growth of most of the settlements and new neighborhoods of East Jerusalem, which from the point of view of the State Department (as well as the official point of view of the US) are illegal. As can be seen from the graph shown in Illustration 3, this did not interfere with providing aid at a time when the aid was genuinely significant for Israel both economically and militarily.



Ill. 6. Israel Import / Export of Arms dynamics: Israel is less depended on export than ever. Source: SIPRI DataBase

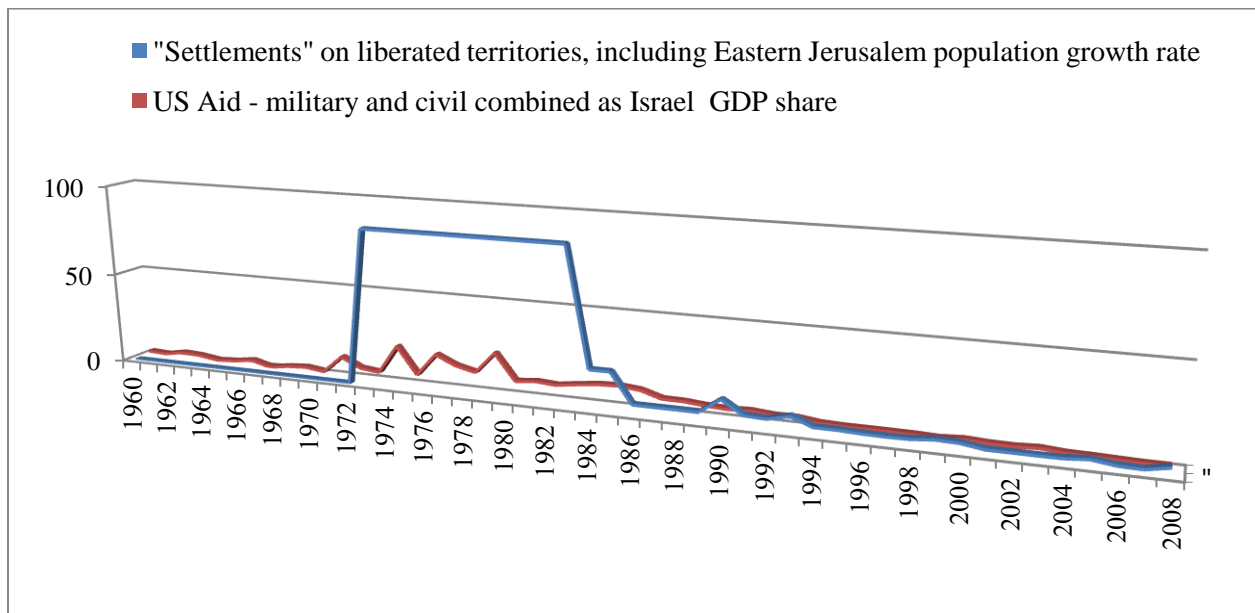
**Camp David – Oslo** Aid remains more or less stable during this period, gradually decreasing in significance as Israel’s GDP grows.

**1992-1997** As has already been noted, the Oslo Accords did not have any appreciable impact on aid. But after Benjamin Netanyahu’s victory in the 1996 elections, the idea of giving up US aid became the subject of discussion in Israel. Pressured by his opponents, Netanyahu

refused to follow up on the idea, only deciding in favor of gradually reducing aid to aid of the exclusively military kind.

**1997 – until the present time** The magnitude of military aid remains more or less stable, all while the share made up by this aid in Israel’s GDP continues to go down. As compared with the last upsurges in 2000 and 2003, the decrease is by a factor of two. Economic aid, decreasing in absolute value, has turned into an absolutely insignificant element (approximately \$50 million per annum), including programs such as “For Us” implemented by the US State Department along with the New Israel Fund and aimed “at raising the economic independence of Bedouin women in the Negev.”<sup>13</sup>

During the last two periods, the aim of intensifying the influence which American bureaucracy has on processes in the Near East (officially: “using foreign aid as an incentive to foster peace agreements between countries in the region”) has clearly begun to come to the fore.<sup>14</sup>



<sup>13</sup> Sharp 2010, pp. 17-18.

