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MEMORANDUM

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THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR THE RECORD

SUBJECT: Meeting of Special NSC Review Group on Israeli Assistance Requests

DATE: Monday, January 26, 1970

PARTICIPANTS: Henry A. Kissinger
 Elliot Richardson
 David Packard
 Earle Wheeler
 Richard Helms
 Joseph Sisco
 Harold Saunders
 Robert Munn

Dr. Kissinger opened the meeting by saying that he wanted to mention two factors in addition to those highlighted in the papers that had been circulated:

--When the President had talked with Israeli Prime Minister Meir last September, he had indicated without committing himself to any specific numbers that, while the U.S. could not always be helpful on "software," we would help on "hardware."

--In December when Ambassador Rabin had been in seeing Dr. Kissinger, the President had called Dr. Kissinger to his office and, learning that Rabin was there, asked him to bring the Ambassador along. In the presence of Secretary Laird, the President had indicated that we would look at Israel's assistance requests with a sympathetic attitude.

While the President did not specify any particular aid levels with either Mrs. Meir or Ambassador Rabin and the group was not bound to any particular level, it had to keep in mind this part of the picture.

Mr. Richardson asked how Dr. Kissinger conceived the responsibilities of this group.

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Dr. Kissinger said he thought the group should put to the President a paper which covers the following points:

--How the Israeli request bears on the President's general approach to the Middle East.

--The implications of various levels of assistance.

--If the group can come to a recommendation, it should give the President one taking account of the above two points.

Mr. Richardson entered the proviso that he was not sure that Secretary Rogers at this stage was prepared to enter into a joint recommendation. He was sure the Secretary would want to have a hand in the recommendation.

Dr. Kissinger asked whether that meant that the Secretary would want an NSC meeting.

Mr. Sisco said that he thought perhaps a smaller group would be adequate, especially if we ended up taking a series of diffuse actions rather than an overall decision on the total Israeli requests.

Mr. Richardson concurred that a smaller meeting might be perfectly adequate; he was not talking about the forum but simply about the fact that the Secretary would want to have a hand in this.

Mr. Sisco felt that the Secretary was prepared to look at a narrowed range of possibilities and would not insist on reviewing the total range of options that had been laid out in the papers.

Dr. Kissinger suggested that the group see whether it could reduce the range of options to a narrow list.

Mr. Packard said that he felt that the papers had not properly covered all of the issues that need to go into a decision. For instance, he did not feel that the paper adequately discussed the question of whether we should try to get something from the Israelis in return for our aid. Nor did he feel that broader U.S. interests in the Middle East were adequately covered in the paper. He was also concerned about the issue of building Israel's capability and about the nuclear question.

Dr. Kissinger suggested that there are two aspects of Mr. Packard's

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first point:

--The extent to which granting or withholding aid can be used to influence future Israeli political decisions.

--Whether or not, having made an agreement to give some assistance, we could hold up on delivery as a means of influencing later Israeli decisions.

Mr. Sisco said that any linkage between aid and political conditions could be done at whatever crucial time might develop later. If hypothetically at some future point Nasser appeared ready to enter negotiations, we might want to use aid as leverage if we have kept the option open by our present decisions. On the other hand, he is convinced that the amount of leverage we have over Israelis not as great as is sometimes thought.

Dr. Kissinger asked whether it would be greater if we withheld aid now.

Mr. Sisco replied that this would not be the case in the absence of a serious Arab proposal now.

Mr. Richardson asked what we should do about the NPT.

Mr. Sisco replied that it would be desirable to make a follow-up approach to the Israelis urging them to sign. But he did not feel we should tie that approach to our aid decision.

When Mr. Packard asked why not, Mr. Sisco replied that he felt what we decide to do on military assistance should be based on the political and psychological requirements of the U.S.-Israeli relationship. He felt that the signing of the NPT was not an issue which is crucial in governing Israeli policy toward peace-making.

Mr. Packard pointed out that it would help our position if we could be the government responsible for producing an Israeli signature.

Mr. Richardson felt that the hardest question was not the problem of what level of assistance to provide Israel but how to handle this level in connection with other things. There is a variety of other issues ranging from Israeli oil drilling in the Gulf of Suez to Israeli relations with Lebanon and Jordan.

