



THE JACOB RADER MARCUS CENTER OF THE
AMERICAN JEWISH ARCHIVES

MS-763: Rabbi Herbert A. Friedman Collection, 1930-2004.

Series H: United Jewish Appeal, 1945-1995.

Subseries 4: Administrative Files, 1945-1994.

Box
38

Folder
8

Campaign. Planning documents. Budget. 1970.

For more information on this collection, please see the finding aid on the
American Jewish Archives website.

(1)

Dear John -

You are by now undoubtedly aware of the huge responsibility which the WFA has undertaken. And I am sure you are also aware of the magnificently positive response ~~is~~ taking place day by day, as community after community is being visited and asked to accept its fair share of this unprecedented ~~target of \$500 million.~~ ^{target of \$500 million.} ~~goal.~~ Some communities have undertaken to raise three times as much in 1971 as they did this year.

What has triggered off ~~is~~ such a swift and affirmative reaction? I really believe it is because our present-day Jewish leadership ^{is} ~~has~~ matured ^{enough to} ~~to the point~~ that it can recognize a moment of danger and opportunity. ~~Israel is~~ ~~in~~ ~~trouble~~ ~~through economic~~ Israel is in trouble. We recognize it. ~~We shall exert ourselves to~~ ~~whatever extent~~ we also know what can be done to mitigate that trouble. We shall do it.

~~Much of the~~

Let me give you a short review of the

just 45 days, so that you can know how the
 events unfolded. Six weeks ago I was ^{suddenly} called
 to Israel ~~to consult with~~ ~~Mr. Meir and others~~ on
 a new situation: American willingness to sell
 Israel ^{new} arms, ~~based upon the President's understand~~
 President Nixon had come to the conclusion that the
 Russian intervention with missiles, tanks and pilots
 was ~~serious~~ ^{threatening} enough to warrant new sales to
 re-establish the balance. Hundreds of millions of
 dollars of planes, tanks, anti aircraft missiles, and electronic
 equipment was being approved.

At the same time, almost by coincidence,
 Mr. Pinnes, in preparing for the re-organization meeting
 of the Jewish Agency due to take place in August,
 had drawn up a list of the necessary health,
 education, welfare, immigration, housing and other
 services required - and that list totalled over
 \$600 million.

It was perfectly obvious that Israel
 had to take advantage of the new opportunity to

protect its survival and it was equally obvious that the "home front" civilian services would have to be ~~then~~ assumed totally by us, instead of partially. ~~Because~~ A supplementary defense budget of more than \$300 million was quickly sought and approved by the President in ~~July~~ August. This resulted in the following facts:

1. Defense budget for 1970 ^{the} ~~would be~~ ^{became} \$1.45 billion out of a total budget of \$3.15 - ^{more than} _{45%}
3. This defense budget ^{came to} ~~would~~ represent ^{almost} ~~roughly~~ _{30%} of the entire GNP
2. This defense budget consumed ^{almost} _{90%} of total tax revenue - \$1.45 billion out of \$1.65

These are staggering numbers and indicate clearly that Israel had ~~it~~ reached the limit of its ability to do any more than handle the defense burden plus the service charge on its debt, which ~~was~~ ^{was} constantly increasing.

Mr. Sam Rothberg, of the Small Bond Organization, who came over for the consultations when I did, and Mr. Max Fisher, president of the CJFEF, ^{with} whom I ~~could~~ discussed all this by ~~trans~~ transoceanic telephone several times, came to the identical conclusion that the American Jewish community must be called upon to bear this load which was its traditional responsibility anyway.

In these preliminary meetings in Jerusalem we tentatively agreed to divide the burden as follows: \$400 million from USA in the U.S. and \$200 from Keren Hayesod, in the rest of the world - which would take care of ~~the~~ the Jewish Agency ^{philanthropic} budget of \$600 ~~which Mr. Pines was preparing~~; and \$400 from the ~~Small~~ Bond organization to enable the development budget of Israel to proceed with industrial expansion to earn more dollars. This would mean

~~at retirement~~

a world-wide total Jewish response ^{for 1971} in both areas, ~~two~~ free dollars and Bond dollars, of one billion.

I said that I would have to return to the United States to consult colleagues and communities. A meeting of USA offices was ~~held~~^{called} in N.Y. on July — and a meeting of executive directors of communities was held in Los Angeles on July — Both meetings, quickly grasping the facts, approved the ~~prop~~ proposals discussed in Jerusalem a few days earlier.

Two groups of community leaders, comprising more than 120 individuals from 40 cities, then visited Israel, at the personal invitation of the Prime Minister, at the end of August. Their purpose was to ascertain this new set of facts at first hand for themselves. For a few days, they met with ~~the~~ Mrs. Herz, Mr. Eban, Mr. Dayan, Mr. Sapir, Mr. Pinnes, Ben. Ben-Zur and many others. The cease fire gave a wonderful opportunity to go all the way to the Suez Canal itself, by helicopter, to grasp that situation visually. ^{During their visit} these ~~men~~^{leaders} became passionately convinced of the necessity of ~~it~~ for massive action on our part, by American Jews.

Since their return,
 they are speaking in their communities
 and they spoke on Sept — at a large
 meeting convened by the CJFUF to discuss
 this whole subject. It was the unanimous
 sense of that meeting that a campaign in
 the dimension of \$500 million was required for
 1971, to meet Israel's needs plus the
 necessary local and national sources supported
 by the Welfare Funds & Federations. Men after
 men spoke for it. And in city after
 city, where ghetto-acceptance meetings are ^{now} taking
 place night after night, men are standing and
 saying that assumption of responsibility in
 general terms ^{in the community} must be translated into ^{specific} personal
 terms of an individual's gift.

That brings me to the point of
 addressing you, personally, as a member of the
 National Executive Committee of the UJA. You
 know perfectly well that the role of
 leadership is both arduous and expensive.

You ^{have been} ~~are~~ willing to do the most work and make the best contribution, relatively speaking. If this has been true up to now, it ^{must} ~~is~~ ^{become} doubly true now that such unprecedented sums are required. Exactly when everyone else's ~~power~~ ^{nerve} might falter for a moment, because the task might seem impossible, the true leader must be at his strongest and most self-confident and work the hardest and give the most, thus displaying a posture of faith and conviction that the ~~task~~ ^{goal} is indeed attainable. Leadership is the most precious when ~~it~~ ^{is} manifested at the beginning of a difficult operation.

We are having a meeting of the Executive Committee on October 5. It is our hope that as many members as possible will be ready to announce their own 1971 gifts at that meeting. Such early action on our part will spur the nation to swifter and higher response.

we will set the pace for the National Study Mission, which will leave for Israel about shortly thereafter, 500 persons strong. If we make the right level gifts, the members of the Study Mission will have an example to follow. ~~Good Post~~

It is hard to know what level to ~~ask~~ ask you for. As I said before, you are ~~now~~ already among the most generous men in the country. Some of you may not be able to double your gifts. Some may be able to do more, ^{and should.} ~~everyone will do his very best of this I am sure, and we shall be grateful.~~ Some men will undoubtedly have to dip into capital. Some may already be doing so, and will have to dig further, if possible. I am sure everyone will do his best, for there is a bond of camaraderie between us which motivates us to achieve the highest.

Insert →
(over)

We are intimately engaged in

④

This struggle of the people of Israel for survival; for
we too are the children of Israel, in the same
mythical sense. This is a moment to
help buy protection, and if through very strong, to
walk toward peace. Please understand
with your head and your heart. Please
struggle as ~~is~~ all of us are to ~~make~~
~~reach~~ a decision before ^{the} October 5 meeting. Please
reach for the stars.

Sincerely,

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~~There are already gifts~~

Already several 7-figure gifts have been decided (and some are ~~double~~^{triple} the ~~year~~ previous amount).

Already several 6-figure gifts have been recorded, also double and triple the year before. The leadership is performing with fantastic emotion and responsibility.



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Sincerely,

continued -

September 17, 1970

We are having a meeting of the National Executive Committee on October 5. It is our hope that as many members as possible will be ready to announce their own 1971 gift at that meeting. Such early action on our part will spur the nation to swift and higher response. We will set the pace for the National Study Mission which will leave for Israel shortly thereafter 500 persons strong. If we make the correct response, the members of the Study Mission will have an example to follow.

It is hard to know what each person should give. This is really a matter for each to determine subjectively. You are already among the most generous in the country. Some of you may not be able to double your gift, some may be struggling with your present gift, but some may be able to even more than double and should. We will have to dip into capital, but can anyone question a higher purpose or motivation than a capital investment in human life, because frankly that is what we are talking about -- that is the object of our concern -- people, human beings who are Jews and for whom there is no other source of help but fellow Jews. I am sure that everyone will do his best. Already several seven-figure gifts have been announced and some are twice the previous amount, several six-figure gifts have been recorded double and triple the year before. Our leadership is responding with fantastic emotion and responsibility.

We are intimately engaged in the struggle of the people of Israel for survival. It is no less our struggle for survival. Survival means sacrifice. This is the moment to help. This is the moment when each of us must wrestle with our hearts, our minds, our souls and if we do that, there can be no question of the outcome. Each of you will do his utmost. This is all that we ask. I look forward to seeing you on October 5.

Sincerely,

signed

EDWARD GINSBERG

EG:MS

Irving Bernstein

September 2, 1970

TO: HAF

Attached, for your attention, is a column from the August 30 New York Times.

Herb Rose was upset with Pincus' statement underlined at the bottom of the column which seems to indicate that UIA had no control of monies previously spent.

IB:SS



NY Times
8/31/70
8 L+

DRIVE FOR BILLION PRESSED IN ISRAEL

Cash for Nondefense Items
Sought From World Jews

By PETER GROSE

Special to The New York Times

JERUSALEM, Aug. 29—Plans for Israel's forthcoming appeal to the world's Jews for \$1-billion next year for non-defense needs of the country were outlined this week at a meeting of the newly reorganized Jewish Agency.

The agency has severed its ties with the World Zionist Organization and has become an independent body in which foreign fund-raising executives share an equal role with Zionist leaders.

President Zalman Shazar, Premier Golda Meir and other leaders attended a ceremony Thursday night to mark this new relationship between the Jews of Israel and those of other countries.

Though the foreign contributions are to be earmarked for health, education and social-welfare projects, it is Israel's soaring defense costs that have prompted the new appeal for more than double the amount sought in any previous year.

Most Goes for Defense

Finance Minister Pinhas Sapir reported that at present 85 per cent of the taxes paid by Israelis were used for defense purposes. Somebody has to absorb the cost of the social services that the Israeli Government can no longer afford, he said.

Since Israel was founded in 1948, Jews in other parts of the world have underwritten the costs of absorbing immigrants into Israel, on the ground that access to Israel was a service to all Jews and the costs should not have to be borne entirely by those who have already settled here.

Over the years, however, foreign contributions are said to have never amounted to more than 60 or 70 per cent of the costs of absorbing immigrants. The Israeli Government has made up the difference from tax revenues.

For the coming year, when the defense budget will be \$1.43-billion, four times what it was in 1966, Israel is asking Jews abroad to absorb the entire cost of the services they undertook to support.

When the Jewish Agency was founded in 1929, it was designed as the executive arm of the World Zionist Organization in the British mandated state of Palestine.

More Influential Body

After the formation of Israel, the Jewish Agency became a considerably more influential body than the World Zionist Organization, carrying out the practical functions of absorbing immigrants into the new state.

In recent years the large fund-raising organizations, principally in the United States, have been the mainstay of the agency, yet had no direct voice in its management.

Immediately after the six-day war in 1967, the agency's chairman, Ayre Pincus, opened discussions with Jewish leaders abroad—both active Zionists and those who supported Israel but stayed aloof from the Zionist movement—toward a reorganization that would take account of the changed relationships.

"We are now giving the Diaspora a much greater opportunity of being involved in our problems at the decision-making level," Mr. Pincus said this week, adding, "Previously the fund-raising organizations just collected the money and sent it to the Jewish Agency to spend. Now, in the fixing of our budget and the fixing of our priorities, we will be taking into counsel with us our partners who will be the persons responsible for producing the money."

WORKING REQUIREMENTS for \$500 m. CAMPAIGN

1. Israel Government decision, concerning magnitude, with reference to request for long-term credits.
2. Visit to Nixon by American group to inform him of scope of campaign.
3. Co-ordination with Bond Organization - closest cooperation needed.
4. Agreement with CJFWF, including visits to communities to accept quotas .
5. Cooperation from top Israelis to come to US as often as required.
6. Cooperation from top Israelis for all special projects which will be created.
7. Provide a cover for the \$500 m.
8. Eliminate all other Israeli campaigns in the US
9. Use concept of total world-wide Jewish responsibility - i.e., \$500 m. free money US; \$300 m. bonds; \$200 m. free money rest of world; and biggest share of all, additional \$1 Bill. from Israeli Jews.
10. No other plans or schemes to be introduced during this period.
11. Meeting on 30 June 1971, to review where we stand, and plan additional steps, such as large-scale borrowing, on credit of UJA, if required.