<sup>14</sup> Ibid., p. 2: "...using foreign aid as an incentive to foster peace agreements between countries in the region." This is indirectly confirmed if we make a note of the fact that aid to countries in the region grew against the backdrop of US departure from Indochina. This last fact is – by the standards of any logic, except for the logic of foreign policy ministry bureaucracy – devoid of significance either in connection with achieving other goals, or for the struggle against terrorism or for the “struggle for peace” as such.

*Ill. 7. Combined graphs of the share of total US foreign aid for Israel and rates (for 1973-84 and some other medium rate periods) of population growth in East Jerusalem and settlements considered “illegal” from the point of view of the US State Department. Source: see above, as well as the Foundation for Middle East Peace (pro-Palestinian organization); totaled using data of the Israel Central Office of Statistics, List of Localities: Their Population and Codes. Jerusalem, at: <http://www.cbs.gov.il/population/localities/localbycode2004.xls>; and Settlement Population Statistics, at: [http://www.fmep.org/settlement\\_info](http://www.fmep.org/settlement_info).*

***A short history of aid and military-technical collaboration between Israel and the great powers, as well as a history of guarantees issued by the great powers of the 20<sup>th</sup> century to their partners.***

Czechoslovakia prior to WWII had security guarantees from France. These had been formalized as an equilateral mutual defense agreement concluded between France and Czechoslovakia <sup>15</sup> shows the following. The most likely is effective military-technical collaboration or even aid provided on the basis of a combination of a great power’s objective interest in exerting pressure on her enemies by getting the hands of others dirty – with a show of resolution, harshness, aggressiveness, and independently achieved success by the allied state on her own.

Finland had no guarantees of this kind from anybody. Yet prior to the outbreak of the war, Finland did not position herself as anybody’s “junior partner,” while Czechoslovakia practically acknowledged the right of the great powers to dispose of her sovereign territory. Czechoslovakia had a powerful and well-armed military at her disposal, as well as modern defense fortifications; and yet she surrendered without firing a single shot. Finland disposed of no such resources. See K.G. Mannerheim, *Memoirs* on inter-war situation with defense allocations. Albeit not without losses, Finland maintained her independence by armed resistance. When Germany in 1939 violated not only the Locarno Treaties, but even the Munich Agreement of 1938, France did not interfere so as to defend Czechoslovakia, but – judging by

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<sup>15</sup> See <http://www.forost.ungarisches-institut.de/pdf/19251016-4.pdf> (Locarno, October 16, 1925).

Churchill's memoirs – deliberated instead concerning the possibility of providing military aid for Finland against the USSR<sup>16</sup>.

***Comparison of components of the military potential / capacity of Czechoslovakia, 1938 and Finland 1939***

Component	Czechoslovakia, 1938	Finland 1939	Sources
Population	11.5 million (excluding German population)	3.7 million	B.R. Mitchell, 2006;
GDP	41.6 billion	12,5 billion	Maddison, 2009
Steel production	2.3 million ton	0.077 million ton	B.R. Mitchell, 2006
Electricity production	4.1 billion kilowatt-hour	3.1 billion kilowatt-hour	B.R. Mitchell, 2006
Automobile industry	Yes, 13000 cars manufactured	No	B.R. Mitchell, 2006
Aviation industry	Yes, since 1923	No	<a href="http://www.czechinvest.org/data/files/aerospace-99-en.pdf">http://www.czechinvest.org/data/files/aerospace-99-en.pdf</a>
Military industrial basis	Yes	No	The Memoirs of Marshal Mannerheim E.P. Dutton & Company; First Edition (January 1, 1954) (see for example story about late, 1938 year project: politicians decided to built governmental owned artillery plant, instead of to cooperate with Swedish concern "Bofors"; the

<sup>16</sup> See Irving David "Churchill's War," p. 2, chapter 19, p. 228, at: <http://www.fpp.co.uk/books/Churchill/1/WSCv1pt2.pdf>.

