

Ronald Reagan Presidential Library  
Digital Library Collections

---

This is a PDF of a folder from our textual collections.

---

**WHORM Subject File Code:** CO074  
(Countries: Israel)  
**Case file Number(s):** 018787 (1 of 2)  
**Box Number:** 96

---

To see more digitized collections visit:

<https://www.reaganlibrary.gov/archives/digitized-textual-material>

To see all Ronald Reagan Presidential Library inventories visit:

<https://www.reaganlibrary.gov/archives/white-house-inventories>

Contact a reference archivist at: **reagan.library@nara.gov**

Citation Guidelines: <https://reaganlibrary.gov/archives/research-support/citation-guide>

National Archives Catalogue: <https://catalog.archives.gov/>

# WITHDRAWAL SHEET

## Ronald Reagan Library

**Collection Name** WHITE HOUSE OFFICE OF RECORDS MANAGEMENT  
(WHORM): SUBJECT FILE

**Withdrawer**

DLB 4/29/2010

**File Folder** CO074 (ISRAEL) (018787) (1)

**FOIA**

S10-306

**Box Number** 96

SYSTEMATIC

546

ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
90280	PAPER	ISRAEL: ECONOMIC SITUATION AND NEED FOR STABILIZATION  <b>R 5/22/2023 TREASURY/DEPT. OF STATE WAIVERS</b>	4	9/4/1981	B1
90281	MEMO	DAVID STOCKMAN TO CRAIG FULLER, RE: VISIT OF PRIME MINISTER BEGIN: BACKGROUND PAPERS  <b>R 5/22/2023 NSC/DEPT. OF STATE WAIVERS</b>	1	9/3/1981	B1
90282	MEMO	THOMAS CORMACK TO CRAIG FULLER, RE: VISIT OF PRIME MINISTER BEGIN: BACKGROUND PAPERS	2	9/3/1981	B1
90283	FORM	TRANSMITTAL FORM	1	9/3/1981	B1
90284	MEMO	DUPLICATE OF #90282	2	9/3/1981	B1
90285	BRIEFING PAPER	MILITARY ASSISTANCE PROGRAM	1	8/27/1981	B1
90286	BREIFING PAPER	ISRAEL AS A STRATEGIC PARTNER	1	8/26/1981	B1

The above documents were not referred for declassification review at time of processing

Freedom of Information Act - [5 U.S.C. 552(b)]

B-1 National security classified information [(b)(1) of the FOIA]

B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]

B-3 Release would violate a Federal statute [(b)(3) of the FOIA]

B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]

B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]

B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]

B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]

B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

# WITHDRAWAL SHEET

## Ronald Reagan Library

**Collection Name** WHITE HOUSE OFFICE OF RECORDS MANAGEMENT  
(WHORM): SUBJECT FILE

**Withdrawer**

DLB 4/29/2010

**File Folder** CO074 (ISRAEL) (018787) (1)

**FOIA**

S10-306

**Box Number** 96

SYSTEMATIC

546

ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
90287	BRIEFING PAPER	STATUS OF SAUDI AWACS PROPOSAL	1	ND	B1
		<b>R 5/22/2023 DEPT. OF STATE WAIVER</b>			
90288	BRIEFING PAPER	THE ISRAELI ECONOMY	1	ND	B1
		<b>R 5/22/2023 DEPT. OF STATE WAIVER</b>			
90289	BRIEFING PAPER	MIDDLE EAST NUCLEAR WEAPONS FREE ZONE (MENWFZ)	1	ND	B1
		<b>R 5/22/2023 DEPT. OF STATE WAIVER</b>			
90290	BRIEFING PAPER	U.S. ECONOMIC ASSISTANCE TO ISRAEL	1	ND	B1
		<b>R 5/22/2023 DEPT. OF STATE WAIVER</b>			
90291	MEMO	JOHN RIXSE TO CRAIG FULLER, RE: PRIME MINISTER BEGIN'S VISIT -- BACKGROUND PAPERS	1	9/2/1981	B1
90292	PAPER	RECOMMENDED CHANGES TO BACKGROUND PAPERS	1	ND	B1
90293	FORM	TRANSMITTAL FORM	1	9/3/1981	B1
		<b>R 5/22/2023 LIBRARY RE-REVIEW</b>			

The above documents were not referred for declassification review at time of processing

Freedom of Information Act - [5 U.S.C. 552(b)]

B-1 National security classified information [(b)(1) of the FOIA]

B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]

B-3 Release would violate a Federal statute [(b)(3) of the FOIA]

B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]

B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]

B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]

B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]

B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

# WITHDRAWAL SHEET

## Ronald Reagan Library

**Collection Name** WHITE HOUSE OFFICE OF RECORDS MANAGEMENT  
(WHORM): SUBJECT FILE

**Withdrawer**

DLB 4/29/2010

**File Folder** CO074 (ISRAEL) (018787) (1)

**FOIA**

S10-306

**Box Number** 96

SYSTEMATIC

546

ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
90294	PAPER	DUPLICATE OF #90285	1	8/27/1981	B1
90295	PAPER	DUPLICATE OF #90286	1	8/26/1981	B1
90296	PAPER	DUPLICATE OF #90287 <b>R 5/22/2023 DEPT. OF STATE WAIVER</b>	1	ND	B1
90297	PAPER	DUPLICATE OF #90288 <b>R 5/22/2023 DEPT. OF STATE WAIVER</b>	1	ND	B1
90298	PAPER	DUPLICATE OF #90289 <b>R 5/22/2023 DEPT. OF STATE WAIVER</b>	1	ND	B1
90299	PAPER	DUPLICATE OF #90290 <b>R 5/22/2023 DEPT. OF STATE WAIVER</b>	1	ND	B1

The above documents were not referred for declassification review at time of processing

Freedom of Information Act - [5 U.S.C. 552(b)]

- B-1 National security classified information [(b)(1) of the FOIA]
- B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- B-3 Release would violate a Federal statute [(b)(3) of the FOIA]
- B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

dt 4/20/10

THE WHITE HOUSE  
WASHINGTON

~~SECRET~~

C.F.

ATTACHMENT

CABINET ADMINISTRATION STAFFING MEMORANDUM

018787CA

COO74

DATE: September 5, 1981 NUMBER: 018787CA

DUE BY: n/a

SUBJECT: Begin Visit Briefing Book

	ACTION	FYI		ACTION	FYI
ALL CABINET MEMBERS	<input type="checkbox"/>	<input type="checkbox"/>	Baker	<input type="checkbox"/>	<input type="checkbox"/>
Vice President	<input type="checkbox"/>	<input type="checkbox"/>	Deaver	<input type="checkbox"/>	<input type="checkbox"/>
State	<input type="checkbox"/>	<input type="checkbox"/>	Allen	<input type="checkbox"/>	<input type="checkbox"/>
* Treasury	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Anderson	<input type="checkbox"/>	<input type="checkbox"/>
Defense	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Garrick	<input type="checkbox"/>	<input type="checkbox"/>
Attorney General	<input type="checkbox"/>	<input type="checkbox"/>	Darman (For WH Staffing)	<input type="checkbox"/>	<input type="checkbox"/>
Interior	<input type="checkbox"/>	<input type="checkbox"/>	Gray	<input type="checkbox"/>	<input type="checkbox"/>
Agriculture	<input type="checkbox"/>	<input type="checkbox"/>	Beal	<input type="checkbox"/>	<input type="checkbox"/>
Commerce	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Labor	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
HHS	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
HUD	<input type="checkbox"/>	<input type="checkbox"/>			
Transportation	<input type="checkbox"/>	<input type="checkbox"/>			
Energy	<input type="checkbox"/>	<input type="checkbox"/>			
Education	<input type="checkbox"/>	<input type="checkbox"/>			
Counsellor	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
OMB	<input type="checkbox"/>	<input type="checkbox"/>			
CIA	<input type="checkbox"/>	<input type="checkbox"/>			
UN	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
USTR	<input type="checkbox"/>	<input type="checkbox"/>			
_____	<input type="checkbox"/>	<input type="checkbox"/>			
_____	<input type="checkbox"/>	<input type="checkbox"/>			
_____	<input type="checkbox"/>	<input type="checkbox"/>			
_____	<input type="checkbox"/>	<input type="checkbox"/>			

Remarks: Please note the Scenario and Schedules section for the time and list of participants at meetings.