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RANDOM THOUGHTS AND PLANS

utilization of Aug 29 -
presence of psycholists
in Israel to be sold

1. Meeting of EXECOM UJA to ratify this campaign; Sept. 8 or 9
2. Sell/ exec. dir. at Los Angeles and Coronado, ³⁰ 28 July - 3 Aug. ^{NY} 4 Aug
3. Sell at CJFWF, and then visit top 21 communities 14-25 Sept. with top-rated Israeli delegation (Pincus plus Elazar) + HAF or EG Michel
4. Saturate New York. Whole different campaign must be planned - mass approach (TV spots, car cards, billboards, etc.); rabbis; trades (with quotas, priming meetings, etc.) Riklis as sole chairman.
5. Retain fund-raising lunch and dinner 10 Dec. Eliminate Conference 11-12. Introduce closed-circuit program - possibly evening 10th - using setting of fund-raising as background (let them see it all over country and get impact). Program should be GM, MD, some films from Israel, EG, MS and MMF.
6. Push Operation Israel to limit - set up greatly enlarged professional staff (plus guides), and permanent lay leader structure to handle.
7. Bring small selected groups to GM every week - or as frequently as possible.
8. Bring Israelis for residence in communities to help with daily solicitations and parlor meetings. People selected (50) must be briefed intensively.
9. Build much bigger staff - take over some from other campaigns which will be frozen.
10. Negotiate to take over staff management in Los Angeles and Chicago. ^(Elzeret in LA - over weekend 1 Aug)
11. Build large (\$50m) non-Jewish campaign.
12. Bring top-level Israelis to US very frequently.
13. Eliminate capital fund campaigns in US.

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HERBERT A. FRIEDMAN

Background Material & Notes
for Quota-setting Meetings held
during Sept. 1970
for 1971 campaign



HERBERT A. FRIEDMAN

General speaks first

1. Escalation due to Russian intervention, since Jan. 70
2. Israeli response to Russia - 79 days of steady bombing.
3. Dangers of continued Russian building during cease-fire which alters Israeli strategic position.

Civilian speaks next

1. Cease-fire was accepted on basis of genuine desire for peace, plus assurance of American continuous flow of supplies.
2. Financial cost of flow of supplies.
3. Cost of civilian sources as well.

American speaks last

1. Fill-in on Golda's request for 1 billion - "Can Jews afford to pay for this war until peace comes. - and her invitation to 40 top cities.
2. Asks for the quota - and explains the ⁴⁰⁰⁻⁵⁰⁰ ~~background~~
3. Urges attendance at ^{local} telecast, where applicable, or come to N.Y., to hear Golda's personal report. Solidarity of U.S. Jews behind Israel.

THE HUMAN CONSEQUENCES OF THE "FREEZE ON ISRAEL'S
HEALTH, EDUCATION AND WELFARE SERVICES

Since the Six-Day War, because of the constant increase in Israel's defence burdens, there has been a virtual freeze on Israel's health, education and welfare services. Israel could not think in terms of augmenting its facilities and programs even to the extent of keeping up with immigration needs and natural increase in population, let alone improving the quality of its resources.

Some examples:

HOUSING -- 165,000 families - 25% of Israel's Jewish families and a larger percentage of the population -- live in sub-standard, often slum, housing.

-- 6,500 young couples are still waiting for apartments in public housing, and the number is increasing at the rate of 200-300 per month.

-- Some 200,000 families live in conditions of 2 persons per room; of these 66,000 families live 3 to a room.

-- With today's financial resources, Israel is hard put to keep up just with the demands of immigrant housing. Slum clearance, making present apartments bigger, housing for young people coming back from military service -- these must all remain low on the priority list.

AGRICULTURAL SETTLEMENT -- Annual income per rural family runs about 20% below urban families, and keep in mind that rural families are bigger.

-- The hill and border settlements, so important to Israel's security, are earning 40% less per family than urban families. For example, in Avivim the Lebanese border (remember the school bus demolished by terrorists?), the average income per family is not even \$1,300 per year, less than half the national average income!

-- What is needed is substantial investment in industries suitable for the rural sector, and particularly for the hill and border settlements. But the freeze is on....

HIGHER EDUCATION -- The culturally disadvantaged sector of Israel's Jewish population, those from the Moslem countries, represents 60% of the primary school population but only 12% of the university population. Part of the problem is failure to qualify (see GENERAL EDUCATION below), part of it is that many just can't afford it.

-- It is estimated that the universities had to turn away some 6,000 qualified applicants for admission this past year. Not enough facilities, faculties.

But we have frozen university expansion

GENERAL EDUCATION -- To bridge the cultural gap between the Oriental and Ashkenazi communities, Israel instituted, from the very beginning of its Statehood, special programs at various levels of schooling. The programs work, but

-- While 56,000 children are receiving pre-kindergarten training (something like Operation Headstart) at least 12,000 children who need it don't get it.

-- The "long school day" program (extra classes for those who need them) takes care of about 2/3 the primary school children who need them.

-- 134,000 children are currently enrolled in secondary schools, and half of them require total scholarships (about \$300 per year). But more children are and will be entering high school, because of natural increase and immigration and the extension of compulsory education to the tenth grade.

And the Ministry of Education, like all other ministries except Defence, has had to cut its budget ...

SOCIAL WELFARE -- 68,000 persons in 17,500 family units are receiving welfare allowances. These are the unemployables and persons with marginal skills. The average allowance per person is just over \$10 per month.

-- Some 30,000 elderly persons not eligible for Israel's National Insurance (Social Security) receive allowances averaging \$32 per month for single persons, \$50 per month for couples.

These levels are frozen

HEALTH SERVICES -- Optimum hospital occupancy is about 85%. In Israel we're running 135% in general hospitals, 117% in mental hospitals. - That means overcrowded wards and beds in the corridor.

-- Israel should be building and replacing at least 1,200 beds per year for the next ten years.

But hospital building in the public sector is frozen. Besides, if we had the beds, operating budgets are frozen, in some instances cut

Which brings us to Israel's own financial capacity to do something about all this. So let's look at:

INCOME AND POVERTY: Taking \$100 per month as a poverty level for a family of four, about 14% of Israel's families, representing 20% of the Jewish population, live below the poverty line.

-- With the new taxes and defence loans, the net incomes of Israel's families today put an even larger percentage below the poverty line.



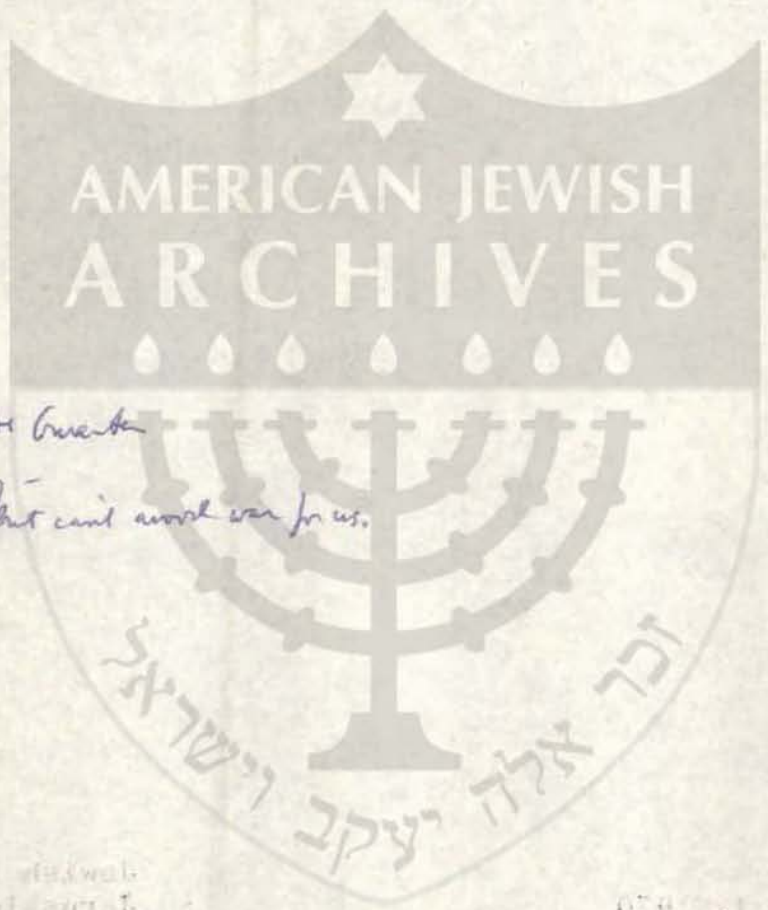
September 1, 1970

Jewish Agency,
Jerusalem.

Which brings us to Israel's...
...to Israel's...

FROM THE...
...of Israel's...
...the...
...the...

...the...
...the...
...the...



1950 - This is the...
Don't depend on anybody -
...good friend but can't... for us.

...
...

...

FACT SHEET - BASIC PRESENTATION

Confidential

Not for distribution in any form.
For your use only.

- I. RUSSIAN PRESENCE, in arms and men, on operational duties, as well as advisory, has increased since Jan. 1970, to point where Pres. Nixon said in June that Middle East was a greater danger to world peace than Southeast Asia.
- 1) Russian arms supplied to Egypt since Six Day War total :
 - \$ 580 million, given for nothing, as replacement for destroyed material
 - \$1000 million, sold on ten years credit, 2 years grace, 2% interest, at 1/3 cut priceTotal \$1 billion, 580 million.
 - 2) Russian men - nobody really knows any longer, but with full MIG operational squadrons, SA-2 and SA-3 missile sites, radar installations, plus all previously known advisers, there are probably 10-15,000 Russians in Egypt.
 - 3) Russian missiles
 - a) The Russians have become deeply involved in Egyptian air defense. By end of June, they had brought 12 to 15 SA-2 batteries (6 launchers each) plus 3 to 5 SA-3 batteries (4 launchers each-with 2 missiles to each launcher) into area close to Canal. They had also brought fighter squadrons to airfields close to Canal.
 - b) The Russians are not " a little pregnant". Once they took a decision to enter air defense, they must go all the way, including sending their pilots up to intercept. They make one move after another very gradually. Slowly they will move forward with missiles, and when there are no more Israeli planes over the Canal, they will move artillery forward and hammer Israeli ground defenses, make it hard to rebuild, cause many casualties, and finally try to cross. Even to take only a few kilometres on east bank would be worthwhile for them.
 - c) Israel has some electronic and other defenses against the SA-2, but there is thus far no adequate defence against the SA-3. Several Phantoms have been lost to these missiles. Each missile costs approx. \$100,000 and the Russians have fired as many as 60 on one day - or \$6 million worth. It is a wonder

that not more Israeli aircraft have been lost.

- d) The missile sites are interspersed-SA.2 and SA.3 covering each other - in a zone approximately 20 miles west of the Canal. Were these sites to be moved forward to the Canal itself, Israel would be in great danger, forced in effect back from the Canal. Cross-Canal landings would then be possible. It is obvious that these sites must be removed or destroyed at any cost, by any means.

II. ARAB MILITARY BUILD-UP

- 1) On Egyptian front, Israel is out manned 12:1, and out gunned 24:1.
- 2) The Iraqis have two divisions and 400 tanks in Jordan.
- 3) Syria keeps 100,000 men in the short line between Kuneitra and Damascus (approx. 40 miles), plus 1000 tanks, which was the size of the entire Egyptian force in the Sinai desert threatening Israel in May 1967.
- 4) Enemy aircraft - fighters only (figures for bombers and other aircraft not given here).

	<u>at end of Six Day War</u>	<u>Today</u>
Egypt	50	550
Syria	45	260
Jordan	0	40
	<u>95</u>	<u>850</u>

	<u>at end of Six Day War</u>	<u>Today</u>
Egypt	300	1600
Syria	350	1000
Jordan	100	450
	<u>750</u>	<u>3050</u>

III. ISRAELI DEFENSE

1. The defense budget for 1967 (year of actual war) was IL 1.25 billion (approx. \$360 million). The defense budget for 1970 started at IL 3.8 billion and will probably finish at IL 5 billion (approx. \$1,440 million) - or 4 times as much as the year of the Six Day War.

2) Development of the defense budget :

<u>Year</u>	<u>Defence budget (current prices)</u>		<u>Defence budget as % of GNP</u>	<u>Defence budget as % of total Governmental budget</u>
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4) The causes of the rise in defence expenditures are:

a) The rapid build up of Arab forces as demonstrated in the following table.

	<u>Prior to 6 day war</u>	<u>At present</u>	<u>Expected in Feb. 1972</u>
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<u>Fiscal Year</u>	<u>Total</u>	
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- c) The rising cost of weapon system as illustrated below:

<u>Tanks</u>	<u>IL</u>	<u>\$</u>
Shermans	250,000	= 70,000 approx.
Centurion	500,000	= 140,000 approx.
Modern tank	1,000,000	= 280,000 approx.

Aircraft

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Mirage	1.3 " "
Phantom	3.7 " "

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- a) on March 1970 Soviet pilots started operational flights in Egypt. The Egyptian army, encouraged by this development, stepped up its ground activities. To meet the new threat several measures were undertaken. These included heavier bombing and shelling of Egyptian positions, strengthening of Israeli fortifications and the improvement of warning systems. Additional expenditures of 300 million IL (almost \$100 million) were required.
- b) In June, the Egyptians and the Soviets moved forward their anti-aircraft missiles, and other troops. The direct Soviet involvement forced Israel to speed up the military preparations, that is, to increase the procurement of aircraft, anti aircraft missiles, ammunition, armour, electronic equipment etc.

The total cost of the increase in equipment and supply is about \$625 million, of which about \$250 million are payable in the current fiscal year.

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Since the Arabs are arming very rapidly, and since hostilities may break out at the end of the cease-fire period(and even before) Israel must prepare for this contingency.

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7. The present budget calls for the purchase in 1970 of approximately \$500 million worth of arms and supplies.
8. Additional arms can be, and will be purchased, during the balance of fiscal 1970 and 1971, for approximately \$625 million. This will include Phantom and Skyhawk planes, tanks, heavy guns, troop carriers, anti-aircraft, hawk batteries, and other equipment. This fact is of crucial importance. The cease fire does not affect the delivery of these weapons, although exact timetable of delivery may vary depending on circumstances. Israel will get this equipment and that is the basic reason for this sharp cost increase.
9. These arms must be paid for. Some long-term credits are available but not for very large amounts. The limits of Congressional authorizations are being researched carefully to ascertain the maximum credits possible, but even if these were to be granted, it is estimated that the total would not go much beyond \$200 million. In this connection it must always be remembered that Israel's foreign currency debt, which is a heavy mortgage on the next generation, is already in the vicinity of \$2.5 billion.

