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מדינת ישראל

משרדי הממשלה

משרד

חטיבה: משרד ראש הממשלה
 תת חטיבה: משרד ראש הממשלה - לשכת ראש הממשלה
 שם תיק: לשכת ראש הממשלה שמעון פרס ויצחק שמיר - ארצות-הברית

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 מזהה פיזי: א - 5 / 5020 11/11/2012

שם: לשכת ראש הממשלה שמעון פרס ויצחק

א - 5 / 5020

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מחלקה

מס' תיק מקורי



ארכיון המדינה

משרד ראש הממשלה

טופס מראה מקום להוצאת תעודות יחידות*

חטיבה מס': 43.4
 מיכל מס': 5020/10
 תאריך התעודה: 18/2/1987
 שם מחבר התעודה: מא"ף (חקי)
 סוג התעודה (סמן ✓ במקום המתאים):

תיק מס': 5
 שם הנמען: _____

- מכתב
- מברק
- תזכיר או מיזכר
- דין וחשבון או זכרון דברים משיחה או דיון
- פרוטוקול של שיחה, דיון או ישיבה

*הטופס ימולא בשני עותקים. העותק הירוק יוכנס לתיק במקום התעודה שהוצאה;
 העותק הלבן יצורף לתעודה שהוצאה.

משרד החוץ-מחלקת הקשר

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תאריך : 27.02.87

נכנס

בלמס

חוזם: 2,12711

אל: המשרד

מ-מיאמי, נר: 42, תא: 260287, חז: 1400, דח: מ, סג: ב

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מידי/בלמס

יוסי בן אהרון מנכ"ל ממרה'מ

דע: שגריר ווש, מצפא, מאור

משלחת מנהיגים ממיאמי

חוזר לשיחת איתן בנצור אתר בלוס אנגלס בנושא קבלת
המשלחת ע"י רה"מ

אני מודה על שיתוף הפעולה ומצפה לאישור מועד הפגישה

ברכות

תימור

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תפ: שהח, רהמ, מנכל, ממנכל, מצפא, אביטל, מאור, תפוצות

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STUDIES IN
ECONOMICS
AND STATISTICS
OF THE UNITED STATES
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STUDIES IN

ECONOMICS AND STATISTICS

OF THE UNITED STATES

1957

THE NATIONAL BUREAU OF ECONOMIC RESEARCH
AND THE NATIONAL CENTER FOR STATISTICS

WITH THE ASSISTANCE OF THE NATIONAL CENTER FOR ECONOMIC RESEARCH

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THE NATIONAL BUREAU OF ECONOMIC RESEARCH
AND THE NATIONAL CENTER FOR STATISTICS

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דחיפות:	מחלקת הקשר ניו-יורק	דף: 1
סוג בטחוני:	טופס מברק	מתור: 6
תז"ח: 0115-	מנכ"ל מדיני, מנכ"ל, אמית"ק, מע"ת, מצפ"א, הסכרה, ממ"ד יועץ רה"מ לתקשורת, יועץ שהב"ט לתקשורת, לע"מ, דו"צ, קש"ח	ל: 5
נר: 0007 1-מחול 1-011	Washington	דע: 8
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News Summary February 28-March 1, 1987

New York Headlines

Top story in all NY papers on Saturday reports on Baker replacing Regan as White House Chief of Staff. Headline story in NYT on Sunday reports on Gorbachev's reversal on missiles in Europe. Front page stories on the Tower report will be noted in the Press Reports.

Editorials

NYT 3/1 "The President and the Truth" The answers to many questions on how Reagan plans to run the nation, will come on Wednesday, when he addresses the nation. The test of that speech, and of the next 22 months, will be the President's attention to the truth. The central question is "Who's in charge here?" By speaking with candor and without exaggeration, the President can at last begin to give the only right answer: "I am."

NYT 2/28 "New Start, New Prime Minsiter" The Tower Commission, with its honesty and constructive report, gave Reagan a new opportunity. He seized it by naming Baker as the new White House Chief of Staff. These are good starts on a long and difficult road back to credibility for the President. The report hit the Reagan mark, without destroying his Presidency. That report and the appointment of Baker begin the process of transforming a crisis into a problem.

Columns

NYT-Wicker 2/28 "Where the Buck Stops" Secret operations are likely to cause a President to lie, then if caught in the lie, as is all too likely, they may think they have to protect themselves and "the Presidency" with more lies. Reagan has ultimately no one to blame but himself. The buck stops there.

Press Report

Peres and Egypt Call for a Parley

NYT-Kifner 2/28-Peros, in an announcement said he had agreed with Egyptian officials that there should be an international conference this year.

אישור:	שם השולח: 15/8/87	תאריך: 13.87
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His commitment, was expected to provoke strong reaction from Shamir, who vehemently opposes such a conference. Despite Peres' remarks, it was clear that divisions remained between him and Mubarak over the key issue of who would represent the Palestinians at any peace conference.

NYT-Clarity (Week in Review) 3/1-Acting like a bold Prime Minister, Peres traveled to Egypt and won support for a peace conference. The only problem is that Peres is no longer Prime Minister. The man who is, accused Peres of overstepping his authority and trying to break up the coalition gov't. But Peres argued that his aim was "to achieve peace between Israel and its Arab neighbors, not to deal with a war between the Jews." The political squabbling over the trip is growing. Asked if the dispute could bring down the Israeli Gov't, Shamir replied, "Look, it is possible."

Israel Asking US to Bar Soviet Jews

NYT-Goldman 3/1-The Gov't of Israel, hoping that Jews will soon be allowed leave the Soviet Union in greater numbers, has asked the State Dept. to help insure that more of them will settle in Israel rather than the US. Since 1979, as many as 80% of Jewish emigres have chosen the US instead of Israel. The Israeli position has not been supported by Jewish organizations in the US. Although the National Conference on Soviet Jewry has said that it will consider the suggestion, other organizations oppose it outright. The US position is that the Jews should have the freedom of choice. Israel states that the emigres travel to the West on Israeli visas and should proceed there. Once in Israel, they can choose to leave if they want.

Israeli Espionage Depicted in Court

NYT-AP 2/28-Pollard portrayed himself as a loyal American who helped Israel and cited "extremely detailed" requests for US intelligence data as evidence of Israel's highly coordinated espionage effort. He disputed the Israeli Government's statement that the spy ring was a "renegade operation."

Israel Denies Offer of Contra Advisers

NYT-Clines 2/28-Israel described as "totally groundless" an assertion in a White House memo made public by the Tower report that Israel has once offered military instructors to assist the contras. In its only detailed reaction so far to the report, the Gov't said it had rejected a White House invitation last year to send instructors. The report concluded that Israel was heavily involved in encouraging the US to approach Iran and attempt to exchange arms for hostages. Avi Pazner said that the Gov't was studying the report but found nothing so far to be concerned about. "What we did, we did in cooperation with the US, as a friend." Peres said, "If I'm not wrong, the report says that even if Israel has urged the US, the responsibility remains with the US."

In Their Own Words: How the Iran-Contra Affair Took Place

NYT 2/28 Full page of excerpts from Appendix B of the Tower report. North's message to Poindexter on the Israeli needs (Dec. 4, 1985) is given.

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A Bungled Mission to Iran And a Middleman Who Lied

NYT-Diamond 3/1-The report says that the American delegation who traveled to Iran last year had not properly prepared for the trip and trusted the promises of Ghorbanifar. Al Schwimmer, a middleman and consultant to Peres, fouled up one arms shipment when on Nov. 22, 1985, he allowed the lease to expire on three transport planes in Tel Aviv. At the time, weapons for Iran were en route to Tel Aviv: when they arrived, there were no planes to take them to Iran. As a result, the arms delivery to Iran was days late, and no hostages were released. Schwimmer had been trying to save what amounted to a day's leasing cost. "I have never seen anything so screwed up in my life," Secord is reported to have said. Some parts of the report read almost like comedy routines.

Reagan's Ignorance Shocked Commission

NYT-Roberts p.1 2/28 Members of the Tower Commission said they were surprised and dismayed by Reagan's lack of knowledge about the Iran-contra affair during their discussions with him last month. As a result, their highly detailed report seemed to fluster Reagan when the Commission briefed him on it before it was made public. The Commission also said their report could seriously undermine the ability of Shultz to conduct foreign policy. They point out that Shultz had been criticized for not objecting more strongly to the Iran arms deal on the grounds that it contradicted stated Administration policy against dealing with terrorists.

NYT-Pear 2/28 The report says that Reagan forget many key events in the Iran-contra affair, including meetings he attended and decisions he made. A major issue is whether Reagan gave advanced approval for Israeli shipments of US made weapons to Iran. He says he can't remember.

Reagan's Ratings Dive

NYP-wire 2/28 Reagan's approval rating slipped to a near-record low of 44% following the release of the report, according to an ABC News poll. A majority of Americans surveyed said they doubt that Reagan is telling the truth about the Iran-contra affair.

Commission Feared That CIA Analysis Was Compromised

NYT-Butterfield 2/28-The Tower Commission was concerned that the CIA allowed some of its intelligence analysis to be influenced by the NSC's goals and was critical of Casey for failing to take over the Iran arms deal from the White House. Scowcroft said at the most troublesome finding about the CIA's role was that "we saw signs of ineptness which included policy recommendations."

Legal Issues-Violations of law

NYT-Rosenbaum 2/28-The report raised what it called "far-reaching legal questions about the Iran-contra affair that the special prosecutor and Congressional investigative committees will try to resolve in the months ahead. They said the arms to Iran were "highly questionable" in respect to its legality.

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Reagan Asks Aides and Leaders for Help

NYT-Roberts 3/1 p.1-Reagan called on Congressional leaders and personal advisers for suggestions on how he can regain his political and legislative momentum after 3 months of preoccupation with the Iran arms affair. Several of those he consulted were in agreement on two points: The president must take greater personal responsibility for the arms sales and get more deeply involved in guiding the gov't.

Bush Says Iran Deal 'Failed the American People'

NYT-Dionne 2/28-Bush accepted the conclusions of the Tower report that the Administrations negotiations with Iran disintegrated into a trade of arms for hostages. He said the conduct of that policy has "failed the American people." Bush was the highest ranking Administration official to accept the highly critical assessment of the affair. His remarks marked a break with previous statements in which he insisted that there was no swap.

Europe is Troubled

NYT-Markham 3/1-Western European commentators and politicians have concluded that Reagan has been crippled by the Tower report. They remain, however, divided on his chances for recovery.

Costa Rican Leader Denies Report of US Pressure

NYT-Rohter 2/28-The President of Costa Rica said that the Tower report must be mistaken in saying that his country was pressured by the US to keep secret the existence of an airstrip used by the contras.

Iranian Speaker Says Commission Confirmed His Account of Events

NYT-AFP 2/28 The Speaker of the Iranian Parliament said that he was pleased that the Tower report had confirmed his revelations on the arms deal, but he said that the report had not explained the Administration's mistakes. Rafsanjani reiterated that the US had tried to discredit his nation by saying Iran had received arms from Israel but that the attempt failed and that Iran had "won a great victory."

On North

NYT-special 3/1-North's impassioned pleas concerning the safety of the hostages and his suggestions about how to justify the relationship with Iran were the principle factors that kept the arms initiative alive weeks after Reagan and his key advisers wanted the program terminated. The picture that emerges of North is that of a driven officer who was leading a harsh life of sleepless nights and driven days.

DN-AP 2/28 North suggested that when Americans read the Tower report they keep in mind the Bible verse "Blessed are those persecuted for righteousness' sake, for theirs is the kingdom of heaven."

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France Sentences Terrorist to Life

NYT-Bernstein 3/1 p.1-A special criminal court sentenced Abdallah to life in prison after finding him guilty of complicity in the killings of an American and an Israeli diplomat in 1982. The court chose the harshest sentence under French law, rejecting a plea from the prosecution for "moderation" to avoid a renewal of terrorist attacks against France. (NYT-2/28 p.1 "Paris Prosecutor Seeks Leniency")

Italy Signs Accord With Country's Jews

NYT-Tagliabue 3/1-The Gov't of Rome and Jewish spokesmen signed an accord that replaced legislation governing Jewish life that had been in force since Mussolini's regime. The new accord regulates the ability of Jewish organizations to raise money; assures access to religious services and kosher food for hospital patients, people in homes for the elderly, members of the military and prison inmates, and permits Jews in public and private enterprise to take off for Jewish holidays.

Syrians in Lebanon

NYT-Hijazi 3/1 Week in Review-The Syrians want their image to be that of "Saviors" to the people and leaders in Lebanon. Restoring peace in Beirut is only an immediate goal of Syria's strategy. Deeper reasons lie in the traditional relationship between the two countries and regional concerns. Arab diplomats say the speed with which Assad dispatched his forces was designed to head off a possible American landing in Beirut and the Bekaa. The dispatch puts a whole new meaning on the Lebanese-Syrian relationship. Damascus's prime objective is to make sure that Lebanon will stand firmly on Syria's side in an Arab world which is divided. The Syrians say their own security is intertwined with Lebanon's and that all Lebanon's energies must be devoted to confronting the Israeli enemy. Damascus also wants to make certain that pro-Arafat PLO fighters do not gain an upper hand in 13 refugee districts in Lebanon against pro-Syrian PLO factions. (NYT-Hijazi 3/1 "With Syrian Aid, Life Returns to West Beirut")

Arrest in Lebanon

NYT-special-The French Ambassador to Lebanon said he had been told by Gemayel that the authorities had arrested a man accused of killing the French military attache in Beirut last September. No other details were given.

New Iranian Offensive Expected

NYT-Trainor 2/28-Experts on the Iran-Iraq war said that while the Iranians had ended their offensive near Basra, the lull was probably temporary. They expect the Iranians to begin a new offensive to capture the city.

Yeshiva Trading Cards: Rabbis Not Red Sox

NYT-Clines 2/28-Rebbe cards are bought and swapped in the streets of Geula.

Broadway to Aid Yiddish Archives

NYT-Berger 3/1-A tribute to Neil Simon on Broadway will help YIVO with its work of reclaiming the cultural heritage of Yiddish-speaking Jews.

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The Palme Murder

NYT Magazine-Reeves 3/1 (Cover story) Swedish officials have attempted to block the investigation into the assassination of Palme because of the PM's clumsy involvement as a mediator in the Iran-Iraq war at the same time that Swedish arms makers were illegally shipping arms to Iran.

Book Review-An Egyptian in Israel

NYT-Shipler reviews "Enemy in the Promised Land" by Sana Hasan. Sana Hasan's account of her years in Israel is given an excellent review. She has provided a fine study of Israelis.

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מנכ"ל מדיני, ממנכ"ל, אמית"ק, מע"ת, מצפ"א, חסברה, ממ"ר
יועץ רה"מ לתקשורת, יועץ שהב"ט לתקשורת, לע"מ, דו"צ, קש"ח

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Washington

מאת: עתונות, ניו יורק

News Summary February 27, 1987

New York Headlines

The Tower report!

Editorials

NYT "Fair, Respectful--and Humiliating" What the Tower report comes down to is blunt and humiliating: In the Iran-contra affair, the President failed to supervise national security policy, the most sensitive function of the government. There is no graver set of Presidential responsibilities. It's hard to imagine how a political foe could have delivered messages more humiliating than those sent by Tower, Muskie and Scowcroft. Reagan has much to answer for. (cabled)

WSJ "The Tower Report" The public is indeed disappointed in the White House's handling of the affair but it has also become increasingly impatient with the cloud of accusatory smoke belching out of Washington. The administration is hardly above criticism. But surely at some point the opposition should be required to lay its cards on the table and make a specific case for the war its waging against the presidency. It will not get much support from the good, common sense expressed by the members of the tower Commission. Maybe that means the case against the presidency isn't a very good one.

ND "The Question of the Hour: Is Reagan Genuinely Up To Saving This Very Troubled Presidency?" In the end the Tower Commission's report calls into question to competence of Reagan as President of the United States. There was a president that was uninformed and detached--not in charge. Reagan must become more engaged, face up to the unpleasant realities and make hard decisions. The depressing indication is that he is not up to it. But he must try because the alternatives would be so unpleasant for him and the republic.

DN "The Truth of Tower: Team Incompetence" The president deserves to have final judgements put aside until he has put together a response. For Reagan and the nation to be served as both deserve will require a White House team of vastly greater competence and responsibility than the one the Tower Commission examined and exposed.

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NYP "Now It's Up To The President" The Tower report confirms that Reagan was served deplorably by his most important aides. It confirms that they pursued wrongheaded and hopeless policies--in particular, the bid to appease terror by trading arms for hostages. Most of all it confirms the need for Reagan to take charge.

Columns

DN-Nelson "In Search of a Chief Executive" The Commission told Reagan that neither he nor any of his top aides knows how to run a government. It is a long involved sorry history. It shows the President to be inattentive, ill-informed and indecisive--anything but a chief executive.

Press Reports

Israeli Reaction to Report/Israeli Involvement

NYT-Clines-Israeli officials contend that the Tower report has played down the Israeli role in the Iran arms deal as secondary to that of the US. Unofficially, Gov't members appeared generally relieved that the report did not disclose any involvement deeper than already attributed to Israeli officials and middlemen. (Cabled)

NYT-Tolchin-Israel's deep involvement in the US sale of arms to Iran stemmed from political goals that were sometimes "in direct conflict with those of the US," according to the conclusion reached by the Tower Commission. The reference to "conflict" in interests disturbed some leaders of American Jewish organizations. They felt that although there were "differences" in the interests of the two nations, there were no conflicts. The report described in detail, early heavy and persistent Israeli support for the arms sales, as well as Israeli involvement in the diversion of funds to the contras. (Cabled)

Inquiry Finds Reagan and Chief Advisers Responsibility for 'Chaos' in Deal

NYT-Roberts p.1-The Tower report portrayed Reagan as a confused and remote figure who failed to understand or control the secret arms deals with Iran, and who thus had to "take responsibility" for a policy that in the end caused "chaos" at home and embarrassment abroad. The detailed 300 page report was particularly harsh on Reagan's aides, and it could accelerate a major overhaul in the White House staff. The panel placed direct blame on Donald Regan and for other advisers for giving the President poor advice and neglecting to grasp the "serious and legal political risks" of the arms deal and subsequent diversion of funds.

Reagan's Bad Memory-No Cover-up

ND-Lane-The Tower Commission criticized aides to Reagan for seeking to obscure the president's role in approving arms sales to Iran but found no evidence that Reagan sought to cover up the full story.

ND-Cocco-The report cites several instances in which Reagan either changed his testimony or told the panel he had no recollection of making key policy decisions, attending crucial meetings or knowing about the activities of members of his administration.

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Knowledge of Iranian Terrorism Didn't Halt Overtures

NYT-Sciolino-The US was receiving intelligence about Iranian terrorist activities that were to be conducted against the US at the same time that McFarlane was preparing his trip to Iran in May 1986 to complete the arms for hostages swap. Despite these intelligence reports, the trip was made. This was just one of the times in dozens of instances in which private diplomatic initiatives conducted by the NSC subverted longstanding policies toward a number of Mideast countries. The findings could further strain US relations with a number of Mideastern countries and weaken the Administration's credibility abroad. Perhaps the most damaging conclusion of the report is that although Reagan says he can't remember many of the details of the sale of arms to Iran in exchange for hostages, he was involved in the initiative from the outset and probably approved the policy when the Israelis first proposed it in August 1985. The report also says that North, without Administration authority, committed the US to an Iranian agenda that would have required the release of 17 terrorists held by Kuwait. Both the US and Kuwaiti Governments have opposed this. (see ND-Gutman "Panel Finds North Operated As a Parallel Government")

Bush Insists the Intention Was Not Arms For Hostages

NYT-Reston-Bush said that he agreed it would be wrong for the US to trade arms to Iran for hostages, but insisted that the administration had no such intention. If the Tower commission concluded that this was an arms-for-hostage deal, Bush said, then he would have to disagree. As a member of the NSC, Bush took part in the decision to ship arms to Iran, but the sole purpose was opening up new lines of communication, he said. The Commission took a different view. Bush denied knowledge of diversion of funds to the contras.

White House Cast Wide Net in Seeking Aid for Contras/Israel Involved

NYT-Engelberg-p.1-In its effort to organize private aid for the contras, the White House solicited help from--and by some accounts threatened--several countries heavily dependent on US financial aid and political support. The report quoted discussions about threatening the President of Costa Rica with a cutoff in aid if he publicized a secret airstrip built for the contras. Although the report said the commission could find no evidence that Reagan ever approved a plan to aid the contras, it quoted documents suggesting that Reagan knew about at least some of the activities. In addition to Costa Rica, efforts to assist the contras drew in Taiwan, South Korea, Chile, Israel and Saudi Arabia. The report disclosed that Israel was offering to send military advisers to the contras if the US approved an attempt by Israel to sell fighter planes to Honduras. There was a dispute over whether to allow the sale. (ND-NYP-WSJ)

NYT-Gerth-The Tower Commission found documents in North's safe suggesting that tens of millions of dollars were provided to the contras and others through a private network of corporations and nonprofit organizations that North helped organize.

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McFarlane on North: Conflicting Accounts

WSJ-Reagan called North a "hero," by McFarlane used even more glowing terms to describe him, according to the report. In a computer message last February, just before a trip to Iran, McFarlane congratulated North for his work. "If the world only knew how many times you have kept a semblance of integrity and gumption to US policy, they would make you Secretary of State," McFarlane wrote.

DN-Rainie-North's manic manipulations got so out of hand last summer that McFarlane urged that North be ousted because he was cracking up.

Missing Notes

NYT-Buuterfield-p.1-The report reveals that notes for crucial White House meetings to discuss secret arms sales, at which Poindexter should have been the note-taker, "appears to be missing." The report also found a pattern of cases where North and Poindexter openly discussed the need to use cover stories to hide their roles in providing military aid to the contras at a time when Congress had banned US support for the contras. In carrying out the Iran-contra affair, NSC members repeatedly deceived Congress and other senior Administration officials.

Hunt for missing Money

NYP-Teiber-Congressional probers turned up the heat on Secord. The investigators are trying to find out where all the missing money from the Iran arms sales went.

Legality of Arms Sales in Question

ND-Ciolli-The report is highly critical of the president and his staff for a pattern of disregarding the law and says the legality of the initial arms sales to Iran "was at best highly questionable." The report also said that CIA support in shipping the second load of HAWK missiles to Iran in November, 1985 was illegal because Reagan had not authorized the activity.

News Analyses

NYT-Apple p.1-Reagan's accomplishments, to restore confidence in the American people, now seem imperiled. The danger is that the faith of the American public and its allies in Reagan's capacity to lead will be further eroded in the remaining 23 months of his term. The erosion has been severe. It appears unlikely that anything Reagan does now will repair all of the damage. Reagan will be told over the weekend that he must admit that he made mistakes, that he must install a new staff that will ensure that such mistakes will not happen again, and that he must act quickly.
(DN-Rehm)

ND-Sloyan-For all the mistakes Reagan made as president, the one that may return to haunt him the most will be his selection of the three men who left his leadership in tatters.

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Congress Pressures Reagan to Bring in New Team

ND-Waldman-Congress issued a bipartisan warning to Reagan to clear house and radically change the way he runs the federal gov't. The lawmakers all but declared doomed any new aid for the contras. (NYP; DN)

Still to be Answered

DN-The major questions that the Congressional panels need to answer are the following: Where did the money go? At least \$23 million in profits from the Iran sales are unaccounted for. Who first suggested the idea of diverting funds to the contras? Some documents suggest Amiram Nir was responsible, but there are references to a link between the contras and the Iran cash before Nir proposed the idea in 1986. What was the scope of the funding to the contras at a time when funding by the US was banned? The Sultan of Brunei gave \$10 million, Saudi Arabia gave \$30 million, and mystery figures from around the world gave millions more, but the totals are unknown.

How Much is a Hostage Worth?

ND-LA Times-North figured the price of an American hostage in Lebanon to be \$60 TOW missiles, worth about \$3.6 million, according to the Tower report.

Panels' Plans: Subpoenas and Immunity

NYT-Rosenbaum-Leaders of the special Congressional committees investigating the Iran-contra arms case said they would use important tools such as subpoenas and immunity that were not available to the Tower Commission to expand on their findings. (ND; WSJ)

Findings May Put Nomination of Gates in Jeopardy

NYT-Greenhouse-The Senate confirmation of Gates as Director of the CIA appeared to be in jeopardy due to the Tower report's finding that the CIA prepared a key assessment of the situation in Iran with close cooperation with the NSC. (ND)

Khomeini Got a Kosher Cake

ND-LA Times-If historians decide that the Iran arms operation was not kosher, at least the chocolate cake delivered to the anti-Israeli leaders of Iran was. According to the Tower report, the cake McFarlane delivered was from a "kosher bakery in Tel Aviv."

How the Network's Played the Report

NYT-Boyer-The Tower report was big TV news, but not bigger than the "Cosby Show." The networks pre-empted its daytime shows to report on the report. But only NBC pre-empted its evening program for one-half hour.

Report Strengthens Democrats for '88

NYT-Dionne-The report was likely to send Republicans scrambling for scapegoats and alibis while further strengthening a resurgent Democratic Party.

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Shultz Failed to Obtain Early Copy of Report

NYT-Shultz expressed disappointment that the Tower Commission had refused to give him an advanced copy of its report so he could read it while flying to Hong Kong on the first leg of his trip to China.

Paperback on Report Planned for Next Week

NYT-A paperback book of the Tower report will be published next week by Bantam Books and Times Books, which is owned by Random House. The book will sell for \$5.50 and have an introduction by R.W. Apple of the NYT.

Egypt-Israel Parley

ND-combined-Mubarak and Peres met for 3 hours and agreed to hold a second round of talks. Peres described the discussion as "friendly and constructive" but said that conditions for an international peace conference must be "accepted by all sides." That also applies to the possible participation of the Palestinians, he said.

Nazi Hunter to Take Stand for "Ivan"

NYP-Fettmann & Dan-A veteran Israeli Nazi hunter and survivor will testify as a defense witness for Demjanjuk. Tuvia Friedman, head of the Nazi documentation center in Haifa, will appear for the accused. Friedman was threatened by survivor Eliahu Rosenberg. Friedman was told by Rosenberg that Ivan and other guards were attacked and possibly killed during a revolt in Treblinka.

More Nazis in Britain

ND-combined-Scottish TV said that 34 alleged Nazi war criminals are living in Britain and will turn over their names to authorities in London. It said it obtained the list from "sources in East Bloc powers."

Syria Says That Foreigners Are Safe in Beirut

NYT-Hijazi-The Syrian officer in charge of security measures in West Beirut issued a call for foreign diplomats and citizens to return to the city. The officer said that Syrian troops would guarantee the safety of all foreigners and their diplomatic missions. He refused to comment on the fate of the hostages.

ND-AP-The Syrian commander in Beirut ruled out a military mission to free the hostages. Kennan told a press conference that he did not believe any of the hostages were in West Beirut or any of the other territories under Syrian control.

SLA Makes Offer

NYT-AP-The leader of the SLA said that he was willing to trade 250 Lebanese prisoners held by his group for foreign hostages held by extremist Shiite kidnappers, if the release of five members of his militia who are held by Amal was included.

668/126/56 7/7

Frenchman Says Ex-Captors Were Suspects Kin

NYT-Reuters-A former hostage testified that two of his captors in Lebanon were brothers of Georges Abdallah, on trial in France now. (ND-combined)

Terrorism Took a Dive Last Year

DN-The number of terrorist incidents worldwide declined last year in 1986 after several years of steady increases, indicating that the US and its allies may be scoring some "modest successes" in the battle against terrorism, a top State Dept. official said.

Media Notes

NYT-Boyer-Av Westin, the ABC News executive whose stinging assessment of the network's news operations caused a bitter dispute at ABC, was dismissed from his job last night.

ITONUT
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מגירת ישראל - יוסינגטון

אל: המשרד, בטחון

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ק"מ פנימי

97.....מחור.....דפים

סוג בסחונני...ג לוי

דחיסום.....מיידי

ממירי וזיחה...1700...27 פברואר 87

פנימי פניה

אל: מנכ"ל מדיני, ממנכ"ל, מצפ"א, מע"ת

דע: יועץ רה"מ לתקשורת, יועץ שהביט לתקשורת, מזכיר הממשלה

הושינגטון פוסט מתעתד לפרסם מחר כתבה על פולארד בעקבות מסמך שהגישה היום ההגנה בעניינו. בין יתר הדברים המועלים במסמך תהיינה, לסענת הכתב הקביעות כי ממשלת ישראל ידעה על הפעלתו, כי כל חודש קבל הערכות מגופי מודיעין על החומר שהביא, כי בשלושה מקרים מסרו לו המפעילים את תודת הדוג הגבוה ביותר בישראל על מסירותו וכי החומר שהביא כלל חומר על בסיסי אשף בתוניס ושמש לפעולת חיל האויר הישראלי שם.

חזרנו בפניו של הכתב על קביעתנו.

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מנהל המטה - ירושלים

מלו, המשרד, בטחון, ניו יורק

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מנכ"ל מדינת ישראל, מנכ"ל, מצמ"א, מע"ח

יועץ רה"מ לתקשורת, יועץ שתיים לתקשורת, רמ"ח/קט"ח, ניו יורק
ר/אמו, ע/ראט אמן למחקר.

27.2.87

תדרוך דובר מחמ"ד ליום

Q Have there been any communications between Washington and Damascus on the Syrian role in Beirut?

MS. OAKLEY: Not to my knowledge, there has not been.

Q Where does the US stand on the deployment of the Syrian forces?

MS. OAKLEY: In regard to the presence of Syrian troops in Beirut, let me say, as others and I have repeatedly stated, that the United States continues to support Lebanon's unity, sovereignty and independence, and the withdrawal of all foreign forces. In deploying troops into West Beirut, the Syrian government has announced it will assist the legally constituted authorities of Lebanon in restoring order to the city, which we believe is an important obligation. This policy function is a grave responsibility. The restoration of law and order on the streets can only be a preliminary step. Without immediate progress on long-term political and security reforms which enjoy the support of all Lebanese communities, restoration of the effective authority of the Lebanese government throughout the country, which is the foundation of Lebanon's sovereignty, unity and independence cannot be achieved.

Q Does that mean that--

Q Can I have a copy of that, please?

Q --Does that mean you support the Syrian presence in Beirut?

MS. OAKLEY: I'm not going to go beyond that statement.

Q Can I have a copy of that?

MS. OAKLEY: Yes, you may.

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Q Do you have any comment on King Hussein interview in today's Washington Post saying that the United States is hurting the peace process?

MS. DAKLEY: No, I don't have any comment on that. Yes?:

Q Does the administration have any hopes that the Syrian role in, the new role of Syria might aid in the release of the American hostages?

MS. DAKLEY: Well, I think that the position of the government is always to have hope. As we pointed out yesterday, we have no confirmation on the fact that the Syrians now control, or that the hostages have been turned over, and we also noted that the Syrians denied it.

Q I know, but is it thought that restoring order and the Syrians in, that they might be in a position at some point to --

MS. DAKLEY: Well, I just can't speculate on that.

Q Do you have any comment on what today the leader of the Syrian troops said about the hostages in the Washington Post, that he wants to protect them?

MS. DAKLEY: As we have stated before, we reiterate our call for the immediate and unconditional release of all the hostages, and I have nothing beyond that. Yes?

Q A comment on the call by President Mubarak and Foreign Minister Peres on an international conference in the Middle East?

MS. DAKLEY: We always encourage and applaud dialogue between the senior leadership of two of our most important friends in the Middle East, Israel and Egypt. We have seen the communique or heard about the communique that they have issued. We have not yet seen it. We will certainly study it.

Q What about the idea of the international conference?

MS. DAKLEY: Well, I think our views on the international conference have been covered thoroughly. Certainly, the Secretary addressed it in his most recent testimony on the Hill. Yes.

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Q Do you have anything more as to what is the status of the extradition request for Mr. Hamadei? Secretary Murphy on Monday said that either he'll be tried there or he'll be tried here. Does that mean the US is willing to accept either one of those two options?

MS. OAKLEY: I have nothing further than what we've said before, that we know this process is under consideration in the German courts.

Q The Hizballah elements there in the suburbs of Beirut have been very critical of the Syrian forces. They've had casualties and fatalities. Do you have any sympathy for or concerns about what they've said?

MS. OAKLEY: No, I'm just not prepared to comment on that.

JMY

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אל:

המשרד

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קט 627
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אל: מצפ"א

דע: לשכת מנכ"ל אוצר, דברת (אוצר)

מקשי"ח

נספח צה"ל (כאן), רמשי"ן (ניו-יורק)

בית הנבחרים: סיוע עצמי - נושאים כלכליים
 לשלנו 619

1. נושאים כלכליים חפטו מקום משני ב- **HEARINGS** שקיימה וועדת המשנה למזה"ת ב-26 דנא בדבר הסיוע לישראל.

2. סודות', בהערות הפתיחה שלו, השמיע דברים ששיקפו את תוכן ההתבטאויות הכתובות שלו וגם של מישלוף (שלנו 608). שיבח את מאמצי ממ"ישראל להבריא את המשק עד כה (בייחוד ריסון האינפלציה והצעדים הננקטים כעת לעידוד הצמיחה), תוך הדגשת הצורך בשינויים נוספים, בין השאר בתחום המדיניות הפיסקלית.

3. יו"ר הוועדה, לי המילטון והמורשה כריס סמית' היו היחידים שהתענינו ישירות במצב הכלכלה. מישלוף השיב להם ואמר, תוך התייחסות לדברים שנאמרו בשיחות הכלכליות האחרונות, כי ישראל היטבה לעשות עד כה והשיגה יעדים חשובים, אך בפניה עוד דרך ארוכה. מעבר לקיצוצים בסובסידיות ובתקציב (הדרושים להקטנת הגרעון) והורדה בשיעורי הריבית, מתבקשים שינויים מיבניים בכלכלה ובמשק כדי להשיג **SELF-SUFFICIENCY**. בין היתר שינויים מיבניים אלה כוללים תיקונים במערכת המיסוי, ועיבוי הבסיס לגביית המיסים (לשם מניעת ירידה בהכנסות מהמיסים); שינויים וליברליזציה בשוק ההון; ו- **RESTRUCTURING** של המיגזר הפרטי וכן צימצום המיגזר הממשלתי והציבורי. **ל"א אכ"א**:
 - אין לדעת אם לישראל הרצון הפוליטי הנדרש להתגבר על בעיותיה הכלכליות.
 - ב-1968, מספרי היורדים מהארץ עלו על מספר העולים בכ-10,000, כשבמשק

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במימדים של המשק הישראלי זה מספר " לא מבוטל". מישלוף לא ידע באם היורדים הם בעיקר מקרב בעלי ההשכלה והכישורים הטובים בישראל.

4. להלן מתוך חלק השו"ת על היבטים כלכליים אחרים:

א. רמת הסיוע בש"ת 1988 וב-1989

- הממשל מבקש, וממליץ על, סיוע בקר של 3 בליון בש"ת 1988.
 - המילטון הזכיר את האפשרות של הכנת חוק סיוע תקף לשנתיים (בדומה לחוק שהתקבל ב-1985) ושאל אם ימליץ הממשל על סיוע ברמה זו ב-1989 גם כן. סודרת' השיב שהממשל טרם גיבש עמדה בנדון. כמדווח בנספד, לארי סמית' תהה בהגיון שב-" **"STRAIGHT-LINING"** (דהיינו, המשכת הסיוע ברמתו הנוכחית) אף ב-1989 לנוכח כוונות הממשל למכור כמויות משמעותיות של נשק מתוחכם למדינות ערב, דבר שיכריח את ישראל לקנות נשק במקביל ע"מ לשמור על עליונותה הצבאית. סודרת' לא הטיג ישירות לנקודה זו והעדיף להתייחס למאזן הצבאי בין ישראל למדינות ערב (ראו נא מברקנו 668 סעיף 5)

ב. סיוע במזומנים

הגב' ג'אן מאייארס שאלה על מבנה הסיוע המוענק לישראל. העירה שבעיניה יש בעיות במתן סיוע במזומנים,
 - אך לאו דווקא לישראל (רמז לשחיתות בפיליפינים ובמקומות אחרים). כחברה בוועדה עוד תחזור לנושא.

ג. הסחר בין ישראל לארה"ב

בתשובה לכריס סמית, ציין מישלוף שלאחר כינון א.ס.ח. גדל הייצוא הישראלי לארה"ב ב-1986, בעוד שהייצוא האמריקאי לישראל נשאר כמעט ללא שינוי ואף ירד **2 מעפ** לעומת 1985.

ד. הקלות בהחזרי מחוב

סודרת' דיווח שישראל עדיין שוקלת את ההצעות האמריקאיות, ותשובה רשמית טרם החקבלה. התכנית נועדה לאפשר מידה גדולה יותר של גמישות בטווח הקצר והבינוני. באשר ל- **BALLOONING** ציין שההצעות תואמות את הסמכויות ואח ההגבלות בחוק הנוכחי - ה"בלון" הגדול יהיה כ-5 בליון דולר בשנת 2009.

מגזר תעשיית - 11000000

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המורשה בן גילמן העיר שסכום כזה אינו נראה כבלון אלא כעוגן גדול וכבד למדי.

OFFSET

בתשובה להמילטון, אישר פלטרו ש"ת 1987 אמורה להיות השנה האחרונה לתכנית ה-OFFSET הנושא יידון במושב השנתי של JSAP. הישראלים חותרים להמשך התכנית, ואילו אנו מתנגדים להמשכה בצורה הנוכחית. ילדעתנו קיימות דרכים אחרות לעזור לתעשייה בישראל"

SDI

- לדברי פלטרו, זכו הישראלים ב-1986 למכרזים צבאיים בארה"ב בשווי של למעלה מ-205 מליון דולר.
 - ארה"ב לא קיבלה חוזים צבאיים בישראל, ומיזכר ההבנה מ-1979 לא (אלא) נועד לכך.
 - עד כה חתמה ישראל על 5 (חמישה) חוזים קטנים למחקר בתחום ה-SDI בשווי כולל של כ-10 מליון דולר.

כפירים להונדורס

גם בתשובה להמילטון, הבחיר פלטרו שלש מימון רכישת המטוסים האלה מוכנה ארה"ב להחיר להונדורס שימוש בכספי ה-FMS עד כדי 40 אחוזים של המחיר (אך לא יותר מ-50 מליון דולר לשנה)

מפעל ההתפלה בישראל

מישלן דיווח שהמפעל ניבנה כבר ועלה כ-4 מליון דולר פחות מה-20 מליון שהוקצבו לו. כעת דנים בשימושים ליתרה הבלתי מנוצלת; שוקלים תוכנות מחדש (RE-PROGRAMMING) לבקשת המילטון, נציגי הממשל התחייבו לדווח בכתב על תוצאות השיחות.

החרם הערבי

בתגובה להרצאה של טום לנטוס על החרם הערבי והשלכותיו, ציין טודרטי שקיימת חקיקה בנדון ושמארה"ב מציינת לחקיקה זו. ארה"ב מתנגדת בחוקף לחרם, ובמשך השנים הבהירה עמדתה למדינות שונות, ועוד מוסיפה לעשות זאת, למשל במגעים עם היפנים. הסכמי ה-AID כוללים הוראות נגד ציות לחרם; חברות אמריקאיות מודעות היטב לתקנות בנושא, והטיפול בידי משרד המסחר. פרטים נוספים יסופקו בכתב לחברי הוועדה.

יוסף ארמון
 למדן

שגרירות ישראל - רוסינגטון

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סידע חרץ - שמיעות בסינט

בהמשך למברקי 607/670

תיקון למברק הנ"ל: אחד משני הסנטורים שנכח בשמיעה היה אדמס ממדינת
 רוסינגטון ולא אורנס.

אודי פולונסקי
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אל: מנכ"ל מדינה, ממנכ"ל, מצפ"א, מע"ת

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דו"ח טוואר

להלן קטעי העתונות על הפרק הישראלי.

ככלל מוצנע הדווח על חלקה של ישראל ברב העתונות המרכזית.


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Role of Israelis Not Fully Clear But Called Crucial

By David B. Ottaway
Washington Post Staff Writer

The Tower commission report could not determine conclusively whether Israel was responsible for initiating the U.S. overture toward Iran in 1985, but said there is ample evidence that the Israelis played a crucial role "at critical points" along the way in keeping the initiative alive.

"There is no doubt," the report said, that Israel "pressed" the Iranian arms dealer, Manucher Ghorbanifar, on the U.S. government and vouched for his bona fides as a go-between with high-ranking Iranian officials.

"Thereafter, at critical points in the initiative, when doubts were expressed by critical U.S. participants, an Israeli emissary would arrive with encouragement, often a specific proposal, and pressure to stay with the Ghorbanifar channel," the report said.

Israel, the commission found, had dealt with "those portions of the U.S. government" that it considered sympathetic to the initiative but found "nothing improper" about this fact.

"U.S. decision-makers made their own decisions and must bear responsibility for the consequences," it concluded.

One of the few new revelations about the Israeli role contained in the report is that Israeli Defense Minister Yitzhak Rabin offered last May to provide 20 to 50 Spanish-speaking military trainers and advisers to the U.S.-supported Nicaraguan rebels, or contras. The offer was apparently conditional on the U.S. allowing Israel to sell Israeli-built Kfir jet fighters to Honduras.

It is not clear from the report whether the Israeli trainers were ever sent, but the United States plans to sell Honduras its own F5 jets.

Israeli officials have repeatedly denied they provided any assistance to the contras, although they have said U.S. officials asked them to do so on several occasions. The report, however, says Rabin made the offer in May and then either made another offer last September, or responded to a U.S. request for help.

The report's impact on U.S.-Israeli relations remains unclear, partly because most of the information about Israel's role in the Iran-contras affair was already known.

But the commission's account nonetheless serves to underscore the significance of the Israeli role in the overture toward Iran and the manner in which Israel helped lead the administration down the path of a foreign policy disaster.

The report said Vice President Bush, in a Dec. 29 interview with the commission, said he had expressed "concern" about the extent to which U.S. interests were "in the grips of the Israelis" and that the Israelis "may be in some sense seeking cover" for their own policy toward Iran.

However, administration officials and Israeli leaders alike have gone out of their way since to play down the adverse impact of the Iran-contras affair on the U.S.-Israeli relationship, which both sides have insisted remains strong and unshakable.

Commission members Edmund S. Muskie, a former secretary of state, and Gen. Brent Scowcroft, a former national security adviser, said yesterday they had had trouble obtaining "a full picture" of the Israeli role because they had not been able to obtain testimony from the Israeli participants in the Iran-contras affair.

"It may be that the Israeli interventions were actively solicited by particular U.S. officials," the report said. "Without the benefit of the views of the Israeli officials involved, it is hard to know the facts."

Muskie said they had met with Israeli Ambassador Meir Rosenne and asked Israel to make available "servants of the Israeli government and Israeli citizens" who could contribute to the commission's understanding of what had happened. "They rejected that idea," he said.

Israeli Embassy spokesman Yossi Gal said the embassy had received written questions from the commission on Feb. 16, a holiday here, and had forwarded them the next day to the foreign ministry in Jerusalem.

"Under the circumstances, it was impossible to gather all the responses to such detailed questions in such a short time," he said.

He noted that Israeli Prime Minister Yitzhak Shamir had agreed last week to cooperate with congressional investigators on the modalities of Israeli cooperation and promised to respond fully to questions submitted in writing to the Israeli government.

The incident involving Rabin occurred while Rabin was visiting here and discussed with Marine Lt. Col. Oliver L. North, the former deputy national security adviser, a plan for Israel to provide Soviet-bloc weapons and ammunition to the United States for the contras.

According to North's own records, "the Israelis made the offer." But Rabin told the State Department, according to the report, that North "made the solicitation" and said that Israel "would give the weapons to the U.S., but not to the contras."

North, in an internal message to then-national security adviser John M. Poindexter, said Rabin had suggested that North send a ship "in his control" to Israel to pick up the weapons. Poindexter, in a return message to North, insisted on the need for absolute secrecy and asked that Rabin not say anything about the shipment to anyone other than North and himself.

The ship was sent, apparently to Haifa, and had left Israel only to be recalled "when it appeared the Iran arms story would become public," the report said.

The White House Crisis: What Went Wrong

The Israelis

Goals Said to Differ From U.S. Aims, At Times Presenting 'Direct Conflict'

By MARTIN TOLCHIN
Special to The New York Times

WASHINGTON, Feb. 26 — Israel's deep involvement in the American sale of arms to Iran stemmed from political goals that were sometimes "in direct conflict with those of the United States," according to a conclusion reached by the Tower commission.

The reference to a "conflict" in interests disturbed leaders of some American Jewish organizations. They felt that although there were "differences" in the interests of the two nations, there were no conflicts.

The report described in detail early, heavy and persistent Israeli support for the arms sale, as well as Israeli involvement in the diversion of funds to the contras. The commission reported that the Israelis were involved in the arms sales from the beginning, "pressed Mr. Ghorbanifar on the U.S." — a reference to Manucher Ghorbanifar, an Iranian arms dealer — controlled the operations of the early arms sales, consented to a "kickback" arrangement to maintain their control and suggested that funds be transferred to the contras.

"There was heavy Israeli involvement," John G. Tower, the commission chairman, said at a news conference. "Of course, the final decision of our own participation was our own."

Similarly, Brent Scowcroft, a commission member, said that the Israelis' deep involvement in the program led them to do "whatever they could, when it appeared to be flagging from time to time, to renew its vigor."

"I think that the problem is that our goals and Israeli goals were not synonymous," Mr. Scowcroft said. "Indeed, in some respects they may have been in conflict."

The report went further. "Israel had its own interests," the report said, "some in direct conflict with those of the U.S., in having the U.S. pursue the initiative."

Hyman Bookbinder, Washington representative of the American Jewish Committee, found this reference "a very disturbing development."

"It's one thing to say that our interests differ," Mr. Bookbinder said. "It's another thing to say that we're in conflict. That's a distortion of the present picture."

But David Brody, Washington representative of the Anti-Defamation League of B'nai B'rith, sought to minimize the impact of the report. "There's nothing startlingly new, and it hasn't had any harmful impact," Mr. Brody said.

Abdeen Jabara, president of the American Arab Anti-Discrimination Committee, said Israel and the United States had "differing but non-antagonistic interests, which they were pursuing."

In the Iran arms affair, "the Israelis were very much interested in prolonging the Iran-Iraq war, having a market for their weaponry, and further diverting Arab attention from the whole Arab-Israeli conflict," Mr. Jabara said. "I think that the American interest was release of the hostages. The plan unraveled because of the secrecy."

A White House effort to make Israel a scapegoat for its role in the arms sale was described in the report (in Appendix B), in a colloquy between the commission members and Robert C. McFarlane, the former national security adviser. Mr. McFarlane described being among several White House officials last November who prepared a chronology that was an "effort to blur and render ambiguous the Presi-

dent's role." The language was intended, he said, to convey the impression that the United States had not expressly authorized the sale of arms directly from the United States or by the Israelis.

Putting Burden on Israel

Gen. Scowcroft asked: "To put it baldly, could one say that the intent of this was in a sense to put the burden on the Israelis?"

Mr. McFarlane called the description "accurate."

The report said that Israel had longstanding interests in a relationship with Iran and in promotion of its arms export industry, and that the arms sale to Iran could further both objectives (as the report says in Chapter III.)

The arms sale also gave Israel a means of strengthening Iran against Israel's longtime adversary Iraq, the report noted. "In addition, elements in Israel undoubtedly wanted the U.S. involved for its own sake so as to distance the U.S. from the Arab world and ultimately to establish Israel as the only real strategic partner of the U.S. in the region."

The report said that the arms sale originated in meetings between Mr. Ghorbanifar, an Iranian businessman, and Israeli arms dealers, including one who was also a consultant to the Israeli Prime Minister. As a result of these meetings, Israel offered to act as a channel for the United States in establishing contacts with Iran (as the report describes in Part III).

Israeli officials then pressed their case at the White House and proposed the arms sale (according to testimony reported in Part II). Mr. McFarlane testified that David Kimche, the Director General of the Israeli Foreign Ministry, told him that ultimately the

Iranians would need something to show for the dialogue, and that this would "probably" be weapons.

Israel would play the role of middleman, the report said. Mr. McFarlane testified that President Reagan told him in a telephone conversation that, if Israel chose to transfer arms to Iran, in modest amounts not enough to change the military balance and not including major weapon systems, then it could buy replacements from the U.S.

Although Israel charged Iran \$3 million more than it paid for the weapons, "nothing is known by the board about the disposition of those funds," the report said. Israel managed the entire operation of the early deliveries of weapons to Iran.

Funds for the Contras

Israel was also involved in the diversion of funds to the contras, according to testimony that Lieut. Col. Oliver L. North gave Attorney General Edwin Meese 3d in a preliminary investigation of the arms sale. Colonel North indicated that the idea surfaced during a discussion with Amiram Nir, an adviser on counterterrorism to the Israeli Prime Minister.

Colonel North "recalled the Israeli official suggesting that the 'residuals' from the Iran arms sales be transferred to the contras," the report said. "Contemporaneous Justice Department notes of the November interview indicate," the report said, that Colonel North "said the diversion was an Israeli idea; that the Israelis wanted to be helpful."

Colonel North also said that the Israelis "willingly consented" to a "kickback" arrangement that would allow Israeli control over Iranians involved in the dealings (according to a memorandum in Appendix B of the report).

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Relief in Jerusalem**Israelis Voice Relief That Their Role Is Portrayed as Secondary**

By FRANCIS X. CLINES

Special to The New York Times

JERUSALEM, Feb. 26 — Israeli officials expressed relief tonight at the Tower Commission report, asserting that it appeared to attribute a secondary role to Israeli involvement in the covert American arms dealings with Iran.

"At first glance, it doesn't seem to stress especially the role of Israel; we are not being blamed," said Avi Pazner, spokesman for Prime Minister Yitzhak Shamir. "But that's at first glance, and we have to study it in depth."

Unofficially, Government members appeared generally relieved that the report did not disclose any involvement deeper than that already attributed to Israeli officials and middlemen.

"I can't say we view the report with satisfaction — that's the wrong word — but it could have been worse," one

ranking official commented.

Israel was described by the commission as having had a heavy involvement in the affair and of often having encouraged, if not initiated, the policy within the Reagan Administration. The commission also said that Israel has had motives in approaching Iran that were distinct from and sometimes in conflict with those of the United States.

Interest in 'Iran of Tomorrow'

Some officials commented informally that they did not dispute the finding that Israel had revived the arms dealings at certain points when American officials appeared to be losing interest.

"Our interest was never in money or arms or hostages," one official commented privately. "It was in the Iran of tomorrow."

Some officials appeared relieved that the report offered no conclusion on whether Israel or the United States originated the policy, the key question of great sensitivity here.

Previously, Israel officials had bristled at what they described as attempts by some White House officials to make Israel the "scapegoat" in the failure of the arms initiative.

"The important thing in the report is the commission emphasized that the United States, not any other nation, ultimately was responsible for its actions," one Israeli official commented.

The Tower Commission complained that it had not been able to hear from key Israelis involved in the dealings and so could not reach a decisive conclusion about the full extent of Israeli involvement.

Commission's Deadline Cited

Officials here insisted, however, that this was due mainly to the commission's own tight deadline, and they contended it was not due to the reticence of the Israeli Government. "We should

note that Washington had no better cooperation from its own people who used Fifth Amendment protections for themselves," one official commented.

This official said Israel may appear more cooperative with the Congressional inquiries into the affair because their deadlines extend well into the future. He conceded, however, that the form of the testimony from Israelis would remain oblique — written questions and answers transmitted between governments rather than a direct colloquy between the principals and investigators.

A number of Israeli participants have not been heard from in detail, notably Amiram Nir, the counterterrorism adviser to Shimon Peres when he was Prime Minister, who continues to hold the same job for Prime Minister Shamir.

Mr. Nir had worked closely with Middle East arms merchants and with Lieut. Col. Oliver L. North, who was dismissed from President Reagan's National Security Council and who was severely criticized by the Tower Commission.

The commission concluded that Israel had provided "the catalyst" and "the vehicle" in the dealings by preferring a channel for the United States to seek contacts in Iran.

Its deep involvement included Mr. Nir's mission, an aborted attempt to ship Israeli arms to the Nicaraguan contra forces and the baking in a kosher bakery in Tel Aviv of the chocolate cake that was a celebrated American peace offering for Iran, according to commission testimony.

"Basically, the commission reported what was already known about our involvement," one Government official said with some satisfaction. "And it seems to put Israel in a secondary role."

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Israel portrayed as selfishly assertive

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From Chicago Tribune wires

WASHINGTON—The Tower Commission report released Thursday generally treats Israel lightly for its role in the bungled American policy of selling arms to Iran but says the Jewish state pressed the program on the administration in pursuit of its interests.

The report says it is unclear if Israel initiated the program or Washington solicited its cooperation, and implies that Tel Aviv was hardly cooperative in helping the panel find out.

"Without the benefit of the views of the Israeli officials involved, it is hard to know the facts," the report said.

But the commission emphasized that "even if the government of Israel actively worked to begin the initiative and to keep it going . . . U.S. decision-makers made their own decisions and must bear responsibility for the consequences."

The report continued: "It is clear, however, that Israel had its own interests, some in direct conflict with those of the United States, in having the United States pursue the initiative. For this reason, it had an incentive to keep the initiative alive [and] sought to do this by interventions with the National Security Council staff, the national security adviser and the President."

Israeli Prime Minister Yitzhak Shamir and his predecessor in the coalition government, Shimon Peres, have said the administration acted on its initiative in selling arms to Iran as part of the effort to win the release of American hostages in Lebanon. They said Israel played a supportive role because of its friendship with the United States.

North memo put a weapons value on captives' lives

WASHINGTON [UPI]—A memo by Lt. Col. Oliver North, key figure in the arms for hostages deal, contained a formula that put the worth of American hostages in terms of TOW and Hawk missiles, according to the Tower Commission report.

The Dec. 4, 1985, memo from North, National Security Council deputy to his boss, Vice Adm. John Poindexter, outlined an arms delivery formula to begin Dec. 12.

The first delivery, according to the memo, would include: "1 707 w/300 TOWs [equals] 1 AMCIT," which translates as one 707 cargo plane carrying 300 TOW missiles would lead to the release of one American citizen.

A second delivery, due to arrive 10 hours after the first would include another 300 TOWs for the release of a second hostage. A third delivery, to be made 16 hours into the operation on a 747 jet, would include 50 Hawk missiles and 400 TOWs for the release of two more hostages. A fourth delivery, using a 707 again, would include 300 TOWs for the fifth American hostage.

A fifth flight, 24 hours after the operation began, would be made on a 747 loaded with 2,000 TOWs for the French hostages.

Following release of the report, Tower commission members Edmund Muskie and Brent Scowcroft said the Israeli ambassador in Washington had declined to make Israeli officials available for the investigation.

"There's no question the Israelis encouraged, if did not initiate, this policy and that they did whatever they could when it appeared to be flagging from time to time to renew its vigor," Scowcroft told reporters.

"I think the problem is that our goals and the Israelis' were not synonymous. Indeed, in some respects they may have been in conflict. But the Israelis certainly supported if they did not take a lead in the policy."

The report said that while "Israel dealt with those portions of the U.S. government that it deemed were sympathetic to the initiative, there is nothing improper per se about this fact."

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'The role of the Israelis: protecting their interests'

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By RACHEL FLICK

WASHINGTON — The Tower Commission report released yesterday blasted Israel for "pressing" Iranian arms merchants on the Reagan administration.

"It was Israel that pressed Mr. Ghorbanifar on the United States," the report charges in a special section entitled "The Role of the Israelis."

The report said, "Israel had its own interests, some in direct conflict with those of the United States."

"Elements in Israel undoubtedly wanted to distance the United States from the Arab

N.Y. POST. 27/2 world and ultimately to establish Israel as the only real strategic partner of the United States in the region."

The Tower report acknowledged that the U.S. was ultimately responsible for its own Iranian policy.

"Although Israel dealt with those portions of the U.S. government that it deemed were sympathetic to the initiative, there is nothing improper per se about this fact . . .

"U.S. decision-makers made their own decisions and must bear responsibility for the consequences."

FROM THE REPORT

"WHEN the Israelis began transferring arms to Iran in August 1985, they were not acting on their own. U.S. officials had knowledge about the essential elements of the proposed shipments.

The board was unable to reach a conclusive judgment about whether the 1985 shipments of arms to Iran were approved in advance by the president.

On balance, the board believes that it is plausible to conclude that he did approve them in advance."

"THE administration continued to pressure U.S. allies not to sell arms to Iran and not to make concessions to terrorists.

No serious effort was made to reconcile the inconsistency between these policies and the Iran initiative.

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אל: דברת/אוצר

הדו"ח לגבי דרום אפריקה

בתשובה למברק

בדו"ח הוועדה המייעצת של מזכיר המדינה לגבי דרום-אפריקה אין שום ציגא ספציפית Transshipment מדרום אפריקה לארה"ב, אלא יק האסא כצ"ל. מצ"ב ההקדמה לדו"ח וכן העמודים בדו"ח המתייחסים לישראל (ראה השורות המסומנות).

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FOREWORD

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On September 9, 1985, President Reagan signed Executive Order No. 12532, which dealt with U.S. policy toward South Africa. One of the provisions of the Executive Order directed the Secretary of State to establish an Advisory Committee on South Africa. This committee was charged to examine and recommend to the Secretary of State what U.S. policy toward South Africa would most effectively influence peaceful change and promote equal rights in that country.

On December 19, 1985, Secretary Shultz announced the establishment of the Advisory Committee and introduced the 12 prominent Americans who were its members: Mr. Frank T. Cary and The Honorable William T. Coleman, Jr. (Co-Chairmen), The Honorable Griffin B. Bell, Mr. Owen F. Bieber, The Honorable John R. Dellenback, Ambassador Lawrence S. Eagleburger, Timothy S. Healy, S.J., Mr. Vernon E. Jordan, Jr., Ms. Helene L. Kaplan, Mr. Roger B. Smith, The Reverend Leon H. Sullivan, and Mr. Franklin A. Thomas. At the same time, he named Ambassador C. William Kontos as the Advisory Committee's Executive Director.

During 1986, the Advisory Committee held 14 meetings in Washington, where members conferred with senior government officials and a wide range of individuals from the private sector with expertise on South Africa. On June 2-3, 1986, at open hearings, the Advisory Committee heard testimony from Members of Congress, church leaders, and representatives of business, labor, and other fields.

Advisory Committee members traveled to South Africa individually or in small groups in 1986. There, they conferred with a broad spectrum of South Africans.

The Advisory Committee wishes to express its great appreciation for the help given by numerous South Africans and Americans who helped us understand and clarify the complexity of the South African situation.

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A great promise for achieving such reconciliation and healing lies in the breadth and depth of religious commitment in South Africa. The country's Jewish, Muslim, and Hindu minorities are important elements in working toward such healing. But with more than three-quarters of all South Africans professing adherence to the Christian faith, the Christian churches within South Africa and the rest of the world have a large role to play in overcoming the widening chasms of hatred, fear, and violence. We recommend, therefore, that U.S. churches be challenged, as denominations and as individual congregations, to reach out to their sister churches and church members in South Africa with tangible offers of assistance.

Concerted international pressure must be an integral part of any effort to bring the South African government to the bargaining table. President Reagan has stated that he will vigorously enforce the measures put into effect by the Comprehensive Anti-Apartheid Act of 1986. Those measures provide strong signals of the United States' rejection of apartheid -- signals that will affect the calculations of the Botha government and its supporters. The Advisory Committee has concluded, however, that the most effective external pressure will come from a concerted international effort. We recommend that the President begin urgent consultations with our allies (especially Britain, Canada, West Germany, France, Japan, and Israel) to enlist their support for a multilateral program of sanctions drawn from the list of measures included in the Anti-Apartheid Act of 1986.

We believe that the urgency of the situation demands that such a multilateral program of sanctions should be put in place unless the South African government releases all political prisoners, unbans the ANC and other political parties, and terminates the State of Emergency. In his consultations with our allies, the President should make it clear that, in the view of the United States, this is an issue of fundamental importance to Western interests and that the United States is prepared to exert substantial influence to get others to enforce these sanctions and other international measures, such as the 1977 arms embargo, already in effect. One unilateral step that the President should take to communicate the seriousness of the United States' commitment to multilateral sanctions is to adopt measures to prevent countries such as Israel that import U.S. arms and defense material from transshipping such goods to South Africa and selling to South Africa technology and material critical to its efforts to attain military self-sufficiency.

If Pretoria remains intransigent, the international community would have to address the adoption of additional diplomatic and economic steps. These might include a comprehensive multilateral trade embargo and consideration of ways to establish effective international sanctions on newly mined South African gold.



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In 1985, foreign investment in South Africa, direct and indirect, totalled some \$40 billion. The primary sources of this investment were the United Kingdom (\$15 billion), the United States (\$13 billion), West Germany (\$2.5 billion), and France (\$2 billion). Since 1976 there has only been one year, 1981, in which South Africa has experienced a net inflow of direct private investment. There has been no new U.S. investment in South Africa over the past two years, except for reinvestment of earnings by companies already in the country; since 1983 at least 61 U.S. companies have withdrawn. Reacting to the sudden nature of the withdrawal of some U.S. companies, a number of black leaders, particularly in the trade union movement, have called on companies to give timely notice to their workers and negotiate equitable terms of withdrawal.