~~SECRET~~

ATTACHMENT

RETURN TO: Craig L. Fuller  
Deputy Assistant to the President  
Director,  
Office of Cabinet Administration  
456-2823

\* sent → Chew 9/2/81 10:55

SECRET



*Handwritten initials/signature*

*Xerox*

THE WHITE HOUSE  
WASHINGTON

UNCLASSIFIED UPON REMOVAL  
OF CLASSIFIED ENCLOSURE(S)

~~CONFIDENTIAL~~

*to Log*  
**C.F.**

ATTACHMENT

018787CA

1120  
00074

**CABINET ADMINISTRATION STAFFING MEMORANDUM**

12 noon, Tuesday,

DATE: September 5, 1981 NUMBER: 018787CA

DUE BY: September 8

SUBJECT: Begin Visit Briefing Paper

*FG012*

*FG011*

	ACTION	FYI		ACTION	FYI
ALL CABINET MEMBERS	<input type="checkbox"/>	<input type="checkbox"/>	Baker	<input type="checkbox"/>	<input type="checkbox"/>
Vice President	<input type="checkbox"/>	<input type="checkbox"/>	Deaver	<input type="checkbox"/>	<input type="checkbox"/>
State	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Allen	<input type="checkbox"/>	<input type="checkbox"/>
Treasury	<input type="checkbox"/>	<input type="checkbox"/>	Anderson	<input type="checkbox"/>	<input type="checkbox"/>
Defense	<input type="checkbox"/>	<input type="checkbox"/>	Garrick	<input type="checkbox"/>	<input type="checkbox"/>
Attorney General	<input type="checkbox"/>	<input type="checkbox"/>	Darman ( <i>For WH Staffing</i> )	<input type="checkbox"/>	<input type="checkbox"/>
Interior	<input type="checkbox"/>	<input type="checkbox"/>	Gray	<input type="checkbox"/>	<input type="checkbox"/>
Agriculture	<input type="checkbox"/>	<input type="checkbox"/>	Beal	<input type="checkbox"/>	<input type="checkbox"/>
Commerce	<input type="checkbox"/>	<input type="checkbox"/>	Tyson	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Labor	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
HHS	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
HUD	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Transportation	<input type="checkbox"/>	<input type="checkbox"/>			
Energy	<input type="checkbox"/>	<input type="checkbox"/>			
Education	<input type="checkbox"/>	<input type="checkbox"/>			
Counsellor	<input type="checkbox"/>	<input type="checkbox"/>			
OMB	<input type="checkbox"/>	<input type="checkbox"/>			
CIA	<input type="checkbox"/>	<input type="checkbox"/>			
UN	<input type="checkbox"/>	<input type="checkbox"/>			
USTR	<input type="checkbox"/>	<input type="checkbox"/>			
_____	<input type="checkbox"/>	<input type="checkbox"/>			
_____	<input type="checkbox"/>	<input type="checkbox"/>			
_____	<input type="checkbox"/>	<input type="checkbox"/>			
_____	<input type="checkbox"/>	<input type="checkbox"/>			
_____	<input type="checkbox"/>	<input type="checkbox"/>			

Remarks: The attached briefing paper for the Begin visit has been submitted by Treasury.

Please review and advise whether or not it is to be included in the Begin briefing book.

~~CONFIDENTIAL~~

ATTACHMENT

RETURN TO: Craig L. Fuller  
Deputy Assistant to the President  
Director,  
Office of Cabinet Administration  
456-2823

~~CONFIDENTIAL ATTACHMENT~~

Department  
of the Treasury

to: Craig Fuller

Office of the  
Secretary

room: \_\_\_\_\_ date: 9/4/81

The attached paper on Israel has been cleared by the State Department.

This is the paper which was omitted from the briefing materials on Prime Minister Begin's visit. I mentioned it would be forthcoming.

DC

4/28/10

SECURITY INFORMATION  
OF CLASSIFIED ENVELOPES(S)

~~CONFIDENTIAL ATTACHMENT~~

David L. Chew  
Executive Assistant  
to the Secretary  
room 3408  
phone 566-5901



DECLASSIFIED

CONFIDENTIAL

90280

Authority State/Insur. Waivers  
BY dm NARA DATE 5/22/2023

ISRAEL: Economic Situation and Need for Stabilization

The Israeli economy has never recovered the dynamism it had prior to the 1973 war. (From 1968-72, for example, real growth averaged 11 percent each year.) It has experienced severe internal and external disequilibria since then: declining growth, rising inflation and large current account deficits. To some extent outside factors were the cause. Defense expenditures and defense-related imports shot-up following the war. The economy was subsequently buffeted by rising oil prices and there was a slowdown in the growth rate of Israel's export markets. (LOU)

The burden of the adjustment has been borne by private and public investment in plant and equipment, while there has been a shift of income from capital to labor. The ratio of gross fixed investment to GDP fell from 33% in 1973 to 22% in 1980. This has led to growing demand pressures on a production base that has failed to expand quickly enough. Consequently prices, which were rising around 30-40 percent per annum between 1974-77, catapulted to new plateaus, reaching 133 percent in 1980. (LOU)

Finance Minister Aridor's pre-election economic policies aggravated an already deteriorating economic situation. The month-to-month rate of increase in the price index has slowed. In May, the consumer price index - announced two weeks before election day - rose at an annual rate of 48 percent, a dramatic drop from the 133 percent pace of 1980. However price deceleration was partly due to the delayed effect of earlier credit tightness, the reduction in purchase taxes and increases in subsidies. Renewed inflationary pressures are

CONFIDENTIAL

Classified by D. C. Templeman  
 Declassify  Review for  
Declassification on 9-4-87

REC'D. CA SEP 07 1981

'81 SEP -4 P7:31

REC'D. CA SEP 04 1981

[Faint, mostly illegible text, possibly bleed-through from the reverse side of the page]

SEARCHED  
SERIALIZED  
INDEXED  
FILED

SEP 11 1981

likely in the latter part of 1981 as the effects of the monetary expansion associated with the increased budget deficit begins to be felt. Also, further increases in the current account deficit can be expected. (C)

We do not have a reading on the 1981/82 budget deficit, but the budget is expected to be revamped soon. Over the past four years, the budget deficit to GNP ratio has ranged between 19 and 22 percent. In 1979/80, about 72 percent of the deficit was financed by foreign borrowing and domestic bank borrowing-divided equally. Meanwhile, imports of consumer durables stimulated by pre-election tax cuts, and an estimated 40 percent increase in military imports, will lead to a substantial increase in the current account deficit this year. Treasury staff estimate that the current account deficit (before official transfers) will be \$3.5 billion in 1981 compared to \$2.3 billion in 1980. The 1981 current account deficit to GDP ratio is estimated to rise to 15 percent compared to 14 percent the previous year. Although this is a disconcerting ratio, it has been higher before and the GOI has been able to finance such a deficit. (C)

As Begin enters his second term in office, the Israeli economy is beset by major structural problems that are being aggravated by Aridor's free spending policies. Without major changes in economic policy, the Begin government will face a number of problems. The budget deficit could reach record levels, accelerating price increases, pulling in imports and diverting production from exports to the domestic market. The current account deficit in the balance of payments could become unmanageable, as debt repayments mount and

foreign private bankers harden loan terms or stop new lending to Israel. Investment in plant and equipment, which had fallen to only 12 percent of GNP in 1980, would shrink further undermining future growth. (C)

A combination of policies designed to restrain demand and provide incentives for investment in productive capital for exports and for more efficient utilization of Israel's manpower is required if Israel is to successfully attack these problems. A reduction in demand pressures would help ameliorate both the inflationary and balance of payments problems. Aridor's plans for further tax cuts would have to be shelved and the growth of government expenditure, including the historically untouchable defense budget, would have to be cut. These measures would need to be supported by more disciplined money supply growth. (Money supply (M-1) grew by about 100 percent in 1980.) Real wage increases, which averaged 3 percent per year between 1972-79, would have to be held in check. And to spur productivity the government would have to provide incentives for investment. (C)

At the moment there is no economic stabilization policy and many observers believe that the Begin government is unlikely to develop one. Putting on the brakes will be difficult because Aridor spent the past nine months convincing the public that austerity was not necessary. He has said he intends to continue to reduce purchase taxes, while only gradually reducing subsidies. Meanwhile, Aridor is removing his critics from the Bank of Israel, the one institution able to resist bad government economic policies. Other cabinet ministers will probably resist any cuts in their

4

budgets, so Begin may have to get involved in economic issues which, we understand, he is not interested in. (C)

Former Finance Minister Hurwitz approached the IMF in September 1980 about the possibility of a Fund-backed stabilization program. He was unable to get backing in Jerusalem for an austerity program so the idea was dropped. Now that Israel's elections are over, it seems appropriate that the GOI once again approach the IMF for technical and financial support. However, there is no evidence as yet that the GOI is prepared to do so. (C)

In the absence of a stabilization effort it is likely that Israel's economic ills will get worse and could once again become political issues for the Begin government. Meanwhile, the GOI is already seeking higher levels of and more concessional assistance from the U.S. These appeals can be resisted for a time, however. Israel's foreign exchange reserves amounted to \$3.5 billion at the end of May - sufficient to cover about 5 months of imports. Given U.S. aid levels, the USG clearly has a basis for asking the GOI to make better use of its resources. After all, the U.S. will provide Israel with almost \$2.2 billion in assistance in FY 82 - our largest program - which is equivalent to \$563 for each Israeli citizen. (C)

Drafted by:  
WJMcFadden, Treasury  
September 4, 1981

Cleared by:  
D. Templeman, Treasury  
R. Misheloff, AID  
R. Raphel, State/NEA

OK  
should  
& see

BBB

~~CONFIDENTIAL~~  
ATTACHMENT

UNCLASSIFIED UPON REMOVAL  
OF CLASSIFIED ENCLOSURE(S)  
2/4/2010

C.F.  
018787C  
0007A

September 3, 1981

NOTE FOR CHUCK TYSON

FROM: Adele Gonzalez  
Office of Cabinet  
Administration

RE: Begin Briefing Papers  
(Your Memo dated 9/1/81)

Attached is OMB's reply regarding  
the visit of Prime Minister Begin  
which has just been received.  
Subsequent replies will be forwarded  
to you as soon as they are received.