Component	Czechoslovakia, 1938	Finland 1939	Sources
			project was executed at the expense of the funds one could use to import necessary cannons or to buy from local branch of "Bofors").
Military alliance with Great power	Yes, France	No	Treaty of Mutual Guarantee between France and Czechoslovakia done at Locarno October 16 1925 <a href="http://www.forost.ungarisches-institut.de/pdf/19251016-4.pdf">http://www.forost.ungarisches-institut.de/pdf/19251016-4.pdf</a>

### 3. Varieties of Aid

#### Economic Aid

Including credit guarantees; this is a quantitatively insignificant component of American foreign aid. Modest-sized (along the order of tens of millions of “insurance” dollars – i.e., an insurance of sorts for Israel’s budgetary obligations at the expense of the US budget) amounts de facto provided by the US (or, to be more precise, the very fact of their being provided) permitted Israel to borrow up to several billion dollars per annum with an interest rate substantially lower than would have been possible without such guarantees. The last decade’s record came with the enabling by means of US governmental guarantees of a \$9 billion loan in 2002 (approximately 7% of the GDP at the time).

But facilitating the obtaining of credit leads to overly simplified solutions for complex problems which may be on the current agenda for leaders primarily focused on the nearest elections. The fact that in Israel this is not a hypothetical threat, but a real one, is confirmed in part by the accumulated burden of state debt. During the last few years, the largest group of expenses, exceeding both security spending and spending on social needs, has been used to service the debt (more than one-third of budgetary spending goes to service the debt, more than 30% for social needs, and less than one quarter of the budgetary expenditure is spent on security and defense).<sup>17</sup>

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<sup>17</sup> See the Israeli Ministry of Finances site, Projected Budget for 2011-2012, and data concerning the 2009 budget implementation.

[http://www.mof.gov.il/BudgetSite/StateBudget/Budget2011\\_2012/Pages/Budget2011\\_2012HP.aspx](http://www.mof.gov.il/BudgetSite/StateBudget/Budget2011_2012/Pages/Budget2011_2012HP.aspx) ; See

### Military Aid

Military technical appliances, spare parts, equipment, and so on, sold in part at the expense of the aid funds for Israel.

The decision that Israel and no other should use this money to purchase (obviously, only from the US, and not under conditions of free and open competition) is made in concert with the US government. The sales may thus be determined by the interests of certain groups influential in the American leadership. As long as Israel continues regularly and on a massive scale to make use of the technical equipment being provided, the US military establishment remains objectively interested in these programs as a complement or even replacement for testing the new materiel on its own – all so as to economize on costly service life. What goes into the makeup of the collection of technical supplies Israel is provided with by the US makes the subject of discussion of both specialized and generally accessible materials on a number of sites (see, for instance, material in English<sup>18</sup>); this question will therefore not be discussed here.

## **Conditions for Supplying and Using the Aid**

To sum up: when foreign aid programs are put into effect, Israel accepts conditions concerning:

- Mutual arranging of order placements;
- Accepting foreign control over the military-industrial policy of the country;
- Accepting foreign control over the use of the armaments supplied; and
- In addition, aid for Israel at present is essentially conditional upon comparable aid

being provided to states and organized setups hostile to Israel in the long term: to Egypt (after Camp David), the PLO, and Jordan. Thus, for instance, in 2009, the US budget also provided (p. 800) for supplying the following in foreign aid<sup>19</sup>: \$2.4 billion to Israel (in 2008-09 this

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also <http://compare.open-budget.org.il/?00> web-site for essential proportions of Israel Budget spending; <http://www.financeisrael.mof.gov.il/FinanceIsrael/Docs/En/publications/BudgetProposal2009-2010.pdf>, budget projected for 2009-2010.