Many of the 241 U.S. companies listed as having "assets" or a "presence" in South Africa as of September 1986 were small operations (including, for example, newspaper bureaus) with few employees. According to figures compiled by the Washington-based Investor Responsibility Research Center (IRRC), the 25 largest U.S. employers in the third quarter of 1986 (including General Motors and IBM, which have since announced their intentions to sell their operations) had a total of approximately 36,000 employees. No racial breakdown was provided for this company-by-company listing. The IRRC's overall figure for the number of blacks employed by all U.S. firms operating in South Africa in 1986 was "about 47,000," or 0.8 percent of the country's 6.1 million workers. Some 160 of the U.S. firms with a South African presence in 1986 had adopted the fair labor standards (known as the Sullivan Principles) enunciated by The Reverend Leon H. Sullivan in 1977.

In the early 1980s, short-term borrowing by South African banks and state agencies in the international financial market increased significantly, rising from roughly \$6 billion in 1980 to over \$13 billion in 1984. This accumulation of short-term debt made South Africa extremely vulnerable to a sudden cutoff of international credit such as occurred in July 1985 when Western banks refused to refinance South African loans. As of September 1986, South Africa's foreign debt was \$24 billion. Under a rescheduling agreement hammered out with foreign creditors in early 1986, 5 percent of this total is to be repaid by June 1987.

Foreign trade plays a major role in the South African economy. The proportion of foreign trade (imports plus exports) to GDP has fluctuated over time, but has consistently remained high -- for example, 64.7 percent in 1960, 55.4 percent in 1970, and 71.3 percent in 1980. The government does not publish detailed statistics in a number of categories, including oil imports, arms and military technology imports and exports, and trade with other African countries. This makes it difficult to get an entirely accurate picture. For example, most categories of trade with Israel

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are not officially reported, thus making it impossible to confirm the broadly held view that Israel is South Africa's major trading partner. In addition, a significant percentage of South African goods are shipped to Israel and other countries, reprocessed and/or repackaged, and then sent into the United States and the EEC, often on duty-free terms. According to IMF figures, based on statistics provided by the government, South Africa's major trading partners in recent years have been:

<u>Exports to:</u>	As % of total exports		Average annual change
	1984	1985 est	1980-85
United States	8.4	8.9	-7.0
Japan	7.7	8.3	-2.5
Britain	4.3	6.1	-10.7
Italy	2.5	4.2	+7.5
West Germany	3.9	4.0	-8.3
Holland	2.4	3.2	+11.3
Switzerland	6.8	3.2	-19.7
France	2.2	2.0	-8.7
Special categories (a)	46.6	45.8	-9.1

<u>Imports from:</u>	As % of total imports		Average annual change
	1984	1985 est	1980-85
West Germany	15.7	16.8	-6.1
United States	15.9	12.7	-12.1
Britain	11.1	12.3	-10.6
Japan	12.9	10.1	-8.8
France	3.8	4.6	-7.3
Italy	3.5	3.3	-9.8
Special categories (b)	14.7	15.7	-20.7

(a) Mainly gold

(b) Mainly oil and armaments

Gold is unquestionably South Africa's most important foreign exchange earner. In 1984, for example, gold exports represented roughly 48 percent of total foreign exchange earnings. Some recent figures for gold and other important exports are:



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<u>Exports</u>	<u>1984 (R millions)</u>	<u>1985 (R millions)</u>
Gold	11,684	15,460
Minerals & products	3,037	4,935
Base metals	2,416	4,023
Food, drink & tobacco	1,312	1,819
Textiles	762	1,015
Chemicals	672	935
Diamonds	518	774
Other	3,978	6,517
Total	24,379	35,478

Apart from a significant but unreported volume in petroleum, South Africa's two largest categories of imports are machinery and transport equipment and components. Capital equipment, precision machine tools, chemical products and catalysts, and high-technology products such as computers are the only major items besides oil in which South Africa is not relatively self-sufficient.

Despite a lack of oil resources, South Africa has developed a relatively high degree of energy independence. Since the OAUPEC oil embargo of 1973, oil's share of total national energy consumption has reportedly been reduced by as much as 25 percent. Anticipating an eventual oil cutoff, Pretoria has developed an estimated reserve equal to between 3 and 5 years of supply. In addition, the three SASOL plants now supply roughly 30 to 40 percent of the country's liquid fuel needs by converting coal to oil.

In response to an international arms embargo begun on a voluntary basis in 1963 and made mandatory by the UN Security Council in 1977, South Africa has also developed its own independent arms industry. ARMSCOR, the state-owned armaments corporation, is now the third largest industrial group in the country, with some 16,000 employees. By 1985, South Africa's arms industry was ranked as the tenth largest in the world, and reportedly fulfilled roughly 85 percent of the country's requirements. It is generally agreed that this would not have been possible without direct or indirect assistance from foreign sources (notably Israel, France, and Taiwan). The recent announcement that South Africa has built its first prototype jet fighter (the "Cheetah") is illustrative of this point.

South Africa is currently experiencing its most serious economic crisis since the 1930s. Measured in constant (1980) prices, the economy grew less than 1 percent in the aggregate over the period 1981-85. In constant prices, per capita GDP actually declined from R2,187 in 1981 to R1,987 in 1985. Since 1980 the commercial rand has depreciated from \$1.28 to less than \$.50; and the financial rand, used for offshore transactions, now trades at around \$.23.

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News Summary February 26, 1987

New York Headlines

The New York Times' headline deals with the Supreme Court's decision to support basing promotion on racial quotas. Also on p. 1 of the Times: North is described as a central figure on an elaborate operation that raised funds for the contras: OPEC's accord fails to block slumping oil prices (see Press Reports); A special prosecutor said he would ask a Federal grand jury to indict Micheal Devaver on four counts of perjury; Gorbachev candidly acknowledged opposition to his policies and sought to assure critics that "democratization" would not cause disarray in Soviet society. Also on p. 1 of the Times: A Vatican prelate is said to face arrest in a Milan bank collapse; a defective gene is tied to a form of manic-depressive illness; and a 10% cut in phone rates is planned on calls in New York. The Tower Report's publication is front page news in the Times; New York Post; Daily News and Newsday (see Press Reports). Page 1 stories in the Wall Street Journal tell of the failure of Gramm-Rudman and the frustration of dealing with the Federal budget; the Philippines one year after the revolution, and troubles in the Louisiana school system.

Editorials

NYP "Courage and Cowardice Toward Terrorism" Paris is pressing ahead with the trial of Georges Abdallah despite the costs. Paris sends a clear message to the world by doing so--it's possible to stand up to terrorism. Across the Rhine, sad to say, a very different story is unfolding: The West German Gov't continues to stall on the extradition of accused hijacker Mohammed Hamadi, all the while sending ominous signals of a possible backdown. Terrorists must be made to understand that if they are caught, they will be punished--no matter what.

Columns

NYT-Safire "Appease or Oppose?" Israel is rethinking its policy toward the Iran-Iraq war. Israel's best interest was thought to be a stalemate, neither side winning but Iran with the upper hand. Had it not been for the Israeli strike at Iraq's nuclear atomic bomb plant in 1981, Iran's capital would be a radioactive cinder today with three million Persians dead. The US knew about Israel's tilt and the reasons for it, including

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the presence of 50,000 Jews in Iran. The US policy switch away from neutrality was stupid and self-defeating; but that criticism has seldom been directed at the Israeli policy, which at least had a strategic rationale. But what if the Israeli strategy is wrong? Israel and Saudi Arabia are working together to appease, not confront, a common threat. Appeasement is never a long term solution. The debate to come will be more productive than the bickering about whether or not to invite the Soviet Union to be the host of an international conference.

WSJ-Abshire "The Tower Report and Due Process" It is not news that the Tower report will be critical; the president set up the board to be critical. It is a measure of the President's commitment to the truth. It is also a measure of his resolve and belief in moving forward. The report should give Reagan a sound framework for this.

NYT-James Rudin (AJC's national interreligious affairs director) "Farmers in Crisis" A once stable and productive segment of US society is breaking apart. Political extremists and anti-Semites have entered the countryside with false and easy answers to complex problems. They blame the "international Jewish conspiracy" for the farm problems. Fortunately, the agricultural community overwhelmingly rejects this ancient canard, but the lie is still being spread.

Press Report

Peres in Cairo

NYT-special-Peres arrived in Cairo on a mission that has sharply divided the governing Israeli coalition. Peres flew to Cairo to follow up on a vaguely formulated call for an international peace conference. But the proposal has now become a political issue between Peres and Shamir, and their differences have widened over a dispute about Peres's authority to negotiate. There has been some speculation that the feud could lead to a Gov't crisis and early elections.

Israel Holding US Professor

NYT-Clines-An American professor at Bir Zeit University has been arrested amid continuing clashes between Israeli soldiers and Palestinian protesters. "I am not political, and the Israeli authorities know that I have no ties to any group whatsoever," said the professor, Dr. Roger Heacock, denying that he was an agitator and questioning Israel's willingness to investigate human rights abuses. "The point of my arrest...was to tell foreigners that the preference was that they not be in the occupied territories and that, if they are, they not look and not tell." The Israeli authorities deny this and say they will detail the charges against the professor in his coming trial.

Kahane's Free Mailings Are Barred

NYT-Clines-Meir Kahane was stripped of his mailing privilege in the Israeli Parliament after his fellow legislators decided that he had abused it by mailing letters to Israeli Arabs urging them to leave Israel or face "war."

מגירות ישראל - וושינגטון

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סניף סניף

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סוג בסחוני גלוי

דחיות מיד

מאריך וזמן: 26.2.86 - 19:00

מיקום: מנהל

אל: המשרד 670
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אל: מצפ"א

דע: לשכת מנכל אוצר

מקש"ח

סיוע חוץ - שמיעות בסינט

היום (26.2) התקיימה בוועדת החוץ של הסינט שמיעה לגבי סיוע חוץ בהשתתפות "עדים ציבוריים". נכחו הסנטורים אוונס (רפנבליקני ממדינת וושינגטון) ופול זיימון (דמוקרט מאילינוי). השתתפו, בין השאר, טום דאין מאיפאייק, דייוויד טאד מ-NAAA (ארגון הערבים האמריקאים) ומר באזיל מהליגה האמריקנית-לבנונית (כמו כן היו מספר עדים לגבי סינע לקפריסין, בחקשר לסכסוך טורקיה-ירוד).

לגבי איפאייק ו-NAAA, ראו העדויות המצי"ב. באזיל מהליגה האמריקנית-לבנונית התרכז בעדותו בתפקיד השלילי שממלאת סוריה בכלל ובלבנון בפרט ובתרומתה לאי-היציבות והטרור. ביקש שארה"ב חתמוך בשלטון לבנוני ריבוני ותגנה את התערבות סוריה בלבנון ותדרוש את הפסקת הפעילות הסורית שם. מבחינת ידוע, ביקש שארה"ב תתן סיוע הומניטרי לאוכלוסיה הלבנונית הנפגעת ושתמחל ללבנון את החוב על הסיוע הצבאי (FMS) שניתן בזמנו.

בחלק השני, אוונס שאל לגבי האפקטיביות של סיוע ללבנון בתוהו ובוהו השורר שם. טאד אמר שיש לזה ערך סמלי וכן שהסיוע יכול להינתן לגופים וולנטריים ורטיים. הוסיף שהאזור הבעייתי הוא האזור המושפע מאיראן, בשליטת החיזבאללה ושאר האזורים הם יחסית שקטים. כמו כן הדגיש שחשוב לתת סיוע לצבא הלבנוני כנסיון לשקמו. באזיל חשב שמוקדם עדין לתת סיוע לצבא הלבנוני. ביקר את ארה"ב על שהיא מנסה למשוך ידה מלבנון ועד כמה שפחות להתעסק בנושא. לדעתו אסור שהסיוע ללבנון יעקוף את הממשלה ויגיע ישירות לארגונים פרטיים - זה יהווה זיהות לא בריא.

זיימון אמר שלדעתו שולץ צריך להתערב אישית בתהליך השלום באזור והוסיף שאין

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שגרירות ישראל - וושינגטון

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לו דבר נגד מרפי, אך חשוב פה התערבות בדרג הגבוה ביותר. אמר לסאד שהיה תומך בהגדלת הסיוע לירדן רק אחרי שהיא תצהיר שהיא מוכנה למו"מ ישיר עם ישראל. כמו כן אמר שהוא מתנגד לעיסקות נשק בכלל ניתמוך בהן רק אחרי שיהיה שלום באזור.

סאד אמר שהמקור לצרות באיזור זנ איראן. לדעתו צריך לבנות אימון בין הצדדים לקראת שיחות פיוס.

דאין הביא את הדוגמא של כאדאת כדרך שבה על חוסיין ללכת, כאשר סאדאת בחר בדרך זאת כתגובה לדברים שלא מצאו חן בעיניו במדיניות ארה"ב באיזור ולבעיות פנימיות במצרים. הדגיש את הצורך במו"מ ישיר. הזכיר שחוסיין ב-66 ביקש טנקים מג'ורנסון בטענה של הגנה מפני סוריה והשתמש בזה לבסוף ב-67 נגד ישראל.

אנונס' שאל לגבי ה- Non-NATO Major Ally

דאין ובלומפילד נתננו סקירה קצרה על הקורה בשטח זה, תוך הסבר שמלבד ה-40 מיליון דולר למנו"פ משותף אי אפשר להצביע כרגע על סכומים ספציפיים. עמדו גם על תרומתה האפשרית של ישראל לפיתוח מערכת הגנה נגד ATBMS.

לבסוף סאד הוסיף שכל מנו"פ צריך להיות בשיתוף עם נציגי הפלסטינאים ועל הפלסטינאים לבחור את נציגיהם - אמילו יהיו אלה אש"ף. לדעתו גם סעודיה צריכה להיות Non-NATO Major Ally. לגבי מו"פ - התריע נגד יצוא טכנולוגיה ותעסוקה מחוץ לארה"ב והביע פליאה על נתון שראה בדו"ח מטוייס, שלפיו מספר רשיונות יצוא טכנולוגיה הניתנים לישראל גבנה יותר ממספר הרשיונות שניתן למדינות כמו גרמניה, צרפת ובריטניה.

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STATEMENT BY
THOMAS A. DINE, EXECUTIVE DIRECTOR
AMERICAN ISRAEL PUBLIC AFFAIRS COMMITTEE (AIPAC)
BEFORE THE
SENATE FOREIGN RELATIONS COMMITTEE
FEBRUARY 26, 1987

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Thank you, Mr. Chairman, for the opportunity to testify before this distinguished committee on behalf of aid to Israel. Appearing with me is Mr. Douglas Bloomfield, AIPAC's Legislative Director. The American Israel Public Affairs Committee (AIPAC) appreciates the opportunity to express its views on the proposed Foreign Assistance Act for FY 1988 and the importance of U.S.-Israel relations.

AIPAC is a domestic organization of American citizens who value a close and consistently strong partnership between our country and Israel. On our Executive Committee sit the presidents of the 40 major American Jewish organizations representing more than four and one-half million members throughout the United States.

The FY 1988 foreign assistance authorization request of the Administration reflects true needs for U.S. foreign policy. It addresses current circumstances in key global spots; it is fiscally responsible; it tries to redress some of the severe cuts in the 150 budget function over recent years. Economic and military aid serves our national interest--both at home and abroad.

The U.S. has a particular moral and strategic interest in Israel, the one democracy and our only reliable ally in the Middle East. It is the only country in the region with meaningful free elections, a robust free press, checks and balances to prevent and correct abuses of authority, extensive protections for the rights of individuals and minorities, basic equality for women, and other safeguards and rights that are typical of a free society. It stands in sharp contrast to other countries of the region, which include feudal monarchies like Saudi Arabia, where all power is permanently concentrated in the hands of a few wealthy princes and where average citizens are under constant surveillance by the religious police and internal security forces; dictatorships like Syria, where the government slaughtered 10,000 of its own citizens five years ago; or radical fundamentalist regimes like Iran, which terrorizes its minorities, suppresses its middle class, and ships off its youth to be slaughtered in a meaningless war.

In poll after poll for nearly 40 years, the American people have resoundingly reaffirmed their sympathy for the Jewish state and their conviction that Israel is a democratic ally whose security and well-being are vitally important to the United States. The absolute amount of our aid to Israel is substantial, but it is comparatively one of the most cost-effective investments that the United States makes in support of its common interests. U.S. expenditures in support of our European allies in NATO, for example, are

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more than 30 times the size of our aid to Israel.

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Mr. Chairman, we are meeting at a time when the relationship between the United States and Israel is strong and close: there is a deep, broad-based partnership; a full-fledged political and military alliance is emerging.

Significantly, Mr. Chairman, we are partners for peace. In the search for peace with its neighbors, Israel's National Unity Government continues to build upon the bold initiatives taken last year in close coordination with the United States. This holds true following the smooth transfer of power in October from the Labor Party's Shimon Peres to the Likud's Yitzhak Shamir.

1986 witnessed several encouraging developments in this respect. July saw the historic public meeting between an Israeli Prime Minister and an Arab head of state for only the second time in the nearly four decade-old Arab-Israeli conflict. Prime Minister Peres' summit in Ifrane with Morocco's King Hassan II, then chairman of the Arab League summit conference and the Islamic Conference Organization, demonstrated the willingness of Israel's leaders to go anywhere and discuss any proposal to resolve the conflict.

Soon thereafter, following Vice President Bush's mission to the region, Israel and Egypt announced the completion of a draft arbitral compromise to resolve the Taba border dispute. Israel's significant concessions to the Arab side on this matter facilitated the first summit ever between President Mubarak and an Israeli Prime Minister and led to the return of Egypt's ambassador to Israel following a four year absence.

It is Israel's policy--and hope--that these advances would create the necessary conditions for King Hussein to come to the negotiating table with Israel's leaders. Both Premier Peres and his successor, Yitzhak Shamir, have extended the hand of friendship to Hussein, repeatedly calling on him to enter direct negotiations without preconditions on the basis of United Nations Resolutions 242 and 338. In an effort to help meet the King's preconditions, the Government of Israel continues to seek a formula for international accompaniment to direct negotiations with Jordan and has declared its readiness to sit down with Palestinian participants who are not associated with terror. Peace has not, however, been pursued. The King has directly participated in repairing relations with his northern neighbor, Syria, the foremost rejectionist in the region. The King has cooled his contacts with the PLO's leadership, but has allowed the PLO to exercise a veto over his entering into direct negotiations with his western neighbor, Israel.

The Government of Israel in 1986 has continued to work closely with Secretary of State Shultz in adopting tangible measures to improve the quality of life for the inhabitants of the West Bank and Gaza--permitting the opening of an Arab bank in Nablus; granting increased numbers of family reunification permits; expanding the territories of 15 West Bank towns, and, most important, completing the return of the reins of municipal government to the local Arab inhabitants. The Israeli Government, in cooperation with the United States, is now pursuing a \$500 million economic development plan for the territories.

And, despite the rejection of direct negotiations by each of Israel's Arab

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neighbors except Egypt, Foreign Minister Peres continues to seek ways to promote a peaceful environment through economic development under a multi-year, large-scale "Marshall Plan" for the Middle East. This plan's farsighted purpose is to help those Arab neighbors of Israel (Egypt, Jordan, Lebanon and Syria) who are now suffering seriously from the recession in the Arab world brought on by the collapse of oil prices, and thereby to create a regional environment more conducive to peaceful coexistence.

King Hussein, for his part, has sought to implement an ambitious, \$1.4 billion development plan to upgrade the skills, abilities, and incomes of Palestinians in the territories in an effort to promote a moderate influence and leadership there more likely to engage in a peace process. This plan dovetails with the goals of the "Marshall Plan," and, coupled with the Israeli measures already in place, could serve as an essential building block for peace by nurturing a stable Palestinian leadership in the territories with a stake in coexistence with Israel.

Yet this fledgling process is in jeopardy: First, Saudi Arabia and Kuwait have actively moved to undercut King Hussein and bolster Arafat's PLO by donating \$9.5 million and \$5 million, respectively, to revive a committee dedicated to promoting PLO influence in the territories. Second, the plan itself suffers for lack of funds. Even though it is the brainchild of Secretary of State Shultz, the Administration has only requested \$7 million in FY 1988; allocations over the last two years came to \$19.5 million, largely as a result of Congressional initiatives. Taking their cue from Washington, the Europeans have been particularly reluctant to contribute serious money to the effort. Because this plan is critical to creating an environment conducive to peace in the territories, AIPAC strongly supports increased U.S. funding for the West Bank development plan and calls upon our European allies and Japan to contribute substantially as well.

But to achieve peace and maintain it requires strength, particularly in the Middle East where the forces of radicalism must be deterred. In this area, too, the United States and Israel are strategic allies.

This was best symbolized during last week's visit by Prime Minister Shamir to Washington with its special emphasis on Israel's status as a major non-NATO ally, along with Japan, South Korea, Australia, and Egypt. This Congressional provision, signed into law by President Reagan in the FY 1987 Defense Authorization bill late last year and recently reiterated, Mr. Chairman, in a letter to you by Secretary Shultz and another one from Secretary Weinberger to Chairman Nunn, will better enable the two nations to expand the scope of strategic cooperation. This is not an area of special benefits, grants or loans. Rather, it is a logical extension of the alliance which has blossomed since November 1983 when the United States and Israel enunciated the policy of expanding cooperation, particularly joint military planning and exercises to meet threats to mutual interests in the Middle East and the eastern Mediterranean. Without the strong support of this Committee, this new area of law would not have been possible. I hope this year will see an expansion of this effort.

Israel has participated in joint naval exercises with the Sixth Fleet

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designed to strengthen U.S. antisubmarine warfare capabilities in the eastern part of the Mediterranean Sea. It has provided access to its ports for regular ship visits by the Sixth Fleet. Indeed, when the President ordered a naval task force to the region earlier this month, elements of that fleet, led by the carrier USS John F. Kennedy, called on the port at Haifa. Just last week, Prime Minister Shamir renewed Israel's offer for continued use of Haifa port by all U.S. Naval forces in the region.

It has made facilities available for the storage and maintenance of U.S. materiel for American use in a conflict. It has provided Kfir aircraft to the U.S. Navy's Aggressor Squadron and to the U.S. Marine Corps to help train American fighter pilots. It has provided access to bombing ranges in the Negev desert for training exercises for U.S. Navy fighter pilots. It has engaged in military training exchanges with the U.S. Marines. It has staged joint military exercises with American special anti-terrorist forces.

It has entered into formal arrangements to provide access to its sophisticated hospital facilities for U.S. military casualties in a conflict. These facilities have already been used to treat U.S. personnel injured in the bombing of the U.S. Embassy Annex in east Beirut and on several other occasions.

It has shared with the United States the lessons of its combat experience in Lebanon, where Israel successfully used American equipment against Soviet weapons. It has undertaken joint research and development projects with the Pentagon to build on the technological expertise acquired from decades of conflict.

It has signed a formal agreement with the United States to participate in the Strategic Defense Initiative and has already been awarded several small SDI contracts. Israel will be key to the successful development and deployment of an Anti Tactical Ballistic Missile (ATBM) system.

But Israel's role as an ally of the United States goes well beyond the confines of military cooperation in the Middle East.

Israel stood foursquare behind the United States in support of U.S. military actions against Libya in the spring of 1986, unlike Jordan and Saudi Arabia, who condemned "the American aggression against Libya," or Egypt, who termed it "unacceptable."

At the United Nations, Israel voted with the United States on more than 91 percent of the General Assembly resolutions introduced in the 40th session, the highest rate of cooperation of any country in the world. And on the 10 annual "key" votes determined by the Administration, Israel has maintained a 100 percent record over the three years Congress has required our U.N. Mission to keep score. This contrasts with 38 percent for Turkey, and 33 percent for Greece--America's NATO allies in the eastern Mediterranean. It also contrasts with 15 percent for Egypt, 14 percent for Jordan, and under 14 percent for Saudi Arabia--and the Soviet Union's 12.2 percent record.

In the information war, Israel has initialed an agreement with the United

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States to install a Voice of America transmitter in the Negev desert to enhance American broadcasts to Soviet Central Asia, Afghanistan, and Eastern Europe, this despite the inherent risk of worsening the plight of Soviet Jews. By contrast, two of America's NATO allies, Greece and Turkey, refused to host the VOA transmitter because of their unwillingness to endanger their relations with Moscow. Reportedly, Oman also turned down an American request.

Moreover, at a time when American exports are meeting protectionist trade barriers erected by our closest allies and trading partners, Israel signed the historic Free Trade Area agreement, making it the only country in the world to abolish virtually all trade barriers with the United States.

And so, Mr. Chairman, in the peace process, in strategic cooperation, in the diplomatic arena, and on the trade front, Israel is today one of our foremost partners in the world, working with the United States toward regional and global security.

Israel and the United States have also cooperated over the past two years in another bold initiative. Working together, they have successfully undertaken to rescue Israel's economy from the severe distress it was suffering just 18 months ago.

Israel has demonstrated how U.S. foreign assistance, in combination with strong and well-conceived corrective measures in the economy, can turn economic distress into an opportunity for recovery. Those who questioned the large injection of economic aid warned it could prevent Israel from instituting tough austerity measures which inevitably could not be avoided. Israel's experience clearly challenged this notion. U.S. assistance to Israel has made a concrete difference in Israel's struggle to regain economic stability, and has been accompanied by some of the toughest austerity measures ever imposed by a democracy in a compressed period of time. The battle is far from over, but a good beginning has been made.

Less than two years ago, Israel was hemorrhaging economically. Years of shouldering the enormous defense burden imposed by Arab hostility, and the accumulated result of the dependence on imported raw materials and fuel for Israel's industry--to say nothing of the continuing cost of absorbing waves of destitute immigrants and providing them with the full range of social welfare services--had led to extensive borrowing and a huge foreign debt. Foreign reserves plummeted below \$3 billion to the perilous "red line" of \$2 billion. At the same time, inflation was raging at 450 percent per year, and in one month reached an annual rate of 800 percent. The government was running a deficit equivalent to 17 percent of the Gross National Product.

Then something unusual happened. Within Israel, the many parties and different schools of thought pulled together, and decided that the higher national interest required them to put aside their differences and work in a united fashion for national economic recovery. Equally important, the Government of the United States, and particularly Secretary of State George Shultz and the U.S. Congress, stepped forward and in the spirit of a true ally, offered the hand of assistance in a time of trouble.

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At this time last year, we reported to you on the economic plan implemented by Israel aimed at curbing runaway inflation, reducing the budget deficit, bringing the foreign exchange crisis under control, and starting the nation back on the path to economic growth. The major elements of the austerity program were severe and painful, but necessary, and included a wage and price freeze, a suspension of monthly cost-of-living adjustments, a reduction in government subsidies to basic commodities that especially strained those in the lower income brackets, major cuts in the government budget, a 19 percent devaluation of the shekel, and a freeze on government hiring.

These measures led to one of the most rapid reductions in standards of living ever imposed on a free people by their democratic government. The government imposed wage freezes that cut the purchasing power of workers by 15 percent, and reduced government spending by 2 percent. But while earnings declined, the cost of living rose, according to the plan.

Israelis were forced to pay user fees for health services and for educating their children. Each family had to pay \$60 per child enrolled in kindergarten through high school. Subsidies on basic commodities like bread, milk, chicken and electricity were cut. The tax rates paid by Israelis were still among the highest in the world. And, the Government of Israel instituted a tax on the elderly's pensions.

This terrible "scissor" of incomes rapidly going down while the cost of living went up, cut deeply into the living standards and quality of life of the people of Israel. But they joined their government in recognizing the necessity to "bite the bullet" to rescue the economy and get back on the path to economic growth.

But the Congress, the people, and the President of the United States were partners in this process also, because another critical ingredient of the recovery program is U.S. economic assistance. U.S. aid provided the critical "safety net" to stop the decline of foreign reserves and restore confidence in Israel's economy. This in turn prevented a crisis in which Israel would have become more dependent on high-interest rate, short-term borrowing in the international financial market. Aid made it possible to bring Israel's international financial position back under control.

U.S. aid was also essential to prevent massive unemployment from overwhelming the economic recovery program, which might have destroyed public support for the steps required for recovery. Israel's unemployment has, unfortunately, increased to very high levels--at one point even reaching 8.3 percent, but the trend would have been worse still without U.S. assistance.

U.S. assistance has been a critical and indispensable ingredient in the progress made by the Government of Israel in restoring health to the economy. Happily, I can report today the impressive results of the stabilization plan. Israel's foreign reserves have risen to \$4 billion, from the dangerously low \$2 billion mark. The inflation rate has also improved dramatically from 450 percent in 1985 to 19.7 percent in 1986, an average of under 1.5 percent per month. While that rate is high, it is a long way from the triple-digit numbers of two years ago.

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Due to cuts made in the budget, the Bank of Israel printing press did not issue a single additional shekel during the first year and a half of the economic program. The government's budget deficit was running at about 17 percent of the Gross National Product before the plan was implemented; it has now fallen to about 3 percent of GNP. Israel's current account was in deficit by \$1.4 billion; the year ended with a current account surplus of \$500 million.

But much remains to be done. As Prime Minister Shamir declared, "Restoring economic health is the *raison d'être* of this government." At the urging of the Secretary of State and the economic advisory panel he assembled, Israel has turned its focus to economic growth. Toward this end, the government announced the second phase of the economic program aimed at creating the necessary conditions for growth and expansion.

Phase two consists of a wide range of measures, including \$244 million in budget cuts; cuts in the marginal tax rates, which lower the top income tax bracket from 60 percent to 48 percent (with some exceptions), raise the zero income bracket, and reduce the overall number of brackets; capital market reform measures intended to limit government control of, and involvement in, the capital market; and, a 10 percent devaluation of the shekel to promote exports. In addition, the government negotiated a reduction in the cost of living adjustment for wage earners as well cuts in subsidies.

Israel is not out of the woods yet. In 1986, real wages, consumption expenditure and imports increased. But Secretary Shultz expressed the shared sentiments of Israel and the United States during Prime Minister Shamir's talks here when he said:

We agreed a strong economy is no less important than a strong defense, and that Israel needs to redouble its efforts in this area to prosper and to ultimately reduce dependence on foreign aid.

The United States has a vital interest in Israel's economic recovery for several reasons. First, the economic health of our major allies and fellow democracies is inherently a vital interest for the United States, because in a very profound sense, the free nations stand or fall together. Second, the economy of Israel is the bedrock of the nation's ability to sustain its own defense, and for this reason Israel's economic health is essential to the stability of the region. And third, it is a vital interest of the United States to ensure that Israel continue on the path of economic growth and self reliance. This is something we can do, and for our own interest, must do.

The challenge for the United States, and for this Committee, as we look to the year ahead, is to continue a program that is working, and to take the steps that are necessary to reinforce and indeed accelerate the recovery to which the United States has already contributed so much. The foreign assistance program before you is truly an investment in Israel's future.

Beyond the challenge of economic recovery, the program before you is essential for a second reason. This is the fact that our assistance to Israel over the coming year will have a critical impact on the security of the Jewish state.

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Last year we painted a bleak picture describing the erosion in Israel's margin of security, that resulted to a great degree from the very financial and budgetary austerity measures that were necessary to rescue Israel's economy. Regrettably, that picture still captures the essence of the situation. Indeed, current economic plans call for the continuance of defense budget cuts into the 1990s.

The austerity measures cut Israel's defense spending by about 20 percent in a two year period--one of the largest reductions ever imposed by a democracy in so brief a timespan. While Israeli military planners have attempted to make the cuts without eroding Israel's narrow margin of safety, reductions of this magnitude have, inevitably, added to the element of risk in many areas. As Defense Minister Rabin put it,

The large cuts that have been made in the last few years have exposed us to serious risks. If this should continue, it will damage the defense of the state in the near and distant future.

(1) Active combat units have been disbanded, reduced in size or converted into reserve formations. This has decreased the number and size of army brigades and air force squadrons available to meet a surprise attack. This has weakened the basis on which Israel's security has rested since the conclusion of the 1973 Yom Kippur War.

(2) At least one of Israel's mechanized/armored divisions has been dissolved. This means a serious decline in Israel's visible deterrent capability as well as a decline in its war-fighting ability.

(3) Training has been significantly reduced. There have been serious cuts in the number of flying hours allowed aircraft pilots, ground forces training has been limited, and the expenditure of ammunition in training has been curtailed. For example, Israeli pilots now are able to fly fewer training hours than their American or Jordanian counterparts.

(4) Reserve readiness has been cut. The number of reserve days served by Israeli soldiers remains at last year's low levels. Reserve units will continue to be less prepared for war than they were two years ago.

(5) Thousands of active duty military personnel have been released. This has meant the loss of a great many highly-skilled individuals who will be sorely missed by the Israeli armed forces.

(6) Morale has been lowered. Pay cuts and personnel releases have produced an exodus of highly trained and motivated professionals and have lowered morale generally. It threatens to undermine a key aspect of Israel's military superiority--its large qualitative advantage in personnel.

(7) Ammunition and equipment stockpiles have suffered deep cuts. This has reduced Israel's ability to sustain its forces in combat. Stocks expended during the Lebanon war have not been replaced, and in order to further reduce expenses, the armed forces have continued to draw down their stockpiles

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without full replacement.

(8) Many programs, such as continued acquisition of new Merkava tanks, have been slowed or postponed.

(9) Naval building programs have continued to be delayed.

(10) Expenditures on research and development have been significantly curtailed. This has diminished Israel's ability to develop and produce the unique new weapons and countermeasures needed to counter increasingly sophisticated weapons entering Arab arsenals. This further diminishes Israel's qualitative advantage over its opponents. The Israeli defense industries have reduced their staffs and plant facilities and thus are less able to support Israel's military needs.

These cuts in Israel's defense budget have made American FMS aid to Israel all the more important. This money has helped in the upgrading of Israel's Air Force, whose margin of superiority over its adversaries remains the cornerstone of Israel's security doctrine. In particular, these funds support the acquisition of Lavi ground attack aircraft and F-16 fighters. We specifically wish to thank the Committee and the Congress for earmarking \$300 million each year for procurement of items in Israel.

Another key program that will be funded through the FMS account is the upgrading of Israel's Navy, which must confront the colossal growth of hostile Arab navies like that of Syria, which has nearly doubled its number of combat vessels since 1982; Saudi Arabia, which has added 17 new guided missile warships since the beginning of the decade; and Iraq, which has added five guided missile warships since 1980, with six more on order.

Despite reductions in oil revenues, Israel's enemies continue to purchase more and newer weapons to add to their already bulging arsenals. They have placed orders for billions of dollars worth of new weapons each year, and have tens of billions of dollars more still in the pipeline from past years. Since 1973, the leading Arab nations still at war with Israel have spent nearly \$400 billion on their armed forces, and are continuing to spend at an annual rate of \$30 billion. According to the last set of figures released by the United States Arms Control and Disarmament Agency, five of the seven largest arms importing nations in the world are Arab nations at war with Israel: Iraq, Saudi Arabia, Libya, Syria, and Jordan. And, it may be significant that despite its economic problems, Egypt was the fourth largest importer, ordering in 1987 some \$1.3 billion worth of American weapons alone.

Syria has made major efforts to expand and improve its armed forces since its defeats in the 1982 fighting. All branches of Syria's military have grown as a result. Syria's president, Hafiz Assad, has made very clear that he is preparing for war. Indeed, according to one estimate, the Syrians devote half their national budget to the armed forces, spending \$1 billion more than Israel each year. As part of that buildup Syria has increased by 50% the number of divisions in its army. These troops have been reequipped with the latest model tanks, artillery, and other equipment available to the Syrians. The Syrians studied carefully the fighting in Lebanon in 1982 and have incorporated lessons from that campaign into their doctrine and training.

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Syria's navy has also been a major beneficiary of this buildup, seeing its number of combat vessels nearly double in the years since the Lebanon war as well as the addition of previously unavailable capabilities. These new capabilities include Syria's first two submarines and a new coastal defense missile, the Sepal, with a range of about 180 miles.

Syrian air defense and air forces have also benefitted in this expansion. The losses of 1982 have been made good and then some; and more advanced types of anti-aircraft missiles and aircraft have entered service. New anti-aircraft systems have included the SA-5, SA-11, SA-13, and SA-14 missiles. Syrian pilots have spent the last year being trained in the Soviet Union on one of its most advanced fighters, the MiG-29, which is expected to begin arriving in Syria soon.

The Syrians have also acquired Soviet-built SS-21 tactical ballistic missiles, another piece of first-line equipment for Soviet forces facing NATO. These missiles are much more accurate and dangerous than the earlier Soviet-built Frog and Scud tactical missiles in the Syrian armory. The accuracy of these new missiles increase Syria's 'first-strike' attack abilities against key Israeli installations including air bases and mobilization points.

Jordan too has continued its defense buildup. The Jordanians have placed orders to increase inventories of tanks, artillery, anti-aircraft systems, vehicles, air-to-air missiles, and other munitions. According to the United States Arms Control and Disarmament Agency, Jordan, a country with a gross national product of \$4.3 billion (1983) took delivery of over \$3 billion in arms in the two-year period between 1981 and 1983.

A key part of Jordan's military buildup plan appears to focus around increasing its air defense capability through the acquisition of advanced fighter aircraft and mobilization of its batteries of Improved Hawk anti-aircraft missiles. If Jordan succeeds in its search for this capability, then it will be in a position to directly threaten Israel's margin of air superiority.

Since 1980, Iraq, which has sent forces to fight Israel in three wars, has more than tripled the size of its armed forces. Indeed, since the beginning of this decade, Iraq has become the world's leading arms importer, taking delivery of weapons worth an average of over \$3 billion every year. Regardless of the outcome of the Gulf War, as both opponents have sworn Israel as an enemy, it can be expected that the enormous arsenal accumulated in Iraq will be at least in part available for use against Israel, as it has been in the past.

Despite steep reductions in oil revenues, Saudi Arabia continues to order weapons on a grand scale. It leads the Arab states in military expenditures, this year spending over \$18 billion on its military, a sum equal to more than 75% of Israel's entire GNP. In each of the years 1981-1983, it was the world's second largest importer of arms. Current Saudi military expenditures per regular soldier are almost twice American expenditures (approximately \$262,000 to \$136,000). And, as Saudi Defense Minister Prince Sultan made clear in a recent Washington Post report, the focus of this military buildup is Israel, not Iran or the Soviet Army in Afghanistan. Therefore, not only does it seek to

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acquire military capabilities far beyond its own legitimate defense needs, it continues to fund Syrian and Jordanian arms purchases and PLO terrorist activities against Israel.

As part of this huge ongoing military buildup, Saudi Arabia has been seeking steadily to increase the size and combat capabilities of its air force. An important aspect of this particular effort has been the Saudi attempt to enhance the fighting qualities of the combat aircraft it has acquired from the United States. In this it has been partially successful, to the detriment of Israel's security. The sale of further American aircraft enhancements to Saudi Arabia cannot but lessen the opportunity for Israel to expend its resources on projects more productive for its society than on countering an ever-extending range of Arab military power.

Mr. Chairman, the Arabs purchase these arms from dozens of different nations around the globe. Our country has been a major supplier to these nations, selling scores of billions of dollars of military goods and services to avowed enemies of Israel. American sales of new weapons systems to hostile Arab nations have had a particularly profound impact on the military balance between Israel and those states because American technology is often superior to that of competing weapons. These sales have significantly raised the cost to Israel of maintaining its own defenses, exacerbating the strain on Israel's economy, and barring any changes in American policy, will continue to do so in the future.

The past year has also revealed a new dimension of the threat to Israel: chemical weapons. Both Syria and Iraq have developed their abilities to the point where they are manufacturing their own deadly chemical weapons, and in the case of Iraq, have used them on numerous occasions in its war against Iran. The realization of what was earlier an approaching threat has forced Israel to take in its turn precautionary steps to protect its population and soldiers, again at further cost to itself.

Overall, what we have is a pattern of accelerated Arab buildup while Israel substantially cuts its forces. The effort to maintain the qualitative edge adds to the burden on the Israeli economy, further worsening the quantitative gap in the Arab states' favor.

Mr. Chairman, we are all proud of Israel's achievements, but realistically it is impossible to have this combination of trends without a diminution of security. Israel's margin of safety is, inevitably, reduced by the austerity measures it is forced to take.

And so I come before you to ask that you take these very serious risks into account when you consider the level of aid to Israel for FY 1988. What this Committee does will have a very real and direct impact on Israel's security, in a situation where there is much less room for error. Moreover, any reduction in aid will send the wrong signal to Israel's enemies.

Let me sum up, Mr. Chairman, the conclusions of my testimony. Our aid to Israel has been a wise investment, because Israel is our one democratic friend and most reliable ally in a critical region of the world. But this year,

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aid to Israel is particularly important, for two reasons. First, to prevent any further erosion in Israel's narrow margin of security, in a situation where its forces have been cut while those of its adversaries are rapidly growing.

The second reason aid is particularly important this year is to stay the course on the economic recovery and growth program on which Israel has embarked. This is no time to reduce our effort.

AIPAC understands, however, the budget constraints operating in Washington. For this reason, I commend the Committee for seeking to authorize the full amounts contained in the President's request and for communicating this to the Budget Committee. Israel is also aware of America's budget constraints and thus has not increased its aid request and is seeking ways to promote economic independence. Indeed, last year the Government of Israel, acting as a responsible partner in the foreign aid process, returned a check for \$51.6 million to the U.S. Treasury despite its economic pressures.

Mr. Chairman, I thank you for the strong friendship you and this Committee, and the Senate, have demonstrated toward Israel, and for this opportunity to explain the importance of FY 1988 aid to Israel and to America.

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WRITTEN TESTIMONY OF DAVID J. SADD
EXECUTIVE DIRECTOR OF THE NATIONAL ASSOCIATION OF ARAB AMERICANS
BEFORE THE SENATE FOREIGN RELATIONS SUBCOMMITTEE NEAR EASTERN
AND SOUTH ASIAN AFFAIRS

February 26, 1987

The National Association of Arab Americans (NAAA) is pleased to present testimony on the Middle East portion of the Administration's fiscal year 1988 foreign aid request. As the principal lobbying organization representing the three million Americans of Arab descent -- as well as a large and growing number of other Americans who share our viewpoint -- NAAA wants not only to promote good relations between the United States and the Arab countries of the Middle East, but also to see that US tax dollars are spent in the most effective way for the protection and promotion of US national interests in that region.

In these times of fiscal austerity, the American people continue to be concerned with controlling the enormous budget deficit and promoting fiscal responsibility. We, as Arab Americans, share these concerns. In presenting this testimony, we are aware of the fact that the foreign aid bill is subject to cuts under the requirements of the Gramm-Rudman-Hollings deficit reduction act. We believe that all recipient countries should be expected to bear their fair share of the burdens associated with these reductions. We further believe that it is neither wise nor justifiable to earmark enormous amounts of aid for a few countries and then require the remaining countries of the world to divide up a drastically reduced foreign aid total.

It is our intention in this testimony to offer our support, in general, for the president's fiscal year 1988 foreign aid requests for the Arab countries. In some cases, such as Morocco and Tunisia, and the occupied territories of the West Bank and Gaza, we believe that these requests represent the absolute minimum amount necessary to further US interests in the region. In the case of Lebanon, it is our contention that \$775 thousand is woefully inadequate to do so. We urge Congress to remember in its consideration of the foreign aid bill that the Administration, too, has taken the mood of the American

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people into consideration in preparing its foreign aid proposals. It has, therefore, already pared its requests for the Arab countries to the bone. We believe that additional cuts would not be in the interests of the United States.

I. IMPORTANCE OF THE ARAB WORLD

The Arab world spans two continents, stretching from Mauritania and Morocco on the west coast of Africa to Oman on the southeast corner of Asia's Arabian peninsula and Iraq north of the Gulf. The 21 Arab countries cover nearly 5.4 million square miles, an area that is one and a half times the size of the United States. Over 187 million people live in those countries, and the number is likely to grow substantially in the years to come as the result of high population growth rates.

Some of the world's most strategic areas are contained in the Arab world. Morocco forms the southern part of the important Strait of Gibraltar, which guards the western entrance to the Mediterranean Sea. Egypt's Suez Canal allows Indian Ocean shipping to enter the Mediterranean without having to circle the southern tip of Africa. Some of the world's richest oil reserves are found under Arab soil. This is particularly significant in view of the fact that other oil producers like Mexico, Canada, and the United Kingdom are rapidly depleting their own reserves.

The United States has friendly political relations with most of the 21 countries of the Arab world. Some of these countries have granted the United States access to their military facilities under certain circumstances and have supported the US position on many issues of mutual concern.

On an economic level, the Arab world has proven to be invaluable to our country. At a time when US trade deficits with the world as a whole keep breaking record levels, the United States has had a trade surplus with the Arab world countries for each of the last four years. On the basis of the Commerce Department's formula that each \$1 billion worth of US exports creates or sustains 25,000 American jobs, the Arab world since 1980 have provided more than 2 million jobs for Americans, and billions of dollars worth of earnings.

II. GRAMM-RUDMAN-HOLLINGS AND FOREIGN AID

At a time when one of the overriding concerns of legislators and the public alike is to reduce the enormous budget deficit, the foreign aid bill takes on an even greater importance and urgency. If the United States is to continue to meet its responsibilities and promote its national interests in the region, it is essential that adequate

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levels of aid be extended to all of our friends in the Middle East. The Reagan Administration's aid proposals for the Arab world represent in most cases a minimum amount necessary to further American interests in the region--and in some cases already appear to be inadequate to do so.

We are concerned that the Gramm-Rudman-Hollings deficit reduction act will be used to secure unwise reductions in already small aid levels for certain Arab countries, while Israel, with enormous yearly grants of military and economic aid, will escape most cuts altogether. Last year we warned that many small aid-receiving countries would suffer a disproportionate aid reduction under the provisions of Gramm-Rudman-Hollings if Israel and Egypt, the two largest recipients of aid, were exempted from the reductions required under the act. Despite protestations in some committees that all countries would be required to share proportionately in any prospective cuts, countries which did not have their aid specifically earmarked were forced to accept even more serious reductions from a greatly-reduced foreign aid appropriation.

We believe that, despite the importance of dealing with the budget deficit, aid levels to the Arab countries below the Administration requests will be inadequate to meet the needs of the recipient countries and therefore would not be in the interests of the United States. But if such reductions must take place, all countries should be asked to bear their fair share. We believe that Israel, Egypt and the base rights countries must not be exempted from any cuts under the provisions of Gramm-Rudman-Hollings.

III. RECOMMENDATIONS

Our specific recommendations for the Administration's fiscal year 1988 foreign aid requests are given below. In addition and for the record, NAAA supports the Administration's aid requests for Djibouti, Mauritania, Somalia, and Yemen.

Aid to Egypt

The \$2.299 billion request in military and economic assistance, including P.L. 480 assistance, for Egypt is slightly less than the level proposed by the Reagan Administration for fiscal year 1987. We support the President's request and recommend its approval by Congress.

The case for aid to Egypt on this scale is very strong: Egypt genuinely needs the aid that the Administration has requested. Its 50.5 million people, unfortunately, have one of the lowest standards of living in the Arab world, with a per capita GNP of only \$720. This is less than one-seventh of the per capita GNP of Israel -- a

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country whose population is one-twelfth its size -- which will receive substantially more aid. Despite the glaring difference in the level of economic development between Egypt and Israel, however, the President's request amounts to a spending of less than \$46 for every citizen of Egypt compared to an expenditure of \$723 for every citizen in Israel.

The aid requested for Egypt is also vital because of economic difficulties that Egypt is facing that are largely beyond its control. The declining worldwide price of oil has caused both a decline in Egypt's own oil revenues and a sharp drop in Egyptian workers' remittances from OPEC countries.

Egypt has long been an important friend of the United States and has worked consistently to promote the Middle East peace process. Egypt has granted the US landing privileges at its naval and air facilities under certain circumstances. It provided support for U.S. transshipment of ammunition to Lebanon when the American marines were there, and has cooperated with the United States in taking action to deal with threats to Sudan, its southern neighbor, in the past.

The West Bank and Gaza

Last year, NAAA supported the Administration's fiscal year 1987 request of \$18 million for activities to promote the living and employment conditions of Palestinians residing in the occupied West Bank and Gaza. We were disappointed that after the effects of Gramm-Rudman-Hollings and other foreign aid cuts, those funds were reduced to only \$8 million.

This year the Administration is requesting \$12 million for the West Bank and Gaza. It has announced in addition that \$7 million in ESF funds for Jordan will be used by Jordan for programs in the West Bank and Gaza. We fully support these requests, and believe they represent the minimum amount necessary for the program to be effective.

The small aid program funding economic and social development in the West Bank and Gaza has perhaps the highest impact of any American aid program anywhere in the world. It provides economic assistance directly through such private voluntary organizations (PVOs) as American Near East Refugee Aid (ANERA), the American-Mideast Educational and Training Services (AMIDEAST), Catholic Relief Services (CRS), and Save the Children Foundation (SCF).

We applaud the Administration's interest in finding ways to stimulate private sector activity in the West Bank and Gaza and its emphasis on supporting institutions which can serve to channel funds to private borrowers for productive uses in agriculture and industry. The Administration's increasing focus on aid to the occupied territories

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will help to provide the essential tools for economic development of the local population. We can only hope that Congress, too, will see the importance of this aid, and not continue to sacrifice it to political and budgetary considerations.

Unfortunately, Israeli interference in this small program has until recently been widespread, thereby reducing its effectiveness. According to a report three years ago by Meron Benvenisti, the former deputy mayor of Jerusalem, between 1977 and 1984 only 23.1 percent of the industrial expenditures and 35.6 percent of the agricultural expenditures endorsed by AID had been approved by Israel. U.S.-funded projects that did not give the Palestinians a stake -- such as public works projects that Israel would otherwise have had to pay for itself -- were given ready approval by the Israeli authorities. Thus, Israel was diverting US aid from its intended objectives.

This is just one aspect of a 20-year-old Israeli policy of stifling Palestinian economic initiatives. Palestinians are denied permission to dig new irrigation wells, discouraged in their attempts to form cooperatives, limited in their planting of trees and vegetables, constrained from selling their produce in Israel, turned down -- or made to wait indefinitely -- when applying for licenses to start up a business project or construct a building, and deprived of adequate credit and money market facilities. PVOs have enumerated cases in which the Israeli government delayed or denied clearance to proceed with individual subprojects, particularly those of a development nature.

While several PVOs have reported receiving greater cooperation from Israeli authorities during the present coalition government than they did under the previous Likud government, it is important that the U.S. Government remain vigilant to ensure that that cooperation continues. We urge Congress and the Administration to press Israel not to obstruct PVO-administered projects on the West Bank.

Aid to Jordan

Perhaps no other country in the Middle East has done as much as Jordan in recent years to promote the search for peace in the region. For over a year, King Hussein made a strong personal effort, despite pressures from hardliners, to revive the stalled Middle East peace process. While the Jordanian initiative remains on hold -- for the present at least -- Jordan's ability to continue as a central actor in the peace process depends largely upon the willingness of the United States to help it in meeting its legitimate and very pressing economic and military needs.

Jordan is an important friend of the United States, both politically and strategically. Few would deny that it is an essential key to Middle East peace. Unfortunately, the United States has not given

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Jordan the kind of moral and material support in recent years that it needs and deserves. The indefinite postponement last February of a sale of advanced fighter aircraft to Jordan, for example -- a sale that the Reagan Administration had determined was in the US national interest -- was a severe blow for U.S. credibility and a setback for Jordan's security needs.

We believe that the aid level the Administration has proposed for Jordan for fiscal year 1988 is woefully inadequate. While the Administration's ESF request for fiscal year 1988 has remained at the \$18 million level requested last year, the proposed 1988 level of security assistance under the FMS program, MAP and IMET would be reduced from \$117 million to \$53.8 million.

We are particularly concerned that the Administration's aid levels for Jordan not be cut substantially by Congress to meet the budget requirements of Gramm-Rudman-Hollings. Our interests in Jordan are too important to impose on it a disproportionate share of the burden of necessary budget cuts. We believe that the level of aid this year for Jordan is already too low. We are gratified, however, that the President has requested this year that all ESF funds for Jordan be in the form of grants.

Jordan, with a population of almost 2.66 million, has a per capita income of \$1,570, less than one-third that of Israel. Yet the Administration's aid request for Jordan is only \$71.8 million -- compared with \$3 billion for an Israel with a much higher standard of living. In addition, the \$12 million in FMS credits for Jordan, though extended at concessionary rates, will have to be repaid. We urge that, to help compensate for the relatively low levels of aid to Jordan, FMS loans be extended with repayment forgiven, as is the case with both Israel and Egypt.

Aid to Lebanon

While we recognize the difficulties associated with extending aid to Lebanon under present conditions there, we feel that the \$775,000 total of economic and military assistance to Lebanon that the Administration has requested is wholly inadequate to meet its needs. Indeed, such sums will do virtually nothing to help promote stability in Lebanon, nor will they contribute to the achievement of a unified, sovereign Lebanon, free from external forces and able to secure its territorial borders.

Tragically, continued bloodshed in Lebanon has made U.S.-sponsored relief efforts even more important. U.S. private voluntary organizations, such as Save the Children, Catholic Relief Services, the YMCA in Lebanon, and UNICEF, have made significant progress in providing assistance to the victims of Lebanon's conflict. If funds for Lebanon are not increased, many programs administered by these

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PVOs will come to a halt. We urge this subcommittee to extend funding for Lebanon that will be adequate to enable these organizations to continue effectively their important work beyond the current fiscal year.

Aid to Morocco

The ties between the United States and the Arab world are exemplified by our ties with Morocco. This year the United States will celebrate the 200th anniversary of its treaty with Morocco--the longest treaty with the United States in existence.

NAAA supports the Administration's fiscal year 1988 request of \$133 million for Morocco. We note, however, that the request represents a slightly lower figure than the levels requested by the President in fiscal year 1987. We also support the \$20 million fiscal year 1987 supplemental budget request.

The Moroccan economy has suffered under severe strains in recent years. It has an external debt burden which now exceeds its annual gross domestic product, and it has had to struggle with the problems of severe and prolonged drought and low demand for its principal export, phosphates. With a population of almost 24 million, a population growth rate of 2.7 percent and a per capita GNP of only \$670, Morocco can effectively utilize the \$35 million in ESF and Developmental Assistance and \$44.6 million in P.L. 480 assistance that the Reagan Administration has proposed. At the same time, it has shown itself able to implement a program of fiscal austerity and economic adjustment under the guidance of the World Bank and the International Monetary Fund.

Despite Morocco's pressing economic problems, more than \$12 million out of the \$20 million in ESF assistance requested by the Reagan Administration is to be given in the form of loans, rather than grants. We urge that all ESF for Morocco be given as grants.

Located on both the Atlantic Ocean and the southern half of the strategic Strait of Gibraltar, Morocco has been an important friend to the United States for many years. It has agreed to allow US forces access and transit rights to its military bases in certain cases and provides training areas for US forces stationed in Europe. It also provides much-needed facilities for the Voice of America.

Aid to Tunisia

The Administration's FY 1988 request of \$68 million for Tunisia is considerably lower than last year's request. We believe that the \$25 million in ESF and PL 480 aid included in the Administration's request is inadequate to meet Tunisia's very pressing economic

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needs. Nevertheless, mindful of the constraints of Gramm-Rudman-Hollings, we recommend approval of the entire request.

Tunisia has been a friend of the United States since it gained independence in 1956, often using its influence in international bodies to moderate the views of others. During the hostage crisis in Iran, for example, Tunisia cast the deciding vote in the U.N. Security Council for sanctions against Iran. In the Arab League, Tunisia has been a consistent force of moderation. On military matters, Tunisia has been receptive to US initiatives. The Sixth Fleet enjoys regular access to Tunisian ports. The United States and Tunisia have established a joint military commission, and Tunisian officials have shown a desire for heightened military cooperation.

Tunisia's economy has been hurt by a severe drought, and by the fact that it has become a net importer of oil. The expulsion of more than 20,000 Tunisian workers and their families from Libya in 1985, which was due in part to the fall of Libyan oil revenues, put severe strains on the Tunisian economy and made it more difficult for the government to deal with trade and budget deficits and a growing foreign external debt and debt service ratio. In light of these conditions, it is clear that Tunisia requires increased economic aid levels.

Aid to Sudan

We support the Administration's request for over \$89.7 million in economic and military aid to Sudan. Geographically the largest state on the African continent, Sudan is of great importance to the United States. It lies on the Red Sea opposite Saudi Arabia and borders on Egypt, Libya, Chad, and Ethiopia, among other states. Sudan's foreign policy in the past decade has been generally sympathetic to U.S. goals. It has lent support for US peace initiatives in the Middle East and for efforts to expand American military access and capabilities in the region.

With a per capita GNP of only \$360 and an average life expectancy of just 51 years, Sudan is one of the least developed countries in the Arab world. Even though it has experienced severe drought in recent years, which has cost it much-needed export earnings, Sudan has taken in more than 1.5 million refugees fleeing drought, famine, and war in neighboring countries. Added to its economic troubles has been continuing unrest in the south of the country.

We support the Administration's request for \$36 million in ESF and Developmental Assistance aid for Sudan, although we note with sadness that this figure is considerably less than half the request of the previous year. The funds will provide some help to the Sudanese government to recommence work on important agricultural and oil

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exploration projects and help Sudan cope with the refugees it is hosting.

Aid to Oman

NAAA supports the Administration's request for \$20 million in ESF aid, \$5.1 million in FMS financing, and \$150,000 in IMET aid for Oman, although we note with some concern that this much of this request is in the form of loans. We also support the \$5 million fiscal year 1987 supplemental budget request.

Oman's strategic location and its willingness to cooperate with the United States make it a vital friend that is deserving of our assistance. Gulf oil that is exported by sea through the Strait of Hormuz goes through shipping channels that are inside Omani territorial waters. Oman is modernizing its military to defend against possible threats from Iran and to contribute to regional defense as a member of the Gulf Cooperation Council. It has also granted the United States limited peacetime and extensive emergency access to its military facilities, enabling the US to meet threats to its vital interests and those of its Arab friends in the Gulf region.

Aid to Israel

We believe that the \$3 billion in economic and military assistance proposed for Israel -- more than \$726 for each of its 4.1 million people--is unjustifiably high. While we realize that enormous aid levels for Israel have become the norm in recent years, allocating such amounts to a country whose per capita GNP is \$5,060 and whose people live quite affluently by world standards, is not in the best interests of the United States. The contrast between our generosity for Israel and our treatment of its Arab neighbors is particularly apparent in the meager sums of US aid requested for the Israeli occupied West Bank and Gaza -- which need aid desperately.

The aid request for Israel, which is at the same level as the request for fiscal year 1987, comes at a time when Americans continue to suffer through budget cutting under the Gramm-Rudman-Hollings deficit reduction act. Many Americans are resentful of the fact that we are being asked to make sacrifices at home while the U.S. Government is not insisting that Israel should make equal sacrifices.

We would like to register our opposition in particular to continued funding for Israel's Lavi fighter aircraft, an aircraft which will compete for sales worldwide with American-built aircraft, such as the F-20. So far, U.S. aid has financed over 90 percent, or \$1.3 billion, of the Lavi program -- in fiscal year 1984, Congress specifically earmarked FMS funds for the controversial plane. We

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believe that the American taxpayer should not be required to pay for a weapon that will ultimately compete with American aircraft.

We consider the aid allocations for Israel to be too high on their own merits. It is worth noting also, however, that certain Israeli actions in the course of the last year call into question the wisdom of bestowing such generous amounts of aid on Israel. First, Israeli efforts to obtain sensitive classified information and sophisticated technology from the United States through illegal means, including espionage, would seem to call for severe reductions in aid, not the continuation of the levels it is already getting. The Pollard espionage case, we feel, is only the tip of the iceberg.

Second, Israel's role in the so-called "Iran-contra arms affair" has severely hurt U.S. policy and interests in the Middle East. While investigations into Israel's role are still ongoing, we believe that the information already made public indicates that Israel bears a great deal of responsibility for the initiation of the arms sales and the prolongation of the policy long after it had proven unworkable.

Third, Israeli policies in the West Bank and Gaza have also not been helpful to the chances for peace. Indeed, the political situation on the West Bank has deteriorated to an alarming extent in the past year. Long-simmering frustrations at the open-ended Israeli occupation erupted into demonstrations at the end of 1986, and those demonstrations have been brutally suppressed by the Israeli authorities, leaving a number of Palestinian Arabs, mostly children and youths, dead. Israeli authorities, ignoring the causes of the unrest in the West Bank and Gaza, have closed all Palestinian universities.

Finally, Israel continues to maintain a military presence--after almost five years--in Lebanon. It continues to arm and maintain a surrogate militia force, the "South Lebanon Army," in a so-called "security zone" on Lebanese soil and has on several occasions in the past gone beyond that "security zone" to illegally harrass and detain Lebanese who continue to militarily oppose an Israeli presence in Lebanon.