Attachment

~~CONFIDENTIAL~~  
ATTACHMENT

~~SECRET~~

018787Ca

ATTACHMENT

UNCLASSIFIED UPON REMOVAL  
OF CLASSIFIED ENCLOSURE(S)

(4/1/81)

September 3, 1981

NOTE FOR CHUCK TYSON

FROM: Adele Gonzalez  
Office of Cabinet  
Administration

RE: Begin Briefing Papers  
(Your memo dated 9/1/81)

In accordance with your memo concerning the above subject, briefing papers were distributed to the Vice President, Departments of the Treasury and Defense, the Counsellor to the President, CIA, OMB, UN, and USTR. To date we have received a "no comment" from USTR and a reply from CIA, which is attached. Other replies will be forwarded to you as soon as we received them.

Thank you.

Attachment

~~SECRET~~

ATTACHMENT



BB

C.F.  
018787CA  
WS C0074

THE WHITE HOUSE  
WASHINGTON

September 4, 1981

CLF:

Re: Begin Visit - Staff'g Memo  
dated 9/2/81; 018787CA  
(Arrival & Departure Remarks,  
State Dinner Toast & other  
Background Materials

The Departments of the Treasury and Defense, OMB and CIA have no objections regarding the Begin visit background materials. However, they have forwarded comments for your consideration and/or inclusion in said papers. USTR and UN have "no comment." Mr. Meese has not replied. nor has the Vice President.

~~SECRET~~  
ATTACHMENT

THE WHITE HOUSE  
WASHINGTON

September 4, 1981

NOTE FOR CHUCK TYSON

FROM: Adele Gonzalez  
Office of Cabinet  
Administration

RE: Begin Visit --  
Your Memo dated 9/1/81

Attached for your information are  
the comments from the Departments of  
the Treasury and Defense regarding  
the above subject. The UN Represent-  
ative has no comments. No more  
replies are expected.

Attachment

~~SECRET~~  
ATTACHMENT

UNCLASSIFIED  
OF CLASSIFIED  
AM 11/20

~~SECRET~~

UNCLASSIFIED UPON REMOVAL  
OF CLASSIFIED ENCLOSURE

ATTACHMENT

*dl*  
*9/26/81*

September 3, 1981

NOTE FOR CHUCK TYSON

FROM: Adele Gonzalez  
Office of Cabinet  
Administration

RE: Begin Briefing Papers  
(Your memo dated 9/1/81)

In accordance with your memo concerning the above subject, briefing papers were distributed to the Vice President, Departments of the Treasury and Defense, the Counsellor to the President, CIA, OMB, UN, and USTR. To date we have received a "no comment" from USTR and a reply from CIA, which is attached. Other replies will be forwarded to you as soon as we receive them.

Thank you.

Attachment

~~SECRET~~

ATTACHMENT

---

THE WHITE HOUSE  
WASHINGTON

September 3, 1981

RE: Begin Visit  
Staffing Memo dated 9/2/81

Debbie, USTR's office, called in  
a "no comment" on above subject.

11:45 a.m.



EXECUTIVE OFFICE OF THE PRESIDENT  
 OFFICE OF MANAGEMENT AND BUDGET  
 WASHINGTON, D.C. 20503

90281 6

SEP 3 1981

~~CONFIDENTIAL~~

~~WITH SECRET ATTACHMENT~~

MEMORANDUM FOR: Craig Fuller  
 FROM : David A. Stockman *DAS*  
 SUBJECT : Visit of Prime Minister Begin:  
 Background Papers

OMB has no comments on the briefing papers entitled Status of Saudi AWACS Proposal, The Israeli Economy, Israel as a Strategic Partner, and Middle East Nuclear Weapons Free Zone (MENWFZ) nor the proposed Arrival Remarks, State Dinner Toast, and Departure Remarks which you sent to us for review. (U)

With respect to the briefing paper labelled U.S. Economic Assistance to Israel, we do not agree with the assertion that conversion of the loan component of the Economic Support Fund program for Israel to a grant, as mandated by the Congress for fiscal 1981, is acceptable for future years because the "budgetary effects ... are negligible ...." A \$260 million loan each year, (even with a 40 year maturity period at 2-3%) is not inconsequential in terms of future receipts and the requirement to give equal treatment to Egypt would add another \$250 million to the grant category annually. Moreover, this action would increase by 10% the grant percentage of the overall security assistance program for Israel in 1983 as compared with the last several years. OMB believes that we should not consider congressional action for 1981 and 1982 (if it occurs) as determinate for future year programs and the Israeli delegation should not be lead to believe that this will be the case. (C)

The seventh item on the list of previously delivered equipment in the Military Assistance Programs briefing paper should read "tanks" rather than "attack helicopters." (C)

DECLASSIFIED  
 Authority NSA Statel Servers  
 BY dl NARA DATE 5/02/2023

~~CONFIDENTIAL~~

~~WITH SECRET ATTACHMENT~~

REC'D. CA SEP 03 1981

~~BY SPECIAL MESSENGER~~

CONFIDENTIAL

CONFIDENTIAL

# WITHDRAWAL SHEET

## Ronald Reagan Library

*Collection Name*

WHITE HOUSE OFFICE OF RECORDS MANAGEMENT  
(WHORM): SUBJECT FILE

*Withdrawer*

DLB 4/29/2010

*File Folder*

CO074 (ISRAEL) (018787) (1)

*FOIA*

S10-306  
SYSTEMATIC

*Box Number*

96

546

---

<i>ID</i>	<i>Document Type</i> <i>Document Description</i>	<i>No of</i> <i>pages</i>	<i>Doc Date</i>	<i>Restric-</i> <i>tions</i>
-----------	---	------------------------------	-----------------	---------------------------------

---

90282 MEMO

2 9/3/1981 B1

THOMAS CORMACK TO CRAIG FULLER, RE:  
VISIT OF PRIME MINISTER BEGIN:  
BACKGROUND PAPERS

---

The above documents were not referred for declassification review at time of processing

Freedom of Information Act - [5 U.S.C. 552(b)]

- B-1 National security classified information [(b)(1) of the FOIA]
- B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- B-3 Release would violate a Federal statute [(b)(3) of the FOIA]
- B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

# WITHDRAWAL SHEET

## Ronald Reagan Library

*Collection Name*

WHITE HOUSE OFFICE OF RECORDS MANAGEMENT  
(WHORM): SUBJECT FILE

*Withdrawer*

DLB 4/29/2010

*File Folder*

CO074 (ISRAEL) (018787) (1)

*FOIA*

S10-306  
SYSTEMATIC

*Box Number*

96

546

---

<i>ID</i>	<i>Document Type</i> <i>Document Description</i>	<i>No of</i> <i>pages</i>	<i>Doc Date</i>	<i>Restrictions</i>
90283	FORM  TRANSMITTAL FORM	1	9/3/1981	B1

---

The above documents were not referred for declassification review at time of processing

Freedom of Information Act - [5 U.S.C. 552(b)]

- B-1 National security classified information [(b)(1) of the FOIA]
- B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- B-3 Release would violate a Federal statute [(b)(3) of the FOIA]
- B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

C. Closed in accordance with restrictions contained in donor's deed of gift.



# WITHDRAWAL SHEET

## Ronald Reagan Library

*Collection Name*

WHITE HOUSE OFFICE OF RECORDS MANAGEMENT  
(WHORM): SUBJECT FILE

*Drawer*

DLB 4/29/2010

*File Folder*

CO074 (ISRAEL) (018787) (1)

*FOIA*

S10-306  
SYSTEMATIC

*Box Number*

96

546

---

<i>ID</i>	<i>Document Type</i> <i>Document Description</i>	<i>No of</i> <i>pages</i>	<i>Doc Date</i>	<i>Restric-</i> <i>tions</i>
90284	MEMO  DUPLICATE OF #90282	2	9/3/1981	B1

---

The above documents were not referred for declassification review at time of processing

Freedom of Information Act - [5 U.S.C. 552(b)]

B-1 National security classified information [(b)(1) of the FOIA]

B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]

B-3 Release would violate a Federal statute [(b)(3) of the FOIA]

B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]

B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]

B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]

B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]

B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

C. Closed in accordance with restrictions contained in donor's deed of gift.



~~LIMITED OFFICIAL USE~~  
(w/SECRET ATTACHMENT)

UNCLASSIFIED  
EXCEPT WHERE SHOWN  
OTHERWISE  
DATE 4/13/10 BY 4131/10

DEPARTMENT OF THE TREASURY

WASHINGTON, D.C. 20220

September 3, 1981

MEMORANDUM FOR CRAIG L. FULLER  
DEPUTY ASSISTANT TO THE PRESIDENT

SUBJECT: Treasury Comments on Background Papers  
for the Visit of Prime Minister Begin

These are Treasury comments on selected background papers prepared for the visit of Prime Minister Begin.

