CONTRA

CHALLENGING AID TO ISRAEL

By Stephen Zunes

Through Democratic and Republican administrations, Democratic- and Republican-led Congresses, détente, the renewed Cold War and post-Cold War, the U.S. government has maintained a policy of large-scale economic and military aid to the State of Israel.

Even more striking, this policy has continued with very little public debate. Most liberals—who have often advocated linking foreign aid with a government's record on human rights, international law, and peaceful relations with its neighbors—have had no problem backing unconditional military and economic aid to Israel. Most conservatives—who advocate reduced federal spending and who are normally skeptical about foreign aid—have similarly been strong supporters of unconditional aid to Israel.

As a result, there is little reason to expect that these policies will change with the administration of President George W. Bush and a divided Congress.

U.S. aid to Israel began in the early 1950s with small grants and expanded modestly over the next decade to include Export-Import Bank loans, Food for Peace aid, and general economic loans. Military loans began only after the 1967 war. U.S. aid increased greatly in subsequent years. Grants replaced loans for economic assistance in 1981, and loans for military assistance in 1985. In recent years, the annual U.S. subsidy for Israel has remained at approximately $3 billion in military and economic grants, in addition to more than $500 million from other parts of the budget, or off the budget. Unlike most U.S. recipients of economic aid, which are required to use the bulk of the money for specific projects, such as buying certain U.S. agricultural surpluses or finished goods, most U.S. aid to Israel goes directly into the government's treasury to use as Israel pleases. In every other country, United States Agency for International Development (USAID) officials oversee the actual programs, administered either directly through non-governmental organizations or under cosponsorship with a government agency. Since 1971, however, Israel has been the exception: The U.S. government sets the funding level and funding takes place through simple cash transfers to the Israeli government. Furthermore, between 1992 and 1997, the United States guaranteed Israel an additional $2 billion in loans annually.

Congressional researchers have disclosed that between 1974 and 1989, $16.4 billion in U.S. military loans were converted to grants; this was the understanding from the beginning. Indeed, all past U.S. loans to Israel have eventually been forgiven by Congress, which explains why U.S. supporters of the $10 billion loan guarantee could claim that Israel has never defaulted on a U.S. government loan. U.S. policy since 1984 has been that economic assistance to Israel must equal or exceed Israel's annual debt repayment to the United States. No country has ever received as much congressionally mandated aid as has Israel, including South

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Ben Gershom Amos/State of Israel National Photo Collection

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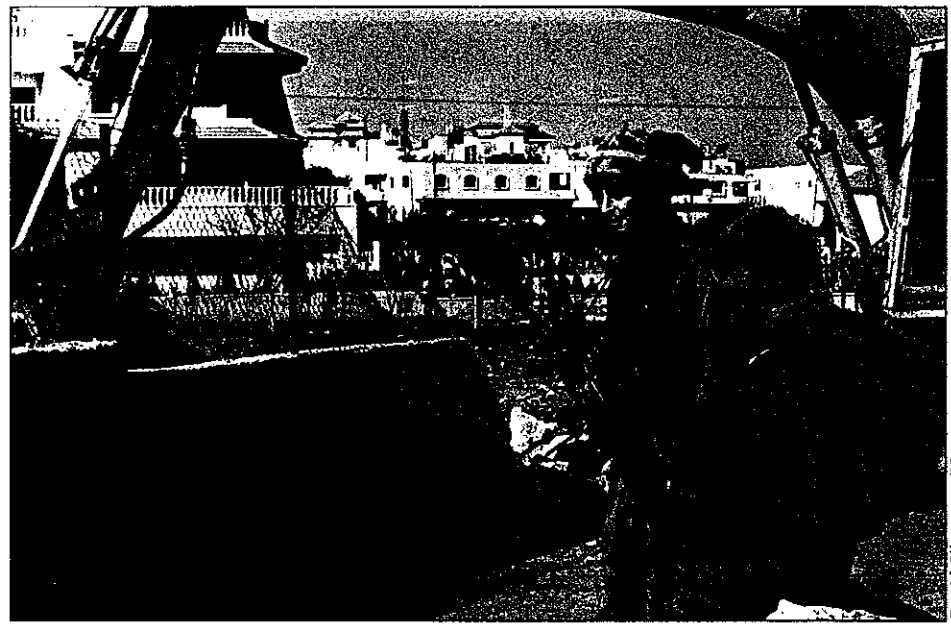
Vietnam.

