

The Fiscal Cliff and Israel's Appetite for US Welfare Funds

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US legislators who regularly squabble over local spending, never fail Israel's appetite for taxpayer's largesse. Now they have another opportunity to show their servitude when considering bill H.R. 938 United States-Israel Strategic Partnership Act of 2013; a uniquely privileged status putting Israel's welfare ahead of members of the US army.

Failing to agree on ways to reduce the deficit, the US president was forced earlier this month to enact the Budget Control Act (BCA) into law. The debt ceiling compromise was originally agreed to between Congress and the president in summer 2011. Known as sequestration, it forces across the board spending cuts by over \$85 billion in 2013, increasing to \$109bn thereafter reaching \$1.5 trillion by 2021.

BCA cuts were divided equally between domestic and defence programmes. It was originally stipulated to take effect on January 1, 2013 but was delayed for two months to avoid the "fiscal cliff".

Economists predicted the US economy would nosedive into recession if the compulsory budget cuts were combined with the expiration of the Bush tax breaks for the rich and increased payroll tax. Each of the two parties were hoping the results of the 2012 election would send a resounding message to the new leadership to settle the argument over the best approach to reduce US budget shortfall.

The election, however, put things back to pre-summer 2011 when it re-elected again one party for the executive branch and another, albeit weakened, remained leading the House of Representatives. The discretionary reduction in the defence covers areas such as weapon purchases, base operations, construction work, educational assistance to American soldiers, in addition to \$168 million for security enhancement at US embassies.

The domestic cuts came from both mandatory and discretionary spending on low-income programmes ranging from aid for Women, Infants and Children (WIC), Head Start for low-income children, "Meals-on-Wheels" for hungry seniors, unemployment trust fund to Social Security and Medicare. All in all, BCA could cost the US economy more than 750,000 jobs and over half a point from GDP growth.

It is certain when considering the impact of budget cuts on taxpayers neither political party gave much consideration to foreign beneficiaries. Not until now at least.

While American taxpayers became content with the painful cuts, Israel and its lobby were not. To the chagrin of Israeli firsters, sequestration stands to reduce Israel's welfare cheque this year by more than \$200m. Israeli Finance Minister Yuval Steinitz expressed trepidation

over the looming US budget constraints at the Israeli cabinet meeting on March 3 declaring: “the economic difficulties in the United States worry us. I hope that we will not be hurt by them”. Steinitz’s message was heard by America Israel Public Affairs Committee (AIPAC).

Literally two days later, AIPAC massed thousands of Israeli firsters at its annual policy conference in Washington for this year’s mission. The inculcated lobbyists swarmed the Halls of US Congress readied with two-prong strategy:

- first urge US Senators to pass a resolution supporting an Israeli attack on Iran.
- second seek exemption of Israel’s \$3.1bn as well as its extra \$211m for the Iron Dome missile defence system from sequestration.

To do so, AIPAC solicitors contrived a clever approach to sidestep BCA by promoting a US legislation to designate Israel as a “major US strategic ally”. A status enjoyed by no other nation which will presumably save Israel’s aid from BCA axe.

Last week Israeli Ambassador to Washington Michael Oren echoed AIPAC’s objectives and in what sounded like lecturing US legislators, he warned in the Jerusalem Post: “This is no time to reduce critical assistance which would only result in greater and graver costs”. While BCA across the board cuts did not spare more than \$40bn from America’s defence budget, the Israeli ambassador and AIPAC want elected officials to preserve US taxpayers’ funding for Israeli military budget. US legislators who regularly squabble over local spending, never fail Israel’s appetite for taxpayer’s largesse.

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