Our comments focus on the two economic/financial background papers. Treasury has no objection to the briefing paper on "U.S. Economic Assistance to Israel." Treasury does have some concerns about the paper on "The Israeli Economy." While the first and last paragraphs are quite good, Treasury feels the paper leaves a mistaken impression that the GOI is constructively dealing with its economic problems. The GOI's present policies are exacerbating, and in some instances temporarily masking, serious economic problems.

Treasury staff is in the process of preparing a somewhat more detailed assessment of the Israeli economy for the Begin/Regan meeting which will be cleared by State and AID. We will forward a copy of this paper to you as soon as possible.

*DL*

David L. Chew  
Executive Assistant  
to the Secretary

~~LIMITED OFFICIAL USE~~  
(w/SECRET ATTACHMENT)

81 2b-3 6803

Classified by D.C. Jumperman  
 Declassify  Review for  
Declassification on 9/3/81

REC'D. CA SEP 02 1981

'81 SEP -3 P8:03

~~SECRET~~

UNCLASSIFIED UPON REMOVAL OF CLASSIFIED ENCLOSURE(S)

THE WHITE HOUSE  
WASHINGTON

ATTACHMENT

4/29/10

**CABINET ADMINISTRATION STAFFING MEMORANDUM**

DATE: September 2, 1981 NUMBER: 018787CA DUE BY: noon, Thursday, Sept. 3, 1981  
SUBJECT: Visit of Prime Minister Begin: Background Papers

	ACTION	FYI		ACTION	FYI
ALL CABINET MEMBERS	<input type="checkbox"/>	<input type="checkbox"/>	Baker	<input type="checkbox"/>	<input type="checkbox"/>
Vice President	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Deaver	<input type="checkbox"/>	<input type="checkbox"/>
State	<input type="checkbox"/>	<input type="checkbox"/>	Allen	<input type="checkbox"/>	<input type="checkbox"/>
→ Treasury	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Anderson	<input type="checkbox"/>	<input type="checkbox"/>
Defense	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Garrick	<input type="checkbox"/>	<input type="checkbox"/>
Attorney General	<input type="checkbox"/>	<input type="checkbox"/>	Darman (For WH Staffing)	<input type="checkbox"/>	<input type="checkbox"/>
Interior	<input type="checkbox"/>	<input type="checkbox"/>	Gray	<input type="checkbox"/>	<input type="checkbox"/>
Agriculture	<input type="checkbox"/>	<input type="checkbox"/>	Beal	<input type="checkbox"/>	<input type="checkbox"/>
Commerce	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Labor	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
HHS	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
HUD	<input type="checkbox"/>	<input type="checkbox"/>			
Transportation	<input type="checkbox"/>	<input type="checkbox"/>			
Energy	<input type="checkbox"/>	<input type="checkbox"/>			
Education	<input type="checkbox"/>	<input type="checkbox"/>			
Counsellor	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
OMB	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
CIA	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
UN	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
USTR	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
_____	<input type="checkbox"/>	<input type="checkbox"/>			
_____	<input type="checkbox"/>	<input type="checkbox"/>			
_____	<input type="checkbox"/>	<input type="checkbox"/>			
_____	<input type="checkbox"/>	<input type="checkbox"/>			
_____	<input type="checkbox"/>	<input type="checkbox"/>			

Remarks: Attached for your review are background papers for Prime Minister Begin's visit. Also attached are Arrival and Departure Remarks, and State Dinner Toast.

Please provide comments by noon, Thursday, September 3.

~~SECRET~~

ATTACHMENT

RETURN TO: Craig L. Fuller  
Deputy Assistant to the President  
Director,  
Office of Cabinet Administration  
456-2823

# WITHDRAWAL SHEET

## Ronald Reagan Library

*Collection Name*

WHITE HOUSE OFFICE OF RECORDS MANAGEMENT  
(WHORM): SUBJECT FILE

*Withdrawer*

DLB 4/29/2010

*File Folder*

CO074 (ISRAEL) (018787) (1)

*FOIA*

S10-306  
SYSTEMATIC

*Box Number*

96

546

---

<i>ID</i>	<i>Document Type</i> <i>Document Description</i>	<i>No of</i> <i>pages</i>	<i>Doc Date</i>	<i>Restric-</i> <i>tions</i>
90285	BRIEFING PAPER  MILITARY ASSISTANCE PROGRAM	1	8/27/1981	B1

---

The above documents were not referred for declassification review at time of processing  
Freedom of Information Act - [5 U.S.C. 552(b)]

- B-1 National security classified information [(b)(1) of the FOIA]
- B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- B-3 Release would violate a Federal statute [(b)(3) of the FOIA]
- B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

# WITHDRAWAL SHEET

## Ronald Reagan Library

*Collection Name*

WHITE HOUSE OFFICE OF RECORDS MANAGEMENT  
(WHORM): SUBJECT FILE

*Withdrawer*

DLB 4/29/2010

*File Folder*

CO074 (ISRAEL) (018787) (1)

*FOIA*

S10-306  
SYSTEMATIC

*Box Number*

96

546

---

<i>ID</i>	<i>Document Type</i> <i>Document Description</i>	<i>No of</i> <i>pages</i>	<i>Doc Date</i>	<i>Restric-</i> <i>tions</i>
90286	BREIFING PAPER  ISRAEL AS A STRATEGIC PARTNER	1	8/26/1981	B1

---

The above documents were not referred for declassification review at time of processing

Freedom of Information Act - [5 U.S.C. 552(b)]

B-1 National security classified information [(b)(1) of the FOIA]

B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]

B-3 Release would violate a Federal statute [(b)(3) of the FOIA]

B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]

B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]

B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]

B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]

B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

Authority State WaiverBY dr NARA DATE 5/22/2023 STATUS OF SAUDI AWACS PROPOSAL

The Administration submitted to the Congress August 24 its proposal to sell to Saudi Arabia airborne early warning and aerial refueling aircraft and F-15 enhancement items. The \$8.5 billion air defense package consists of the following items:

- Five E-3A Airborne Warning and Control System (AWACS) Aircraft and associated support, spares, training and ground environment improvements (\$5.8 billion).
- 101 ship-sets of conformal fuel tanks (CFTs) for F-15s (\$110 million).
- Six KC-707 tankers (with an option for two more) (\$2.4 billion).
- 1,177 AIM-9L (Sidewinder) air-to-air missiles (\$200 million).

We recognize that Saudi acquisition of this equipment is of concern to Israel. The air defense package has been designed to meet legitimate Saudi defense requirements, although it will have some impact on the Arab-Israeli military balance. If the air defense package signals an end to Israel's qualitative edge in military technology, the package would pose some danger for Israel. However, since we are firmly committed to maintaining Israel's qualitative edge, the air defense sale to Saudi Arabia is less of a threat to Israel.

We have received four types of assurances from the Saudis, covering physical security, data sharing, restrictions on third party transfers, and restrictions on the area of operation.

The 20-day informal notification period will not begin until September 9 when Congress returns from recess. During the 30-day formal notification period which follows, both houses would have to pass resolutions disapproving the sale in order to block it.

DECLASSIFIED

BRIEFING PAPER

70286

15

Authority State Waiver

BY dh NARA DATE 5/22/2023

THE ISRAELI ECONOMY

Israel has serious economic problems: Inflation is measured in triple digits. The 1981 balance of payments deficit is expected to be \$5 billion (it was \$3.8 billion in 1980). These problems reflect growing private consumption and the Israeli Government's massive deficit spending for defense, debt repayment, commodity subsidies, and social services. Higher import prices and depressed export markets have exacerbated the balance of payments problem. Only strong corrective measures can help solve these problems.

Israel's comprehensive indexing system enables the economy to function despite triple digit inflation. Political costs are high, however, and inflation is now the main economic target of the Begin Government. The Government introduced an austerity program in late 1979 to deal with the chronic balance of payments problem. That program involved real wage cuts, and thereby reduced import demand and stimulated exports. The U.S. supported that program, which succeeded in arresting the balance of payments slide and would, given time, have reduced inflation. Austerity has its political costs, however, and the program ultimately led to the Finance Minister's resignation and the June 1981 elections.

Prior to the elections, Begin's new Finance Minister, Yoram Aridor, switched economic targets to focus on inflation. Motivated in part by electoral considerations, Aridor cut sales taxes on consumer durables and cars and increased subsidies on basic commodities and energy, which led to increased imports and the beginnings of a consumer boom. As a result, inflation declined to about 3 percent in the month before the election, compared to the prior average 10 percent per month.

