MEMORANDUM OF CONVERSATION

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 percent 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.
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 FLO involvement estimated. Lastly, it was assumed Israel could bear all the casualties it would face. Also it was 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.
I agree upon coming down. I think we
have a full agenda. I have a lot of citizens and
some issues here.

I suggested the FY 25, 26, and 27. Fo.
FY 27 I submitted 1.0744. Decrease 50%
and would it please acquire.

They FY 27 figures, we fixed it and came
up on the line. When we came in for 27, they
mentioned 50% and I cancelled the
increase for 26, all other numbers in the
port submitted then I was already blocked of
them to meet what didn't exist. Still,
I went really 1.07. So you can see why
even I don't understand the proposal to add
another 50%.

I have a comment 4.2 billion in 2 years. That
is 40% of total green to me in 2 years
into system. When we bring chronic
manual and effort together, I wonder how to
continue this.

I hope you know why we submitted a full
25% for, we submitted CIP analysis of
collective strength. We decided that were modest
if not wrong. For example, they don't
volunteer would be involved. The school then
would participate in some way but that no
required credit score. West Craven no PhD
involved estimated, how it would assume
it would be on C.

I hope it continues as further needs from
S.C. It is received and perfected by a warm
compliance when needed.
Passwurst finished at 12.00 E, la 9, 14.54
only 100 ft because rest slugs there
in other figures at least we should go
to 175 with same dollars
I was I can"t really this 1" because with 0.5
measuring without adjustment or suffering, they
make 375 miles. It is just that figure.
P when Robin was there in 79, he submitted
Matsumura B. For 1st Un实, D 01 submitted
900 unit, & went up to 1st set. Did #9 at
second advertisement. In 75, we had the original
to Matsumura B & we went to 1st bid which
was twice than a 47 result. Now I made a contract & about this
Robin thinks go

Hugh: (said K more or less brick a cent"
If we just stick to #3 s 175/100 = 575/100
is only 205 in many of the many c 50%
figures. And we see a difficulty,
there is popularity for c 5 figures, but click
at E, 9, + Suprise.

Jones didn"t expect it to be. This is in this month
it is hard Robin almost think he has a cent.
This has a very high & now. It has been
an \\

and

uncover in one cent. But it is
an 1 cent market. Would you
mean with Graham think it was in a
 diffusion.

P. Under c proposal 2 means, also I was & not
an, pregnant &

P craft. You mean group were going & closed &
down to a market, namely 20 mil.
If you think the done chart wrong. We have six to six.

(Revised due to accuracy of this.)

I hope the bill was done correctly by is.

We will balance-suggest a third or angle funds.

(Revised due to accuracy.)

You can give me some as a within 1.5-station.

175 total foot off 125 foot that requires

from about 3.7%. (150 + 15 = 325 total)

For 65% any cancel of each 0.2% that off

This would should three in a budget.

Now it would be 15 1/2 mile.