<sup>18</sup> Israel – United States military relations at: [http://en.wikipedia.org/wiki/Israel\\_%E2%80%93\\_United\\_States\\_military\\_relations](http://en.wikipedia.org/wiki/Israel_%E2%80%93_United_States_military_relations)

<sup>19</sup> US Budget for 2009, <http://www.gpoaccess.gov/usbudget/fy09/browse.html>, Appendix; Department of State and Other International Programs.

comprised approximately 1.5% of the Gross Domestic Product of the country and approximately 20% of the military expenditures); \$1.3 billion to Egypt, 300 million to Jordan; and \$415 million in humanitarian aid to Egypt<sup>20</sup> (p. 798). The amounts set aside for the Palestinian Authority reach into the hundreds of millions. The total foreign aid issued in that same year of 2009 to the Near East as a region amounted to 7,286.5 million dollars (that is, almost exactly one-third of the aid – \$2.38 billion of the military and \$50 million [\$0.05 billion] of the humanitarian aid – went to Israel, and two-thirds – to her enemies<sup>21</sup>).

## **The Outcome: Impact on the Motivating Factors for the Political Players Involved**

Motivating factors for Israel's leaders:

1. Large-scale foreign aid is, in essence, government income not subject to voter control.<sup>22</sup> But it is also true that the dependence of authority on the taxpayer is one of the economic foundations of taxpayer rule and, therefore, of political competition. The accountability of those in power in tandem with political competition were, in fact, what up until the mid-19<sup>th</sup> century had been understood as “democracy” (compare the approach proposed by Adam Smith, who suggested letting the American colonists have the number of seats in the English Parliament which would correspond to the tax contribution made by the colonies to the total budget – and the definitions of democracy in Tilly and Dahl<sup>23</sup>). The authorities' obtaining an income independent of the voter taxpayer objectively undermines, or even destroys, the dependence of those wielding authority on those electing them. As for having

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<sup>20</sup> We are here concerned with countries and regimes which use their state budgets to finance seditious or inflammatory anti-Jewish and anti-Israeli films and broadcast programs.

<sup>21</sup> Sharp 2010; see "Table 1. U.S. Foreign Assistance to the Middle East: FY2008-FY2011 Request."

<sup>22</sup> For greater detail, see Lisin, Yanovskiy, et al., *Instituzionnye ogranicheniya sovremennogo ekonomicheskogo rosta [Institutional Restrictions on Modern Economic Growth]* (Moscow: Delo, 2011), Chapters 6 and 10.

<sup>23</sup> Dahl R., "On Democracy" Yale University Press, 2000 Yale University Press; Ch. Tilly, "Democracy" Cambridge University Press; 2007.



an interest of their own in being accountable and dependent, such a thing – barring rare exceptions – does not develop and is not to be observed among leaders.

An extended period of financial “self-sufficiency” of the authorities is bound to lead to the emergence of the notion that the authorities can determine their goals on their own, rather than restrict themselves to traditional ones (defense, security, and justice). Taken individually (as particular politicians and military workers), the cases of independence combined with the “peace process” reproduce relapses into unmediated collaboration with the enemy (consider the example of three notable leftist generals, who defended sources of financing relied on by the HAMAS<sup>24</sup>).

2. Fortifying the stance of the leader in the intra-political and intra-party struggle as a conductor of the will of the “manager from without.” True enough, if the most important decisions are made abroad (or if it has proven possible to convince the voters that this is the case), then an exaggerated part to play will go to the politician who has the best connections at the center of the real decision making. A model along these lines goes a long way to explain the situation in which the President, the Defense Minister, the Minister of Foreign Affairs, and even the Prime Minister of Israel himself do more than merely spend a large amount of time in Washington. They often meet with the same people, discussing similar sets of issues. Replication and competing for the attention bestowed by a single source of funding are in this case the worst analogue of competition among elected politicians for voter attention and support in situations when taxes and monies levied from voters are the only large-scale source of income for the state.

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<sup>24</sup> Generals Uri Sagiv (former head of military reconnaissance), Avi Kostelitz (the Shabak), and Ilan Paz (former commander of the grouping in Judea and Samaria, participant member of the team which prepared the Oslo Accords); see <http://www.americanprogress.org/events/2009/03/inf/PazIlan.html>).