10. Since it is usually difficult to buy abroad, Israel must increasingly develop its own ability to produce. Before the six day war, military goods and services were bought in Israel for 11400 million (\$130 million). Today Ministry of Defence is buying annually 11.25 billion (\$360 million) and in next few years will reach 112.0 billion (\$570 million). But this requires a huge infrastructure which means tremendous capital investment.

IV. FINANCIAL FACTS

1. It is now estimated, after revisions made since the beginning of the fiscal year in April, that the Israel Government budget for the fiscal 1970/71 will look as follows:

		<u>1970/71</u>		
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		(11 Billion)	(11 Billion)	
	Defence	5.-	5.7	Tax revenue
Welfare	Services	1.7	3.5	Internal loans (mainly from bonds bought by Israeli public and banks).
Economic services (development)		1.6	1.8	External loans (from banks and institutions outside Israel)
Other services debt service		.8 <u>1.9</u>	<u>11.0</u>	
		11.0	11.0	

2. Defence costs will consume almost 90% of tax revenue.
3. The economy keeps growing, the people of Israel keep paying more taxes, buying more Government bonds, subscribing to more compulsory loans, and yet the defence costs mount in such tremendous volume as to consume almost 90% of the entire tax income and almost one third of the entire GNP. No country in the world bears such a burden. In American equivalent terms, the GNP is around \$900 billion, and the defence cost is around \$80 billion, or less than 10%. Imagine the effect in the United States if the defence cost were 30%, or well over \$300 billion.

4. Israel has today more than 20% of its entire labor force in uniform, and in the defence industries. It is obvious what a destructive effect this has on the total economy.
5. Another way to look at the terrible burden of defence is in terms of the balance of payments. For fiscal 1970, it is estimated that the gap between imports and exports will be \$1 billion 200 million. Of this amount \$760 million will be directly attributable to defence purchases.

	<u>Balance of payments (in million \$)</u>				
	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>
TOTAL IMPORTS (of which for defence)	1,317 (159)	1,479 (324)	1,876 (347)	2,200 (425)	2,700 (760)
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RESERVES, as % of IMPORTS	(49%)	(42%)	(38%)	(30%)	(15%)

In other words, by the end of 1970, the dollar reserve will be dropping to the dangerous point of being able to cover only 1/6 or 2 months worth of imports.

6. It is interesting to note that in regard to the US-Israel balance of payments, Israel is currently spending more money in the US than it is receiving from the US in all categories. For 1970 it is estimated that Israel will spend in the US \$300 million more than Israel is receiving from the US.

V. JEWISH AGENCY NEEDS BUDGET 1971

(figures rounded-out)

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Immigration and Absorption	50,750,000
Absorption in Agricultural Settlements	42,000,000
Social Welfare services	41,000,000
Health Services	72,000,000
Employment	10,750,000
Housing	178,500,000
Youth Aliyah	7,500,000
Education	69,250,000
Higher Education	80,000,000
Debt Services	38,000,000
Administration, Comptroller, Reserves	<u>11,750,000</u>
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These figures are based upon an immigration for 1971
of 40,000 - 50,000 persons.

CONCLUSIONS

1. In fiscal 1970 Israel's defence costs will be four times as much as during the year of the six day war.
2. Even if the cease fire on the Suez Canal, is maintained, defence costs will be reduced only marginally, because of the continuation of all expenditures, and the purchase of heavy equipment from the United States. In addition, war on the other fronts also continues.
3. As one high-ranking officer put it : "If the cease-fire is to lead to peace, it will be because Israel maintains her strength. Then perhaps the Arabs will understand the futility of their war of attrition. If, on the other hand, the Israeli position deteriorates, there is no incentive for the Arabs to negotiate. Israel's strength is her trump card. If the cease fire were to lead, by some miracle, to peace, the worst we will have done is to have spent one billion dollars to insure peace. Would not that be the greatest bargain in the world ?"
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5. The UJA for 1970, in both the Emergency Fund and Regular Fund, will achieve more than 200 million in pledges, which will be a 30 million dollar increase over 1969.
6. For 1971, it will be necessary for the UJA to attempt to reach 400 million dollars, in both the regular and emergency funds. In addition there are the local and national budgets for the communities outside New York City, which will comprise almost 100 million dollars for 1971. This means that the total campaign effort must be for 500 million dollars. A tremendous effort will be made by the free Jewish communities in the world, as well. The Keren Hayesod countries will make the effort to reach 200 million dollars in 1971, which is more than double the current performance of 1970.

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 - \$580 million, given for nothing, as replacement for destroyed material
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 - Total \$1 billion, 580 million.
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- d) The missile sites are interspersed-SA.2 and SA.3 covering each other - in a zone approximately 20 miles west of the Canal. Were these sites to be moved forward to the Canal itself, Israel would be in great danger, forced in effect back from the Canal. Cross-Canal landings would then be possible. It is obvious that these sites must be removed or destroyed at any cost, by any means.

II. ARAB MILITARY BUILD-UP

- 1) On Egyptian front, Israel is out manned 12:1, and out gunned 24:1.
- 2) The Iraqis have two divisions and 400 tanks in Jordan.
- 3) Syria keeps 100,000 men in the short line between Kuneitra and Damascus (approx. 40 miles), plus 1000 tanks, which was the size of the entire Egyptian force in the Sinai desert threatening Israel in May 1967.
- 4) Enemy aircraft - fighters only (figures for bombers and other aircraft not given here).

	<u>at end of Six Day War</u>	<u>Today</u>
Egypt	50	550
Syria	45	260
Jordan	0	40
	<u>95</u>	<u>850</u>

	<u>at end of Six Day War</u>	<u>Today</u>
	<u>Tanks</u>	
Egypt	300	1600
Syria	350	1000
Jordan	100	450
	<u>750</u>	<u>3050</u>

III. ISRAELI DEFENSE

1. The defense budget for 1967 (year of actual war) was IL 1.25 billion (approx. \$360 million). The defense budget for 1970 started at IL 3.8 billion and will probably finish at IL 5 billion (approx. \$1,440 million) - or 4 times as much as the year of the Six Day War.

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25 August 1970

670

This year
additional
arms purchases

Total arms purchases
\$ 800 This year
900 next year

almost '17 for arms

1 billion additional \$
Increase in Defense

40 SA2
75 SA3
75 batteries

~~First~~

Original 1970/71

3825

First addit

300

(4 whic
\$50 m)

air bombs 149
shells 76
art. 50
warning systems 30

~~Second~~

Second addition

723

shipping list
payable in 70/71

why more money

1. plane build up
2. more front line activity

used to use 1000 bombs per day - April they we spent more on bombs than in 6-day war

arms build up not
dependent on cease-fire

It component
in local purchases

of total defense budget 4.8
3.8 is for hardware

65% of budget goes on airforce

83% of defense purchases now in US

domestic procurement in \$m

66/67

462

828

871

1024

1351

1500

1614

70/71

71/72

74/73

defense 43% of total government budget
" 26.5% of GNP

1970

deficit in balance of payments

1232

of which

810

is defense

1971

1032

678

in 3-month cease-fire - we will spend more
on road reconstruction. on bombs we will
spend less. But it won't help budget because we
will have to stockpile. 6-month. will

got all 50 Phantoms
100

120 tanks - This calendar year
equivalent next

50% guns This year
" " next "

150 troop carriers
150 next year

we asked for more planes - equivalent of Johnson
They promised, but no contracts ^{Signed} yet -
although first new planes supposed to come in Sept.
probably dragging because of Jan 7

16 Hawks } until Jan
18 Phantom }

\$ 300 regular 1/3rd
out of 625 additional 250 will be paid until
1 Apr 71, and 250 during rest fiscal year



200	1970	($\bar{IX} - \bar{XCI}$)
300	1971	
100	1972	$\bar{I} - \bar{LII}$
<u>600</u>		

What is the dollar ~~flow~~ ^{purchases} regular budget + additional

1970 510 + 250

1971 500 + 300

1) היום יש לשם כבוד נייך מאכן? היום
בן-שאר מלאו מלי, יש אפס, מרו.

2) אני מאכן לשם היום ז' או לפני בן,
3) צפיק לעצכן הוואר שולק לעצכן האפס.

4) צפיק לעצכן אר צפיקן אר סווא אמניקון
א - 300 מילון & לעצכן אר מלי שולק

5) אינני יוצר יש מאן צפיקים אפס
אם יש התקנות או התקנים אר

6) אני לא מאכן אפס אפס
אלעצכן, קאצו אפס שולק.

7) אר אפס אפס יהייה בלשניקאן
לפני גולצו (8-10 גפסאפס) אפס

8) אפס אפס אפס אפס
אפס אפס אפס אפס

~~אפס אפס אפס אפס~~
אפס אפס אפס אפס

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that not more Israeli aircraft has been lost.

- d) The missile sites are interspersed -SA.2 and SA.3 covering each other - in a zone approximately 20 miles west of the Canal. Were these sites to be moved forward to the Canal itself, Israel would be in great danger, forced in effect back from the Canal. Cross-Canal landings would then be possible. It is obvious that these sites must be removed or destroyed at any cost, by any means.

II. ARAB MILITARY BUILD-UP

- 1) On Egyptian front, Israel is out manned 12:1, and out gunned 24:1.
- 2) The Iraqis have two divisions and 400 tanks in Jordan.
- 3) Syria keeps 100,000 men in the short line between Kuneitra and Damascus (approx.40 miles), plus 1000 tanks, which was the size of the entire Egyptian force in the Sinai desert threatening Israel in May 1967 .
- 4) Enemy aircraft - fighters only (figures for bombers and other aircraft not given here).

	<u>At end of Six Day War</u>	<u>Today</u>
Egypt	50	550
Syria	45	260
Jordan	0	40
	<u>95</u>	<u>850</u>

	<u>At end of Six Day War</u>	<u>Tanks</u>	<u>Today</u>
Egypt	300		1600
Syria	350		1000
Jordan	100		450
	<u>750</u>		<u>3050</u>

III. ISRAELI DEFENSE

1. The defense budget for 1967 (year of actual war) was IL 1.25 billion (approx. \$360 million). The defense budget for 1970 started at IL3.8 billion and will probably finish at IL 5 billion (approx. \$1,440 million) - or 4 times as much as the year of the Six Day War.

2) Development of the defense budget :

<u>Year</u>	<u>Defence budget</u> (current prices)		<u>Defence budget</u> <u>as % of GNP</u>	<u>Defence budget</u> <u>as % of total</u> <u>Governmental</u> <u>budget</u>
	<u>billion</u> <u>IL</u>	<u>million</u> <u>\$</u>	<u>%</u>	<u>%</u>
1966/7	1.2	343	11	11.4
1967/8	2.0	571	16	35
1968/9	2.7	771	19	42
1969/70	3.3	971	21	40
1970/1 (original)	3.8	1086	23	40
1970/1	5	1428	30	45

3) The dollar cost and sources of direct imports for
defense were :

<u>Year</u>	<u>Total Imports</u> <u>million \$</u>	<u>Imports</u> <u>from the USA</u> <u>million \$</u>	<u>Share of</u> <u>USA</u> <u>%</u>
1967/8	200	46.8	24
1968/9	305	122.5	40
1969/70	395	269.-	68
1970/71 (original)	510	385.-	70
1970/71	735	611.-	83

4) The causes of the rise in defence expenditures are:

a) The rapid build up of Arab forces as demonstrated
in the following table.

	<u>Prior to</u> <u>6 day war</u>	<u>At present</u>	<u>Expected in</u> <u>Feb. 1972</u>
Armour	100%	170%	220%
Air Force	100%	204%	280%
Artillery	100%	121%	155%

- b) Accelerated intensification of Israeli front line activities :

<u>Fiscal Year</u>	<u>Total</u>	
	million IL	million \$
1967/8	68.1	19.5
1968/9	185.8	53
1969/70	488.2	140
1970/71	827.8	236

- c) The rising cost of weapon system as illustrated below:

<u>Tanks</u>	<u>IL</u>	<u>\$</u>
Shermans	250,000	= 70,000 approx.
Centurion	500,000	= 140,000 approx.
Modern tank	1,000,000	= 280,000 approx.

Aircraft

Ouragan	0.2 million dollars
Mirage	1.3 " "
Phantom	3.7 " "

5. Reasons for the recent additions to the defence budget:

- a) on March 1970 Soviet pilots started operational flights in Egypt. The Egyptian army, encouraged by this development, stepped up its ground activities. To meet the new threat several measures were undertaken. These included heavier bombing and shelling of Egyptian positions, strengthening of Israeli fortifications and the improvement of warning systems. Additional expenditures of 300 million IL (almost \$100 million) were required.
- b) In June, the Egyptians and the Soviets moved forward their anti-aircraft missiles, and other troops. The direct Soviet involvement forced Israel to speed up the military preparations, that is, to increase the procurement of aircraft, anti aircraft missiles, ammunition, armour, electronic equipment etc.

The total cost of the increase in equipment and supply is about \$625 million, of which about \$250 million are payable in the current fiscal year.

6. What are the possible effects of the cease-fire on defence expenditures ?

Since the Arabs are arming very rapidly, and since hostilities may break out at the end of the cease-fire period(and even before) Israel must prepare for this contingency.