A policy of stable economic growth can mitigate both inflation and balance of payments problems. Such a policy will require Government budget restraint, reduction of consumption subsidies, and encouragement of the private sector. Otherwise the current anti-inflation program will lead to larger balance of payment deficits, which the U.S. will ultimately be called on to finance. Our assistance programs to date, averaging \$2.2 billion in recent years in addition to the \$3 billion Sinai redeployment package, have been critical in helping meet Israel's foreign exchange requirements. A new austerity program, because of its high political prices, can be implemented only early in the new Begin Administration.

CONFIDENTIAL



DECLASSIFIED

Authority

State Waiver

BRIEFING PAPER

90289

16

BY

da NARA DATE 5/22/2023

MIDDLE EAST NUCLEAR WEAPONS FREE ZONE  
(MENWFZ)

Reactions to the recent Israeli bombing of the Iraqi nuclear complex underline the increased tension which can result in the Middle East region from nuclear weapons proliferation. Substantive progress toward dealing with the nuclear problem in the Middle East, if it proves possible, can serve both our non-proliferation objectives and regional stability.

Since 1974 Egypt has sponsored a resolution in the UN calling for the establishment of a MENWFZ. The U.S. consistently supported the resolution, but Israel had abstained until last year -- when it changed its position and joined in consensus adoption of the resolution. We wish to explore the reasons for that change carefully.

Eugene Rostow recently held preliminary and confidential discussions with a number of key countries (UK, FRG, France, Netherlands, Egypt) as well as Israel to elicit ideas on how to progress toward a MENWFZ. The Israelis suggested that we address this inquiry to Foreign Minister Shamir during the Begin visit.

The nature of the replies we get -- particularly from Israel -- will help us gauge how far and how fast we should commit ourselves to this effort. Iraq has shown an interest in discussing the issue, but is unwilling to deal with Israel. Clearly, Arab suspicions of Israel and refusal to engage in direct negotiations will impede actual negotiations on a MENWFZ. Furthermore, since Israel is accepted by all as far more advanced toward a nuclear weapon than any of the Arab states, the Arabs suspect that recent Israeli support for the UN resolution is merely maneuvering for tactical gain.

Nonetheless, by encouraging concerned countries to explore the concept at this time, we hope to achieve progress toward a MENWFZ and also improve the climate for peace in the region.

~~CONFIDENTIAL~~

DECLASSIFIED

BRIEFING PAPER

9029.0

Authority State Waiver

BY ds NARA DATE 5/12/2023

U.S. ECONOMIC ASSISTANCE TO ISRAEL

17

We have been providing Israel with \$785 million annually in economic assistance since fiscal year (FY) 1978 and have proposed that level for FY 1982. This assistance takes the form of transfers of cash from the Economic Support Fund. Prior to FY 1981, approximately two-thirds of the total package (\$525 million a year) was a grant and the remainder (\$260 million) a long term, low interest loan. For the current year Congress mandated an all grant program as a response to Israel's concerns about its heavy external debt burden. We believe that, with sound economic management, Israel should have no difficulty in servicing its debt. We therefore have proposed a return to the 2/3 grant - 1/3 loan formula in FY 1982, but Congress will likely again mandate an all grant program. The budgetary effects for us are negligible, and we are prepared to accept this modification.

We have never conditioned assistance on Israeli Government willingness to carry out specified economic policies and programs. However, our aid is intended to help Israel cover short-term balance of payments deficits while the government takes steps to strengthen its financial position. The objective is to enable Israel to make do with less aid in future years without suffering a lower standard of living. In this light, we are not satisfied with the efforts that the Government of Israel is making to resolve the difficult balance of payments problems which gave rise to a need for our substantial economic assistance.

We expect to receive Israel's aid request for U.S. FY 1983 about the time of Prime Minister Begin's visit. Given the worsening balance of payments situation this year, we can anticipate that a case will be made for increasing the economic and military aid level. If the question of economic aid levels should arise, we should tell Begin that we are prepared to consider Israel's FY 1983 request in light of Israel's needs and our own (USG) budget and to review it with a high level Israeli delegation as in previous years. We hope the Israeli submission will reflect a program to attack inflation other than through increased consumption subsidies and to bring Israel's international accounts into better balance.

~~CONFIDENTIAL~~

ARRIVAL REMARKS: PRIME MINISTER BEGIN OF ISRAEL  
SEPTEMBER 9, 1981

Prime Minister Begin, on behalf of the American people, Nancy and I are honored and delighted to welcome you and all those accompanying you. We are proud to stand beside you this morning, joining a tradition of hospitality for Israel observed by our Presidents for more than three decades. Your visit is testimony to the warm friendships, mutual respect and shared values that bind our peoples.

Israel and America may be thousands of miles apart, but we are philosophical neighbors, sharing a strong commitment to democracy and the rule of law. What we hold in common are the bonds of trust and friendship, the qualities that in our eyes make Israel a great nation. No people have fought longer, struggled harder or sacrificed so much in order to survive, to grow and to live in freedom.

We are filled with anguish as we recall the terrible nightmare of the Holocaust, one that we know touched you in the most personal and profound way, Mr. Prime Minister. But if we must recall this pain, it is only so we can say, only so we can ensure: never again.

Our message today is short and simple: We remember. We will always remember.

And to those who still refuse to recognize Israel's right to exist, we have another message: Israel is not America's client, she is our ally, and our friend -- a very reliable friend. And being our friend, she is not alone . . . She is not expendable . . . And she will never be abandoned.

We know Israelis live in constant peril. But Israel will have our help. She will remain strong and secure. And her special character of spirit, genius and faith will prevail.

The prophet Ezekiel spoke of a new age when the "land that was desolate has become like the garden of Eden; and the waste and . . . ruined cities are now inhabited . . . "

We saw how miraculously you transformed and made the desert bloom. We see how, everyday, despite the dangers, your families continue working together, to build a better place to live and prosper in peace and freedom.

Our dream, our challenge, and yes our mission is to make the Golden Age of peace, prosperity and brotherhood a living reality in all countries of the Middle East.

Let us remember that whether we be Christian, or Jew, or Moslem, we are all the children of Abraham; we are all children of the same God.

And let us remember that two men of great faith, leadership and vision -- Prime Minister Menachem Begin of Israel, and President Anwar Sadat of Egypt -- have each stepped forward and taken a bold risk for peace.

Mr. Prime Minister, the skill and dedication to peace of both you and the members of your coalition, have earned our profound respect and admiration. Many cynics said Israel would never make peace with Egypt. But you did. Then they said you would not honor your commitment to return the Sinai to Egypt. But you have. Now they say you

recently reaffirmed their esteem for you;

Called as a peacemaker, you boldly seized the opportunity for peace with Egypt and skillfully pursued it to a successful conclusion.

Mr. Prime Minister, the commitment you are making is a commitment to future generations.

In the Talmud there is a story about a man named Honi. He was getting on in age and one day a passerby saw him planting carob trees. It is said that the carob tree does not produce fruit for 70 years. The passerby commented to the old man: Certainly you don't expect to see the fruit from this tree. And the old man answered: I came into this world and people had planted trees for me. And I am planting for those who will come after me.

Thank you, Mr. Prime Minister, for planting these seeds of peace. Ladies and gentlemen I ask you to join me in a toast to Prime Minister Begin and our friends the Israeli people. And if I may refer to that rabbi from "Fiddler on the Roof" one more time: May the good Lord bless you and keep you . . . always close to us.

STATE DINNER TOAST: PRIME MINISTER BEGIN OF ISRAEL  
SEPTEMBER 9, 1981

Prime Minister Begin, it is a genuine pleasure to welcome you to the White House this evening. I should say welcome you back, because the Prime Minister is no stranger to this room. I even have the funny feeling he may have dined here more often than I have. Be that as it may, once again he is an honored guest, but this time Nancy and I have the privilege and we're just delighted.

I'm not sure whether you saw it or not, Mr. Prime Minister, but in the play "Fiddler on the Roof," one of the townspeople asked the rabbi if he had a proper blessing for the Czar.

And the rabbi answered, "Why of course: May God bless and keep the Czar . . . far away from us."

Well, Prime Minister Begin, as we know, the Jewish people have never been far away from sorrow and oppression during their long and troubled history. Now I don't believe your own involvement with Jewish history goes as far back as the time of the Czars. Not, you understand, that there would be anything wrong with that. You'll hear no criticism of age tolerated in this house.

Lately I've been heartened to remember that Moses was 80 when God commissioned him for public service, and he lived to be 120. And Abraham was 100 and his wife Sarah 90 when they did something truly amazing. And he survived to be 175. So my heavens Mr. Prime Minister, we haven't even hit full-stride yet!

But to be serious a moment, after our conversations today -- very warm and productive -- I am more convinced than ever that we are on the right road. That we really can draw closer to that Golden Age of peace, prosperity and brotherhood. And the reason I think is clear: Providence has blessed us at this critical time with two leaders -- one in Israel, one in Egypt -- uniquely capable of the great decisions required.

