TO:      The Secretary of Defense  
The Deputy Secretary of State  
The Director of Central Intelligence  

SUBJECT: Israeli Future Military Requirements  

The President has directed a study of the proposals of the Government of Israel included in its paper "The Defense Requirements of the Israeli Defense Forces for the Next Ten Years (1974-1983)," known as "MATMON B." The purpose of the study is to review and assess the Israeli plan in the context of its implications for the situation in the Middle East, the peace settlement process, U.S. foreign policy, U.S. military readiness posture including international security interests, and defense production. The study should consider, but not be limited to the following:

Military factors:

-- Assessment of the threat as projected by the Israelis, and the rationale and reasons for differences in U.S. and Israeli perceptions of the threat.

-- Assessment of the force structure which the Israelis consider necessary to meet the threat.

-- Military strategy which the projected Israeli force structure is designed to implement.

-- Implications of MATMON for U.S. defense planning, i.e., impact on U.S. defense production as it affects the readiness of U.S. forces and the ability of DOD to meet military assistance and sales commitments to other nations.

Political and economic factors:

-- An assessment of the political strategy which the projected Israeli force structure is designed to implement, both in terms of Israeli interests and U.S. interests.
Based on the foregoing assessment, the study should present alternative U.S. responses to the MATMON proposal. Each option should include specific implementing actions relevant to the peace-making process, funding and production capabilities, and actions required for obtaining Congressional approval for the necessary multi-year programming and funding. The advantages and disadvantages of each option should be thoroughly assessed.

The study should be prepared by an NSC ad hoc group comprising representatives of the addressees and the NSC staff, and chaired by the representative of the Secretary of Defense. The completed study should be submitted by August 26, 1974 for review by the NSC Senior Review Group prior to its consideration by the President.

The study should be conducted on a most close-hold, need-to-know basis.

cc: Chairman, Joint Chiefs of Staff
    Director, Office of Management and Budget