These generals defended the Arab Bank (an important source of funding for the HAMAS) against the suit brought against them by families of terror victims in Israel; see: <http://freecourtdockets.com/DocketSummaries/VVP-Linde-v-Arab-Bank-PLC-1-04-cv-02799-New-York-Eastern-Federal-District-Court-Docket-Case-Summary-54631.htm>); see also the sources in Hebrew at: <http://www.nrg.co.il/online/1/ART2/135/241.html> ; <http://news.nana10.co.il/Article/?ArticleID=738912>.

3. It follows, then, that fortifying the leader leads to weakened political competition: the leader does not shirk any means for suppressing the opposition within his own party,<sup>25</sup> even if this (as in the case of the Likud) yields dividends only in the form of a premiership no more than symbolic, and not borne out by wielding any real authority.

4. Weakened motivating factors for sustaining responsible financial policies (living within the limits of one's available means).<sup>26</sup>

Motivating factors impacting the political leadership and bureaucratic structures within the US, which are spawned by the mechanism of providing regular substantial aid for Israel: the political (elected) leadership is, on the one hand, interested in having a strong ally capable of solving problems, thus facilitating the defense of US interests. By contrast, interest in having an undecided partner who only provides grounds for criticizing the US without pressuring US enemies, is minimal. The same goes for the military establishment. The State Department is interested in maximizing the period and significance of the processes of negotiation, insofar as specifically they, and no other, are relegated to the establishment's sphere of competence and authorization. The negotiating party subject to pressure is a valuable partner for the State Department. However, it is, by definition, precisely this party to the negotiations that suffers the losses incurred as a result of the negotiations.

## **Aid as Leverage for Pressuring Israel**

3.1. Spearheaded by the agency which dominates the process of spelling out US foreign policy – that is, the US Department of State – the struggle against the settlements in Israel comprises an essential element of this policy. The fact that Israel herself has assumed no clear stance in the territorial debate leads to a wide gamut of decisions aimed against settlement construction in the territories liberated in 1967 (the “debated” territories). Thus, the \$10 billion

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<sup>25</sup> Examples of the last primaries in Israel: <http://www.ynetnews.com/articles/0,7340,L-3599629,00.html> (Livni's attempt to claim a leadership position in the country following victory by the 431<sup>st</sup> vote – de facto a single vote – in her party's primaries); the Likud retroactively changes the rules of the primaries after the primaries take place, all for the purpose of not letting a hardline critic of the party leader be included in the list of candidates for a real seat: <http://www.jpost.com/LandedPages/PrintArticle.aspx?id=125400>.

<sup>26</sup> For details see: Yuval Levin, "American Aid to the Middle East: A Tragedy of Good Intentions," at: <http://www.iasps.org/strat11/strategic11.pdf> ; as well as Yarden Gazit, "Economic and Strategic Ramifications of American Assistance to Israel," at: <http://www.jims-israel.org/pdf/PPUsaidEnglish.pdf>

credit approved by Congress in 1992 for absorbing the aliyah from the USSR was reduced by \$774 million “as a penalty for settlement construction” in the debated territories. Later came threats of aid restrictions due to that the Israeli government had refused to make new concessions to the US State Department’s Arab business partners.<sup>27</sup>

3.2. The lever used by political forces and interest groups at home. Interest in fighting the settlers, who constitute the core of the coalition opposing the Left, is much stronger among activists in this camp than among US State Department officials.<sup>28</sup> This is why these activists regularly try to pressure their American partners so as to use US abilities as a tool in the internal political struggle.<sup>29</sup>

3.3. Rumors concerning additional aid in exchange for real concessions

The Israeli and American media affiliated with leftist forces have more than once disseminated information about new projected aid in case Israel should agree to “bold concessions.”<sup>30</sup>

For instance, rumors of this kind spread shortly before the Jewish residents of the Gaza Strip were deported. The calculations made were disseminated in the US, leaving an appreciable mark during the analytical preparation of discussions in US Congress.<sup>31</sup> Yet no traces of any

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<sup>27</sup> Yitzhak Benhorin "Mitchell: "Mideast Stagnation Endangers US Aid," at: <http://www.ynetnews.com/articles/0,7340,L-3831661,00.html>

<sup>28</sup> See the July 27, 1999, article by V. Fulmacht, “*Territorii v obmen na vlast*” [“Territories in Exchange for Authority”], at: <http://www.machanaim.org/tor&life/actual/fulm1.htm> ; the article proposes explaining the motivation of peace process initiators in a way that obviates the need to assume that they were “naïve” or intellectually unfit.