It is therefore, necessary to:

- (a) strengthen fortifications
 - (b) build up inventories of air bombs, heavy and light ammunition, spare parts etc.
 - (c) in general, build up Israel's strength, so Egypt will be deterred from breaking the cease-fire again, or if she attacks, to meet the possibility of a renewed all out war.
7. The present budget calls for the purchase in 1970 of approximately \$500 million worth of arms and supplies.
8. Additional arms can be, and will be purchased, during the balance of fiscal 1970 and 1971, for approximately \$625 million. This will include Phantom and Skyhawk planes, tanks, heavy guns, troop carriers, anti-aircraft, hawk batteries, and other equipment. This fact is of crucial importance. The cease fire does not affect the delivery of these weapons, although exact timetable of delivery may vary depending on circumstances. Israel will get this equipment and that is the basic reason for this sharp cost increase.
9. These arms must be paid for. Some long-term credits are available but not for very large amounts. The limits of Congressional authorizations are being researched carefully to ascertain the maximum credits possible, but even if these were to be granted, it is estimated that the total would not go much beyond \$200 million. In this connection it must always be remembered that Israel's foreign currency debt, which is a heavy mortgage on the next generation, is already in the vicinity of \$2.5 billion.

10. Since it is usually difficult to buy abroad, Israel must increasingly develop its own ability to produce. Before the six day war, military goods and services were bought in Israel for IL400 million (\$130 million). Today Ministry of Defence is buying annually IL.25 billion(\$360 million) and in next few years will reach IL2.0 billion (\$570 million). But this requires a huge infrastructure which means tremendous capital investment.

IV. FINANCIAL FACTS

1. It is now estimated, after revisions made since the beginning of the fiscal year in April, that the Israel Government budget for the fiscal 1970/71 will look as follows:

		<u>1970/71</u>		
		<u>Expend.</u>		<u>Income</u>
		(IL Billion)		(IL Billion)
	Defence	5.-		5.7
Welfare	Services	1.7		3.5
	Economic services (development)	1.6		1.8
	Other services debt service	.8 <u>1.9</u>		<u>11.0</u>
		<u>11.0</u>		<u>11.0</u>

Tax revenue
Internal loans
(mainly from
bonds bought
by Israeli
public and
banks).

External loans
(from banks and
institutions
outside Israel)

2. Defence costs will consume almost 90% of tax revenue.
3. The economy keeps growing, the people of Israel keep paying more taxes, buying more Government bonds, subscribing to more compulsory loans, and yet the defence costs mount in such tremendous volume as to consume almost 90% of the entire tax income and almost one third of the entire GNP. No country in the world bears such a burden. In American equivalent terms, the GNP is around \$900 billion, and the defence cost is around \$80 billion, or less than 10%. Imagine the effect in the United States if the defence cost were 30%, or well over \$300 billion.

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- 4. Israel has today more than 20% of its entire labor force in uniform, and in the defence industries. It is obvious what a destructive effect this has on the total economy.
- 5. Another way to look at the terrible burden of defence is in terms of the balance of payments. For fiscal 1970, it is estimated that the gap between imports and exports will be \$1 billion 200 million. Of this amount \$760 million will be directly attributable to defence purchases.

	<u>Balance of payments (in million \$)</u>				
	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>
TOTAL IMPORTS (of which for defence)	1,317 (159)	1,479 (324)	1,876 (347)	2,200 (425)	2,700 (760)
TOTAL EXPORTS	<u>872</u>	<u>950</u>	<u>1,180</u>	<u>1,325</u>	<u>1,500</u>
DEFICIT	445	529	696	875	1,200
DOLLAR RESERVES at beginning of year	643	621	715	663	400
RESERVES, as % of IMPORTS	(49%)	(42%)	(38%)	(30%)	(15%)

In other words, by the end of 1970, the dollar reserve will be dropping to the dangerous point of being able to cover only 1/6 or 2 months worth of imports.

- 6. It is interesting to note that in regard to the US-Israel balance of payments, Israel is currently spending more money in the US than it is receiving from the US in all categories. For 1970 it is estimated that Israel will spend in the US \$300 million more than Israel is receiving from the US.

V. JEWISH AGENCY NEEDS BUDGET 1971

(figures rounded-out)

	<u>₪</u>
Immigration and Absorption	50,750,000
Absorption in Agricultural Settlements	42,000,000
Social Welfare services	41,000,000
Health Services	72,000,000
Employment	10,750,000
Housing	178,500,000
Youth Aliyah	7,500,000
Education	69,250,000
Higher Education	80,000,000
Debt Services	38,000,000
Administration, Comptroller, Reserves	<u>11,750,000</u>
	<u>₪ 601,500,000</u>

These figures are based upon an immigration for 1971
of 40,000 - 50,000 persons.

This year 380

CONCLUSIONS

1. In fiscal 1970 Israel's defence costs will be four times as much as during the year of the six day war.
2. Even if the cease fire on the Suez Canal, is maintained, defence costs will be reduced only marginally, because of the continuation of all expenditures, and the purchase of heavy equipment from the United States. In addition, war on the other fronts also continues.
3. As one high-ranking officer put it : "If the cease-fire is to lead to peace, it will be because Israel maintains her strength. Then perhaps the Arabs will understand the futility of their war of attrition. If, on the other hand, the Israeli position deteriorates, there is no incentive for the Arabs to negotiate. Israel's strength is her trump card. If the cease fire were to lead, by some miracle, to peace, the worst we will have done is to have spent one billion dollars to insure peace. Would not that be the greatest bargain in the world ?"
4. The Israeli citizen, bearing one of the heaviest tax burdens in the entire world, will produce enough revenue just barely to cover the defence costs, with almost nothing left over. As immigration continues, at an annual rate of 40,000 to 50,000, the entire responsibility for the philanthropic burden, must be met by free world Jewry, not partial response, as has been the case in the past.
5. The UJA for 1970, in both the Emergency Fund and Regular Fund, will achieve more than 200 million in pledges, which will be a 30 million dollar increase over 1969.
6. For 1971, it will be necessary for the UJA to attempt to reach 400 million dollars, in both the regular and emergency funds. In addition there are the local and national budgets for the communities outside New York City, which will comprise almost 100 million dollars for 1971. This means that the total campaign effort must be for 500 million dollars. A tremendous effort will be made by the free Jewish communities in the world, as well. The Keren Hayesod countries will make the effort to reach 200 million dollars in 1971, which is more than double the current performance of 1970.

The UJA slogan for this campaign, will be "SURVIVAL MEANS SACRIFICE".

	1970 1969	1971 1970
USA + Canada	8500	10000
Latin America	4000	4500
France	6000	7000
North Africa	4000	4000
Britain	2000	2000
Europe, other countries	2000	2000
Turkey	2500	2500
Persia	3000	3000
India	2500	2000
South Africa	1000	1000
Australia	500	500
Poland	1000	300
Russia	1500	1500
Rumania	5-6000 ?	6-16000 ?
	<hr/> 43-44500	<hr/> 46300 + 10000 ?

27 Aug 72

Huge Soviet Artillery Pieces Among Arms Sent to Egypt

By William Tuohy

CAIRO, Aug 26.—The largest artillery pieces in the Soviet arsenal have recently arrived in Egypt and are being deployed in the field.

Authoritative sources say that these are the 203-mm guns that fire an extremely powerful shell at least 20 miles.

The guns are expected to be manned by Egyptian artillerymen after training by their Russian advisers. They are not yet deployed near the Suez Canal but would presumably be moved up if the cease-fire ended.

These new weapons are among a large variety of Soviet military hardware that has been arriving in Egypt in recent days and weeks, reliable sources report.

The equipment is being moved through the port of Alexandria from Soviet ships. A few days ago, a long trainload of flat cars pulled out of Alexandria, sources say, laden with equipment for the SAM-3 low-level air defense missiles.

Included among the items were missile carriers, launchers and service machinery to maintain the complex missile system, which has been deployed in recent days on both sides of the cease-fire, standstill line, 31 miles west of the Suez Canal.

Another new weapon added to the growing list of sophisticated Russian military hardware in Egypt is the ZSU-23/4 anti-aircraft battery, which has been seen only in Poland outside the Soviet Union itself.

This four-barrelled, radar-controlled, armor-mounted weapon can fire at the extraordinary rate of 4,000 rounds a minute.

It is still manned only by Russian gunners and was designed to protect the SAM-3 low-level missiles. The SAM-3 is deployed in conjunction with the high-level, ground-to-air SAM-2 missiles.

As far as is known here, this weapon has not been deployed outside the Egyptian heartland, where it is used to guard the SAM-3 sites at Alexandria, Cairo, Aswan and the big air bases.

At the same time that Russian equipment has been flowing into Egypt, observers have noted a significant decline in the number of big cement trailer-truckers that had been diverted from normal construction jobs to military sites.

The conclusion drawn here is that most of the concrete pads for the SAM-3 missile sites have been

poured and the basic defense network is, therefore, in place.

Observers believe that the cutting edge of the Egyptian-Russian air defense system is now established and that the Soviet effort is shifting to resupply and consolidation of existing posts.

Despite the buildup of armament and the reported installation of SAM sites east of the standstill line, most senior Western observers here believe that Egypt intends to honor the cease-fire as such.

Reliable reports suggest that the total Egyptian casualties in June and July may have reached 3,000 a month. Russians were killed, too, it is known.

Because of the losses suffered by ground troops and the air force, Egyptian military leaders are believed here to be anxious to use the 90-day cease-fire period to rest, retrain and refit after the concentrated Israeli attacks of the last three months.

© Los Angeles Times



Golba - 24 Aug 70

Had any other country but U.S. proposed the
cease-fire we wouldn't have accepted it. We have a
letter from US giving us assurance

Nothing spells a hope for peace - but we'll try.

We didn't accept the cease-fire because our army couldn't
take it any longer.

We would be committing a crime if we were interested
with a hope for peace and didn't face reality. We must
be prepared for worst - outbreak of fighting again.

The trap is open

Shapira

Herzog

Rol

Peres

AMERICAN JEWISH
ARCHIVES

Leon Kadar

Personal assistant

Hillel

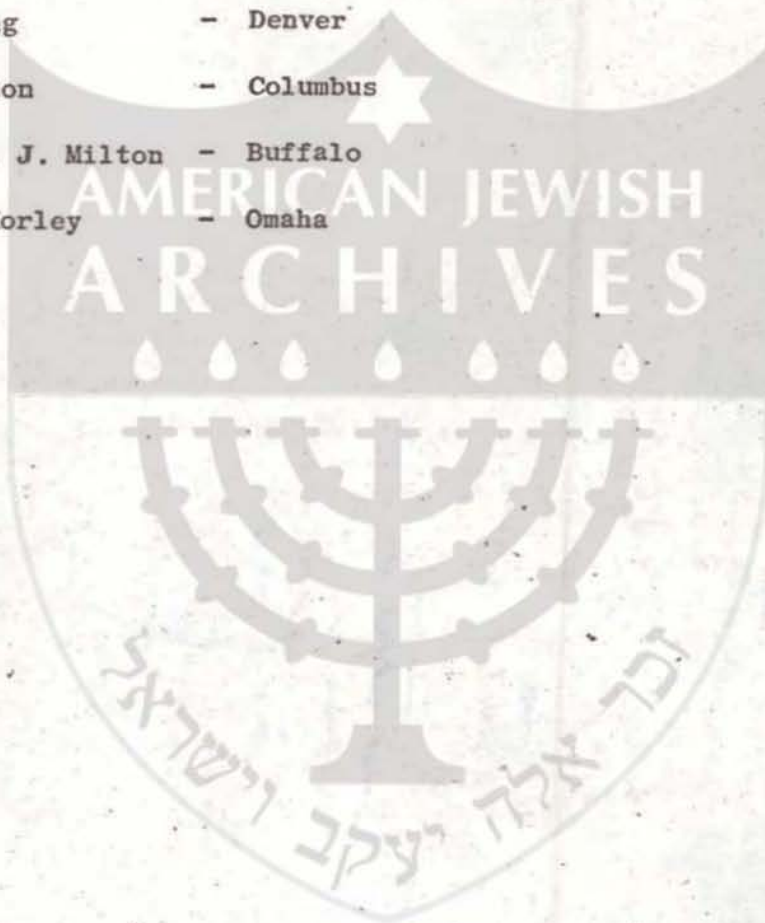
Shauff

Gift Figures in thousands

PARTICIPANTS -- FLIGHT #2

10	ABRAMS, Samuel L.	- Harrisburg	—	KOENIGSBERG, Sol	- Kansas City
—	ABZUG, Sidney	- Buffalo	12.	KROOT, Ben	- Indianapolis
95	BELZ, Jack S.	- Memphis	65.	LAPPIN, Robert	- Lynn
			12.5	LARNER, Martin J.	- Indianapolis
42.5	BERKLEY, E. Bertram	- Kansas City	80.	LATTER, Shepard M.	- New Orleans
25.	BRYEN, William	- Camden, N.J.	5.5	LEFCOE, Sanford L. Dr.	- Norfolk
			60.	LEVIN, Martin	- Newark
52.	COHEN, Lawrence	- Greensboro	30.	LEVITCH, Leon	- Louisville
19.	COLE, Lewis	- Louisville	15.	LEVITT, Herman	- Dayton
—	COLWIN, Peter B.	-	12.	LEVY, Herbert	- Memphis
			—	LIEBERMAN, Jack	- Memphis
33.	CUMMINS, Millard	- Columbus	—	MINTZER, Oscar A.	- Oakland
282.	DEGEN, Louis	- Denver			
50.	DIEFENTHAL, Stanley	- New Orleans	80.	NEWMAN, C.M.	- Omaha
60.	DOMONT, Ben	- Indianapolis	5.5	OBLETZ, Clarence	- Buffalo
—	DORNER, Albert	- Seattle			
5.	DWORSKY, Robert A.	- St. Paul	6.	PERTZIK, Marvin	- St. Paul
—	DUBIN, Bernard	- Camden, N.J.	15.	RAUCH, Gerald	- Houston
125.	EDELSTEIN, Sidney	- Englewood	21.	RIBAKOFF, Eugene J.	- Worcester
45.	FRANK, Irvin	- Tulsa			
6.	FRANKEL, Harold	- Camden	20.	ROSE, Robert	- Oakland
—	GOLDSTEIN, Albert	- Houston	24.	ROSENBERG, Malcolm M.	- Roanoke
12.5	GOODMAN, Ben	- Columbus	12.	RUBIN, Leonard Z.	- Englewood
14.	GORDON, Haskell	- Worcester	7.5	RUBIN, Robert Dr.	- Norfolk
12.	GOULD, David	- Worcester	100.	SCHEAR, Herbert	- Dayton
			80.	SCOTT, Peter	- Newark
15.	HELZEL, Leo B.	- Oakland, Calif.	40.	SEGAL, Albert	- Charlotte
25.	HOFFMAN, Robert	- Lynn	45.	SIMON, Marvin	- Norfolk
—	HURSH, Albert	- Harrisburg	20.	SIMONS, Maurice	- Lynn
27.5	ISAACSON, Max	- Dayton	10.	SMITH, Edward A.	- Kansas City
2.5	KAPLAN, Arthur Dr.	- Norfolk	200.	SOSLAND, Morton I.	- Kansas City
50.	KAPLAN, Raymond	- Englewood	20.5	STERN, Edward F., Sr.	- Seattle