Unlike other countries, which receive aid in quarterly installments, for nearly 20 years aid has been given in a lump sum at the beginning of the fiscal year, leaving the U S government to borrow from future revenues. Israel even lends some of this money back through U S. treasury bills and collects the additional interest. This special arrangement costs the U.S. government approximately $50 million each year.

In addition, more than $2.5 billion in private U.S. funds is given to Israel annually, much of which is tax-deductible. The ability of Americans to make what amounts to tax-deductible contributions to a foreign government, made possible through a number of Jewish charities, does not exist with any other country.

The total U.S. aid to Israel is approximately one-third of the foreign aid budget, even though Israel consists of just one-one-hundredth of 1 percent of the world's population, and already has one of the world's higher per capita incomes. Indeed, Israel's GNP is higher than the *combined* GNPs of Egypt, Lebanon, Syria, Jordan, the West Bank, and Gaza. Israeli Jews enjoy the 16th highest standard of living in the world, even higher than oil-rich Saudi Arabia and only slightly less than most Western European countries. USAID does not even carry the pretense that economic aid to Israel is development assistance, instead utilizing the term "economic support funding." And although it has recently been announced that economic aid to Israel will be gradually eliminated over the next several years, at least half of it will be converted to military aid.

Given the singular character of the U.S.-Israel aid relationship, it is worth examining the reasons behind it. Despite rhetoric to the contrary, it is doubtful that many U.S. officials feel any moral commitment to Israel or believe that Israel is a democracy battling for its very survival. Were this actually the case, U.S. aid to Israel would have been highest in the early years of the existence of the Jewish state, when its democratic institutions were strongest and its strategic situation most vulnerable, and would have declined as its military power grew dramatically, and its repression against Palestinians in the occupied territories increased. Instead, the trend has been in just the opposite direction: Major U.S. military and economic aid to Israel did not begin until after the 1967 war. Indeed, 99 percent of U.S. military assistance to Israel since its establishment came only after Israel proved itself to be far stronger than any combination of Arab armies and after Israeli occupation forces became the rulers of a large Palestinian population.



David Silverman/Newsmakers

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In the hypothetical event that all U.S. aid to Israel were immediately cut off, it would be many years before Israel would be under significantly greater military threat than it is today. Israel has both a major domestic arms industry and an existing military force far more capable and powerful than any conceivable combination of opposing forces. While a cutoff of economic support would likely force Israel to compromise more in the peace process, there would be no question of Israel's survival being militarily at risk in the foreseeable future.

One of the most fundamental principles in the theory of international relations is that the most stable military relationship between adversaries—besides disarmament—is strategic parity. Such a relationship provides an effective deterrent for both sides against the other launching a preemptive attack. If the United States were concerned simply with Israel's security, it would be dedicated to maintaining Israeli defenses to the point where they would be approximately equal to any combination of Arab armed forces. Instead, leaders of both American political parties have called not for the United States to help maintain a military balance between Israel and its neighbors, but for ensuring qualitative Israeli military *superiority*. When Israel was less dominant militarily, there was no such consensus for U.S. backing of Israel. The continued high levels of U.S. aid to Israel do not come out of concern for Israel's survival, then, but perhaps out of a desire for Israel to continue its political dominance of the Palestinians, and its military dominance of the region. Indeed, the pattern appears to be that the stronger and more willing to cooperate with U.S. interests that Israel becomes, the higher the level of aid.