<sup>29</sup> See, for example, in the November 16, 2010, issue of *Haaretz*: "U.S. Taxpayers Are Paying for Israel's West Bank Occupation," at: <http://www.haaretz.com/print-edition/features/u-s-taxpayers-are-paying-for-israel-s-west-bank-occupation-1.324941>, as well as: <http://cursorinfo.co.il/news/novosti/2011/05/28/alef/> about the meeting between the well-known leftist activist (and writer) A. B. Yehoshua with Russian-speaking fellow thinkers: “Really too bad that US President Obama has been unable to tie providing aid for Israel into one with total discontinuation of construction in the settlements,” said Yehoshua, repeating that “the settlements are not simply the main problem in Near East conflict resolution, but the very core of the problem.”

<sup>30</sup> See, for example, "Israel to Seek \$2.2 Billion From U.S. for Gaza Pullout", July 12, 2005 <http://www.washingtonpost.com/wp-dyn/content/article/2005/07/12/AR2005071200099.html>

<sup>31</sup> Carol Migdalovitz, Specialist in Middle Eastern Affairs, Foreign Affairs, Defense, and Trade Division CRS Report for Congress on "Israel’s Disengagement from Gaza," at: <http://www.usembassy.it/pdf/other/RS22000.pdf>. Excerpt from the memorandum: "The total cost of the disengagement is about \$2.2 billion, including compensation of settlers, costs incurred by the Ministries of Defense and Security, and ancillary plans to develop the Nitzanim area

practical discussion of such programs are to be found. That is, at the moment when information concerning the possibility of such aid was being disseminated, the action in reality did not go beyond lobbying. Today it is clear that this lobbying was not a success. The fiasco of the lobbying goes just once more to show that the message to be gleaned from the history of aid provided by great powers for their allies (see above Par. 2 of the present article) retains its actuality to this day (the motivating factors and the interest in providing such aid apparently remain stable over the long term).

Senator Barbara Boxer claimed: "Under President Obama, Israel has received more in annual security assistance from the U.S. than at any time in its history, including the Iron Dome Missile Defense system that has already saved Israeli lives": Senator's B.Boxer claim<sup>32</sup> turned to be based on fatal flaw, as one can see the data presented on Ill. 1 and Ill. 2 above.

The claims and statements of this sort supports old Ben Gurion — Golda Meirs' concept of decisive role of foreign aid and alliances for Israel survival. These claims are regularly used for justification of various plans of Israel concessions, retreats, etc.

## **Criticism and Discussion Revolving about US Foreign Aid Programs for Israel**

### *Foreign Aid as a Sine qua Non for the Survival of the State*

This view as articulated by Golda Meir has been cited and analyzed above. It has been thoroughly studied by Shlomo Avineri (without providing any precise reference to Ben Gurion, to whom the considerations in question are attributed):

Ben Gurion always had a clear understanding of the fact that the Jewish People is the weaker party in any international constellation. In his opinion, the situation had not changed even after the birth of the Jewish state... Ben Gurion had always acknowledged that the ability of the State of Israel to defend itself is not self-sufficient, but depends on international purchases, funding, and support – that is, on foreign factors. He therefore knew that Israel needs allies

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north of the Gaza Strip, the Negev, and the Galilee." The memorandum is composed as it were with a view to the future in connection with that Israel will probably appeal for aid in covering the expenses: "Congress may deal with a special Israeli aid request in the future."