Prime Minister Begin, I remember reading in your book "White Nights," how as a young man, being held inside Soviet prisons, you longed to return with your people to the Middle East. Even then you told your captors there would be plenty of room " . . . for the Arabs, for millions of Jews, and for peace." And you've been working ever since to make that dream come true:

Though trained as a lawyer, you passed up the quiet life of a private attorney. From your earliest days, the spirit of freedom burned within you, leading you to make great personal sacrifices for the Jewish people;

As a political inmate in those Soviet dungeons, you learned the horrors of totalitarian abuse. You fought against Hitler. And you spent your early adult years helping create a haven for your people in a new Israel;

Devoted to democratic traditions, you served as leader of your country's loyal opposition for nearly thirty years;

Consistent in your views and skillful in presenting them, you were elected the leader of a free people, who

cannot go forward to work out a just and durable peace with all your neighbors. But we know you will.

Let me also thank you Mr. Prime Minister for helping our special ambassador, Philip Habib, to arrange a cessation of hostilities across your border with Lebanon. Still another considered step for peace, one well-taken.

We have reached an important juncture in the peace process. Good will, mutual trust and perseverance can carry us through. I am confident they will. I look forward to discussing with you the vital issues of peace and security that concern our two countries. And I especially welcome this opportunity to get to know you personally.

Prime Minister Begin, I know your entire life has been dedicated to the security and well-being of your people. It was not always easy. From your earliest days you were acquainted with hunger and sorrow. But as you have written, you rarely wept. On one occasion you did. The night when your beloved State of Israel was proclaimed. You cried that night you said, because:

"Truly, there are tears of salvation . . . as well as tears of grief."

Well, with the help of God, and us working together, perhaps one day for all people in the Middle East, there will be no more tears of grief . . . only tears of salvation.

Shalom, Shalom. To him that is far off and to him that is near. And again Mr. Prime Minister, welcome to America.



DEPARTURE REMARKS: PRIME MINISTER BEGIN OF ISRAEL  
SEPTEMBER 10, 1981

Mr. Prime Minister, we have had two days of friendly, useful, and productive talks. I am greatly encouraged by the common purpose I have sensed throughout our discussions, and especially pleased by the friendship and complete candor that has developed between us from the very outset of our meetings. Your views have been invaluable, and your grasp of the issues that concern us is truly impressive.

We have made progress in charting the course we will be following in the peace process in the months ahead. We will work together to maintain the peace concluded between Israel and Egypt, and to build on that peace and broaden it. The United States stands ready to help advance the peace process in any way that is useful to the parties concerned.

In our discussions about the strategic situation in the Middle East, it is only natural we have found much common ground. As friends and as partners in peace, we share a determination to oppose all forces that threaten the freedom, integrity, and peace of our nations. The United States will remain committed to Israel's security and well-being. We will work together with you and with our other friends in the region to counter Soviet aggression and to strengthen the security of all countries in the area.

Mr Prime Minister, this is the first of what I know will be many warm and productive meetings between us. I am delighted to have had this opportunity to come to know you and to discuss the partnership between our two countries.

Through our conversations, I believe we have created new bonds of understanding between the United States and Israel, and renewed and strengthened our special relationship.

I wish you a very pleasant stay in the United States and a safe return to Israel.

# WITHDRAWAL SHEET

## Ronald Reagan Library

*Collection Name*

WHITE HOUSE OFFICE OF RECORDS MANAGEMENT  
(WHORM): SUBJECT FILE

*Withdrawer*

DLB 4/29/2010

*File Folder*

CO074 (ISRAEL) (018787) (1)

*FOIA*

S10-306  
SYSTEMATIC

*Box Number*

96

546

---

<i>ID</i>	<i>Document Type</i> <i>Document Description</i>	<i>No of</i> <i>pages</i>	<i>Doc Date</i>	<i>Restric-</i> <i>tions</i>
-----------	---	------------------------------	-----------------	---------------------------------

---

90291 MEMO

1 9/2/1981 B1

JOHN RIXSE TO CRAIG FULLER, RE: PRIME  
MINISTER BEGIN'S VISIT -- BACKGROUND  
PAPERS

---

The above documents were not referred for declassification review at time of processing

Freedom of Information Act - [5 U.S.C. 552(b)]

- B-1 National security classified information [(b)(1) of the FOIA]
- B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- B-3 Release would violate a Federal statute [(b)(3) of the FOIA]
- B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

# WITHDRAWAL SHEET

## Ronald Reagan Library

*Collection Name*

WHITE HOUSE OFFICE OF RECORDS MANAGEMENT  
(WHORM): SUBJECT FILE

*Withdrawer*

DLB 4/29/2010

*File Folder*

CO074 (ISRAEL) (018787) (1)

*FOIA*

S10-306  
SYSTEMATIC

*Box Number*

96

546

---

<i>ID</i>	<i>Document Type</i> <i>Document Description</i>	<i>No of</i> <i>pages</i>	<i>Doc Date</i>	<i>Restric-</i> <i>tions</i>
90292	PAPER  RECOMMENDED CHANGES TO BACKGROUND PAPERS	1	ND	B1

---

The above documents were not referred for declassification review at time of processing

Freedom of Information Act - [5 U.S.C. 552(b)]

B-1 National security classified information [(b)(1) of the FOIA]

B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]

B-3 Release would violate a Federal statute [(b)(3) of the FOIA]

B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]

B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]

B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]

B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]

B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

WASH FAX

90293

20

# REQUEST/RECEIPT FOR TRANSMISSION

-3 SEP 1981 19 31	SITE <b>D</b>	1 SEP 3 09:02 SITE
DATE AND TIME TRANSMITTED	229 SSN NBR	DATE AND TIME RECEIVED

## TO BE COMPLETED BY REQUESTER

FROM MR. RIXSE OFFICE/DESK TSA PHONE NBR 78388

SUBJECT PRIME MINISTER BEGIN'S VISIT

CLASSIFICATION SECRET UNCLASSIFIED UPON REMOVAL OF CLASSIFIED ENCLOSURE(S) PAGES 2  
*in 5/1/2003*

DELIVERY INSTRUCTIONS

  


HOLD FOR NORMAL DUTY HOURS  
IMMEDIATELY

NOTE: FURNISH AFTER DUTY HOUR CONTACT TELEPHONE NUMBER FOR EACH ADDRESSEE REQUIRING AFTER HOUR DELIVERY.

## TRANSMIT TO

AGENCY	INDIVIDUALS NAME	OFFICE	ROOM NBR	PHONE NBR
WH	<u>CRAIG FULLER</u>	WH	<u>GRDFL/WW</u>	<u>456-2823</u>

REMARKS:  
  
COME BACK COPY PLEASE

**THE WHITE HOUSE**  
WASHINGTON

**CABINET ADMINISTRATION STAFFING MEMORANDUM**

DATE: September 2, 1981 NUMBER: 018787CA noon, Thursday,  
DUE BY: Sept. 3, 1981

SUBJECT: Visit of Prime Minister Begin: Background Papers

	ACTION	FYI		ACTION	FYI
ALL CABINET MEMBERS	<input type="checkbox"/>	<input type="checkbox"/>	Baker	<input type="checkbox"/>	<input type="checkbox"/>
Vice President	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Deaver	<input type="checkbox"/>	<input type="checkbox"/>
State	<input type="checkbox"/>	<input type="checkbox"/>	Allen	<input type="checkbox"/>	<input type="checkbox"/>
✓ Treasury	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Anderson	<input type="checkbox"/>	<input type="checkbox"/>
✓ Defense	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Garrick	<input type="checkbox"/>	<input type="checkbox"/>
Attorney General	<input type="checkbox"/>	<input type="checkbox"/>	Darman ( <i>For WH Staffing</i> )	<input type="checkbox"/>	<input type="checkbox"/>
Interior	<input type="checkbox"/>	<input type="checkbox"/>	Gray	<input type="checkbox"/>	<input type="checkbox"/>
Agriculture	<input type="checkbox"/>	<input type="checkbox"/>	Beal	<input type="checkbox"/>	<input type="checkbox"/>
Commerce	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Labor	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
HHS	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
HUD	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Transportation	<input type="checkbox"/>	<input type="checkbox"/>			
Energy	<input type="checkbox"/>	<input type="checkbox"/>			
Education	<input type="checkbox"/>	<input type="checkbox"/>			
Counsellor	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
✓ OMB	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
✓ CIA	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
* UN NC per Wipac 9/16	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
* USTR NC per Debbie	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
_____ 11:45 a.m.	<input type="checkbox"/>	<input type="checkbox"/>			
_____	<input type="checkbox"/>	<input type="checkbox"/>			
_____	<input type="checkbox"/>	<input type="checkbox"/>			
_____	<input type="checkbox"/>	<input type="checkbox"/>			
_____	<input type="checkbox"/>	<input type="checkbox"/>			

Remarks: Attached for your review are background papers for Prime Minister Begin's visit. Also attached are Arrival and Departure Remarks, and State Dinner Toast.

Please provide comments by noon, Thursday, September 3.