Despite the end of the Cold War, the strategic relationship was strengthened still further during the Clinton administration. A revealing episode is

Brian Hendler/Newsmakers

In October 1993, the United States officially announced to Israel that there would be a $437 million deduction in the next year's loan due to settlement construction during the 1993 fiscal year. However, State Department Middle East peace talks coordinator Dennis Ross (left) let the Israeli government know that the United States would find a way to restore the full funding.

in regard to Clinton's attitude toward the controversial $10 billion loan guarantee. During the 1992 campaign, Clinton attacked then President George Bush from the right, criticizing his insistence that the loan guarantee be linked to curbing the illegal Israeli settlements in the occupied territories or be withheld until after the Israeli elections in June, a position which many Israelis interpreted as an endorsement of the Likud. Feeling heat from Clinton, by this point the Democratic presidential nominee, Bush approved the loans in August, despite a lack of Israeli assurance that they would halt settlement activity. And contrary to Clinton's claims that the loans would be used as housing for Jewish immigrants, none of the money was used for such purposes; indeed, Israel had thousands of unoccupied housing units, particularly in Beer Sheba, where most refugees were then initially settled. The Israeli government itself acknowledged that the loans were more of a cushion than anything vital to the economy.

Congress then attached a provision requiring that the president deduct the cost of additional settlement activity from the $2 billion annual installment of the loan. In October 1993, the United States officially announced to Israel that there would be a $437 million deduction in the next year's loan due to settlement construction during the 1993 fiscal year. However, State Department Middle East peace talks coordinator Dennis Ross immediately let the Israeli government know that the United States would find a way to restore the full funding. Within a month, Clinton authorized Israel to draw an additional $500 million in U.S. military supplies from NATO warehouses in Europe.

A similar scenario unfolded the following year: After deducting $311.8 million on settlements from 1995 loans, Clinton authorized $95.8 million for redeploying troops from Gaza and $240 million to facilitate withdrawal from West Bank cities, based on the rather odd assumption that it cost more to withdraw troops than to maintain them in hostile urban areas. This pattern continued for the remaining three years of the loan guarantees.

Indeed, Clinton explicitly promised the Israelis that aid would remain constant regardless of Israeli settlement policies. What resulted was that the United States effectively began to subsidize the settlements directly, since the Israelis knew they would be compensated for every dollar that they contributed to maintaining their presence in the West Bank.

This pattern continued after 1997. There have been reports in both the Israeli and American press that much of the $400 million of the supplemental U.S. economic aid to Israel mandated in the Wye River accords is being spent to improve roads connecting Israeli settlements in the West Bank to Israel and to beef up the Israeli military presence around them.

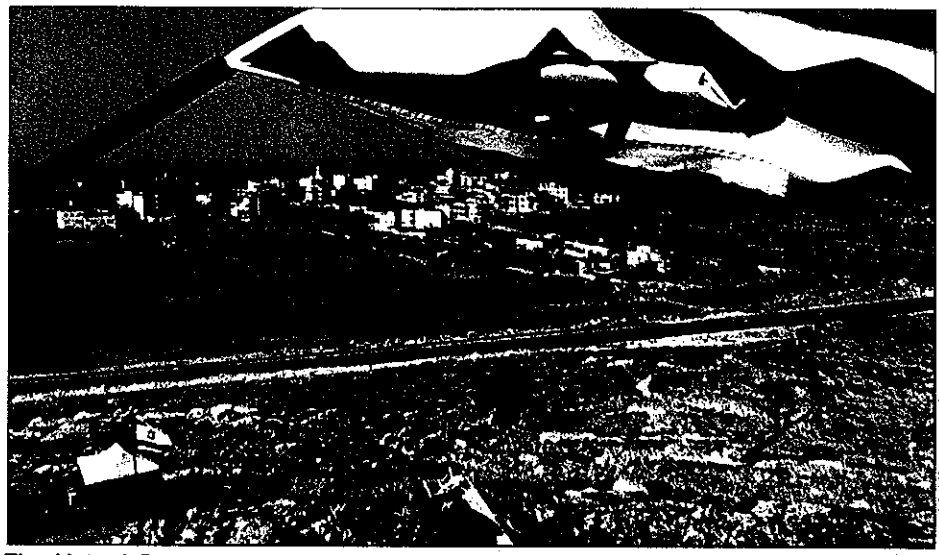
Critics have observed that all of those settlements are illegal according to Article 49 of the Geneva Convention, which bans occupying powers from transferring parts of their own civilian population into the territory taken by military force. Indeed, U.N. Security Council Resolution 446—adopted unanimously with U.S. support—specifically requires Israel to withdraw unconditionally from those settlements. And Resolution 465, forbids any country from supporting Israel's colonization drive.

