

The Economic Club of New York

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The Right Honorable Menachem Begin  
Prime Minister of Israel

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Questioners: George W. Ball, Senior Partner  
Lehman Brothers, Inc.

Robert L. Bartley  
Editorial Page Editor  
*The Wall Street Journal*

## Introduction

Chairman Tim Dunleavy

Members of the Club and guests, good evening. I'm Tim Dunleavy, Chairman of the Economic Club and your presiding officer this evening. But before introducing the Prime Minister, we would like to recognize and introduce the others in his party who are with us here tonight. Seated here at the head table are His Excellency Chaim Herzog, Israel's Ambassador and Permanent Representative to the United Nations. (Applause). His Excellency Simcha Dinitz, Israel's Ambassador to the United States. (Applause) The Honorable Dr. Zvi Dinstein, Israel's Economic Minister to the United States and Canada. (Applause) And the Honorable Uri Ben-Ari, Consul General of Israel in New York. (Applause) Also seated at a table in the audience is the Prime Minister's lovely wife, Aliza, along with the wives of the others in his party tonight. Mrs. Begin. (Applause)

Just some housekeeping. As has been our custom at these dinner meetings, after the Prime Minister has finished his talk, we will have questions directed at him by our two moderators. Tonight, we are pleased to have with us two distinguished gentlemen from diverse fields. Seated to my right, George W. Ball, formerly United States Under-Secretary of State and now Senior Partner of Lehman Brothers, Inc. I'm sorry, George, on the left. (Applause) How would you expect an Irishman to know left from right? (Laughter) And I would guess seated to my right, Robert L. Bartley, the Editorial Page editor of *The Wall Street Journal*. (Applause)

And now I have the honor of introducing to you our guest speaker for the evening. As the leader of a nation of nearly 4 million people, a leader whose decisions affect millions more in far-flung countries around the globe, Menachem Begin is unique among world leaders. Throughout his life, he has been committed to realizing the highest destiny for the state of Israel. His contributions in that regard are legion – as a Freedom Fighter, as co-founder of Israel's Freedom Party in 1948, as a Cabinet Minister during a critical 1967-1970 period, and as Israel's top elected official since 1977, when his coalition topped the Majority Party for the first time ever.

But beyond these well-known facts of public life, Prime Minister Begin is a man of diverse pursuits. He is a scholar of the Talmud as well as the Greek and Latin classics. In his native country of Poland, he gave his first speech at the age of 12 and later becoming the leader of the Jewish National Youth Movement there. The Prime Minister is also the author of many articles and two books. As a young man and political prisoner, he was once told you will never see the Jewish State. After hearing that, I can appreciate something of what he must have felt almost exactly 30 years ago today when, from a secret radio station in Tel Aviv, he announced to his fellow Freedom Fighters the state of Israel has arisen.

This week, the Prime Minister's visit to the United States also marks the start of the celebrations for the 30<sup>th</sup> anniversary of Israel's independence in this, the year 5738 of the Hebrew calendar. And so with the traditional Israeli welcome, Shalom, a word which conveys not only a greeting but a wish for peace, I am indeed privileged to introduce to you the Right Honorable Menachem

Begin. Mr. Prime Minister. (Applause)

The Right Honorable Menachem Begin

Prime Minister of Israel

Mr. Chairman, honorable guests on the dais, ladies and gentlemen; I am deeply honored by your invitation to address your club. I am grateful that I have now the opportunity to speak to you, to this distinguished audience, about the main problems concerning Israel, the Middle East, and cooperation between the United States and our country.

Ladies and gentlemen, during the last 30 years, or rather during the first 30 years after the renewal of our independence, Israel first and foremost had to preserve itself. It was surrounded, threatened, battered from the first day of its rebirth. Israel did it quite successfully. Five wars, always repelled the attackers, however at a great price – sacrifices of the best of its sons who with themselves, themselves had to sustain our independence against odds. And, of course, at a great price and investment of economic sources, instead of developing them, giving away them for our national defense which to us means life itself.

During that period, Israel preserved its democracy. Surrounded by dictatorial regimes, near and afar, it kept its free institutions, elections, multi-party system, free parliament and parliamentary debate. In other words, Israel's democracy in the region in which it lives is indeed exemplary.

