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THE BALANCE OF PAYMENTS AND MIDDLE-EAST PEACE

There can be a merging of America's interest in reducing its balance of payments deficit, Israel's interest in modern planes and missiles for defense, and their mutual interest in peace in the Middle-East.

In the past, Israel has received its major military aircraft from France -- the Mirage. It has pending an order for Mirages, with a deposit of \$50 million, which has now been blocked by the French Government. Because the USSR has more than replaced the planes Egypt lost in the war of June 1967, Israel desperately needs planes and missiles. Israel has been reluctant to rely upon the United States as its major supplier of military aircraft, apparently, because this would mean revising its military strategy, retraining its pilots, and substituting replacement parts. Nevertheless, the time may have come when Israel's requirement for planes and missiles outbalances the difficulties involved in switching from reliance upon France to the United States.

The United Jewish Appeal generally raises in the United States some \$60 to \$80 million a year for Israel. In 1967 much more was collected. It would be to the mutual advantage of America and Israel if the United States were willing to sell to Israel the planes and missiles it needs and if Israel, in return, would use the funds raised by the United Jewish Appeal for this purpose and would also withdraw and use in the United States the \$50 million it now has on deposit in France. This would save at least \$125 million in balance of payments for America this year and somewhat less in subsequent years.