While peace agreements between nations usually lead to demilitarization, the United States has actually increased military aid to Israel following its treaties with its Arab neighbors. There was an enormous increase in military and economic aid to Israel following the Camp David accords with Egypt in 1978. Other large increases followed the Israeli-Jordanian peace agreement in 1993 and various stages of the Israeli-Palestinian peace process. For example, the United States sent an additional $1.4 billion in military assistance to Israel in 1999 as part of the Wye River agreement of the previous year, more than $800 million of which was for strategic weaponry. The remainder of the military aid was for redeployment, though it is hard to account for such a large cost for what amounted to a very limited pullback of forces. The Wye River aid also included a new supply of U.S.-made helicopter gun ships, with which human rights groups have accused the Israelis of inflicting large-scale casualties among civilians since the start of the uprising last fall.

Contrary to many predictions, the end of the Cold War and the significant advances in the peace process have not lessened U.S. military and economic aid to Israel. U.S. aid to Israel is higher now than 20 years ago, when Egypt's massive and well-equipped

armed forces threatened war; the Syrian military was expanding rapidly with advanced Soviet weaponry; armed factions of the PLO were launching terrorist attacks into Israel; a hostile Jordan still claimed the West Bank and stationed large numbers of troops along its lengthy border with Israel; and Iraq was embarking on a vast program of militarization. There is now a longstanding peace treaty with Egypt and a large demilitarized and internationally monitored buffer zone at its border with Israel. Periodic peace negotiations take place with a gradually demilitarizing Syria, which has been weakened by the collapse of its Soviet patron. The PLO has ceased its terrorist attacks against Israel. Jordan has signed a peace treaty with full normalized relations. And Iraq's armed forces were devastated by the Gulf War and the subsequent, strict international sanctions. Why, then, do such high levels of aid to Israel continue?

Noteworthy is the often-repeated insistence by leaders of both major U.S. political parties that aid to Israel should be "kept at current levels." If the real interest was in providing adequate support for Israeli defense, the political leaders would instead be referring to "maintaining adequate aid to maintain Israel's security needs," which presumably would be declining as the peace process moves forward. However, Israel's actual defense needs are not the issue.



David Silverman/Newsmakers

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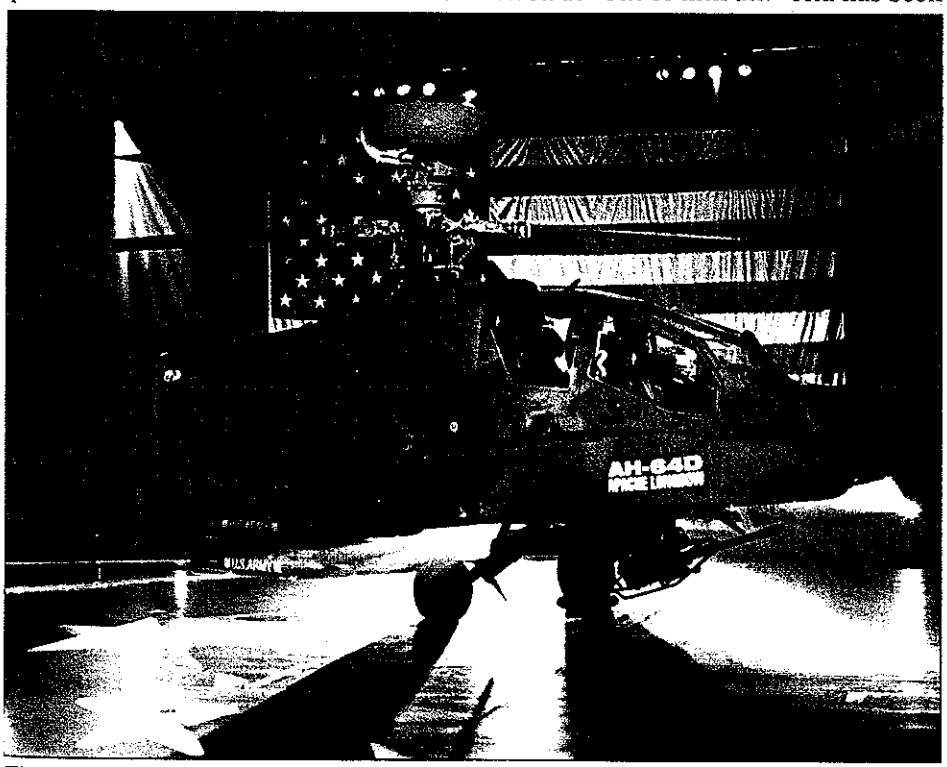
Matti Peled, former Israeli major general and Knesset member, reported that as far as he could tell, the amount of U.S. military aid to Israel was arrived at "out of thin air." Aid has been far more than Israel needs to replenish stocks and is not apparently related directly to any specific security requirements. It has remained relatively constant in recent years, thereby reinforcing the impression that it is little more than a U.S.-government subsidy for American arms manufacturers. This benefit to American defense contractors is multiplied by the fact that every major arms transfer to Israel creates a new demand by Arab states—most of which can pay hard currency through petrodollars—for additional American weapons to challenge Israel. Indeed, Israel announced its acceptance of a Middle Eastern arms freeze in 1991, but the United States effectively blocked it.