For all of these reasons, we urge that the aid levels to Israel be reduced. But even if this subcommittee does not see fit to reduce these levels, we urge that it ensure that Israel, like all other countries, bear its fair share of foreign aid cuts required under Gramm-Rudman-Hollings.

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אל: מצפ"א

לשכת רח"מ, מקשי"ח (מ' בטחון), נספח צה"ל (כאן), רמשי"ן (ניו-יורק)

בית הנבחרים - סיוע לישראל: נושאים מדיניים

לשלנו 619

HEARINGS שקויימו
 כמקובל נשאלו שאלות רבות בנושאים מדיניים במהלך ה-
 אתמול (25) בוועדת המשנה למזה"ת.
 להלן סיכום:

א. היחסים בין ישראל וארה"ב

בתשובה למורשה טום לנטוס, אמר סודרתי

1. במישור הצבאי-אסטרטגי

ארה"ב גאה בהתקדמות שהושגה במשך 4 השנים האחרונות במסגרת ה-JPAC
 בהקשר זה, עמד סודרתי על חשיבותם של כספי ה-FMS, המבטיחים לישראל
 עליונות צבאית שכלל הניתן לחזות תימשך בעתיד הנראה לעין.

2. במישור המדיני

עבדנו ומוסיפים לעבוד באופן הדוק עם ישראל, כפי שעולה "מהביקור המוצלח"
 של רה"מ בוושינגטון בשבוע שעבר. אנו שותפים עם ישראל לתהליך השלום
 וכן למאמצים לעבות את יחסיה עם מצרים.

3. במישור הכלכלי

גם כאן אנו מתגאים בשיתוף הפעולה ההדוק. עשינו יד אחת בעת המשבר הכלכלי
 ב-1985, ותוספת הסיוע איסרה את ביצוע תכנית אפקטיבית להבראה כלכלית.
 אנו ממשיכים בזאת, והראייה לכך - השיחה הנפרדת בין המזכיר שולץ ורה"מ שמיר
 שהוקדשה לנושאים כלכליים, ובמיוחד לצמיחה כלכלית.

4. גב' ג'אן מאירס שאלה על מצב היחסים בעקבות הגילויים של מעורבות ישראל

בפרשת איראן - קונטראס, בתשובה, אמר סודרתי שהיחסים נשארים חזקים ואיתנים
 מאוד. אינו יכול לחדור על הנאמר ממעמדים פומביים אחרים - דהיינו "אנו
 (ארה"ב) מקבלת את מלוא האחריות להחלטותינו".

עיהי ההג 2
 ג'אן מאירס 3
 ג'אן מאירס 1
 ג'אן מאירס 2
 ג'אן מאירס 4
 ג'אן מאירס 3+4
 ג'אן מאירס 4

ד... 2... מחור... 4... דסים

סוג נסחוני

דחיות

תאריך וז"ח

מס' פנק

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5. מאירס, המשיכה ושאלה על פרשת פולארד וזיקתה למערכת היחסים. סודרת ענה ספולארד מואשם בעבירה חמורה ביותר, וכיום העניין עדיין " טוב יודיסה". מקרה זה היה "אומלל" והקשה על ג'יחסי, אך כיום אנו סבורים שהוא כבר מאחורינו. מחינו עליו בזמנו, והישראלים מכירים בחומרת העניין.

ב. מעמד "בית ברית גדולה מחוץ לנאטו"

יו"ר תועדה. לי המילטון ואם הגב' מאירס התייחסו לידיעה בתקשורת כאילו אמר רה"מ בעת ביקורו בווינגטון שישראל חותרת להיות חברה מלאה בנאטו; המילטון ביקש לדעת משמעות המעמד החדש שהוענק לישראל. בתשובה ציין פלטרו שמעשית מדובר במו"פ משותף (הקרן של 40 מליון דולר). כעת בוחנים את האפשרויות, והמבטיחה שביניתן היא מזלטיים עבור הימיה. ישראל מעוניינת גם בהרחבת מכירותיה למשרד ההגנה ולכוחות ארה"ב באירופה ובקבלת חוזי אחזקה שם, בהתאם למזכר ההבנה. אנו בעד זאת, על בסיס מסחרי ותחרותי שווה עם מדינות נאטו. בהבהרה נוספת ציין סודרת שאין בין שתי המדינות ברית סורמלית ואף צד לא מבקש זאת. לפי העתונות, אמר רה"מ שעניין זה תלוי בארה"ב, אך כאמור אין אנו מציעים זאת. בתשובה לשאלות נוספות של המילטון אמר פלטרו:

2. ישראל כן זכאית להסכמי CROSS-SERVICING באותם התנאים וההגבלות שחלים על מדינות נאטו, לרבות הגבלות ה- MOBILIZATION BASE. כעת מנהלים מו"מ עם ישראל בקשר לציווד אפשרי שניתן להחכיר להצבמקום שתי טייסות הכפירים. לבקשת המילטון, יבדקו ויתנו תשובה מפורטת לטענה שהופיעה בתקשורת כאילו עלות חוזה ההחזקה לכפירים כפולה מההחזקה של כל מטוס אמריקאי. 3. בסוף ביקש המילטון שהממשל יוסיף לתדע את הוועדה באופן מלא על כל התפתחות שתהיה במסגרת רעיון הנאטואיזציה.

ג. ממשלת ישראל לאחר הרוטציה

בתשובה לכריס סמית אמר סודרת שממשלת ישראל ממשיכה לפעול בהתאם לקווי היסוד של ממשלת האחדות הלאומית. עד כה שמים לב לא לשינויים בגישה אלא להמשכיות, גם ביחס לבעיות כלכליות וגם ביחס למחויבות לתהליך השלום. קמידה וקיימים חילוקי דיעות הם קשורים לקיום הועידה הבין-לאומית.

ד. תהליך השלום

1. בתשובה לבן גילמן ציין סודרת את "העניין הגדול" בקרב הצדדים להתקדם תוך הכרה

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סוג מסחרי

דחיות

תאריך וזיה

מס' פנימי

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כאמור

באי-היציבות הטמונה בסטטוס קוו. ארה"ב מחפשת דרכים שיובילו למו"ם ישיר ובכלל זה היא בוחנת את האפשרות של ועידה בינלי, אך "השורה התחתונה" היא מו"ם ישיר. יש זיקה בין הסיוע וקידום תהליך השלום, כי הרי חשוב לשמור על היציבות הכלכלית של הצדדים הראשיים (ישראל, מצרים וירדן), היות ואי יציבות כלכלית תהווה מגרעת (DRAN-BACK).

2. בחטובה ללארי סמית אמר סודותי שמרפי בביקורו האחרון באיזור, לא גילה התפתחויות שליליות שיש בהן כדי להפריע לקידום תהליך השלום - להוציא, אולי, המגמות הכלכליות הבלתי מעודדות במצריים ובירדן.

ה. ביקור שה"ח במצרים

המורשה לאנס (חבר דמוקרטי חדש בוועדה), התעניין בפגישות שה"ח במצרים. סודותי אמר שארה"ב מעודדת אותן תוך תקווה שמגיעים כאלה יהיו לשגרתיים. יש לראותם בקונטקסט ההתחממות ביחסים מאז השגת ההסכם בשאלת טאבה וכן על רקע הביקורים של שר האנרגיה ומנכ"ל משרד החוץ במצרים. בשיחות הנוכחיות ידונו בתהליך השלום ובנושאים דו-צדדיים. אין כל סימן שחילוקי הדעות בין שה"ח לבין רה"מ בנושא הועידה הבינלי יביאו לפרשת דרכים בממשלת ישראל. בכל מקרה אנו, ארה"ב, מעונינים לפעול עם כל הצדדים ואין להוציא מכלל זה את הסובייטים שיודעים היטב מה הם התנאים לשובם לזירה.

ו. יחסים בין סובייטים וישראל

בהמשך לנ"ל, אמר סודותי שארה"ב תתמוך בחידוש היחסים בין ברה"מ וישראל אך מלבד מגעים מסויימים, כגון השיחות הקונסולריות, אין סימנים מעודדים.

ד. מכירות נשק למדינות ערב

1. לארי סמית העלה נושא זה. ביקש לדעת את ההנמקה להמשך הסיוע ^{צ"ל יאכא} ברמתו הנוכחית. ככל הנראה גם בש"ת 1989, לנוכח המכירות המוצעות למיניהן, לשמור על העליונות הצבאית של ישראל.

2. בתגובה העיד סודותי שבוחנים תמיד את ה"משוואה" בין הסיוע הצבאי לישראל לבין ביטחונה. היינו רוצים תקציב סיוע גדול יותר, אך מכירים באילוצים התקציביים, ולכן מחפשים דרכים אלטרנטיביות כגון מקורות מימון שאינם מצריכים הקצבות חדשות והגישה להם היא באמצעות מעמד ישראל כ"בת ברית" גדולה מחוץ לנאט"ו. אנו בטוחים שישראל תוכל לעמוד נגד כל איום צבאי כיום.

3. מל לויין חזר לנושא תוך התייחסות לכתבה שהתפרסמה בעתחון "ווש"פוסט" ב-16.2 לפיה ההתחממות הסעודית כיום מכוונת נגד ישראל. פלטרו השיב שהממשל חולק על תיזת הכללית

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 סווג בסחונני
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שבכתבה. כל השיחות שמתנהלות עם הסעודים כעת מתייחסות להתפשטות אפשרית של מלחמת המפרץ ולכן מתמקדות על כושר ההגנה של הסעודים.

4. מידי שנה נפגשים עם הישראלים (במסגרת JSAP) ומלבנים ביחד את הערכת האיום" תוך בדיקת יכולות צבאיות ערביות בתסריטים מכל סוג. אחר כך בודקים את ישראל ויכולתה, תוך הערכת "מבנה הכוחות" הדרוש לגבור בכל תסריט. בסוף מגעים למידה גדולה של הסכמה בקשר להתייצבות ^{ישראל} ומול האיומים.

5. לויין לא השתכנע, מנדאג שבסופו של חשבון - מדיניות ארה"ב היא למכור נשק. האמינות של הסעודים מפותקת: מכחישים בעיקביות שעזרו לקונטראס, אך חוזרות ונישנות ידיעות בתקשורת על סיועם לקונטרס. כ"כ הסעודים טוענים שהם תומכים במתונים במזה"ת, אך תרומותיהם לקרן המשותפת בין אש"פ וירדן אינן נואמות טיעון זה. תרומות אלה מביכות את חנסיין וחותרות מתחת למעמדו, בעוד שמרימים קרנו של ערפאת. סודרת' השיב שמימנון זה, מקורו בפסגת 1979; הואיל ומדובר בקרן משותפת יש לחוסיין מידה מסוימת של בקרה. נכון שהתרומות הסעודיות מהוות "סיבוב משמעותי" אך אינן חותרות מתחת למלך. תכנית חוסיין לגדה ראויה לגיבוי ואנו מקווים לתמיכת האירופאיים. יש בה כדי לאפשר לירדן להשגין מחדש את נוכחותם בגדה והשפעתם שם. עדיין לא הירפה לויין, שהביע תקווה שהממשל יבהיר לסעודים שמעשיהם אינם מוסיפים לאמינות הטענה שהם תומכים במתונים באיזור.

ח. כניסת הסורים לביירות

לא ידע סודרת' לחדש הרבה בנושא זה. ארה"ב טרם הספיקה לשוחח עם הסורים על מאורע זה - מבינים שהיעד המידי הינו החזרת החוק והסדר. עם זאת, להערכתנו יהיה קשה לכל כוח מבחוץ להשליט סדר שם, וכך הדין גם לסוריה. הרצון לעשיית סדר חייב לצמוח מבית ומבפנים. סודרת' נמנע מלהשיב ישירות לשאלת לארי סמית באם אנו עדים לנסיון סורי לספת את לבנון לתוך "סוריה גדולה", והעדיף להעיר ששמנו לב כי המתערבות בוצעה בלא בקשה לבנונית, וכי ארה"ב תומכת בנשיא לבנון.

ט. אש"פ וה- A N C

נציגי הממשל קבלו על עצמם לדווח על הקשרים ^{בין} אש"פ וה- A N C, ועל הידוק היחסים האלה, אם בכלל.

למדן

מגירות ישראל - וויסנגסון

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א.י.
סו
מסמך

אל: מצפ"א

דע: מקשיח, רי מת"ל

נספח צה"ל (כאן), רמשיין (ניו-יורק)

נספח אויר (כאן), נספח ים (כאן)

בית הנבחרים: פרויקט הלבאי - לשלנו 619

מפי שדווח בנפרד, פרויקט הלבאי היה הנושא הבולט בהירינגס (28) בדבר בקשת הממשל לסיוע עבור ישראל בש"ת 1986. להלן הסיכום:

1. בתשובה למורשה לארי סמית, שקרא תגר על מסע הממשל נגד הלבאי חרף ציון מחירם הגבוה של מטוסי האפ - 16 לישראל קונה כיום לעומת עלות הלבאי (30 מליון דולר מול 18-17 מליון, לדברי סמית) השיב זקהיים כי מובן מאליה שההכרעה באם להמשיך בפרוייקט הלבאי נשארת בידי הישראלים. עם זאת, חובה עלינו לתת לישראלים ולמשלם המיסים שלנו מעין "חרות דעת שניה". ה- GAO חולק אמנם על אומדן העלות ל- FLYAWAY אך בצדק עומד ה- GAO על שאלת הזרמת הכספים והבעיות שתתעוררנה בחשבון ה- FMS ובתקציב ישראל בכללותו. "ובזאת ה- GAO מצדיק אותנו".

א.י. ס.י.ח.

2. בתשובה לשאלות רבות מלארי סמית, מל לויין, בוב טוריסלי ולי המילטון, אמר זקהיים שבהתחלה ספק אם הישראלים הבינו את כוונת הנטל שנובע מהפרוייקט וכיו"ב. לאור ההגבלות במשאביהם היינו חייבים (א) לציין את ממדי הבעיה; ו-(ב) להצביע על חלופות מתקבלות על הדעת. דוח ה- GAO מוכיח שהבעיה גדולה מכפי שהעריכו הישראלים ושהחלופות הינן "אטרקטיביות". נכון מה-אפ-16 הראשונים יקרים, ואולם עתה נבנית בישראל התשתית הדרושה לקליטתם והמחיר יירד, מה גם שהאם-16 קיים במציאות והינו "הימור טוב יותר" ממטוס שעדיין בתהליך פיתוח. כעת הישראלים שוקלים מחדש את הכתובים, במגמה לקבל מה שניתן לכנות "חלטה חדשה".

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המשרד

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3. אין זה נכון שביטול הפרוייקט יביא לכדי 20,000 מובטלים, אם לא יותר. כעש עובדים על הלבאי בין 2800 ל-4600 איש. המספרים הגבוהים יותר אינם אלא מספרים משוערים המורכבים מאנשים שטרם הועסקו ובוודאי טרם פוטרו. מעבר לזאת אין ביטחון שביכולת ישראל להעסיקם - למשל, מפעל "מנועי בית-שמש" נמסר לידי כונס. באשר לחלופות, שמנו דגש על הבסיס התעשייתי בישראל ע"מ לספק תעסוקה, מכוונת ל- HI-TECH, למשך 17 השנים הבאות ואף לשחרר משאבים לשם תחומים צבאיים אחרים כגון בניית צוללות, מו"פ ה- ATBM'S וכו'. חברת ג'נרל דיינמיקס מוכנה לאפשר ייצור ה- FUSELAGE הקדמי של האפ-16 בישראל, ואין ספק שזה יכניס את הישראלים ל"ליגה העליונה" של HI-TECH.

4. אחד מהשיקולים היסודיים שהביאו לדו"ח ה- DOD המקורי היה דאגה שנבעה מהתמקדות יתרה אצל הישראלים בלחימה האוירית, לרעת הלחימה ביבשה ובים. כיום ישנן בישראל דאגות מוצדקות מסוג זה גם כן: הרמטכ"ל היוצא והרמטכ"ל הנכנס, שניהם נתנו בטוי פומבי להתנגדותם ללבאי. כעת יש לישראל עליונות צבאית ביבשה שתימשך לתקופה מסוימת, אך בטווח הארוך אם לא תוכל ישראל להשתמש במשאביה כדי לעמוד נגד איומים שונים, היא תקח סיכונים לגבי סיכוייה לנצח ב"מלחמה של מחר", בזמן שהיא מנסה להטיס את הלבאי לא מחר אלא ביום שלאחר מכן.

5. להערה שההערכה הראשונה של משרד ההגנה היתה "מטיבית", בעוד שמספרי ה- QAO קרובים לאלה של הישראלים היום, ולשאלה מדוע יש לסמוך על האומדנים לגבי החלופות לנוכח האי-דיוקים בהערכות עד כה, אמר זקהיים שעובדו שתי סדרות של מספרים - הראשונים היו "גסים" מאוד בהעדר כל נתונים מישראל, ואילו השניים התבססו על מידע ישראלי מסויים אך לא מושלם. ה- QAO קיבל יותר מידע מישראל, אך לא ערך אומדן עצמאי; הסתפק בבחינת הערכות של משרד ההגנה ושל משרד הביטחון ובהכנסת שינויים בהם. "כשלעצמנו, WE NEVER OVERESTIMATED."

6. באשר למחיר החלופות, אנו סומכים על יכולת הישראלים להשיג "יעסקה טובה", ולאור נכונות חברת ג'נרל דיינמיקס להסכים ליעסקה כזו, קניית מטוסי האפ-16 תחסוך כבליון דולר לעומת תכנית הלבאי. באופן רשמי מדברים הישראלים על ייצור של 300 מטוסי הלבאי, אך אנו קולטים כל הזמן דיבורים על מספרים קטנים יותר.

שרירות ישראל • ווינגטון

סניף

ד. 3. מתור. 5. דסים

100 בסחוני

דחיות

מאריך וזיחה... 26.2.87

מחיר

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אל:

המשרד

עד כדי 150 יחידות בלבד. אם כן, עלות המטוס תרקייע (ככלל, יש להוסיף כ-13 מליון דולר למחיר כל מטוס אם המספר יירד ל-150) - ואזי לא תוכל ישראל לעסוק בכל פיתוח צבאי אחר עד לאחר שנת 2000. לעומת זאת, הקטנה במספר המטוסים החילופיים תגרום על פי רוב לעלייה שולית בלבד במחירם, היות ומדובר במטוסים שכבר קיימים.

7. באשר להוצאות הנובעות מביטול הפרוייקט (TERMINATION COSTS), אנו בוחנים אותן כעת. לכל היותר תהיינה כ-400 מליון דולר אם תופסקנה כל העבודות הקשורות בלביא, אך בפועל יימשך חלק מהעבודה (במסגרת התקנת מטוס חילופי ? - י.ל.). בממוצע הערכותינו בהקשר זה הן כשליש מההערכות הישראליות - " ויש להניח שאנו מתמצאים יותר מהישראלים כשמדובר בהוצאות ביטול בארה"ב".

8. זקהיים ציין שווינגברגר לא (א לא) אמר שהלביא הינו "מטוס נחות" בהעידו בפני מליאת וועדת החוץ ב-18 דנא (שלנו) הוא גרס שהלביא נחות לעומת מטוסים אמריקאיים - ובעריכת השוואה זו עומדים מול עינינו של ווינגברגר "מטוס על הנייר" (PAPER PLANE) מזה, ומטוס מוחשי מזה, כדברי זקהיים. מששאל באם מדיניותה של ארה"ב קובעת שאין להשתמש בכספי ה-FMS כדי לפתח מערכות נשק לאומיות (INDIGENOUS), השיב זקהיים בשלילה, תוך חזרה על עמדת ווינגברגר בפני וועדת החוץ, לאמור: היה וישראל תחליט להשתמש בכספי ה-FMS לשם פיתוחים שלא יוסיפו לביטחונה, לא תתמוך ארה"ב בכך.

לשאלה : היה וישראל תחליט להמשיך בפרוייקט הלבאי, האם ארה"ב תתיחס לתכניות אחרות כגון הצוללות, כאל "בני ערובה", ענה זקהיים שמעולם לא אמרנו זאת. - " השאלה איננה מה אנו נעשה אלא אילו תכניות תחליט ממשלת ישראל " TO HOLD HOSTAGE " ללביא, כי תרי מובן שישראל אינה יכולה להתמיד בפרוייקט זה ובו זמנית לעמוד בכל שאר תוכניותיה הצבאיות. לדוגמא, ישראל מודאגת מאיום הצוללות הסובייטיות שבידי הסורים: אנו עובדים עמה בנושא, והערכותינו לגבי עלות בניית הצוללות שישראל זקוקה להן תואמות את ההערכות הישראליות, בהפרש של כ-10 אחוזים. הערכותינו וגם דו"ח ה- GAO מראים שהפיתוח הימי של צה"ל ייפגע קשות אם פרוייקט הלבאי יימשך. בכל מקרה אין זה אפשרי לבנות את הלבאי ע"פ ה"תיקרה" של 550 מליון דולר כטענת הישראלים.

שרירות ישראל - וושינגטון

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ד... 4... מתוך... 5... דפים

סוג בסחוני

דחיות

מגריך וזיה... 26:187

מס' מבר...

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אל:

המשרד

9. רה"מ שמיר, בהיותו כאן בשבוע שעבר, אמר שהממשלה תכריע בנדון "בשבועות הקרובים".
מן הראוי והרצוי שתעשה זאת בקרוב כי הרי "אחד מהשניים" - או שיש להפסיק להוציא
כספים על הלבאי, או שיש להחליט על אילו מהתוכניות הצבאיות האחרות יש לוותר,
אם תחליט ישראל לבטל את הלבאי, אזי השאלה תהיה כיצד מציגים שינוי זה בכיוון
(IT WILL BE A MATTER OF HOW TO PRESENT IT)

ב-1967, לאחר השמדת המשחתת "אילת", שינו הישראלים את כל התורה הימית שלהם, ואין
כל מניעה מלשנות את החורה האוירית שלהם כיום. מאידך היה וישראל תחליט להמשיך,
תוסיף ארה"ב לתת סיוע אך לא על תבון פרויקטים חיוניים אחרים.

10. זקהיים גילה עצבנות מה כאשר מל לויין העיר שעניין הלבאי מטריד אותו, וטוב היה לו
משרד ההגנה הזה מגלה מידת שווה של דבקות וחריצות בבחנו תוכניות צבאיות אמריקאיות
ובכך יכלה ארה"ב לחסוך כספים מבוזבזים רבים. כאמור לעיל, לויין אף הטיל דופי
בהערכות זקהיים עד כה, ועל רקע זה סיקפק בהערכותיו לגבי התחלופות. לארי סמית
טען שבקונגרס אין מתיחסים ברצינות יתרה להערכות משרד ההגנה, וזאת לנוכח נסיון העבר.
זקהיים הכין אמנם אומדן מסוים שמבוסס על שיקולים מסויימים, אך הקונגרס ישקול
את ה- MIDDLE GROUND ויקח בחשבון שיקולים נוספים, לרבות האיומים על ישראל
ו"ההבטיים הלאומיים" (כגון אי פיתוחה הטכנולוגי של ישראל, אבטלה אפשרית כתוצאה
מביטול פרויקט הלבאי, בריחת מוחות וכו'). בנימה של אירוניה, הביע תודה לזקהיים
על כך שהוא מכיר בסומבי בעובדה שב-1979 ביקשה ישראל להתחיל בייצור משותף מהסוג
שמציעה חברת ג'נרל דיינמיקס כיום, ונתקלה בסרוב מפני שהחברות הגדולות בארה"ב לא
התקשו אז למכור את מטוסיהם ואיש לא היה זקוק לישראלים.

11. יצויין שלויין וסמית - תומכים ותיקים בלבאי שנכחו בטקס גילדת המטוס - היו היחידים
שגילו סקפטיות לגבי דברי זקהיים. לרוב המורשים פשוט לא היו הכלים והמומחיות
להתווכח עמו, ומן הסתם קיבלו את דבריו כפשוטם. טוריסלי (שביקר בישראל אף הוא
בעת גילדת הלבאי) הביע הערכתו לזקהיים בגלל ש"איפס" את הדיון על הלבאי והשלכות
הפרוייקט, ובזאת עשה שרות טוב לכולם.

12. אין ספק שזקהיים ידע לנצל היטב את המעמד. היה במיטבו, ולא הסך דברי עקיצה מחטרותיו

סניף סניף
ד...5...מחור...5...דסים
סוג בסחוני. ש. מ. ג.
דחיסות
מאריך וזיח
סניף מבר...

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אל:

השונות. נדמה שיצא מרוצה מאוד מהודמנת הפז שניתנה לו יומיים לאחר פירסום דו"ח ה-GAO להשמיע בהרחבה - נבפני קבל-עם ועדה - את טיעוניו.

יוסף זלמן

למדן

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אל : - אירופה 5, בלג'יל ו/מח"ד, מצפ"א

משיחת היכרות של הציר והח"מ עם פריץ ארמארט (FRITZ ARMARTH), עוזר בכיר ליועץ לבטחון לאומי לענייני ברה"מ ומחליפו של מטלוק המיועד להחליף את השגריר הארטמן במוסקבה.

1. ישראל. ארמארט, בהגונה על דנוי הציר בעניין מצב היחסים בין ישראל וברה"מ ציין תמיהתו על פשר ההתנהגות הסובייטית וחוסר-הסרמחה לחדש יחסים או לצדדים ממשיים בכיוון זה. גילה שלפני 18 הורשים היה כה משוכנע במהלך סובייטי כזה כלפי ישראל שאף התערב על כך, והפסיד כמובן. הסברי הוא שברה"מ פועלת במדיניות החוץ ע"פ העקרון של התקדמות בשלבים ורכישת הישגים ללא תמורה (COSTLESS) מצדה או לחילופין תמורת תשלום מינימלי ובודאי כזה שלא יהיה כבד מבחינתה. הדבר דומה תיאורטית למי שמנסה לעבור את הגראנד קאניון בפסיעות ולא בקפיצה אחת גדולה. הסבור הקפיצי בענין ישראל הוא שהסובייטים בעצם נכוונתם להודות בדיעבד במסגה על ניתוק היחסים זכאים לתמורה בבחינת נתנו את חלקם כביכול ועתה מצפים לתשלום על כך, דוגמאת שיתופם בתהליך המדיני. ארמארט המשיך בכך שהוא גם המה על שהשיוויים - גלסנוסט, פירסטווייקה - בהם מדובר עתה בברה"מ, פסחו לפי שעה על מדיניות החוץ. מתוך ניתוח הטוגיות העומדות על הפרק בתחום זה בברה"מ נראה לו שדווקא כאלו כגון ישראל, האיים הצפוניים (יפן) וקמפוצ'יה - מציאת מודוס וויונדי עם סין ואף אפגניסטאן הם נושאים פחות מסובכים עבור הסובייטים בהם ניתן היה להם לגלות שאר רוח. דהיינו, עשיית ויתורים במחיר מועט יחסית של סיכון. צריך להיות ברור לסובייטים, למשל שלל דילוג ממוסד עם ישראל מעבר לקיים אין להם כל סיכוי לחזור להיות המדינות במזה"ת. ארמארט גם לא מקבל שוט הוויטו הסורי דהיינו שיוזמה סובייטית כלפי ישראל קשורה בגורם הסורי אם כי כמובן קיים שיקול סורי מבחינת ברה"מ.

באשר לנושא יציאת יהודים מברה"מ, הוא סבור שמוקדם לדבר על שינוי במדיניות הסובייטית הנבונה על עשיית מחוות בתחום זה, דהיינו טיפול במקרים אינדוידואליים ע"מ לרכוש, בראש ובראשונה דעת קהל אוהדת, בעיקר בארה"ב.

שאלת הגירת יהודים קשורה גם במדיניות הסובייטית כלפי הלאומים ברה"מ ויש כאן מעין קווים החוצים זה את זה. העדפת הגזע הסלבי כבמקרה של מחליפו של קונאייב בקזחסטאן עשוי להעיד על דבקות במדיניות הרוסיפיקציה כלפי האלמנט האסייתי המדיניות

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דפוס... מחור... דפים

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סטי גבול

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כלפי הלאומים קשורה כמובן באספקטים אחרים של הקצאת משאבים כלכליים למקומות הנ"ל וספק רב אם מדיניות הרפורמות הכלכליות של גורבצ'וב זוכה למחיאיות כפיים ברפובליקות באסיה התיכונה. במצב זה ארמארט גם מסיק שההפגנה באלמא - אטה לא היתה ספונסנית אלא ארוע מאורגן.

3. אפגניסטן. ארמארט מסביר הוטר צעדים סובייטים תכליתיים כגון פיזור הצבא הסובייטי כדוגמא נוספת של פסיחה על החלטה לגשת לטיפול שורש מכאיב על אף ההכרה במחיר הכבד באבדות שהסובייטים נתנו לה אף ביטוי פומבי בכך שאפגניסטאן מהווה פצע פתוח. הסובייטים מעדיפים לפעול לעומת זאת בשני מיטורים אחרים (א) נסיון לפרק את הקואליציה המזינה את המרידה - פקיסטאן, איראן, ארה"ב ואף המורדים עצמם, אך בעיקר כלפי פקיסטאן בנושא אספקת אמלי"ח. התפוררות המרידה מבפנים הסיר מדרכה של בריה"מ מוקש פנימי מרכזי. (ב) במקביל הסובייטים מרבים במכוון לשגר דברי "הרגעה" לעבר המערב ובחוד ארה"ב שמסגר נגיבאולה הוא אף לא סוציאליסטי ובודאי לא קומוניסטי - מעין נסיון לזכות בלגיטימציה בינ"ל במקביל נמשך הויכוח הפנימי בבריה"מ בשאלת מהיר הכוחות הצבאית הכבדה באפגניסטאן, קרי קורבנות בנפש. ארמארט הצטרף להערכתו שנסיעה סובייטית ללא הישג ממשי בין אם במישור הצבאי אך בעיקר הפוליטי, דהיינו ארגון מערכת אפגנית פנימית שתספק את מוסקבה תהווה כחיר כבד ותהפך את גורבצ'וב הנתון באיב^{בשאלת} ארגון המערכת הפנימית הפוליטית - כלכלית ירצה לספק למפקדיו תחמושת נוספת בדמות נסיעה חד-צדדית, למרות אי שביעות רצון אפשרית מצדו באשר לטיפו קודמיו בסוגיה.

4. עיראק- איראן. ארמארט בתשובה לשאלה מעריך ששאלת העמדה הסובייטית ומדיניותה לאור ההתפתחויות במישור הצבאי עם חייבת להלקח בחכרון מראש בראיה הכוללת של שני הצדדים בעיקר לאור אפשרות הכרעה צבאית איראנית. (בשלב זה הציר הצביע על הויכוח הפנימי בעיראק בשי במקביל הבעיה קלימית גם בראיה מעורבות צבאית סובייטית ע"פ שיחתו בנפרד עם טוריצ לי^{הסובייטית} וספציפית כיצד תנהג במקרה התמוטטות המשטר העיראקי. בריה"מ עשויה לפעול כשתי צורות (א) מעורבות צבאית ישירה ליצלה ע (ב) תנועה צבאית בגבול האיראני כהחץ ולריבוק יחידות איראניות. אומרת מטייל ספק באפשרות האופציות הנ"ל וביחוד הראשונה. מסתבר, לדבריו שהמעצמה הסובייטית הצבאית האדירה עומדת חסר אונים, בדומה לארה"ב, כאשר מדובר בניוד כוחות מחוץ לגבולה וסביר מאוד שהחשת עזרה צבאית ת הגיע, אם בכלל, מאוחר מדי לבה בריחה, היה והכוחות האיראנים ישאטו לעבר בגדאד, הסובייטים כמ צריכים לקחת בחשבון כדבר מובן מאליו, כיצד ארה"ב תגיב בנטיבות אלנה מצדו ועודנו שמלבו בעיית הלוגיסטיקה הצבאית, קיים גם ספק באשר להיבט הפוליטי של החלטה דומטית כזו וזיה מעור

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סובייטית במה שקרוי ענייני פנים של מדינה אחרת. בעבר גורם זה הובא בחשבון בדוקטרינה הסובייט לגבי החייצנות לימין מטורים שהוגדרו כבעלי ברית, אך נראה שמאז חל שינוי בתפיסה הסובייטית בעקבות לקחי העבר. כמובן שיש לקחת בחשבון כיצד יגדירו הסובייטים התפתחות אפשרית כזו - איום (איראני) חיצוני או התפתחות פנימית (הדחת צדאם חוסין). הסובייטים במובן צריכים לנהוג במשנה זהירות גם בשאלה איזה משטר יקום ובידי מי, לא כל תוצאה תהיה אידיאלית עבורם. הסף הנמוך, מבריחת בריה"מ יהיה, כך נראה, שהדחת השליט (צדאם חוסין) והשאת המשטר (הנעמי) על כנו עשוי להיות פתרון שברה"מ יכולה לחיות עמו, אם כבר נחרץ שהלה ילך. המורה הפסקת המלחמה ושלמותה הטריטוריאלית של עיראק. מכל מקום הגורם הסובייטי הוא הגורם המרכזי, בכל כובד משקלו בקביעת קרוי מדיניות של איראן ועיראק, לטוב ולרע. מהלך סובייטי בגבול אינו בלתי אפשרי, השאלה מה יהיה משקלו על טיקולי איראן כלפי עיראק ועוד יותר מה יהיה ההידוך הסודר על ברה"מ עצמה, לאור עליית הגורם האיסלאמי הפנימי שאיראן באמצעים שונים חלבה אותו.

5. פרוק נשק. ארמארט בדעה שארה"ב משקה לפי שעה "טח עם עצמה" או כדבריו נמצאת במהלך של פרוק נשק יונילאטרלי. עם זאת הוא בהחלט לא פוסל אפשרות לצעדים מסוימים בתחום זה, ובעיקר בסוגיית ה-IMF הנראית כפתוח מסובכת בהשוואה למכלולים אחרים בסוגייה. הבניה המרכזית נסובה לדבריו סביב נושא יוזמת ההגנה בחלל (SDI). ברור לו נשם שמחזור לסובייטים שהנשיא רייגן לא יסוג בצורה משמעותית מעמדתו. מאידך, לסובייטים שגם עמדתם נראית מוצקת ישנו מרווח תמרון כלשהו והם עשויים לנקוט בטקטיקה שונה במקצת ולנסות ולהגיע ל"הסדרי ביניים" בתחומים מסוימים במטרה להעביר הסוגיה לדיון עם הממשל האמריקאי הבא 'ע"פ הכלל ש"הפריץ או הכלב ימותו" עד אז. ארמארט שהתייחס לנושא המורטוריום של הניסויים הגרעיניים הסביר שהבעיה בהיבט אמריקאי לאו דווקא מתמקדת בתחום הצר של הפסקת הניסוי בניד נשק גרעיניים חדשים שניד ארה"ב אלא יותר בהיבט הציבורי שלה כאן, דהיינו שהטופחה המוטוריוז הקשה, בניגוד לברה"מ, לכל חזרה אמריקאית ממנה.

6. ארמארט שנקרא לקרלוצ'י וביקש לשכור על קטר עמנו סיכם בכך שלפי שעה אדם בערכה "כדיקה מחדש" של מדיניות החוץ של ברה"מ ע"פ גזרתו של גורבצ'וב והיא ממשיכה לנוע על המיטה המסורתי של נסיון לרכוש הישגים ללא תמורה או בתחיר עלות נמוך ככל האפשר. כאשר שאלת גילויי העזה מושארים לתקופה הבאה של מזלוחו.

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אל: מזכיר הממשלה .

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Prosecutor Curbs Flow of Iran Papers to Congress

By PHILIP SHENON

Special to The New York Times

WASHINGTON, Feb. 25 — The special prosecutor in the Iran-contra arms investigation has asked the Justice Department to stop providing critical documents to Congress, setting the stage for a potentially important fight between the prosecutor and lawmakers, according to Reagan Administration officials.

The officials reported that Attorney General Edwin Meese 3d said today in a letter to a special House investigative committee that he would be unable to provide some information to the Congressional investigators about the de-

partment's own investigation of the case.

Mr. Meese, the officials said, told Congress that Mr. Walsh, who is formally known as an independent counsel, had asked him not to provide documents to Congress that were dated or uncovered after Nov. 25 of last year.

It was on that date that Mr. Meese announced that profits from the sale of American weapons to Iran had been funneled into bank accounts for use by Nicaraguan rebels, known as contras.

One Government official said Mr. Meese's six-page letter to the chairman of the House panel, Representative Lee H. Hamilton of Indiana, said

the Justice Department would continue to provide other materials to Congress.

According to the official, Mr. Walsh believes that documents after Nov. 25 are now part of his investigation and should be sought directly from him, not the Justice Department.

It was not immediately clear how Congress would react to Mr. Walsh's assertion that he should oversee the handling of the documents.

Those documents are believed to include investigative reports filed within the Justice Department before mid-December, when Mr. Walsh was named to his post.

Asked about Mr. Meese's letter, Mr.

Hamilton, a Democrat, said through a spokesman: "The letter shows the willingness of the Justice Department to provide the committee with a good deal of information that it has requested while advising us that we must work through the independent counsel for other data."

Committee to Weigh Response

"The committee will study whether this approach is satisfactory," he said of the request by Mr. Walsh.

Two officials said Mr. Hamilton had asked the Justice Department to turn over a wide variety of material about its investigation of the Iran-contra affair. Mr. Meese's letter today, they said, was in response to that request.

The potentially illegal diversion of money to the contras was uncovered in an investigation led by Mr. Meese on

the weekend of Nov. 22 and 23. On Nov. 25, Mr. Meese announced his discovery of the diversion.

Mr. Walsh was appointed independent counsel three weeks later. In those three weeks, Mr. Meese and the Justice Department continued their own inquiry into the affair, and it is the case file compiled then that was at issue today.

One Reagan Administration official with knowledge of the investigation suggested that Mr. Walsh's request was part of a "struggle over turf" between the independent counsel and Congress.

"Walsh seems to be saying this is his stuff and he needs to protect it," the official said. "The Hill is bound to respond negatively, I think."

Another official speculated that Mr.

Walsh might be trying to prevent certain critical documents from being turned over to Congress. "He could be afraid of leaks," the official said.

A spokesman for Mr. Walsh, Gail Alexander, declined comment on Mr. Meese's letter. The Justice Department also had no comment.

Although they have vowed cooperation, Mr. Walsh and the lawmakers are also expected to be at odds shortly over the question of Congressional immunity for key witnesses in the affair.

Lawmakers have said they intend to grant immunity to some witnesses in exchange for their testimony. But in a recent letter, Mr. Walsh cautioned Congress that granting such immunity could "create serious — and perhaps insurmountable — barriers" to prosecution.

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NEWS SUMMARY

THURSDAY, FEBRUARY 26, 1987

אל: מנכ"ל מדיני, ממנכ"ל, מצפ"א, מע"ת, הסבר

דע: יועץ רה"מ לתקשורת, יועץ שה"ט לתקשורת

דובר צה"ל, רמ"ח קש"ח, לע"מ, ניו יורק

MAJOR NEWS HEADLINES

ר/אמנ, ע/ראש אמנ למחקר

TOP STORIES: TOWER REPORT DUE OUT TODAY

The Tower commission, set up three months ago to investigate the Iran-contra affair, is due to release their report today. Sources said the report concludes that Pres. Reagan did agree to sell Iran arms in the hope of winning the releases of US hostages. While the report criticizes White House aides, the National Security Council is expected to be the commission's primary target.

Wash. Times Tower Report To Conclude Arms Sales, Hostages Linked

USA Today: Iran Report Out Today; Regan Too?

HINTINGS OF WHITE HOUSE STAFF CHANGES

Sources said that a major White House staff shake-up is imminent and includes the departure of White House chief of staff Donald T. Regan.

Wash. Post: White House Staff Shake-Up Said Near: Regan Reagan Calls Meeting On Tower Report; Regan Departure Seen

Phil. Ing.: Regan Knows Signs Pointing Out The White House Door

EX-AIDE DEEVER

Ex-White House aide Michael K. Deaver temporarily avoided any indictment when a federal judge blocked any action against him initiated by a special prosecutor. The independent prosecutor, W.N. Seymour Jr. had moved to obtain an indictment against Deaver on four counts of perjury.

Wash. Post: Suit By Deaver Thwarts Attempt To Indict Him: Special Counsel's Authority Challenged

Phil. Ing.: U.S. Judge Halts Probe Of Deaver: Says Prosecutor Might Be Illegal

Balt. Sun: Deaver's Suit Halts Charge Of Perjury: Ex-Reagan Aide Challenges Special Prosecutor Law

CHINA

As per party documents and a top party official, Chinese leader Deng Xiaoping has advised Communist Party members that China should follow Poland's example in suppressing its political opposition and not pursue American-like democracy.

Wash. Post: Chinese documents Reveal Deng's Hard Line On Protests

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NEWS ARTICLES

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3PERES, EGYPTIANS HOLD TALKS ON CONFERENCE

Wash. Post, Bartholet: For. Min. Peres met yesterday with Egyptian officials to discuss the idea of holding an international conference on the Middle East. PM Shamir opposes such a forum, contending that it may lead to Israeli territorial concessions. Also, Israel rejects Soviet participation until diplomatic ties are established. (26/2/87)

Balt. Sun: Peres Mission To Egypt Sharply Divides Coalition

Phil. Inq.: Peres and Shamir Differ Over International Peace Talks

Chris. Sci. Mon.: Peres's Egypt Trip Timed To Bolster Him And Idea Of Mideast Peace Farley

SHAMIR TRIES TO PREVENT WAR - WITH PERES

Wash. Times, (Reuters): PM Shamir said yesterday he hopes to avoid a govt. crisis over the issue of holding an international Mideast peace conference and over Peres's trip to Egypt. In Cairo, For. Min. Peres said it was too soon to decide on calling new elections over the issue. (26/2/87)

SHAMIR HINTS US AND ISRAEL OUGHT TO FORMALIZE THEIR CLOSE TIES PUTTING ALLIANCE IN WRITING

Chris. Sci. Mon., Saikowski: In his recent US trip, PM Shamir pressed the notion of formalization of US-Israeli ties - but said the initiative would have to be an American one. According to US officials, the Reagan administration is not taking the idea too seriously. Shamir said that the rationale for a treaty would be to "deter the Soviets". A more likely reason is seen by some to be a desire to acquire more US aid. (26/2/87)

DRAMA UNFOLDS AT 'IVAN' TRIAL IN ISRAEL: 2nd Survivor Points Finger At Demjanjuk

UCA Today, Myers: A second concentration camp survivor, Eliyahu Rosenberg, has identified Demjanjuk as the Nazi camp guard 'Ivan'. In an intense scene, the witness requested to get a better look at the defendant, who extended his hand in greeting. Rosenberg yelled out "How dare you put out your hand, you murderer?". (26/2/87)

Wash. Post: 2d Camp Survivor Identifies Demjanjuk

Phil. Inq.: Testimony Of Nazi Horror: Demjanjuk Again Identified

Chic. Trib.: Handshake Offer Stirs Drama In 'Ivan' Trial

Wash. Times: Witness Screams As Demjanjuk Offers Hand

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PG. 3 OF 3

ARTICLES CON'TCAR BOMB KILLS 1 IN BEIRUT SUBURB: Report Says Captive Professors Turned Over To Syrians

Wash. Post, Boustany: A car bomb exploded in Burj al Barajinah yesterday, killing one and wounding at least 20, not long after a throng of Shiite mourners buried 18 Hezbollah members slain by Syrian forces. (26/2/87)

Wash. Times: Shi'ites Vow To Avenge Ax Deaths Of Comrades

Wash. Times: Syrian Crackdown On Militants Aims To Curb Hezbollah

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נר : 0612 120 - 111 52 - 110	מאת : ע ד Washington עיתונות, ניו יורק

News Summary February 25, 1987

Editorials

NYT "The President Can't Remember" Weeks ago the joke in Washington was "What did the President forget and when did he forget it." It turns out it was no joke. The White House is now consumed with bickering, scape-goating and finger-pointing. Other aides are bailing out. Each inflamed voice urges the same priority: Evade the blame. There's only one sure way to do that: Govern the country.

NYP "Take Charge, Mr. President" Even staunch friends have been forced to acknowledge that a leadership crisis afflicts the Reagan presidency. The American people sense that confusion and uncertainty have gripped the White House. There's only one way to dispel that impression: Reagan must demonstrate that he is firmly in charge. It's been more than 3 months since he's held a regular press conference. He must make a determined effort to rise above the controversy.

WSJ "The Tower Inferno" The best way for Reagan to respond to the Tower report is to get on with his own agenda. His responsibilities are to the institution of the presidency and to the people who vote an individual into office. If at any point in this affair Reagan spoke falsely to the American people, he is obliged to apologize for that serious breach of faith. On Don Regan; his strength has been a commitment to accomplishing the president's agenda.

NYP "...And Get Yourself a New Chief of Staff" Reagan needs all the help he can get and that makes appointing a new Chief of Staff an absolute necessity.

Press Reports

Israeli Leaders Clash Over Peace Meeting

ND-AP-On the eve of his 2-day visit to Egypt, Peres clashed with Shamir over the need for an international peace conference. The friction increased after the European Common Market endorsed the idea on Monday and Reagan endorsed it last week. The Jerusalem Post quoted Shamir as saying that the conference issue could break up the government. But politicians from both parties said that a split was unlikely. However,

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Reuters quoted a Peres aide saying, "The Peres-Shamir tension over the issue has reached a virtually irreversable point. It is hard to see how things can calm down now. The most probable outcome is the breaking up of the Cabinet and elections before the end of the year."

Israel's Nuclear Weaponry/Iran and Libya Step Up Efforts

DN-wire-Israel may have aquired enough nuclear weaponry "to level every urban center in the Middle East" with a population of 100,000 or more, a nuclear proliferation expert told a Senate committee yesterday. Leonard Spector, a senior associate of the Carnegie Endowment for International Peace told the Senate committee that recent developments with respect to Israel and other countries are "profoundly troubling."

NYP-The Iranian regime has stepped up its efforts to build a nuclear bomb, and Kahdify tried to buy one from an ex-CIA agent, according to Spector's report.

Nazi Trial

NYP-Fettmann-Soviet supplied photos were admitted as evidence in the war crimes trial, despite the defense attorney's objection. At issue was a photo album containing the snapshot which appeared on a contested ID card that allegedly belonged to Demjanjuk. The ID card identified Demjanjuk as a soldier at the Trawniki camp, where Nazis trained concentration camp guards.

ND-combined-Pinchas Epstein testified that "Ivan the Terrible" and Demjanjuk had the same walk.

Tower Report Said to Find Reagan Was Told of Iran Dealings

NYT-Boyd p.1-The Tower Commission has concluded that Reagan, far from being remote from the Administration's arms dealings, was briefed on them regularly as they took place, according to officials familiar with the report. But the report also says that Reagan's participation in the discussions was minimal. Often he simply asked questions about the American hostages and told anecdotes. The report is also said to describe what one official said was a "pattern of freelancing" by North. The report says that North carried out policies on arms sales and aid to the contras that went far beyond what the White House intended. Reagan acknowledged that he could not remember whether he gave advanced approval of the first arms shipment to Iran in 1985. Senior Reagan advisors have been holding a flurry of meetings to devise a strategy for dealing with what is expected to be a critical report. (DN-Drake; ND-Friedman)

Many Say Damage is Irreparable

WSJ-Shribman p.1-A consensus is growing that the Reagan presidency has become paralyzed beyond recovery. Reagan plainly lacks command. Many political and business leaders have been stunned by Reagan's recent behavior, especially changing his testimony about his Iran-arms decisions. The Republican Party is worried.

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North Files Suit That Challenges Iran Prosecutor

NYT-Shenon-North filed suit against the special prosecutor in the Iran-contra affair and Attorney General Messe, challenging the constitutionality of the Federal law permitting appointment of a special prosecutor. The suit was seen by law enforcement officials as an attempt to delay and confuse the investigation by Walsh. It is unclear whether the suit would have an immediate effect on Walsh's investigation or on North's refusal to talk to investigators. (DN-wire; NYP-Lathem; WSJ-Pasztor; ND-Ciolli)

Iran Witnesses to Get Immunity

ND-Waldman & Mitchell-The congressional committees investigating the Iran-contra affair plan to vote to grant immunity to several witnesses, including North's secretary. North's secretary, Fawn Hall, dated Arturo Cruz Jr., the son of a top contra leader for about 15 months. She and Cruz split up around the same time as North left the NSC.

US Notifies Swiss of Iran Connection of Florida Concern

NYT-special-The US Justice Dept. has widened its probe of money transfers through Switzerland in the Iran-contra arms controversy to 21 persons and companies, including a Florida-based concern that may have received profits from the arms sales and transferred them to the contras. The company was not identified.

US Said to Ease Pressure For Extradition in Hijacking

NYT-Markham-A senior West German official says the US is now putting little pressure on Bonn to extradite a suspected hijacker Mohammed Hamadei. A US Justice Dept. official said that no breakthrough is expected soon. The US is showing understanding of Kohl's problem, a West German official said. Officially, the West German Gov't has imposed a news blackout on the issue to protect the two West Germans held hostage in Lebanon. The kidnapers have proposed a direct exchange.

Terry Waite Shot

NYP-Dan-Terry Waite was seriously wounded last month in a shootout between rival Arab guerrillas, diplomatic sources confirmed. Reports from Lebanon indicate that Waite is now out of danger and expected to recover soon.

Slain US Diplomat's Wife Said French Ignored Leads

NYT-Lewis-The wife of an American military attache who was slain in Paris in 1982 testified that she had given the French police a lead in the case that they failed to pursue. The French lawyer and the US Gov't also accused the French police of failing to investigate the assassination thoroughly and said the French secret service had withheld pertinent information because of "other national interests." The implication is that for complex political reasons, the French authorities have been reluctant to press the case against Georges Abdallah.

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22 Shiites From Party of God Die Fighting Syrians in Beirut

NYT-AP p.1-Syrian troops killed 22 Shiite Moslem militiamen in hand-to-hand combat and 3 Druse militiamen in West Beirut. The clash with the Party of God men was the most serious conflict involving the Syrians since they moved into Beirut on Sunday. The clash is seen as a possible strain between Syria and Iran. The Syrian attack on the Iranian-backed fighters is a further indication of the complexity and the contradictions in the fighting in Lebanon. The growing power of the Party of God and its dogmatism is troublesome to Damascus, some analysts say. (ND-Wash Post; NYP-AP)

Japan's Boycott of Israel

The New Republic-Howard Stanislawski 3/9 "Japan's Israel Problem" Japan is the most devout adherent in the developed world of the Arab economic boycott of Israel. Japanese industry not only meticulously observes every provision of the boycott. It goes well beyond by avoiding connections with Israel that the Arab world might possibly view adversely. There is a long list of the ways Japan has been unwilling to deal with Israel. However, the picture has begun to change slightly, largely as a result of recent American congressional and other political pressures.

Letters

NYT--In response to the Jordanian Ambassador's recent op-ed piece, writer states that as long as leaders advocate terrorism in the name of Islam, what other name can we give such terrorists besides "Moslem."

NYT-Helen Hatab Samhan, Deputy Director of the Arab American Institute, writes that the bias and exclusion that the Arab community faces in the media, school curriculums and national politics has reached the highest levels.

Cartoons

DN-Miami Herald-Arabs are holding guns to their own heads. Caption reads: "Beirut...Faced with a depleted population due to rampant kidnapings, Moslem terrorists resort to taking themselves hostage..."

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מיידי
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סניף

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אל: המשרד

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אל: מנכ"ל מדיני, מנהל מעפ"א,
דע: השגרירות, פרטוריה
לשכת רח"מ
לשכת מנכ"ל ארצות
לשכת מנכ"ל בטחון, מקש"ח

תחסי ישראל - דרא"פ

Hearings

1. במהלך ה-Hearings שקיימו היום (25) בוועדת המשנה למזה"ת בבית הנבחרים בדבר בקשת הממשל לסדוע עבור ישראל בש"ת 1988, שאל יו"ר הוועדה, המורשה לי המילטון, שורה של שאלות, קשות למדי, על הנושא הנ"ל.
2. להלן חילופי הדברים בינו לבין נציג הממשל, רוסקו סודרת', משנה לעוזר המזכיר במחמ"ד: המילטון: מה טיב היחסים בין ישראל לדרא"פ? סודרת': הם ארוכי ימים, ובין היתר קשורים להמצאות קהילה יהודית בדרא"פ. קיימת כמות לא מבוטלת של סחר בין שתי המדינות, שמתנהל מזמן רב. שאלה: האם חוק הסנקציות מופר? תשובה: בקרוב יוגש דו"ח מסווג בנדון. שאלה: מדוע מסווג? תשובה: מכיוון שרוצים להגיש דו"ח מלא ככל האפשר, ולשם כך יחיה מבוסס על מידע חסוי. ש: מדוע לא מידע מסווג? מדוע כל פעם שמבקשים דבר פשוט, נתקלים בתשובה שהחומר מסווג? ת: חייבים להגן על המקורות. ש: האם כמות משמעותית של סחורות נשלחה מדרא"פ לישראל לשם אריזה מחדש והעברה לארה"ב? כחודרה פטורה ממסים?

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שגרירות ישראל - וושינגטון

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ת : אינני מודע על כך.

ש : אבל המועצה המייעצת לנשיא הצביעה על כך.....

ת : ידוע לי, אך איני מודע על כך בפועל.

ש : האם הבחירה מטארה"ב לישראל את החומרה בה היא מתייחסת לביצוע חוק הסנקציות ?

ת : כן - שוחחנו על הנושא עם ממישראל, והיא הוקיעה את האפרטהייד; כעת היא שוקלת מחדש

את מדיניותה כלפי דרא"פ. ככל הנראה יכריעו בנדרון פחות או יותר בעת שאנו אמורים

להגיש את הדו"ח לקונגרס.

ש : האם זו מדיניות ארה"ב להתנגד להעברת סחורות אמריקאיות לדרא"פ (באמצעות מדינות

שלישיות, כגון ישראל) ?

ת : אינני מתמצא בנושא זה.

סיכומו של המילטון : בדו"ח המועצה המייעצת לנשיא מספר המלצות. נודה לכם (נציג הממשל)

אם תוכלו לבחון אותן ואם תודיעו לנו בכתב כיצד נוגעות המלצות אלה לישראל. כ"כ בחוק

הסנקציות כתוב שעל הנשיא להגיש דו"ח על המדינות המפרות את אמברגו הנשק, "במגמה להפסיק

את הסיוע הצבאי" למדינות כאלה. לחברתי (המילטון) איש אינו חוזה הפסקת סיוע זה, אך

לדעתי הדו"ח חייב להתייחס לאפשרות זו.

3. יצויין שהשאלות נשאלו בטון רציני וכבד, והותירו רושם קשה מאוד. מייק רון רוצן ישב ליד

המילטון והדריך אותו - וסביר להניח שהוא זה שהכין את השאלות. עם זאת עלה מעל לכל ספק

שהמילטון מזדהה עם השאלות, ולא יניח לעניין עם הגשת הדו"ח (עד הראשון באפריל).

יוסף זלמן

למדן

סניף 4 דפים
סווג בסחונני סנני
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אל:

המשרד

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אל :- ממ"ד/סוריה, בינ"ל-1, מצפ"א

משיחה עם ויין וייט (סוריה / INR)

1. ההערכות הסוריות הצבאית בבירות. האספקט המידי המדאיג את האמריקאים כתוצאה מחזרת הצבא הסורי לבירות הוא השפעת המהלך על בטחון החטופים. יד חזקה מצד סוריה כלפי אנשי החיזבאללה, עדיין בספק (ר' להלן), עלולה לגרום למהלך יאוש מצדם שיעמיד בסכנה חיי החטופים. הסצנריו של מרדף אחרי גורמי החיזבאללה במקומות בהם עלולים להמצא מספר חטופים מדיר שינה מעיני הגורמים כאן המטפלים בפרשה. ער עכשיו אין סימן לכיווני ההתפתחויות האפשריות בנושא. הכבדת יד זו עשויה בכל מקרה להקשיח את עמדת החיזבאללה בעניין שחרור החטופים גם מבלי לסכן חייהם בשלב זה. כאמור, עוקבים בצמוד אחר התפתחויות אפשריות בפרשה. לשאלת ^{ש"פ} של אמריקאים לא היה מידע מוקדם מהסורים, גם לא בעקיפין, על המהלך בבירות. הוא משוכנע בכך שכן כל החומר המודיעיני בנושא הסורי עובר דרכו, הוא גם היה מתפלא באם הסורים היו נוקטים צעד כזה. מאידך, לאמריקאים נודע על המהלך 24 שעות טרם כניסת הכוחות לבירות ע"פ קטעי מידע שהגיעו מהנספח הצבאי האמריקאי בדמשק, העושה עבודה שויין מגדירה כיוצאת מן הכלל בשטח איסוף מידע צבאי, למרביח הפלא ללא הפרעה מצד הסורים.

2. ההערכה האמריקאית היא שהסורים הכניסו כ-7,000 חיל לבירות, רובם נמנים על אנשי הכוחות המיוחדים בתוספת שריון. המעניין שבוחות אלה הורכבו על טהרת הגורם העלווי והנוצרי עם אלמנטים דרוזים מסויימים. ויין בדעה שמאחורי החלטת אסד להכנסת כוחות עמדה המלצה חזקה של ח'דאס לעשות כן, גם ע"מ לעצור התדרדרות המצב ובשל "נקיפות מצפון" על כוונת הסורים בלבנון כשלה'דאס, כמחזיק בתיק הלבנוני יש בהם חלק. וייט רואה שתי סיבות מידיות למהלך הסורי (א) מסקנה סורית שהקואליציה השמאלית-הסונית הנמנת על בני בריתה המסורתיים של סוריה בלבנון עברה את הגבול במאבק שהכריזה על אמ"ל, שלראשונה עמד, בעיני הסורים, כמעט בפני שאלה קיומית בבירות, מעבר למאבק בהם היה נתון עד כה. בלתי ניסבל מבחינחה שדווקא גורמים אלה התאגדו להכחיד את אמ"ל שם. סביר שברי, שעשה את שלושת החודשים האחרונים בדמשק (?) עובדה שלא הוסיפה לו כח וסטטוס פנימי לחץ לעצירת התדרדרות המסוכנת לאור התארגנות קואליציה אנטי אמ"ל. פיקוח מקרוב על גורמי החיזבאללה וכן אש"פ, אם כי ויין סובר שהסורים ינהגו בהירות משנה

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סוג בסחוני

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במדיניות כלפי החיזבאללה והוא בדעה שהקש "ששבר את גב הגמל" היתה התקרית בין החיילים הסורים במהלכה הוכו באכזריות החיילים וגולחו יותר מאשר הוכחה מוצקת, לפחות לא בשלב זה, על תפנית דרמטית במדיניות כלפי גורמי החיזבאללה בלבנון. אין לו ספק שהיה מי שרשם בדמשק תקרית זו ופעולת התגמול הסורית אמש כלפי קבוצת החיזבאללה שמנתה 20 איש. במהלכה ע"פ עדות ראיה הם חוסלו בפגיונים בקרב פנים מול פנים, היתה בבחינת סילוק חשבון עם מסר בצידה כלפי אחרים באשר לתקיפות העמדה הסורית. כאמור הסורים רואים בשאט נפש התחברות ג'ונבלאט והסונים להכות באמ"ל. ויין סיפר שג'ונבלאט שהיה בשבת בדמשק ביקש במפתיע לבוא לשגרירות האמריקאית שם נפגש עם דויד ראנסום ה-DCM. מהשיחה עמו לא הוברר מדוע ביקש השיחה אך השאיר רושם ברור של מי שזכה ל"מקלחת צוננר" מהסורים. גילה עצבנות מרובה ובקושי שלט ברגשותיו. הסברה האמריקאית היא שבא לבדוק באם המהלך הסורי נעשה בידיעת ארה"ב ומהי תגובתה לכך. דבריו, במסדר בטלביזיה לפרק את המליציה הדרוזית לא שכנעה שהתנדב מעצמו לעשות כן והינה תוצאה ברורה מהזעקתו לדמשק. ויין מעריך שמוקדם מדי לעמוד על המשך המהלכים הסורים בלבנון אך ברור לו שלסורים ישנם "קווים אדומים" בהיבט הישראלי שלהם, אם כי הם עלולים להתפרס לעבר השכונות הדרומיות ע"מ לשים ידם על המוצא הדרוזי לים ובעיקר העברת משלוחי נשק לפלסטינאים דרכו וגו זמנית פיקוח על תנועות אש"פ בגזרה. משברירי ידיעות שהגיעו ושוויין הגדירם כטובות ישנה מחשבה כשלב שני למבצע הסורי לנסות ולהעביר יחידות צלי"ב למזרח בירות ע"מ ליצור "שווייון" בין שני חלקי העיר, במסגרת רעיון סורי, לא חדש, לרופף שליטה הכח"ל שם.