95. STRELITZ, Leonard - Norfolk
12. STROUM, Samuel N. - Seattle
22. SUSSMAN, Sidney - Camden
20. TUCKER, Richard B. - Denver
50. WEINER, Sol B. - Houston
7.5 WESTON, Harris K. - Cincinnati
15. WINKLER, Edward J. - Louisville
100. WOLF, Irving - Denver
71. ZACKS, Gordon - Columbus
2.7 ZECKHAUSER, J. Milton - Buffalo
75. ZIPURSKY, Morley - Omaha



everything ramp on few
hundred aircraft,
take away that shield and there
is no armor.

we don't want to be left at home
of Russia

US-Soviet agree on:

- 1) no withdrawal without pre-arrangement
- 2) few to suffice
- 3) price limitations must be negotiated
- 4) dialogue is between people not governments
- 5) common values of freedom & for society
- 6) a Jewish community able to exercise from

US-Soviet dialogue on:

- 1) extent of registered limitations
- 2)

Soviet notified the stand-still. But
surprises us:

US agreed privately with Soviet that
withdrawals took place.

Soviet asks for

- a) removal of missiles
- b) compensatory strength

List of participants
gifts in thousands next to each name.

CLOSING STATEMENTS OF
THE HON. ABBA EBAN, FOREIGN MINISTER OF ISRAEL
AND EDWARD GINSBERG, GENERAL CHAIRMAN OF THE
THE UNITED JEWISH APPEAL
Jerusalem, August 28, 1970

Mr. Eban: In 1970 and 1971, the Arabs and Soviets are relying upon Israel's economic exhaustion. In the last four of five months, more of their literature has been devoted to the possibility of Israel's defeat by economic exhaustion than in all the three years that went before.

Their intelligence people have all the ~~fighters~~ and they make the calculations. They say to themselves: "Well, how are the Israelis going to pay for all this? If we keep up our missiles, they'll need not 50 but 75 Phantoms. They'll need not that many Skyhawks, but twice as many. They'll have to start buying all kinds of complex electronic devices and anti-missiles; they'll have to keep a large mobilized force in being. Their tanks which defeated us in Sinai are beginning to get ~~rusty~~. Well, they'll have to go to M48's or M60's or Chieftains. In all of these things, their budget will become so inflated that either their military capacity will collapse, or their economy will collapse. We have got them by the throat."

There is more optimism in the Arab world about Israel's destruction by economic exhaustion than by any other means. You would be surprised by the enormous amount of discussion in Arab publications about American Jews and about the Jewish community. I could give you, perhaps I will have to do it, articles in the Arabic press on this question of whether the American Jews are going to get tired, and how they are involved in the new isolationism and in this flight from commitment.

This is something that has been watched very closely, and it has a very direct effect upon our political position. In Washington, they take our Jewish temperature all the time. They want to know if Jewish support of Israel is going up or down. If it goes up, then the Administration has to be more favorable to Israel, and if it goes down, then they can be more neglectful.

I don't know if you understand the political and security aspects of the enterprise in which you are involved. It has now become much more central than ever before. And if they see in Washington that American Jewry is not prepared to take these big targets, then they'll say: "Well, if American Jewry, with its sentimental attachments and memories - if it is not prepared to make the major effort for Israel's survival, why should non-Jewish America make any greater effort?"

~~Just because he is not a friend of Israel I was very struck by William Fulbright's message about sentiment - that whether one likes~~

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Sket
~~it or not, there is an American sentiment about Israel, and this might create a commitment. In other words, even he has come to understand that Israel's preservation weighs upon the American conscience in a very special way. But the degree to which it weighs upon the American conscience is directly related to the degree in which it weighs upon the Jewish conscience.~~

I think the chances of being sold or of making our way depend not only upon our own political efforts and military strength, but also upon our general posture within American society, and fundamentally upon our position within the American Jewish community. The index of that position is going to be a practical one. I think that what the Administration will do about arms or about economic or political support will have a mathematical relationship to what it sees the Jewish community doing or not doing.

I leave you with that thought, and I don't want to make frightening definitions. But we have met here in different ways almost every year, but never with the sense of greater a stake for Israel. We have always talked about an Arab atmosphere. You were at the Suez Canal today. The missiles across that small waterway are not Arab missiles, and they are not activated by Arabs. In other words, if the cease-fire and the peace effort collapses, the prospect of a confrontation between Israel and the Soviet Union becomes real. And please don't believe in the inevitability of Israeli victory. I believe in it; it is a concept of history - Netzach Israel - but with all that belief, it is also useful to have a few weapons in the arsenal. And if it is the Soviet Union that is at issue, the question of whether the United States pounds its fist on the table or not is going to be vital, and this is something which you have just as much power of affecting as anybody else.

Here, without victory, there is no survival. That is the special character of our wars - ^{no} survival for life, for home or nation; no survival for anything that we love or cherish. I don't advocate a gloomy diagnosis of our situation. But the balance is utterly different from what it was before, and the prospect and danger have ^{never} been as great. I think that is a very harsh reality, and I hope that is going to be your chief impression of what you see and hear in Israel.

Mr. Ginsberg: Friends, I'd like to presume upon you for a few minutes, because I have to go home tomorrow, and I won't be with you tomorrow, and what I would normally say tomorrow night, I must say tonight.

The Foreign Minister said the Arabs are talking about economic exhaustion, and he discussed the relationship of American policy to the reaction of the American Jewish community. You are going to hear specific figures tomorrow - they are staggering. The items are available. There is an agreement to make them available. The one question is: Can it be paid for? You know, for years we used to say: "If they only sell us the arms. We are not asking to give us anything, just sell to us. Now they have put it on the line to us that they are prepared to do it. It would be a tragic moment in our history if at

Cont.

that moment we were not ready to put it on the line.

We have a great responsibility. You were brought here not to be asked for your money, but rather for your understanding. We ask that you search your minds and your hearts to come up with the answers. You are all involved, or you would not be here. You came at the invitation of the Prime Minister - to see, to learn and to apply your mature judgement to what you see and what you hear. It is not just a matter of what each individual does in terms of his own giving. That is, of course, important - but you are charged with a greater responsibility, and that is to go home and articulate to the people of America the seriousness of the situation.

We talked for many years as though there were no question of the survival of the State of Israel. We talked in terms of that survival being assured. It was only a question of what price we would have to pay for that survival. Now, however, we are faced with the reality of the situation - survival. The campaign theme this year is "Survival Means Sacrifice". Three simple words. But I think they dramatize the whole situation succinctly - "Survival Means Sacrifice". The people of Israel make sacrifices which you cannot measure. Our sacrifice is substance.

We are going to all of the communities of America, and hopefully we will articulate the problem. What I am saying to you tonight is that each of us has a grave responsibility, because we have reached a turning point in history. You have to go home, and you have to be heard, and you have to tell the communities of America what you have heard tonight and what you have seen today and yesterday. There is now a whole new dimension - we have a great stake as Jews; Jews living in America. It is as meaningful for us there that there is a Jewish State as it is meaningful for the people here.

We came together in Jerusalem last night to sign a document which said that the Jews, the non-Zionists and the Zionists (and I don't know how you differentiate today - we are all Jews), are embarked upon a new era of collective unification of Jewry. Fortunately, we have America, and I think we are a most powerful voice there. We have to make that voice heard, and the way to make it heard is by our deeds. Let's go home, and let's tell the people what has to be done. We are going to launch the greatest campaign in our history, because the stakes are the greatest in the history of our people. Thank you.

GOLDA MEIR

29.8.70

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A-1

Chairman: There will be two or three individuals who will be leaving within a matter of minutes, not because they want to but because the airplane will not wait, and that's the Dallas delegation which for some reason prefers to fly through the night—I think so that they can get back to play golf tomorrow afternoon.

Ah, that's better. Since they're starting the campaign tomorrow then we can expect a cable by about Tuesday or Wednesday with the first results! There are others who are taking planes at 4 o'clock in the morning and others at 6 in the morning so it's going to be quite a night. I think it began beautifully by this lovely garden party and there are really no words with which to thank our hostess. (applause).

There's a warmth and a personal quality about this kind of hospitality which simply cannot be matched so there is no sense in attempting to describe it. It's the kind of thrilling experience which all of us will remember.

We are graced with the presence of several ministers of the Government and I'm not sure that everyone is aware that they are here. I should like, therefore, to take cognizance of their presence and this also should make us feel just that bit more important that they came to spend the evening and have dinner with us. There are here five ministers of the Government: the Minister of Justice, Mr. Shapira; the Minister of Tourism, Mr. Kol; the Minister of Occupied Territories, Mr. Perez; the Minister of Police, Mr. Hillel, and the Minister of — I think it's Housing but I don't know since things are changing so quickly — Mr. Zev Sherif. Yes, it's Housing.

The Director General of the Prime Minister's Office is here, Dr. Yaakov Herzog, and the Political Advisor, Mr. Simcha Dinitz.

29.8.70

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A-2

To all of you, I can simply say that the rest of the guests are some Jews from some cities in America who came on very short notice at the most gracious invitation of the Prime Minister. They accepted her invitation quickly, they have worked hard in a matter of 50 or 55 hours, they've had an unbelievable itinerary and the climax of it is now at this moment.

There's no point in any introduction whatsoever except to say we are honored and thrilled to be in the presence of Golda Meir whose words we await now with great eagerness -- the Prime Minister of Israel. (applause)

Golda Meir, Prime Minister of Israel: My good friends, first I want to thank you very heartily for having accepted my invitation. It was not just coming in next door to a good neighbor and I appreciate that you have taken the time and the effort to travel for many thousands of miles to come here.

I realize, although I would like to flatter myself, that you came because I invited you. But I doubt if I were in Hong Kong if you would make the trip to Hong Kong. So I must admit, happily, that the reason for your coming is because I happen to be in Israel and I invited you to come to Israel. And to come to Israel at a time when we are always happy to have you here, but at a moment it is most important that you do come and that you are here.

I'm only sorry that you can't take more time out -- well, I understand that the Dallas delegation can't postpone the campaign from tomorrow morning, so they have to go. I wish that you could have taken more time out, for one thing you wouldn't be so rushed and you'd see a little more. I don't say hear more. I was given a list of the people that you already listened to and I marvel at your capacity of listening to speeches but you'll come back again. For many of you, maybe for most of you, this is not the first trip

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and anybody that makes a first trip to Israel -- for instance, like Ratner is here for the first time. (laughter) For the last couple of months I think that this is the first time that's he's here.

Anybody who comes here for the first time, it's certainly not the last time. He comes often.

Friends, I don't want to take much time because I must leave time for you to ask questions, if they have not already been all answered by my colleagues who have addressed you and the people in the Israel Defence Forces and everybody whom you've met and who has spoken to you. I want to say in as few words as I possibly can what is it that is so particular about this moment when you are here. Why have we asked you to come and why have -- I might as well tell you the secret, you probably already know it -- why are we going to ask you to do what we hope you will do after you leave Israel.

On the surface, it seems as though this doesn't make too much sense, to come to Israel at a time of cease-fire when the guns on the Suez Canal are quiet for the first time in many, many months, when you were down there I understand you saw our boys I don't know whether with their feet in the canal or not but quiet, peaceful. This isn't the way it looked two or three weeks ago.

Why now, of all times to ask Jews in the United States and Jews all over the world for an effort that is on the first look at it, almost impossible? And yet, if you will allow me to say, since I know you people, it will be possible, like everything else about Israel. The greatest thing about Israel is that the impossible has been accomplished. It's not good enough for us to do the possible as all other people do. We are challenged with the impossible and only to the extent that we have overcome the im-

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possible have we been successful and only to that can we account the fact that we are here.

What is it? I don't have to tell you people that there is no greater wish and deeper prayer coming out of the depths of the hearts of every man, woman and child in Israel than peace. That's what we want. That's what many of our young people have given their lives for -- not for war, and not for conquest but they have given their lives in order to try and guarantee peace to this land and to this people.

So now we have it. We have a cease-fire. Ordinarily, normally this is the first step to peace. You have a cease-fire, you negotiate, it may take time, you come to a peace agreement and then you've solved your problem. Why is it that we consider this one of the critical hours since the Six Day War? Why is it that as you go through the country, as you have seen Israelis -- those that spoke to you and maybe those you had conversations with -- that I doubt that you have found any Israeli who is light-hearted, at a time of cease-fire although cease-fire only on one front.

On the Lebanese front, of all fronts that for 20 years was quiet and was really a good neighbor, now it has become one of the worst parts of our borders. And of course, the Jordanian border was never quiet nor is it now. They don't even leave us alone when they are fighting and shooting among themselves, in Amman, as they did last night.

