

The Cost of Israel to U.S. Taxpayers

“So long as the U.S. runs an annual budget deficit, every dollar of aid the U.S. gives Israel has to be raised through U.S. government borrowing.”

- Richard H. Curtiss

About Richard H. Curtiss

Richard H. Curtiss enlisted in the U.S. Army in World War II, and served as a military correspondent in Berlin, Germany after the war. After earning a B.A. in journalism from the University of Southern California and work on newspapers and for United Press, he served as a career Foreign Service officer with the Department of State and the U.S. Information Agency throughout the world and in Washington D.C. During his U.S. government career he received the U.S. Information Agency's Superior Honor Award and the Edward R. Murrow award for excellence in Public Diplomacy, U.S.I.A.'s highest professional recognition.

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If Americans Knew Mission Statement

In a democracy, the ultimate responsibility for a nation's actions rests with its citizens. The top rung of government - the entity with the ultimate power of governance - is the asserted will of the people. Therefore, in any democracy, it is essential that its citizens be fully and accurately informed.

In the United States, currently the most powerful nation on earth, it is even more essential that its citizens receive complete and undistorted information on topics of importance, so that they may wield their extraordinary power with wisdom and intelligence.

Unfortunately, such information is not always forthcoming.

The mission of If Americans Knew is to inform and educate the American public on issues of major significance that are unreported, underreported, or misreported in the American media.

It is our belief that when Americans know the facts on a subject, they will, in the final analysis, act in accordance with morality, justice, and the best interests of their nation, and of the world. With insufficient information, or distorted information, they may do the precise opposite.

It is the mission of If Americans Knew to ensure that this does not happen - that the information on which Americans base their actions is complete, accurate, and undistorted by conscious or unconscious bias, by lies of either commission or omission, or by pressures exerted by powerful special interest groups. It is our goal to supply the information essential to those responsible for the actions of the strongest nation on earth - the American people.

THE COST OF ISRAEL TO U.S. TAXPAYERS

For many years the American media said that "Israel receives \$1.8 billion in military aid" or that "Israel receives \$1.2 billion in economic aid." Both statements were true, but since they were never combined to give us the complete total of annual U.S. aid to Israel, they also were lies-true lies.

Recently Americans have begun to read and hear that "Israel receives \$3 billion in annual U.S. foreign aid." That's true. But it's still a lie. The problem is that in fiscal 1997 alone, Israel received from a variety of other U.S. federal budgets at least \$525.8 million above and beyond its \$3 billion from the foreign aid budget, and yet another \$2 billion in federal loan guarantees. So the complete total of U.S. grants and loan guarantees to Israel for fiscal 1997 was \$5,525,800,000.

One can truthfully blame the mainstream media for never digging out these figures for themselves, because none ever have. They were compiled by the *Washington Report on Middle East Affairs*. But the mainstream media certainly are not alone. Although Congress authorizes America's foreign aid total, the fact that more than a third of it goes to a country smaller in both area and population than Hong Kong probably never has been mentioned on the floor of the Senate or House. Yet it's been going on for more than a generation.

Probably the only members of Congress who even suspect the full total of U.S. funds received by Israel each year are the privileged few committee members who actually mark it up. And almost all members of the concerned committees are Jewish, have taken huge campaign donations orchestrated by Israel's Washington, DC lobby, the American Israel Public Affairs Committee (AIPAC), or both. These congressional committee members are paid to act, not talk. So they do and they don't.

The same applies to the president, the secretary of state, and the foreign aid administrator. They all submit a budget that includes aid for Israel, which Congress approves, or increases, but never cuts. But no one in the executive branch mentions that of the few remaining U.S. aid recipients worldwide, all

of the others are developing nations which either make their military bases available to the U.S., are key members of international alliances in which the U.S. participates, or have suffered some crippling blow of nature to their abilities to feed their people such as earthquakes, floods or droughts.

Israel, whose troubles arise solely from its unwillingness to give back land it seized in the 1967 war in return for peace with its neighbors, does not fit those criteria. In fact, Israel's 1995 per capita gross domestic product was \$15,800. That put it below Britain at \$19,500 and Italy at \$18,700 and just above Ireland at \$15,400 and Spain at \$14,300.

All four of those European countries have contributed a very large share of immigrants to the U.S., yet none has organized an ethnic group to lobby for U.S. foreign aid. Instead, all four send funds and volunteers to do economic development and emergency relief work in other less fortunate parts of the world.