השאלה המרכזית כעת היא האם הסורים יסתפקו במהלך או שמא יהיה לו המשך שעשוי לנגוע בשני היבטים (א) מדיניות כלפי החיזבאללה. (ב) המשמעות בתחום האסטרטגי מול ישראל. ויין גורס ללא ביסוס מודיעיני שהסורים יסתפקו בנבירות אך יתאימו עצמם להתפתחויות ע"פ תגובות והתנהגות הגורמים הלבנונים השונים. הפוטנציאל הסורי ל"רדת" (CRACK DOWN) על החיזבאללה קיים אך ויין בספק שכן ההחלטה קשורה קשר אמיץ ולא מנותק מההיבט האיראני. ביקורם בשבת בדמשק של שה"ח וילאייתי ודוסט, השר לענייני משמרות המהפכה עשוי להיות במידה מרובה מפתח לכך (ממ"ד האם יש לנו מידע על אופי הביקור הנ"ל?). דוסט האחראי על נושא משמרות המהפכה בבקאע מטפל גם בנושא אספקת נשק וחלקי חילוף. ידוע למשל שהוא הנושא ונותן בענין טילי הסקאד מלוב ויתכן שיש לביקור נגיעה גם לכך. פועל יוצא מכך בעל נגיעה מיידית לישראל יסוב סביב האפשרות של "נהירת" חיזבאללה דרומה. (ב) בתחום האסטרטגי, הסורים יוסיפו לשמור על כללי המשחק הנוכחי עם ישראל מכמה סיבות. המרכזית היא שהכניסה לבירות נתפסת כבעלת רקע

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ד... 3... מחון... 4... דפים
סווג בסחונני
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מדין וזיה
מדין

לבנוני פנימי ושהטורים לאור מצבם הכלכלי "הקטסטרופלי" העיתוי הנוכחי-בעיצומה של הערכות צבאית פנימית-אינם בשל/לכך.

2. ברה"מ. וייט מעלה ספקות באשר לברכתה של מוסקבה למהלך הסורי בלבנון והוא אף נוטה להסיק שהסובייטים אינם מרוצים מכך למרות דברי השבח הפומביים. ויין קושר זאת לשני היבטים (א) חוסר הנחת הכללי - מאז ומתמיד - ממדיניות סוריה בלבנון כאשר ויין בספק באם הסורים פרסו בפני הסובייטים כיצד משתלב המהלך בתכנית סורית כוללת שם. (ב) הבעיות ביחסי מוסקבה - דמשק. האמריקאים, באמצעהם, שמו לב שזה זמן רב יחסית לא מגיעים משלוחים של אמל"ח סדיר, שלא לדבר על אמל"ח כבד חדש. נוסף על כך הסובייטים עשויים להיות מודאגים מהשפעת המהלך הסורי על מאמציהם להביא לאיחוד פלגי אש"פ וכינוס ועידה בינ"ל במידה והסורים יגלו יד קשה כלפי הפלסטינאים שם. מכל מקום בכך פוטנציאל שלילי מבחינת ברה"מ. אגב כך וייט מציע, לישראל ולארעה"ב, לשים לב לעמדה הסורית בשאלת הועידה הבינ"ל שמא עוד נופתע מכך שהסורים, כתוצאה מלחצים שילוו בפיתויים סובייטים יאמצו בחיוב כינוס ועידה בינ"ל שלא יהיה בה ממש אך תציג אותם באור חיובי.

3. פנים. התמונה הפנימית קודרת למדי, הגם שלא באה לביטוי ב"אירועים גדולים" שיערערו את בטחון הפנים. המצוקה הכלכלית - שעומדת במרכז צמצום הסד"כ הצבאי ושהכנסת הכח לביירות מוסיפה עליה - הפכה עתה הבעיה מסי אחד של המשטר. מסימניה האחרונים פנייה דחופה לאספקת חרום של חיטה וגרעינים מכמה מקומות בבת אחת ע"מ לפחור זמנית המחסור בהם. ויין הפביר שעד עתה הסורים היו קשורים למקורות קבועים וזה לראשונה בדקו אפשרויות לאספקה דחופה. תופעה שניה היא שהאוצר הסורי פנה בזמנו לבנקים להעמיד לרשותו בעקרון כל סכומי המטי"ח שנרשותם. מתברר שאף אספו עתה פיזית סכומים אלה מהבנקים. בהקשר זה סיפר שסוריה קיבלה בין 30 - 70 מ' דולר סיוע מכוונת תמורת אי חבלתה בכינוס הועידה האיטלאמית והבטחת השתתפות אסד אישית, למרות, שלאסד לא היה מה לחפש שם" כהגדרת ויין. במקביל נמשך המחסור במצרכי יסוד ונרשמו מספר התקהלויות לפני החנויות שגררו הופעת כוחות הבטחון במקום, אף כי לא חרגו מעבר לתגרות שגרתיות ולא לוו בהתבטאויות פוליטיות. במקביל ממשיך רה"מ כאסם במאבקו בשחיתות הכלכלית, בעיקר כלפי סוחרים שלא מצייגים מחירים בהתאם למה שמסדר הכלכלה קבע - התוצאה בעלי החנויות סגרו עיסקיהם מאחר שלא היו יכולים לעמוד במחירים המגוחכים שנקבעו. ויין סיפר להמחשת הלך הרוח בציבור שבסוריה קיימים 3 פסלים (STATUES) הנושאים דמותו של אסד, שנים בדמשק ואחד בצפון באתהוא נראה פורש כפיים. מספר אנשים חמדו לצון ובלילות הם שמים על ידיו המושטות מיכל (ריק) של דלק, סל לנשיאת מזון

4/4

וכדי. כוחות הבטחון העמידו בעקבות זאת שמירה צמודה על האתרים. ח'ולי ממשיך בתפקידו ולאמריקאים אין הוכחה שהורד בדוגה או שחל שינוי בסמכויותיו בשל נושא הטרור, פרט לכך שנושא אבטחת שדות התעופה הוצא ממנו. רפעת כזכור דחה פניות אסד - במהלך דצמ' 86 - לשוב לדמשק אלא אם יוחזרו לו מלוא סמכויותיו. נראה שאסד הניח לפי שעה לרעיון להחזיר אחיו. בטה"כ למצב הכלכלי טרם נרשמה השפעה על בטחון הפנים, אך "הנרגנויות הקטנות" ושאר פכים מהווים אפיון לתגובת הציבור.

4. ארה"ב. ויין ציין חוסר הנחת שיש לאמריקאים באשר למדיניות הסנקציות של האירופאים, פרט לבריטים העומדים איתן בכך. מסתבר שהגרמנים בודקים כבר חזרה בדת האחרות כולל מגעים עם גורמים שיש להם נגיעה כלשהי לחטופים הגרמנים. ארה"ב הממשיכה, בקיצוניות, לנהל את דו שיח עם הסורים - מסתבר שהם ניסו, לאחרונה, להעלות בפניה ענין כלכלי - פרט לנושא הטרור, נושאת על גבה את עול הסנקציות. חב' הנפט "מרתון" העוסקת בקירוחים בצפון סוריה נצתותה ע"י הממשל להפסיק פעילותה ונמצאת בתהליך של יציאה. מסתבר שקונסורציום הולנדי הודרו ליטול מקומה ואף להכפיל כבר את כמות הקידוחים ע"י הפגין יעילותו בהשוואה לחברה האמריקאית. אגב, מסתבר שהנפט הסורי מכיל כמות גבוהה של גפרית ומחירו בשוק לא עובר את ה-8-9 דולר לחבית.

5. צמצום הדסי"כ הסורי. (נגענו בנושא זה ברפרוף לאור דיון רחב יותר האמ"ת) להתקיים בקרוב - א.א.). ויין המצטרף להערכה שמקורו של הצמצום באילוצים כלכליים, מטיל ספק באם העברת יחידות לאכסנה יביא עמו שיפור ביכולת הצבאית הסורית. דעתו שהשינויים בתוספת למועקה הכלכלית מעמידים עוד יותר בסימן שאלה נושא המוכנות או התארגנות הסורית הצבאית, בעיקר באם היחידות המופרשות יסובו למערך המילואים הסורי. מערך זה הסובל כבר מצמצום באימונים ובאספקת דלק הינו "עקב אכילס" של הצבא הסורי. הבעיה הגדולה העומדת בפניו היא ניידותו הכבדה. הצבא הסורי בניגוד לצה"ל בנוי בעת מלחמה על המערך הסדיר, ובמונחים אופרטיביים על כל כח מצוי קרוב ככל האפשר לגזרת החזית. יכולת העמידה הסורית בתנאי פתיחת קרב, למחקה ובודאי למגננה, תקבע בהתאם לזמינותו של ריכוז כוחות אלה. הזעקת כוחות מילואים מקורי העורף מתאפיינת בסרבול ומרמה נמוכה של ניידות. מאידך, ויין מסכים שאם הכוחות המפורשים יועברו לתגבור כוחות סדירים קיימים - הזכיר שתקן היחידות הנ"ל מלא בשעור של 70% - הוא יהווה תוספת כח ותרומה לצבא הסדיר. מכל מקום יש להמתין ולעקוב כיצד יבוצע תהליך השינויים, היקפם ומה תהיה תמונת המערך הצבאי כשיושלם התהליך.

ל.א.כ

שרירות ישראל - וושינגטון

16

סניף סניף

ד.א.נ.1... מחור.1... ד.ס.ים

סווג בסחונני... שגנה...

מלידי דחיסוח...

מאריך וז"ח... 251740 פבר 87

משרד המט"ח

1/2

מ 87

מ 565

מ"ל המטרד 819

אל: טעפ"א

דע: מנהל אוצר

מקט"ח

נספח עה"ל (כאן) רמט"ן (ניו-יורק).

בית הנבחרים: בקשת הממשל לסיוע עבור ישראל בש"ת 1988

1. היום קיימה דועדה המשנה למזח"ת הירינג בנדון, שארץ כשעתיים וחצי. טעו הממשל העידו

רוסקו סודרת' (מחט"ד); רוסל משלוף (AID); ורוברט פלטרו ודב זקהיים (משרד ההגנה).

בנפרד ההתבטאויות הכתובות של סודרת' ומשלוף, שהוכנסו לרקורד.

2. בדברי הפתיחה שלו, הציג סודרת' את בקשת הממשל לסיוע, בסכום כולל של 3 בליון דולר, עבור:

בין היתר, שיבח את מאמצי ממדישראל להבריא את הכלכלה; הביע דאגה מעלות חלביא והשפעת

הפרוייקט על תכניות חינוכיות אחרות, ממוטנות מכספי ה-FMS, עד סוף המאה; וכן

הצביע על צרכים שהממשל מחפש ומציע ע"מ להקל על הלחצים על סיוענו, כגון האפשרויות הטמנות

במעמדנו החדש כ"בת ברית גדולה מחוץ לנאטו" וההצעות להקלות במצבת החזרי החובות שלנו.

למעשה, איש מוועדה לא ערער על המשך הסיוע ברמתו הנוכחית, ככל הנראה גם בש"ת 1989 - מלבד

המורשה לארי סמית שאלה מדוע צריכים לקבל כאקציומה שהסיוע לא יוגדל עה שהממשל שוקל

מכירות נשק משמעותיות למדינות ערב.

3. בעקרון^{מקור} הדיון היה כלכלת ישראל, אך הנושא הכולט היה חלביא. זקהיים היה במיטבו - טען

שדו"ח ה-GAO מצדיק אותו, בעיקר לגבי הוצאות הייצור; לפי שיטתו המקובלת, הצביע על

האימפקט השלילי בבטחוננו שיהיה בהמשך פרויקט חלביא לעומת היתרונות, התקציביים בעיקר

בתחלופות. כדרכו, דיבר בבטחון עצמי עצום, וגילה עצבנות - מה רק כשהמורשה מל לריון הטייל

דופי במספרים שהציג עד כה ושאל מדוע יש יסוד לחשוב שהעדכותיו לגבי עלות התחלופות ה"מ"ן

נכונים יותר.

ס"ח ה"ח 2 3 3 1 1 2 1 3 3 2

סניף סניף
 דפוס...²...מחור...דפים
 סווג בטחוני
 דחיות
 מאריך וזיה
 מ"מ מבר

2
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 2

סניפות ישראל - ווינגטון

619
 565
 87

אל:

לארי סמית העיר שאמנס הכין זקחים העלכה מטרימט לגבי הלבאי על יסוד נתונים מטרימיס אך בקונגרס אינם מיוחסים חשיבות יתר להערכות משרד ההגנה - וזאת עקב אי-דיוקן בעבר, מה גם לוקחים בחשבון שיקולים נוספים כגון קידום התעשייה המתוחכמת, אבטלה וכו'. עם זאת יהיה זה משגה מצדנו להמעיט בהופעתו של זקחים, וכושר השיכנוע שלו.

4. מעבר לנושאים אלה, נשאלו רבות על משמעות מעמד "בת ברית גדולה מחוץ לנאטו"; על היחסים האסטרטגיים בין שתי המדינות; על מצב היחסים אחרי פרשת פולארד והפרשיות האחרות (עדיין איתנים); המצב המדיני בארץ לאחר הרוטציה; המשרת תהליך השלום; שיחות שה"ח במצרים; כניסת הסורים לביירות, ועוד.

לי המילטון שאל שאלות קשות במיוחד על יחסינו עם דרא"פ, ואם כי ציין (בקשר לדו"ח הנשיא על המדינות המפרות אמברגו הנשק) שאיש אינו צופה הפסקת מתן הסיוע הצבאי לישראל, עלה בכירור מדבריו שאין בכוונתו להעלים עין מהדו"ח ולעבור עליו בשקט. כוהשר זה הזכיר גם מספר נקודות לא נוחות לנו מתוך דו"ח המועצה המיעו של הנשיא.

5. בנפרד (ובהמשכים) דוחות מורחבים על יחסי ישראל-דרא"פ, הלבאי, ושאר הנושאים.

יוסף
 למדן

1987-02-26 01:24

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87-16-25-16-30

המשרד, בסחון, ניו יורק

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87-16-25-16-30

אל: מנכ"ל מדינה, ממנכ"ל, מצמ"א, מע"ת

דע: יועץ רה"מ לתקשורת, יועץ שהכ"ט לתקשורת, רמ"ח/קט"ח, ניו יורק
ר/אמן, ע/ראש אמן למחקר.

25.2.87 תדרוך דובר ממס"ד ליום

MR. REDMAN: Quorum call. Okay. Ladies and gentlemen, good afternoon. One announcement. At the invitation of the Secretary of State, the Foreign Minister of the Republic of Turkey, Vahit Halefoglu, and his wife, will make an official visit to Washington, DC on March 14 to 19. The Foreign Minister will meet with Secretary Shultz, and with other cabinet level officials. In addition, the minister plans to have contacts with Congressional committees, and well as with individual senators and congressmen. That's all I have on that.

Q Chuck, yesterday Secretary Shultz said that if the Syrian can achieve peace in West Beirut, that's a positive step, while the legal government which you always support, says that this is illegal, the presence of the Syrian is illegal. So how can you manage these two statements?

MR. REDMAN: I'm not going to try to attempt to manage various statements as you might suggest. I'd refer you in the first instance to the statement which we released over the weekend; and secondly, to the totality of the Secretary's remarks, which were a bit broader than the one instance that you have picked out.

Q So, do you share with the Lebanese government, which you support, that the Syrian presence in West Beirut is illegal, or not?

MR. REDMAN: I share our statement that was released on the weekend, and the remarks of the Secretary yesterday.

Q You did not address this point, if it is legal or illegal.

MR. REDMAN: I've given you what I have.

Handwritten notes at the bottom of the page, including numbers 2, 1, 1, 4, 1, 2, 3, 3, 2 and various illegible text.

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Q To follow up on the nuclear issue. Have you seen the Carnegie report which said that Israel now possesses more than 100 nuclear warheads? Are you more concerned that -- or, are you satisfied with Israeli assertions that they will not be the first nuclear power in the Middle East?

MR. REDMAN: I don't have anything new on that particular question, beyond what we have said from this podium previously, and which you have quoted at least part of.

Q Do you have any comment on King Hussein's cancelling his visit to Washington, and President Hosni Mubarak of Egypt, too?

MR. REDMAN: In the case of both, the current state of affairs is that discussions continue, to find mutually agreeable dates for official working visits by King Hussein and President Mubarak to Washington. No dates have been set, but we expect to be able to work them out. And we always look forward to visits here by these close friends.

Q The public statements, which were in the media over the weekend, and before -- I think, up 'til yesterday, were their dissatisfaction -- one on the level, of King Hussein, on the level of the Iran-contra arms deal, and the Iran sale -- sale of US arms to Iran. And the other one, of President Mubarak, about that there was no progress in the -- (AUDIO DIFFICULTY) --

MR. REDMAN: You'd have to talk to the two gentlemen involved for their own positions. It certainly is the case, for example, that the concern over the Iran arms transfer that's been of concern to some of them. But, as I say, the current status of trying to arrange those visits is, as I just laid out for you, which is that we continue to look for some mutually agreeable base. And we expect to be able to find those.

Q (off-mike) the time was not suitable for either party, and that's why they cancelled?

MR. REDMAN: I'm not quite sure what your question is.

Q Would you assume for an agreeable date, does the cancellation suggest, or read into it, that they did not coincide with the (inaudible) president, or Hussein or Mubarak to come?

MR. REDMAN: As always, in trying to arrange dates, they have to be mutually agreeable. We've been talking about some dates. We've not yet come to any dates that are mutually agreeable, and that's what we'll continue to work on.

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Q (off-mike) in practice in the diplomatic world there're always talks going on about mutually acceptable dates. In the case of Hussein, he told the Financial Times last week, he ain't coming. Do you have any reaction to that specific comment?

MR. REDMAN: My reaction is what I've given you, that we are, in fact, continuing to work on dates, and we expect to work this out.

Q (off-mike) Mubarak was supposed to be here last week, or this week, apparently. Is that correct?

MR. REDMAN: Again, you're talking about dates that have been talked about. And there have been dates talked about, but we've never yet arrived at mutually agreeable dates. That's simply the state of affairs.

Q The reports yesterday suggest President Mubarak was supposed to be here yesterday. Was it not acceptable to the United States for the visit(?) to be here, or what?

MR. REDMAN: I don't know in each of those two cases, which dates have been already talked about, at which side had what kind of problems. I just don't know.

Q There once were reports that the Administration has sent to Congress requesting arms, selling weapons to Jordan and Saudi Arabia. Later on, it was reported that the Administration actually scrapped the part that was supposed to sell to Jordan. Am I correct, or can you give us some details on that?

MR. REDMAN: I think you've missed a number of briefings in the past few weeks. We've addressed those questions in the Press Office --

(AUDIO DIFFICULTY)

--There has been guidance prepared, material used from this podium. As a consequence, just please check with the Press Office and there you can get the exact words.

Q Chuck, do you have anything on the clashes between the Hezbollah and the Syrians? There's a report out of Kuwait that some of the hostages were taken to the Iranian embassy in Beirut.

MR. REDMAN: No, I don't have anything on either one.

Q (off-mike) did the U.S. have prior notice on the Syrian entry into Lebanon?

MR. REDMAN: You've seen our statement?

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 11/28 1110
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GT
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 124
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Q (off-mike)

MR. REDMAN: From the weekend.

Q But you did not address that specific one. Did the U.S. have prior notice? Were they aware at the time that they were coming in?

MR. REDMAN: I don't whether it was addressed or not in the briefings at that time. I just don't have anything.

Q Well you have to look into it.

Q Part of the Endowment's(?) press conference yesterday on the release of their survey of nuclear proliferation in 1986, Mr Spector, who was the author, said that he interpreted the language in the statement that you just cited by the President, about Pakistan's program, that the Pakistani's have not -- do not now possess a nuclear explosive device, to indicate that the American policy was fixed on the question of whether they had, in fact, assembled a bomb. And that, he had interpreted that to mean that the Administration was willing to look the other way if they collected the components of the bomb, but didn't screw them together. Is that a fair interpretation of what that October statement was supposed to mean?

MR. REDMAN: I don't think you should try to read anything into what the October statement was "supposed" to mean. There is a law which requires a certification on a specific question, and that's what the President certified. There's a second aspect of that, too, which isn't directly related, but that's not the only part of that certification. So I put, I just refer you to the law, what the president's certification is supposed to do, and what he said at that time, and then, secondly to say, I've just reiterated what we've said many times about our long-standing concerns about the entire Pakistani nuclear program. That, in response to your implication that we are somehow turning away from it. We make that certification, it requis that we take a careful look at the information.

Q Shimon Peres's meeting today with President Mubarak in Egypt, when they will have talks for 3 days. Do you have any comment on that?

MR. REDMAN: No.

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Q Well, there are stories today say that this meeting will bring an end to the national coalition in Israel, and facilitate for Shimon Peres to run for elections, and possibly have a majority of the parliament that they will be able to go along the line of what you are saying of the international conference, contrary to Mr. Shamir. Would you like to see the bring down of the national coalition in Israel in order to facilitate that? (laughter)

MR. REDMAN: I don't have anything --

Q Can you give us a readout of the Secretary's meeting this morning with President Mobutu?

MR. REDMAN: What I have is very brief. President Mobutu is in the US on a private visit. The Secretary paid a courtesy call on him at his hotel this morning. The two men discussed economic and political issues of mutual concern, including Zaire's economic reform program, and the situation in Chad.

Q What about the question of a military access agreement?

MR. REDMAN: As far as I know, the subject of a military access agreement was not discussed. As far as the agreement itself goes, I can confirm only that there have been discussions within the administration about the possibility of negotiating a military access agreement with Zaire, but no final decision to seek such an accord has been made within the government.

Q The State Department opposes that idea, is that right?

MR. REDMAN: I don't know where you got that. What I am saying is what I have to offer you at this point.

Q Chuck, do you have any reaction to the Gulf Corporation Council States that they are going to Europe and some other sources for arms and defense systems, rather than ask the United States, especially after the arms sales to Iran?

MR. REDMAN: No, I don't have anything.

Q Can I follow up on what Secretary Shultz described the Syrian force's presence in Beirut to be positive if they could bring some sort of stability or peace. How much different is it from the Soviet presence in Afghanistan?

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MR. REDMAN: I'm not going to try to make some comparisons --

Q How do you account for it' --

MR. REDMAN: On the thrust of your question, it's been asked at least two times. I've given you what I have.

Q That was not here at the time. -- You may have been asked this question too, when I was away. There was a report a few days ago, that the European Community came out strongly supporting an international conference on the Middle East. Would the administration coordinate, cooperate, on this specific point with the European Community?

MR. REDMAN: I don't have anything on that subject beyond what the Secretary has said publicly on a number of occasions, primarily last week. Just nothing beyond that.

Q But, that's prior to the EC's announcement.

MR. REDMAN: But our position on international conference was talked about at length by the Secretary, that's what I'm here empowered to talk about, is the US position.

Q (Off mike) -- to Beirut violate any agreements reached by the United States in 1983, on the evacuation of foreign forces from Beirut?

MR. REDMAN: Don't have anything on that.

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NEWS SUMMARY
WEDNESDAY, FEBRUARY 25, 1987

דובר צה"ל, רמ"ח קש"ח, לע"מ, ניו י
ר/אמן, ע/ראש אמן למחקר

סכום עזונות יומי

MAJOR NEWS HEADLINES

TOP STORIES: IRAN-CONTRA INVESTIGATIONS

Chairman Daniel Inouye (D-Hawaii) of the Senate committee investigating the Iran-contra affair said yesterday that confirmation of Robert M. Gates as CIA director should be delayed until the congressional inquiries are completed.
Wash. Post: Probe Leaders in Senate Urge Delay On Gates

AIDS

While health officials and civil liberties advocates in the U.S. expressed opposition to widespread mandatory screening for the AIDS virus, in Japan, fears of an AIDS epidemic has spurred the Japanese govt. into drawing up a series of measures aimed to control the spread of the disease, including a measure that would bar AIDS-infected foreigners from entering the country.
Balt. Sun: Japan Weighs AIDS Policy, May Bar Infected Foreigners

Wash. Times: Widespread AIDS Testing Draws Opposition

PHILIPPINES

One year after her "people power" revolution, Phillipines Pres. Aquino has scored some victories in the past year, and sustained her popularity - despite sharp brushed with her opposition. She has begun the rebuilding of key institutions and encouraged the restoration of civil liberties.
Wash. Post: Aquino Scores Some Victories In Year: Country Still Faces Major Challenges After 'People Power' Revolt.

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NEWS ARTICLESPEACE PROCESS DIVIDES ISRAEL COALITION. (pg.1)

Chic. Trib., Broder: Israel's natl. unity govt. appears threatened as the rival coalition leaders remain deadlocked over the international Mideast peace conference issue. PM Shamir opposes such a conference, while For. Min. Peres supports the idea - also endorsed by the European Community. Peres has also said he will go to Cairo for three days of talks with Mubarak to discuss conference possibilities. Shamir said that Peres' Egypt visit could cause the fall of the govt. (25/2/87)

Chris. Sci. Mon: Peres Peace Move Risks Coalition Crisis: Israeli To Meet Mubarak On Global Peace Conference

Wash. Times: Peres Visit May Force Early Vote

Balt. Sun: Peres, Shamir Clash Over Peace Farley

MIDDLE EAST SEES FLURRY OF INITIATIVES; Syrian, Israeli, Egyptian Moves Aim At Controlling Violence

Wash. Post, Tyler: A rash of political and military activities in the Mideast this past week... For. Min. Peres is headed for Egypt to discuss the controversial proposal for an intl. peace conf... ..the ceasefire between Iran and Iraq was broken as Iran launched renewed attacks on Basra... tensions heightened in Lebanon with Syrian troops rolling into Beirut to take control of that war-ripped city... U.S. hostages are still hostages... all this and Jordan's King Hussein has gone skiing in Austria. (25/2/87)

ISRAEL COULD LEVEL MIDEAST, REPORT SAYS

Chic. Trib., (AP): According to a study released by the Carnegie Endowment for International Peace, written by Leonard Spector called "Going Nuclear", Israel may have acquired enough nuclear weapons to "level every urban center in the Middle East". (25/2/87)

Chris. Sci. Mon.: A-Bomb Technology Spreads: Trouble Spots Are Israel, South Africa, and Southern Asia

Even. Sun: Israeli Nuclear Arsenal Substantial, Report Says

SHAMIR URGES US JEWS TO LIVE IN ISRAEL AND LEARN TO SPEAK HEBREW

Bost. Globe, (wires): In a speech at the Simon Wiesenthal Center for Holocaust Studies in L.A., PM Shamir called on American Jews to live in Israel and said students should learn to speak Hebrew. He called the practice of Jews marrying non Jews "slow spiritual suicide" and he urged the U.S. to stop giving refugee status to Soviet Jews as a means to stimulate the Soviet Union in allowing for more emigration. (25/2/87)

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NEWS ARTICLES CON'T

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SYRIAN TROOPS SAID TO KILL 18 IN HEZBOLLAH'S BEIRUT MILITIA
Pre-Iranian Group Burns Its Barracks

Wash. Post, Boustany: In apparant response to the Hezbollah's burning of their Fathallah barracks Monday in protest of the Syrian presense in Beirut, Syrian soldiers raided a main prayer center and killed at least 18 Hezbollah members. (25/2/87)

Phil. Inq.: Syrians Reportedly Kill 18 In Beirut

Chic. Trib.: Syria Raises Beirut Death Toll

Wash. Times: Syrian Troops Kill 22 Shi'ite Zealots, 3 Druze Militiamen In West Beirut

Balt. Sun: Syrians Kill 22 Shiites In W. Beirut

ISRAEL WATCHES SYRIA STEP INTO BEIRUT MIRE

Chic. Trib., Broder: Israel has adopted a wait-and-see approach toward the Syrians and the current situation in Lebanon. Def. Min. Rabin said this week that it appears that "...Syria is being dragged into strengthening Amal in West Beirut" and there is no immediate concern to Israel unless Syria sets up ground to air missiles there. This attitude is reflective of the Israeli hope that Lebanon will prove to be the same mess for the Syrians as it was for Israelis when they invaded back in '82. (25/2/87)

RELIVING THE HOLOCAUSTS'S HORRORS: In Israel, Demjanjuk Trial
Rekindles Painful Memories

Phil. Inq., Duvvisin: For Israelis, the Demjanjuk trial is not simply a criminal proceeding but a reexamination of the Holocaust and a chance to mourn the Nazi's victims. The prosecution has sought to display not only the crimes of Ivan the Terrible but the whole horror of the Holocaust - described in detail on the trial's opening day by Yitzhak Arad, Dir. of the Yad Vashem Holocaust Memorial. (25/2/87)

Miami Herald: Witness: Demjanjuk Is Ivan

Balt. Sun: Testimony By Survivor Of Nazi Camp Challenged

Even. Sun: Accused Identified As Death Camp's 'Ivan The Terrible'

ENVOY WAITE'S FRIENDS 'IN THE DARK'

Miami Herald, Slevin: Five weeks after envoy Terry Waite came to Beirut for negotiations, he remains missing and no group has claimed responsibility for kidnapping him and nor has any leader made demands. (25/2/87)

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UPDATE ON IRANSCAM...

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NORTH CHALLENGES INDEPENDENT COUNSEL STATUTE: NSC Ex-Aide's
Lawsuit contends Provision of 1978 Ethics Law Is Unconstitutional

Wash. Post, Kurtzi Lt. Col. North initiated a lawsuit yesterday asking that the office of Lawrence E. Walsh be disbanded charging that the independent counsel in the case was unconstitutional. North's move was an effort to stop the criminal investigation into the Iran arms sales-contra scandal. (25/2/87)

WSJ: Walsh Encounters Complex Set Of Transactions That Slow
Down Probe Of Iran-Contra Scandal

PRESIDENT CAN'T RECALL DEAL DATE: Reagan Tells Tower Others
May Have 'Influenced' Memory

Wash. Post, Cannon & Woodward Pres. Reagan said yesterday that he is still confused about when he actually authorized the first shipment of arms to Iran. Reagan has given conflicting accounts on this point to the Tower commission in testimony about his role in the Iran affair. Last Friday, Reagan sent a letter to the commission stating that he had "no recollection" when he authorized the arms shipment and that he may have allowed himself to be influenced by the "recollection of others." (25/2/87)

EDITORIAL ARTICLES

ISRAELI HONESTY ON IRANSCAM

Phil. Inq., edit: As indicated by the Pollard case, the Israeli record for cooperation with the U.S. on touchy matters between the two countries, is not encouraging as a precedent for the Iran-contra inquiry. The U.S. has gone out of its way to stress that the scandal has not damaged the relationship between our countries. A test of the strength of the alliance, however, will be the degree of Israeli frankness in assisting Congress get to the bottom of the affair. (25/2/87)

Deborah Stone
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אל: מצפ"א
 דע: מנכ"ל אג"מ
 מקשי"ח

בית הנבחרים: בקשת הממשל לסיוע עבור ישראל

רצ"ב ההתבטאויות הכתובות של נציגי מחמ"ד (סודרתי) ו-AID
 (מישלב) שהוכנסו לרקורד ההירינגס בנדון שקויימו היום
 בוועדת המשנה למז"ח.

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STATEMENT OF
ROSCOE S. SUDDARTH
DEPUTY ASSISTANT SECRETARY
BUREAU OF NEAR EAST AND SOUTH ASIAN AFFAIRS
DEPARTMENT OF STATE
BEFORE THE
HOUSE SUBCOMMITTEE ON EUROPE AND THE MIDDLE EAST
WEDNESDAY, FEBRUARY 25, 1987

Mr. Chairman, I welcome this opportunity to appear before the Subcommittee on Europe and the Middle East in support of the Administration's request for security assistance for Israel.

Several weeks ago, Secretary Shultz said, "we do not seek foreign assistance solely for the benefit of others; we are pursuing our own national security and economic interests when we work with our friends and allies around the world." Nowhere is that more true than in the Middle East, where our broad policy goals have remained constant over the years, and where we continue to promote efforts to reach a just and lasting peace between Israel and its Arab neighbors.

First and foremost, we have tried to foster stability in a region of great strategic importance to the U.S. Closely related to this, we have attempted to assure the security and prosperity of our friends in the region. This, of course, applies directly to Israel, where the U.S. commitment has been one of the fundamentals of our Middle East policy.

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The U.S. and Israel have a unique and rich relationship based on culture, history, and shared values and interests. During this Administration, our relations have grown stronger as we have forged institutional links to reinforce traditional ties. Among these are:

- The Joint Political Military Group, which oversees our strategic cooperation and advances our shared interests in keeping the region free from external threats.
- The Joint Security Assistance Planning Group, which coordinates U.S. military assistance to Israel and matches available resources to Israel's defense needs.
- The Joint Economic Development Group, which is a useful forum for frank and constructive discussion of the Israeli economy and U.S. economic assistance.
- The Free Trade Agreement, signed in 1985, which has shown great potential for stimulating increased trade between the U.S. and Israel.

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Last week, during Prime Minister Shamir's visit to Washington, we had an opportunity to review our bilateral relationship and to renew our joint commitment to the peace process. The Prime Minister and President Reagan agreed that the fundamentals of our relationship were as solid as ever, and our institutional links had strengthened. We are confident our ties with Israel will continue to be close and strong.

We are seeking a total of \$3.0 billion in military and economic assistance for Israel in FY-88, the same level as last year. While this is a large amount, we are convinced this level of assistance is justified. As essential bulwarks of Israel's security, military strength and a healthy economy give Israel the confidence to pursue the search for a Mideast peace settlement.

We request \$1.8 billion in forgiven Foreign Military Sales credits for Israel. The all grant terms of the FMS program will lessen the economic impact of Israel's extraordinary defense burden. We believe this level of assistance is sufficient to assure Israel's continued qualitative military advantage in the region. Syria has

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undergone an intensive military build-up since 1982, acquiring a large inventory of sophisticated Soviet military equipment, and still poses a significant threat to Israel's security. Israel will use the credits to finance such priority military equipment as high performance aircraft, helicopters, artillery, missiles, and ammunition.

Because of current and expected budgetary stringencies, we are concerned about the high cost of the Lavi fighter aircraft and its impact upon other vital FMS-funded programs in Israel through the end of the century. We have proposed alternatives to the Lavi that would meet Israel's defense needs at significantly less cost and that would provide for Israeli employment and technical participation. The Government of Israel is now reviewing the alternatives in light of defense needs and budgetary realities.

Recognizing the pressures on our overall budget, we have sought ways to enhance the effectiveness of our military assistance to Israel without appropriating larger amounts. For example, we recently notified Congress that we had designated Israel, as well as several other countries, "a major non-NATO ally" as defined in the 1987 Defense Authorization Act. Under this designation, Israel will be eligible to participate in cooperative defense research and development projects. The new status is also an acknowledgement of the close strategic relationship between our countries.

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Our request for \$1.2 billion in Economic Support Fund assistance directly addresses the needs of the Israeli economy. It will enable Israel to cover the financing gap in its balance of payments, repay some of its debt, and maintain foreign exchange reserves at a level consistent with a strong financial standing.

Because of the strength of our relationship as well as our assistance to Israel, the U.S. takes a great interest in the Israeli economy. We continue to consult closely on the economy, using the Joint Economic Development Group as a forum, and this has been a valuable process for us both.

Over the past eighteen months, under the leadership of Shimon Peres and now Yitzhak Shamir, Israel has made real progress toward putting its economic house in order through the stabilization program. Inflation in 1986 was about 20 percent, still high by most standards, but far below the triple digit levels of early 1985. The Government plans to reduce personal and corporate income tax rates, which will improve the investment climate and, over the long run, lead to greater productivity. In addition, the Finance Ministry has taken steps to allow private borrowing freer access to the capital market. All of these developments will help place the economy on the path to more rapid growth.

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This is not to say the Israeli economy is out of danger. In some respects, the results for 1986 were disappointing. GNP grew by only one percent, even while consumer spending increased by over 12 percent. Investment is still slack, and the trade deficit grew by over \$400 million to \$ 2.4 billion. Imports of all categories of goods increased, but consumer products rose most sharply. The recent 10 percent devaluation of the shekel will help improve the trade deficit, but to assure this, aggregate demand must be contained. Otherwise, the welcome trend toward lower inflation could be reversed.

While Israel's total debt is very large, even exceeding GNP, its structure is favorable. Only about 15 percent is short term, while well over one-half is very long term and/or concessional loans provided by the U.S. Government and holders of Israel bonds. The debt service ratio was 38 percent in 1985, the same level as the previous year.

Most of the debt Israel owes to the U.S. derives from defense procurement financed under the FMS program. Recently, the U.S. offered Israel and other countries the opportunity to restructure their FMS debt so as to afford them greater flexibility in the near and medium term. The U.S. and Israel are currently discussing this matter.

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The challenge Israel now faces is how to consolidate and build on the achievements of the past eighteen months in order to restore economic growth. A vigorous, growing economy is as important to Israel's overall security as an adequate defense. Israel is fortunate in that it has the advantage of a highly creative, resourceful, and energetic population.

The first priority of a growth strategy should be to continue to reduce inflation to the levels prevailing in the U.S. and Europe, thus eliminating the single greatest impediment to investment and assuring the competitiveness of Israeli exports. Realizing this goal will require further cuts in government expenditures, which would reduce aggregate demand and relieve the upward pressure on prices. Reduced public spending would also make room for greater private investment to revive the economy.

In this connection, Operation Independence, a group of highly dedicated American and Israeli business leaders, is a promising venture designed to support Israel's quest for renewed economic growth. Its aim is to expand bilateral trade and investment between our two countries and has made a number of suggestions on how to bring about an improved investment climate. Operation Independence is a bold, creative undertaking, and we strongly support it.

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STATEMENT
 OF
 RUSSELL MISHELOFF
 DEPUTY DIRECTOR
 OFFICE OF MIDDLE EASTERN, EUROPEAN, AND NORTH AFRICAN AFFAIRS
 BUREAU FOR ASIA AND NEAR EAST
 AGENCY FOR INTERNATIONAL DEVELOPMENT
 BEFORE THE
 SUBCOMMITTEE ON EUROPE AND THE MIDDLE EAST
 COMMITTEE ON FOREIGN AFFAIRS
 HOUSE OF REPRESENTATIVES
 FEBRUARY 25, 1987

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Mr. Chairman and Members of the Subcommittee:

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I appreciate the opportunity to testify today and discuss A.I.D.'s efforts to assist Israel.

As you know, the United States has been providing economic support to Israel for many years. In Fiscal Year 1986, we disbursed almost \$1.9 billion from the Economic Support Fund. This amount includes both funds appropriated by the Congress that year, and the final tranche (\$750 million) from the supplemental assistance package approved in FY 1985. For FY 1987, we have already disbursed the \$1.2 billion earmarked for Israel from the Economic Support Fund.

For FY 1988 we are again requesting \$1.2 billion for Israel from the Economic Support Fund. We plan to provide this entire amount in the form of a cash grant. As in the past, provision of assistance in this form will be made conditional upon receipt of satisfactory assurances from the Israeli Government that Israel will import from the United States non-defense goods at least equal in dollar value to our level of economic assistance obligations, that U.S. exporters will continue to enjoy equal access to Israeli markets, and that Israel will follow procedures worked out in cooperation with the U.S. Government for bulk shipments of grain on dry bulk carriers.

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Continued U.S. economic support will help Israel achieve a modest rate of economic growth, while at the same time meeting its heavy defense requirements and maintaining an acceptable level of social services. But U.S. assistance, however generous it may be, cannot assure that this objective is reached. In that regard, the efforts of the Israeli Government and people will be the decisive factor.

The Israeli Government understands this. In July 1985, faced with rampant inflation and declining foreign exchange reserves, it adopted a well-conceived stabilization program, featuring cuts in the budget deficit, downward adjustments in real wages, a currency devaluation, and a restrictive monetary policy.

The program is responsible for a dramatic reduction in inflation--from a 285 percent annual rate during the first 6 months of 1985 to a yearly rate of 37 percent for the August-December 1985 period, and to 20 percent during 1986.

The program's impact on the balance of payments was less dramatic, but still positive, during the second half of 1985. However, in 1986 the goods and services deficit widened. Export performance continued to be strong, but non-defense imports grew at a very rapid rate. Nevertheless, Israel's foreign exchange reserve holdings exceeded \$4 billion at the

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end of the year, indicating that, while its chronic balance of payments problem remains unresolved, no near-term crisis is in the offing.

In the near-crisis atmosphere of summer 1985, it was logical that the economic program devised by the Israeli Government focused on things which would have an impact in the short term. More recently, the government has turned its attention to the more fundamental reforms necessary for longer-term growth. Steps have been taken to increase the access of private entrepreneurs to the capital market, in recognition of the need to channel Israel's traditionally high levels of private savings into productive investments. Tax reform is under consideration. These and other areas in which policy reform would be useful are discussed at greater length in our Report on the Economy of Israel, which was recently transmitted to the Congress.

As indicated in that report, ". . . continued efforts [by Israel] to maintain fiscal and monetary stability will be necessary for . . . structural reforms to be effective." In January, the Israeli cabinet approved a budget for the upcoming fiscal year which calls for a small reduction in budgetary expenditures and a tax cut. A still more restrictive policy stance than is embodied in the budget seems indicated.

To summarize, the Israeli Government has taken important steps

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to turn around what was a deteriorating economic situation. Nevertheless, more remains to be done. Inflation, while much reduced, is still too high; and the goods and services account in the balance of payments continues to be in substantial deficit.

If Israel maintains fiscal and monetary stability, and carries out necessary structural economic reforms, and if Congress appropriates the economic and defense assistance package we are proposing, the outlook for sustainable economic growth, price stability, and a healthy external payments position is good. On the other hand, if the United States does not provide the requisite level of support, or if the Israeli Government fails to follow through on its promising beginning to economic reform, a resumption of rapid inflation and balance of payments pressures is likely. In that scenario, the economic growth rate can be expected to remain very low.

Mr. Chairman, Members of the Subcommittee, I look forward to answering your questions.

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אל: מצפ"א, מצרלים

דע: מקטי"ח

בית הנבחרים: בקשת הממשל לסיוע עבור מצרלים

על אף סופח השלג ששיתקה את העיר, וועדת המשנה למדה"ת קיימה שלשום הירינגס בנדון.

לעיונכם, רצי"ב ההתבטאויות הכתובות של נציגי מחמ"ד (סודרת') ו- AID (בל). בגלל תנאי מזג האויר, לא נכחנו בישיבה; אך עם הכנת התמליל עוד נדווח.

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STATEMENT

OF

ROBERT H. BELL

DEPUTY ASSISTANT ADMINISTRATOR

BUREAU FOR ASIA AND NEAR EAST

AGENCY FOR INTERNATIONAL DEVELOPMENT

BEFORE THE

SUBCOMMITTEE ON EUROPE AND THE MIDDLE EAST

COMMITTEE ON FOREIGN AFFAIRS

HOUSE OF REPRESENTATIVES

FEBRUARY 23, 1987

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Mr. Chairman, members of the Subcommittee, I appreciate the opportunity today to discuss A.I.D.'s economic assistance program for Egypt.

The United States' primary objective for the Middle East region is to bring about regional peace, stability, and security, broaden the base of the present Egyptian-Israeli peace agreement, and bring all of the principal countries of the Arab-Israeli dispute into a comprehensive peace settlement. Egypt is central to achieving this objective. For this reason, the United States continues to provide substantial economic assistance to Egypt to support stability and growth. U.S. assistance is especially critical now as the Egyptian Government initiates implementation of essential economic reforms and endeavors to reach agreement with the World Bank and IMF for their support.

Egypt's economic situation has deteriorated markedly in recent years in spite of high levels of foreign aid from a variety of Western sources. This difficult situation has been brought on largely by external circumstances stemming from declining world oil prices. The resulting dislocation has outpaced the government's ability to react and to introduce the fundamental

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structural adjustments needed to accommodate new economic realities. The government has taken some significant steps to deal with economic change. However, as it continues to borrow to maintain historic levels of consumption, the prospects for self-sustaining economic growth remain distant. Egypt must accelerate its structural adjustment process to avoid an unfortunate choice between defaulting on its foreign debt or risking domestic political instability by eroding living standards through drastic import reduction.

According to latest estimates, Egypt's overall balance of payments has moved from a slight surplus in 1982/83 to a deficit of approximately \$1.4 billion in 1985/86. The budgetary deficit stands at L.E. 8.5 billion in 1985/86, or about 22 percent of GDP. Egypt can no longer depend on steady, substantial increases in oil earnings, workers' remittances, Suez canal fees, and tourism, to fuel economic growth. Available data indicate the country will have to institute policy reform both to reduce consumption and to stimulate productivity in order to sustain the economic growth and social gains of the past several years, and to keep pace with a rapid population growth rate estimated at 2.7 percent per year.

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A principal emphasis of A.I.D.'s Egypt program has been to help the government as it formulates a comprehensive economic reform program that will reverse current trends and will renew economic growth over the longer term. Since June, 1985 the U.S. has engaged the Government of Egypt in a systematic policy dialogue. Consultations with senior Government of Egypt officials occur on at least a monthly basis, complemented by more frequent working level discussions with economic and technical ministries. A.I.D. also provides technical assistance to help analyze the impact of reform proposals.

Although more is needed, there has been progress in a number of important areas. For example, the government increased prices for wheat and cotton by 20% in 1986, increased prices of electricity by 60% in 1985 and gasoline by almost 30% in 1985 and again in 1986, increased airline prices by 60% in 1986, and recently restructured the customs tariff system. Other reform measures include: some reduction of the huge subsidies bill, establishing an economic management unit under the Prime Minister and agreeing on overall policy to eliminate agricultural input subsidies and to increase crop procurement prices to world market levels. The government has identified the budget deficit, balance of payments gap and debt management as having highest priority for reform.

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The reform effort undertaken thus far reflects the widespread awareness in the Government of Egypt of the magnitude of its worsening economic crisis. The economic reform program is being discussed with the World Bank and IMF, with the intention of arranging increased sector lending with the Bank and a Standby Agreement with the IMF. As part of the continuing policy dialogue, the U.S. is encouraging the government to reach agreement with the Bank and IMF and we expect to join with other donors to monitor and support implementation of reform measures.

The reform emphasis I have described is embodied in an A.I.D. development strategy designed to help increase productivity and improve the quality of Egyptian life. A broad program of project and non-project assistance is being directed principally toward improvement of public policies at the macroeconomic and sectoral levels and promotion of Egypt's private sector. The program concentrates in four major areas:

- balance of payments support to promote stability and growth while the Egyptian Government goes through the difficult process of economic policy reform;
- development of an economic infrastructure;

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- improvement of productivity in private sector agriculture and industry; and
- development of human resources.

For FY 1988 for Egypt, A.I.D. is requesting \$815 million in ESF and \$180 million in PL 480 Title I commodities. This will permit balance of payments support composed of \$200 million under the Commodity Import Program (CIP), half of which directly supports the private sector, and a cash transfer of \$115 million, along with PL 480 support. The remaining proposed funding includes continuation of critical water and sewerage projects, support for agricultural research and technology transfer, resources for local development activities, along with credit programs in direct support of private enterprise in agriculture and industry. These credit programs support a range of enterprises from individual small farmers to medium and small-scale industry. Funding will also be directed toward education and health projects including the child survival program and expansion of family planning services.

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In conclusion, while we continue to provide project support to Egypt to deal with pressing development needs, we are actively engaged in a wide ranging policy dialogue with balance of payments assistance resources to help back up the dialogue. Our on-going and proposed program provides both visible evidence of the support and goodwill of the American people and financial support to help ease an economic adjustment process that is essential to long term stability and self-sustained economic growth in Egypt.

I look forward to any questions you may have on our program.

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STATEMENT OF
ROSCOE S. SUDDARTH
DEPUTY ASSISTANT SECRETARY
BUREAU OF NEAR EAST AND SOUTH ASIAN AFFAIRS
DEPARTMENT OF STATE
BEFORE THE
HOUSE SUBCOMMITTEE ON EUROPE AND THE MIDDLE EAST
MONDAY, FEBRUARY 23, 1987

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Mr. Chairman, members of the subcommittee, I am pleased to continue my testimony on the Administration's proposed FY 1988 security assistance program for the Middle East, today with a discussion of our request for Egypt.

In my February 10 testimony, I described the many vital strategic interests the United States has in the Middle East. Fundamental to those interests is a strong and stable Egypt, which continues to play its leadership role in the Arab-Israeli peace process. Moreover, Egypt is a bulwark against Soviet-armed radical states that threaten stability in the Middle East and Africa.

The United States and Egypt have been partners in the peace process for many years and have worked continuously to expand progress towards an overall settlement. Egypt seeks reintegration with the Arab world -- a development which we support, and has demonstrated improved ties will not come at the expense of its commitment to the peace treaty with Israel. At the recent Islamic Conference Organization summit, President Mubarak defended Camp David despite the attacks of Syrian President Assad. Resolution of the Taba

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dispute and the summit meeting between then Prime Minister Peres and President Mubarak in September 1986 are a further reflection of Egypt's firm commitment to peace with Israel.

President Mubarak has committed his government to the strengthening of democratic institutions. This includes expanding political participation and encouraging freedom of political expression. The independent judiciary also plays a prominent role in the expansion of democracy in Egypt. Parliamentary elections are scheduled for April.

Our \$2.3 billion request for economic and military assistance will help meet Egypt's development and security needs so that it can continue to act as a force for peace. This amount -- roughly the same as that appropriated last year -- is large, particularly at a time of budgetary stringency. But it is a prudent and justified investment for furthering U.S. goals and interests in this key region.

The \$815 million we are requesting for ESF will help Egypt deal with its foremost domestic problem -- its weakened economy. Structural distortions in wages and prices are the underlying cause of Egypt's economic problems, but external events -- led by the fall in world oil prices -- have exacerbated the situation. Reductions in earnings from key sources of foreign exchange

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earners such as oil exports and tourism contributed to a sharp deterioration in the balance of payments in the Egyptian fiscal year ending June 30, 1986. The budget deficit for that fiscal year exceeded 20 percent of gross domestic product (GDP). Growing foreign exchange constraints have also increased the difficulty of servicing Egypt's \$38 billion foreign debt. Cutbacks in imports have slowed growth in gross domestic product to under 3 percent, down from an average 9 percent from 1974-82.

The ESF program will help provide immediate financial assistance as well as infrastructure which is essential for Egypt's economic growth and continued stability. For balance of payments support, we will once again allocate part of our ESF program in a cash grant. In addition, the commodity import program will provide balance of payments support by funding imports of American manufactured goods and other commodities. The balance of our ESF will be devoted to projects to meet basic needs of the Egyptian people in the areas of water and sewerage, health, education, agriculture, and power as well as to promote the growth of the private sector.

One of the primary goals of our economic assistance program is to facilitate the Egyptian government's efforts to implement the economic reforms that are urgently needed to

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address the deteriorating economic situation. The Egyptians have undertaken some important reform measures and have been designing a comprehensive plan of reforms. Specific measures taken in the past year include:

- new or increased taxes to reduce the budget deficit;
- a 25 percent increase in gasoline prices;
- an extensive overhaul of the customs system;
- elimination of one of four exchange rates;
- a 20 percent increase in cotton procurement prices.

These measures are welcome, but accelerated action on a comprehensive approach is needed to restore economic health and growth.

Aside from these reform measures, the Egyptians have been engaged in intensive negotiations with the IMF and World Bank on financial assistance. We believe IMF and World Bank involvement is essential to restore economic viability. Therefore, we hope agreements on an IMF standby and increased World Bank lending will soon be reached.

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Our PL 480 Title I program is an important means for Egypt of conserving increasingly scarce foreign exchange for sensitive grain imports. Through this balance of payments support, PL 480 helps smooth the adjustment process of implementing needed reforms in agriculture. The Egyptian government has made progress in implementing reforms, such as increasing procurement prices paid to farmers, which should help stimulate agricultural production. Self-help measures under annual PL 480 agreements, the ESF agricultural production project, and our macroeconomic dialogue with the Egyptians have helped promote implementation of agricultural reform. The \$5 million reduction in PL 480 Title I to \$180 million is in line with our effort to gradually phase down over time this program in Egypt.

The Administration's request for \$1.3 billion in forgiven FMS credits reflects our commitment to a long-term military supply relationship with Egypt to help it modernize its forces and replace obsolete Soviet equipment. This support is essential for Egypt to remain a credible deterrent to Libyan adventurism and other threats to regional stability.

Our FY 1988 FMS program will fund progress payments and logistical, maintenance, and training support for existing weapon systems. Air defense systems -- including

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ground-to-air missiles and the F-16 and E-2C aircraft -- will continue to be the focus of this effort. The only significant new purchases planned in FY 1988 are additional M113 armored personnel carriers and I(improved)-Chaparral air defense systems. As part of our joint goal of promoting Egyptian military self-sufficiency, Egypt and the United States are working toward withdrawal of U.S. training teams and reduction in the number of our security assistance personnel stationed in Egypt.

Since FY 1985, our FMS assistance has been on a forgiven credit basis. Given the deterioration in Egypt's balance of payments, it is essential that we continue to offer the all-grant terms. This policy helps Egypt in containing the growth of debt servicing obligations, which is fundamental to management of economic reform.

As a further step to alleviate the FMS debt burden for Egypt and other countries, President Reagan has authorized changes in the FMS loan program. These changes would allow Egypt to prepay its FMS loans or defer payment of part of the interest due. These options do not represent debt forgiveness, but would help provide Egypt the breathing space it urgently needs to implement its economic reform program.

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While the Egyptians have expressed reservations about this proposal, our offer remains on the table.

The \$1.75 million IMET is an important adjunct to our military assistance program in Egypt. With these funds, IMET trains Egyptian military personnel to operate and maintain U.S. equipment. IMET also teaches them U.S. military doctrine and management concepts and helps strengthen ties between the military establishments of the two countries.

Mr. Chairman, that concludes my prepared remarks. I am ready to answer any questions that you may have.

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משיחה עם צ. היל

א. בטל את כל הספקולציות על ביקור המזכיר באזור. לא נראה לו שזה יקרה בעתיד הנראה לעין. ככל הנראה ישלחו את קלווריוס לסבוב שיחות. חזר ואמר כי הם אינם "מאוהבים" בועידה הבינלאומית.

ב. בשלב זה לא מובארק ולא חוסיין נוחנים חאריכים לביקורת ראן. הסברו של היל קשור "באורח איראן" השוררת כאן.

ג. עדכנתי אותו בנושא חקירות איראן ועל סיכומינו השונים.

ד. שוחחנו בקצרה על כניסת הצבא הסורי. העיר רק שהוא בספק אם הסורים יצליחו במשימתם.

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NEWS SUMMARY
TUESDAY, FEBRUARY 24, 1987
MONDAY, FEBRUARY 23, 1987

אלו מנכ"ל מדינאי, ממנכ"ל, מצמ"א, מע"ח, ה

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MAJOR NEWS HEADLINES

סכום עתונות יומי

TOP STORIES: PRESIDENCY DECLARATION

Rep. Richard A. Gephardt (D-Mo.) became the first Democrat to make a declaration for the presidency, telling listeners in his hometown St. Louis, "Let's make America first again".

Wash. Post: Gephardt Declares For Presidency

Balt. Sun: Gephardt Is 1st Democrat To Open Presidential Race

Phil. Inq.: 1st Democrat Declares For Presidency

IRAN-CONTRA SCAM

Lt. Col. North reportedly ordered his secretary, Fawn Hall to alter NSC documents last Nov. to prevent the originals from being found. Hall has been granted immunity in exchange for revealing information about her knowledge of North's activities related to the Iran affair.

Phil. Inq.: North Aide Is Linked To Contra's Son

Chic. Trib.: Iran Deal Prosecutor Closing In On North

Balt. Sun: North Said To Order Cover-Up: Aide Reportedly Told To Alter Documents

Wash. Post: 4 Memos Said Altered By North's Secretary: Goal To Protect Superiors

THE US DOLLAR

The U.S. and five other industrial nations agreed Sunday on a new effort to stop the dollar's steep decline and to stabilize the world's major currencies.

Wash. Post: Finance Heads Agree To Stop Dollar's Fall: leading Industrial Nations Vow Cooperation

Chic. Trib.: Accord REached On Currency: U.S., 5 Partners Agree To Stabilize The Dollar

Wash. Times: 5 Nations, U.S. Agree On Plan To Prop Dollar

Handwritten notes at the bottom of the page.

NEWS ARTICLES

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GAO ENTER U.S. CLASH WITH ISRAEL OVER NEW JET

Phil. Inq., Ahern (AP): In a report to Congress, the General Accounting Office said that both Israel and the Pentagon are wrong in their estimates of the cost of each Lavi fighter. GAO projects that the cost will be about \$17.5 million each while the Pentagon put the cost at \$22.1 million each, and Israel, at \$14.5 million each. Rep. Lee Hamilton (D-Ind.) chairman of the House Subcommittee on European and Middle Eastern Affairs said that the GAO report raises "serious financial questions" that require answers from both Israel and the U.S. (23/2/87)

Chic. Trib.: Israeli Fighter Costs Higher Than Planned

Balt. Sun: GAO Report Cost Of Fighter Jet Contradicts Pentagon, Israel

WSJ: GAO Says Planned Israeli Jet Fighter Will Cost Far Beyond Budget Ceiling

TREBLINKA SURVIVOR IDENTIFIES ACCUSED AS 'IVAN THE TERRIBLE': 'I Cannot Free Myself Of These Memories'

Wash. Post, Frankel: During the Jerusalem trial of John Demjanjuk, Treblinka survivor Pincas Epstein identified the the former Cleveland mechanic as 'Ivan the Terrible' during testimony. In cross-examination, however, Epstein was challenged about discrepancies between his current testimony and testimony he had given during past war crimes trials. (24/2/87)

Phil. Inq.: Witness: Defendant Was 'Ivan': Demjanjuk Named As Brutal Nazi; Testimony Disputed

Balt. Sun: Witness Points To Demjanjuk As Nazi 'Ivan'

Wash. Times: Death Camp Survivor Shouts At Demjanjuk, 'Here He Is'

FREED SOVIET GETS ROUSING WELCOME FROM FRIENDS: Jewish Activist Begun Says His Prison Conditions Were 'Very Inhuman'

Wash. Post, Bohlen: Jewish dissident Josef Begun, freed from the Soviet prison Chistopol two days ago, arrived yesterday in Moscow to an awaiting crowd of cheering friends. He said he considered his release a sign of improving rights in the Soviet Union. Begun had been convicted three times since '77 for his Jewish emigration activism. (24/2/87)

Chic. Trib.: Begun The Dissident Goes Home A Hero

MUBARAK, HUSSEIN WON'T VISIT U.S.: Arab Leaders Reject Invitations In Protest of U.S. Arms Sales To Iran

Wash. Post, Ottaway: Both Mubarak and King Hussein have turned down U.S. invitations to visit Washington for talks with Pres. Reagan - expressing anger over the Reagan administration's arms sales to Iran. (24/2/87)

Wash. Times: Hussein Rejects Reagan Invitation

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4ARTICLES CONTJERUSALEM BLAST INJURES 12 ISRAELI POLICE, 5 ARABS

Balt. Sun. Jefferson Price: The PLO issued a statement from Tunis claiming responsibility for an explosion Sunday near the Damascus Gate in Jerusalem in which several Israeli border police were injured. (23/2/87)

Wash. Post: 17 Hurt In Jerusalem Attack

FRANCE BEGINS TRIAL OF ACCUSED TERRORIST: Defiant Lebanese Radical Boycotts Court

Wash. Post, Cody: The French trial of Lebanese revolutionary, Georges Ibrahim Abdallah began yesterday. Abdallah is accused of having a key role in the killings of two Americans and Israeli diplomat, Yaacov Barsimantov. After a 40-minute opening speech, Abdallah walked out on the trial after declaring that as long as there was no peace for the Arab peoples, "there will be no peace for anyone, anywhere". (24/2/87)

Phil. Inq.: Parisians On Edge As Trial Begins

Chic. Trib.: Arab Uses French Trial As Pulpit To Slam U.S.