RETURN TO: Craig L. Fuller  
Deputy Assistant to the President  
Director,  
Office of Cabinet Administration  
456-2823

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

September 1, 1981

MEMORANDUM FOR RICHARD G. DARMAN  
CRAIG FULLER

FROM: CHARLES P. TYSON

SUBJECT: Begin Briefing Papers

Attached for distribution to appropriate White House staff and Cabinet are 15 sets each of Presidential Arrival Remarks, Toast, and Departure Statement -- and additional Background Papers that have just arrived. Response and comments should be received at NSC by noon on Thursday, September 3.

The arrival remarks, toast, and departure statement have been reviewed twice by White House speechwriters, NSC staff, and Richard Allen. The additional background papers have been reviewed and edited by the NSC staff.

The final briefing books will be completed for distribution to the President, White House staff, and Cabinet by close of business on Friday, September 4.

(NOTE: TYSON MEMO NOT  
FORWARDED W/ STAFF'S MIAW)

REC'D. CA SEP 01 1981



# WITHDRAWAL SHEET

## Ronald Reagan Library

*Collection Name*

WHITE HOUSE OFFICE OF RECORDS MANAGEMENT  
(WHORM): SUBJECT FILE

*Withdrawer*

DLB 4/29/2010

*File Folder*

CO074 (ISRAEL) (018787) (1)

*FOIA*

S10-306  
SYSTEMATIC

*Box Number*

96

546

---

<i>ID</i>	<i>Document Type</i> <i>Document Description</i>	<i>No of</i> <i>pages</i>	<i>Doc Date</i>	<i>Restrictions</i>
90294	PAPER  DUPLICATE OF #90285	1	8/27/1981	B1

---

The above documents were not referred for declassification review at time of processing  
Freedom of Information Act - [5 U.S.C. 552(b)]

- B-1 National security classified information [(b)(1) of the FOIA]
- B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- B-3 Release would violate a Federal statute [(b)(3) of the FOIA]
- B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

# WITHDRAWAL SHEET

## Ronald Reagan Library

*Collection Name*

WHITE HOUSE OFFICE OF RECORDS MANAGEMENT  
(WHORM): SUBJECT FILE

*Withdrawer*

DLB 4/29/2010

*File Folder*

CO074 (ISRAEL) (018787) (1)

*FOIA*

S10-306  
SYSTEMATIC

*Box Number*

96

546

---

<i>ID</i>	<i>Document Type</i> <i>Document Description</i>	<i>No of</i> <i>pages</i>	<i>Doc Date</i>	<i>Restric-</i> <i>tions</i>
90295	PAPER  DUPLICATE OF #90286	1	8/26/1981	B1

---

The above documents were not referred for declassification review at time of processing

Freedom of Information Act - [5 U.S.C. 552(b)]

B-1 National security classified information [(b)(1) of the FOIA]

B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]

B-3 Release would violate a Federal statute [(b)(3) of the FOIA]

B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]

B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]

B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]

B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]

B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

Authority State WaiverBY dr WARADATE 5/22/2023STATUS OF SAUDI AWACS PROPOSAL

23

The Administration submitted to the Congress August 24 its proposal to sell to Saudi Arabia airborne early warning and aerial refueling aircraft and F-15 enhancement items. The \$8.5 billion air defense package consists of the following items:

-- Five E-3A Airborne Warning and Control System (AWACS) Aircraft and associated support, spares, training and ground environment improvements (\$5.8 billion).

-- 101 ship-sets of conformal fuel tanks (CFTs) for F-15s (\$110 million).

-- Six KC-707 tankers (with an option for two more) (\$2.4 billion).

-- 1,177 AIM-9L (Sidewinder) air-to-air missiles (\$200 million).

We recognize that Saudi acquisition of this equipment is of concern to Israel. The air defense package has been designed to meet legitimate Saudi defense requirements, although it will have some impact on the Arab-Israeli military balance. If the air defense package signals an end to Israel's qualitative edge in military technology, the package would pose some danger for Israel. However, since we are firmly committed to maintaining Israel's qualitative edge, the air defense sale to Saudi Arabia is less of a threat to Israel.

We have received four types of assurances from the Saudis, covering physical security, data sharing, restrictions on third party transfers, and restrictions on the area of operation.

The 20-day informal notification period will not begin until September 9 when Congress returns from recess. During the 30-day formal notification period which follows, both houses would have to pass resolutions disapproving the sale in order to block it.

DECLASSIFIED

BRIEFING PAPER

90297

Authority State Waiver  
BY ds NARA DATE 5/24/2023

THE ISRAELI ECONOMY

24

Israel has serious economic problems: Inflation is measured in triple digits. The 1981 balance of payments deficit is expected to be \$5 billion (it was \$3.8 billion in 1980). These problems reflect growing private consumption and the Israeli Government's massive deficit spending for defense, debt repayment, commodity subsidies, and social services. Higher import prices and depressed export markets have exacerbated the balance of payments problem. Only strong corrective measures can help solve these problems.

Israel's comprehensive indexing system enables the economy to function despite triple digit inflation. Political costs are high, however, and inflation is now the main economic target of the Begin Government. The Government introduced an austerity program in late 1979 to deal with the chronic balance of payments problem. That program involved real wage cuts, and thereby reduced import demand and stimulated exports. The U.S. supported that program, which succeeded in arresting the balance of payments slide and would, given time, have reduced inflation. Austerity has its political costs, however, and the program ultimately led to the Finance Minister's resignation and the June 1981 elections.

Prior to the elections, Begin's new Finance Minister, Yoram Aridor, switched economic targets to focus on inflation. Motivated in part by electoral considerations, Aridor cut sales taxes on consumer durables and cars and increased subsidies on basic commodities and energy, which led to increased imports and the beginnings of a consumer boom. As a result, inflation declined to about 3 percent in the month before the election, compared to the prior average 10 percent per month.

A policy of stable economic growth can mitigate both inflation and balance of payments problems. Such a policy will require Government budget restraint, reduction of consumption subsidies, and encouragement of the private sector. Otherwise the current anti-inflation program will lead to larger balance of payment deficits, which the U.S. will ultimately be called on to finance. Our assistance programs to date, averaging \$2.2 billion in recent years in addition to the \$3 billion Sinai redeployment package, have been critical in helping meet Israel's foreign exchange requirements. A new austerity program, because of its high political prices, can be implemented only early in the new Begin Administration.

~~CONFIDENTIAL~~

DECLASSIFIED

Authority State Waiver

BRIEFING PAPER

BY dm NARA DATE 5/22/2023

90298

25

MIDDLE EAST NUCLEAR WEAPONS FREE ZONE  
(MENWFZ)

Reactions to the recent Israeli bombing of the Iraqi nuclear complex underline the increased tension which can result in the Middle East region from nuclear weapons proliferation. Substantive progress toward dealing with the nuclear problem in the Middle East, if it proves possible, can serve both our non-proliferation objectives and regional stability.

Since 1974 Egypt has sponsored a resolution in the UN calling for the establishment of a MENWFZ. The U.S. consistently supported the resolution, but Israel had abstained until last year -- when it changed its position and joined in consensus adoption of the resolution. We wish to explore the reasons for that change carefully.

Eugene Rostow recently held preliminary and confidential discussions with a number of key countries (UK, FRG, France, Netherlands, Egypt) as well as Israel to elicit ideas on how to progress toward a MENWFZ. The Israelis suggested that we address this inquiry to Foreign Minister Shamir during the Begin visit.

The nature of the replies we get -- particularly from Israel -- will help us gauge how far and how fast we should commit ourselves to this effort. Iraq has shown an interest in discussing the issue, but is unwilling to deal with Israel. Clearly, Arab suspicions of Israel and refusal to engage in direct negotiations will impede actual negotiations on a MENWFZ. Furthermore, since Israel is accepted by all as far more advanced toward a nuclear weapon than any of the Arab states, the Arabs suspect that recent Israeli support for the UN resolution is merely maneuvering for tactical gain.

Nonetheless, by encouraging concerned countries to explore the concept at this time, we hope to achieve progress toward a MENWFZ and also improve the climate for peace in the region.

~~CONFIDENTIAL~~

70299

BRIEFING PAPER

U.S. ECONOMIC ASSISTANCE TO ISRAEL

26

We have been providing Israel with \$785 million annually in economic assistance since fiscal year (FY) 1978 and have proposed that level for FY 1982. This assistance takes the form of transfers of cash from the Economic Support Fund. Prior to FY 1981, approximately two-thirds of the total package (\$525 million a year) was a grant and the remainder (\$260 million) a long term, low interest loan. For the current year Congress mandated an all grant program as a response to Israel's concerns about its heavy external debt burden. We believe that, with sound economic management, Israel should have no difficulty in servicing its debt. We therefore have proposed a return to the 2/3 grant - 1/3 loan formula in FY 1982, but Congress will likely again mandate an all grant program. The budgetary effects for us are negligible, and we are prepared to accept this modification.