The lobby that Israel and its supporters have built in the United States to make all this aid happen, and to ban discussion of it from the national dialogue, goes far beyond AIPAC, with its \$15 million budget, its 150 employees, and its five or six registered lobbyists who manage to visit every member of Congress individually once or twice a year.

AIPAC, in turn, can draw upon the resources of the Conference of Presidents of Major American Jewish Organizations, a roof group set up solely to coordinate the efforts of some 52 national Jewish organizations on behalf of Israel.

Among them are Hadassah, the Zionist women's organization, which organizes a steady stream of American Jewish visitors to Israel; the American Jewish Congress, which mobilizes support for Israel among members of the traditionally left-of-center Jewish mainstream; and the American Jewish Committee, which plays the same role within the growing middle-of-the-road and right-of-center Jewish community. The American Jewish Committee also publishes Commentary, one of the Israel lobby's principal national publications.

Perhaps the most controversial of these groups is B'nai B'rith's Anti-Defamation League. Its original highly commendable purpose was to protect the civil rights of American Jews. Over the past generation, however, the ADL has regressed into a conspiratorial and, with a \$45 million budget,

Booklets available from If Americans Knew

A Rose by Another Name: The Bush Administration's Dual Loyalties The neocons who pushed us into war – who they are, what they want, and where they came from. By former CIA analyst Kathleen Cristison.

A War for Israel A detailed analysis of why the US invaded Iraq. By journalist and Mideast commentator Jeffrey Blankfort.

Israeli Attacks on the US Navy and Marines

The Attack on the USS Liberty – Israel's attack on a US Navy ship, in which 34 American servicemen were killed and 172 injured. By Ambassador James Akins, Admiral Thomas Moore, and Captain Ward Boston.

'Israel Charged with Systematic Harassment of U.S. Marines' – The Marines in Lebanon. By Donald Neff, former Senior Editor and Mideast bureau chief for *Time Magazine*.

Being a Target: Reports from Gaza & 'Close your organization or die...' Two letters home from freelance journalist Alison Weir, describing, among other things, what it's like to be shot at. Following this trip, Weir founded If Americans Knew. The last piece is on a death threat received by the organization.

Rachel's Letters / Las Cartas de Raquel 23-year-old Rachel Corrie's correspondence with her parents before she was killed by Israeli forces. Also available in Spanish.

Let Us Rethink Our 'Special Relationship' with Israel A luminous explication of the Israeli-Palestinian conflict. By Charles Black, Sterling Professor of Law Emeritus at Yale University (the school's highest teaching post).

Living With the Holocaust: The journey of a Child of Holocaust Survivors A moving essay By Sara Roy, a Senior Research Scholar at Harvard University.

Palestinian Right to Return and Repatriation The core issue of the Israeli-Palestinian conflict. By Dr. Mazin Qumsiyeh, author of *Sharing the Land of Canaan*.

Special Report: Israel's Treatment of Americans An expose on Israeli torture of US citizens, originally published in *Foreign Service Journal*. By Jerri Bird, founder of Partners for Peace.

The Cost of Israel to U.S. Taxpayers A full accounting of the total amount of money Israel costs Americans – approximately \$15 million per day. By Richard Curtiss, former Foreign Service Officer, recipient of the Edward R. Murrow award for excellence in Public Diplomacy, and Executive Editor of the *Washington Report on Middle East Affairs*.

The Israel Lobby and the Left: Uneasy Questions How and why progressives have overlooked Israel's oppression of Palestinians. By journalist and Mideast analyst Jeffrey Blankfort, co-founder of the Labor Committee on the Middle East

Censored: Israel and Palestine The media's pervasive pattern of news coverage on Israel-Palestine. By former journalist and If Americans Knew founder Alison Weir.

Pressure on Campus How pro-Israeli students and organizations have worked to prevent free academic inquiry at American universi-

ties. By former Congressman and author Paul Findley.

Jewish Fundamentalism in Israel A description of Jewish supremacist groups in Israel, first published in *The Nation*. By Israeli author David Hirst.

Christians Discriminated Against by Israel A report on Israeli policies and actions regarding Christians. By former *Time Magazine* Senior Editor and Jerusalem Bureau Chief Donald Neff

Do Palestinians Teach Their Children to Hate? A scholarly study of Palestinian textbooks and curricula. By George Washington Professor Nathan Brown. (The quick answer: no.)

Einstein's Letter to the New York Times A 1948 letter signed by Einstein, Hannah Arendt and other prominent thinkers opposing Menachem Begin's "terrorism." Begin later became Prime Minister of Israel.