SYRIANS MOVE INTO WEST BEIRUT: Military Official Tells Militias To 'Go Home'

Wash. Post, Boustany: A 4,500-man strong Syrian force moved into west Beirut over this past weekend in order to restore order among the city's warring factions. Syrian military intelligence chief Brig. Ghazi Kanaan issued warnings to Beirut's militias to return home before Syrian troops entered the battle zone where some 200 persons were killed during last week's fighting. (23/2/87)

Even. Sun: Syrians On Patrol In W. Beirut

Chic. Trib.: Beirut Back In Business With Syrians On Patrol

Phil. Inq.: Syrian Force Takes Hold In W. Beirut

Chris. Sci. Mon: Syria Displays Renewed Resolve In Lebanon

Phil. Inq.: Syrians, Druse Militia Exchange Gunfire In W. Beirut

MILITARY PAPERS REPORTEDLY INDICATE ISRAEL SHIPPED WEAPONS FOR CONTRAS

Phil. Inq., (wires): It was reported on CBS' 60 Minutes that Honduran military documents show that Israel shipped arms to Honduras for the contras use during a period of time during which the Reagan administration was barred from giving such aid. CBS said the Israeli shipments to Honduras were recorded in "enduser" certificates on Honduran stationary. (23/2/87)

ISRAEL MUTES REACTION TO SYRIAN TROOP MOVEMENTS

Balt. Sun. Jefferson Price III: Israel raised no major outcry yesterday opposing Syrians entry into West Beirut. Officials in Israel warned, however, that reaction could change if the Syrians were to move south. (23/2/87)

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ARTICLES CONTTINY ST. LUCIA AIRLINE USED IN IRAN MISSIONS: Officials Deny Government Links pg. 1

Wash. Post, Gup: It is now known that St. Lucia Airways, a small Caribbean-based airline played some role in U.S. secret operations and arms shipments to Iran. Since '85, the airline flew classified missions, including, as records show, a Nov. 25 flight to Tehran. Also, a St. Lucia plane flew to Tel Aviv - a flight that coincides with with a shipment of TOW missiles, sent by the CIA, to Tel Aviv and the mission of former natl. Sec. adviser McFarlane to Tehran via Tel Aviv. (24/2/87)

EUROPEAN COMMUNITY BACKS INTERNATIONAL MIDEAST TALKS

Balt. Sun. (wires): The European Community yesterday expressed strong support in favor of an international peace conference on the Middle West. In statement made by EC foreign minister, they said such a conference would provide a framework for negotiations between Israel and Arab nations. (24/2/87)

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מאת : עתונות, ניו יורק

News Summary February 24, 1987

Editorials

NYT "Academic Not-So-Freedom at SUNY" To equate Zionism with racism has become a cliché of those opposed to Israel. But is acceptance of this belief, even if bigoted, grounds to deny a professor tenure? It apparently was at the State U. of New York at Stony Brook, dealing a blow to academic freedom, a concept meant to encompass even the most bitter differences of opinion. Prof. Ernest Dube characterized Zionism as a form of racism, along with Nazism and apartheid. Stony Brook's President contends that Dube was denied tenure because his publications were not up to par. Perhaps, but a position was offered to him on another SUNY campus. The question lingers about academic freedom at Stony Brook: How free?

NYP "The Real Danger of Iranscam" What's most disturbing is the real likelihood that, as a consequence of the Iran affair, US policymakers will be reluctant even to propose bold covert operations--even when aimed at extraordinary problems like international terrorism.

NYP "Reagan Aide Has Proved His Patriotism" It is clear that John Koehler is amply qualified for the White House Post. Trying to injure a man's career and reputation because he belonged to a youth group as a 10-year old child is just plain ugly.

Columns

NYT-Anthony Lewis "The Man Responsible" It is true that Reagan is extraordinarily detached from the details of government. He always has been. But a person in charge of an enterprise cannot escape responsibility by happily saying purple is green. The abuses of power now known to have taken place in the Reagan Administration are more serious, more fundamental, than those involved in Watergate. That is evident even at the early stages of inquiry. It was not Regan or North who let our Gov't get dangerously out of hand in these past few years. It was the President of the United States.

NYT-Milton Viorst "Iran's Threat to the US" The White House seems to perceive Iran as just another Third World nation, but that would be a mistake. Its goal is territorial expansion and ideological. That is what its war with Iraq is about. Should Iraq fall, there is nothing--

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as long as America remains an impotent bystander--to prevent Iran from extending its control over the entire Gulf region. Once Iran took control of the Gulf it would become a major power. Iran is convinced the US will do nothing to stop Iraq's defeat. This is an impression that Reagan Administration must correct, or the US and its allies will be sorry for generations to come.

ND-Buchwald "When You Wish Upon a Star, Iran is Very Far" A sarcastic article on how not to be concerned about the Iran-contra scandal. For example, "The fact that the money from the Iran sales has never been accounted for doesn't mean that it didn't go to orphans in Costa Rica."

Press Reports

Peres to Meet Egyptian Leaders

NYP-Dan-Peres announced that he is going to Cairo this week for a 2-day summit with Mubarak. The move could bring down Israel's fragile unity Gov't. Shamir is reportedly furious over Peres' decision to go before he returns from a trip from the US. Peres said he would start the mechanism for an international conference during the talks with Mubarak. High-ranking sources said that Peres has held secret negotiations--without consulting Shamir--with Hussein and Mubarak, who both favor an international conference. Peres charged that opposition to such a conference would be "murder" a statement that Shamir denounced as "scandalous."

Reagan Reported Unable to Recall Iran Arms Decision

NYT-Boyd p.1 Reagan is unable to say with certainty if he approved in advance the first US sanctioned arms shipment to Iran in the fall of 1985 because he genuinely can't remember, according to a senior Administration official familiar with Reagan's testimony to the Tower Commission. The official said Reagan's confusion on this point was responsible for the conflicting accounts he has given the commission. He further asserted that the lack of recollection and lack of documentation of what actually took place at the time of the Israeli shipment in August 1985 will make it impossible for the panel to reach anything other than a subjective judgement.

WSJ-Walcott and Pasztor-Two memos the White House said were used in Jan. 1986 to brief Reagan on secret arms sales to Iran may have been altered last Nov. by administration officials to play down the president's role in the affair, administration officials said. The memos were said to come from the NSC. The two memos claim that Israel was proposing to commence arms sales to Iran and that the administration approved doing so. However, Reagan, Poindexter and other top officials knew at the time that the Israelis had already sold weapons to Iran the previous autumn. Many other irregularities have been cited.

North Had Secretary Alter Documents

NYT-Shenon-North ordered his secretary to use a word processor to alter several NSC documents last Nov. to prevent investigators from finding the originals. She also took part in the destruction of other documents.

(all papers-Headline NYP)

0580 | 117 / 50 $\frac{3}{5}$ Iran Panels to Start Immunity Process

NYT-Rosenbaum-The congressional committees investigating the Iran-contra affair will begin a process this week of granting some witnesses limited immunity from persecution to compel their testimony. For the time being, immunity will be granted only to secondary witnesses. But the chief counsel for the Senate committee suggested that he might find it necessary to ask for immunity for North, Secord and Poindexter. (ND-Ciolli)

Regan Still Hanging In

DN-Drake-Don Regan will discuss his future with Reagan after the Tower Commission report is published. There are rumors which suggest that Regan will leave.

2 Arab Leaders Cancel Out Reagan

NYP-LA Times-Mubarak and Hussein are so angry about US arms sales to Iran that they have turned down invitations to visit Reagan. Mubarak was scheduled to visit the US this week but cancelled. Hussein was expected next month. Mubarak says the US "lost total credibility in the Arab region."

Syrians on Patrol in Beirut

NYT-Hijazi p.1-Syrian troops went into action within 24 hours of their arrival, trading gunfire with militiamen and setting up checkpoints in an attempt to stop the fighting. Although the Syrians were welcomed by some as "peacekeepers" it was not clear that they could in fact succeed where the US and Israel had failed. A rash of kidnappings involving gunmen was reported. Local radio stations said as many as 100 people were abducted. but the police said that number was exaggerated. How soon the Syrians will fan out into the southern suburbs is unknown. The area is a strong-hold for pro-Iranian militias. Unlike other groups in West Beirut who welcomed the Syrians, the Party of God has kept silent. The Syrians are said to have instructions to search for and free Terry Waite. (DN-wire, ND-Gumucio)

Nazi TrialSurvivor Identifies Accused Guard

NYT-Clines-44 years after escaping from Treblinka, Pinchas Epstein stood in court to accuse the man he said was the executioner of countless Jews. "There is Ivan the Terrible," Epstein testified, pointing at Demjanjuk. Epstein testified for 7 hours. He provided detailed recollections of Treblinka. Wiping tears away, he depicted the accused as a "predatory animal" who heightened the terror of the gas chambers by gouging victims eyes and stabbing pregnant women in the abdomen before he turned on the gas engines. The chief defense attorney sought to show that Epstein's memory was faulty by pointing to several discrepancies in his testimony in other war crimes proceedings in the last 30 years. But the questions did not touch directly on his recollections of Demjanjuk, and the witness insisted his memory was firm. (DN-Meisles; NYP-Fettmann (photo of Epstein wiping away tears) ND-Wash Post (photo))

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Begun Returns to Moscow to the Sound of Cheers

NYT-Barringer p.1-Iosif Begun returned home to a jubilant welcome pledging to devote himself to the cause of human rights in general and the rights of Jews in particular. A joyous crowd greeted him on his arrival at the Moscow train station. They sang Hebrew songs. In an interview at his apartment, Begun said he had agreed not to engage in "anti-Soviet" activity on the condition that harassment of Soviet Jews is stopped and other rights are guaranteed. Those other rights include emigration, family reunification, and freedom to study Jewish history, language and culture. (photo of Begun with supporters-p.1) (NYP-AP and photo; DN-Shanker and photo, ND-photo)

Terror Suspect Stalks Out of Paris Trial

NYT-Bernstein-The trial of Georges Abdallah opened but Abdallah walked out after issuing a diatribe against what he called US and Israeli imperialism. He said that he was "An Arab fighter," and said that the French courts has no right to judge what he called justified actions in an Arab war of liberation. (ND-LA Times)

Shamir Meets Whoopi Goldberg

ND-AP-Photo of PM Shamir and actress Whoopi Goldberg. They met in a hotel corridor in LA.

Israeli Invents Key to Halt Forgeries

NYP-AP-An Israeli cryptologist says he has invented an economical method of shielding computers, credit cards, passports and drivers' licenses from possible forgery. The system involves soft-ware programs he has developed. Adi Shamir and two students developed the system at the Weizmann Institute. Last July the institute applied for a US patent. In January, Shamir said that he got a letter from the US Commerce Dept. which stated that he faced prosecution if he disclosed his findings. The case raises questions about the extent to which the US can restrict private or academic research in sensitive areas, especially when it is carried out by non-Americans.

Israeli Basketball Star Faces Life on Heroin Rap

NYP-Messing-Aulcie Perry, an American who became an Israeli national hero and basketball superstar, was convicted yesterday on heroin smuggling charges that could land him in prison for 66 years. Perry's lawyer says he plans an appeal.

OPEC Coming Under Increasing Pressure

WSJ-Ibrahim-The December agreement of OPEC to hold prices at \$18 a barrel is coming under intense pressure as an increasing number of oil companies decline to buy OPEC oil at fixed prices. Meanwhile, world-wide oil prices plunged to new lows amid continuing concerns about OPEC overproduction.

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117/50 $\frac{5}{5}$ Terror's Children

NYT-Goleman (p.1 Science section) Recent efforts to treat and study young survivors of civil war and terrorism have yielded important new insights into the emotional needs of violence-scarred children. The psychological scars of terror and turbulence in childhood can impare emotional and intellectual growth. Many children who felt terrorized by war become easy recruits for war itself as they approach adolescence. Children as young as 8 or 9 are being recruited in Central America, Africa and the Mideast. However, the long-term prospect for tramatized children is not necessarily all bleak. Recent follow-up studies of children who survived the Holocaust found that most became well adjusted adults.

New Discoveries in Egyptology

NYT-Wilford- (p.1 Science section) Archeologists discovered a 3300 year old tomb that could yield fascinating insights and treasures of the reign of Ramses II. According to scholars, the discovery could be the most important in years. Modern remotesensing technology was used to uncover the tomb.

Media Notes

NYT-Molotsky-Several shifts have occurred in the White House press office, partly as the result of normal comings and goings, partly becuse of the arrival of Marlin Fitzwater.

NYT-Goodman-"The Nazi Connection", a program about Nazis working for the US Space Program after WW II, will be aired on "Frontline."

NYP-Brooke-There is a dispute underway between ACB News President Roone Arledge and 20/20 Producer Av Westin. Last week, Westin circulated a memo inside ABC criticizing the running of "World News Tonight." The 18 page memo outlined ways for ABC News to run more effciently and become dominant over local news once more. Arledge was furious at the public nature of the memo.

Letters

NYP-Radow-Writer states that Evans and Novak continuously spew forth anti-Israel propoganda at every opportunity. Are they registered lobbyists for the Arabs masquerading as reporters?

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NYC

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שגרירות ישראל - וושינגטון

ס ו פ ס
ד...1...מחור...3...דפים
סווג בטחוני...ש.מ.ג.
דחיות...מ.ג.?
תאריך וציחה: 15.10.87 - 24.2.87

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אלו המשרד

592

אל : מנהל מצפ"א

דע : מנכ"ל אוצר

מ ק ש " ח

סנט : וועדת החוץ וסינוע חוץ

לעיונכם, רצ"ב מכתב בגדון מיו"ר וועדת החוץ ליו"ר וועדת התקציב.

בהירינגס שקויימו הבוקר (דיווח בנפרד) שאל הסנטור אוואנס על תוכן מכתב זה שכנראה לא תואם עם כל חברי הוועדה ושלדעת אוואנס לא היה חזק דיו. סנטור פל הסביר שמדובר על מכתב תשובה מטעם יו"ר הוועדה - ואם בהמשך התהליך של ההירינגס ו-Mark-up יהיה מקום למכתב מטעם הוועדה ישמח להעביר מכתב כזה. בינתיים הוא מציע שאוואנס יודיע את דעותיו האישיות לוועדת התקציב.

לגופו של דבר, מיעץ פל, כפי שתראו, נגד קצוצים דרסטיים בסעיף 150 בתקציב ("ניהול מדיניות חוץ"). האם התקיים המשא ומתן.

ישראלי
למדו

Handwritten list of names and numbers: עיה 2, חמד 3, גשא 3, ג'אנס 1, ג'כא 2, ג'נה' 1, פלמי' 1, אלל 3.

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CLAIBORNE PELL RHODE ISLAND CHAIRMAN

JOSEPH B. BIDEN JR. DELAWARE
 PAUL B. SARBANES MARYLAND
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 MITCH MCCONNELL KENTUCKY

GERYLD B. CHRISTIANSON STAFF DIRECTOR
 JAMES P. LUCIA MINORITY STAFF DIRECTOR

United States Senate

COMMITTEE ON FOREIGN RELATIONS

WASHINGTON, DC 20510

February 20, 1987

2 SP2
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The Honorable Lawton Chiles
 Chairman
 Committee on the Budget
 United States Senate
 Washington, D. C. 20510

Dear Mr. Chairman:

This letter is in response to your request concerning estimated spending levels for programs and activities under the jurisdiction of the Foreign Relations Committee. In your letter of February 3 you request that we address two areas of major policy changes: new initiatives and deficit reduction.

As you may know, the Committee on Foreign Relations begins its review of the Administration's fiscal 1988 requests for foreign assistance, multilateral development banks, State Department, the United States Information Agency and the Board for International Broadcasting on February 24 with testimony from Secretary of State Shultz. Our markup for foreign assistance legislation is scheduled for March 18 and the Foreign Relations authorization markup for March 31. In light of the fact that the Administration has not yet submitted a bill to the Congress requesting authorization for any of these programs, and in light of the fact that our Committee review process has not yet formally commenced, it would be difficult, if not unwise, for me to attempt to identify likely new initiatives or areas targeted for deficit reduction.

It is important to note, however, that the Administration's foreign assistance request is 13.5 percent above current levels of funding. Secretary of State Shultz has justified the increase citing two years of "drastic, indiscriminate budget reductions" in these programs which have essentially forced the United States "to play Russian roulette as we shortchange our various foreign policy initiatives." While the Committee on Foreign Relations is unlikely to approve substantial increases in foreign aid this year, neither is it likely to impose deep cuts in important security and humanitarian programs that are vital to U.S. foreign policy objectives.

In addition to the bilateral aid request, the Administration is seeking authorization to participate in as many as four new replenishments for multilateral development banks: the International Development Association (IDA), the

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African Development Bank (AFDB), the Asian Development Fund (ADF), and the InterAmerican Development Bank (IDB). These requests, combined with on-going U.S. commitments to multilateral development banks will result, if approved by the Congress, in significant increases this fiscal year. In new budget authority the numbers would double from \$949 million in FY 1987 to an estimated \$1.8 billion for FY 1988. While the Committee will look for ways to economize on these commitments, and will certainly search for offsetting reductions elsewhere within the Function 150 accounts, it would be imprudent to indicate that actual net savings will be effected by our actions.

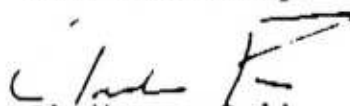
Similarly, the State Department's fiscal 1988 request represents an 18 percent increase above current levels of funding. While your Committee has identified substantial growth in the categories of foreign buildings and diplomatic security, our Committee wants to be sensitive to the need for protecting our Foreign Service overseas while maintaining posts at full operational levels as well. The requested budget increases for FY 1988 for the United States Information Agency and the Board for International Broadcasting are 11 percent and 45 percent respectively. Obviously a great deal of careful analysis will be done prior to Committee review and approval of any increases for these agencies.

Overall the programs within Function 150 that come under the jurisdiction of the Committee on Foreign Relations are roughly 2 percent of the federal budget. In my view, while reductions can and should be made in some of these new requests, serious deficit reductions cannot be accomplished by further cuts in these accounts. The current budget dilemma can only be resolved when the Administration is willing to address the revenue side as well as the spending side of the budget ledger.

Our Committee stands ready to cooperate with you and your staff as we proceed these next several months.

With every good wish.

Ever sincerely,


Claiborne Pell
Chairman



END

שגרירות ישראל - וושינגטון

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ד. 9... מ. 7... מ. 3... ד. 8...
סווג בסחובי... שמו?
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תאריך וז"ח. 24. פבר. 1987
משרד הביטחון

אל:

המשרד,

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מס' 110
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אל : מצפ"א

דע : לשכת מנכ"ל אוצר; מקש"ח (משרד הביטחון)

סנט: סיוע חוץ והמזכיר שולץ

1. מזכיר המדינה הופיע היום בפני וועדת החוץ בסנט, והעיד על בקשת הממשל לסעיף 150 בתקציב (שכולל את סיוע החוץ).
התבטאותו הכתובה היחה זהה כמעט מלה במלה לזו שהכניס לרקורד של ההירינג המקביל בבית הנבחרים ביום ה' שעבר (מברקנו 494), וכ"כ דברי הפתיחה שלו היו דומים מאד לדברים שהשמיע בבית הנבחרים (בדיפ), כאשר קרא לחברי הוועדה לחת לו את המשאבים הדרושים לשם השגת יעדי מדיניות החוץ של ארה"ב.
2. באופן כללי והתרשמותי לגמרי, נראה ששולץ נתקל ביותר הבנה מקרב חברי וועדת החוץ בסנט מאשר מקרב חברי הוועדה בבית, במיוחד (ואין זה מפליא) מצד הרפובליקאים (בייחוד לוגר ואוואנס). כמו בבית, חברי הוועדה ניצלו את ההזדמנות לשאול שאלות רבות על קשת רחבה של נושאים: הגידולים הניכרים בתקציב הסיוע ובתקציב מחמ"ד למן 1987; החלוקה הפנימית בתוך תקציב הסיוע והנטייה להגדיל את נתח הסיוע הצבאי; האפשרות של העברת סכומים מתקציב ההגנה לתקציב הסיוע הצבאי (הצעת סרבט - ששולץ התנגד לה); המגמות בכיוון מתן הסיוע הצבאי (בעתיד) כמענקים במקום הלוואות (זו המלצתו של שולץ - העניין אינו נוגע לנו); מכירות נשק כתמריץ לקידום יחסים עם מדינות זרות; תפקוד מפכ"ל מחמ"ד; תקציב מיוחד למעון רשמי עבור מזכיר המדינה; "תהליך הקונטדורה"; הגבלות אפשריות על ניהול מדיניות החוץ כתוצאה של פרשת איראן; מדיניות ארה"ב כלפי תורכיה, יוון וקפריסין; כנ"ל כלפי המדינות בדרומה של אפריקה; המלחמה בסמים; ועוד.

3. להלן הנקודות המרכזיות מבחינתנו:

- א. בהצביעו על הגורמים שהביאו לגידול בתקציב הסיוע בשנים האחרונות הזכיר שולץ את ההגדלות בסיוע לישראל ולמצריים "הגדלות בהן כולנו תומכים".
- ב. בקשר לווטו שהטילה ארה"ב במועב"ט על סנקציות מנדטוריות נגד דרא"פ, הסביר שולץ שכעקרון מתנגדת ארה"ב להטלת סנקציות בינלאומיות על מדינות שליטות - היא התנגדה לא פעם לנסיגות להטיל סנקציות על ישראל,

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שגרירות ישראל - וושינגטון

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 סוג בסחונני
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אלו

ולדעתו מן הרצוי שארה"ב תשמור על עקרון זה בעיקביות ובקביעות.

ג. ככל שנה העלתה הסנטורית קאסבאום האפשרות של שבירת שיטת ה-Earmarking. שחץ אמר שיש לו "דעה מעורבת" בנדון. מצד אחד ה- Earmarkings מגבילים את הגמישות של מחמ"ד, ומצד שני יש בהם בטוי לרצונו של קונגרס שיש לכבד. לכשעצמו, הוא היה מעדיף לרכז את המאמצים בהשגת תקציב גדול מספיק לאפשר את הגמישות הנדרשת להשיב על כל הצרכים.

ד. על כניסת הסורים לביירות והמצב שם, וכ"כ על שאלת קאסבאום על האפשרות של חלוקת לבנון בין ישראל וסוריה - ראו נא הרצ"ב.

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SENATOR KASSEBAUM: I have another question I'd like to ask. It's a bit off the budget, but since you're here. Yesterday, about 4,000 Syrian troops went into Beirut to maintain order, and on the streets in Beirut, so they said. I would like to ask your thoughts on the current situation there. What policy development,

At this point, do you anticipate our taking towards the situation there, and in Lebanon in general?

SECRETARY SHULTZ: The situation in Beirut has fallen into chaos, particularly in West Beirut, and we -- there's not that much that we can do about it. The Syrians have played a role in not having go forward. One approach to order in Lebanon, which was represented by the May 17th agreement which we worked out with Israel and the Central Government of Lebanon, and what Syria may be able to do, we'll see, but certainly the situation has been chaotic, and if order can be brought into that situation, well, that would be a positive development.

SENATOR KASSEBAUM: Is there any thought to two alternatives that I've heard discussed? One is a UN protectorate, or two, dividing Lebanon between Israel and Syria?

SECRETARY SHULTZ: Well, certainly, on the latter, I haven't heard any discussion of that, and Israel has made it clear that it does not covet any Lebanese territory. What Israel seeks is peace and security on its northern area, and, therefore, the part of Southern Lebanon that has been a platform for attack against Israel is of concern to them, and understandably so. That's their interest. They're not interested in acquiring Lebanese territory. Syria, of course, doesn't have an ambassador to Lebanon. That's because they don't think they need one. It's part of them.

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אל: יועץ שהביט לתקשורת, רמשיין/ניו יורק
 דע: מצפ"א, מע"ח

לביא - תגובות לדו"ח ה-GAO

להלן סכום הכתבות והידיעות כפי הופיעו בעתונות המרכזית.
 בעוד אנו מצביעים על העלות ליחידה כמתצא עיקרי בדו"ח
מצביע כצפוי הפנטגון על שאלת הנטל הכלכלי.
 ככלל זכה הנושא לכסוי צנוע והעניין בו מעט יחסית.

יוסי גל
 יוסי גל

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NEWS SUMMATION - LAVI

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3REACTION TO GAO REPORT AND ISRAELI EMBASSY STATEMENT1. DEFENSE NEWS: EisenstadtGAO Nails Down Lavi's Pricetag At \$18 Million, (page 1)

Israeli Reaction: The Israeli Embassy in Wash. reacted to the GAO report by issuing the following statement: "Israel realizes finding a proper solution to its future fighter plane requirements will impose an economic burden. It is confident that its economic growth, combined with its technological advancement, will support this program."

Sum: As a new development in the U.S.-Israeli dispute over the Lavi fighter, the GAO issued a report that concluded that both countries are wrong in their estimates of the cost of the plane. The agency put the Lavi pricetag at between \$17 million and \$18 million. The report also says the Lavi will consume most of the military aid Israel receives from the U.S. each year. Last week, U.S. Def. Min. Weinberger criticized the Lavi program as being costly and 'inferior'. PM Shamir responded to these statements last Thursday during a National Press Club speech by saying that Weinberger's position on the subject is known and that there are those in Israel who think otherwise.

2. WALL STREET JOURNAL - GreenbergerGAO Says Planned Israeli Jet Fighter Will Cost Far Beyond Budget Ceiling

Israeli Reaction: Israel reacted to govt. report by acknowledging that an "economic burden" will have to be borne but expressing confidence in the program.

Sum: According to a new U.S. govt. report, Israel won't be able to build the Lavi within the budget ceiling of \$550 million it set. With the GAO, an arm of Congress entering into the debate they have estimated that annual outlays will exceed \$1.4 billion by the year 2000. The Israelis have maintained they can manufacture their own plane without exceeding their defense budget while the Pentagon contends that the Lavi will eat up a substantial amount of U.S. aid to Israel. (23/2/87)

3. WASHINGTON POST - BrennerGAO Questions Cost Of Israeli Fighter: Lavi May Siphon Off U.S. Military Assistance, Analysis Indicates

Sum: A congressional study released yesterday after PM Shamir's visit to Washington, raises questions about whether Israel should continue with the Lavi project.

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4. PHILADELPHIA INQUIRER - Ahern

GAO Enter U.S. Clash With Israel Over New Jet
Sum: The GAO report said that both Israel and the Pentagon are wrong in their estimates of the cost of each Lavi fighter. GAO projects that the cost will be about \$17.5 million each while the Pentagon put the cost at \$22.1 million each, and Israel, at \$14.5 million each. Rep. Lee Hamilton (D Ind.) chairman of the House Subcommittee on European and Middle Eastern Affairs said that the GAO report raises "serious financial questions" that require answers from both Israel and the U.S. (23/2/87)

5. DEFENSE WEEK - Russell

Lavi Costs: Neither Israel Nor The Pentagon Gessed the Jet's Cost, Says The GAO
Sum: Both Israel and the U.S. have awaited eagerly for the GAO report, each hoping it would support their claims that the other had been mistaken in their estimates of the cost of the Lavi. The report, issued Monday concluded that both erred in estimating the cost of the controversial plane. According to the report, Israel hopes the U.S. will fund the Lavi - whatever the cost. (23/2/87)

6. OTHER ARTICLES...

Chic. Trib.: Israeli Fighter Costs Higher Than Planned

Balt Sun: GAO Report On Cost Of Fighter Jet Contradicts Pentagon, Israel



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I'd say the majority now are discussing when and how to negotiate, not whether to negotiate. That in itself is a change. When the June war ended in '67, Abdul Nasser got the Arab states to a summit conference in the Sudan, and they said there would be no negotiations, no recognition, no reconciliation with Israel. That's no longer said. They're no longer looking on either side, Arab or Israeli, for a guaranteed outcome, for they're nervous about negotiations. Twenty years of occupation has both deepened frustrations on both sides and added a certain amount of comfort. An occupation, however resented, becomes almost a normal way of life. Every now and then you demonstrate against it; you throw rocks; you might shoot; you get shot. But you don't get to the serious business of dealing with one another as equal partners at the table.

We do spend a great deal of time and effort on issues relating to how to move the process forward. With Prime Minister Shamir last week, that was a major topic of discussion between him and the President and in his meetings with the Secretary. There was a public dispute, somewhat fanned by the heat which is a constant in Israeli politics, about an international conference. Our position is that we have reservations. We've always had reservations about an international conference. But we think it's both necessary and right to examine every possible way to get to the direct negotiations between Arabs and Israelis, which are going to be essential to broadening the circuit of peace treaties.

I was out in the area most recently last month, and I found certainly that the parties are eager to pick up where we stopped our discussions basically a year ago, when Hussein and Yasar Arafat reached an impasse and Arafat was told to move out of Jordan. They're prepared to pick up where they left off with us last year in our discussions about how to organize a possible conference, how to structure it. If it could get to direct negotiations, we would look at it seriously, we said then in '85 as we're saying today in '87. That's not a new position.

But the time is not a friend of a solution out there. Attitudes are changing. A new generation has grown up since the last major conflict in '67. The process is moving. And I think we'd all agree that it's a region that has earned some peace, and earned a greater measure of stability. And that, in a word, is what Washington is trying to do. Why don't I hold it at that and take any questions that I could possibly answer. Yes sir?

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Q Mr. Secretary, one (inaudible) I hadn't heard mentioned at all in your comments was (inaudible) angle. But you did(?) mention Arafat. It's important, important to understand most Palestinians were -- had their tents folded or were asked to move. Many of them went to Jordan. Quite a few went to Lebanon where they really displaced the economy, the balance, and so forth, there. It seems to me that one of the basic, if not problems, certainly a catalytic problem for that whole area is going to be a resolution on that. And since that was more or less caused by the group of allies, it seems to me that answer has got to come from that group to be able to resolve that, or else from now until into the 2000's, I think we're going to be hearing and also seeing the reactions in the continual turbulence caused by that group. Is there going to be a facing of that issue?

SEC. MURPHY: If you're saying that resolution of the Palestinian problem is central to a resolution of the overall Arab-Israeli conflict, I absolutely agree. If you're saying that it is our responsibility as a superpower and as one involved since the late '40's in the various United Nations actions, debates, and peace keeping operations which we have funded, those that we didn't participate in directly, agreed. Is it our sole responsibility? That's where we might split in terms -- sole responsibility being the powers outside of the region.

We do have, as I said, reservations about sitting down in the sort of conference that the Arabs have called for, which is the parties in the region, plus the five permanent members of the Security council -- Britain, France, China, Soviets, and ourselves. We have said, as far as the Soviets go, it also applies to the Chinese, that there should be a price of admission, price showing a willingness to behave constructively. Now that's taken specific forms. We've said one evidence of that would be restoring diplomatic relations with Israel. Another would be allowing a significant emigration of Soviet Jewry. Soviets have not moved on either to date.

Now the attitude out in the region is different. Not on the Israelis' part. They're very dug in themselves on no admission, no unconditional admission for the Soviets.

On the Arab side, they say you can't put conditions on a superpower. And the Soviets have every right to be there, it's their backyard. They are there, whether we say we want them in or not, that's unrealistic. They are there. Well, true enough. They're there as major arms sellers to Baghdad and Damascus. But as

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we look at the various problems over the last few years, you don't have to go back for forty years, we haven't seen any real evidence of the Soviets willingness to play a constructive role in the political process of bringing peace.

So yes, we are sticking it to them, and saying that we want to see some evidence of your good behavior. That's a hang-up which may not persist. If they move, then that could change the whole equation. In fact, the Soviet Union has in its hands the ability to transform things rather quickly if Gorbachev should be ready to do so, no evidence that he is. They have talked sweet reason, they have said that an international conference is the way to solve everybody's problems. And trust us, we'll be flexible, we'll be cooperative. Maybe they will, but we have to look at the track record.

What the Secretary said, very often, is that we can't want peace more than the parties to the conflict. Fair enough. It's another way of saying we can't impose peace if the people and the leaders out there are not ready. Some are, some aren't. Not that they don't want peace, it's what terms they want it on. And there the splits come up very quickly. Syria would like an international conference in which the world came and sat in judgement, much as people originally expected the Security Council to do and which it cannot do when you're dealing with problems that excite the passions and stir the national interests as deeply the status of Israeli borders, the future of Jerusalem, and a few other questions central to the Arab-Israeli conflict.

So we don't think that the five powers can sit there and pass judgement. That is, as I say, one extreme view of a conference. But we do, when we are ready to seriously consider a conference, if the procedures are agreed to, that they get from the speechmaking, and into every life a little speechmaking must fall, a day, two days, two and a half, but they get to the table. And that the plenary(?), the powers, whoever, don't try to dictate to the negotiating parties. They're the ones that have to work out the solutions. They're the ones that have to live with the solutions. That the world does not arrogate to itself the right to come in and dictate the solution or have the right to overturn a solution that the parties might agree to. That's the area we're working in at the moment. We're not hiding or trying to shirk in any way our responsibility. But we're trying to set up something that would work and not just be one more in the heartbreaking series of collapsed efforts.

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96...!...ממור...!...דמים

סווג בסחובי סודי

דחיסות מיידי

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המשרד

אל: מנכ"ל ראש הממשלה

מנכ"ל מדיני

מצפ"א

להלן משיחות נפרדות עם רוט וקורצר.

א. שניהם חזרו על הצורך במתן כסוי להגברת מעורבותו של חוסיין ביהודה ושומרון. לדברי קורצר יתכן אפילו ביקור המזכיר באיזור. כאשר שאלתי האם אין סכנה ביצירת צפיות אמר שהכל מבינים שקשה מאוד להשיג תפנית דרמטית ומשום כך אפילו ביקור המזכיר לא יצור ציפיות מוגזמות. מאידך ביקורו עשוי לתת תדמית של תבועה וזו כשלעצמה חשובה למלך.

ב. לדברי קורצר הם ינסו להעלות מחדש עם המלך את רעיון ה"ועידה הקטנה" אך הוא משוכנע שהמלך שדחה אותה כבר פעמיים לא יסכים עתה.

ג. לדברי השניים יבואו מובארק וחוסיין לוושינגטון במהלך אפריל.

ד. השבוע מגיעה הנה משלחת צבאית מצרית בראשות המנכ"ל פאהר לדיון בנושאי סיוע צבאי. בין השאר מבקשים המצרים לבדוק משמעות החקיקה בדבר "יחס שווה" החלה גם עליהם. כמו כן יבדקו כאן רעיון ייצור משותף של הטנק M-1.

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מס' פנתי

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אלו

אל - : מצפ"א
דע - : מצרים
מקשי"ח, רמשי"ן

מצרים - שערי ריבית

באירוע חברתי בביתו של הציר יצא לי לשוחח עם ג'ים בונד, עוזרו של קסטן. שמעו את השיחה ווילקוקס, מנהל מחלקת ישראל וצבי בראל כתב "הארץ" כאן.

ג'ים בונד חזר לא מזמן מביקור במצרים כאורח האוניברסיטה האמריקנית בקהיר. במהלך ביקורו פגש אישים שונים, כולל אבו גזאלה.

הוא אמר שקיבל מאבו גזאלה תשובה שלילית החלטית לשאלה אם אמר הדברים שיוחסו אליו באס-ספיר בקשר להצטרפות מצרים לסוריה ולשלום עם ישראל.

אשר לנושא שערי הריבית, אמר שמצא במצרים אי-הבנה לא רק לנושא שינוי שערי הריבית אלא אי הבנה כללית גם לנושא כל ההחזר עוד מלפני שנוסף אליו ענין שערי הריבית. אבו גזאלה בביקורו כאן קיבל תדרוך מהפנטגון בענין שינוי שערי הריבית וג'ים בונד משוכנע שמפנטגון מסרו לו תדרוך לא נכון, כי כנראה גם אלה שהסבירו לו לא ידעו בדיוק את הנושא ולא תודרכו נכון.

יחד עם זאת ציין שאמנם אבו גזאלה LOST FACE ואולי נפגע מעמדו במקצת אך עדין הוא האיש החזק האמיתי ואין ספק שהוא היום האיש השני אחרי מבארכ מבחינת ההשפעה. לדברי ג'ים בונד אבו גזאלה רחץ ידיו לגמרי מענין החובות ואינו עוסק בנושא יותר וזאת בעצה אחת עם מבארכ.

הצהרתו הקיצונית של מבארכ נגד ההסדר היתה מייד אחרי שנמסרה ההצעה לידינו וטרם למד פרטיה במדויק. לאחר מכן באו הצהרות יותר מאופקות מצד מבארכ. לשאלות החוזרות ונשנות מצד בראל על עומק המשבר הכלכלי במצרים סרב להתייחס. אולם מטר שבין האפשרויות הנשקלות היא החזרה מצרית מיידיית של החוב ע"י הלואה מבנקים בערבותן של סעודיה ומדינות המפרץ. אין ג'ים בונד סבור שזו אפשרות מעשייה כי אינו יודע באיזה מידה ערבלת מדינות המפרץ תתקבל כאן.

אשר לישראל, אמר שאם ישראל תקבל הסדר כלשהו יקל על מצרים לקבל הכרעה, אם כי הוא מבין שעה בגלל מצב יתרות מטבע החוץ אין המצב כה דוחק בישראל. לשאלת בראל אמר שאינו יודע על מסע מצד הממשל להנחיל תודעה של ראשית משבר כלכלי מחודש

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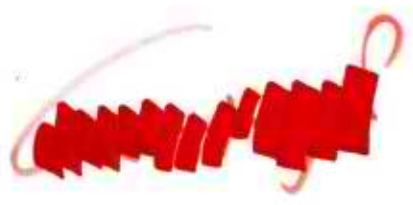
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כמו כן אמר לא ידע לתח הערכה כיצד לעבור בבקשת תוספת תקציב סיוע גם אם
 מצרים וישראל היו כלולות בה. לדעתו, במקרה זה הגבעה הייתה מאשרת רק אותו חלק
 המיועד לישראל ולמצרים.


 מתני

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אל; מנכ"ל מדיני, ממנכ"ל, מצפ"א, מע"ח
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ישראל - דראים

להלן מחור ה- outlook של הוושנינגטון פוסט (22.2.87)

תחנות

Has Congress Doomed Israel's Affair With South Africa?

By Yossi Melman and Dan Raviv

TEL AVIV—For more than a decade, officials of the Israeli government have been shuttling back and forth between here and South Africa, forging a relationship that outsiders have dubbed "The Unnatural Alliance." Israel is seen by admirers as a democracy with a moral purpose: saving the Jewish people from their historical and modern oppressors. South Africa, on the other hand, is seen almost universally as an oppressive state denying civil rights to the majority of its people.

Now, however, the tide may be running in the other direction, against this unusual alliance. In late December or early January, Defense Minister Yitzhak Rabin also made a trip to South Africa. But this visit was different: it was the first since 1974 aimed at reducing the links between the two nations.

The abrupt policy shift was forced on Israel by the Comprehensive Anti-Apartheid Act, passed by Congress last year despite President Reagan's objections. Section 508 of the act, described by Israeli officials as "a potential time-bomb set to explode in April," requires

the president to report to Congress "on the extent to which the international embargo on the sale and exports of arms and military technology to South Africa is being violated."

The law instructs the president to identify "those countries engaged in such sale or export, with a view to terminating United States military assistance to those countries."

Without U.S. military aid, valued at \$1.3 billion this year, Israel could soon be defenseless, destitute or both. The imposition of American sanctions has, therefore, triggered not only anger in the White House but considerable nervousness among Israel's top officials. At the same time, Israeli sources say, if Israel is forced to cancel all military contracts immediately, the cost to its military industry would be \$400-\$500 million over the next several years.

Israel's trade with South Africa in 1985 is estimated to have totaled \$225 million—comprising Israeli exports to South Africa valued at \$65 million and imports from South Africa of \$160 million worth of goods including precious stones. Estimates for 1986 are about \$300 million.

The diamonds Israelis cut for export and much of the coal Israel burns come from South Africa, but the most sensitive transactions between the two countries are in the area of weapons development and their "strategic" relationship, a euphemism for the military cooperation that began in earnest in 1974, soon after the Yom Kippur War.

The now controversial alliance was almost inevitable when, in 1973, two dozen black African nations reacted to the Yom Kippur War—and the pressure of Arab oil wealth—by severing their relations with Israel. After working throughout the 1950s and '60s to establish good relations with black Africa while holding South Africa at arm's length, a sense of diplomatic isolation was keenly felt in Jerusalem, aggravated by events such as PLO leader Yassir Arafat's triumphant appearance at the United Nations. The Israelis could not help noticing that they shared a predicament with the South Africans.

Israelis who visited Pretoria in 1975 recall being told by an official there: "You are a minority in your region, and so are we. You are surrounded by millions of enemies, and so are we. The Arabs want to throw you into

See SOUTH AFRICA, C2, Col 1

Handwritten notes in Hebrew at the bottom of the page, including the words "מדינת ישראל" and "התקשרות".

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A Doomed Alliance?

SOUTH AFRICA, From C1

the sea, and the blacks want to throw us out of Africa. You have won in the past, and you will win again, because you have no alternative. The same is true for us."

Israel elevated its consulate in Pretoria to full embassy status in early 1974, and a secret visit was arranged for then defense minister Moshe Dayan and Gen. Chaim Herzog, who was head of military intelligence and now is Israel's president.

Commercial trade quickly increased, and after the U.N. General Assembly voted that Zionism is a form of racism, South Africa displayed political solidarity with Israel by posting an ambassador in Tel Aviv for the first time in November 1975.

The new defense minister, Shimon Peres, visited South Africa, again secretly, in early 1976 and invited Prime Minister John Vorster to make an official visit to Israel in April. The visit and Vorster's talks with then prime minister Rabin were considered a huge success, and before leaving Tel Aviv he signed a series of commercial and military agreements.

A separate document calling for cooperation in science and technology is the basis for the two nations' pooling of resources in nuclear research. Israeli nuclear physicists and technicians regularly visit South Africa. It is widely suspected that a joint test of a nuclear bomb was conducted over the South Atlantic in September of 1979, although both nations deny it, and South Africa is known to supply the uranium needed by Israel's civilian and military facilities, including the so-called "bomb factory" under the Dimona reactor in the Negev Desert.

Vorster also launched a program of South African investment in the Israeli arms industry. One of the first projects was the strengthening of the armor on the South African de-

fense force's tanks and personnel carriers—work carried out by Iskoor, a company in Kiryat Gat, near Tel Aviv, set up as a partnership between Israel's Koor Industries and the South African steel corporation. Israeli scientists are said to have provided a formula for the toughest steel in military use anywhere. The steel is then made in South Africa and turned into armor in Israel.

Typically, military cooperation has rarely taken the form of direct provision of Israeli arms to South Africa, but instead a pooling of knowledge. Faced with arms embargos, both nations chose to manufacture their own. Israel has had a startling success in producing aircraft, military electronics, tanks and small arms, occasionally based on plans purchased or purloined abroad. Israel is also given credit for helping to make South Africa's weapons manufacturer, Armscor, a success.

The two nations jointly produce a lightweight helicopter called the "Scorpion," which is suitable for light military transport.

The South African military has been helped even more by a uniquely successful Israeli product: the remotely piloted vehicle (RPV), also known as a drone aircraft. Unmanned but directed by a complex combination of cameras, radio links and computers, RPV's were used with lethal effect by the Israelis to pinpoint Syrian missile sites during Israel's 1982 invasion of Lebanon. Israel Aircraft Industries (IAI) sold "Scout" drones to South Africa for reconnaissance against guerrillas in neighboring countries, and officials in Pretoria and Jerusalem were embarrassed when a Scout—with its IAI markings—was shot down and recovered by guerrillas in Mozambique in 1983.

Vorster also proposed naval cooperation, specifically joint development of a new submarine. Israel is not satisfied with its underwater fleet of three British-made submarines, and European intelligence analysts have noted a major expansion of the naval dockyards in Simonstown, South Africa. Opposition politicians in Johannesburg have suggested that the two

nations are hoping to build nuclear-powered submarines at Simonstown.

After the commander of the shipyard, Commodore Dieter Gerhardt, and his wife, Ruth, were arrested in South Africa in 1983 and charged with spying for the Soviet Union, it was alleged during their trial that they had caused immense damage to—among other things—relations between South Africa and Israel. This allegation was not publicly explained, but the commodore was sentenced to life imprisonment and his wife to 10 years in prison.

The typical agreement between military manufacturers includes South African money for the start-up of a new weapon's production in Israel, with the South African company later receiving a license to produce the same item. Uzi submachine guns and Galil are made in South Africa by arrangement with Israel military industries.

South Africa has purchased three Reshet missile-firing boats from the manufacturer in Haifa and received a license to build nine more at the Sandock Austral shipyard in Durban. The South African navy gave the boats a different name, Minister, and they are armed with Scorpion missiles, which are made under license from Israel Aircraft Industries, manufacturer of the identical Gabriel missiles.

Israel also helped South Africa obtain American-built 155 mm howitzer cannon by re-exporting them after purchasing them from the Space Research Corp. in the U.S. British publications said State Department and Central Intelligence Agency officials arranged the indirect delivery, said to include plans for manufacturing the huge howitzer.

During a 1980 visit by then defense minister Ezer Weizman South Africa agreed to finance development of the avionics for Israel's Kfir fighter, and this is believed to have led to South Africa's new Cheeta jet fighter, unveiled last year.

Israeli experts have gone to South Africa to advise on the coordination of army, air force and naval units in the fight against black guerrillas. The Economist magazine said that in the early 1980s there were up to 20 Israelis helping South African counter-terrorism forces.

Israel is pressed between the hammer and

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the anvil," one government official told us, using the Hebrew equivalents of a rock and a hard place. If Israel becomes a leading opponent of the South African authorities, he said, it risks losing a valuable economic and military link. There is even concern that the Jews of South Africa could suffer at the hands of Afrikaner ruling circles suspected to have "Nazi-style leanings."

Tension and fear in Israel's halls of power have produced a sharp conflict between rival officials, although everyone who truly counts seems to favor the preservation of the Jerusalem-Pretoria link. Some influential voices, however, have taken what they consider a moral stand—their detractors label it "moralistic"—calling for Israel to take a place at the forefront of Western nations fighting apartheid by imposing broad political, economic and military sanctions. The director-general of the foreign ministry, Yossi Beilin, leads the moralistic group and insists that Israel must not be the last Western nation to align itself against South Africa.

Beilin would face a hopelessly uphill struggle to change Israeli policy, were it not for the congressional sanctions move, because all the senior government ministers are united in favoring links with South Africa: Foreign Minister Peres, who is Beilin's boss; Rabin, like Peres a Labor Party activist; their Likud Party rivals Prime Minister Shamir and Agriculture Minister Ariel Sharon, and Weizman. All five men have had long careers in defense and intelligence, and they are well aware of the military benefits reaped from the friendship with Pretoria.

Shamir told reporters in Washington last week that Israel has no intention of altering its policy toward South Africa. "We keep our commitments," Shamir said.

As a result of the consensus at the top, debate on the issue is not encouraged. The unwillingness to have any public debate on the links with South Africa extends to Israel's press, whose editors are urged by government officials to "stay away from this sensitive matter of national interest." The respected Central Bureau of Statistics does not publish full details of the trade and commerce between Israel and South Africa.

Discussion in the Knesset, Israel's parliament, has been limited. Simcha Diutz, former

ambassador to Washington and the chairman of a Knesset subcommittee that oversees this area, speaks of the "deprofilization" of Israel's presence in South Africa. In other words, the special relationship between the two nations—particularly in what is called "strategic affairs"—will continue, but in a much less visible manner and with less direct involvement of the military so as not to clash with the will of Congress.

Defense Minister Rabin is said by well placed sources to have explained, in Pretoria recently, that the alliance can continue but much more quietly. Rabin may not have used the word, but officials again speak of "deprofilization."

While Rabin explores new, unspecified channels for cooperation with Pretoria, many longstanding arrangements are being dismantled in light of the U.S. sanctions decision. Israel has already reduced the number of its experts in South Africa to a bare minimum and plans to bring almost all of them home. No new agreements are being signed, officials say, in the defense field.

The Israelis argue that their ties with South Africa should be seen in the light of having to maintain contact with the 130,000 Jews in the country, most said to favor reform or abolition of apartheid. Good relations between the governments have led to special rights for Jewish South Africans to export capital to Israel and invest there. The most pessimistic assessment in Jerusalem is that angering Pretoria could eventually lead to the Jews being singled out as scapegoats if and when violence becomes uncontrollable.

The accusation that angers the Israelis is not hypocrisy. "That is unprecedented hypocrisy," Israel's Ambassador to the U.N. Benjamin Netanyahu says. He says he has evidence of half a dozen European countries, including Britain, France, Sweden and Netherlands that indirectly ship arms to South Africa and information on oil deliveries to South African ports from Saudi Arabia, Iran, Bahrain, Qatar and Oman.

The South African link is, however, not nearly as important as the defense and economic aid from the U.S. Foreign Minister Peres has said that Israel will stand with the West on this issue, "but since we are not a superpower it is not our duty to be first to set the example."

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אל: מצפ' א'

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דע: ציר - וושינגטון

מאת: בנצור, לוסאנגלס

ממקור כאן:

1) המתקפה האיראנית האחרונה גרמה לחרדה בקרב מדינות המפרץ בעיקר עקב האיום הממשי על באצרה. הקרבות התנהלו במתכונת האיראנית המקובלת אולם בלט השימוש המוגבר של צבא איראן בהליקופטרים מסוג בל וקוברה שירו טילי

TOW ATMS HUGHES דבר שנתאפשר ע"י האספקה האמריקאית של טילים וחלקי חילוף להליקופטרים. ארה"ב ליוותה אזהרותיה לאיראן שלא להתקדם לעבר כווית בהעברת חמש משחתות ופריגטות למפרץ הצפוני.

2) נוכח הספק לגבי כושרה של עיראק לצאת למיתקפת נגד שקלו כווית, ירדן וערב הסעודית אופציות שונות- למן השתלבות במערכה הצבאית לצד עיראק לוא נשקפה סכנה טריטוריאלית לכווית - ועד איפשר תדלוק למפציצים העיראקים. ככל הידוע מרבית ההתקפות האוויריות העיראקיות בוצעו ע"י 6 טייסים שכירי חרב (3 מערב גרמניים

משרד החוץ-מחלקת הקשר

אוסטרלי, ניוזילנדי ודרום אפריקאי) המהווים את יחידת המבצעים העילית המטיסה את מטוסי ה-

F - IEQ4 - 2005 בהדרכת קצינים צרפתיים. יחידה זו, המוצבת בסיס מידברי דרומית-מערבית לוגדד, התאמנה ב-9 החודשים האחרונים בטכניקה של תדלוק באוויר ע"י מטוסי

ANTONOV AN -12 בעלי

מיכלי דלק מיוחדים המאפשרים מבצעים הכרוכים בטיסה של 1500 מילין לצורך הפצצת מת הדלק האיראניים בסירי ולראק - בעוד שבעבר השתמשו ב-ARMED - EXOCET SUPER ETENDARDS

3) עיראק קיבלה באחרונה משלוח נוסף של טילי SCUD B

1- 19 מטוסי מיג 29 מבריה"מ .

4) בעלים ומפעילי מיכליות נוקטים באמצעי נגד מגוונים (ראדאר ועירבול) כדי לשבש אפשרויות הפצצת האניות מן האוויר. מאז 1984 הותקפו מהאוויר במלחמת עיראק איראן למעלה מ-200 אניות. התקפות אלה גרמו להריגת כמאה ימאים ולהרס 30 אניות.

כמה מיכליות משתמשות עתה בגרר מיוחד המיועד לשיבוש רדאר. כן ידוע על מיכלית אחת שירתה אש לעבר הליקופטר שבא להתקיפה.

5) האיראנים מתרכזים עתה בהתקפות על מיכליות מכווית ומשתמשים ב-

SISTEL SEA KILLER הנורה מ-4 הפריגטות של הצי האיראני.

6) עיראק טוענת שח"א העיראקי ערך 31,250 גיחות נגד איראן ב-1986. חלקן הגדול בלתי יעילות. הטרמינאל שבאי חראג הותקף 90 פעם ב-1986 ולמרות זאת עודנו פעיל.

בנצור

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שלך 26

משלחת מנהיגים

מודעים לבעיה ועושים כל מאמץ להבטיח הפגישות האפשריות. כפי שהוברק

דוהמי לא חוזר לא יוכל לקבלם. לא בדור לנו מנין הידיעה שיקבל משלחת

קק"ל הוא לא חוזר לא מקבלם

מצפה-לאה סידס

משרד החוץ-מחלקת הקשר

דח

תפ: שהח, דהמ, מנבל, ממנבל, מצפה

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News Summary February 23, 1987

New York Headlines

Front page news in the New York Times, Daily News and New York Post tells of Pop Artist Andy Warhol's death. Also on p.1 of the Times: Robert Gates, the CIA nominee is tied to 1985 memo urging arms deals (see Press Reports); Reagan is facing a pivotal week on the Iran scandal (see Press Reports); The French have arrested 4 as main leaders of the terrorist group Direct Action; US and 5 allies promise to seek dollar stability, David Susskind, the talk show host died at the age of 65.

Editorials

NYP "Gorbachev's Gulag Remains Full" It's important to remember that Gorbachev's efforts have actually produced more headlines than freed political prisoners. It seems clear that there is no mass release program underway.

Columns

NYT-Walter Mondale and Frank Fahrenkoph "An Innocent Victim of the Iran Scandal" Because so much remains unknown about the Iran-contra scandal, information we receive can be badly misleading. A case in point deals with the Endowment for Democracy. Any allegation that the Endowment has any relationship whatsoever to North's activities are unfounded.

NYT-Safire "Rules of Engagement" Reagan should not have run for a second term. However, the following are rules of fairness-in-scandal mongering. Do not allow the natural revulsion against paying ransom to a terrorist nation undermine efforts to defeat terrorism. The only trouble with the US raid on Libya was that it wasn't strong enough. In cultivating news stories, journalists should not overlook the shortcomings of the investigators.

Press Reports

Bomb Explodes in Jerusalem

NYT-special-12 Israeli soldiers and two Arab civilians were wounded when an explosive device was set off outside the Moslem quarter of the Old City. One soldier was reported to be seriously hurt. The explosion has been unofficially attributed to Arab guerrillas. About 100 Arabs were held for

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questioning. Most were released. Mayor Kollek said at the scene that the incident appeared to be a "spillover" from demonstrations and street clashes in recent weeks between Israeli soldiers and Palestinians in the West Bank, the Golan Heights and the Gaza Strip, all occupied by Israel. (NYP-photo of medic attending to border guard; DN-AP)

Israel Asks US Not to Admit Jews of Soviet as Refugees

NYT-AP-Israel urged the US to stop giving refugee status to Soviet Jews contending that this might encourage Moscow to allow more Jews to leave. Israeli officials say that more than 70% of the Soviet Jews who emigrate with visas for Israel settle in the US or Europe. The appeal seems likely to reignite controversy between Israel and American Jewish organizations, who have refused to support moves to deny refugee status to Soviet Jews.

GAO Says Planned Israeli Fighter Will Cost Far Beyond Budget

WSJ-Greenberger-According to a new US Gov't report, Israel won't be able to build the Lavi within the planned budget ceiling it has set. Privately, Israelis are skeptical of the Pentagon's reasons for wanting to stop work. They say the Pentagon is worried about financing a jet that might be superior to--and compete in the world market with US-made jets. They also question whether the US could provide Israel with a plane comparable to the Lavi at cheaper cost.

Nazi Trial

NYP-Fettmann-The most emotional part of Demjanjuk's trial begins today when the first A concentration camp survivors takes the witness stand. The unexpected public interest in the trial, leading to massive crowds has prompted calls to move the trial to larger quarters.

Convent at Auschwitz Will Be Closed

NYT-Netter-Roman Catholic prelates from Poland, France and Belgium, meeting with European Jewish spokesmen in Geneva, agreed to close a Carmelite convent at the site of Auschwitz within 2 years. A participant in the talks said he believed the agreement would help promote cooperation between the two faiths.

White House Denies Qaddafi Was Target of Raid

NYT-Reuters-The White House dismissed a report that the US set out to kill Qaddafi in air raids on Libya last spring. "There was no plan to go after Qaddafi specifically," said a White House spokesman. "The bombs that fell on the Qaddafi family compound were targeted on military barracks 600 feet away."

NYT-Reuters-Members of Britain's opposition Labor Party called on Thatcher to make a statement on the report that the US raids on Libya were intended to kill the Libyan leader.

Tower Commission Finishes Report-Reagan Faces Tough Week

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NYT-Boyd-Senior White House officials said that the Reagan Presidency is entering a pivotal week with the planned release of the Tower report which could determine whether Reagan rebounds and whether some top advisors remain. In recent days, several advisors have renewed a suggestion that Reagan use the release of the report to issue an apology for his policy toward Iran. They argue that this is the only way he can focus public attention on other issues.

NYT-Rasky-Members of the Presidential commission put finishing touches on their report on the operations of the NSC, which includes a detailed chronology of the events surrounding the Iran-contra affair. A source said that McFarlane stood by his previous testimony that Reagan gave oral approval in August 1985 for Israel to sell US-made arms to Iran. That position is at odds with testimony given by Don Regan, who has maintained that Reagan only gave his approval after being told of the Israeli arms shipments.

Don Regan to Be Replaced

WSJ-Mayer-Reagan has told confidants that he plans to replace Don Regan, a source close to the White House said. It isn't clear whether Regan has already offered his resignation or has been asked to leave.

North Said to Have Shredded Evidence

NYT-Shenon-North watched as his secretary destroyed classified documents on the evening before the Justice Dept. came to review his files, according to a source with knowledge of the investigation. North's secretary, Fawn Hall, has been granted immunity from prosecution in exchange for her cooperation with Federal investigators. (all papers)

Gates Linked to Memo Urging Arms Sales to Iran

NYT-Engelberg p.1 Gates agreed to send the White House memo in 1985 that favored arms dealings with Iran, even though he knew its reasoning was at odds with conclusions reached by his analysts at the CIA, intelligence sources said. The memo was sent out with Casey's signature but the sources said that Gates had played a direct role in the decision to circulate the memo within the Gov't. One source contended that Gates sent the memo to the White House as a means of winning political favor with senior officials. A CIA spokeswoman said, that line of reasoning was "absurd."

Syrian Soldiers Move Into Beirut

NYT-Hijazi-Syrian troops poured into Beirut and began taking control of the western sector in an effort to restore order. Officials say that about 3-4000 soldiers are there, backed by 100 Soviet-built T-54 and T-62 tanks. As residents awaited the arrival of the Syrians, an uneasy calm hung over West Beirut. Hundreds of people cheered the Syrians as they arrived at Khalde. The progress of the Syrian troops was monitored by Israeli reconnaissance aircraft, which crisscrossed the sky over the Syrian columns. The Syrians did not seem to have air escort.
(DN-NYP-wire)

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News Analysis: Can Syria Untie the Lebanese Knot?

NYT-Kifner- (Cairo) Whether the Syrians can actually make the battle-scarred streets of Beirut safe this time, as the Americans and Israelis failed to do, seems doubtful. The most important beneficiary of the Syrian presence is Amal. The apparent losers are the Palestinian guerrillas who have long feared Syria and its dominance of Lebanon's Gov't. It is uncertain of how the Syrian deployment will effect the Party of God and Israel, which publicly regards Syria as a major threat but is increasingly worried over the attempt by Arafat to rebuild Palestinian bases in southern Lebanon. Much will depend on how and where the Syrian troops deploy their forces. The intervention must also be seen in the context of the conviction of Assad, that Lebanon is historically part of greater Syria. The initial reaction by the Israelis was cautious. Zeev Schiff noted that the occupation would be an additional military and financial burden on Syria, which is already suffering from economic difficulties.

US Opposes Outside Troops

NYT-special-The State Dept. said that Lebanon's problems would not be solved by the addition of outside troops.

Trial of Terrorist Leader Opens in Paris

NYT-BernsteinAfter two and a half years of public uncertainty and seeming hesitation by the Gov't, Georges Ibrahim Abdallah, the suspected terrorist leader whose imprisonment apparently prompted a bloody series of bomb attacks last year, will go on trial. The trial is expected to last a week will take place amid extraordinary security. He is charged with having planned and ordered the assassinations of an American military attache and an Israeli diplomat. Most people in Paris will be looking at the trial as a test of the ability of Gov't appointed judges to act independently of political influences.

Media Notes

Austerity Prompts Changes in TV News

NYT-Boyer-A process is underway in all 3 networks, which after years of bounding growth, are faced with recasting themselves in the image of cost-conscious managements. The changes now being devised are aimed at the newsgathering itself, and are bound to change the role of network news. One change may be the proliferation of a new breed of TV journalist, an off-the-air reporter who would work more cheaply and feed reports to anchors and star correspondents. All 3 networks are expected to greatly reduce the size, and possibly the number of domestic and foreign bureaus. The emergence of new technologies will aid in this endeavour.

Cartoons

DN-Rigby-Reagan, the cowboy, is surrounded by Indians shooting arrows at him as he holds a copy of the Tower report. All other wagons around the President turn and flee. He yells, "Hey form a circle! FORM A CIRCLE!"

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לשבת דוהיים בטלה המפגש בשל סמיכות מועד בואם למועד סיום
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1. Introduction
2. Objectives
3. Methodology
4. Results
5. Discussion
6. Conclusion
7. References

1. Introduction

2. Objectives
3. Methodology

4. Results

5. Discussion

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8. Appendix

9. Bibliography

10. Index

11. Summary

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And we have all said that if we can find some device that has the label "International Conference" on it, through which we can pass that will for sure get us to the direct negotiations, which is what we want, then we ought to be willing to consider that and work at the problem.

Q Are you, if it turns out, will you send Secretary Murphy to the area, or--

MS. OAKLEY: Well you know, in general, we just don't comment on the process of how we pursue many of these things.

Q Well yesterday at the Press Club, Prime Minister Shamir suggested a conference here in Washington or at Camp David with Jordan, Egypt, Israel, Palestinian representatives and the United States. Do you see any merit in that?

MS. OAKLEY: Well again, the Secretary referred to that in his testimony as well. And as he said, this is how Shamir can perhaps define one type of international conference. But he then went on to say that this doesn't meet all of Jordan's requirements. So we're going to have to look at other ways.

