

# For Some Israelis, U.S. Aid Is a Burden

## They Say Strings Attached To Military Assistance Aren't Worth the Money

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JERUSALEM—The past month's flare-up in the Middle East has intensified calls for enhanced security ties between the U.S. and Israel, chiefly in the form of more military aid. The two countries are in fact negotiating a special package—estimated at up to \$1 billion—that would come on top of the \$3 billion in military and humanitarian aid the U.S. already sends.

But the idea of increased U.S. military aid has some Israelis in despair. Indeed, many Israeli defense contractors and a growing number of military officers are calling for less, not more, U.S. funding, which they say comes with conditions that are more trouble than the money is worth.

Many wonder if Israel even needs so much U.S. support. If anything, the recent fighting between Israeli troops and Palestinians has illustrated the widening gulf between Israel's military capability and that of the dilapidated armies surrounding it. Since the Palestinian revolt began on Sept. 29, not a single Arab regime has placed its troops on high alert—suggesting that they not only have no plans to engage Israel militarily but also that they want to avoid giving the Jewish state an excuse to attack. Israeli defense planners say they are confident they could prevail in a war involving any combination of Arab armies, owing to Israel's superior technology, training and wealth.

"We are reaching the point where the economy is strong enough to meet our security demands without external assistance," says Maj. Gen. Isaac Ben-Israel.

True, Israel would like U.S. assistance in upgrading its arsenal, particularly its aging fleet of F-15 and F-16 fighter jets. It expects billions of dollars in special U.S. funding for a withdrawal from the Golan Heights, should it ever sign a peace deal with Syria. And many politicians support current aid levels as a way to cement the U.S.-Israeli relationship.

But despite the recent violence, Gen. Ben-Israel says he expects U.S. aid to decline in coming years. That's music to the ears of Israeli defense contractors, who regard U.S. support as a deadly embrace: The bulk of the money is denominated in dollars, and Israel is obliged to spend most of it on U.S. weapons. Washington's generosity, say defense contractors, is a camouflaged subsidy for U.S. arms producers that harms Israel's own defense industry.

Consider the Taldor Group, which specializes in military-training systems. Frustrated with the small size of the Israeli market, the company is trying to snatch a share of the U.S. aid-package pie. Because the U.S. program is biased in favor of American contractors, Taldor wants to set up a U.S. unit from which it can bid on contracts. That effectively requires hiring engineers of dual U.S.-Israeli nationality. "But it's hard to find such people," says general manager Gideon Raz. "Either we figure out a way to increase our participation in the aid, or let's cut the support."

American aid also allows Washington to pressure Israel from selling sophisticated weapons to countries considered hostile to the U.S. In July, Israel bowed to U.S. pressure and canceled a sale of early-warning aircraft to China—a deal worth close

to \$1 billion. In the 1980s, Israel was forced to scrap a project to develop its own fighter jet, dubbed the Levi, under pressure from U.S. defense companies.

Last month, Deputy Defense Minister and retired Brig. Gen. Ephraim Sneh remarked to a local newspaper that Israel owes its qualitative edge over its Arab neighbors to home-grown expertise and ingenuity, not to U.S. largess. Though analysts in Washington disagree, his assertion raises a question: What does Israel, whose per-capita income exceeds that of the entire Arab world combined, need with a U.S. military package that undermines its own defense industry?

"If the Israeli army could get 1% of the royalties on the products it developed that are now sold in the private sector, it would free us from U.S. aid," says David Maimon, who recently stepped down as a colonel in the army to become the vice president of a top high-tech firm.

A growing constituency in Israel—in particular the fraternity of soldiers-turned-entrepreneurs—believes the Jewish state's patron is shifting from Washington, which for years has seen Israel as a strategic asset, to America's high-tech economy, which needs the Jewish state for its technology.

Israel was a valued U.S. proxy in the cold war primarily for one reason: to distract Soviet clients Syria and Iraq from menacing Turkey, which as custodian of the Bosphorus was key to preventing Soviet expansion into the Mediterranean. The Bosphorus, needless to say, has been secure for some time now.

"The cold war is over and this country is rolling in money," says Pinchas Landau, a Jerusalem-based economist and business consultant. "What does it need all that aid for?"