The Information Blockade: The Prism Between Middle Eastern Reality and Americans A first-hand account of the perils of filming – and trying to air – an honest documentary on Israel. By prize-winning filmmaker and Ohio State Professor Tom Hayes

Iraq, Palestine, and the Israel Lobby "Connecting the dots," by Former Yale Professor Mazin Qumsiyeh; and "The Debate that Never Happened," by Mideast analyst Jeffrey Blankfort, co-founder of the Labor Committee on the Middle East.

Jewish Defense League Unleashes Campaign of Violence in America A report on a terrorist organization in the United States responsible for killing and intimidation, by former *Time Magazine* Senior Editor Donald Neff.

Off the Charts: Network Coverage of Israel/Palestine A two-year statistical study of the primetime news on ABC, CBS, and NBC. The results are highly disturbing.

Off the Charts: New York Times Coverage of Israel/Palestine A two-year statistical study of *The New York Times* revealing consistent patterns of bias.

The Origin of the Israel-Palestine Conflict A clear, thoroughly referenced history of the conflict, by Jews for Justice in Palestine.

Reflecting on our Relationship with Israel A former 11-term Republican Congressman provides a hard-hitting assessment of the consequences of US policies. By Paul Findley.

Life in a Palestinian Refugee Camp The human aspect of the Israeli-Palestinian conflict. By former award-winning author and foreign correspondent Grace Halsell.

Serving Two Flags: Neo-Cons, Israel and the Bush Administration The decades-long pattern in which US intelligence agencies have investigated US officials for alleged espionage, only to have their investigations quashed. By author and analyst Stephen Green.

Biased Thinktanks Dictate US Foreign Policy The interlocking pro-Israel network that has come to dominate US foreign policymaking in the Middle East. By Brian Whittaker of the *UK Guardian*.

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extremely well funded hate group.

In the 1980s, during the tenure of chairman Seymour Reich, who went on to become chairman of the Conference of Presidents, ADL was found to have circulated two annual fund-raising letters warning Jewish parents against allegedly negative influences on their children arising from the increasing Arab presence on American university campuses.

More recently, FBI raids on ADL's Los Angeles and San Francisco offices revealed that an ADL operative had purchased files stolen from the San Francisco police department that a court had ordered destroyed because they violated the civil rights of the individuals on whom they had been compiled. ADL, it was shown, had added the illegally prepared and illegally obtained material to its own secret files, compiled by planting informants among Arab-American, African-American, anti-Apartheid and peace and justice groups.

The ADL infiltrators took notes of the names and remarks of speakers and members of audiences at programs organized by such groups. ADL agents even recorded the license plates of persons attending such programs and then suborned corrupt motor vehicles department employees or renegade police officers to identify the owners.

Although one of the principal offenders fled the United States to escape prosecution, no significant penalties were assessed. ADL's Northern California office was ordered to comply with requests by persons upon whom dossiers had been prepared to see their own files, but no one went to jail and as yet no one has paid fines.

Not surprisingly, a defecting employee revealed in an article he published in the *Washington Report on Middle East Affairs* that AIPAC, too, has such "enemies" files. They are compiled for use by pro-Israel journalists like Steven Emerson and other so-called "terrorism experts," and also by professional, academic or journalistic rivals of the persons described for use in blacklisting, defaming, or denouncing them. What is never revealed is that AIPAC's "opposition research" department, under the supervision of Michael Lewis, son of famed Princeton University Orientalist Bernard Lewis, is the source of this defamatory material.

But this is not AIPAC's most controversial activity. In the 1970s, when Congress put a cap on the amount its members could earn from speakers'

fees and book royalties over and above their salaries, it halted AIPAC's most effective ways of paying off members for voting according to AIPAC recommendations. Members of AIPAC's national board of directors solved the problem by returning to their home states and creating political action committees (PACs).

Most special interests have PACs, as do many major corporations, labor unions, trade associations and public-interest groups. But the pro-Israel groups went wild. To date some 126 pro-Israel PACs have been registered, and no fewer than 50 have been active in every national election over the past generation.

An individual voter can give up to \$2,000 to a candidate in an election cycle, and a PAC can give a candidate up to \$10,000. However, a single special interest with 50 PACs can give a candidate who is facing a tough opponent, and who has voted according to its recommendations, up to half a million dollars. That's enough to buy all the television time needed to get elected in most parts of the country.