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Mr. Sisco said his difficulty lies in the general question of tying aid to Israeli policy decisions. He has no objection to pressing Israel at the same time we are making our aid decisions, but he does not see how we could work out an appropriate specific linkage.

Mr. Richardson said that going ahead with positive decisions on Israel's aid requests now would risk our seeming to bluster about the NPT, missiles, drilling for oil in the Gulf while not really appearing serious about any of these things.

Mr. Packard agreed that the Israelis only listen to actions.

Mr. Richardson pointed out that deliveries only come much later, and the Israelis will hear our words now without thinking very much about the possibility of our exercising future pressure by withholding deliveries.

In response to a question from Dr. Kissinger, Mr. Sisco said that he felt there are some things the U.S. would want to do for Israel in any circumstance. Mr. Sisco said he would fall short of taking a position of "sign or else."

In response to Dr. Kissinger's question about his views, Mr. Helms said that he had not seen any disposition on the part of the U.S. to stick to one of these linkages on previous occasions.

Dr. Kissinger said he thought the President would be inclined to do something. The President had not made any linkage in talking to Mrs. Meir.

Mr. Richardson said there is a whole range of ways of linking -- from explicit linkage to simply dealing with subjects concurrently with only implied linkage.

Mr. Packard noted that there are some things that could be done that would not amount to major decisions such as making up losses and helping with basic ordnance and spare parts.

Dr. Kissinger asked whether, if we use our leverage on the NPT, can we use it again on the terms of peace.

Mr. Sisco replied that, since we have limited leverage, he would prefer to reserve what we have for later.

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Mr. Richardson commented that we could use the same thing more than once if we were willing to use it first in connection with our decision and then later in connection with delivery.

Mr. Richardson said that he agreed with Mr. Packard on the question of linkage and on the implications of developing Israeli self-sufficiency. He felt that there was a third heading of issues that needed to be discussed. This was the fact that we do not have enough information on the economic side.

[At this point Dr. Kissinger was called out.]

Mr. Packard pointed out that one of the implications of helping Israel become self-sufficient in the production of arms was that Israel would become an arms exporter.

Mr. Richardson noted the advantages of self-sufficiency in that we would be less tagged as being Israel's supporter. What we are trying to do here, he said, is to square a circle -- we are trying to provide Israel with the means of survival but the more visible we are in doing it the more we hurt our other interests in the area.

Mr. Richardson, General Wheeler and Mr. Helms all noted the fact that the analysis of Israel's requests seemed to indicate that Israel's needs were not large. Mr. Sisco noted that there were several things that could be decided on now like the P. L. 480 request and the \$119 million in additional military credit.

Mr. Richardson asked Mr. Sisco how he would assess the Israeli reaction to a U.S. policy of dribbling out our aid. Would the Israelis get hysterical or would they stick with us through a process of consultation that might lead to more aid.

[Dr. Kissinger returned.]

Mr. Sisco felt that it would be desirable to give the Israelis an early signal that the pressure campaign ^{may} have mounted against the Administration in favor of a big assistance package makes it harder for the President to make a decision. He reiterated his view of the desirable package as above plus replacing Israeli losses of airplanes and committing ourselves to keep flowing the less dramatic items now in the pipeline. Then he would opt for one of the modest options as a

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hedge against some of the unpredictables in the situation such as the possibility that the Mirage aircraft recently sold to Libya would end up in the UAR.

Mr. Packard asked how we would handle the Jordanian side of this picture, and Mr. Sisco noted that a new squadron of F-104s is under consideration for Jordan.

Mr. Richardson asked what assumption we should make about publicity on any decision. Would the Israelis cooperate in keeping it secret? And would that be possible? If possible, he felt that it would be in our interest to lower the visibility of this decision. Mr. Richardson did not feel we could assume that Israel and the U.S. shared the same interests.

Dr. Kissinger said that it was clear to him that the Israelis did not want to withdraw.

Mr. Richardson felt that the Israelis were split internally but as far as our role is concerned, we have an interest in Israel's saying that it would be willing to withdraw from occupied territory if the Arabs would negotiate.