You were in Kfar Ruppin and I'm sure you saw and you heard the story of Kfar Ruppin and it's only one of the places. But, true, the Suez Canal is the most serious border, it's the most serious enemy, it's the biggest enemy on the other side of the Canal. Being big, Nasser being what he is, is the leader of all the Arab states and since it is quiet there one would have assumed that we

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are relaxed and optimistic. I'll tell you a secret. A few minutes ago at this table somebody was trying to -- he won't admit it -- but he was trying to brief me how I should put this thing to you. I didn't say it was Herb Friedman, did I?

(laughter and applause)

And I said to him -- well, you've found out the secret now -- I said to him, "Herb, you know me. I can't say anything to any people, to any audience except what I think is exactly the thing as it is." And as it is, is that the Government with a heavy heart, decided to participate in the United States' peace initiative and to agree to the cease-fire although the cease-fire is a 90 day cease-fire. Never mind, legally, it isn't for only 90 days because in '67 the Security Council decided on a cease-fire and the fact that Nasser has violated the cease-fire doesn't break the legal part of it, but this is all nonsense.

We never wanted a limited cease-fire, and now we accepted it because it is part of the United States' initiative. I tell you frankly, if any other country had come forth with an initiative of this kind, worded as it is, with the elements in it as it is, with a 90 day cease-fire -- here sit five of my colleagues, I think they will bear me out -- we would not have accepted it. Right, Mr. Minister of Justice?

I want to tell you another secret. Had the official presentation that was made to us by your Government, had it been only that and if after that there wasn't a letter from your President where he tried to put some of my doubts to rest, where he tried to give his interpretation -- this cannot be published so please, I'm telling you this off the record and I'll take this out of the tape afterwards -- but I did get a letter from him with assurances with spelling out certain things, that remained doubtful in the official

presentation from the State Department -- answering some questions. If that letter hadn't come, I doubt very much whether the Israel Government would have accepted it.

But why did we accept it? After all? Because there is the magic word "peace" and we felt that we would not be representing our people in the way that they want us to represent them, we would not be speaking for them if, when there appears the slightest hope, maybe this may lead to peace, and if the Government had said "No, we don't participate in it."

So, this was our problem. We have very little faith in it. We know our neighbors. The way the thing was worded was not something that increases our faith in the possibility of peace, and yet, we decided that maybe, after all the doubts and after everything that almost speaks against it, maybe after all there is a hope.

One of the reasons, for instance, that creates doubts in our minds -- we won't be sitting with the Egyptians or the Jordanians, not even under the aegis of Dr. Jarring. He will speak to one, then he will speak to us and then he will speak again to the other one, then he will speak to us and you don't sign a peace agreement through somebody. We hope that if our Arab neighbors are really serious about this and really have peaceful intentions, then at some point we must sit together and argue this thing out among ourselves.

After all, it's borders between us and Egypt and between us and Jordan. We have to agree to these borders. Another thing -- we're not -- Shimon Peres was announced here as the Minister of Occupied Territories. I'll tell you what his activities in occupied territories is -- to make the life in the refugee camps more livable than their Arab hosts cared about for 20 years, to

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have economic development in the occupied territories, whether we remain in all of them and in parts that we won't remain, that their life even afterwards will be easier and better and more human than it was until now!

This, among other things, is what Shimon was occupied with and will be in the future although he will have full responsibility for a very important ministry beginning next week. But he consented, and I asked him to go on with this work in the occupied territories because it is people and not just territories. There are people there and these people were ill-treated by their own people and until we came and things picked up. They've never had it so good. It doesn't mean that they love us.

But still, as human beings we feel that that's what we should do. We don't want territories. We didn't fight the war for expansionism. This is really a vile misinterpretation of what the problem is. The problem is that we want borders that maybe will make it more difficult not for our Arab neighbors to fight us, because if they fight us on any borders we can fight back. That's not what we want.

So what? Are we out to win another war? We want borders that will be more difficult for them so that maybe they'll think twice and three times and ten times before they try it again. I said the other night at the Bond meeting I had at the beginning of last week -- I sat, as I do from time to time with the general staff headquarters, the generals -- and we talk very freely there. They don't mix into politics, into government policy, but one of them said and he expressed something that every one of us feels. He's been through all the wars from before the State, born in Israel, like all our children.

He said, "I've been through all these wars and through everything that happened on the borders between one war and another war."

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All I want is to try and feel that at least I have made it more difficult that my son will also have to go to war."

Many of us are sending our grandchildren now to the Army. My grand-daughter is going to the Army next month. My daughter and my son have been through everything since they were 12 years old. And now my grand-daughter is going to the Army and two boys from my family have gone into the Army last week. This is the third generation. And all we want are borders -- there are no absolute guarantees on any borders but still there's a difference if we're up on the hill or if we're down below and the Syrians are up on the hill.

This is what we are struggling for. Your President said it in one word: defensible borders for Israel. And we want these defensible borders to be agreed upon with our neighbors, not with Dr. Jarring. And as long as our neighbors won't be in the same room with us, they won't even be in the same city with us --. Dr. Jarring wanted this to be conducted on the foreign ministers level. But God forbid that the Foreign Minister of Egypt should come to New York at the same time when the Foreign Minister of Israel is in New York for these talks. Not with him! But through Dr. Jarring. No! He will arrive only when the United Nations meet.

This is the spirit. Does it spell peace? Every day we hear from Egypt that the first thing that must happen is that the Israelis must pull back to the '67 borders. The noises that come from there, the articles that we read in their papers, the speeches that we listen to, the way they are beginning to conduct the negotiations before we have even started -- nothing spells a hope for peace. And yet, we go into this with real, honest desire to do everything within our means to try and see maybe

this miracle will happen. But, we would be not only foolish but we would be committing a crime to our people, to you, to the whole Jewish people, if we were lulled into a state of mind where we did not feel it absolutely essential to be well prepared if war should break out again.

Friends, the war on the 5th of June, 1967, broke out between us and the Arabs. When the cease-fire was announced, the war was being fought practically between us and the Egyptians and the Russians. It's one thing to have the Egyptians. It's quite another thing to have the Egyptians and the Russians, --with the most sophisticated and modern equipment and Egypt against us.

I want you to realize, we did not accept the cease-fire because the Israel Defence Army felt it cannot go on any more. That's not true. The situation was such that our Army could have gone on as successfully as it was before, certainly paying a bitter price. But, for instance, no sooner was the cease-fire agreement signed -- this too, I want to expand -- what does it mean it was signed? It wasn't signed between us and the Egyptians. The Americans said to us that the Egyptians agree to this and the Russians agree to this, and therefore we agree.

We asked a question, they went to the Egyptians, they went to the Russians, they brought the answer back to us, but there was the cease-fire agreement which contained certain articles. Naturally there is cease-fire and a very important item in the cease-fire was "stand-still" on both sides. No new installations, no new building, no new construction of sites for missiles, etc.

Only a few hours after the cease-fire was agreed to, 12 o'clock two weeks ago Friday night, and on Saturday we already saw that missiles were being moved in. Since then more and more missiles were put in, more and more construction sites for more

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missiles in direct violation of the cease-fire agreement and we are still negotiating with the United States Government but we can't negotiate directly neither with Egypt or with Moscow. We're negotiating with the United States Government, demanding of them that they should see to it that everything that was brought in after the cease-fire agreement came into force should be cleared.

My God, we're not going to sit on this side of the Canal and see the missiles on the other side coming closer and closer up to the Canal so that if the fighting starts again we will be at a disadvantage with bigger guns coming in from Russia, an airlift, a constant airlift from Russia into Egypt with bigger guns that can reach much farther than before the cease-fire with bigger shells.

With this picture before us, we would be committing a crime if we became so intoxicated with this hopeful peace that we didn't see realities. And the realities that fighting may be renewed, after 90 days. I am not prepared to guarantee to anybody that it will even take 90 days. It may be 90 days and by that time we will be really in negotiations that peace will look much nearer than today. And it may be next week, 10 days from now, two weeks from now. Nobody can tell.

We have to be prepared for the worst -- to hope for the best to pray for the best and be prepared for the worst. If we were not prepared there would be no hope -- never mind for the best -- there would be no hope for anything. It is only to the degree that we were always prepared that the other side may attack that we are still here.

This is our dilemma, one more side of it. We are dependent 100% -- to be exact, maybe 98% -- on the supply of what you call hardware from the simplest things, except the things that we produce in this country ourselves, until the most sophisticated,

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upon your country. Your country is the biggest friend you have, the best friend we have. If you ask me, I would like the United States to be our good friend and three or four or five more friends like that. It's not good to be dependent on one friend like that. Believe me, we've had that experience before.

We had one friend before. It's not good. And I can't say that it's wrong or immoral. That's not the thing. But the United States has interests of its own and if it thinks that we ought to do this, and since we are almost entirely dependent upon it for our very existence — as we call it in a popular form "the tap is turned off."

And when the tap is turned off, no equipment is coming in while on the other side there is a constant airlift because the interests of Russia are to become stronger from day to day in Egypt. Never mind that they don't care about Egypt or the Egyptian people but for their interests! It takes us an awful long time to negotiate certain items among them tanks, among them planes and among them things we need to fight against the missiles.

Now, at this moment, the tap is open again. Our Cabinet Ministers, according to the functions that they are responsible for, when the tap is off Dyan is gloomy. When the tap is on, it's Sapir's turn. And all of us, those that are not Dyan and not Sapir, we're always gloomy. When Dyan is gloomy we're with him and when Sapir is gloomy, we're with him.

Now the question is, if you accept that this is our duty— on two fronts, on one those that will be negotiating and the entire Cabinet behind them to do everything that these negotiations lead to peace, and on the other hand with just as much devotion and as much sincerity and as much realism to see that we are prepared if and when the shooting begins again. If you accept that, and believe me there is not one word of exaggeration in this, then when there

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is a possibility after long negotiations of getting this stuff over here, God forbid that we should create a vacuum because we haven't the money to pay for it.

And I hate to tell you how much these pleasures cost. It's heart-breaking. Because we always think, my God what we could have done with this country with this money. What we could have built! What problems we could have solved here! Jews have been in terrible dangerous situations throughout history.

Most of the time, money could not save them. Why? Only with money you can't win wars. You need people and you need a base and thank God that we are living in a period where we have a base and we have people. After you've seen not only the Army -- and believe me the boys and girls in the Army are fantastic. Everytime I see one of them, no matter what he does, I feel so small. And I know what some of them do, I know to what most

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of them want to volunteer. There are some services for which only volunteers are accepted. And the problem of our Army is not how to get people to volunteer. The problem of our Army is how to pick the people from all those that volunteer.

Not the easiest jobs, not the safest jobs. So we have these, we have a base, we have this people. YOU've seen them in Kfar Ruppin. What can you expect more of a people? Each family could have picked itself up and not go to the United States -- simply go to Tel Aviv. It's safer in Tel Aviv than in Kfar Ruppin. And no one budges.

What else can you expect? This is the people, this is the land. These are its children. These are its soldiers. And we still have to fight for our lives and for our peace but we don't run. And we don't want anybody to protect us, not even Senator Fulbright.

We want the possibility of protecting ourselves if necessary -- protectable borders and the wherewithal to protect ourselves. That's all. So the United States Government is a friendly government and the President is a friendly president and there are many people in the world that love us and are sorry for us when they think that we're to be thrown into the sea and the day afterwards they say "Uh-huh. So they weren't thrown into the sea! Well now, what are they doing? Occupied territories and -- what is this?" And we have you. There's the people of Israel and there are you. That's a lot. That's an awful lot.

If we're together, and we've been together-- with some of you for decades; with some of you never so much as after the Six Day War. And what you've done in the Six Day War and what some of you have done way back in '48.

There's a young man here who says, "I hear you're talking about '48, '49 -- I only heard stories of that when I was a child."

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But here he is. His children will no more because his children will tell them about it what he is doing now. And I hope that his children will now be hearing about war in Israel. This is it. Together we have to fight for peace. Together we have to see to it that the missiles on the other side of the Canal are removed. You're going back to your country. You have to make your voices heard. I'm not saying that you should make demonstrations against your Government or against your President, but that you feel that this would (?) the Israelis feel that it spells a terrible danger for them. We did not consent to a one sided cease-fire. Both sides are obligated to respect the cease fire. What they have done is against this agreement, they have to remove it and the Americans are responsible for it. You have to make your voices heard and to tell whomever you can tell to what the Israelis expect and what they're worried about. And then there is something that only you can do. I know that you can't give us money to buy arms, but we're spending a lot of money for many other things. We have now levied heavier taxes on our people. I don't feel sorry for them, I advise you not to feel sorry for them. Never mind, that we can take. We've had worse times. And if necessary there'll be more taxes. That's not the problem. The problem is that they're not taxed in dollars and Israel pounds are wonderful but your Government won't accept them in payment for Phantoms and other things.

We need you with us at this time as you never were before and you were wonderful before but you must be much more wonderful at this hour. I hope that next time you come we'll speak of everything else but not of war and not of arms. But you are realists just as we are, and as long as it is necessary, if we pool together we will reach peace. If we're prepared and if we're strong.

Again, I want to thank you very, very much and I want to take this opportunity at the end, where is she?, I went Lou Kedar, everything that was done tonight was due to her, as many good things

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that she does 20 hours a day with me. She's called my personal assistant but she's almost my boss, telling me what I should do and what I shouldn't do. And when I listen to her advice it's always the right thing to do. So thank you very much.



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Near-Disaster in Mideast

Despite a near-tragedy of errors that almost derailed the most hopeful Mideast peace effort since the 1967 war, it now appears that the cease-fire will hold and that talks will open soon — the overriding consideration.