One of the proofs of democracy in Israel is that I am here. (Applause)

Israel preserved itself as a haven and a home for persecuted people, for people who are knocking at a door looking for refuge, for a new home to live in, for citizenship and pride. And therefore, when we started our independence we were only 600,000. Now we are more than 3 million, having reconcentrated our dispersed people from four corners of the world, with all the different backgrounds and languages and cultures melting into one nation with the same tongue, proud, believing in its future.

Israel preserved itself until this very day as a great center of human science in all walks of life, in all spheres of human activity, we develop our science. We have our great scientists. And it helps, of course, to develop our economy to assure progress in the social and economic fields. I do not boast, but I can say that Israel is indeed in our time a center of human science.

Whilst we lived under these conditions of permanent threat and repeated war and attack, we concentrated our dispersed people and built our economy. We have developed in many spheres – in industry, in agriculture, in services. Our exports rose. For instance, in 1970, we exported for \$1,350,000,000. During this year, we shall have exported for \$6 billion so we've quadrupled in several years our exports. Our industrial exports in 1970 reached the mark of \$600 million. During this year it will have reached the mark of \$3 billion.

This, of course, is great progress but we still have an imbalance in payments reaching \$2,600,000,000. This is an improvement of 30% in comparison with last year but it is still a great burden on our economy. In all fields of our economic activity, there is permanent development. We've turned our agriculture into a great item of exports mainly to Europe which is to us, especially during the winter period, a very serious market for our agricultural produce and we continue to develop it.

Ladies and gentlemen, the government of Israel believes that the most efficient system to develop a country is through free private enterprise. (Applause) When we look upon the world and see the collectivist system of entities, of founding enterprises through the state and through officials of the state, we can see first of all poverty, deprivation, and then liquidation of liberty. Whereas through the system of free private initiative, there is great development and also great social progress, and economic advancement. I do not contend to say that this system doesn't leave other problems, but in comparison this is the best system to develop a country.

One of the proofs is that since the days of the NEP of Lenin until this very day, all the totalitarian regimes, when they want to make life easier, turn to what is termed liberalization. They make allowances to private initiative. This happens also now in Eastern Europe. But we believe that the system per se is positive, successful, progressive, and very efficient indeed. (Applause)

We, therefore, decided to turn Israel's economy into a free economy. We abolished control of

foreign currency. Now every investor in Israel can enjoy the fruit of his labors. It is a free economy in which investments are being welcome. We want to create a climate for investments, to remove obstacles of bureaucracy which are deep obstacles to an investor so that the investor shouldn't run from office to office asking for a permit to develop his activities. Under these conditions, respectfully may I call upon this audience. Gentlemen, come and invest in Israel. It will be a good investment. (Applause) We shall do our best to make it easy for you, possible for you.

It is true; we are not a large country. We are a small land. We do not have many raw materials. But we have a great treasure – our skilled labor. May I tell you that our young generation which is devoted and educated, our young generation of workers which learn quickly, which is intelligent, after study and practice can produce almost anything – the most precise instruments. And they proved it. And therefore, when those investments are being made and the enterprise is built, they can again export their products and again develop the country. Come and invest in Israel. It will be a proper investment. And thus, our country will develop and there will be cooperation between you and ourselves for the benefit of both.

In fact, we have such American investments. Israel is placed in the Middle East, but from the economic point of view it's going to be in the near future a characteristic Western country with a free economy, with laws which favor investments and economic development and progress. So this is my call and appeal to you for the good of our country and your country and for the welfare

of our peoples, Israel is open to your initiative, free private initiative, and to the investment of all the means you can so to make possible our economy to develop and to flourish. We lay deep hope on this development, on this cooperation.

Now, my dear friends, I have to admit that until now we don't have the great treasure, perhaps the greatest in human life, peace. Since the inception of our independence, we have a state of war and repeated attacks. Since those days until this very day, with all our heart we wanted peace. We stretched out our hand to our neighbors to make peace. For the last 30 years, a generation, it was denied to us. Yet we can develop our country even under these conditions as we gave proof and we shall do so in the future with your understanding, cooperation, and help.

But we are now embarked on a great effort to achieve peace as well. Sometimes I may admit people get impatient. Why isn't already the peace treaty signed? Where are the terms? I appeal to you. Dear friends, be patient with all the factors, all the sides in the Middle East. Peace is necessary, inescapable. The peace effort is irreversible, and I believe it will come in our time. But we have problems, all of us have problems. Not only it's a long protracted conflict of decades, but we must care for the future and make sure that peace will reign in the region in which we live, not only for us – the proved suffering and fighting generation which dreams of peace – but also for our children and children's children. This is the issue.