We have never conditioned assistance on Israeli Government willingness to carry out specified economic policies and programs. However, our aid is intended to help Israel cover short-term balance of payments deficits while the government takes steps to strengthen its financial position. The objective is to enable Israel to make do with less aid in future years without suffering a lower standard of living. In this light, we are not satisfied with the efforts that the Government of Israel is making to resolve the difficult balance of payments problems which gave rise to a need for our substantial economic assistance.

We expect to receive Israel's aid request for U.S. FY 1983 about the time of Prime Minister Begin's visit. Given the worsening balance of payments situation this year, we can anticipate that a case will be made for increasing the economic and military aid level. If the question of economic aid levels should arise, we should tell Begin that we are prepared to consider Israel's FY 1983 request in light of Israel's needs and our own (USG) budget and to review it with a high level Israeli delegation as in previous years. We hope the Israeli submission will reflect a program to attack inflation other than through increased consumption subsidies and to bring Israel's international accounts into better balance.

**DECLASSIFIED**

Authority State waiver  
BY dl NARA DATE 5/27/2023

~~CONFIDENTIAL~~

ARRIVAL REMARKS: PRIME MINISTER BEGIN OF ISRAEL  
SEPTEMBER 9, 1981

Prime Minister Begin, on behalf of the American people, Nancy and I are honored and delighted to welcome you and all those accompanying you. We are proud to stand beside you this morning, joining a tradition of hospitality for Israel observed by our Presidents for more than three decades. Your visit is testimony to the warm friendships, mutual respect and shared values that bind our peoples.

Israel and America may be thousands of miles apart, but we are philosophical neighbors, sharing a strong commitment to democracy and the rule of law. What we hold in common are the bonds of trust and friendship, the qualities that in our eyes make Israel a great nation. No people have fought longer, struggled harder or sacrificed so much in order to survive, to grow and to live in freedom.

We are filled with anguish as we recall the terrible nightmare of the Holocaust, one that we know touched you in the most personal and profound way, Mr. Prime Minister. But if we must recall this pain, it is only so we can say, only so we can ensure: never again.

Our message today is short and simple: We remember. We will always remember.

And to those who still refuse to recognize Israel's right to exist, we have another message: Israel is not America's client, she is our ally, and our friend -- a very reliable friend. And being our friend, she is not alone . . . She is not expendable . . . And she will never be abandoned.

We know Israelis live in constant peril. But Israel will have our help. She will remain strong and secure. And her special character of spirit, genius and faith will prevail.

The prophet Ezekiel spoke of a new age when the "land that was desolate has become like the garden of Eden; and the waste and . . . ruined cities are now inhabited . . . "

We saw how miraculously you transformed and made the desert bloom. We see how, everyday, despite the dangers, your families continue working together, to build a better place to live and prosper in peace and freedom.

Our dream, our challenge, and yes our mission is to make the Golden Age of peace, prosperity and brotherhood a living reality in all countries of the Middle East.

Let us remember that whether we be Christian, or Jew, or Moslem, we are all the children of Abraham; we are all children of the same God.

And let us remember that two men of great faith, leadership and vision -- Prime Minister Menachem Begin of Israel, and President Anwar Sadat of Egypt -- have each stepped forward and taken a bold risk for peace.

Mr. Prime Minister, the skill and dedication to peace of both you and the members of your coalition, have earned our profound respect and admiration. Many cynics said Israel would never make peace with Egypt. But you did. Then they said you would not honor your commitment to return the Sinai to Egypt. But you have. Now they say you



cannot go forward to work out a just and durable peace with all your neighbors. But we know you will.

Let me also thank you Mr. Prime Minister for helping our special ambassador, Philip Habib, to arrange a cessation of hostilities across your border with Lebanon. Still another considered step for peace, one well-taken.

We have reached an important juncture in the peace process. Good will, mutual trust and perseverance can carry us through. I am confident they will. I look forward to discussing with you the vital issues of peace and security that concern our two countries. And I especially welcome this opportunity to get to know you personally.

Prime Minister Begin, I know your entire life has been dedicated to the security and well-being of your people. It was not always easy. From your earliest days you were acquainted with hunger and sorrow. But as you have written, you rarely wept. On one occasion you did. The night when your beloved State of Israel was proclaimed. You cried that night you said, because:

"Truly, there are tears of salvation . . . as well as tears of grief."

Well, with the help of God, and us working together, perhaps one day for all people in the Middle East, there will be no more tears of grief . . . only tears of salvation.

Shalom, Shalom. To him that is far off and to him that is near. And again Mr. Prime Minister, welcome to America.

STATE DINNER TOAST: PRIME MINISTER BEGIN OF ISRAEL  
SEPTEMBER 9, 1981

Prime Minister Begin, it is a genuine pleasure to welcome you to the White House this evening. I should say welcome you back, because the Prime Minister is no stranger to this room. I even have the funny feeling he may have dined here more often than I have. Be that as it may, once again he is an honored guest, but this time Nancy and I have the privilege and we're just delighted.

I'm not sure whether you saw it or not, Mr. Prime Minister, but in the play "Fiddler on the Roof," one of the townspeople asked the rabbi if he had a proper blessing for the Czar.

And the rabbi answered, "Why of course: May God bless and keep the Czar . . . far away from us."

Well, Prime Minister Begin, as we know, the Jewish people have never been far away from sorrow and oppression during their long and troubled history. Now I don't believe your own involvement with Jewish history goes as far back as the time of the Czars. Not, you understand, that there would be anything wrong with that. You'll hear no criticism of age tolerated in this house.

Lately I've been heartened to remember that Moses was 80 when God commissioned him for public service, and he lived to be 120. And Abraham was 100 and his wife Sarah 90 when they did something truly amazing. And he survived to be 175. So my heavens Mr. Prime Minister, we haven't even hit full-stride yet!

But to be serious a moment, after our conversations today -- very warm and productive -- I am more convinced than ever that we are on the right road. That we really can draw closer to that Golden Age of peace, prosperity and brotherhood. And the reason I think is clear: Providence has blessed us at this critical time with two leaders -- one in Israel, one in Egypt -- uniquely capable of the great decisions required.

Prime Minister Begin, I remember reading in your book "White Nights," how as a young man, being held inside Soviet prisons, you longed to return with your people to the Middle East. Even then you told your captors there would be plenty of room " . . . for the Arabs, for millions of Jews, and for peace." And you've been working ever since to make that dream come true:

Though trained as a lawyer, you passed up the quiet life of a private attorney. From your earliest days, the spirit of freedom burned within you, leading you to make great personal sacrifices for the Jewish people;

As a political inmate in those Soviet dungeons, you learned the horrors of totalitarian abuse. You fought against Hitler. And you spent your early adult years helping create a haven for your people in a new Israel;

Devoted to democratic traditions, you served as leader of your country's loyal opposition for nearly thirty years;

Consistent in your views and skillful in presenting them, you were elected the leader of a free people, who

recently reaffirmed their esteem for you;

Called as a peacemaker, you boldly seized the opportunity for peace with Egypt and skillfully pursued it to a successful conclusion.

Mr. Prime Minister, the commitment you are making is a commitment to future generations.

In the Talmud there is a story about a man named Honi. He was getting on in age and one day a passerby saw him planting carob trees. It is said that the carob tree does not produce fruit for 70 years. The passerby commented to the old man: Certainly you don't expect to see the fruit from this tree. And the old man answered: I came into this world and people had planted trees for me. And I am planting for those who will come after me.

Thank you, Mr. Prime Minister, for planting these seeds of peace. Ladies and gentlemen I ask you to join me in a toast to Prime Minister Begin and our friends the Israeli people. And if I may refer to that rabbi from "Fiddler on the Roof" one more time: May the good Lord bless you and keep you . . . always close to us.

DEPARTURE REMARKS: PRIME MINISTER BEGIN OF ISRAEL  
SEPTEMBER 10, 1981

Mr. Prime Minister, we have had two days of friendly, useful, and productive talks. I am greatly encouraged by the common purpose I have sensed throughout our discussions, and especially pleased by the friendship and complete candor that has developed between us from the very outset of our meetings. Your views have been invaluable, and your grasp of the issues that concern us is truly impressive.

We have made progress in charting the course we will be following in the peace process in the months ahead. We will work together to maintain the peace concluded between Israel and Egypt, and to build on that peace and broaden it. The United States stands ready to help advance the peace process in any way that is useful to the parties concerned.

In our discussions about the strategic situation in the Middle East, it is only natural we have found much common ground. As friends and as partners in peace, we share a determination to oppose all forces that threaten the freedom, integrity, and peace of our nations. The United States will remain committed to Israel's security and well-being. We will work together with you and with our other friends in the region to counter Soviet aggression and to strengthen the security of all countries in the area.

Mr Prime Minister, this is the first of what I know will be many warm and productive meetings between us. I am delighted to have had this opportunity to come to know you and to discuss the partnership between our two countries.

Through our conversations, I believe we have created new bonds of understanding between the United States and Israel, and renewed and strengthened our special relationship.

I wish you a very pleasant stay in the United States and a safe return to Israel.