Even candidates who don't need this kind of money certainly don't want it to become available to a rival from their own party in a primary election, or to an opponent from the opposing party in a general election. As a result, all but a handful of the 535 members of the Senate and House vote as AIPAC instructs when it comes to aid to Israel, or other aspects of U.S. Middle East policy.

There is something else very special about AIPAC's network of political action committees. Nearly all have deceptive names. Who could possibly know that the Delaware Valley Good Government Association in Philadelphia, San Franciscans for Good Government in California, Cactus PAC in Arizona, Beaver PAC in Wisconsin, and even Icepac in New York are really pro-Israel PACs under deep cover?

HIDING AIPAC'S TRACKS

In fact, the congress members know it when they list the contributions they receive on the campaign statements they have to prepare for the Federal Election Commission. But their constituents don't know this when they read these statements. So just as no other special interest can put so much "hard

It would be interesting to know how many of those American taxpayers believe they and their families have received as much from the U.S. Treasury as has everyone who has chosen to become a citizen of Israel. But it's a question that will never occur to the American public because, so long as America's mainstream media, Congress and president maintain their pact of silence, few Americans will ever know the true cost of Israel to U.S. taxpayers.

Muslim or Christian, the actual per capita benefits received by Israel's Jewish citizens would be considerably higher.

TRUE COST TO U.S. TAXPAYERS

Generous as it is, what Israelis actually got in U.S. aid is considerably less than what it has cost U.S. taxpayers to provide it. The principal difference is that so long as the U.S. runs an annual budget deficit, every dollar of aid the U.S. gives Israel has to be raised through U.S. government borrowing.

In an article in the *Washington Report* for December 1991/January 1992, Frank Collins estimated the costs of this interest, based upon prevailing interest rates for every year since 1949. I have updated this by applying a very conservative 5 percent interest rate for subsequent years, and confined the amount upon which the interest is calculated to grants, not loans or loan guarantees.

On this basis the \$84.8 billion in grants, loans and commodities Israel has received from the U.S. since 1949 cost the U.S. an additional \$49,936,880,000 in interest.

There are many other costs of Israel to U.S. taxpayers, such as most or all of the \$45.6 billion in U.S. foreign aid to Egypt since Egypt made peace with Israel in 1979 (compared to \$4.2 billion in U.S. aid to Egypt for the preceding 26 years). U.S. foreign aid to Egypt, which is pegged at two-thirds of U.S. foreign aid to Israel, averages \$2.2 billion per year.

There also have been immense political and military costs to the U.S. for its consistent support of Israel during Israel's half-century of disputes with the Palestinians and all of its Arab neighbors. In addition, there have been the approximately \$10 billion in U.S. loan guarantees and perhaps \$20 billion in tax-exempt contributions made to Israel by American Jews in the nearly half-century since Israel was created.

Even excluding all of these extra costs, America's \$84.8 billion in aid to Israel from fiscal years 1949 through 1998, and the interest the U.S. paid to borrow this money, has cost U.S. taxpayers \$134.8 billion, not adjusted for inflation. Or, put another way, the nearly \$14,630 every one of 5.8 million Israelis received from the U.S. government by Oct. 31, 1997 has cost American taxpayers \$23,240 per Israeli.

money" into any candidate's election campaign as can the Israel lobby, no other special interest has gone to such elaborate lengths to hide its tracks.

Although AIPAC, Washington's most feared special-interest lobby, can hide how it uses both carrots and sticks to bribe or intimidate members of Congress, it can't hide all of the results.

Anyone can ask one of their representatives in Congress for a chart prepared by the Congressional Research Service, a branch of the Library of Congress, that shows Israel received \$62.5 billion in foreign aid from fiscal year 1949 through fiscal year 1996. People in the national capital area also can visit the library of the U.S. Agency for International Development (USAID) in Rosslyn, Virginia, and obtain the same information, plus charts showing how much foreign aid the U.S. has given other countries as well.

Visitors will learn that in precisely the same 1949-1996 time frame, the total of U.S. foreign aid to all of the countries of sub-Saharan Africa, Latin America and the Caribbean combined was \$62,497,800,000--almost exactly the amount given to tiny Israel.

According to the Population Reference Bureau of Washington, DC, in mid-1995 the sub-Saharan countries had a combined population of 568 million. The \$24,415,700,000 in foreign aid they had received by then amounted to \$42.99 per sub-Saharan African.

Similarly, with a combined population of 486 million, all of the countries of Latin America and the Caribbean together had received \$38,254,400,000. This amounted to \$79 per person.

