

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

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MEMORANDUM OF CONVERSATION

PARTICIPANTS: President Ford
Senator Clifford Case (R-N. J.)
Senator Daniel Inouye (D-Hawaii)
Senator Hubert Humphrey (D-Minn.)
Senator Jacob Javits (R-N. Y.)
Brent Scowcroft, Assistant to the President
for National Security Affairs

DATE AND TIME: Wednesday, June 23, 1976
5:00 - 5:10 p. m.

PLACE: The Cabinet Room

SUBJECT: Congressional Meeting on Transition Quarter/
Foreign Aid

President: I appreciate your coming down. I have a lot of statistics
and I am sure you have.

I have submitted for FY 76 \$2.3 billion for Israel. For FY 77
I submitted \$1.87 billion. 50 percent of the military aid is forgiven
credits.

In the '77 figures, we took into account this was a Transition
Quarter. When OMB came in for '77, they recommended \$500 million.
I overruled them and went for one billion. All of the analysis in the
government indicated that Israel was obviously better off than before
the war and didn't need it. Still I went up to \$1 billion. So you can
see why I am a bit dismayed to see the proposal to add another \$550
million.

I have recommended \$4.2 billion in two years. That is 40 per-
cent of the total aid given to Israel in the 26 years of its existence.
When we are having domestic fiscal belt-tightening, I wonder how to
rationalize this.

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AUTHORITY RAC Review 12/6/04; NSC/State guidelines
BY lh NLF, DATE 4/19/07

Inouye: Let me explain why we submitted a full 25 percent transition quarter. We studied the CIA analysis of relative strength. We decided that it was misleading if not wrong. For example, they decided Jordan would be neutral. They decided Iraq would participate the same way -- but there is no Kurdish revolt now. The next time there was no PLO involvement estimated. Lastly, it was assumed Israel could bear all the casualties it would face. Also it assumed there would be no further assistance from the Soviet Union. It assumed no participation by the non-confrontation states.

Passman's figures show 100 for Egypt, 62 for Jordan, 145 and only 100 for Israel because the rest doesn't count in dollar figures. At least we should go to 175 million in dollars for Israel.

Case: Israel can't carry this economic burden without increasing unemployment or suffering. They need the \$375 million. There was a commitment. It is just that simple.

President: When Rabin was here in '74, he submitted Matmon B. For the first chunk, DOD recommended \$400 million. I went up to just over \$1 billion and that seemed adequate. In '75, we had no commitment to Matmon B and we went to \$1.5 billion which was more than the agencies recommended. I never made a commitment and I don't think Rabin thinks so.

Humphrey: [Said Secretary Kissinger more or less made a commitment.] If we just stick to the FMS and go with \$375 million, that is only \$205 in money, because of the 50 percent forgiveness. And out in the hustings, there is popularity for the Israeli figures, but look at Egypt, Jordan and Syria.

Javits: I won't repeat the details. This is a one time matter. It is true Rabin doesn't think he has a commitment. This is a psychological affair. It has been overblown in both countries, but it is an emotional matter. I would hope you could cut the Gordian Knot and make a Solomon-like decision.

President: Under the proposal I made, all the Israeli aid was to be guarantee FMS.

Case: You mean you were going to chisel Israel down to a measley \$20 million.

Humphrey: It won't be done that way. The Authorization Bill requires 50% forgiveness.

[There is discussion on the accuracy of this.]

Inouye: The Bill we have marked up is \$4 million below the request, so there is ample funds.

[There is discussion of the cuts made.]

Humphrey: You can give Israel the same as the other Middle East states -- 175 million for them and 175 million for Israel -- that can give them about 376. (160 + 160 = 320 million)

President: Without any kind of commitment, I want to look at this -- what would show in the budget document.

Inouye: It would be \$176 million.

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Pres/Congressional Mtg on
Transition Quarter/Foreign Aid
4⁰⁰-5¹⁰ pm, Wed, 6/23/76

P I agree you're coming down. I have no
fixed agenda. I have a lot of statistics + 2
more you have.

I submitted for FY 76 2.3 bil for T, F, S
FY 77 I submitted 1.87 bil. ~~Over~~ 50%
of the unit aid was for general.

For FY 77 figures, we took into account that
was on TQ. When OMB came in for T, they
recommended 500 mil. I recommended that
+ went for 1 bil. All of the analyses in -
govt indicated that I was already better off
than before + was + didn't need it. Still
I went up to 1 bil. So you can see why
I'm not hesitant to see proposal to add
another 500 mil.

I have recommended 4.2 bil in 2 years. That
is 40% of the total given to T in 26 yrs
of its existence. When we have domestic
fiscal belt tightening, I wonder how to
rationalize this.

I would
bet my + plain why we submitted a full
25% TQ. We studied C.A. analysis of
relative strength. We decided that ^{it} was unlikely
if not impossible. For example, they decided
Israel would be neutral. They decided Iraq
would participate - some way - but there was
no kind of certainty that there was no PLO
involvement estimated. That it was assumed
I would bear all the casualties it would face.
Also it assumed no further resistance from
S.U. It assumed no participation by a non
comparative status.

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AUTHORITY per PAC Rev. 12/6/04; NSC/State guidelines

BY llh NLF, DATE 6/19/07



directive that on 50% forgiveness.

Passenger figures show 100 E, 62 J, 145+
only 100 for E because a rest deposit count
in dollar figures. At least we should go
to 175 mil in dollars for E

Cree I can't carry this economic burden w/o
increasing unemployment or seignioring. They
made 375 mil ^{Take as a contract} it is just that simple.

P When Rubin was here in 74, he submitted
Matman B. Forc 1st chunk, DOD recommended
400 mil, I went up to just over 1 bil & that
seemed adequate. In 75, we had no contract
to Matman B & we went to 1.5 bil which
was more than a year's revenue. I made
well a contract & I don't think Rubin thinks
so

Humph. (Said R more or less made a contract)
If we just stick to a FMS & go w/ 375, that
is only 205 in money, because of a 50%
forgiveness. And out in a hurry,
there is opportunity for a F figure, but look
at E, J, + Syria.

Janis I don't want the details. This is a 1 time matter.
It is true Rubin doesn't think he has a contract.
This is a psycho-officer. It has been
overblown in both countries, but it is
an emotional matter. I would hope you
could enter Arabian part & make a Johnson -
his dragon.

P Under a proposal I made, elle I was to be
guaranteed FMS

Cree You mean you were going to Christ I
down to a ~~monthly~~ monthly 20 mil.



H It can't be done that way. The church bill requires 50% forgiveness

(Discussion on a accuracy of this)

I say

The bill we have made up is 4 - mil below a request, so there is enough funds.

(Discussion of a extra work)

H

You can give I a same as a other ME states - 175 mil for them + 175 for I - that would give them about 376. ($160 + 16 = 320$ mil)

P

W/o any kind of contract - I want to look at this - what would show in a budget document.

I say

It would be \$176 mil.