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News Summary February 20, 1987

New York Headlines

Headline story in the New York Times, New York Post, Daily News and Newsday deals with Mario Cuomo's announcement that he will not seek the Democratic nomination to run for President. Also on p.1 of the Times: The Tower panel hears of efforts to hide Reagan's role on Iran (see Press Reports); The arms operation made wide use of Danish ships (see Press Reports); Reagan lifts Polish trade curbs, citing progress on human rights; 7 of the biggest industrial nations will meet in Paris this weekend to seek stable currencies; Researchers have discovered a flawed gene which causes Alzheimer's disease; A US law appears to deter illegal aliens, and mounting drive on smoking causes tension in the workplace. Page 1 story in the Wall Street Journal discloses a ruling by Reagan which allowed the CIA to kidnap terrorists. (see Press Reports)

Editorials

NYT "Beyond Tragedy" The very word Beirut has taken on its own meaning, becoming its own description. Ceaseless violence. Hopeless dilemma. Useless losses. Endless mourning. Fighting in Beirut continues.

Columns

DN-Nelson "Ask Him No Questions..." Nelson was present at a breakfast with Shamir the other morning. Last Sept, at a similar breakfast, Peres assured the journalists that Israel was not shipping arms to Iran during Khomeini's time. With the truth finally out, Shamir promised total cooperation in US investigations into how Israel helped the US ship arms to Iran. Naturally, everyone was too polite to ask about Peres' denials. Shamir also discussed how Israel's status has been elevated to that of a "major non-NATO ally." Why anyone would want to reduce the supreme moral commitment that the US has with Israel to legalities on a piece of paper is a mystery. We didn't ask. Shamir insists that the US deny entry to Soviet Jews so they will go to Israel. It is impossible to imagine that such a law would ever be passed by Congress, for it would mean that that the law would exclude Jews. No-body ever posed the question to Shamir. All this means is that the two closest nations on earth do not have identical interests. Both the US and Israel are ducking these issues. This is not honest, and, worse, it is a sign of weakness in the US-Israeli relationship.

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Press Reports

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Shamir Speaks Out

NYT-special-Shamir and Shultz called on the Soviet Union to relax restrictions on emigration. Shamir was also reported to have asked Reagan to deny refugee status to Soviet Jews so that they first go to Israel. The State Dept. spokesman said there would be no change in the policy of freedom of choice.

ND-Mitchell (Photo of Shamir and Weinberger reviewing US troops) Increasing numbers of Soviet Jews choose to come to the US rather than go to Israel, despite the fact that they leave under Israeli visas. According to HIAS, 913 Jews left the Soviet Union in 1986. Of that group, 206 went directly to Israel, while at least 641 went to the US. Generally, US Jewish leadership has opposed the change which Shamir suggests. On another matter, Shamir said that Pollard was recruited by "a small group of a few people who did it against the policy of Israel" and that he would have no further comment because the case is in court.

WSJ-p.1 briefs-Shamir's reluctance to cooperate with Iran probes stirs impatience on Capital Hill.

NYT-Wreaver & Molotsky-At Thursday's breakfast, a reporter asked Shamir what Israel's current policy was with respect to selling arms to terrorist nations. "Israel is the only country fighting terrorism," he replied. "We are successful." As for the arms shipments to Iran he added, "The Iran affair was an exception. Every rule must have an exception."

Use of Danish Ships Crucial to Arms Effort

NYT-Lohr p.1-A Danish connection to the Iran-contra affair has become clearer in the last week, largely as a result of a court case in Copenhagen. A shipping firm there figured in the efforts of North to provide arms to Iran and Nicaragua. The firm had filed a suit against Albert Hakim and Richard Secord because they owe the firm \$200,000. The disclosures contradict comments made by Reagan in November when he said that the US never had any contact with the Danish shipping industry. The Danish ships sometimes were in Israel to load.

Panel Hears of Effort to Hide Reagan's Role

NYT-Roberts p.1-McFarlane told the Tower Commission from his hospital room that he had taken part in an effort by White House aides to hide Reagan's key role in the initiation of the Iran arms sales. The White House had no comment. (NYP-LA Times; DN-Rainie)

NYT-special-The chairman of the House Judiciary Committee, Peter Rodino, compared the Iran arms affair to the Watergate scandals and warned against White House efforts to "cover up."

Reagan Ruling to Let CIA Kidnap Terrorists Disclosed

WSJ-Walcott & Paztor-Reagan last year secretly authorized the CIA to kidnap suspected terrorists overseas and bring them to the US to stand trial.

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The directive also approved other actions, including covert operations to preempt terrorist attacks, in some cases by attacking the terrorists before they could strike. Reagan approved of the finding despite fierce opposition from some officials in the Administration, the CIA and FBI. So far, the US has not tried to kidnap any suspected terrorists, officials say. The White House did not return calls for comment.

The White House Plotted US-Egyptian Invasion of Libya

NYP-Wash Post-The State Dept. took extraordinary steps in the summer of 1985 to head off plans for a joint US-Egyptian invasion of Libya, according to sources. The NSC drew up the plan.

Nazi Trial

NYT-Clines (photo of Demjanjuk hugging his son) The defense lawyer questioned whether "wishful thinking" might have motivated the accusations of survivors of Treblinka. The presiding judge said "That is a question for a psychologist." The judge ruled that line of questioning out of the line of inquiry amid a series of clashes with the defense. As the defense strategy has become clear, emotions surrounding the trial have heightened in the courtroom. Partisan hissing and laughter from the overflowed audience brought an objection by O'Connor, who has been overruled several times.

Indian Sect Yearns for Israel

NYT-Weisman-There is a group of people from the hills of northeast India who belong to a tribe whose forebears were headhunters and nature worshipers who migrated to India centuries ago from Burma and China. They now proclaim themselves to be Jews descended from one of the 10 lost tribes of Israel who rediscovered their roots in the last two decades and want to "return" to their homeland. Israeli authorities have so far spurned their appeals for recognition and help, and many other Jews in India are doubtful of their claim, but the Jews say they will not give up. They assert their numbers are growing despite numerous hardships. (photo of Jews in Aizawl)

Fighting in Lebanon

NYT-Hijazi-There was more heavy fighting in West Beirut as regular Syrian and Lebanese soldiers took up positions at main intersections to try to enforce a ceasefire. They were only partially successful. Jumblat and George Hawi left for Damascus for talks with Berri and Khaddam on how to end the fighting. The chief of Syrian military intelligence issued a strongly worded warning to militiamen to stop the fighting. (Gumucio)

NYT-Kifner (Amman) The news from Beirut was that the Commodore Hotel had fallen. It is a confirmation of an era that has ended.

NYT-Reuters-Two Moslem Americans seeking to negotiate the release of foreigners kidnapped in Lebanon fled West Beirut after they were robbed, their rooms ransacked and their hotel damaged by gunmen.

Lebanese Sentenced in Milan

NYT-special-A court in Milan convicted a Lebanese of smuggling explosives into Italy and sentenced him to 13 years in prison. Security officials said they had evidence suggesting that Bachir Khodr and another Lebanese, Mohammed Hamadei,

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who was arrested a day later in Germany also carrying explosives, may have been part of a new terrorist offensive planned by Lebanese Shiites.

Begun Due to Be Released Today/Demonstration in NY

NYT-Keller-In Moscow, authorities announced that Begun would be released today. His wife and son said they would fly to Kazan to meet him at the prison. Members of his family said they did not know whether he had signed any papers. Today Moscow News published news of the demonstrations which took place last week for the first time.

NYT-Blau (Photo of the Shcharansky family in "prison cage") As demonstrators chanted behind police barricades, Natan Shcharansky stood with his family and friends inside a "prison cage" near the Soviet Mission to the UN. Shcharansky said that even if Begun was released, it would only be another instance of "sophisticated" window dressing by Gorbachev. (all appers)

US Faults Teheran and Moscow on Rights Abuses

NYT-Weinraub-Iran's human rights record last year was marked by "serious abuses," including political killings, torture, and violent repression of religious minorities. In its annual report on human rights around the world, the State Dept. also harshly criticized the records of the Soviet Union and many other Soviet backed nations, including Syria, Libya and Ethiopia. The report deplored restrictions placed on Soviet Jews.

Causeway Lures Saudis to Bahrain for Pleasures

WSJ-Ibrahim-Until the causeway which connects Saudi Arabia with Bahrain opened, Bahrain's economy was sluggish. Now hundreds of Saudis, Kuwaities and Qataris roll into the liberal nation. The tourists can drink openly, see a show and have a good meal--small pleasures forbidden in their severely austere and conservative countries. The causeway has also altered the geopolitical standing of Bahrain, according to its officials. The road link is more evidence of the growing alliance known as the Gulf Cooperation Council.

Bush: Iran-Contra Scandal Makes It Difficult

NYT-Boyd (photo of Bush and Shamir) Aides say Bush believes he will not suffer political damage from the Iran affair and that it will fade as an issue long before the 1988 elections. (WSJ-Hume and Mayer)

New White House Communications Aide Belonged to Nazi Youth Group

WSJ-staff-Shortly after John Koehler's appointment yesterday, a controversy arose about his participation as a youngster in a Nazi youth group. He said he was in the group for about 6 months and then left. He says he isn't a Nazi sympathizer and has twice been married to Jewish women, including his current wife. (ND-Freidman)

Cartoons

ND-Oliphant-Shamir, dressed as a cowboy, rides Reagan, who is portrayed as a horse. A sign on a tree reads "Wanted: Israel for Questioning in the Arms Deal Case."

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News Summary February 19, 1987

New York Headlines

Top story in the New York Times deals with the Tower Commission's report and the reported damaging assessment on the NSC. Also on p.1 of the Times: Battles raging in Beirut; The Senate Foreign Relations Committee voted to halt funds to the contras; Speculation persists on Don Regan's future; Robert Gates, the CIA nominee is expected to win Senate backing; Drug-test methods for US employees will be issued today. Page 1 stories in the Wall Street Journal deal with homosexuality and the Church and the debate on the US economy and where the Fed's are leading it.

Editorials

NYT "In Mosocw: Louder Than Words" In freeing Dr. Koryagin and evidently, Begun, Gorbachev makes a doubly powerful statement. To his own people it speaks of his powerful commitment to reform. To the people abroad it suggests a commitment to reducing hostility.

Columns

WSJ-Micheal Reisman (Prof. Yale U) "US Gain From an Iranian Victory" Because Iran has humiliated the US repeatedly, Americans tend to forget about Iraq's blemishes. An Iranian victory would present problems as well as offer opportunities to the US. The moderate Gulf states make too much of the military threat posed by an Iranian victory. The Iranians would most likely turn their attention to Afghanistan. This would agrevate the Soviets but they could do little about it. As for Syria, who has its own fundamentalist pressues, an Iranian victory may cause Assad to secure his borders and may prove more tracable in negotiations with Jordan, and maybe even Israel, at least with regard to Lebanon, which is most open to Iranian influence. Iran's victory could halt the growing Soviet influence in the entire region.

NYT-Walter Reich (psychiatrist & senior research associate Woodrow Wilson International Center for Scholars) The reason that leaders negotiate with terrorists are not because they are stupid or insincere, but because they are human. But logic must prevail over sentiment. Perhaps the President might ask Congress to limit his authority in these cases. It would make the hostage burden fall on many shoulders,

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19-2-87 תאריך:

אין להעביר את המסמך

bantustants. They are paid less than Blacks in South Africa who work in the cities, and they are paid 7 times less than whites. A Gov't like Israel can see the potential cheap labor which is constantly present. They build these industries there, for maximum profit and the bantustans leaders get revenue from the exploitation of the women." Israeli companies negotiated \$160 million worth of contracts with Ciskei. The Gov't sold President Sebe of Ciskei some aircraft and then built a \$19 million airport. "The Israeli Gov't did nothing of the sort," claimed Israeli spokesman Barukh Binah. "Perhaps private entrepreneurs sold them the airplanes and built the airport, it wasn't done by the State of Israel." The ANC spokeswoman responded, "It's only when questions are asked that they say it's a private company from Israel."

The Cost of the Lavi

ND-combined-A US Congressional agency reports that it will cost Israel \$1 billion a year beginning in 1990 to produce the Lavi, according to sources quoted by UPI. Weinberger termed the plane "inferior" to US planes. Israel is on the verge of deciding whether or not to proceed with production. One source said the report "might have some effect" on the decision.

Nazi Trial

DN-UPI-The defense lawyer for Demjanjuk challenged the ability of an expert witness to recreate events at the Treblinka death camp 44 years ago. In 7 hours of questioning, O'Connor repeatedly asked the trial's first witness--Dr. Yitzhak Arad, a Holocaust survivor and director of Yad Vashem--to explain inconsistencies between maps in his book on Treblinka and those in official records. "I don't see any meaningful differences," Arad said several times. O'Connor said he was trying to show that if one of the greatest historians of the Holocaust cannot decide on some critical elements, how can a witness? Legal experts say the most difficult aspect of the case is for survivors and the prosecutors to prove 4 decades after WW II that Demjanjuk was the guard called Ivan.

NYP-Fettmann-O'Connor offered a Soviet newspaper article as evidence that Demjanjuk was a victim of mistaken identity.

Fighting in Lebanon

NYT-Hijazi-p.1 Militiamen fought street battles that were unparalleled in their intensity for factional disputes in West Beirut. Heavy artillery and tank assaults were used to occupy key positions. A rocket hit CBS's office. It is much believed that the street battles are an extension of the so-called war of the camps. (photo of leftist militiaman running for cover after firing an RPG at an Amal position.)

NYT-Reuters-The State Dept. said that Lebanon would remain isolated from the world until the Lebanese people rid their country of the anarchy in the streets of Beirut. This was the latest of a series of increasingly blunt statements on Lebanon.

Iran-Iraq 'Truce'

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Iran-Iraq 'Truce'

ND-combined-Iraq announced a two-week suspension of air raids on Iranian cities, but warned it would resume the strikes if Iran continues hitting Iraqi cities. Even so, Iraqi fighter-bombers attacked 6 Iranian cities yesterday.

Iran Chokes on German Joke

NYT-Markham-The West German Gov't said it regretted a TV satire that showed Khomeini being showered with woman's underwear, and the comedian responsible for it apologized to the Iranian Ambassador to Bonn.

Tower Study: Tension Rises

NYT-Brinkley (News Analysis) White House officials are growing increasingly apprehensive as the Tower Commission completes a report that officials say is likely to include damaging disclosures that could result in criminal charges. A number of NSC misdeeds have been uncovered. One source called the material "explosive."

WSJ-Walcott-White House officials rewrote an official chronology of the Administration's secret arms sales to Iran at least twice last November to omit important facts about the program and to misstate others, according to administration officials and documents. This doctoring has become a major focus of the Tower Commission.

OPEC

WSJ-Siconolfi-World oil prices slid to their lowest level this year as traders focused on possible cracks in the December production pact by OPEC and a continuing market glut.

Jewish Foster Care Agency to Appeal Court Order

ND-Stein-The largest Jewish foster care agency in NY will probably appeal a court order that would prevent it from giving Jewish children priority at its group homes and institutions. An appeal would delay final resolution of a 13-year old class-action lawsuit brought by the ACLU on behalf of black, Protestant foster children in the city's care. Of the 17000 children in NYC's foster care system, an estimated 450 are Jewish.

Media Notes

New White House Media Aide

NYT-Boyd-Reagan is expected to name John Koehler, a retired official of AP as the new White House communications director.

Plan for Live Soviet TV in US

NYT-Belkin-International legal tangles are altering The Discovery Channel's plans to broadcast more than 60 hours of Soviet TV programs live to American audiences each week. Instead, the channel is relying heavily on tapes of the Soviet programs.

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ממקור כאן: גילויים שונים באחרונה על מעורבות קנדית באספקת נשק חשאית של נשק אמריקני לאירן האירה העובדה שקנדה היא המדינה היחידה בעולם הפטורה ממגבלות הייצוא על מערכות נשק וטכנולוגיה אמריקניות. אין שום הגבלה על ייצוא נשק לקנדה להוציא פצצת מימן או מטוסי סילון לפרטים אלה בלבד דרוש היתר. לאור זאת קיימת מודעות בממשל שקבוצות של קנדים מעורבים בפעילות/ בפעולות נרחבות של הברחת נשק. מניחים שקנדים שונים ש שהיו מעורבים כמתווכים באספקת נשק לאירן לא פעלו באורח בלתי חוקי בגלל נגישותה הנרחבת של קנדה ליצרני נשק כבר בקנדה.

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News Summary February 18, 1987

New York Headlines

Top story in the New York Times deals with the new nominee to head the CIA. Graves said that the CIA erred on Iran arms sales (see Press Reports) Also on p.1, Begun is still not freed but is expected to be soon, (see Press Reports). what the contra shake-up means; the stock market shot up despite the anxiety generated by the latest insider-trading scandal; the NY High Court banned barring women from clubs. Page 1 stories in the Wall Street Journal tell of a group of lawyers who are trying to find asbestos victims to represent, and, about the search by scientists for "momopole" a missing physics link.

Editorials

NYP "The Unmasked Question in Moscow" Moscow was the in place to be this week. But no one in the audience at the peace forum had the courage to ask "Where is Josef Begun?" The Russians must have been encouraged by this. The group who went to the forum has no cause to be proud about its misison to Moscow.

NYP "Pan Am's Lone Stand Against Terror" When lax security at Karachi International Airport led to the highjacking of a Pan Am jet five months ago, the airline suspended all flights to Pakistan. That was exactly the right thing to do. It was a way of putting pressure on the Pakistani Gov't to tighten security, and even more important, actually to punish the four Palestinians and their Libyan commander, who were responsible for killing 21 people. Sadly, no major carrier followed Pan Am's lead. Meanwhile, there is no indication that the Pakistani Gov't actually intends to try the five Abu Nidal terrorists.

Press Reports

Shultz and Shamir Disagree Over Parley

NYT-Lewis (photo of Shultz and Shamir laughing in Washington) Shultz clashed with Shamir over whether an international conference, possibly including the Soviet Union, should even be considered a vehicle for starting peace negotiations in the Mideast. The two officials expressed their disagreements publicly after a 2 hour meeting. Despite the sharp

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exchanges, the significance of the dispute is unclear since most officials consider the prospects for an international peace conference to be dim. On Iran, Shultz said the matter was discussed "only very briefly," and that "it's basically an American matter." A spokesman for the Israeli Embassy said that Ely Rubenstein met with State Dept. officials to discuss Israel's cooperation in the various US investigations of the affair. Privately, Israeli officials said that they would respond only to written statements and that no face-to-face interviews would be permitted. (DN-Rehm; ND-photo of Shultz and Shamir; NYP-Latehm)

Nazi Trial

NYT-Clines-The defense at the trial of Demjanjuk denounced the proceeding as a "show trial" reminiscent of Soviet propaganda court cases. One of the judges angrily reprimanded the lawyer. "Let's not compare this court with a court in Moscow," the judge said. The defense maintained that the trial should involve a single issue of mistaken identity. The first full day of testimony was devoted to a summary of the Treblinka camp's history. ND & DN-AP and photo of Demjanjuk talking to Israeli policeman)

Pro-Palestinian Group Is Shut Down in Israel

NYT-special-The Israeli police, in an unusual action against Jewish critics of the Government's human rights record, have closed the offices of a Jerusalem information agency sympathetic to Palestinians and arrested four workers. The private agency, the Alternative information Center, was ordered closed for 6 months. The police charged that the center was "rendering services" to a Palestinian terrorist organization. The center supports Palestinian nationalism and provides regular reports of what it says are human rights abuses in the occupied territories. Lea Tsemel, a lawyer who is married to the center's director said the center was not in collusion with a terrorist organization, the PFLP, and did not keep track of who uses its services.

Palestinians Riot

ND-combined-Young Palestinians blocked roads with wire and burning tires and stoned cars in the West Bank and Gaza. A Palestinian policeman shot a 16-year old girl in the leg after she stoned his car.

PLO is Bolstered by Kuwaiti Money

NYT-Kifner-A new influx of Arab money will bolster the PLO's political base in the West Bank, in a move seen as undercutting Hussein. Kuwait followed the lead of Saudi Arabia by announcing it would contribute \$5 million to the \$9.5 million Saudi pledge to revive a joint PLO-Jordanian fund. A Western diplomat said that Hussein was embarrassed by the donations. "It puts Jordan in an awkward position and Arafat will claim a great victory." An American diplomat said that the effect of this fund will not be good for US policy. The money will go to West Bank universities, trade unions and cultural associations, according to Abu Jihad. Hussein's own plan for the area attracted little support from the inhabitants of the West Bank. Also, the King's plan attracted few investors.

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Art if Auschwitz/Jazz Under the Nazis

NYT-Kaufman-Joseph Czarnecki, a news photographer in Poland, has assembled 12 photographs of art from Auschwitz which will soon be published. He was financially assisted by the International Center of Photography in NY. Some of the work was commissioned by the Nazis, others were works done by inmates.

WSJ-Hentoff reviews "La Tristesse de Saint Louis: Jazz Under the Nazis" by Mike Zwerin. The book, which does not get a positive review, illuminates why the designers of the Third Reich wanted to protect the Aryan future from the virus of jazz, and how they were never able to entirely succeed.

New Life for Historic Synagogue

NYT-Dunlap-New York's oldest synagogue is now owned by a Spanish scultor who dreams of turning it into an artists' colony.

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STATEMENT BY
THE SECRETARY OF DEFENSE
BEFORE THE
HOUSE FOREIGN AFFAIRS COMMITTEE
FEBRUARY 18, 1987

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TESTIMONY OF THE SECRETARY OF DEFENSE
BEFORE
THE HOUSE FOREIGN AFFAIRS COMMITTEE
18 FEBRUARY 1987

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CHART OFF

GOOD MORNING MR. CHAIRMAN. I AM PLEASED AGAIN THIS YEAR TO APPEAR BEFORE YOUR COMMITTEE TO TESTIFY ON BEHALF OF THE PRESIDENT'S FY1987 SUPPLEMENTAL AND FY1988 REQUEST FOR SECURITY ASSISTANCE FUNDING. AS YOU MIGHT EXPECT, I SHALL CONCENTRATE ON THE PURELY MILITARY ASPECTS OF THE PRESIDENT'S REQUEST. I MUST SAY AT THE OUTSET THAT I JOIN THE PRESIDENT AND SECRETARY SHULTZ IN MAKING THE CASE THAT WE CANNOT CONTINUE AT THE RESOURCE LEVEL PROVIDED IN FY1987 WITHOUT GRAVE DAMAGE TO OUR INTERESTS. WE FACE A BUDGET CRISIS THAT HAS FAR-REACHING CONSEQUENCES FOR UNITED STATES FOREIGN POLICY AND DEFENSE STRATEGY. THE PRESIDENT'S REQUEST FOR THE 150 ACCOUNT FOR FY1988 IS A MODEST ONE, WHICH RECOGNIZES THE NEED TO REDUCE OUR BUDGET DEFICIT. IT IS, IN MY JUDGMENT, THE AMOUNT NEEDED IF THE UNITED STATES IS TO MAINTAIN ITS LEADERSHIP ROLE AND TO PROVIDE FOR OUR SECURITY.

CHART 1: INTERNATIONAL AFFAIRS BUDGET

THE UNITED STATES HAS LONG HAD AN INTEGRATED APPROACH TO THE WORLD, WHICH INCLUDES MILITARY, ECONOMIC, POLITICAL, DIPLOMATIC AND PURELY HUMANITARIAN ASPECTS. ON THIS FIRST CHART YOU CAN SEE THE ARRAY OF MAJOR FOREIGN POLICY INSTRUMENTS THAT WE EMPLOY IN DEALING WITH AN INCREASINGLY INTERDEPENDENT WORLD. WHILE THE LEVEL OF FUNDS REQUESTED IN EACH ACCOUNT VARIES CONSIDERABLY, EACH OF THE FUNCTIONS IS IMPORTANT TO THE UNITED STATES.



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MILITARY AID, CONSISTING OF FMS CREDITS, MAP AND IMET IS ONLY A PART OF THE WHOLE. WE NEED THE WHOLE REQUEST WITH ALL OF ITS PARTS SUFFICIENTLY FUNDED TO SERVE OUR BROAD NATIONAL GOALS, BOTH ECONOMIC AND SECURITY.

LET ME FACE THE ISSUE SQUARELY. ALL OF US ARE DEDICATED TO HELPING REDUCE THE DEFICIT, BUT SOME CRITICS OF FOREIGN AFFAIRS FUNDING NOT ONLY CLAIM IT IS A GIVE AWAY PROGRAM, BUT HAVE ALSO POSTULATED A TOTAL COMPETITION BETWEEN DOMESTIC SPENDING AND MONEY SPENT FOR OUR SECURITY AND THE CONDUCT OF FOREIGN AFFAIRS. THIS IS A FALSE DICHOTOMY. OUR DOMESTIC WELFARE AND THE U.S. ECONOMY IS FUELED BY THE ENGINE OF FOREIGN TRADE, WHICH IS IN TURN GREATLY DEPENDENT ON WORLD AFFAIRS AND THE DEGREE OF STABILITY IN REGIONS WHERE WE TRADE. A RECENT STUDY BY THE ATLANTIC COUNCIL HAS DETAILED WHAT THIS MEANS IN STARK TERMS:

- o IN THE LAST QUARTER OF A CENTURY U.S. FOREIGN TRADE GREW FROM LESS THAN TEN PERCENT TO MORE THAN 25 PERCENT OF OUR GROSS NATIONAL PRODUCT.
- o 20 PERCENT OF U.S. INDUSTRIAL OUTPUT IS FOR EXPORT.
- o ONE IN SIX AMERICAN PRODUCTION WORKERS' JOBS DEPEND ON INTERNATIONAL TRADE.
- o 40 PERCENT OF U.S. FARMLAND PRODUCES FOR EXPORT.
- o ABOUT ONE-THIRD OF U.S. CORPORATE PROFITS ARE GENERATED BY INTERNATIONAL ACTIVITIES.

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- o U.S. COMMERCIAL BANKS HAVE \$130 BILLION IN LOANS OUTSTANDING TO DEVELOPING COUNTRIES.

THE FUNCTIONS REPRESENTED HERE ON THIS CHART ARE KEY TO AMERICA'S ABILITY TO DEAL WITH THE WORLD. THE U.S. GOVERNMENT SHOULD PROVIDE THE MEANS TO MEET OUR RESPONSIBILITIES IF WE ARE GOING TO CONTINUE TO PROFIT BY THEM FOR THE BENEFIT OF OUR GREAT NATION.

THESE BENEFITS OF OUR OPEN RELATIONSHIPS WITH MANY REGIONS OF THE WORLD TAKE VARIOUS FORMS. THEY CAN SOMETIMES BE MEASURED IN CLEAR ECONOMIC TERMS. SOME 375,000 JOBS EXIST TODAY BECAUSE WE CONDUCT FOREIGN MILITARY SALES, THOUGH WE CONDUCT THEM ONLY IN SUPPORT OF OUR FOREIGN POLICY AND OUR DEFENSE OBJECTIVES. BUT OUR OBJECTIVES ARE ON A MUCH BROADER PLANE:

- o FIRST, WE WANT TO PROMOTE DEMOCRACY BECAUSE DEMOCRATIC GOVERNMENTS ARE LESS LIKELY TO BECOME INVOLVED IN WARS OF AGGRESSION.
- o SECOND, WE WANT TO MAINTAIN AN OPEN, STABLE WORLD ECONOMY AND FREE ENTERPRISE SO THAT WE CAN EXPAND OUR EXPORTS AND INVESTMENT.
- o FINALLY, BY PROVIDING ASSISTANCE TO FRIENDS AND ALLIES, WE SEEK TO PREVENT REGIONAL CONFLICTS THAT THREATEN OUR INTERESTS, AND TO ENHANCE THE INTERNAL STABILITY OF FRIENDLY NATIONS. SHOULD CONFLICTS OCCUR, WE SEEK TO

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RESOLVE THEM BY HELPING OUR FRIENDS, RATHER THAN RESORT TO THE USE OF AMERICAN COMBAT FORCES.

CHART 2: THE PRESIDENT'S FY1988 BUDGET REQUEST

ALL TOO OFTEN THE DEBATE ON HOW TO DIVIDE UP THE PIE OF BUDGET RESOURCES REVOLVES AROUND THE SPLIT BETWEEN DOMESTIC PROGRAMS AND DEFENSE. AS THIS CHART SHOWS, INTERNATIONAL AFFAIRS FUNDING IS ONLY A TINY PROPORTION OF THE TOTAL REQUEST, AND TENDS TO BE SQUEEZED OUT IN THE LARGER DEBATE. CLEARLY, WITHOUT ADEQUATELY FUNDED DOMESTIC PROGRAMS, THE FUNDAMENTAL NEEDS OF OUR SOCIETY AND THE INDIVIDUAL WILL NOT BE MET. FAILURE TO DO SO WOULD NOT ONLY DEPRIVE OUR PEOPLE BUT WOULD NOT ALLOW US TO HAVE ADEQUATE DEFENSES NOR CONDUCT SUCCESSFUL FOREIGN AFFAIRS. EACH OF THESE BROAD CATEGORIES OVERLAP AND COMPLEMENT EACH OTHER. SURELY ONE CANNOT BE INCREASED AT THE EXPENSE OF ANOTHER WITHOUT PAYING A PRICE, NOR CAN ONE OF THEM BE UNDULY WEAKENED FOR ALL THREE WILL BE JEOPARDIZED.

ALL THE INTERNATIONAL AFFAIRS FUNCTIONS SHOWN ON THE PREVIOUS CHART CONSUME ONLY 1.7 PERCENT OF THE TOTAL BUDGET REQUEST. THE MILITARY PORTION OF THE 150 ACCOUNT REPRESENTS ONLY ONE HALF OF ONE PERCENT. THIS IS A SMALL INVESTMENT THAT WILL RETURN SUBSTANTIAL DIVIDENDS TO THE AMERICAN PEOPLE. I KNOW THAT THERE WILL BE A DEBATE ABOUT THE PROPER PROPORTIONS OF THIS BUDGET. THERE ARE THOSE WHO WILL ARGUE THAT NO MORE CAN BE SPENT THAN WAS APPROPRIATED LAST YEAR FOR THE ENTIRE 150 ACCOUNT.

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CERTAINLY, THERE ARE THOSE WHO ARGUE THAT MILITARY ASSISTANCE SHOULD NOT BE INCREASED AT THE EXPENSE OF DOMESTIC PROGRAMS.

THE BALANCE OF MY PRESENTATION WILL BE DEVOTED TO PRESENTING A CASE FOR RETURNING OUR ASSISTANCE PROGRAM TO AT LEAST THE APPROPRIATED FY1986 LEVEL.

GIVEN THE CONSTRAINTS IMPOSED BY GRAMM-RUDMAN-HOLLINGS TARGETS, I AGREED THIS YEAR TO A MODEST GROWTH IN THE DEFENSE BUDGET OF ONLY THREE PERCENT, WITH THE FULL UNDERSTANDING THAT WE WILL BE RELYING EVEN MORE ON OUR FRIENDS AND ALLIES AROUND THE WORLD. SO IT IS ESPECIALLY IMPORTANT THIS YEAR THAT CONGRESS SUPPORT THE PRESIDENT'S FY1988 REQUEST FOR SECURITY ASSISTANCE. THE INCREASE OF ONLY ABOUT \$800 MILLION WILL BARELY BEGIN TO REPAIR THE DAMAGE DONE BY A TWO-YEAR CUT TO THE SECURITY ASSISTANCE BUDGET THAT AMOUNTED TO ALMOST 26 PERCENT IN REAL TERMS. IF FURTHER CONGRESSIONAL CUTS ARE MADE FOR FY1988, THEY WILL NOT SIMPLY BE BUDGET CUTS, BUT WILL FORCE DRASTIC CHANGES IN OUR FOREIGN AND DEFENSE POLICIES--CHANGES THAT A VAST MAJORITY OF CONGRESS WOULD BE VERY UNCOMFORTABLE WITH--TO COMPENSATE FOR REDUCED ALLIED CAPABILITIES, UNQUESTIONABLY A GREATER U.S. DEFENSE EFFORT WOULD BE REQUIRED.

CHART 3: INTERNATIONAL AFFAIRS FUNDING

ON THIS CHART, I HAVE PORTRAYED THE BUDGETARY HISTORY OF THE LAST THREE YEARS FOR THE INTERNATIONAL AFFAIRS ACCOUNT. WE HAVE DIVIDED THE BARS, AS YOU CAN SEE, INTO THE BASIC COMPONENTS OF

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THE CONDUCT OF FOREIGN AFFAIRS, INFORMATION AND EXCHANGE ACTIVITIES, ECONOMIC AID, AND MILITARY AID. I WANT TO MAKE TWO POINTS WITH THE CHART. FIRST, USING FY1985 AS A BASE LINE, THE ENTIRE FEDERAL BUDGET INCREASED BY TWO PERCENT IN FY1987. BY CONTRAST FOREIGN AID WAS REDUCED 29 PERCENT IN FY1986 AND BY ANOTHER 11 PERCENT IN FY1987. FOR MILITARY ASSISTANCE ITS PORTION OF THE FEDERAL BUDGET WAS REDUCED BY ABOUT 29 PERCENT OVER A THREE-YEAR PERIOD.

THE MILITARY PORTION CONSISTS OF FOREIGN MILITARY SALES CREDITS, MILITARY ASSISTANCE PROGRAM GRANTS AND INTERNATIONAL MILITARY EDUCATION AND TRAINING GRANTS. ALTHOUGH SOME INSIST THAT THE ECONOMIC SUPPORT FUND (ESF) IS MILITARY BECAUSE IT IS IN PRINCIPLE INTENDED FOR COUNTRIES WITH A SECURITY PROBLEM, IT IS NOT MILITARY IN ANY SENSE. IT CANNOT BE USED FOR THE PURCHASE OF MILITARY EQUIPMENT.

CHART 4: ACCOMPLISHMENTS

MR. CHAIRMAN, IT IS IMPORTANT TO UNDERSTAND WHERE WE HAVE BEEN, WHERE WE ARE NOW, AND WHAT IS REQUIRED TO GET BACK ON TRACK. FIRST, FROM FY1981 THROUGH FY1985 THE CONGRESS PROVIDED RISING APPROPRIATIONS AT IMPROVED TERMS TO MEET GOALS THAT CONGRESS AND THE ADMINISTRATION AGREED UPON. FOR INSTANCE, CONSIDERABLE CONSENSUS BETWEEN THE ADMINISTRATION AND CONGRESS WAS ACHIEVED ON THE KEY ISSUES OF CENTRAL AMERICA, THE MIDDLE EAST, AND PAKISTAN. THE ADMINISTRATION THEN MADE MANAGEMENT

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IMPROVEMENTS AIMED AT MAKING MORE EFFICIENT USE OF APPROPRIATED FUNDS.

WITH THESE INSTRUMENTS IN HAND, THE ADMINISTRATION WORKED CLOSELY WITH FRIENDLY COUNTRIES TO EXPAND DIALOGUES, TO PLAN AND CARRY OUT PROGRAMS IN WAYS THAT RESPONDED TO COUNTRIES' DEFENSE NEEDS, AND TO ADDRESS ECONOMIC DIFFICULTIES CAUSED BY EFFORTS TO MEET THOSE NEEDS. THE NUMBER OF COUNTRIES RECEIVING ASSISTANCE GREW, AS DID THE NUMBER OF STUDENTS RECEIVING U.S. MILITARY TRAINING.

THESE PROGRAMS HAVE BEEN RESPONSIBLE FOR STRIKING RESULTS IN DETERRING OR RESOLVING CONFLICTS, IN IMPROVING BILATERAL RELATIONS, IN ENHANCING THE WORLDWIDE POSTURE OF U.S. FORCES AND, OVERALL, IN CONTRIBUTING TO A MORE SECURE WORLD. THE RESULTING WORLDWIDE PROGRAM ENCOURAGED A NEW FEELING OF CONFIDENCE IN THE UNITED STATES IN COUNTRIES THREATENED BY THE SOVIET UNION OR OTHERS. YET, MANY CHALLENGES TO OUR INTERESTS REMAIN, CHALLENGES WHICH CAN ONLY BE MET WITH RESOURCES THAT ALLOW U.S. COMMITMENT AND CONTINUITY FROM YEAR TO YEAR.

CHART 5: FMSCR & MAP FY1981-FY1987

SHOWN HERE IS THE HISTORY OF THE MILITARY PORTION OF SECURITY ASSISTANCE FUNDING OVER THE LAST SEVEN YEARS. WE HAVE PLACED ISRAEL AND EGYPT ON TOP TO EMPHASIZE THE RISING TREND IN CONTRAST TO A SEVERE DOWNWARD TREND FOR THE REST OF THE WORLD. IN RECOGNITION OF FOREIGN POLICY NEEDS AND THE NEED TO DEFEND THE

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FREE WORLD, FUNDING ROSE STEADILY FROM FY1981 THROUGH FY1984. THE RISE WAS MOSTLY IN EUROPE, EGYPT, ISRAEL AND PAKISTAN. GROWTH WAS SIGNIFICANT ELSEWHERE, ALTHOUGH THE PROGRAMS ARE MUCH SMALLER. TO OBTAIN MORE CONCESSIONALITY, THE FY1985 FMS CREDIT PROGRAM WAS PUT ALL ON-BUDGET. THE FUNDING WAS DROPPED BY \$688 MILLION TO MAKE THIS POSSIBLE.

IN FY1986, EGYPT AND ISRAEL WERE RESTORED NEARLY TO PREVIOUS LEVELS, BUT THE SIZE OF THE TOTAL APPROPRIATION WAS NOT RESTORED, AND THIS DEPRESSED FUNDS FOR THE REST OF THE WORLD. THEN AGAIN IN FY1987, EGYPT AND ISRAEL WERE INCREASED SLIGHTLY, WHILE THE SIZE OF THE TOTAL APPROPRIATION WAS REDUCED APPROXIMATELY 14 PERCENT FROM ACTUAL FY1986 LEVELS. WHAT IS OF TREMENDOUS CONCERN TO US IS THE COMPRESSION OF THE RESOURCES PROVIDED TO THE REST OF THE WORLD WHERE WE HAVE VAST AND IMPORTANT INTERESTS. THE REST OF THE WORLD HAD TO ABSORB NEARLY A 40 PERCENT REDUCTION.

CHART 6: IMPACT OF EARMARKS

THESE TWO PIE-CHARTS REFLECT CONGRESSIONAL ACTION IN FY1987 TO EARMARK ISRAEL, EGYPT, TURKEY, GREECE AND PAKISTAN. THESE ALLOCATIONS CONSUME ALMOST 86 PERCENT OF OUR TOTAL MILITARY ASSISTANCE RESOURCES IN FY1987. WE ARE NOT SUGGESTING THESE COUNTRIES DO NOT NEED THE RESOURCES; THEY DO. TURKEY, IN PARTICULAR, NEEDS SUBSTANTIALLY MORE. BY FAR THE MOST IMPORTANT MESSAGE OF THIS CHART IS THAT IN THE REST OF THE WORLD BEYOND THE EARMARKED COUNTRIES, 19 COUNTRIES WERE CUT MORE THAN 50 PERCENT AND OTHERS 100 PERCENT. TO GIVE THE CONGRESS CREDIT, IT WORKED

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HARD IN THE CONTINUING RESOLUTION TO GIVE US HIGHER QUALITY AID. THIS EFFORT RESULTED IN MORE MAP--\$900 MILLION, UP FROM \$798 MILLION IN FY1986. BUT WHAT CONGRESS DID WAS TO CHANGE CREDITS TO MAP RATHER THAN APPROPRIATE MORE MAP.

CHART OFF

LAST YEAR THERE WAS RELATIVELY LITTLE DIALOGUE BETWEEN THE ADMINISTRATION AND CONGRESS ON THE IMPORTANCE TO THE UNITED STATES OF INDIVIDUAL COUNTRIES AND REGIONS. JUDGEMENTS WERE MADE BY VARIOUS COMMITTEES ON THE NUMBERS FOR EACH BUDGET FUNCTION WITHOUT MUCH REGARD FOR THE DETAIL. THE PROCESS DID NOT SERVE US.

CHART 7: REDUCTIONS FROM FY1986

THIS MAP SHOWS THE WORLDWIDE ALLOCATIONS OF THE FY1987 APPROPRIATIONS. EACH PIE CHART IS SIZED RELATIVE TO ACTUAL FY1986 LEVELS, WHICH THEMSELVES WERE LOWER THAN FY1985 LEVELS. FOR A SENSE OF THE SCALE OF THE PIE CHARTS, RECALL THAT ISRAEL REPRESENTS \$1.8 BILLION AND NORTH YEMEN ABOUT \$2 MILLION. THE GREEN SLICES REPRESENT INCREASES, WHILE THE RED SLICES INDICATE REDUCTIONS FROM FY1986.

GIVEN THAT 86 PERCENT OF THE APPROPRIATION WAS EARMARKED, THE ADMINISTRATION FACED PAINFUL CHOICES DURING THE ALLOCATION PROCESS. THERE WAS NO ACCEPTABLE SOLUTION. THE RESOURCES SIMPLY WERE NOT THERE. AFTER EXTENSIVE AND AGONIZING EXAMINATION, WE CONCLUDED THAT WITH THE EXCEPTION OF KOREA, WE COULD NOT

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TERMINATE ASSISTANCE TO FRIENDS AND ALLIES. INSTEAD WE CHOSE TO WORK TO SUSTAIN AMERICA'S FOREIGN POLICY AND DEFENSE STRATEGY TO THE EXTENT WE COULD.

BEGINNING AT THE RIGHT AND WORKING WESTWARD, THE DECISION TO ZERO OUT KOREA WAS DIFFICULT. YET THIS IS A TIME WHEN NORTH KOREA IS RAPIDLY MODERNIZING ITS FORCES AND IMPROVING ITS READINESS WITH RENEWED SOVIET SUPPORT. OVERALL, THE EAST ASIA PACIFIC REGION WAS REDUCED BY 70 PERCENT, EVEN THOUGH WE SEE RAPIDLY GROWING SOVIET MILITARY NAVAL CAPABILITIES AND A MAJOR SOVIET BUILD-UP AT CAM RANH BAY. WE ALLOCATED ONLY \$50 MILLION TO THE PHILIPPINES FUNDING EVEN THOUGH THERE IS A CLEAR CONSENSUS BETWEEN THE ADMINISTRATION AND CONGRESS ON THE NEED TO SUSTAIN THE NEW ARMED FORCES OF THE PHILIPPINES. THE NEW PHILIPPINES ARMED FORCES HAVE GONE A LONG WAY IN REFORMING AND NEED MORE RESOURCES FOLLOWING THE TERMINATION OF THE CEASE-FIRE AGREEMENT. BUT GIVEN THE SMALL AMOUNT OF RESOURCES AVAILABLE, FULLY FUNDING THE PHILIPPINES WOULD HAVE IN FACT MEANT ZEROING OUT MOST COUNTRIES IN SUB-SAHARA AFRICA OR REDUCING CENTRAL AMERICA TO DANGEROUS PROPORTIONS. THAILAND, WHICH FACES A VIETNAMESE THREAT ON ITS BORDERS AND WHICH HAS STRONG SUPPORT IN CONGRESS FOR ITS POSITION, WAS REDUCED BY 41 PERCENT.

THE SUB-SAHARAN COUNTRIES WERE CUT IN AGGREGATE SOME 55 PERCENT. WE TRIED TO MAINTAIN BILATERAL PROGRAMS EVEN AT RADICALLY REDUCED LEVELS. IMPORTANT ACCESS COUNTRIES ON THE HORN OF AFRICA SUFFERED SEVERE REDUCTIONS. ONE OF THE MOST DRASTIC



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REDUCTIONS WAS SOMALIA, WHICH WAS REDUCED ALMOST 61 PERCENT AFTER BEING CUT BY 42 PERCENT THE PREVIOUS YEAR. I THINK WE CAN ALL APPRECIATE THE IMPACT IN SUCH A POOR COUNTRY THAT HAS CAST ITS FUTURE WITH THE WEST AND THE UNITED STATES. KENYA WAS ALSO CUT BY ALMOST 61 PERCENT AND SUDAN BY 69 PERCENT. WE CANNOT CONTINUE TO CUT THESE IMPORTANT PROGRAMS WITHOUT EXPECTING SERIOUS HARM TO THEIR MILITARY PROGRAMS, MAKING IT EVEN MORE DIFFICULT FOR THEIR LEADERS TO COOPERATE WITH US.

AS WE TURN TO NEAR EAST-SOUTH ASIA, NOTICE THAT OMAN, ANOTHER ACCESS COUNTRY, RECEIVED NO CREDITS THIS YEAR AND NORTH YEMEN RECEIVED ONLY \$1 MILLION. WE HAVE IMPORTANT INTERESTS IN THIS REGION, BUT WE ARE UNABLE TO APPLY THE NEEDED RESOURCES. JORDAN, AS YOU KNOW, IS AN IMPORTANT COUNTRY FOR MIDDLE EAST PEACE AND A RELIABLE FRIEND OVER THE LAST THREE DECADES. YET IT WAS REDUCED CONSIDERABLY BELOW THE LEVELS REQUIRED SIMPLY TO SUSTAIN AMERICAN EQUIPMENT--A CUT OF ALMOST 50 PERCENT. THE SYRIAN THREAT REMAINS AND IS INTENSIFIED BY THE FACT THAT THE JORDANIAN ARMED FORCES OBSOLESCENCE IS GROWING.

JORDAN HAS URGENT LEGITIMATE MODERNIZATION REQUIREMENTS. BECAUSE OF PREVIOUS OPPOSITION IN CONGRESS TO HELPING, JORDAN HAS FELT IT NECESSARY TO PROCURE AIR DEFENSE SYSTEMS FROM THE SOVIET UNION. CERTAINLY THIS IS NOT IN AMERICA'S OR JORDAN'S BEST INTEREST AT ALL. WE SEE TOO MANY SOVIET WEAPONS IN THE REGION AND NONE OF THEM ARE FOR THE GOOD OF ISRAEL. MR. CHAIRMAN, JORDAN IS ONLY ONE EXAMPLE OF MY CONCERN THAT OUR FRIENDS, IN

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DESPERATION, WILL TURN TO THE SOVIET UNION IF WE DO NOT PROVIDE ADEQUATE FUNDING OR IF CONGRESS REMAINS DETERMINED TO OPPOSE LEGITIMATE DEFENSE NEEDS.

TUNISIA, LONG A DEPENDABLE FRIEND, AND FACING RADICAL LIBYA, WAS REDUCED BY 49 PERCENT. MOROCCO, OUR FRIEND FOR 200 YEARS AND ANOTHER ACCESS COUNTRY, NOW HAS A PROGRAM SUBSTANTIALLY BELOW WHAT IT NEEDS TO SUSTAIN READINESS.

YOU CAN READILY SEE THE SEVERE REDUCTIONS WE HAD TO IMPOSE IN THE SOUTHERN TIER OF NATO. AT THE EARMARKED LEVEL OF \$490 MILLION FOR TURKEY--A COUNTRY OF VAST STRATEGIC IMPORTANCE TO THE ALLIANCE AND TO THE U.S. ITSELF--CANNOT BEGIN URGENTLY REQUIRED AND PLANNED MODERNIZATION PROGRAMS. IT IS ONLY ENOUGH TO PROTECT THEIR O&M AND ONGOING PROGRAMS FOR ONE YEAR. GREECE, TOO, SUFFERED CUTS. WE COULD OFFER SPAIN ONLY \$105 MILLION OF CONCESSIONAL CREDITS INSTEAD OF THE PLANNED \$400 MILLION MARKET RATE CREDITS. PORTUGAL WAS REDUCED OVER 27 PERCENT, DESPITE ONGOING MODERNIZATION AND THE BUILDING OF THE "NATO" BRIGADE. WHEN YOU CONSIDER PORTUGAL, PLEASE RECALL HOW IMPORTANT THE STRATEGICALLY LOCATED AZORES ARE TO THE DEPLOYMENT OF OUR OWN FORCES.

LASTLY, IS LATIN AMERICA. HERE WE WERE ABLE LARGELY TO PROTECT EL SALVADOR AND HONDURAS. THE REST OF THE REGION WAS REDUCED BY 36 PERCENT FROM FY1986 LEVELS, WHICH WERE ALREADY TOO LOW. WE HAVE WANTED TO BEGIN SERIOUS DRUG RELATED PROGRAMS, BUT LACKED THE TOTAL MONEY FOR MILITARY ASSISTANCE TO FUND THIS IMPORTANT OBJECTIVE ADEQUATELY.

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BEFORE I LEAVE THIS CHART, MR. CHAIRMAN, I WANT TO SAY THAT ALL OF US HERE TODAY SHOULD REALIZE THAT THE RELIABILITY OF THE UNITED STATES AS A PARTNER AND A SOURCE OF STRENGTH IS NOW BEING QUESTIONED. SOME OF OUR TRADITIONALLY MODERATE FRIENDS CANNOT HELP BUT RECONSIDER THEIR RELATIONS WITH MORE RADICAL STATES. I HAVE ALREADY SPOKEN OF JORDAN, BUT THERE ARE OTHERS. WE MAY SEE SOME AGGRESSORS REOPEN CONFLICTS WHICH HAD BEEN CONSTRAINED. OUR ABILITY TO INFLUENCE EVENTS WILL BE SERIOUSLY AFFECTED AND THE REPERCUSSIONS WILL BE SEVERE UNLESS THE UNITED STATES PROVIDES THE RESOURCES AND EQUIPMENT REQUIRED TO SHORE UP DETERRENCE.

CHART 8: FMS CREDITS AND MAP FY1981-FY1988

IN THIS CHART WE SHOW HOW THE BUDGET PROPOSES TO ADDRESS THE SEVERE SHORTFALLS I HAVE DESCRIBED, THROUGH A \$1.3 BILLION SUPPLEMENTAL FOR FOREIGN AFFAIRS OF WHICH \$461 MILLION IS FOR MILITARY ASSISTANCE. THE BAR BEHIND THE ONE REPRESENTING THE FY1987 APPROPRIATION SHOWS HOW THE FY1987 SUPPLEMENTAL ADDS TO THE FY1987 APPROPRIATION. WE PUT HIGH VALUE ON ADDING BACK \$50 MILLION TO THE PHILIPPINES. A LARGE PORTION OF THE INCREASE IS TO STRENGTHEN NATO--\$355 MILLION.

THE FY1988 REQUEST IS IN FACT A MODEST REQUEST SENSITIVE TO THE TIGHT BUDGET ATMOSPHERE. WHILE IT ASKS FOR \$811 MILLION MORE FOR FMS CREDITS AND MAP THAN WE GOT IN FY1987, IT IS 13.7 PERCENT LESS THAN THE PRESIDENT'S FY1987 REQUEST AND APPROXIMATELY THE SAME AS FY1986 ACTUAL LEVELS. IT ATTEMPTS TO CORRECT SHORTFALLS IN THE SAME AREAS THAT THE FY1987 SUPPLEMENTAL ADDRESSES;

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THREE-QUARTERS OF THE PROPOSED INCREASE IS FOR THE NATO SOUTHERN REGION COUNTRIES.

CHART 9: LATIN AMERICA

ON EACH OF THE REGIONAL CHARTS, THERE IS A LEGEND ON THE LOWER LEFT HAND THAT IS COLOR CODED TO SHOW THE SOVIET OR SOVIET-SUPPORTED THREATS AND HOT SPOTS. SHOWN ALSO IS WHERE WE HAVE WHAT IS COMMONLY REFERRED TO AS BASE RIGHTS AND ACCESS, OR WHERE THE DRUG PROBLEM IS GROWING, AND WHERE WE SUPPORT DEMOCRACY. ON THE OPPOSITE SIDE OF THE CHART ARE SHOWN THE FY1987 ALLOCATIONS, THE PROPOSED SUPPLEMENTAL AND THE PRESIDENT'S REQUEST FOR FY1988.

IN LATIN AMERICA, THE THREATS ARE ONLY TOO WELL KNOWN--THE DESTABILIZING EFFORTS OF CUBA AND NICARAGUA, INSPIRED AND SUPPORTED BY THE SOVIET UNION. EVERY COUNTRY IN CENTRAL AMERICA IS THREATENED. WE ALSO CONFRONT THE INCREASING PROBLEM OF NARCOTICS TRAFFICKING AND ASSOCIATED VIOLENCE, AS SHOWN IN YELLOW. THE FY1987 SUPPLEMENTAL AND FY1988 BUDGET REQUESTS ARE NEEDED SIMPLY FOR COUNTRIES TO PRESERVE PROGRESS MADE TO DATE. IN THE FY1988 REQUEST WE HAVE ADDED \$5 MILLION TO EL SALVADOR, AND \$20 MILLION TO HONDURAS. WE HAVE ALSO ASKED FOR \$17.5 MILLION FOR EACH IN THE SUPPLEMENTAL. TO CONFRONT THE DRUG PROBLEM WE HAVE ADDED A TOTAL OF \$18 MILLION TO BOLIVIA, COLOMBIA, ECUADOR AND PERU--NOT MUCH GIVEN THE CIRCUMSTANCES, BUT ALL THAT CAN BE PROVIDED THIS YEAR.

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WE MUST NOT BECOME COMPLACENT ABOUT CENTRAL AMERICA, THE CARIBBEAN, AND THE ANDEAN NATIONS. THESE AREAS CONTINUE TO SUFFER SEVERE ECONOMIC AND SECURITY CRISES. FUNDAMENTAL ECONOMIC AND SOCIAL PROBLEMS REMAIN MAJOR CAUSES OF INTERNAL UNREST, PROVIDING A FERTILE ATMOSPHERE FOR EXTERNALLY-INSPIRED SUBVERSION.

FROM THE MILITARY POINT OF VIEW, CENTRAL AMERICA IS CRITICAL TO U.S. STRATEGIC INTERESTS, AND THE VERY EXISTANCE OF CUBA AND ITS SOVIET-SUPPORTED FORCES ARE OF GREAT CONCERN. NEITHER CAN WE TOLERATE NICARAGUA BECOMING ANOTHER CUBA. WE ARE CONCERNED ABOUT THE PRESENT AND FUTURE DEFENSE OF THE PANAMA CANAL, A VITAL LINK IN THE USE OF OUR SEA LANES FOR THE DEFENSE OF EUROPE AND PROTECTION OF U.S. ECONOMIC AND SECURITY INTERESTS IN THE PACIFIC.

NEARLY ALL THE MAJOR COUNTRIES HAVE MOVED AWAY FROM MILITARY TO DEMOCRATIC GOVERNMENTS. IT REMAINS IMPORTANT TO THE UNITED STATES TO PROMOTE THESE DEMOCRACIES WITH THE HELP OF LIMITED SECURITY ASSISTANCE TO SUPPORT THEIR MILITARIES TO PURSUE A PROFESSIONAL COURSE.

CHART 10: THE MEDITERRANEAN LITTORAL

TURNING TO THE MEDITERRANEAN LITTORAL, WE HAVE HERE A CONJUNCTION OF INTERLOCKING STRATEGIC CONCERNS OF CRITICAL IMPORTANCE TO AMERICA. PERHAPS NO OTHER REGION HOLDS AS GREAT A POTENTIAL FOR THE INVOLVEMENT OF U.S. FORCES IN REGIONAL

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CONTINGENCIES AND THE ESCALATION OF REGIONAL CONFLICTS TO A SUPERPOWER CONFRONTATION.

OF VITAL CONCERN IS THE PROMOTION OF PEACE IN THE MIDDLE EAST. PRESERVING THE INDEPENDENCE AND SECURITY OF ISRAEL, FREE PASSAGE THROUGH THE SUEZ CANAL LIFELINE OF EUROPE AND NORTH AFRICA, AND PROMOTING STABILITY THROUGHOUT THE OIL-RICH MIDDLE EAST HAVE LONG BEEN CENTRAL TENETS OF U.S. FOREIGN POLICY.

LIBYA'S INCESSANT AND HEAVILY-ARMED ADVENTURISM IN NORTH AFRICA THREATENS THE SECURITY OF TUNISIA AND MOROCCO, TRADITIONAL FRIENDS OF THE U.S. TUNISIA REQUIRES ADDITIONAL FUNDING IN FY1988. MOROCCO IS IMPORTANT BECAUSE OF ITS CONTINUOUS CLOSE RELATIONSHIP WITH THE U.S. AND THE VALUABLE ACCESS IT ACCORDS AMERICAN FORCES. CONTAINING LIBYA'S ACTIVE AGGRESSION AGAINST CHAD IS ESSENTIAL NOT ONLY TO THE SOVEREIGNTY OF CHAD BUT TO PREVENTING LIBYA FROM ESCALATING ITS AGGRESSION AGAINST OTHER STATES IN THE REGION. U.S. SECURITY ASSISTANCE TO CHAD IS AN IMPORTANT COMPLEMENT TO FRANCE'S EXTENSIVE AID.

THREE-QUARTERS OF THE ADDITIONAL \$811 MILLION IN THE FY1988 REQUEST IS FOR NATO COUNTRIES, AND OF THAT, WE ARE REQUESTING AN ADDITIONAL \$295 MILLION FOR TURKEY AND AN ADDITIONAL \$92 MILLION FOR GREECE. OUR REQUEST FOR SPAIN AT \$265 MILLION IS STILL \$135 MILLION SHORT OF THE \$400 MILLION "BEST EFFORTS" COMMITMENT IN CONNECTION WITH OUR CURRENT DEFENSE AND ECONOMIC AGREEMENT.

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THE U.S. PROVIDES SECURITY ASSISTANCE TO GREECE, TURKEY, SPAIN, AND PORTUGAL TO HELP THEM CONTRIBUTE TO THE COMMON DEFENSE AND TO HELP ASSURE CONTINUED AMERICAN ACCESS TO KEY FACILITIES IN THE REGION. OUR SECURITY ASSISTANCE CONTRIBUTION IS ALL THE MORE IMPORTANT THIS YEAR BECAUSE OF ONGOING OR IMMINENT DEFENSE AND ECONOMIC AGREEMENT NEGOTIATIONS IN SPAIN AND GREECE. ALTHOUGH EACH OF THE NATO COUNTRIES IS IMPORTANT, I THINK IT IS WORTHWHILE TO EMPHASIZE TURKEY, AS SHOWN ON THE NEXT CHART.

CHART 11: TURKEY AT STRATEGIC CROSSROADS

CONGRESS EARMARKED TURKEY AT \$125 MILLION BELOW THE FY1986 LEVEL, AND \$200 MILLION BELOW THE FY1985 LEVEL. THE FINAL RESULT OF FY1987 ACTIONS WAS A PROGRAM OF \$490 MILLION, WHICH SIMPLY MEANT SUSTAINING ONGOING PROGRAMS WITH NO RESOURCES TO MEET URGENT ADDITIONAL MODERNIZATION NEEDS.

TURKEY LIES AT THE NEXUS OF SEVERAL OF OUR REGIONAL STRATEGIES. IT IS OUR ONLY NATO ALLY WITH A SUBSTANTIAL BORDER WITH THE SOVIET UNION. ITS EASTERN AND SOUTHERN BORDERS ADJOIN UNPREDICTABLE AND POTENTIALLY UNSTABLE COUNTRIES, A FACTOR WHICH WE MUST CONSIDER WHEN SHAPING OUR MIDEAST POLICY. THE TURKS ARE AMONG THE BEST PLANNERS OF THEIR DEFENSE EFFORTS AND THEIR PROGRAM IS ONE OF THE MOST CAREFULLY STRUCTURED TO MEET NATO REQUIREMENTS. THE \$785 MILLION REQUEST FOR TURKEY IS OF PARAMOUNT IMPORTANCE FOR MODERNIZATION TO OFFSET THE LONG-STANDING OBSOLESCENCE OF ITS FORCES. IT MAKES PROGRAMMATIC SENSE AND WOULD SEND THE RIGHT SIGNAL TO OUR ALLIES AND ADVERSARIES.

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IT IS ALSO IMPORTANT TO TAKE INTO ACCOUNT THAT TURKEY HOSTS MAJOR U.S. INSTALLATIONS, INCLUDING AIR BASES, MAJOR INTELLIGENCE COLLECTION BASES, SEISMOGRAPHIC DETECTION FACILITIES, NAVIGATION FACILITIES, NATO EARLY WARNING RADAR SITES AND OTHER INVALUABLE FACILITIES THAT ARE CRUCIAL TO U.S. FORCE PROJECTION AND NATO CRITICAL REQUIREMENTS.