The per capita U.S. foreign aid to Israel's 5.8 million people during the same period was \$10,775.48. This meant that for every dollar the U.S. spent on an African, it spent \$250.65 on an Israeli, and for every dollar it spent on someone from the Western Hemisphere outside the United States, it spent \$214 on an Israeli.

BURIED ITEMS

These comparisons already seem shocking, but they are far from the whole truth. Using reports compiled by Clyde Mark of the Congressional Research Service and other sources, freelance writer Frank Collins tallied for the *Washington Report* all of the extra items for Israel buried

in the budgets of the Pentagon and other federal agencies in fiscal year 1993. *Washington Report* news editor Shawn Twing did the same thing for fiscal years 1996 and 1997.

They uncovered \$1.271 billion in extras in FY 1993, \$355.3 million in FY 1996 and \$525.8 million in FY 1997. These represent an average increase of 12.2 percent over the officially recorded foreign aid totals for the same fiscal years, and they probably are not complete. It's reasonable to assume, therefore, that a similar 12.2 percent hidden increase has prevailed over all of the years Israel has received aid.

As of Oct. 31, 1997 Israel will have received \$3.05 billion in U.S. foreign aid for fiscal year 1997 and \$3.08 billion in foreign aid for fiscal year 1998. Adding the 1997 and 1998 totals to those of previous years since 1949 yields a total of \$74,157,600,000 in foreign aid grants and loans. Assuming that the actual totals from other budgets average 12.2 percent of that amount, that brings the grand total to \$83,204,827,200.

But that's not quite all. Receiving its annual foreign aid appropriation during the first month of the fiscal year, instead of in quarterly installments as do other recipients, is just another special privilege Congress has voted for Israel. It enables Israel to invest the money in U.S. Treasury notes. That means that the U.S., which has to borrow the money it gives to Israel, pays interest on the money it has granted to Israel in advance, while at the same time Israel is collecting interest on the money. That interest to Israel from advance payments adds another \$1.650 billion to the total, making it \$84,854,827,200. That's the number you should write down for total aid to Israel. And that's \$14,346 each for each man, woman and child in Israel.

It's worth noting that that figure does not include U.S. government loan guarantees to Israel, of which Israel has drawn \$9.8 billion to date. They greatly reduce the interest rate the Israeli government pays on commercial loans, and they place additional burdens on U.S. taxpayers, especially if the Israeli government should default on any of them. But since neither the savings to Israel nor the costs to U.S. taxpayers can be accurately quantified, they are excluded from consideration here.

Further, friends of Israel never tire of saying that Israel has never defaulted on repayment of a U.S. government loan. It would be equally accurate to say Israel has never been required to repay a U.S. government loan.

The truth of the matter is complex, and designed to be so by those who seek to conceal it from the U.S. taxpayer.

Most U.S. loans to Israel are forgiven, and many were made with the explicit understanding that they would be forgiven before Israel was required to repay them. By disguising as loans what in fact were grants, cooperating members of Congress exempted Israel from the U.S. oversight that would have accompanied grants. On other loans, Israel was expected to pay the interest and eventually to begin repaying the principal. But the so-called Cranston Amendment, which has been attached by Congress to every foreign aid appropriation since 1983, provides that economic aid to Israel will never dip below the amount Israel is required to pay on its outstanding loans. In short, whether U.S. aid is extended as grants or loans to Israel, it never returns to the Treasury.

Israel enjoys other privileges. While most countries receiving U.S. military aid funds are expected to use them for U.S. arms, ammunition and training, Israel can spend part of these funds on weapons made by Israeli manufacturers. Also, when it spends its U.S. military aid money on U.S. products, Israel frequently requires the U.S. vendor to buy components or materials from Israeli manufacturers. Thus, though Israeli politicians say that their own manufacturers and exporters are making them progressively less dependent upon U.S. aid, in fact those Israeli manufacturers and exporters are heavily subsidized by U.S. aid.

Although it's beyond the parameters of this study, it's worth mentioning that Israel also receives foreign aid from some other countries. After the United States, the principal donor of both economic and military aid to Israel is Germany.

By far the largest component of German aid has been in the form of restitution payments to victims of Nazi atrocities. But there also has been extensive German military assistance to Israel during and since the Gulf war, and a variety of German educational and research grants go to Israeli institutions. The total of German assistance in all of these categories to the Israeli government, Israeli individuals and Israeli private institutions has been some \$31 billion or \$5,345 per capita, bringing the per capita total of U.S. and German assistance combined to almost \$20,000 per Israeli. Since very little public money is spent on the more than 20 percent of Israeli citizens who are