But, two weeks after the fighting along the Suez halted, it is evident that Egypt has achieved an important military advantage and that Washington has responded to Israel's legitimate protests in a less-than-creditable fashion. Not one of the parties has covered itself with glory. But the performance of the United States, in the first test of its crucial role as guarantor of the military balance, raises serious questions about its ability to bring to fruition the imaginative initiatives it set in motion.

In private assurances and in a news conference statement July 31, President Nixon told Israel it could agree to the standstill cease-fire "without fear" that it would "run the risk of having a military build-up occur" on the Egyptian side of the Suez Canal.

This pledge was based, in part, on American warnings to Moscow and Cairo that it would regard gravely the movement, under cover of the truce, of Soviet-built anti-aircraft missiles to sites so close to the canal that they could be used to shield Egyptian cross-canal invaders from counterattack by Israeli planes. Some Soviet assurance came back that no such movement would be made if both sides accepted the American proposal for talks and a ninety-day standstill.

Prior to the cease-fire, 72 consecutive days of intensive Israeli air bombardment—culminating in the dropping of 1,200 bombs on Aug. 7, the last day of hostilities—had thwarted all Egyptian efforts to move SAM-2 batteries into the critical zone eighteen miles or closer to the canal.

Today twelve to fifteen Egyptian-manned SAM-2 batteries are sited in that zone. Most of these highly mobile missiles are believed to have been moved in during the night of Aug. 7-8, after which the cease-fire made them immune to Israeli attack. Whether they arrived before or after the midnight deadline, it is plain that the work of installing them and fortifying the sites continued—in violation of the standstill—in the following days.

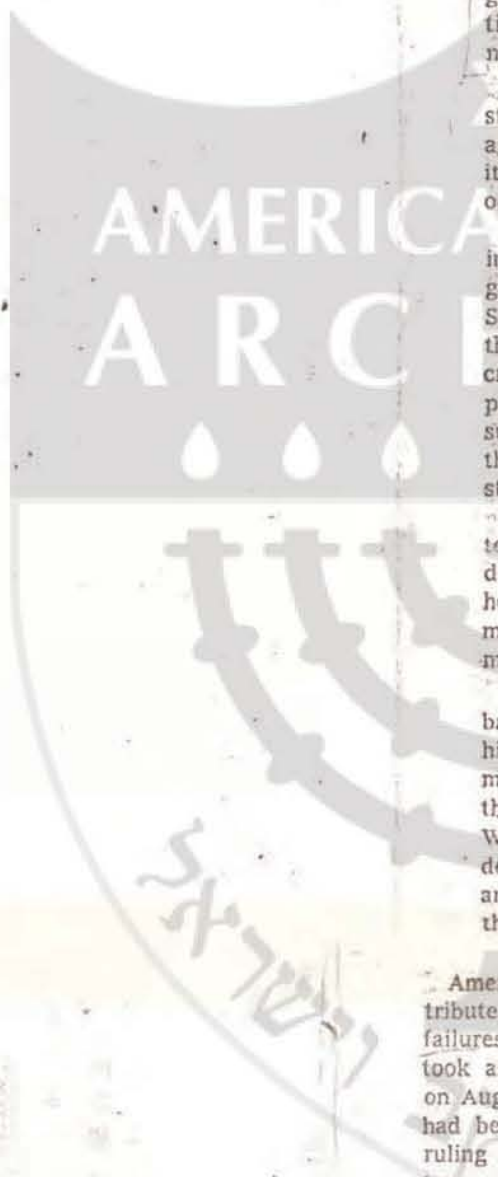
American and Israeli intelligence failures both contributed to the ensuing contretemps, but the critical failures were American. Strangely, neither country took any aerial photographs of the cease-fire zone on Aug. 8. More important, no American U-2 photos had been taken on the eve of the cease-fire, thus ruling out any clear basis of comparison with post-truce photos.

Despite warnings from experts weeks ahead that proof of violations would be difficult, Washington gave Israel firm assurances about enforcing the truce. Israel, recognizing the risk, pressed for the cease-fire to take effect in daylight hours on Aug. 7. But midnight was agreed to, under American pressure.

When the Egyptian build-up was detected two days later, Washington first expressed doubt that a cease-fire violation had occurred, then implied that the Israelis were trying to block negotiations and finally stated on the record that "some evidence" of violations existed but that it was not conclusive.

Meanwhile, conceding privately that Egypt had taken serious military advantage of the cease-fire, Washington is shipping Israel air-ground missiles and other antimissile site weapons and electronics similar to those the United States has used effectively against SAM-2 sites in North Vietnam. What is not clear at this point is whether any effort is being made to hold Cairo or Moscow to their pledges before the cease-fire.

Israel understandably now fears American "peace at any price" tactics when substantive issues come up in negotiations with the Arabs. A settlement is vital. But a return to the pre-1967 conditions that brought war would be disastrous. The fumbles of recent days suggest that such a disaster—or failure in the negotiations—could eventuate unless all parties to the truce strictly adhere to the cease-fire commitment.



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הסוכנות היהודית לא"י
THE JEWISH AGENCY FOR ISRAEL

Needs Budget for 1971/72 צרכים בשנת התקציב
 (ב-1000 \$)

	<u>1971/72</u>	<u>1970/71</u>	<u>ס"ה כ"ל י</u>
<u>GRAND TOTAL</u>	<u>601,713</u>	<u>356,397</u>	
Immigration and Absorption	50,743	42,758	עליה וקליטה
Social Welfare Services	40,857	25,171	שרותי סעד
Health Services	72,000	37,714	שרותי בריאות
Employment	10,857	2,000	העסוקה
Housing	178,571	108,000	סיכון עולים
Absorption in Agricultural Settlements	41,914	37,245	התיסבות
Youth Aliyah	7,486	6,600	עליית הנוער
Education	69,286	4,857	ח"נוך
Higher Learning	80,000	60,543	למוד גבוה
Debt Services	38,171	21,943	סלוק חובות
General Administration	3,771	3,086	אדמיניסטרציה כללית
Comptroller's Office	243	194	המטרד לבקורה
Pensions	2,571	2,200	פנסיות
Reserve	5,243	4,086	רזרבה

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THE JEWISH AGENCY FOR ISRAEL

הסוכנות היהודית לא"י

NEEDS BUDGET FOR 1971/72
(\$ 1,000 ב)

צרכים בשנת התקציב

<u>IMMIGRATION & ABSORPTION</u>	<u>50,743</u>	<u>עליה וקליטה</u>
Servicing of Immigrants	5,800	הכנות לעליה
Documentation and Related expenses	13,428	היעוד והוצאות מיוחדות
Transportation	9,429	הסעת עולים ומטענים
Initial Care of Immigrants and Financial Aid	14,429	קליטה ראשונה וסיוע כספי
Ulpanim, Hostels and Absorption Centres	7,371	אולפנים, מעונות ומרכזי קליטה
Head Office	286	המשרד הראשי
<u>Social Welfare Services</u>	<u>40,857</u>	<u>שרותי סעד</u>
General Assistance	4,571	שרותים כלליים
Relief Payments	18,000	מכסות סעד
Old Age Grants	13,429	מענקי זקנה
Building Homes for Handicapped	4,857	בניית מוסדות למפגרים
<u>Health Services</u>	<u>72,000</u>	<u>שרותי בריאות</u>
Hospitalization of General cases	11,714	אשפוז כללי
Hospitalization of Mental cases	6,571	אשפוז חולי נפש
Ambulatory Treatment	20,000	טיפול אמבולטורי
Health Insurance	1,143	בטוח רפואי
Treatment of Chronic cases	1,714	טיפול בחולים כרוניים
Allocations to Hospitals	8,000	תמיכות לבתי חולים
Building of Hospitals	22,858	בניית בתי חולים
<u>Employment</u>	<u>10,857</u>	<u>תעסוקה</u>
Sheltered Workshops for Elderly and Handicapped (Hamshakem)	4,285	תעסוקה לקשישים ומוגבלים (המשקם)
Vocational Training	6,572	הכשרה מקצועית

<u>Housing</u>	<u>178,571</u>	<u>ש כ ו ן</u>
(includes housing for young couples and slum clearance)		(כולל שכון לזוגות צעירים וחסול משכנות עוני)
<u>Absorption in Agricultural Settlements</u>	<u>41,914</u>	<u>התישבות חקלאית</u>
<u>Youth Aliyah</u>	<u>7,486</u>	<u>עליית הנוער</u>
<u>Education</u>	<u>69,286</u>	<u>ח נ ו ך</u>
Scholarships for Secondary Schools	44,858	שכר למוד מודרג
Pre Kindergartens	6,571	גני ילדים טרום חובה
Meals in Schools	2,857	הזנה בבתי ספר
Care of Children	8,000	סדור ילדים במוסדות
Student Authority	5,714	מינהל הסטודנטים
Allocations to Institutions	1,286	הקצבות למוסדות חנוך ותרבות
<u>Higher Learning</u>	<u>80,000</u>	<u>חנוך גבוה</u>
<u>Debt Services</u>	<u>38,171</u>	<u>סלוק חובות</u>
<u>General Administration</u>	<u>3,771</u>	<u>אדמיניסטרציה כללית</u>
<u>Comptroller's Office</u>	<u>243</u>	<u>המשרד לבקורת</u>
<u>Pensions</u>	<u>2,571</u>	<u>פ נ ס י ו ת</u>
<u>Reserve</u>	<u>5,243</u>	<u>ר ז ר נ ה</u>
<u>GRAND TOTAL</u>	<u>601,713</u>	<u>ס"ה כללי</u>

Aircrafts:

Ouragan	0.2 million dollars
Mirage	1.3 " "
Phantom	3.7 " "

5. Reasons for the recent additions to the defence budget:

- a. On March 1970 Soviet pilots started operational flights in Egypt. The Egyptian army, encouraged by this development, stepped up its ground activities. To meet the new threat several measures were undertaken. These included heavier bombing and shelling of Egyptian positions, strengthening of our fortifications and the improvement of warning systems. Additional expenditures of 300 millions IL were required.
- b. In June the Egyptians and the Soviets moved forward their anti aircraft missiles, and other troops. The direct Soviet involvement forced us to speed up the military preparations, that is, to increase the procurement of aircrafts, anti aircrafts missiles, ammunition, armour, electronic equipment etc.

The total cost of the increase in equipment and supply is about 625 million dollars, of which about 250 million dollars are payable in the current fiscal year. All together, the rise in the defence budget in 1970/71 is about 1 billion IL.

6. What are the possible effects of the cease-fire on defence expenditures? Since the Arabs are arming very rapidly, and since hostilities may break out at the end of the cease-fire period (and even before), we must prepare for this contingency.

We therefore, have to:

- (a) Strengthen our fortifications
- (b) Build up inventories of air bombs, heavy and light ammunition, spare parts, etc.
- (c) In general, keep up efforts to build up Israel's Defence Forces to meet the possibility of a renewed all out war.

A cease-fire will become economically meaningful only if it develops into a true peace.

6. What if the U.S. government extends sufficient credit to cover the heavy procurement cost?

Generous credit arrangements on the part of the U.S. government will relieve the immediate pressure on Israel's foreign currency resources. However, it adds a heavy burden in the years to come on an economy already heavily in debt (Israel's foreign debt now exceeds 2200 million dollars).

7. What is Israel doing to mobilize the economic resources required for the war effort?

In the last year several measures have been undertaken. These included:

- a. Heavy taxes - over 30% of Israel's GNP. Consequently, Israel now has the heaviest tax rates.
- b. Voluntary and compulsory bonds at the rate of several hundred millions per year were issued by the Israeli government.
- c. Wages have been partially frozen.
- d. A major portion of the existing industrial capacity has been diverted to war production.
- e. Productive capacity of defence related industries has been rapidly expanded.
- f. Military research and development efforts have been accelerated.
- g. 20% of the Israeli manpower is now directly and indirectly engaged in the war efforts.



Background Information On Defence Expenditures

2) Development of the defence budget:

Year	Defence budget (current prices) million IL	Defence budget as % of GNP %	Defence budget as % of Government budget %
1965/6	971	8.9	22.1
1966/7	1222 1.2	10.2 11	25.2 11.4
1967/8	1953 2.0	15.5 16	30.0 35
1968/9	2500 2.7	17.4 19	33.4 42
1969/70	3335 3.3	20.7 21	40.5 40
1970/1 (original)	(3825) (3.8)	(21.9) (23)	(38.6) 40
1970/1	4848 5	26.5 30	42.6 45

3. The dollar cost and sources of direct imports for defence was:

Year	Total Imports million \$	Imports from the USA	Share of USA %
1967/8	199.1 200	46.8	24
1968/9	306.2 305	122.5	40
1969/70 1970/71 (original)	395.0 510	269.0 385	68 70
1970/71	735.0	610.0	83

4. The causes of the rise in defence expenditures are:

a. The rapid build up of Arab forces as demonstrated in the following table:

	Prior to 6 days war	At present	Expected in February 1972
Armour	100%	170%	220%
Air force	100%	204%	280%
Artillery	100%	121%	155%

b. Accelerated intensification of front line activities.

Fiscal Year	Total (million IL)
1967/8	68.1
1968/9	185.8
1969/70	488.2
1970/71	827.8

c. The rising cost of weapon systems as illustrated bellow:

Tanks	
Sherman	250,000 IL
Centurion	500,000 "
Modern tank	1,000,000 "

Bas

* LIST of EQUIPMENT -

Instructions for use:

1. Not to be ^{given to anyone} ~~put~~ in writing
2. Exact numbers not to be used, in original presentation
3. If pressed, during question period, ask indulgence of audience not to reveal.
4. If pressed by top leader, aside on private individual basis, tell him ~~the~~ the figures.