CHART 12: SUB-SAHARAN AFRICA

IN AFRICA, THE U.S. HAS CHIEFLY ECONOMIC ASSISTANCE PROGRAMS, BUT WE STILL HAVE AN IMPORTANT POLITICAL INTEREST IN MAINTAINING STRONG MILITARY-TO-MILITARY TIES. FOR MANY OF THE COUNTRIES, WE DO THIS THROUGH IMET AND SMALL CIVIC ACTION, AFRICAN COASTAL SECURITY, AND HEALTH PROGRAMS. THESE AIM AT ENGAGING THE MILITARIES IN THIS REGION IN MODEST, BUT BENEFICIAL PROJECTS. IN FY1987 WE CHOSE NOT TO ZERO OUT MOST OF THESE COUNTRIES. THE MONEY SAVED WOULD HAVE BEEN TOO LITTLE TO HELP ANY OF OUR LARGE PROGRAMS, AND WE BELIEVED THE POLITICAL COST WOULD HAVE BEEN TOO HIGH. NEVERTHELESS, IN FY1987 WE FUNDED THEM AT ONLY 37 PERCENT OF THE FY85 LEVEL. THE ONLY MAJOR RESTORATION ^{in FY198} OVER FY1987 ALLOCATION ARE FOR THE SOUTHWEST ASIA ACCESS COUNTRIES ON THE HORN--SUDAN, SOMALIA, AND KENYA. ZAIRE IS IMPORTANT TOO. ZAIRE HAS HELPED IN CHAD AND IS DEEPLY WORRIED ABOUT SOVIET AND CUBAN SUPPORTED FORCES IN ANGOLA. COLLECTIVELY, THE MILITARY ASSISTANCE INCREASE REQUESTED FOR AFRICA OVER FY1987 LEVELS AMOUNTS TO ONLY \$30 MILLION, EXCLUDING KENYA, SOMALIA, AND SUDAN.

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CHART 13: SOUTHWEST ASIA

WITH THE IRAN-IRAQ WAR HEATING UP, THE LONG-EXPRESSED CONCERN OF THE ENTIRE AREA WITH THE SPREAD OF THAT WAR HAS INTENSIFIED. WE HAVE REFLECTED THIS BY BLUE AND WHITE HATCHING. THESE COUNTRIES FEEL THEMSELVES STRONGLY THREATENED AND LOOK TO THE U.S. FOR HELP. OUR PROPOSED FINANCING PROGRAMS, OF COURSE, ARE CHIEFLY WITH COUNTRIES WITH WHICH WE HAVE ACCESS OR PRE-POSITIONING AGREEMENTS. REGRETTABLY, OMAN'S FMS CREDITS HAD TO BE ZEROED OUT IN 87. SUDAN, SOMALIA AND KENYA REQUIRE RESTORATION OF RESOURCES. OUR PROPOSED PROGRAMS IN FY88 ARE NOT SUFFICIENT FOR THE COUNTRY PROGRAMS WE HAD PREVIOUSLY PLANNED WITH THEM, ESPECIALLY IN THE CASE OF SOMALIA. THE PROGRAMS ARE ONLY INTENDED TO SUPPORT OUR POLICIES AT A MINIMUM LEVEL AND MAINTAIN ACCESS.

SOUTHWEST ASIA IS SO IMPORTANT FOR THE WESTERN WORLD'S CONCERN FOR CONTINUED ACCESS TO THE VAST OIL RESERVES IN THE REGION. IT IS ESSENTIAL THAT THE U.S. ASSIST THOSE COUNTRIES IN PROVIDING FOR THEIR OWN DEFENSE. WE CONTINUE TO ENCOURAGE THEM TO GRANT ACCESS TO FACILITIES TO OUR FORCES IN A CONTINGENCY SHOULD OUR ASSISTANCE BE REQUESTED. PAKISTAN IN THE EAST, OMAN AND NORTH YEMEN IN THE CENTER, AND KENYA, SOMALIA AND SUDAN TO THE WEST ARE BESET BY SERIOUS ECONOMIC PROBLEMS AND HOSTILE FOREIGN THREATS. THE CONTINUED SOVIET OCCUPATION OF AFGHANISTAN THREATENS THE SECURITY OF PAKISTAN AND SOUTHWEST ASIA. PAKISTAN ALSO IS SHOULDERING AN ENORMOUS BURDEN BY PROVIDING FOR THE THREE

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MILLION REFUGEES FROM THE SOVIET WAR IN AFGHANISTAN, AND DESERVES OUR FULL SUPPORT.

CHART 14: EAST ASIA PACIFIC

THE REGION HIT HARDEST IN PERCENTAGE TERMS IN FY1987 WAS EAST ASIA. WE DO NOT PROPOSE TO FUND KOREA IN FY1988. WE ARE PROPOSING ONLY A \$10 MILLION INCREASE FOR THAILAND, BUT THE PROGRAM IS NOW ALL GRANTS. MR. CHAIRMAN, THE DECISION TO ALLOCATE ONLY \$50 MILLION TO THE PHILIPPINES IN FY1987 WAS, TO SAY THE LEAST, DIFFICULT. WE WERE APPRECIATIVE OF CONGRESS' SUPPORT FOR THE SUPPLEMENTAL DURING LATE FY1986. WE WANTED TO ALLOCATE MORE, BUT THE RESOURCES WERE NOT THERE. TO HAVE ALLOCATED ANOTHER \$50 MILLION TO THE PHILIPPINES WOULD HAVE RESULTED IN THE DISCONTINUANCE OF MOST ^{OR ALL} OF OUR PROGRAMS IN AFRICA OR MAJOR REDUCTIONS IN CENTRAL AMERICA. THE AQUINO GOVERNMENT, AND IN PARTICULAR, THE NEW PHILIPPINES ARMED FORCES, ARE GREATLY DISAPPOINTED AND QUESTION OUR COMMITMENT. WE MUST HAVE SUPPORT FOR ALL OF THE SUPPLEMENTAL OF WHICH \$50 MILLION FOR THE PHILIPPINES IS OF EXTREME IMPORTANCE.

WE GENERALLY SUPPORT THE ASEAN NATIONS' SECURITY GOALS AND WISH TO KEEP SOVIET ACCESS AND INFLUENCE STRICTLY LIMITED IN THE REGION. OUR SUPPORT FOR THAI SECURITY AGAINST VIETNAMESE AGGRESSION IS BASED ON A LONG HISTORY OF U.S. AND THAI COOPERATION. BUT WE ALSO SUPPORT ASEAN'S CAMBODIAN STRATEGY FOR THE WITHDRAWAL OF VIETNAM FORCES AND THROUGH OUR SUPPORT FOR THAILAND'S TERRITORIAL INTEGRITY AND STABILITY.

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CHART OFF

MR. CHAIRMAN, AN IMPORTANT AND SOMETIMES CONTROVERSIAL ISSUE IS OUR ARMS TRANSFER POLICY. WE NEED TO CONTINUE TO MEET THE LEGITIMATE REQUESTS FOR THE SALE OF MILITARY EQUIPMENT TO FRIENDS AND ALLIES. IN THE PAST WE HAVE SEEN THAT OUR FAILURE TO PROVIDE EQUIPMENT TO FRIENDS SIMPLY FORCES THEM TO SEEK THE NEEDED EQUIPMENT ELSEWHERE, WHETHER FROM THE SOVIET UNION OR A WESTERN SUPPLIER. SUCH DENIALS ON OUR PART HAVE SEVERAL BAD RESULTS FOR AMERICAN INTERESTS AND OBJECTIVES. FIRST, OUR FRIENDS AND ALLIES BEGIN TO SEE THE UNITED STATES AS AN UNRELIABLE PARTNER. SECOND, WE BEGIN TO ERODE CLOSE MILITARY-TO-MILITARY RELATIONS THAT HAVE SOMETIMES BEEN BUILT UP OVER DECADES. BY DENYING LEGITIMATE REQUESTS, WE RISK ERODING THAT GOVERNMENT'S ABILITY TO COOPERATE WITH US. WE LOSE THE BENEFIT OF THE STRICT CONTROLS, THE MOST STRINGENT IN THE WORLD, THAT WE ALWAYS PLACE ON THE USE OF MILITARY EQUIPMENT. WE HAVE AN EXCELLENT RECORD IN THIS REGARD. EVEN IN THE VOLATILE MIDDLE EAST, NO ARAB COUNTRY HAS ATTACKED ISRAEL USING AMERICAN EQUIPMENT, AND I KNOW OF NO OTHER PLACE WHERE U.S. EQUIPMENT HAS BEEN USED OFFENSIVELY. OTHERS CANNOT MAKE SUCH A CLAIM. WE MUST ALSO UNDERSTAND THAT ILL-FOUND REFUSALS TO PROVIDE EQUIPMENT NEEDED FOR LEGITIMATE DEFENSE WORSENS OUR BALANCE OF TRADE POSITION, MEANS LESS JOBS IN AMERICA AND REDUCES OUR PRODUCTION BASE. WE ALSO MISS THE OPPORTUNITY OF LOWER WEAPON SYSTEM COST FOR OUR FORCES WHEN WE DENY LEGITIMATE SALES. I HAVE IN MIND THE MANY BILLIONS OF TRADE AND NUMEROUS JOBS LOST WHEN SAUDI ARABIA WAS FORCED TO PROCURE AIRCRAFT FROM

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107

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ANOTHER SUPPLIER. THERE WILL BE MANY MORE INSTANCES IF HR 898 RECEIVES SYMPATHY IN CONGRESS.

FOR ALL THESE REASONS, THE PROPOSED HR 898, ALSO KNOWN AS THE BIDEN-LEVINE AMENDMENT, CANNOT ACHIEVE A USEFUL RESULT. TO THE CONTRARY, IT WILL SIMPLY MAKE US LESS EFFECTIVE, PRIMARILY IN THE MIDDLE EAST WHERE THE STAKES FOR THE U.S. ARE SO HIGH. FURTHERMORE, SHOULD HR 898 BECOME LAW, IT WOULD BE UNWORKABLE. A PRELIMINARY EXAMINATION OF ITS APPLICATION OVER THE LAST THREE YEARS INDICATES THAT IF HR 898 HAD BEEN IN EFFECT, CONGRESS WOULD HAVE FACED PASSING MAYBE OVER ONE HUNDRED SEPARATE LAWS TO ALLOW US TO SELL EVEN AT RECENT LOW LEVELS OF ACTIVITY. I TRUST, MR. CHAIRMAN, THAT AS THIS COMMITTEE CONSIDERS THE IMPLICATIONS OF THIS NEW AND UNWARRANTED APPROACH TO THE EXISTING LEGISLATION GOVERNING ARMS TRANSFER, THAT YOU WILL AGREE WITH ME THAT SUCH AN AMENDMENT NOT ONLY UNNECESSARY BUT EXTREMELY HARMFUL TO SAY THE LEAST. *IT IS PROBABLY ALSO UNCONSTITUTIONAL, AS NO LEGAL BASIS FOR DISCRIMINATORY TREATMENT OF DIFFERENT COUNTRIES.*

CHART 15: SOVIET MILITARY/ECONOMIC ASSISTANCE

THIS CHART SHOWS, IN RED, SOVIET MILITARY SALES, WHICH ARE OFTEN ON QUITE FAVORABLE TERMS, AND IN GREEN, SOVIET ECONOMIC AID. YOU WILL NOTE THE PREPONDERANCE OF RED. FOR A SENSE OF THE RELATIVE SCALE, THE BLOCKS THEMSELVES REPRESENT A FIVE-YEAR AVERAGE. CUBA IS ABOUT \$5.8 BILLION, WHILE VIETNAM REPRESENTS ABOUT \$2.3 BILLION. MOSCOW'S PROVISION OF MILITARY ASSISTANCE AND ADVICE TO NORTH KOREA, VIETNAM, SOUTH YEMEN, ETHIOPIA, ANGOLA, SYRIA, LIBYA, NICARAGUA, AND CUBA FUELS THE FIRES OF

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25/43

458/352

RADICALISM AND AGGRESSION. THERE ARE ABOUT 20,000 SOVIET ADVISORS ABROAD, MOSTLY IN THESE COUNTRIES SHOWN. IN ADDITION THERE ARE 116,000 SOVIET TROOPS IN AFGHANISTAN AND JUST UNDER 3,000 IN CUBA. THERE ARE MORE SOVIET MILITARY ASSISTANCE ADVISORS IN LATIN AMERICA, INCLUDING CUBA, THAN WE HAVE IN THE ENTIRE WORLD AND ABOUT TWICE AS MANY IN SUB-SAHARAN AFRICA AS OUR WORLDWIDE TOTAL. FURTHERMORE, THERE ARE BETWEEN 5,000 AND 6,000 MILITARY STUDENTS AND 57,000 OTHER STUDENTS FROM THROUGHOUT THE WORLD IN THE SOVIET UNION ON AVERAGE AT ANY TIME.

IT IS NO ACCIDENT THAT THE SOVIET UNION EMPHASIZES MILITARY OVER ECONOMIC ASSISTANCE. THEY DO NOT PROMOTE FREE TRADE, OPEN ECONOMIES, OR PERSONAL FREEDOM. THEY TREAT THE PEOPLE OF OTHER COUNTRIES THE WAY THEY TREAT THEIR OWN CITIZENS. ECONOMIC PROSPERITY AND OPEN SOCIETIES ARE THE ENEMIES OF THEIR IDEOLOGY.

NOT ALL THE COUNTRIES PORTRAYED CAUSE PROBLEMS FOR THEIR NEIGHBORS, NOR DO THEY ALL TAKE DIRECTION FROM THE SOVIET UNION. BUT OF THE 13 TREATIES OF FRIENDSHIP AND COOPERATION CONCLUDED WITH THE SOVIET UNION SINCE 1971, ELEVEN SIGNATORIES WERE EMBROILED IN SOME FORM OF WARFARE OR INSTABILITY WITHIN ONE YEAR.

CHART 16: U.S. MILITARY AND ECONOMIC ASSISTANCE

THIS FINAL CHART STANDS IN STARK CONTRAST TO THE SOVIET CHART, WHICH I HAVE LEFT BEFORE YOU. IT SHOWS THE MIX OF U.S. ECONOMIC AID IN BLUE AND MILITARY AID IN YELLOW PER COUNTRY. THE TWO CHARTS ARE TO THE SAME SCALE. THE SIZE OF THE SQUARE FOR

[Handwritten mark]

26/53

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EACH COUNTRY REPRESENTS THE SIZE OF THE PROGRAM. PLEASE NOTE THAT THE U.S. CHART DOES NOT REFLECT CASH SALES, WHICH DO NOT INVOLVE U.S. FUNDING. NOTICE THAT CUBA IS LARGER THAN EGYPT AND ISRAEL COMBINED. THE U.S. CHART DEMONSTRATES THAT THE ADMINISTRATION AND CONGRESS HAVE SOUGHT TO ACHIEVE A BALANCE OF BILATERAL ECONOMIC AND MILITARY ASSISTANCE THAT SERVES OUR FOREIGN POLICY, SECURITY, AND BASIC HUMAN NEEDS. THIS IS A TRULY INTEGRATED BUDGET, MR. CHAIRMAN. ON THIS CHART, ESF IS COUNTED AS ECONOMIC AID, AS IT SHOULD BE.

THE PREPONDERANCE OF THE ISRAELI AND EGYPTIAN PROGRAMS IS VERY CLEAR ON THIS CHART. WHEN YOU COMPARE THE SOVIET PROGRAMS IN THE AREA--WITH LIBYA AND SYRIA, FOR EXAMPLE--THE ISRAELI AND EGYPTIAN PROGRAMS ARE NOT OUT OF PROPORTION.

OUTSIDE OF ISRAEL, EGYPT, AND THE NATO SOUTHERN REGION COUNTRIES, YOU WILL NOTE A PREPONDERANCE OF GREEN ON THIS CHART. THIS CONTRAVERTS THOSE WHO SAY THIS ADMINISTRATION HAS BEEN MILITARIZING FOREIGN ASSISTANCE. OVERALL, OUR BUDGET REQUEST IS 38.5 PERCENT MILITARY ASSISTANCE. WHEN ISRAEL AND EGYPT ARE SUBTRACTED, THE SHARE OF MILITARY ASSISTANCE DROPS TO 28 PERCENT. WHEN ISRAEL, EGYPT, AND NATO COUNTRIES ARE SUBTRACTED, THE WORLDWIDE SHARE OF MILITARY ASSISTANCE DROPS TO 14 PERCENT. THESE ARE VERY SMALL PRICES TO PAY TO ENSURE THE STABILITY AND SECURITY WITHIN WHICH OUR ECONOMIC ASSISTANCE PROGRAMS CAN FUNCTION AND COUNTRY DEVELOPMENT CAN PROCEED. THESE PERCENTAGES FOR FY1988 ARE VERY CLOSE, DOWN THE LINE, TO THOSE CONGRESS

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458/3A

APPROPRIATED FOR FY1987, SO THE POINT CAN BE MADE AGAIN: WE ARE RESPONSIVE TO CONGRESS. WE REALLY DO NOT DIFFER ON THE GOALS OF THE INTEGRATED FOREIGN ASSISTANCE BUDGET. ONLY THE GROSS AMOUNT OF BUDGET RESOURCES IS NOW AT ISSUE.

MR. CHAIRMAN, I HAVE TESTIFIED IN DETAIL TODAY ABOUT THE MILITARY ASSISTANCE PROGRAMS WHICH ARE SO CRUCIAL FOR OUR FOREIGN POLICY AND NATIONAL SECURITY. BUT I AM HERE ALSO TO URGE YOU TO SUPPORT THE ENTIRE REQUEST FOR THE INTERNATIONAL AFFAIRS BUDGET REQUEST OF THE PRESIDENT--FOR MILITARY ASSISTANCE, ECONOMIC ASSISTANCE, STATE DEPARTMENT OPERATIONS, AND OUR INFORMATION AND EXCHANGE ACTIVITIES. THE AMERICAN PUBLIC HAS A FAR MORE VITAL STAKE IN THESE INTERNATIONAL ACTIVITIES THAN IS COMMONLY RECOGNIZED. WE ARE A MAJOR PART OF THE WORLD, AND THE WORLD INTRUDES ON OUR LIVES MORE THAN WE LIKE TO ADMIT. BUT IF WE ARE TO CONTROL WHAT WE CAN AND CONTRIBUTE WHERE WE CAN, WE NEED THE RESOURCES AND THE LEVERAGE THE FY1988 BUDGET REQUEST PROVIDES. WE NEED YOUR SUPPORT.

I WOULD BE HAPPY TO TAKE ANY QUESTIONS YOU MAY HAVE.

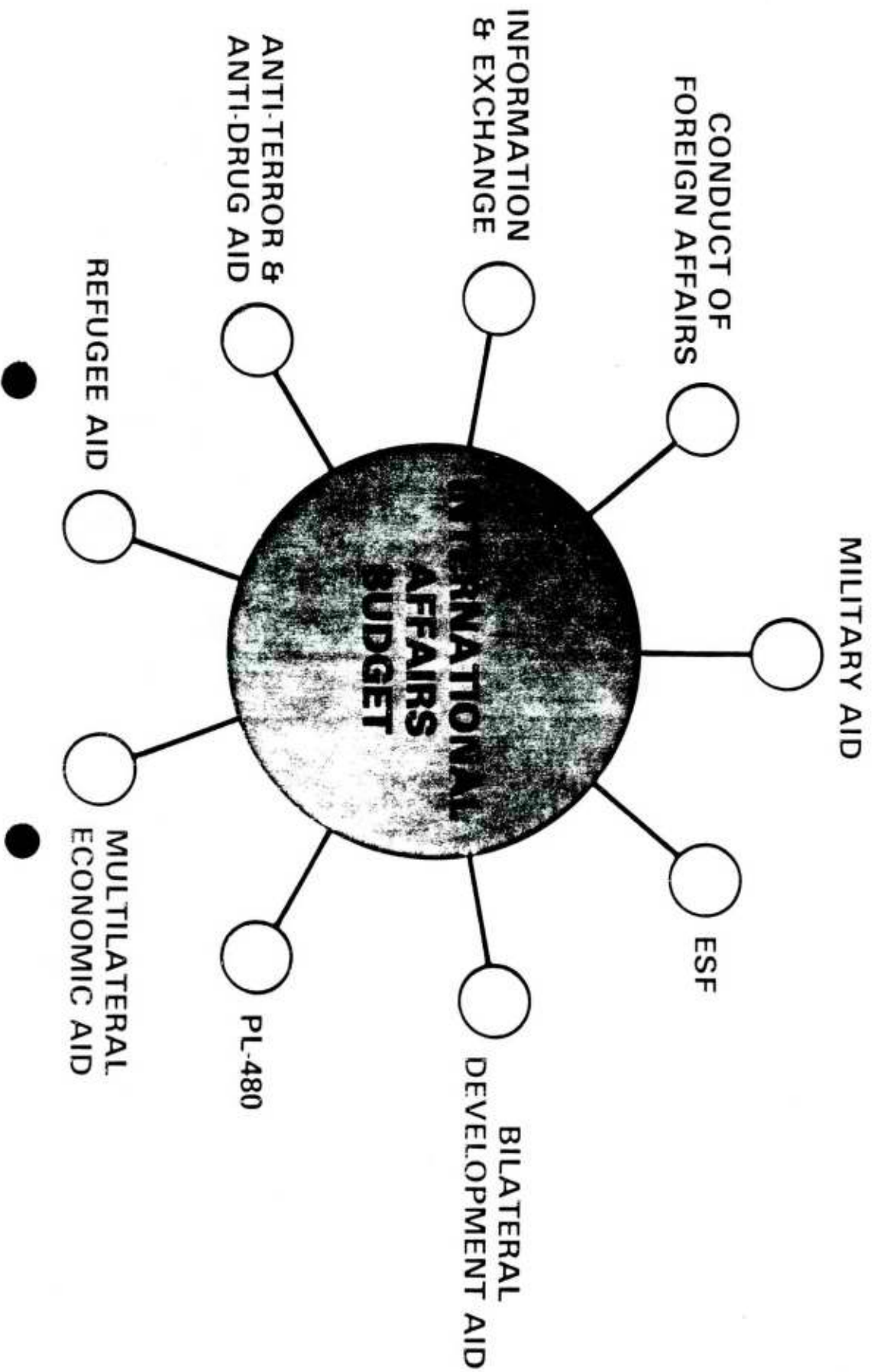


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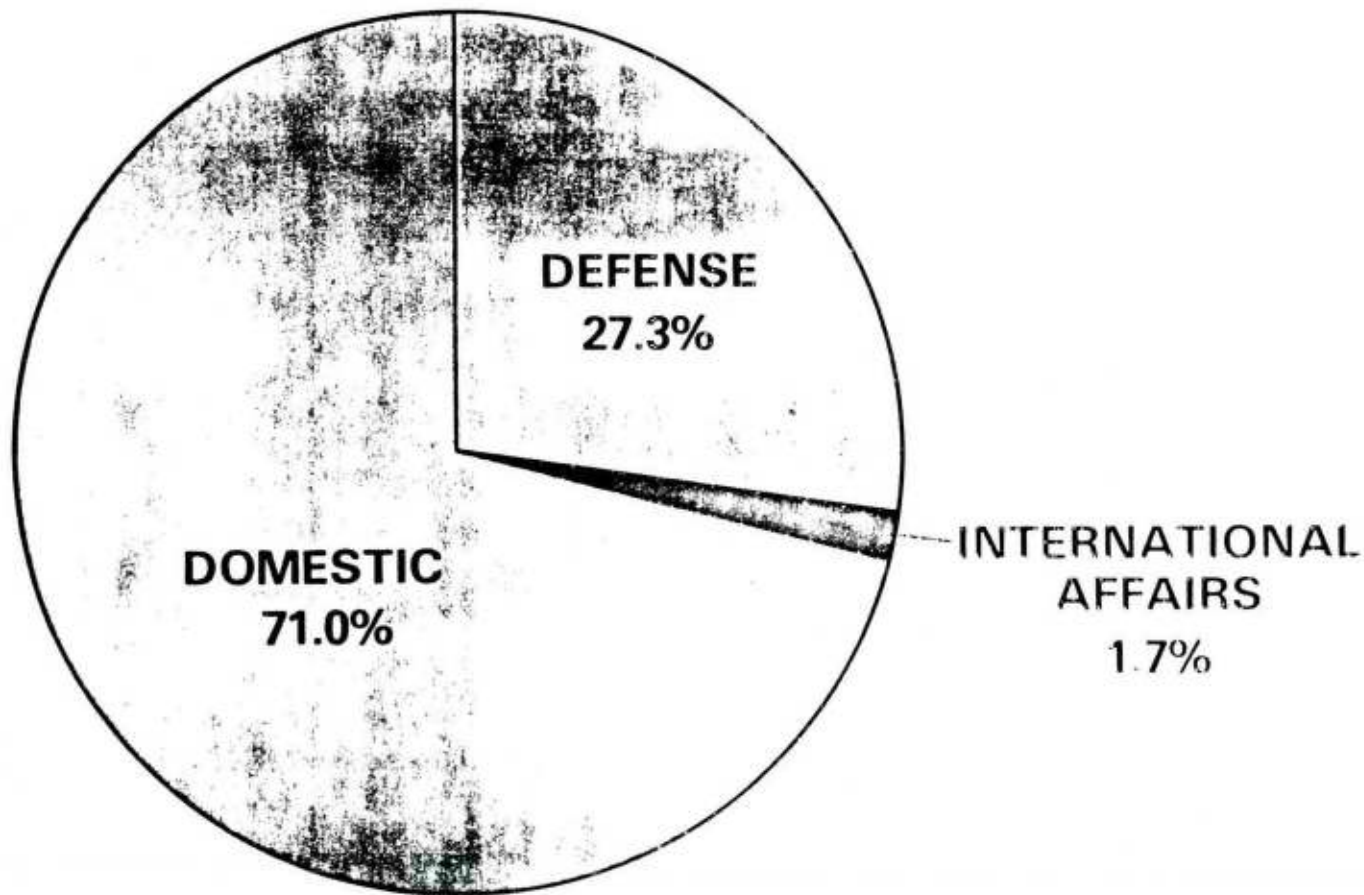
INTERNATIONAL AFFAIRS BUDGET MAJOR FUNCTIONS



28

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157
28

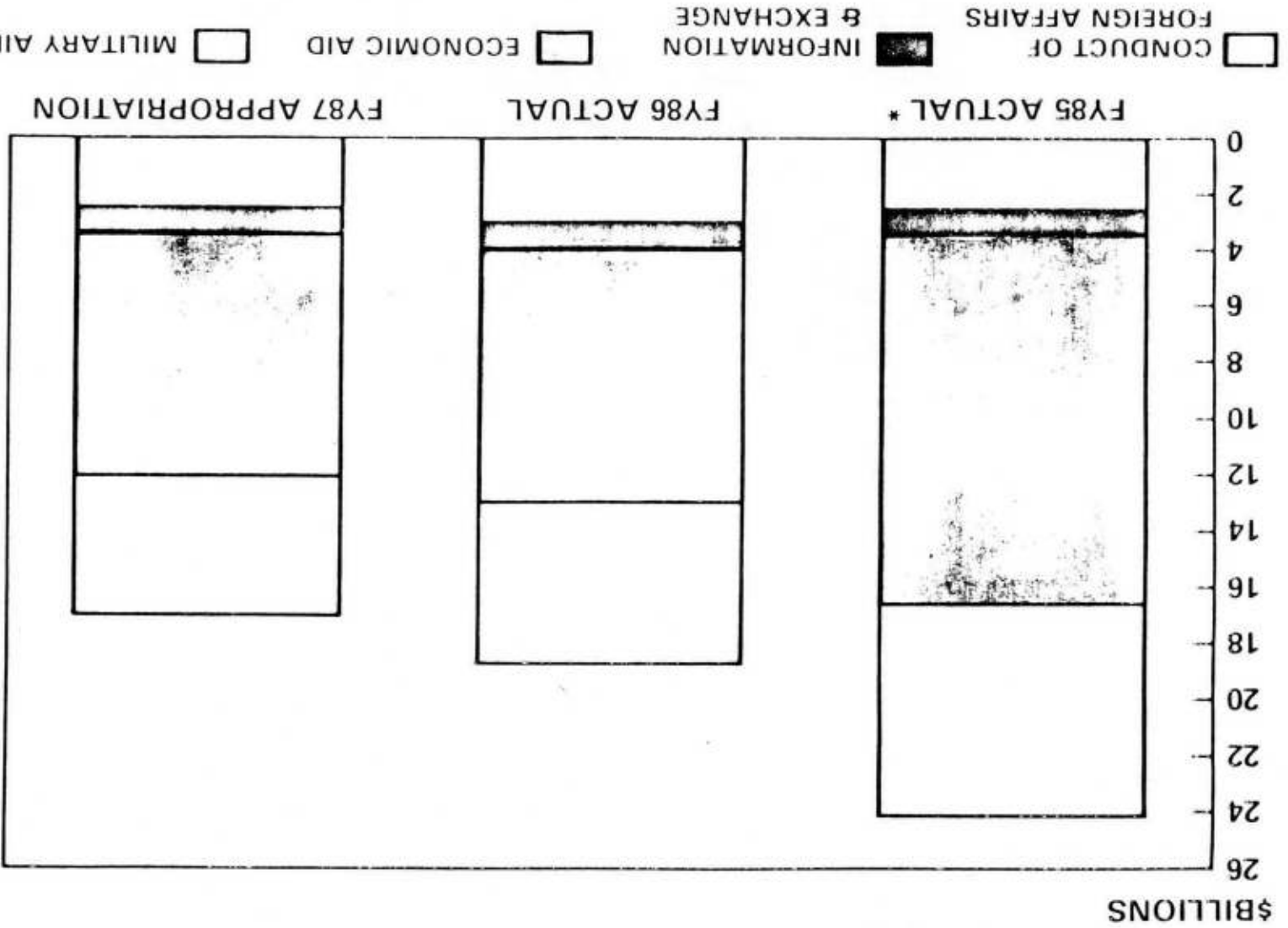
THE PRESIDENT'S FY 1988 BUDGET REQUEST



INTERNATIONAL AFFAIRS FUNDING

FY85 - FY87

453
387
20/53



* INCLUDES \$2.258 MILLION ESF SUPPLEMENTAL FOR MIDDLE EAST

CONDUCT OF FOREIGN AFFAIRS
 INFORMATION & EXCHANGE
 ECONOMIC AID
 MILITARY AID

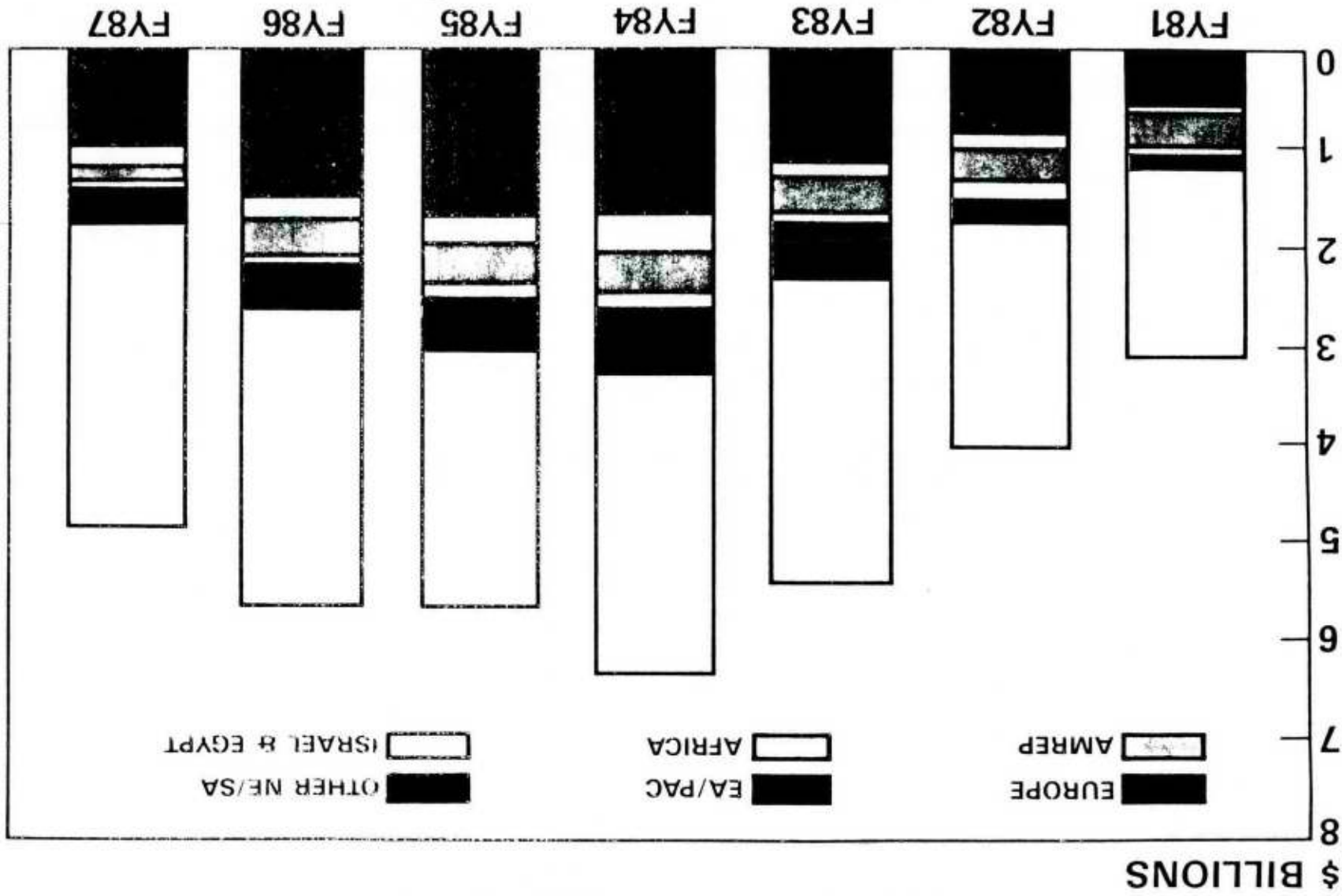
6/13 3/12 7/1/83

SECURITY ASSISTANCE ACCOMPLISHMENTS 1981-1985

- 5/1/83
- **WITH CONGRESS**
 - FUNDING
 - AGREED GOALS
 - IMPROVEMENTS IN LAW
 - MANAGEMENT IMPROVEMENTS
 - **WITH COUNTRIES**
 - PLANNING
 - STRATEGIC DIALOGUES
 - QUALITY OF AID
 - **FOR NATIONAL SECURITY**
 - DETERRENCE/CONFLICT MANAGEMENT
 - CONTRIBUTION TO REGIONAL STRATEGIES
 - BASE RIGHTS

FMSCR & MAP FY 1981 - FY 1987

32/m3
45-8
287
22/53

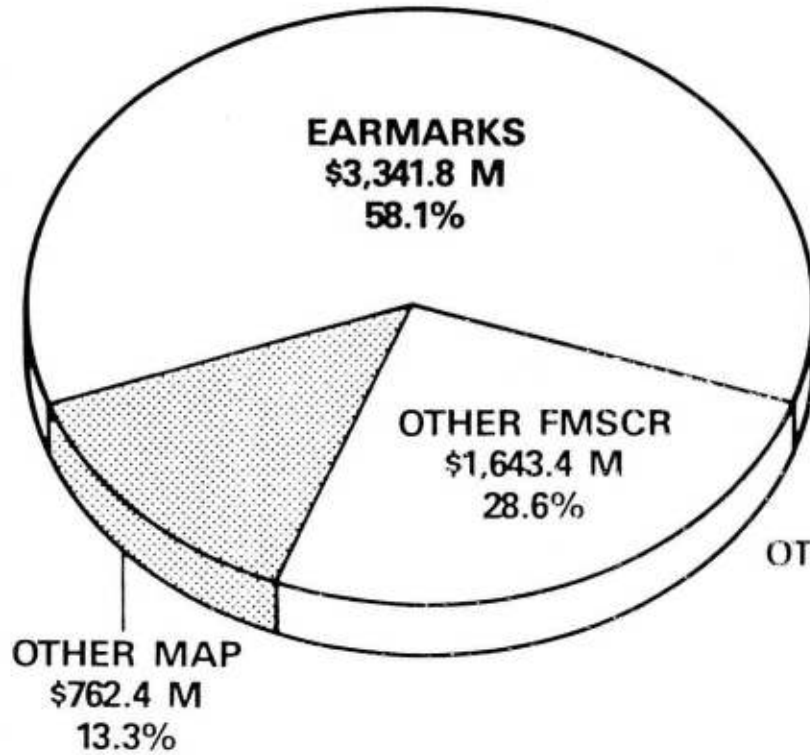


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IMPACT OF EARMARKS

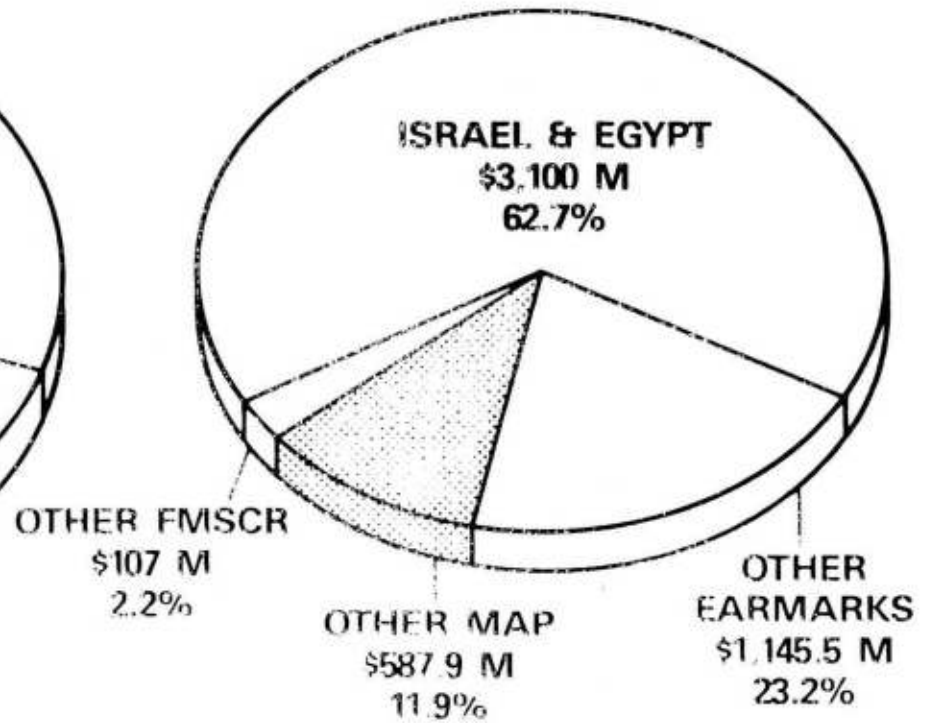
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FY 1986



\$5,747.6 M

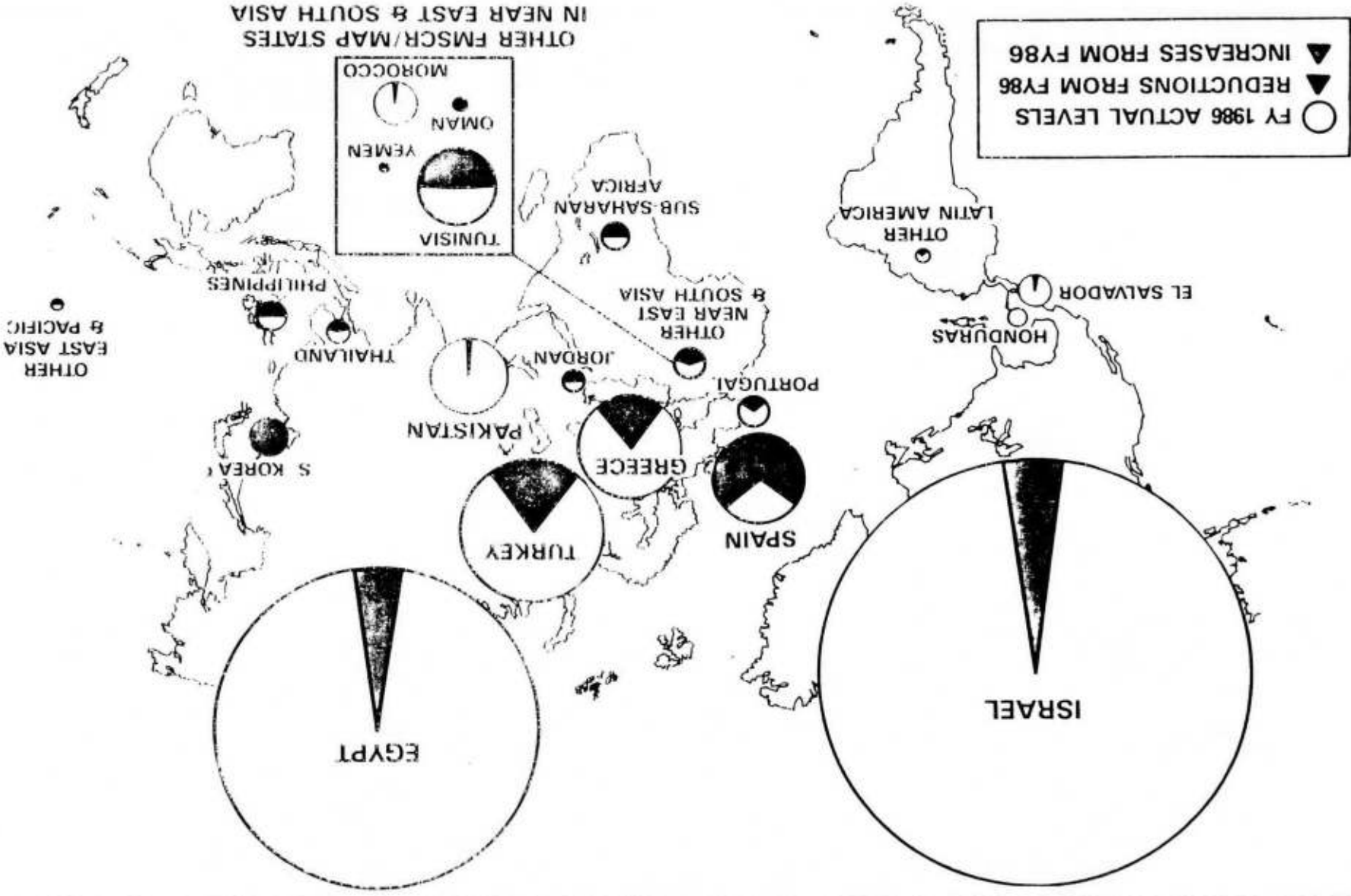
FY 1987



\$4,940.4 M

FMSCR, MAP, & IMET: REDUCTIONS FROM FY 1986 ACTUAL LEVELS

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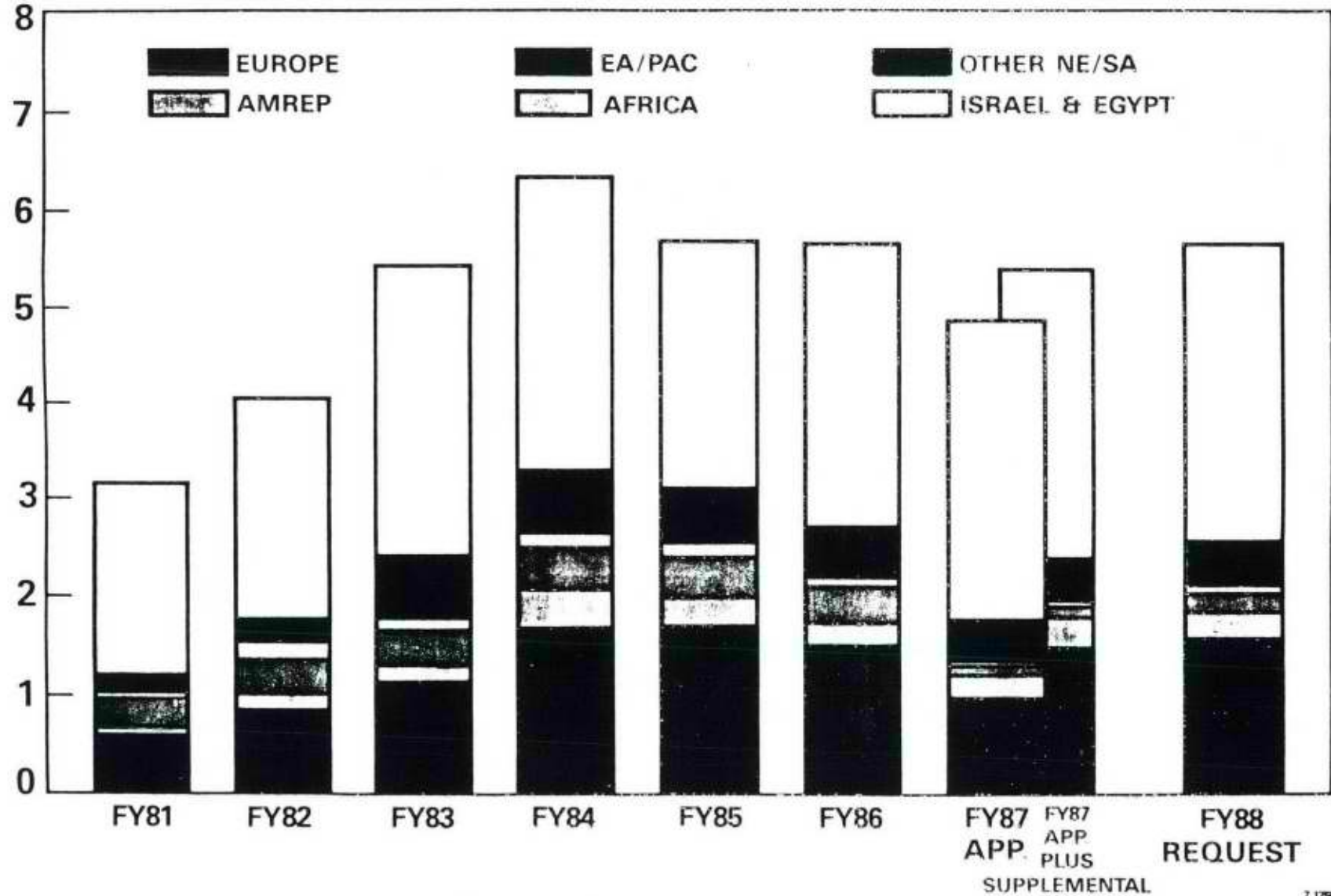
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FMS CREDITS AND MAP

FY 1981 — FY 1988

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7/5
35/3

\$ BILLIONS

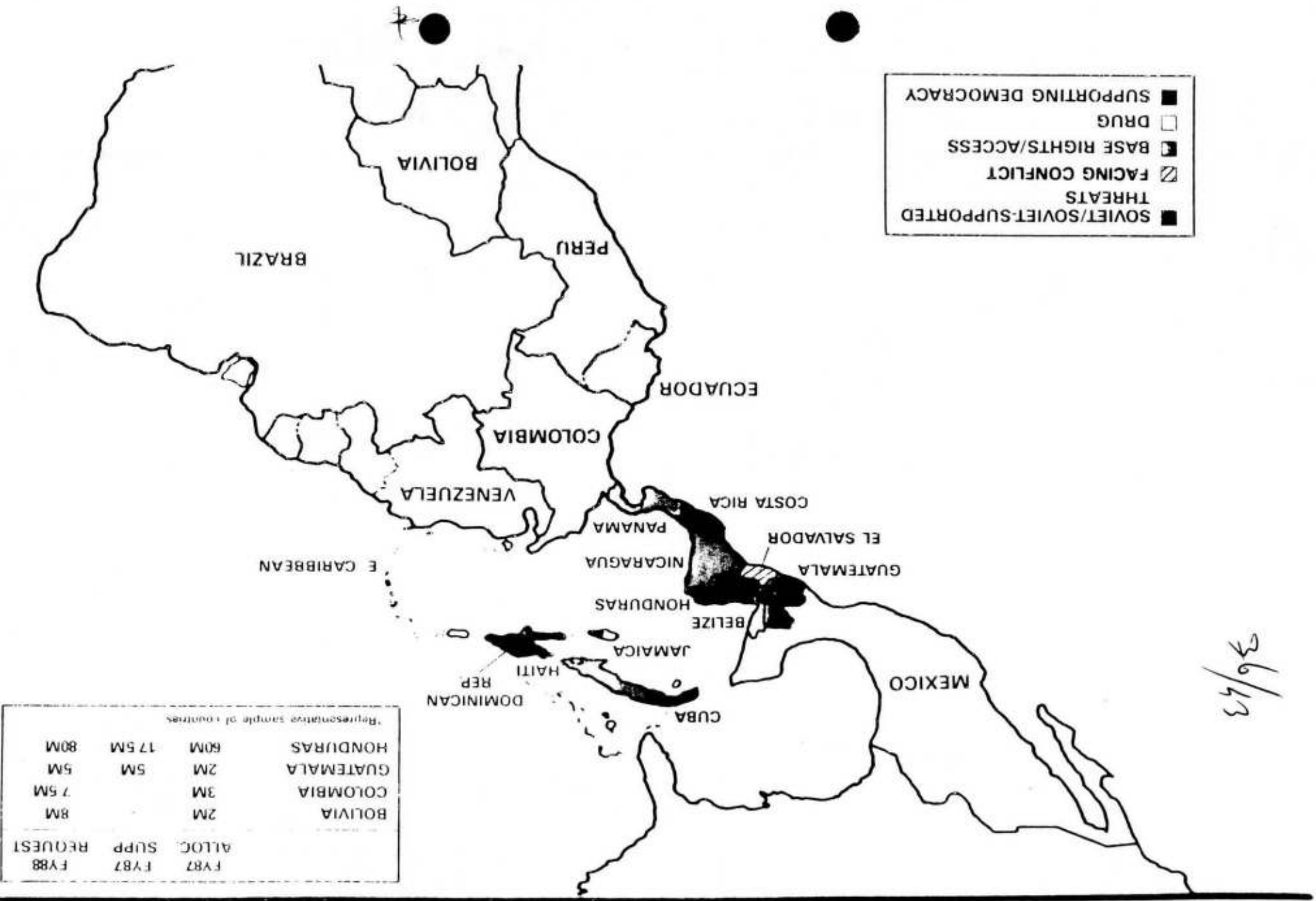


LATIN AMERICA FY87 ALLOCATION VS FY88 REQUEST

458
352
36/73

Representative sample of countries

	FY87	FY87	FY87	FY88
	ALLOC	SUPP	REQUEST	
BOLIVIA	2M		8M	
COLOMBIA	3M		7.5M	
GUATEMALA	2M	5M	5M	
HONDURAS	60M	17.5M	80M	



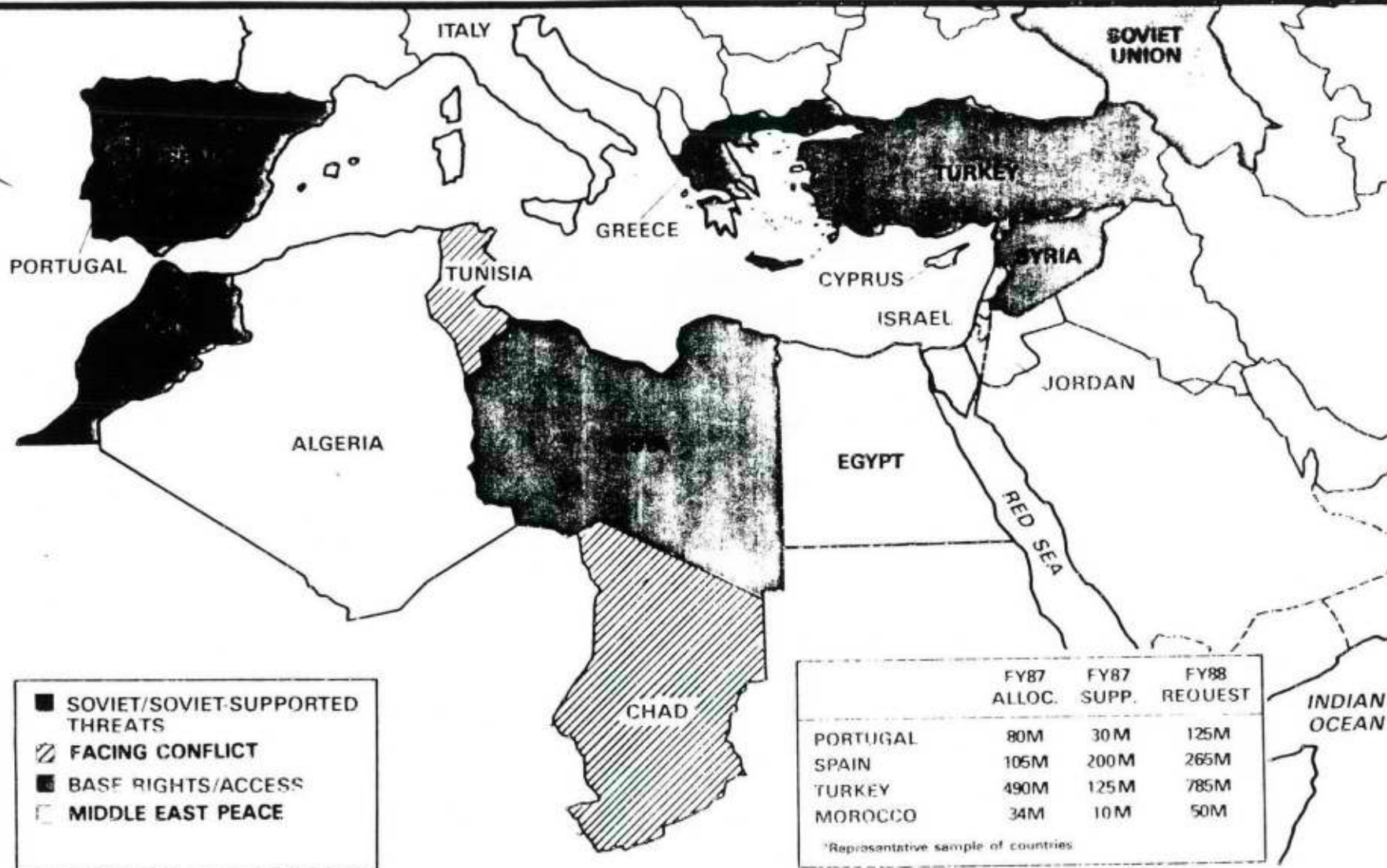
- SOVIET/SOVIET-SUPPORTED
- ◌ THREATS
- ▨ FACING CONFLICT
- BASE RIGHTS/ACCESS
- DRUG
- SUPPORTING DEMOCRACY

36/73

4/3
35
7/43

MEDITERRANEAN LITTORAL FY87 ALLOCATION VS FY88 REQUEST

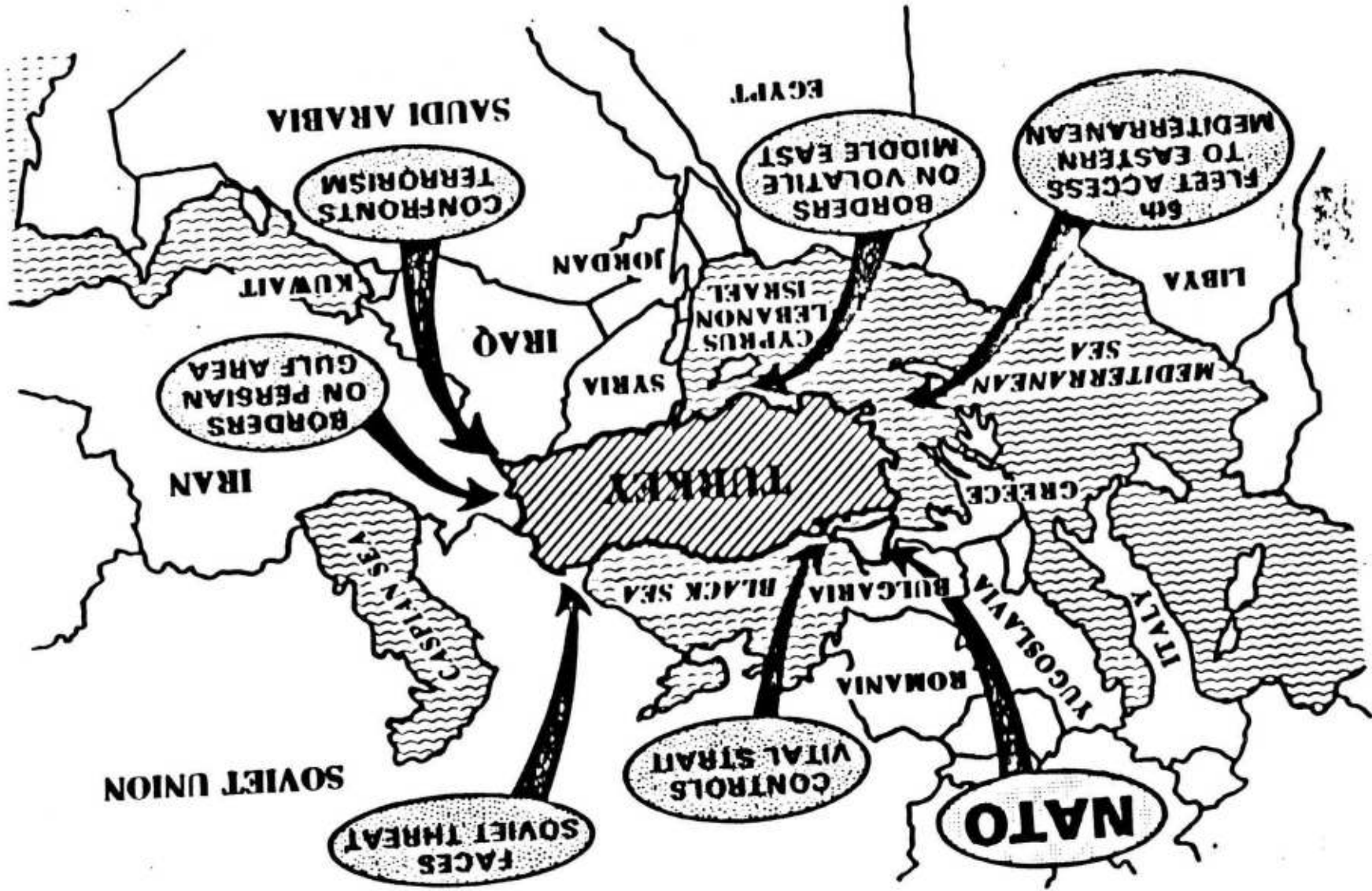
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TURKEY AT STRATEGIC CROSSROADS