<sup>32</sup> see <http://www.boxer.senate.gov/en/press/opeds/072912.cfm>

among the great powers, but he was also aware that these allies are always friends for a time, and that this is the key difficulty in Israel's predicament.<sup>33</sup>

The description of the situation prevalent on the eve of the Six Day War, as provided in the work of the historian Sterenshiss, confirms Avineri's assessment. (According to Sterenshiss, Ben Gurion was convinced that the Israel Defense Forces would be unable to win the war without the aid of the great powers; this certainty impressed the Chief of General Staff, Y. Rabin, so much, that it led to his "nicotine poisoning."<sup>34</sup>)

### ***Aid and "US Responsibility for Zionist Crimes"***

The notion is widespread among leftist extremists throughout the world that it is the US that should be held responsible for "Zionist crimes." American foreign aid comprises not simply the key, but, in essence, the only argument in support of this claim (for understandable reasons, theories of Jewish conspiracies and Jewish control of the world are not going to be considered in this connection).<sup>35</sup>

### ***US Aid for Israel: Self-Evident Damage, None Too Evident of a Benefit***

Proponents of discontinuing US aid to Israel are not too noticeable as yet. Their publications – writings by both journalists and experts – can be met with beginning in the mid-1990s. Articles by experts<sup>36</sup> pointedly direct attention to the following negative consequences of aid:

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<sup>33</sup> Sh. Avineri, *The Origins of Zionism: Main Directions in Jewish Political Thought* (Jerusalem, 5765), p. 451.

<sup>34</sup> M. Sterenshiss, *History of the State of Israel, 1896 - 2005* (Herzliya: Isradon, 2005), p. 303.

<sup>35</sup> See, for instance: <http://www.globalpost.com/dispatch/israel-and-palestine/110116/israel-us-military-aid-palestinians>, or the collected reactions by leftists to Operation Cast Lead of 2008: <http://links.org.au/node/836> . We recommend searching for additional links by using the key words: *USA aid, responsibility, Zionist occupation, aggression, atrocities, modern weapons*, and so on.

<sup>36</sup> Yuval Levin, "American Aid to the Middle East: A Tragedy of Good Intentions," at: <http://www.iasps.org/strat11/strategic11.pdf> IASPS December 1, 2000; Yarden Gazit, "Economic and Strategic Ramifications of American Assistance to Israel," <http://www.jims-israel.org/pdf/PPusaidEnglish.pdf>, JIMS January 2011.

Yuval Levin (Levin 2000) emphasizes the impetuses spurring the Israeli government to financial irresponsibility; he stresses the anti-Western character both of the Egyptian regime under Mubarak and of Egyptian society, both of which willingly accept aid from the US – whom they continue to loathe.

Yarden Gazit (Gazit January 2011) notes the substantially lower value for Israel of the aid as compared to the burden which the same aid foists upon the US budget (as per his evaluation, taking into account the losses suffered by Israeli industry as a result of restrictions on competition, the real value is hundreds of millions of dollars less than the nominal size of the aid granted). Gazit also notes the deleterious impetuses influencing politicians (including lower responsibility levels of both the political type vis-à-vis society, and of the financial kind), the damage done to the private sector and the support for autocratic regimes. He also notes Israel's acquisition of a "culture of dependence" and image of the weakling in the eyes of her neighbors as a result of dependence of this kind.

Both authors call for a decisive rejection of American aid.

## **Essential Conclusion**

US military aid has not been exceeding the 20% level of Israel's military spending in recent years. Even leaving aside the low efficiency of the purchase-making mechanism and the negative impact on Israel's domestic military industry, we still cannot avoid singling out the key problem bound up with American aid. The less than 20% of the defense spending which is covered thanks to aid provided by the US spells out a drastic drop in the effectiveness of the way the remaining 80% is used.

This reason alone provides ground to forecast a significant rise in Israel's defense capability should the State of Israel reject US military aid. Especially if, following this development, US Congress should discontinue its programs of providing aid for Egypt, the Arab Autonomy [the Palestinian National Authority], and Jordan.