

The Strategic Functions Of U.S. AID To Israel

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Since 1992, the U.S. has offered Israel an additional \$2 billion annually in loan guarantees. Congressional researchers have disclosed that between 1974 and 1989, \$16.4 billion in U.S. military loans were converted to grants and that this was the understanding from the beginning. Indeed, all past U.S. loans to Israel have eventually been forgiven by Congress, which has undoubtedly helped Israel's often-touted claim that they have never defaulted on a U.S. government loan. U.S. policy since 1984 has been that economic assistance to Israel must equal or exceed Israel's annual debt repayment to the United States. Unlike other countries, which receive aid in quarterly installments, aid to Israel since 1982 has been given in a lump sum at the beginning of the fiscal year, leaving the U.S. government to borrow from future revenues. Israel even lends some of this money back through U.S. treasury bills and collects the additional interest.

In addition, there is the more than \$1.5 billion in private U.S. funds that go to Israel annually in the form of \$1 billion in private tax-deductible donations and \$500 million in Israeli bonds. The ability of Americans to make what amounts to tax-deductible contributions to a foreign government, made possible through a number of Jewish charities, does not exist with any other country. Nor do these figures include short- and long-term commercial loans from U.S. banks, which have been as high as \$1 billion annually in recent years.

Total U.S. aid to Israel is approximately one-third of the American foreign-aid budget, even though Israel comprises just .001 percent of the world's population and already has one of the world's higher per capita incomes. Indeed, Israel's GNP is higher than the combined GNP of Egypt, Lebanon, Syria, Jordan, the West Bank and Gaza. With a per capita income of about \$14,000, Israel ranks as the sixteenth wealthiest country in the world; Israelis enjoy a higher per capita income than oil-rich Saudi Arabia and are only slightly less well-off than most Western European countries.

AID does not term economic aid to Israel as development assistance, but instead uses the term "economic support funding." Given Israel's relative prosperity, U.S. aid to Israel is becoming increasingly controversial. In 1994, Yossi Beilen, deputy foreign minister of Israel and a Knesset member, told the Women's International Zionist

organization, "If our economic situation is better than in many of your countries, how can we go on asking for your charity?"

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