38/83

38/53

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

39/43

458
38

39/43

SECURITY ASSISTANCE IN AFRICA



 IMET COUNTRIES
 FMSCR/MAP COUNTRIES

	FY87 ALLOC	FY87 SUPP	FY88 REQUEST
CHAD	5M	-	9M
KENYA	7.5M	3M	19M
SOMALIA	7.5M	3M	22M
ZAIRE	4M		10M

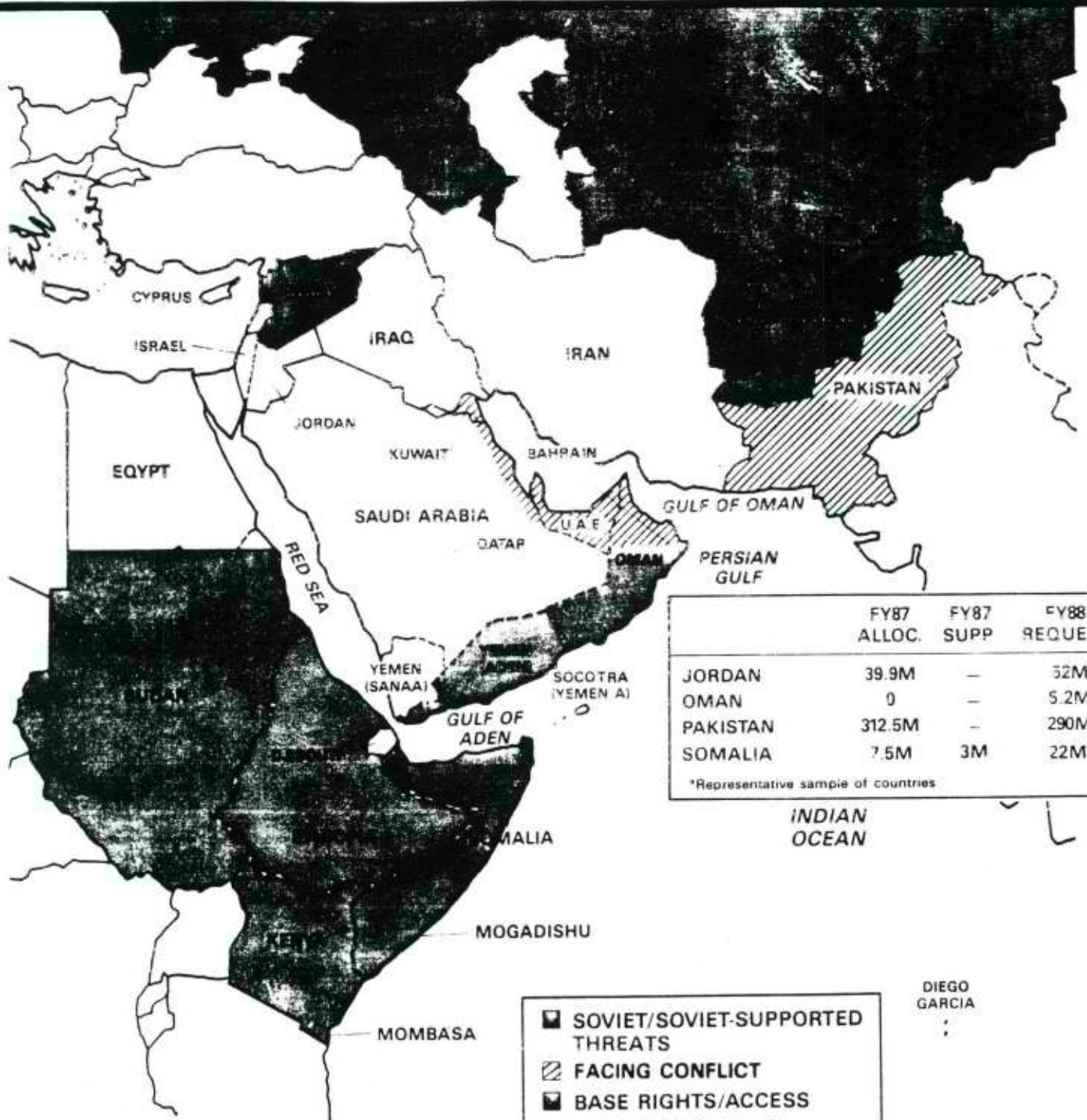
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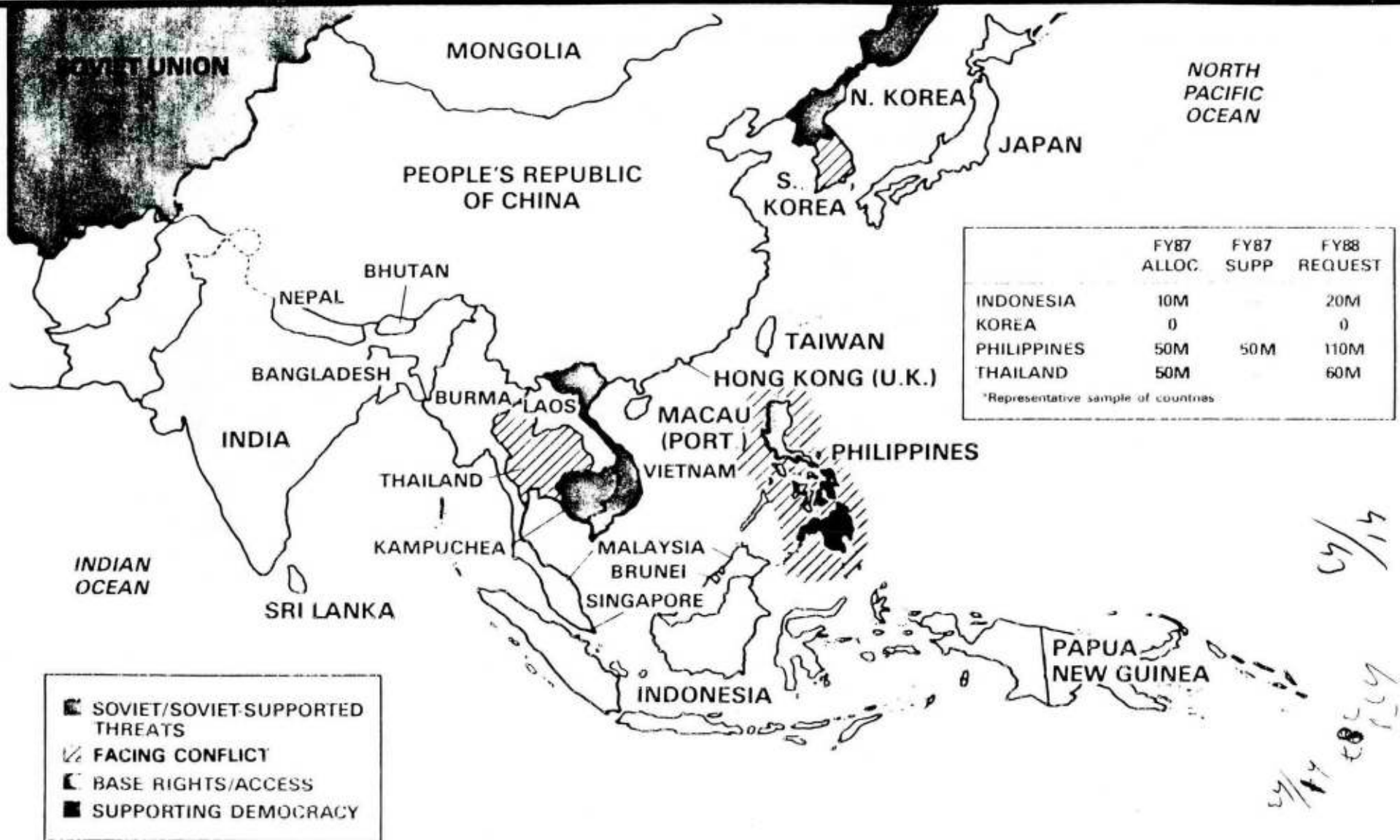
MIDDLE EAST/SOUTHWEST ASIA FY87 ALLOCATION VS FY88 REQUEST



- SOVIET/SOVIET-SUPPORTED THREATS
- ▨ FACING CONFLICT
- ▩ BASE RIGHTS/ACCESS
- MIDDLE EAST PEACE

DIEGO GARCIA

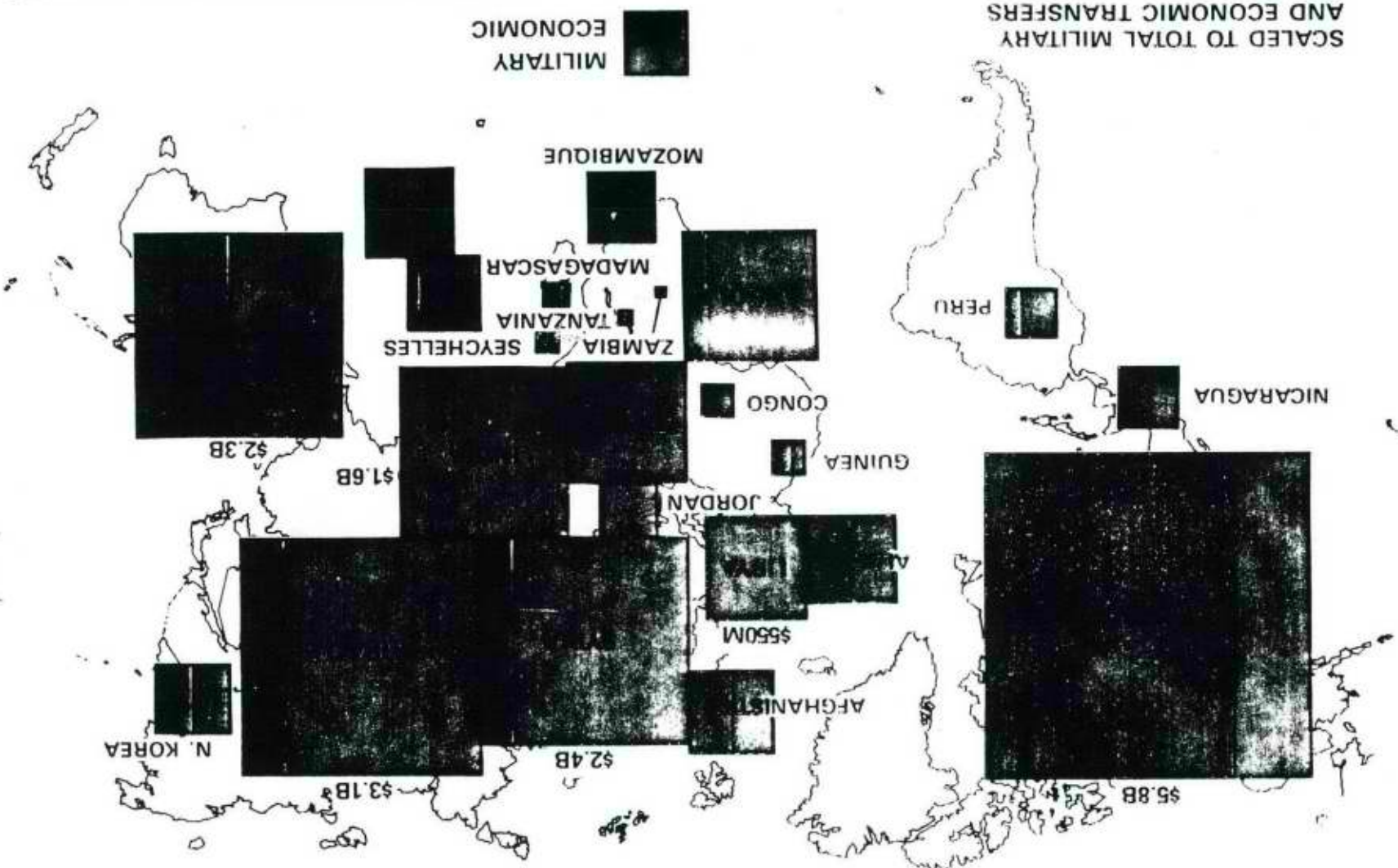
EAST ASIA AND THE PACIFIC FY87 ALLOCATION VS FY88 REQUEST



SOVIET MILITARY SALES/ASSISTANCE AND ECONOMIC ASSISTANCE* (1981-1985)

650/350
52/63
w/h

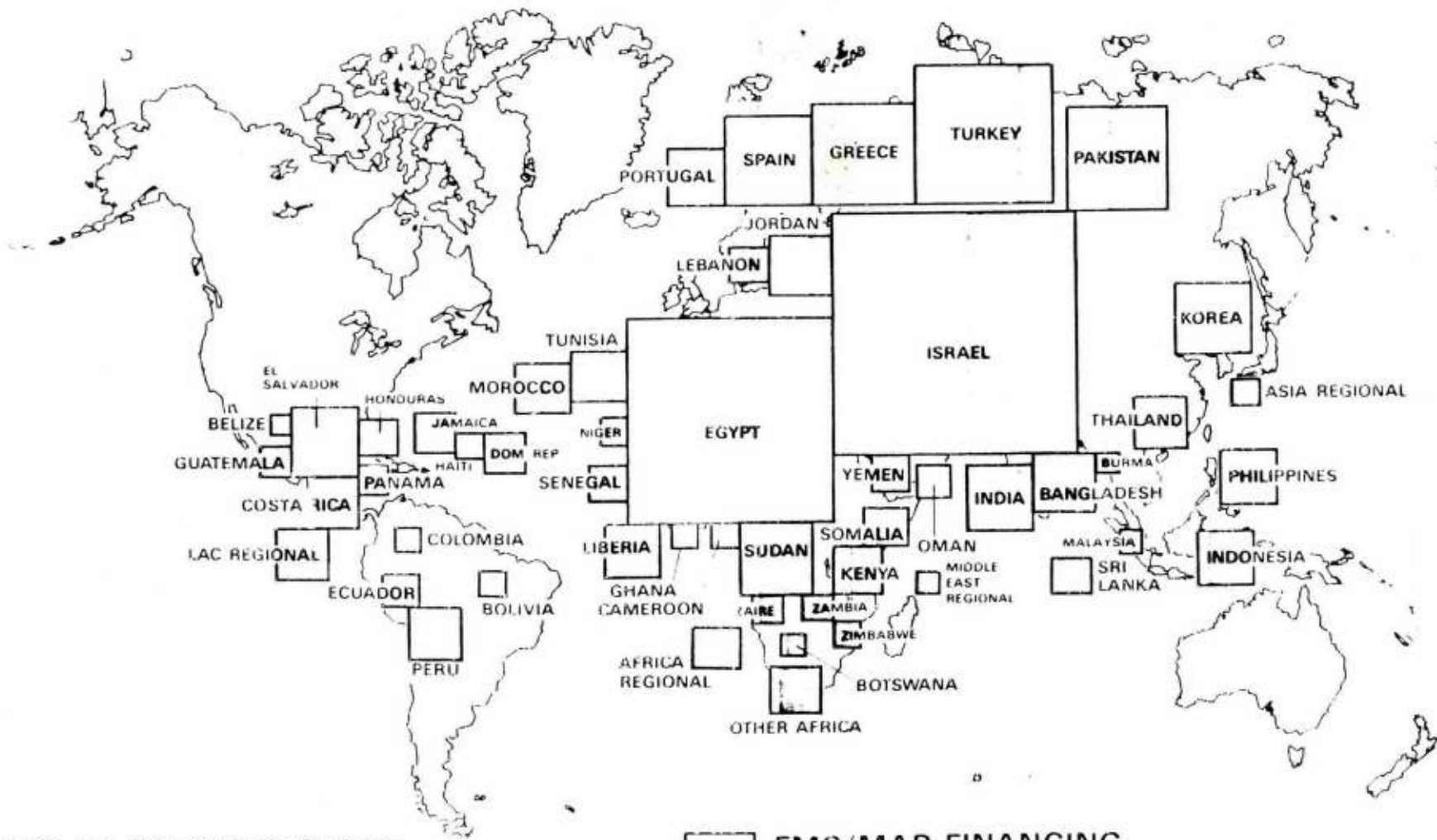
*APPROXIMATELY 20,000 SOVIET MILITARY ADVISORS (NOT INCLUDING COMBAT TROOPS)





SCALED TO TOTAL MILITARY AND ECONOMIC TRANSFERS 1981-1985 INDICATES 5 YEAR AVERAGE

U.S. MILITARY AND ECONOMIC ASSISTANCE FY 1981 - FY 1985

(SCALED TO PROGRAM SIZE)



NOT ALL COUNTRIES SHOWN
REPRESENTS 5 YR. AVG.

 FMS/MAP FINANCING
 ESF, DA, PL 480 FINANCING

43/53
458
283

55/55

ס. 1. 2. 3. 4. 5. 6. 7. 8. 9. 10.

ד. 9. 1. 2. 3. 4. 5. 6. 7. 8. 9. 10. דסים

סווג בטחוני... שמור...

דחיסות... ס. 1. 2. 3. 4. 5. 6. 7. 8. 9. 10.

תאריך וזייה. 1000. 18. פבר 87

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המשרד

אל:

אל - מצפ"א

לשכת מנכ"ל מדיני

לשאלתי אמר סודארת שלא רק שלא נקבע עדין מועד לביקור חוסין אלא שעד כח
גם סניותיהם בענין לא נעבר.

מתני

מ. 1. 2. 3. 4. 5. 6. 7. 8. 9. 10. מ. 1. 2. 3. 4. 5. 6. 7. 8. 9. 10.

מחלקת החדש	ניו יורק	197
טופס	מנרק	4
מס' מרדכי, טלפון, אמית'ס, מע"מ, מצפ"א, הסכרה, ממ"ד		4
יועץ רה"מ לתקשורת, יועץ שהב"ס לתקשורת, לע"מ, דו"צ, קש"ח		
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	עמנואל, ניו יורק	מאת

News Summary February 17, 1987

New York Headlines

Photo of Demjanjuk at the opening of his trial is presented on p.1 of the New York Times. Also on the front page: Coverage of Gorbachev's speech at a peace conference in Moscow; A leading contra has quit a rebel alliance due to a power struggle that threatens the future of the Washington-backed contra forces. A US oil shortage seems unavoidable to many analysts. 17 civilians were killed in a Filipino hamlet, and, the arms debate now centers on ABM pact. Front page stories in the Wall Street Journal deal with the downfall of Wall Street trader Martin Siegel and the problems faced by the US semiconductor industry.

Editorials

NYT "Private, Secret Gov't" The Iran-contra arms scandal is but a single example of a larger undertaking -- and invisible, privately assisted inner government established by Reagan within the NSC. North was its executive officer, and its name, incredibly, was Project Democracy.

NYT "Denied: A Shield for Terrorists" Reagan's judgement on not allowing for new legal protection for terrorists deserves support. Many nations are having second thoughts. Only about 40 signatories have ratified the protocol, not including the Soviet Union, France or Israel. Another international meeting is in order to plug dangerous loopholes and reaffirm the important new benefits.

Press Reports

Shamir in US

WSJ-Kempe-PM Shamir urged the US to continue to press for diplomatic gains with Iran, despite the controversy over the US arms sales. He defended Israel's role in the shipments in clear east-west strategic terms. In an interview with the WSJ, Shamir said his trip would focus on lobbying Jewish organizations and the gov't to change the policy on treating Soviet Jews as refugees. He'll also oppose any efforts to convene an international peace conference. (Cabled)

NYT Shamir called on the Soviet Union to release more dissidents. Shamir

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מס' מרדכי, טלפון, אמית'ס, מע"מ, מצפ"א, הסכרה, ממ"ד

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is making his first trip to the US as PM at a time of some tension in Israeli-US relations. (see ND-photo of Shamir and Mayor Koch)

Norway Questions Israeli Use of Nuclear Material

NYT-Gordon-Norway plans to ask Israel to let international inspectors decide if Israel is adhering to an agreement not to use Norwegian "heavy water" to produce nuclear weapons. The request was prompted by a report in the The Sunday Times of London that Israel is manufacturing nuclear weapons in Dimona. Israel has said that it will not be the first to introduce nuclear weapons into the Mideast. But American experts believe that Israel has a small but potent force of nuclear weapons. Norway has been hesitant to demand such inspections and is doing so because of political pressure and recent press disclosures about Dimona.

Importance of Pollard's Role As Spy for Israel is Described

NYT-special-The wide variety of American secrets provided to Israel by Pollard included detailed information that expedited Israel's raid on Tunisia, according to an account from Jerusalem. Despite Israel's claim that Pollard was merely part of a rouge operation, knowledgeable officials in Israel describe him as "one of the most important spies in Israel's history." The article quotes Wolf Blitzer's Jerusalem Post piece. (Photo of Pollard)

Israel Opens Case in Death Camp Trial

NYT-Clines-The man accused of being an attendant at the Treblinka death camp entered the courtroom with a booming "Boker-Tov!" He sent regards to Cleveland and sat down to a trial in which he faces death by hanging and is offering a defense of mistaken identity. Demjanjuk's trial actually began last November, but the Israeli Gov't started presenting details of its prosecution after the defense failed in recent motions to have the case sent back to the US. Demjanuk's lawyer says his client was victimized in a conspiracy of global politics originating in the Soviet Union. There was some question that interest in Israel was not as intense as in the Eichmann case. The Gov't TV reported that it was having trouble raising funds for a full broadcast of the trial. But some Israelis said that this case could be more compelling because it could offer detailed eyewitness accounts of a sort not often heard in the Eichmann trial. (Photo p.1) NYP headline "Accused Nazi Monster: You've Got Wrong Man" (photo of Demjanjuk waving to crowd) DN Headline "Ivan's Trial Begins: Israel Charge Mass Murder" ND Headline "Nazi Trial Opens in Jerusalem: Bid By Defense Fails"

ND-combined-Like Eichmann's trial, Demjanjuk's is taking place in an emotionally charged, showcase atmosphere. More than 100 journalists were in the audience, along with the 300 people in the packed converted convention center. Security was tight. An old man jumped to his feet and screamed at the defendant. "You killed part of my family!" He had to be calmed down with a sedative.

PLO Aide Ousted by Jordan-Back for Talks on Arab Fund

NYT-Kifner-A top leader of the PLO, expelled 7 months ago due to a rift with Hussien, is back in the Jordanian capital for official talks. Abu Jihad

0396

25/23

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began discussions with Jordanian officials on Sunday on how to share \$9.5 million that Saudi Arabia recently gave to a joint Jordanian-PLO fund for aid to the Palestinians in the occupied territories. The Saudi contribution has had the effect of reviving the waning fortunes of the PLO and insuring, for the moment at least, that Arafat will once again survive as a factor to be dealt with in the Mideast.

Swedish Arms Deal Illegal

ND-combined-Swedish customs authorities said that a leading Swedish weapons manufacturer violated export laws by selling explosives to Iran and Syria. Bofors, shipped \$60 million worth of explosives to Iran, Syria and other countries in the Mideast. Swedish law prohibits selling arms to countries at war.

New Bid Reported for Freeing Waite

NYT-Hijazi-Jumblat traveled to Damascus amid reports that efforts to free Waite had been renewed. In another development, Karami threatened to resign over the continued fighting and economic deterioration in Lebanon. Gun battles continued in West Beirut.

ND-AP-Hezbollah denied allegations that it was holding Waite. Jumblat has accused the group of kidnapping him.

More Palestinians Leave Besieged Area

NYT-AP photo of crying child as he and relatives were relocated. About 500 Palestinian women and children have been allowed to leave the district, which has been besieged by Shiite Moslem militiamen. UN relief workers were not allowed to bring food in but Shiites lifted a four-month blockade of two districts near Tyre to allow the entry of food trucks.

Arrest of Palestinians in Los Angeles to Be Reviewed

NYT-Cummings-The top investigations official of the Immigration and Naturalization Service has requested an inquiry into the arrest of 8 immigrants in LA, purportedly affiliated with the radical PFLP, and their planned deportation on the ground of subversive activity. Their lawyer says the immigrants are victims of political persecution by the Reagan Administration. The case has shaken the Arab community in Southern California.

Israelis Scatter Arabs in Gaza

DN-Israeli troops fired scores of warning shots to scatter hundreds of jeering Palestinians who were pelting the main police station with stones. The flareup was one of a dozen clashes in the occupied West Bank and Gaza. Unrest began 8 days ago to protest the siege of Palestinian camps in Lebanon.

Jubail-New Saudi City

NYT-Kilborn-Saudi Arabia has built the world's newest industrial city. Jubail is an odorless, litterless, smogfree community with hotels, an airport, schools and... The Gov't has poured \$15 billion into the city. Private industry, such as Exxon, Mobil, Shell and Saudi companies has spent \$30 billion. How

0396

75/33

4
4

successful all this will be is another matter.

Begun's Family Await Word/Demonstrations in NY

NYT-Keller-The family of Iosif Begun said he was still in prison despite assurances by the Soviet authorities on US TV that he was freed. Begun's wife and their son said they had talked separately with Soviet officials of the Interior Ministry, which runs the prison system, and had been told that his situation was unchanged.

NYT-AP photo of Zelda Tepper, a cousin of Begun as she was seized during a protest at the Soviet Mission to the UN. 14 people were arrested for crossing police barricades. They were issued summonses for disorderly conduct and for blocking a roadway and were released. (NYP; DN)

New Approach for Protecting Secrets is Discovered

NYT-Gleick (Science section) Mathematicians and cryptologists have discovered a way for people to prove that they possess secret information without giving any information away. This keenly paradoxical discovery has upset the traditional understanding of mathematical proof. Beyond that, it may also hold the power to transform the many aspects of modern life where processes of identification are subject to abuse, from everyday financial transactions to encounters between enemy aircraft. Scientists at Israel's Weizmann Institute of Science have developed a way to use zero-knowledge proof cheaply and quickly in electronics chips. The US imposed a blanket secrecy order on the breakthrough that the Israelis had made. Declaring that the Israel work was "detrimental to the national security" and warning of penalties that included imprisonment, the Gov't ordered all the material on the subject destroyed. The Israelis were working at MIT. Within days, as the order began to cause a public furor among Americans, the Gov't agreed to revise its action on the grounds that secrecy orders may not be imposed on foreigners.

Media Notes

US TV Star Says Israel Isn't as Chaotic as Shown on TV

UPI-Poster Actor Fred Dryer sacked TV newscasts for "pumping up" events in the Mideast just to give them more of an impact on Americans back home. Dryer, whose first movie was just filmed in Israel said that life there is not as chaotic as it is portrayed on the nightly news.

Iranians Upset at German Comedy

NYP-wire-A televised spoof used film tricks to make women appear to throw their underwear at the feet of Khomeini. His regime is not amused and has raised a diplomatic storm. Iran Air delayed a flight from Frankfurt to Tehran for 6 1/2 hours to show its displeasure. The Iranian Embassy also protested to the Foreign Ministry.

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מיידי

רמיפות

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שם ש"ס

אל:
המשרד

428

אל: מנכ"ל דה"מ
מנכ"ל מדינד
מנהל מצפ"א

שורת השר יוסף שפירא עת מרפב (10.2)

נכחו בפגישה השגריר, קרוקר ודה"מ. השיחה נמשכה כ-45 דקות.

השר שפירא פרט, לבקשת מרפי המצב הקשה לגבי יציאת יהודים מאתיופיה בלאחכ מכב יציאתם ובהשגים של יהודי איראן.

השר שפירא עבר לשוחח על תהליך השלום והדגיש שהדברים שהוא משמיע הם דלת הפרטית כלבד אינם מחייבים את הממשלה אלא רק את השר עצמו ואת הסיעה אותה הוא מייצג.

השר אמר שבמפלגתו יש קונסנזוס נגד דיתור טריטוריאלי או דיתור על ריבונות. בסיעה שלו היו כאלה שהיו נגד הסכמי קמפ דויד בזמנו.

לגבי ברה"מ הזכיר בעית המטורכים וחוסר האפשרות לסמוך על ברה"מ בעוד שהשר וסיעתו מלאי תודה לנשיא ארה"ב ולמזכיר המדינה על עמדתם הנחושה ודיבריהם המעודדים בקשר ליהודי ברה"מ.

על ועידה בינלאומית אמר שויעדה כזו מונעת מו"מ ישיר ומהוה למעשה הזמנה לאש"ף. השר גם הביע דעתו נגד משלוחי נשק חדשים למדינות ערב.

לגבי השטחים אמר השר שכל דיבור על פשרה מדינית מעודדים אך הטרור. ישראל עושה כמיטב יכולתה בכרוך החיובי - איכות חיים ובתוך זה הקמת הבנק. לדעת השר, פתרון פונקציונלי יביא את ערביי יש"ע לחפש פתרון של חיים-ביחד בשלום. השר הדגיש זכותם של היהודים להתיישב בכל מקום, כשם שיש ליהודים זכות בארצות מעבר לים וכשם שמצויים בקו הירוק פנימה תושבים ערביים.

מרפי הורה על הצגת הדברים והדגיש שגם ארה"ב בעד חיזוק תהליך השלום, כשם שעם מערים יש תהליך שאין ממנו חזרה. בוועידה האסכאמית בכווית, האכמנט הערבי הקיצוני (סוריה) היה מכווד. בעולם הערבי יש התקדמות מאז שלושת הלאומים של ח'רטום. לצער כולם אין עוד אחד הדומה לסאודת המזה"ת.

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סווג בסחונני
דחיסות
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אל:

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חסיין הוא ארת וקשה לו לבוא לבדו ולכן נחוצה לו ה"מטריה" הבינלאומית. ארה"ב לא תסמוך ידיה על ועידה שתכתיב תנאים או תטיל וטו.

השר שפירא הביע החשש שצעד כזה יביא להכנסתה מחדש של כרה"מ באזור ומרפי הסכים שהחשש הוא לגיטימי.

השר שפירא עבר לציין ענין ההתנחלויות וסיפר אגב כך קשיחות הקו האמריקאי שמונע העברת כספים, פלו למטרות הומניטריות, כמו לבית יתומים, מעבר לקו הירוק.

מרפי השיב שרייגן בתוכניתו מספטמבר 1982 אינו תומך במדינה עצמאית ואיגו בהכרח בעד פרוק התנחלויות, אך, ארה"ב רואה בהתנחלויות מכשול לשום. הנושא בעל מטען רגשי משני הצדדים. זו עמדת ארה"ב מבלי לקבוע מה תהיה עמדתה לגבי תוצאות המו"מ.

השר שפירא עבר לנושא הלבוא וציין אלמנט נוסף: הגאווה הלאומית. ביטול הלכידא יביא לפגיעה נפשית בגאותנו הלאומית ובכל ההשגים שניסונו להשיג ע"י בניית המטוס.

מרפי אמר שהנקודה הזו *Well taken*, אין כמובן לקבל ההחלטה במחוי אחד והנושא

טעון בדיקה מקיפה.

מתכי

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מחלקת הקשר ניו-יורק

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Washington

מאת: ערוכות, ניו יורק

NEWS SUMMARY FEBRUARY 16, 1987

New York Headlines

Top stories in the New York Times tell of Reagan's decision not to ratify part of the Geneva Conventions on treatment of combatants and war victims, in a move intended to deny protection to terrorists. (see Press Reports). Also, the Soviet Union has announced that Iosif Begun has been released (see Press Reports). The Presidents of all the major Latin American countries except Nicaragua met in Costa Rica and invited Nicaragua to join them in a new regional peace conference within 90 days. In a scientific breakthrough with potentially valuable commercial application, researchers have produced a superconductive compound that loses all resistance to electricity when cooled to the temperature of liquid nitrogen. Napoleon Duarte's position as a leader is deteriorating and his Gov't is struggling to hold together. There is also a major story on the cold weather that has engulfed the northeast US.

Editorials

ND "Taking Russia's Temperature" The Soviet Union may be taking a significantly different posture on human rights, one that could launch a major renovation of Soviet society. If skeptics, such as Shcharansky, are right it may all be an elaborate charade to draw the fangs of critics in the West. Yet clearly something is happening. There is also a limit to what the officials will tolerate. Jewish protesters discovered the limits of dissent for themselves this week.

Columns

NYT-Mohamed Kamal (Jordanian Ambassador to US) "Why Tar Arabs and Islam?". The Ambassador is upset by the continuing tendency of the American media to utilize the simplistic equation "Moslem-terrorist-Arab." Journalists never call the Baader-Meinhof Gang "Christian terrorists," or blame "Jewish terrorists" for obliterating towns in Lebanon. (Cabled)

NYT-Safire "'I Was Not Told'" Weinberger contends that he knew nothing about Reagan's Jan. 17 finding authorizing the sale of arms to Iran. Either the Senate Intelligence Committee is sloppy or some people are changing their stories at the moment the highest officials in the land circumvented the law.

אישור:

סג' המשרת: פילדלפיה

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NYP-Evans and Novak "Shamir Won't Be Talking Iran-Scam With President:"
A private promise from Reagan to Shamir rules out Israel's role in the Iran-contra scandal as a topic during Shamir's visit to Washington, ending any risk that Israel will be held accountable for the Iranian arms crisis. The pledge resulted from Israel's private expressions of concern with that burden off his shoulders, Shamir can concentrate on Arab-bashing. That probably dooms the President to another failure in his effort to restore US credibility among friendly Arab countries. Shamir will speak out against the Arab arms package that the Administration is preparing for Congress. He will produce evidence that connects Jordan with two truckloads of high explosives seized on their way to the occupied West Bank.

The agreement to ignore the Iran scandal again suggests that what an Israeli Prime Minister wants, he is likely to get.

NYP-Rowan "Tip O'Neill Has A Theory: The Arms-to-Iran Scandal Started Out as an Election Ploy" O'Neill believes that the genesis of the scandal was all political. The administration hoped to have the hostages home the Thursday before the elections. Don Regan in particular, figured that a coup of bringing the hostages home might save Republican control of the Senate and prevent democratic gains in the House. It would not be surprising, as O'Neill suggests, that the love of political power warped judgement and consumed a lot of people.

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Press Reports

Israel Now Official US Ally

DN-AP-Shamir said that the Reagan Administration has elevated Israel to the status of official ally. Israeli officials said this could mean extended military cooperation. This will put Israel on par with Japan, Australia, South Korea and Egypt. (ND-wire)

Pollard

ND-wire-Newspaper reports said that Pollard provided Israel with key data that helped Israel's air force bomb PLO headquarters in Tunisia. The US Gov't declined to comment on the reports.

Nazi Trial Opens in Israel

ND-Reuters-Israel's first Nazi war crimes trial in 25 years opens today when a retired US auto-worker answers charges that he was a death-camp guard called "Ivan the Terrible" who whipped tortured and gassed hundreds of thousands of Jews. The accused, John Demjanjuk, says the Israelis have the wrong man. (NYP-Fettman)

Problems on Kibbutz

NYT-Clines-The utopian world of the Kibbutz has moved into the shadows of a full moon and critical indebtedness this weekend, heading into another cycle of planting and reaping. With the Gov't debating emergency help, the problems of the kibbutzim have brought national scrutiny to the movement.

New Outbreak of Fighting Shakes Beirut

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NYT-Hijazi-Four separate battles raged in Beirut in one of the worst days of violence in the capital in months. In another development, a former adviser to Gemayel was released unharmed by his kidnapers. Syria exerted intensive efforts to have Jean Obeid released.

DN-wire-Hundreds of starving women and children poured from a Palestinian refugee camp into Tyre to buy food. But the siege wasn't over. No men emerged from the camp for fear that they would be seized by Amal. Refugees in other camps were less fortunate. (photo of a mother and her children leaving refugee camp)

Saudi Arms Buildup

ND-wire-A multibillion dollar buildup of armaments is underway in Saudi Arabia that Western military analysts and diplomats say they believe goes well beyond what the Saudis need to protect their oil wealth and shipping lanes. Rather, sources told the Washington Post that the Saudis have focused its new military buildup on Israel as a significant military threat in the region--rather than on Iran.

Reagan Shelves Treaty to Revise Law on Captives

NYT-Miller p.1-In a move intended to deny international legal protection to terrorists and anti-Western guerrillas, Reagan has decided against ratifying part of a major revision of the 1949 Geneva Conventions on the treatment of combatants and war victims. The Administration has concluded that Protocol 1 would have the effect of legitimizing insurgent movements and terrorist groups by granting their members the status of combatants and prisoners of war. Both Israel and the Soviet Union are opposed to the Protocol as well.

Soviets Announce Begun Has Been Released

NYT-Barringer-p.1 Iosif Begun, the Soviet dissident whose continued imprisonment set off violent demonstrations in Moscow last week, has been freed, according to a senior Soviet official. Begun's wife was unaware of this development. His son also said that he heard nothing official. The announcement of the release, delivered by satellite to an American TV network without Mrs. Begun's knowledge, underscored the extent to which the Kremlin has been using the US media to disclose its easing of restrictions on human rights activists. (all papers and stories on Begun's history)

North's War on Reagan's Policy

DN-Rainie-The efforts of North to undermine Reagan's official anti-terrorist policies were much more extensive than previously known. Reagan repeatedly said that the US would not bargain with terrorists. But evidence obtained by the Daily News shows that Kuwaiti officials heard last Sept. that North wanted them to release 17 terrorist prisoners in exchange for the American hostages in Lebanon.

War Stops Flow of Progress in Iraq

0361/81/31 4/4

ND Phelps (Baghdad) Iraq has been transformed from a feudal land of indescrivable poverty to a modern socialist country where poverty is almost unheard of. However, since the war with Iran, Iraqi parents can only hope that their sons will survive. Development, which persisted in the early years of the war, has all but been abandoned. To make matters worse, inflation has squeezed the middle-class. Shortages are common and factories are starting to close down. Farm lands go untilled because there is no one to work them.

ND-Iraq's oil exports have been limited in recent months by its supposed ally, Saudi Arabia, in what some see as a Saudi attempt to curry favor with Iran as well as to keep up the price of oil.

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News Summary February 14-15, 1987

Press Reports

Hostage Trade Off

NYT-AP 2/14 A Moslem group that holds 4 professors hostage said in a statement that it had suspended the possibility of trading them for 400 Arab prisoners in Israel. The group blamed what it said was a US failure to respond to "just demands." It did not renew threats to kill the hostages. (DN-NYP-wire)

NYT-Hijazi 2/15 The group holding the 4 hostages said that their punishment "will be civilized." It did not elaborate. The declaration by the group came against a background of growing concern over US naval moves and what some Lebanese publications called threatening remarks by US officials. Jumblatt called on the pro-Iranian Party of God to release Waite if it was holding him. A Palestinian publication in Damascus said Waite was seized because he failed to keep a promise to give the the kidnapers a ransom of \$5 million.

In Terrorist Deals, It's Every Country for Itself

NYT-Sciolino 2/15 The recent waves of kidnappings in Lebanon indicates that anti-terrorist policies seem made to be broken, and that governments, particularly western democracies concerned about domestic public opinion, often cuts private deals with kidnapers. The most serious setback to international cooperation to combat terrorism was the revelation that the US was secretly selling arms to Iran to obtain the release of American hostages while it was publicly demanding that its allies isolate Iran. Both the US and Israel steadfastly denied persistent rumors that Israel was negotiating a deal. Yet Israel's leaders defend Israel's policy of going to extraordinary lengths to get their soldiers home, and acknowledge that they have continuing conversations with the Red Cross and indirect contacts with various groups in Lebanon.

Few Options Seen to Free Hostages

NYT-Sciolino 2/14-Administration officials said that there might be no workable options to gain the freedom of 8 American hostages. The officials said that the fate of the hostages was important but it was even more crucial, they said, to find a way to prevent the taking of hostages.

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Meanwhile, some officials said they could not dismiss the statement Wednesday by Rafsanjani that there had been contacts between an intermediary for the US and Iranian officials. Shultz said the Iranian remarks were "nonsense" and the White House denied that any such contacts were made.

Israeli Air Raid in South Lebanon

NYT-special 2/14 Israeli planes attacked Palestinian guerrilla targets in Lebanon before dawn in the second strike near Sidon in 24 hours, an Israeli military spokesman said. Accounts reaching Beirut from reporters in Sidon said that helicopter gunships took part in the raid and fired 25 rockets into the refugee district of Ain Khilweh. Palestinian forces responded with anti-aircraft fire, they said. The Israeli spokesman said that all planes returned safely.

Food Reaches Besieged Beirut Area

NYT-AP p.1 2/14 (photo p.1 of crying Palestinian children) Three truckloads of food escorted by Syrian and Iranian observers rolled into a besieged refugee district where thousands of Palestinians had been reported starving. On Friday, an Iranian envoy escort was shot and killed as those trucks unsuccessfully headed for the Palestinian district. (NYP-AP)

Iran Sales Linked to Wide Program of Covert Policies

NYT-Brinkley p.1 2/15-The Administration's clandestine dealings with Iran and the contras grew out of a well-concealed program established in the White House at least 4 years ago to conduct covert foreign policy initiatives, according to many present and former Gov't officials. The program, Project Democracy, began as the secret side of an otherwise open, well publicized initiative that started around the same time. The covert side of the program was intended to carry out foreign policy tasks that other Gov't agencies were unwilling or unable to pursue. The program took over a new direction after North was appointed to head it about 3 years ago.

NYT-Rasky p.1 2/14 Documents retrieved from the NSC's computer suggest that the secret operations conducted by the council's staff were far more extensive than investigators of the Iran-contra affair previously thought. Material includes communications between North and McFarlane and offers further evidence of North's involvement in an intricate network of private companies that funneled arms and supplies to the contras.

Moscow Family Calls off Protests

NYT-Keller 2/14-The family of Begun, a Jewish dissident, called off public demonstrations after plainclothesmen attacked protesters again. Begun's son Boris said that the family would press the case with officials. Soviet officials said that Begun would be released if he signed a statement promising not to engage in anti-Soviet activities. Boris said that he would not rule out such a possibility but was certain that his father wouldn't sign anything that disavowed his written criticism of the way Soviet Jews are treated. The most recent demonstration involved about 8 protesters and was witnessed by about 20 foreign journalists. It was broken up by more than 80 policemen. There was violence and the Soviet media blamed the violence as the work of foreign journalists who had orchestrated the events to stir up Soviet hatred. The police smashed 3 TV cameras and held 3 journalists for more than 2 hours. (NYP-AP photo of police shoving woman; DN-wire)

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Senators Write to Gorbachev

NYT-2/14-58 US senators signed a letter to Gorbachev expressing concern that new emigration policies have made it more difficult to emigrate. The senators say that the new policy excludes 400,000 Jews who have asked to leave the country, many wishing to become citizens of Israel.

Sakharov's List-Magazine Article

NYT-Keller 2/15 (Magazine Section) An article that speaks of each dissident Sakharov asked to be released from prison. The plea for the 14 men put to test Gorbachev's liberalization policies.

Wiesel's Visit With O'Connor Calmed Storm

NYT-Goldman 2/15-On the same day that O'Connor met with leaders of the Jewish community to discuss his Mideast trip, the Archbishop also met with Elie Wiesel. O'Connor said he felt very much reassured by Wiesel's visit. Wiesel did wonder to O'Connor why he used the word "gift" in describing what the murder of 6 million Jews did to the world. He suggested using the term "atonement" and O'Connor agreed.

Jewish Divorces

NYT-Goldman 2/15-With the divorce and remarriage rates among Jews rising, the President of the NY Board of Rabbis has urged that all rabbis make sure a couple has a "get" before a second marriage ceremony is performed. He said that the step would improve "Jewish unity" at a time when there are serious divisions between the major movements.

Israelis Unearth Ancient City

NYT-Clines 2/15 (photo of ruins at Bet Shean) An ancient Roman city is quickly being unearthed from a high-speed archeological dig in which the hated bulldozer is peeling back time along the painstaking pick-and-brush workers. The dig is considered the nation's largest and most promising antiquities project beyond the walls of Jerusalem itself. Tourists are already flocking to the sight. The Gov't hopes to use the ruins to help cause a commercial boon for the sleepy town.

Israel's Pioneers Return on Film

NYT-Friedman-2/15 p.1 Arts and Leisure Section-The film "Dreamers" is pioneering its new own territory by bringing to the screen a unique perspective on a critical moment in the history of modern Israel--the moment when the idealism of the first Jewish settlers came to the land to build a utopian society met with the realities of the harsh Palestinian landscape and the Arab people who already inhabited it.

Goldie Hawn on Her Jewish Heritage

Daily News Magazine (Parade) 2/15 Fox-Actress Goldie Hawn was recently in Israel and began to dig into a past that she had never fully explored. She said that the visit in Israel made her feel really Jewish for the first time. She says that she is proud to be a Jew and use to classify herself as half-and-half for the sake of others. Hawn's mother is Jewish and her father was not.

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Iran's Postage Stamps-Magazine Article

NYT Sunday Magazine- 2/15 Iran's postage stamps extol Islam's heroes and ma and thunders against its enemies. Many photographs of Iran's stamps of snow

NYT-AP 2/15 An Iranian opposition group said its guerrillas had wounded the brother of Iran's President in an attack with hand grenades and machine g in the northeast city of Meshed. In a statement from Paris, the group also said that 50 Revolutionary guards were wounded. The report could not be verified.

Media Notes

NYP-gossip Page 6 2/14-Many at CBS were worried that Larry Tisch's pro-Israel stance would effect news reporting on the Mideast. Tisch says that he will never interfere with the way news is reported as long as its fair.

NYP-Page: 6 2/15 David Ben-Gurion has been knocked off the cover of his own biography by Norman Mailer. It seems that Ben-Gurion looked too much like Mailer for the publishing company Houghton-Mifflin's tastes. To avoid the risk of confusing its readers, the publishers replaced a photo of I ● ael' firts FM with a graphic design.

Cartoons

NYT-Luckovich 2/15 Two Iranians carry signs. One says "Death to America" the other, "Serious Injury to America." Reagan says, "I think the one on the right's a moderate."

NYT-Taylor 2/15-Reagan writes in his personal notes, "Nothing is going on that I knew about today," "I don't know what's going on today," Today, I don't know what's going on."

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אל: מנכ"ל מדיני, ממנכ"ל, מצפ"א, מע"ח

דע: יועץ רה"מ לתקשורת, יועץ סהב"ט לתקשורת, רמ"ח/קס"ח, ניו יורק
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מאמר על פולארד.

להלן מאמר מאת וולף בליצר על פרשת פולארד שהתפרסם ב"ווישינגטון פוסט"
ביום א' 15.2.

Pollard: Not A Bumbler, But Israel's Master Spy

By Wolf Blitzer

FROM THE FIRST revelation that U.S. Navy intelligence analyst Jonathan Jay Pollard was spying for Israel, one question has puzzled almost everyone knowledgeable about Israeli-American relations: Considering how close the two countries are and how much is already shared, what could Pollard have provided that would be worth the risk?

After investigating the Pollard case for more than a year, and interviewing dozens of U.S. and Israeli officials, I have learned some of what Pollard provided to Israel. My information suggests that far from the small-time bungler portrayed in some news accounts, Pollard was a master spy, who provided very important information to the Israelis.

Leon H. Charney, a New York lawyer who briefly represented Pollard and is close to senior Israeli officials, says: "His help was clearly invaluable to the security of the State of Israel."

The motivation of my sources in telling me about the case was complex. Some Israeli and American sources wanted to show that Pollard was an Israeli hero. Other sources in Israel and America provided details because they believed the public deserved a fuller accounting of the Pollard case.

The intelligence provided by Pollard to Israel included specific material dealing with the following general areas:

- Reconnaissance of PLO headquarters in Tunisia, including a description of all the buildings there, according to one American with first-hand knowledge of the Pollard case and confirmed by an Israeli who is familiar with what Pollard provided. This and other related data obtained by Pollard—especially the specific capabilities of the Libyan air defense system and the movement of U.S., Soviet and French ships in the Mediterranean—enabled the Israeli air force to evade detection and to bomb those headquarters on Oct. 1, 1985. Pollard's information "made our life much easier" in the Tunis raid, one Israeli official said.
- Iraqi and Syrian chemical-warfare production capabilities, including detailed satellite pictures and maps showing the location of factories and storage facilities, according to Israeli officials who were told by colleagues what Pollard had provided. An American official subsequently confirmed that Pollard had provided information about Iraqi chemical warfare.

America's refusal to provide this chemical-warfare material directly to Israel had angered Pollard, according to one knowledgeable source. Israeli officials said that the first documents Pollard gave Israel, which greatly impressed his handlers, included the layout of eight Iraqi chemical warfare factories.

סיון 1985
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Israel's Master Spy

POLLARD, From C1

- Regular U.S. intelligence assessments of operations planned by a PLO unit, according to an American account that was confirmed in Israel.
- Soviet arms shipments to Syria and other Arab states, including the specifics on the SS-21 ground-to-ground and the SA-5 anti-aircraft missiles, according to knowledgeable American and Israeli sources. When over the U.S. discovered that a Soviet ship was passing through the Bosphorus into the Mediterranean, Pollard passed that information to Israel, the sources said.
- The U.S. intelligence community's assessment of a particular Soviet-made fighter.
- Pakistan's program to build an atomic bomb, including large satellite photographs of its nuclear facility outside Islamabad, according to an American source with detailed knowledge of the Pollard case.

Despite the official Israeli claim that Pollard was part of a rogue operation, Israeli officials speak of him in terms that suggest he may prove to be one of the most important spies in Israel's history.

Indeed, Pollard's Israeli handlers even compared him to the legendary Israeli spy in Damascus, Eli Cohen, who rose to the top echelon of the Syrian government in the mid-1960s but eventually was exposed and executed. When Pollard was given an Israeli passport containing his picture as a token of Israel's appreciation, the name on the passport was "Danny Cohen"—the implication being that Israel once had an Eli Cohen in Damascus and now had a Danny Cohen in Washington.

In general, Pollard gave Israel the pick of U.S. intelligence about Arab and Islamic conventional and unconventional military activity, from Morocco to Pakistan and every country in between. This included both friendly and unfriendly Arab countries.

Pollard, 32, was arrested outside the Israeli embassy in Washington on Nov. 21, 1985 after attempting to obtain political asylum there. He pleaded guilty to espionage charges and his wife, Anne Henderson-Pollard, 26, pleaded guilty to lesser charges involving unauthorized possession of classified documents. Both of them are scheduled to be sentenced on March 4.

Why did Israel recruit and run Pollard? Some U.S. officials argue that the operation wasn't necessary, since Israel gets virtually everything it wants from American intelligence agencies. But Israeli officials, living on a thin margin of security, apparently were not convinced of this logic. They feared that the United States wasn't supplying everything. And what the United States wasn't supplying could be essential for Israel, especially in the area of sophisticated reconnaissance photography and electronic intercepts, where Israel's capabilities are limited.

Pollard had all the proper credentials, as far as Israel was concerned. He was intelligent. And he was a dedicated Zionist. Indeed, Pollard told me in the only interviews he has granted since his arrest that he was obsessed by the need to help Israel "personally."

Pollard held "Top Secret" security clearances. According to the pre-sentencing memo submitted last month by U.S. Attorney Joseph E. diGenova, Pollard had access

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"Sensitive Compartmented Information," principally data about technical systems for collecting intelligence "as well as the intelligence product collected by the systems." A relatively small percentage of individuals who have "Top Secret" clearances are also approved for SCI access, the court document said.

Throughout the Washington area there are secure libraries containing this kind of extremely sensitive intelligence information which is accessible only through computer terminals requiring codewords, diGenova's memo explained. He said Pollard could "readily access these libraries, repositories and computer terminals to obtain data in order to perform specific duties."

The court documents suggest lax security and sloppy procedures in the military intelligence facilities where Pollard worked. Like other intelligence analysts, he was supposed to operate on the honor system, meaning that he would limit his access to that information for which he had an official "need to know," according to diGenova's memo. But since he had the appropriate access codes, he could easily obtain information unrelated to his duties.

In addition, according to diGenova, Pollard had a "courier card," permitting him to leave these libraries without having his belongings checked by security personnel. In short, he had all the credentials to become an extremely valuable spy.

In fact, diGenova says that Pollard provided Israel with more than 1,000 classified documents, some of which were several hundred pages in length. Stacked up, the tens of thousands of pieces of paper could have filled a small hall. Most of the documents, according to the pre-sentencing memo, "were detailed analytical studies containing technical calculations, graphs and satellite photographs." Other information included "highly classified message traffic and intelligence summaries"

as well as data on "specific weapon systems." He apparently was able to take copies of this material—including satellite photos—with him out the door.

Citing security concerns, the U.S. government has refused to release the exact nature of these documents. Secretary of Defense Caspar Weinberger, in a classified affidavit presented *in camera* to U.S. District Court Judge Aubrey Robinson, said that Pollard had indeed provided Israel with extensive information, according to two U.S. sources who are familiar with the memo. Weinberger reportedly complained in his memorandum to the court that because Pollard had already given away so much information, the U.S. intelligence community's bargaining power in official exchanges with Israel was severely reduced.

An Israeli intelligence official told me that some of the information was "so breathtaking" that it justified the risk Israel was taking in running an agent in Washington. Pollard's handlers—including Air Force Brig. Gen. Aviem Sella, veteran intelligence agent Rafael Eitan and former science counselor at the Israeli Consulate in New York Yosef Yagur—told him that he was "a one-man intelligence agency" for Israel, one source said.

What Pollard did was to make virtually the entire U.S. intelligence-gathering apparatus available to Israel, completing the picture in those areas where Israel's knowledge was limited. His Israeli contacts, knowing where Israel was in need of specific information, "tasked" Pollard on a weekly basis to obtain it, according to the American prosecutors.

The Israeli government has maintained officially that the Pollard operation was "unauthorized," part of a "rogue" unit that ran amok. Israel formally apologized to the United States and later cooperated in the investigation by making available for questioning to a visiting delegation of U.S. officials some of the Israeli operatives involved in the ring.

Some American intelligence sources remain very skeptical about Israel's denials. They argue that the unit that recruited Pollard, known as "Lekem," was created years ago to collect scientific intelligence. They also assert that Israeli intelligence experts had to know that only an inside American agent could supply the massive quantity and quality of satellite photography that they were getting. Israel lacks that capability and Israeli experts knew the U.S. was not supplying that information to Israel officially.

Israel had set up a special unit in New York and Washington to obtain Pollard's documents. Court papers showed that Irit Erb, a secretary at the Israeli embassy in Washington, was given a second apartment where she operated sophisticated photocopying equipment for the documents provided by Pollard. Typically, he would deliver a large suitcase full of papers on a Friday evening on his way home from work and retrieve them on Sunday evening in order to return them to the appropriate national defense repositories the next morning.

Pollard told me in interviews that he was motivated by his anger that the United States was withholding from Israel information that was vital to the security of the Jewish state. He had been a member of the American delegation on two official intelligence exchanges with Israel, so he had a good sense of what was being shared and what wasn't.

"I was very frustrated at the end of these two sessions. And the frustration builds," he told me during a lengthy interview at the federal prison outside Petersburg, Va. Eventually, he added, his frustration became "relentless" and led him to pass to the Israeli government the information they were being denied—information he described as "horrifying."

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News Summary February 13, 1987

New York Headlines

Top stories in the in the New York Times and Wall Street Journal deal with the arrest of three leading brokers on charges of inside trading. Other page 1 stories in the New York Times: Russians rough up protest group who were demonstrating for the release of dissidents (see Press Reports). The Brooklyn Archdiocese has told its priests that groups that condone homosexual activity will no longer be allowed to use churches, hospitals or colleges for meetings or religious services; Reagan proposed expansion of Medicare to cover the cost of catastrophic illnesses; A Pentagon study called for the immediate creation of a Gov't industry consortium to restore the country's edge in semiconductor technology; The rise and fall of Carlos Lehder, the man responsible for most of the cocaine which reaches the US, and, Jurors award \$7 million in damages in the KKK slaying of a Black man.

Editorials

NYP "No Mideast Role for Moscow--Yet" It is difficult to believe that Shultz's latest proposal for an international Mideast conference will come to anything. From Israel's standpoint, and quite understandable--Soviet participation is out of the question at the moment. The Russians must restore diplomatic relations with Israel first. It's a position that's hard to argue with. At various semi-clandestine meetings over the last few months, the Soviets have intimated to Israeli diplomats that Moscow might be willing to renew links with Israel after an international conference. No way! If the Soviets do not have diplomatic relations with one of the parties to the conflict, how can they qualify as honest brokers? Shultz has to make it clear that the US shares this view.

WSJ "Recognizing the Enemy" The appalling reports coming out of refugee camps in Beirut underline one of the long-misunderstood facts in the Mideast equation. The enemies of Palestinian Arabs are not to be found in the West. The enemies prepared to see the Palestinians die are to be found in their midst--which is to say the PLO--and among its so-called friends--Syria and Moscow. At the UN yesterday Nordic countries proposed that women, children and the elderly be evacuated from the camp. The PLO's Terzi called the suggestion "nonsense." The PLO doesn't want these Palestinians out of harm's way. Somehow world opinion doesn't want to face up to or speak out against the reality that it is the Syrians and Soviets to blame.

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Columns

NYP-Rabinowitz "Unnecessary Tear-Jerker" If a hostage for prisoner swap is planned it will have been the direct result of four professors who chose, despite the obvious dangers and warnings, to regard themselves as somehow immune to the fate of American after American in Beirut. They have allowed themselves to become pawns. The usefulness of such pawns was clear when all of the hostages' wives were being interviewed on TV this week. They all want one thing: their husbands back.

WSJ-David Bar-Illan "A Blockade of Iran" It is now clear that the headquarters of Mideast terrorists are not in some basement in Lebanon but in the cabinet rooms of the governments of Iran, Syria and Libya. This should put to rest the myth that Mideast terrorism is perpetuated by fanatics whose elusiveness makes countermeasures impossible. The raid on Libya has shown that a limited proportional response can be effective in putting a terrorist state on the defensive. Iran could be made to release the hostages by credibly threatening to make the price of terrorism too high. The US will probably have to go it alone. The most effective action would be a naval blockade. This would be an easy task for the US Navy. It would bring Iran's economy to a virtual standstill after a few months and cause the collapse of its war effort.

Press Reports

Israel May Swap for Soldiers

ND-combined-The Israeli Gov't dismissed reports of a secret deal to swap Arab prisoners for foreign hostages. But it left open the possibility of negotiating an exchange for Israeli soldiers, seven of whom are listed as captured or missing in Lebanon since 1982.

NYT-Reuters-Berri said in Damascus that he would consider seeking Red Cross aid to arrange the details of a hostage release if success appeared possible in his efforts to arrange an exchange of the hostages for 400 Arab prisoners. Berri spoke in an interview with CNN. He promised to free the captive Israeli airman for the prisoners if Islamic Holy War for the Liberation of Palestine releases the 4 professors.

Israelis Raid Southern Lebanon

NYT-special-Israeli planes attacked what were described as guerrilla targets near Sidon. A Military spokesman said the sites were used for planning and launching attacks against Israel. Lebanese police sources said 2 people were killed and 7 were wounded.

Syrian Army Raids Palestinian Group

NYT-Hijazi-Troops in Damascus stormed the office of a Marxist Palestinian group and arrested one of its leaders in another sign of the growing split between Syria and the PLO. Beirut radio stations reported. In the streets of Beirut, Moslem fundamentalists of the pro-Iranian Party of God fought running battles with Lebanese and Syrian troops. At two besieged refugee camps

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Syrian-backed Shiite Moslem militiamen again refused to allow food to reach residents. More fighting broke out between the Palestinians and the Shiites. (ND-Photo. "A hungry Palestinian girl with her mother and grandmother eats bread at Druse militia camp in Beirut.")

US Courting Arabs

NYT-Shipler-In an effort to repair damage done by the Iran arms deal in the Arab world, the Reagan Administration has proposed n arms sales and begun some subtle diploamtic maneuvering in the region. But early indications suggest that the steps may be sufficient only to raise Israeli objections and insufficient to mollify the Arabs. On the diplomatic front, Shultz sent Shamir a cable on the International Conference. Although Shultz has doubts about the value of such a conference, a State Dept. official explained, he wanted to send a clear message to Hussein, who favors such a gathering. But some Arabs see it as an empty-gesture, arguing that a conference attended by the Soviet Union would have to have some negotiating power and serve more than what the US wishes--a ceremonial prelude to direct, two-party talks.

Shamir Expresses Worry

NYT-special-Shamir said he's concerned that a sense of guilt is growing in Washington and causing the Reagan administration to "compensate" Arab countries with fresh arms sales. He said that he would counsel Reagan against suffering guilt feelings over the sale of arms to Iran when he visits the US next week.

Bush on Iran Arms Deal

WSJ-Hume & Mayer-Bush said for the first time that he had "expressed reservations" about the Administration's arms policy to the "key players" as it unfolded. Breaking with his longstanding policy of never disagreeing with Reagan or describing his own advise, Bush said he was "deeply troubled" by evidence that the US may have violated its own policy. (all papers)

Iran Says McFarlane Offered to Trade Hostagse

ND-combined-The Speaker of the Iranian Parliament says McFarlane offered to trade himself for American hostages in Lebanon. Iran rejected the suggestion because, according to Rafsanjani, "we are not hostage takers. This is not the way our government behaves."

Network of Ex-Officers Tied to Iran-Contra Affair

WSJ-Rogers-The network of former military officers involved in the Iran-Contra affair has played a role in clandestine operations going far beyond shipping arms to contras. Operating as contractors to the US gov't, the officers have served as middlemen, facilitating arms transfers and providing aircraft for separate secret activities sanctioned by the CIA and Defense Dept.

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UN Report Estimates Iran Executed 7000

NYT-Netter-A UN report estimates that 7000 people, most of them opposed to Khomeini's Gov't were executed in Iran after the ouster of the Shah in 1979. It charged that torture and summary executions remained widespread. The report was prepared by a special envoy appointed by the UN Commission on Human Rights and said that the figure of executions could be "much higher."

King Fahd's Palace

NYT-Kilborn-(Riyadh) Even though the oil slump has forced unfamiliar economic restraints on Saudi Arabia, the building of palaces continues, and the new main home of King Fahd is worth noting. In a departure from past practice, this palace will go to the state and future kings.

Russians Rough Up Protesters

NYT-Keller p. 1 (Photo of woman being pushed by plainclothesmen) Demonstrators protesting on behalf of an imprisoned Jewish dissident were shoved and punched by plainclothed policemen in the roughest crackdown on dissent in Moscow in years. It was the 4th day of protests for the release of Iosif Begun, who was imprisoned for what the Gov't calls anti-Soviet writings about the situation of Jews in the country. Officials said Begun had been excluded from the current release of dissidents because he refused to sign a required statement renouncing future illegal activity. An American, who refused to be identified, said that he had brought up the Begun case with a top Soviet official. The official replied that they had planned to release him, but that the public protests had forced them to postpone the release for fear they would be seen as giving in to pressure. Passers-by shouted anti-Semitic slogans at the protesters, who included Jews who have been denied permission to emigrate. The incident was violent. Witnesses said that one woman was dragged 20 yards and an elderly man was punched. Several demonstrators and western reporters were struck with rabbit punches to the kidneys. (see NYT-on Begun "A Defiant Man")

Jewish Center Names 74 as Suspected Nazis

NYT-AP-The Simon Wiesenthal Center said it had turned over the names of 74 people suspected of being Nazi war criminals who came to the US after serving in German military units that murdered thousands of Jews. (NYP-Flick & Standora "Nazi Monsters in NY")

DN-UPI-Whit House aide Pat Buchanan asked Messe to block the deportation of an accused Nazi war criminal to the Soviet Union, where he faces the death penalty. Revelations of the appeal to Messe, on White House stationery, came as Jewish groups stepped up pressure on Messe to deport Karl Linas of Long Island. The final decision now lies with Messe. Brooklyn DA Liz Holtzman called Bucanan's intervention "outrageous and improper."

Media Notes

WSJ-Barnes-ABC has emerged from a year of tumult richer, trimmer and more stable. But the broadcasting and publishing concern remains saddled with a 3rd place TV network that has yet to show any signs of revival.

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נפגשנו היום, פזנר והח"מ, עם מרלין פיצוטר דובר הבית הלבן.
בפגישה נכח גם דן הווארד, סגנו של הדובר לענייני מדיניות חוץ.

בהתייחסו לבקור רה"מ אמר פיצוטר כי הם מתכוונים לנצל את בקורו של

to reaffirm publicly the close relationship

רה"מ

and the friendship בין שתי המדינות.

יולי
יוסי גל

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רה"מ 3
פזנר 4
פזנר/ג 1
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