Basic list

- 24 Phantoms
- 100 Skyhawks
- 5 helicopters
- 250 tanks
- 150 troop carriers
- 4 Hawk batteries
- electronic anti-missile equipment

Replacement list

- 15 Phantoms
- 30 Skyhawks
- 150 troop carriers
- 24 heavy guns

I. Meeting in Prime Minister's Office - 4 P.M. - 19 July 70 - lasted until 7.05 P.M. - resumed at dinner at her residence - 8 P.M. - 10.30 P.M.

Present: Prime Minister; Eban, Sapir; Saphir; Dulgin; Dinstein; Chera Tsur; Pincus; Dinitz; Herzog; Agmon; Rivlin - EG, HAF, IB, Rothberg, Les Beumstein

Presentation Sapir

Defense budget	# component in ↓	1962	-	\$ 60 m.
		1966	-	150
		1970	-	650

Total defense budget, as presented at beginning of budgetary year		1967	-	\$ 1.25 b. (including # component)
		1970	-	3.8

Four months after budgetary year has started we are already discussing a new amount of \$ 1 b. Total for this fiscal year will therefore be almost \$ 5 b.

Defense is 27-28% of GNP, including all invisible & indirect costs

Israelis will be asked to do more. We will impose this year a few hundred million more \$, since we know defense is going up \$ 1 b. more than anticipated. Taxes will be 8% above \$ 3000 per month, and very heavy up to that point.

Additional arms over next two years will be \$625 (of which 206 is in 7471)

- 24 Phantoms
- 100 Skyhawks
- 5 helicopters
- 250 tanks
- 150 Troop carriers
- 4 batteries Hawks electronics

Plus: replacements:

- 15 Phantoms (lost 4)
- 30 Skyhawks
- 150 troop carriers
- 24 heavy guns

Defense budget for 7472 will begin ^{with} almost \$5 b., (which will contain part of this \$625 m.)

I don't know when it was more dangerous - in May 1967 or today. Today we face Russians, not only Arabs.

Debts by the end of this calendar year will be \$2.5 b. - and by end 1971 at least \$3.0 b.

We need now, in order to get through this year and next year, an additional \$500-600 m., in order not to weaken the reserve position (presently approx. \$400 m.)

Golda

Can the Jewish people afford this war or not?

We never dreamt we would have to spend millions on items we got just last week. (Electronics).

Possibilities of large long-term credits are not good.

Relationship between big campaign and credits is a positive one. One will help the other.

II. Meeting ^{with} Lt. Gen. (res) Tsvi Tsaur - 21 July 70

1. The \$625 new hardware is during the period of next 20 months ^{over} two fiscal years - until 1 Apr 72. Breakdown is 500 for approved list; and 125 for replacement list.
2. Of this list, tanks, Hawks, bombs, troop carriers, helicopters have been approved. plus 24 Phantoms and 16 Skyhawks, timetable of whose delivery has not yet been established, but will be based on diplomatic negotiations. 84 Skyhawks will be approved next fiscal year, we believe.
3. Re electronics, we don't know what the U.S. has developed against the SA-3. We don't even know what we need. They are sending various things & try out. Russian missiles cost \$100,000 each - and they sometimes send of 50-60 at a time.
4. Russians supplied Egypt in last 3 years:
 - \$580 m. for nothing - as replacement for Six Day War stuff
 - 1.090 bn. on ten years credit, 2 years grace, 2% interest, 1/3 cut in price.
 - \$1.675 billion
5. In last three years we bought \$1.25 b.
6. By Jan. 72 Arabes will have tripled their airforce.

7. I don't think Russians will attack.

8. Most important thing is the rate at which the defense budget is growing: (has tripled in few years).

1 Apr 70 defense budget was \$ 3.8 b.

By 20 July this has already increased by 1.0 b.

For fiscal 71/72 we will submit budget of 5.0 b. (and it will undoubtedly grow during the fiscal period)

9. We are buying abroad this fiscal year (before the new transactions) \$ 340 m. in U.S. and \$ 160 in Europe, but this position is getting more difficult, requiring smuggling, especially from Italy - France.

10. Since it is politically difficult, and even dangerous to buy abroad, we must develop our own ability to produce. Before the war, we bought military products and services in Israel for \$ 400 m. Today we are buying \$ 1.25 b. In next few years we will reach \$ 2.0 b. But this takes a huge infrastructure.

11. Morale - my son is going to the army. He is ashamed to go to an ordinary unit. He is trying to get it to a special commando unit.

III. Meeting with C/S Haim Barker - 21 July 70

This is our most difficult time since the War
We are Chalutzim with the SA-3. Americans want to help but don't
know how. Startles in 67 a few months ago delayed manufacture of certain devices.
We lost 5 planes in a few days. (Egyptians only lost about 4).

* If they move forward, we will have to destroy the sites at any cost.
SA-3 are used to protect SA-2 in clusters.

Sat. (18 July) - we destroyed 3 SA-2 batteries. They fired 60 missiles -
we lost one plane.

We are not basically fearful as on 30 May 67, when we could see
they were ready to attack.

Ron Peter story - man with a future - was given year off to study -
after commander was killed, he said, give me the squadron.

U.S. wants a real political arrangement - but doesn't want canal
open without peace. U.S. won't fight Russia, but they will send us everything
they have against missiles.

If U.S.-Russia agree politically, they might put pressure on us.

If not, U.S. will support a strong Israeli position along the canal.

If Russians maintain present level of force against us, we can hold. If they
increase, I don't know.

All this, without contemplating a crossing. I don't think U.S. would
like Russia to cross. All our efforts now are to prevent crossing.

* If we could fly freely - Egypt & Russia might try a crossing.

IV. Meeting with Maj. Gen. Aharon Yariv - 23 July 70

The Six-Day War arose out of a threat to our existence. We had no alternative. It was a black + white situation.

The victory did not change the Arab attitude (merely gave us some advantages) - in Arab mind, the goal is still there - annihilation, or at best refusal to recognize our existence.

When they couldn't get us to withdraw, by political means, they tried again physically, by force. In March 69 they started attacking again and in May 69 Nasser repudiated the ceasefire, launched the war of attrition, waged mainly along the Canal. This military build-up and pressure was expected to lead to our forced withdrawal.

We responded with our Air Force - hitting them more and more. It was a foreign conclusion that the Russians would have to come in. But only when we had an American airforce, not a French, did we really accelerate. This was Dec-Jan 69-70. One Skyhawk does work of 8 Mysteres.

Russians then got involved in Egyptian airdefense, weapons systems plus areas. This will slowly bring them to Canal itself. (They are not there yet.) We believe there was tacit Russian-American understanding about defense of Cairo, Alexandria + Aswan Dam. But when Russian pilots accepted an operational role, and missiles were placed close to Canal, Nixon felt he had been double-crossed. This caused his recent strong statements of support for Israel.

By end of June they brought 12-15 SA-2 batteries (6 launchers each), plus 3-5 SA-3 batteries (4 launchers each - with 2 missiles to each launcher) into area close to Canal. Then they also brought Russian planes to airfields close.

This network of missile sites and planes is still about 20 miles west of Canal. What happens when they move closer? Then we are in trouble.

We went in three times to hit missile sites - and lost 4 Phantoms. We can handle this - but at a terrible cost of men + equipment.

The Russians are not a little pregnant. Once they took a decision to enter air defense, they will send up their planes to intercept. They make one move after another very gradually. Slowly they will move forward with missiles - and when there are no more Israeli planes over the Canal, they will move artillery forward and hammer our ground defenses, make it hard for us to rebuild, cause many casualties - and finally try to cross - even to take only 20 km. on east bank is worthwhile.

This military pressure will be accompanied by a political game. The Russian answer to Rogers will sound positive enough to cause U.S. to pressure Israel to accept, by showing some flexibility. America wants limited cease-fire; might force Israel to accept; Israel might have to. This is called - "playing the game." We are afraid, because during the 90 day cease-fire, they can bring the missiles forward.

Arab strength

	<u>at end of First Six-Day War</u>	<u>Today</u>
Egypt -	50 fighter aircraft	550
Syria	45 - -	260
Jordan	0 - -	40
	<u>95 fighter aircraft</u>	<u>850 fighter aircraft</u>
Egypt	300	1600
Syria	350	1000 (most deployed between Amman & Kuneitra)
Jordan	<u>100</u>	<u>450</u>
	750 tanks	3050 tanks
Iraqis		<u>400 (located in Jordan)</u>
		3450

Egypt has 12-1 manpower superiority; and 24-1 artillery superiority along Canal

Sum-up

1. Acute danger & problem along Canal - fighting Russia
2. Fedayeen carry on, even more extreme.
3. Big military build-up in Syria & Jordan
4. Hardship we can get - but always money problems
5. Minimum settlement terms: Sharm, plus a line to the north
military presence in Gaza & along Jordan River
Golani
6. Morale - if people feel that the government is making every reasonable effort to find peace, and can't, people will have high morale, and will continue to accept war, taxes, etc.

Meeting with my Gen. Hod, DC Air Force, 23 July 70

We have an answer to the S-2; no answer to the S-3.

The Americans have no answer either. We are the most advanced in our knowledge of the characteristics of this missile. The U.S. is working hard to find a solution.

We cannot combat a fully operational Russian air defense line along entire Canal. Only a matter of time before we tangle with Russian pilots. They are at Mansour - only 70 Km. from front line.

Vietnam shot 6500 missiles in 3 years.

VI. Meeting with Anwarul Aqam, Dir Gen, Ministry of Finance - 23 July 70

1.) Defense as Percentage of GNP

GNP for 1970 will be IE 17.5 b.

	<u>7/71</u>	<u>Defense Budget</u>
original	3.825	(written into budget)
+ supplement	.500	(to be advanced vs. 7/72)
	<hr/>	
	4.325	
+ additional	1.025	(will be written into budget, due to increased needs)
	<hr/>	
	5.350	
+ indirect	.550	(for extra reserves, shelters, roads, etc.)
	<hr/>	
	5.700	(or 5.2, if you don't count the constantly revolving .500 above)

Even 5.2 as % of GNP = 30%

These figures are as of 30 July 70 - 4 months of current fiscal year. With 8 months still to go, these figures could go even higher.

2.) Foreign Currency Component of Defense

of original 7/71 defense budget of £ 3.825 b.	- foreign currency was	\$ 510 m.
of additional	£ 1.025 b.	will be 206
		<hr/>
		716

Indirect (ie. local production for defense requiring foreign currency

104
<hr/>
\$ 820 m.

3.) Future Budget for Defense

	<u>1970/71</u>	<u>1971/72</u>
original	3.825	4.200
additional	<u>500</u>	<u>500</u>
	4.325	5.200
supplement	1.025	300
indirect	350	400
	<u>5.700</u>	<u>5.900</u>

? can't predict 20 months ahead

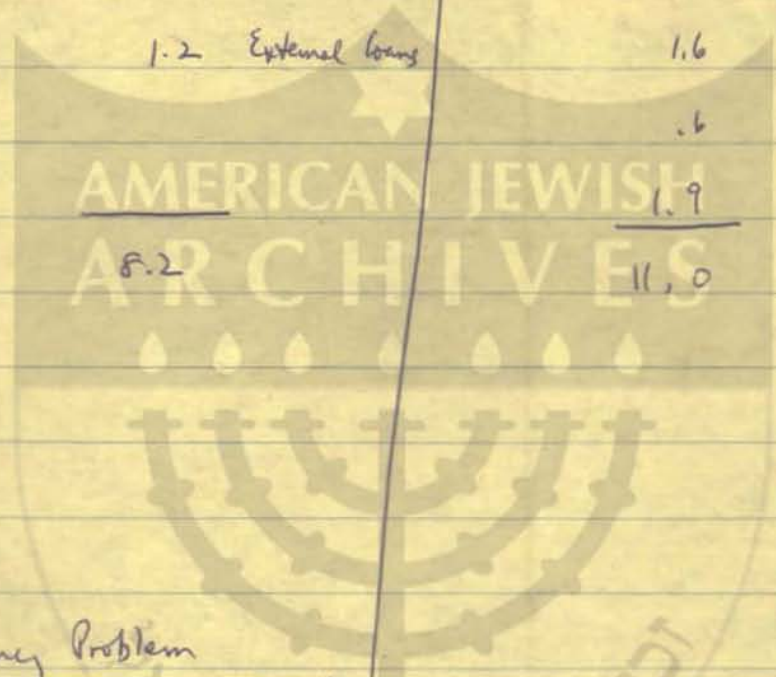
If GNP for 71/72 rises from \$17.5 b. to \$19.0 b., defense will be more than 30% - and depending what happens to that supplement, could even be as high as 35%

4.) Defense as % of Tax Revenue (roughly)

tax revenue	<u>69/70</u> \$ 4 b.	<u>70/71</u> 5.8
defense	<u>3.4</u>	<u>5.2</u>
	80%	90%

5c) TOTAL BUDGET In T\$ billion

	<u>69/70</u>			<u>70/71</u>	
	<u>Expend.</u>	<u>Income</u>		<u>Expend.</u>	<u>Income</u>
Defense	3.4	4	Tax Revenue	5.2	5.8
Welfare services	1.6	3	Internal loans	1.7	3.7
Economic services (development)	1.6	1.2	External loans	1.6	1.5
Other services	.3			.6	
Debt service	1.3			1.9	
	<u>8.2</u>	<u>8.2</u>		<u>11.0</u>	<u>11.0</u>



6.) Foreign Currency Problem

Foreign currency required for ^{new} purchases \$ 625 m.
 Anticipated deficit, after all foreign currency income
 is estimated and accounted for 300
 Known requirement 825

Anything less will adversely affect, and eventually
 wipe out, foreign currency reserves (\$ 410 m. - as of 30 July 70)

Cher

Might save \$ 150 m.

in 90 days if all

funders are quiet

AMERICAN JEWISH
ARCHIVES

i.e. we won't save money,
but will build stocks.
Now we are eating.

already developing
misunderstandings