In response to Dr. Kissinger's question about his view, General Wheeler said that we ought to push the NPT urgently. He said, however, he did not feel that we have any leverage to speak of in our arms supply. He doubted that linking the NPT signature to arms supply would have much effect. He would recommend pushing for signature simply on its merits. As far as Israel's armaments industry is concerned, he felt the decision was a narrow one since the U.S. is already indicted in Arab eyes as Israel's main supporter.

Dr. Kissinger said he did not feel that he understood the degree of self-sufficiency that Israel might achieve. He noted the attraction of being able to say to Israel that from "now on, it is your baby."

General Wheeler said he completely disagreed with Israel's position on negotiations but he did not feel we had enough leverage to change it.

Mr. Packard said that on the question of developing Israel's arms industry one issue is that we will make Israel an exporter.

Dr. Kissinger asked why we care, since somebody is going to sell arms to these people.

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Mr. Richardson said he did not object to selling arms but he felt that having more salesmen in the business stimulated the acquisition of arms in the underdeveloped countries unnecessarily.

[Dr. Kissinger was called out.]

Mr. Richardson raised the question of whether there was anything we could do to keep Israel from achieving self-sufficiency in arms production.

Mr. Sisco said that he felt the Israelis would absorb the costs of doing this in some way because of their psychosis that they cannot rely on others.

Mr. Packard noted that withholding financial support is the only way we could possibly control this. Mr. Saunders pointed out there was also the question of export licenses. Mr. Richardson said that before we talked to the Israelis about this subject we should know on the whole whether we want them to get into the production or not.

[Dr. Kissinger returned.]

Mr. Richardson suggested reviewing for a moment. The papers that have been prepared are excellent. Now we need a paper further developing the picture of how we might proceed. It is difficult to extricate how we approach the Israelis from the substance of our approach, but we need a paper with this focus. Further, we need a fuller study of the implications of Israel's own arms production. Under the procedural heading, we have to consider how to talk to the Israelis about where their economic figures comes from and to decide on steps for finding out how those figures were produced.

Mr. Packard said that we have to be responsive to what the President has already said and to the political facts of life. Perhaps in the short term we should do something like what Mr. Sisco underlined. This would not look as if we were pressuring Israel. Beyond that, it is difficult to figure out what trade-offs we should try to achieve but it is desirable. In short, we come down to a paper describing our short-term moves and then one on those subject requiring more study.

Dr. Kissinger said that he saw these questions:

--Whether we give any military assistance or not. He assumed that we would give some.

--If so, at what level, what should we do in the short run to take the pressure off and what should we do in the longer term?

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Then these same two questions should be applied to the economic issues.

Mr. Packard raised a question of whether we could do anything for Jordan to look more even-handed.

Mr. Sisco replied that we already had programs in the works for Jordan, Lebanon, Saudi Arabia and Kuwait.

Dr. Kissinger said he felt we needed a paper on what is immediately feasible. Mr. Sisco interjected that the question is how we go about proceeding with this package and what linkage we may want to establish. Dr. Kissinger said that we should put together a "stop-gap" package to give us breathing space, expecting that this would not give us very much leverage.

Mr. Richardson said he felt we should establish whether we can go any further with our own economic analysis without talking to the Israelis.

Dr. Kissinger said he felt we needed a scenario on how to discuss our aid package with the Israelis, including whatever linkage we decide to make.

Mr. Richardson said he felt we needed to carry further our thinking about Israel's self-sufficiency in arms production. Dr. Kissinger asked Mr. Saunders to expand the pros and cons of Israeli self-sufficiency and to produce a paper explaining more fully what is involved.

Mr. Packard raised the question of whether now is the time to try another approach on arms limitation. Mr. Sisco noted that the President had authorized him to raise this subject with Gromyko in July. Secretary Rogers had raised it with Gromyko at the UN General Assembly, and Sisco had mentioned it to Dobrynin. There is no problem in raising it again.

Dr. Kissinger said he felt sure the President would endorse that.

Dr. Kissinger concluded the meeting by saying that we would have a paper on interim steps within two weeks. Then the NSC might consider in early March the larger issue of further aid to Israel. The special Review Group might get together once more to review these papers.

H. H. S.
Harold H. Saunders

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