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The CIA-Israel Feud: A Matter of Money

An acrimonious feud now smouldering between Israel and the U.S. Central Intelligence Agency (CIA) will soon be escalated by the CIA's secret findings that Israel is making inflated aid requests to the Ford Administration.

The statistical analyses, made by experienced CIA statisticians with a reputation for excellence, have not yet been given to any Congressional committees and may never be. They show that if Israel gets the \$2.3 billion it asks for the current fiscal year, it will end up not merely with a balanced budget, as publicly claimed, but with a \$500 million surplus.

The CIA-Israel feud, now making headlines in the Israeli press, is a shock after two decades of the CIA being regarded by Israeli military leaders as their surest friend in the U.S. government. Some Israeli officials believe the heavy strain now buffeting that relationship started with the resignation under fire last December of James Angleton, the CIA's counter intelligence chief who had multiple and intimate contacts with Israeli intelligence and the potent Israeli Defense Force.

Actually, the CIA-Israeli estrangement has nothing whatever to do with Angleton or his specialty of clandestine intelligence. It results strictly from the CIA's previous studies of the Arab-Israeli military balance (which are causing the public feud) and its new meticulous analysis of Israel's grave economic situation (which will escalate the feud).

Now that the CIA's analysis contradicts the basis for Secretary of State Henry Kissinger's approval of Israel's aid request, there is high-level sentiment for burying it. Both the House International Relations and the Senate Foreign Relations Committees have completed aid hearings, although neither has actually reported out its final bill for floor debate. Therefore, the CIA's report is unlikely to have much effect on those Committees.

The appropriate place for displaying the new evidence, accordingly, would seem to be the House and Senate Appropriations Committees. But the White House may decide not to air the CIA's findings at all in the interest of keeping peace with Israel. The reason is found in the tortuous background of the Israeli aid pledges made by Kissinger last spring under heavy pressure from Jerusalem.

Bargaining for Israeli withdrawal from the Sinai mountain passes and Egyptian oil fields captured in 1967, Kissinger agreed to compensatory Israeli demands in the now famous Memorandum of Agreement.

Those demands included sophisticated weapons, plus a level of U.S. economic aid guaranteed to keep the desperately overburdened state of Israel from going bankrupt. Kissinger, mercilessly squeezed by Israel, pledged more than he should have. So, after the successful negotiation of an Israeli withdrawal from the passes and the oil fields, the aid level agreed to earlier was slightly reduced—down to \$2.3 billion.

By mid-September, the top secret Memorandum of Agreement between the U.S. and Israel was leaked, and then made public, revealing the \$2.3 billion. Kissinger was no happier about that figure—only the first annual instalment of many more to come—than the most cost conscious budget-cutter in Congress. But he made the agreement in good faith and with the judgment of an Israeli-aid task force, headed by political Under-secretary of State Joseph Sisco, that Israel's real needs required it.

At that last stage, sometime in October, the CIA's analysis of Israel's economic condition was ordered. The secret results show that if the entire economic aid package, plus the military aid—both sales and giveaway—are voted into law, Israel

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will be able to maintain its present standard of living and end the year with a tidy \$500 million cash surplus.

This still secret finding by CIA analysts comes at the worst possible time from the standpoint of avoiding a new round of acrimony between Washington and Jerusalem. The Israeli government's fury at CIA's earlier report to Congress analyzing Israel's decisive military advantage over the Arabs has been headlined recently in the Israeli press.

"CIA's pro-Arab tilt is causing concern," headlined the authoritative English-language Jerusalem Post on Dec. 12. The dispatch from Washington warned about "a growing pro-Arab tilt among several senior analysts in the Central Intelligence Agency."

That warning was provoked by the CIA's analysis of the Mideast military balance, with its estimate of Israel's overstated economic needs ("poor-mouthing," says one U.S. official) not yet made public.

Thus, if the CIA is permitted to make its economic analysis available on Capitol Hill when Congress resumes next month, it would trigger a new Israeli charge of CIA iniquity. But it also would provide new ammunition for those Congressmen genuinely concerned about the size of Israeli demands on the U.S. taxpayer.