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In 1993, when 78 senators wrote President Clinton insisting that aid to Israel be continued at current levels, they justified this on the grounds of massive arms procurement by Arabs states, neglecting to note that 80 percent of those arms transfers were of U.S. origin. If they were really concerned about Israeli security, they would have voted to block these arms transfers, most of which went to the Gulf monarchies. Yet, this was clearly not their purpose. Even Israel did not actively oppose the sale of 72 highly sophisticated F-15E jet fighters to Saudi Arabia in 1992, since the Bush administration had offered yet another increase in U.S. arms transfers to Israel

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in return for Israeli acquiescence.

In many respects, U.S. aid policy serves the interests of both Israel and the Gulf monarchies well. Israel, Saudi Arabia, and the United States all share an interest in curbing radical nationalism and preserving the regional status quo—if deemed necessary, by military force. In addition, for the Israelis, Arab militarism serves as an excuse for continued repression in the occupied territories and resistance to demands for territorial compromise. For autocratic Arab leaders, Israeli military power serves as an excuse for their lack of internal democracy and inability to address badly needed social and economic reforms. It is noteworthy that for many years until 1993, the United States was sending billions of dollars to Gulf states that took a harder line toward Israel than the PLO, while refusing to even talk with the Palestinians.

In any case, the resulting arms race has been a bonanza for U.S. arms manufacturers, which may actually be a major explanation for U.S. aid policy. For while the pro-Israel lobbies certainly wield substantial clout with their contributions to congressional candidates supportive of large-scale military and economic aid to Israel, the Aerospace Industry Association—which promotes massive arms transfers to the Middle East and elsewhere—is even more influential, contributing more than $7.4 million in each of the most recent two election cycles and has the additional promise of jobs and federal dollars flowing into key states and congressional districts. Indeed, the Clinton administration showed no qualms about continued aid to Morocco, despite its ongoing occupation of western Sahara, and to Indonesia, despite its occupation of East Timor, which ended only after bloodbath. Aid to Israel, particularly in recent years, has been justified as necessary to support the peace process. Yet, critics observe that unconditional aid gives Israel no real incentive to make the necessary concessions that could lead to peace, or even to end its human rights abuses and violations of international law. As former Secretary of State Henry Kissinger once told a colleague, "I ask Rabin to make concessions, and he says he can't because Israel is weak. So I give him more arms, and he says he doesn't need to make concessions because Israel is strong." This is in contrast to the frequent use of aid as leverage, when given to Jordan, Lebanon, Egypt, and other Arab states, as well as the Palestinian Authority.

In the short term, U.S. aid to Israel serves the interests of certain powerful segments in American society. However, it may backfire some day. Such unconditional aid to Israel will likely embolden Israel—now under the leadership of the rightist Ariel Sharon—to refuse to make the further compromises needed to make peace. U.S. support for Sharon, whom many in the Arab world see as a war criminal, and U.S. military and economic assistance for his ongoing occupation and colonization of Arab lands may create a backlash in the Arab world, that, in the long run, could seriously undermine U.S. interests in the Middle East ■