Graphically, I will only describe to you one detail, but it will be enough to understand our

dilemma and our worry. Before the Six-Day War, we lived in a small area in the valley of the sea – nine miles from the positions of the enemy. Nine miles, what is it in the United States?

Everybody here understands. Then came the attacks and the repelling of them. And then we are asked, as a condition, to go back to that particular line. But, in the meantime, my friends, it is not a matter of legalisms. It's a problem of life. Weaponry developed. Connection with Moscow was established. The range changed. And on that line, every home, every man, every citizen can be directly threatened. And we want our children to live in peace and security.

Therefore, we care for peace and for some conditions of peace. And hence the difficulties. But here I am to tell you that Israel will not tire in its effort to achieve peace which must be negotiated. If you hear two demands – return to those lines, and have a threatening state on your neck, the rulers of which already wrote the charter to the effect that our country should disappear, should be wiped off the map – then there is nothing left to negotiate. No peace treaty has ever been written, no peace has ever been achieved without proper free negotiations. Therefore, the key to it are negotiations. We shall be patient with this demand. Let us negotiate peace and all the peace conditions until we reach it.

Ladies and gentlemen, such are the issues ahead of us. If peace should arrive – this is our vision – the Middle East can turn again as it was in ancient times, as it should be in the future, one of the most progressive regions on earth. It is placed in the center of the world geographically. It has deserts around but in our time more than in any other period, the desert can be repelled and

made green as we proved, and the others too. The borders will be open. There will be cooperation, mutual help. The whole world will come and assist in the development of the region. Other stricken countries will be developing and liquidating their poverty. There will be great building. This is the vision – the great vision of peace for us and for our neighbors. And it is so great that it calls for an effort on all sides. We will not spare that effort. But even today, ladies and gentlemen, as I describe to you our own conditions, may I again call upon you to come and fruitfully invest your ability and your capital in Israel because such cooperation will be beneficial for both of us.

The United States of America and Israel are allies. We believe in the same human values of democracy and liberty. We stand together to defend liberty in the world because the free world shrank, became an island which is also battered. Country after country is being taken over in various continents. We all must be very careful and worried too. We should defend liberty and the human values in which we believe. Israel is a small country, but with great spirit. The United States is a mighty country, but since the days of Abraham Lincoln, always believes that right makes might. So let us stand together for rights and liberty and a system of free economy. Let us cooperate and work together and develop our countries for the benefit of our nations and the whole world. Thank you. (Applause)

QUESTION AND ANSWER PERIOD

CHAIRMAN TIM DUNLEAVY: Thank you Mr. Prime Minister. Before we begin our question and answer period, we'd just like to ask you again that when we're finished with the question and answer period, we'd ask you to remain seated until the Prime Minister has left the hall. Now gentlemen, we'll turn it over to, on my left George Ball, on my right Mr. Bartley. And we'd ask them to come up here to the table. Mr. Prime Minister, if you would too, to sit with them. And we'll have the questioners deliver their questions to the Prime Minister.

ROBERT L. BARTLEY: Mr. Prime Minister, I'm sure that I speak for us all in thanking you very much for a speech that was not only illuminating but gracious. And I'm sure that it would be appropriate to start the question period with a difficult question so that I will try to articulate what seems to me the concern about the course of negotiations in the Middle East as it has been developing among many of Israel's wide circle of friends here in the United States. Many of its friends here – both Jew and Gentile – are very committed to the existence, the survival of a state of Israel. They are not terribly concerned about questions of what its borders will be so long as it survives. And if you look out over the long term, you have 3 million Jews surrounded by some 140 million Arabs, and it would seem that at some point or another, there has to be a turn toward some kind of reconciliation or at least toward the splitting off of some of the more moderate Arabs from the more militant ones. And that in recent months we have seen what appears to be the most hopeful possibility of this in all of Israel's existence. And the way the negotiations

appear, at least from this move, to have unfolded is that there is a concern that this question of the existence of Israel may take second place to the question of what the borders may be, that from here it looks as if the argument is about a few settlements in the Sinai – that sort of thing. I wonder if there is anything you can say that would allay this concern?

THE RIGHT HONORABLE MENACHEM BEGIN: The question, he said, is a difficult question he is going to put. It is not difficult at all, respectfully. And I am grateful that you put it because it gives me an opportunity to elaborate again on the main issue. At my invitation, as a result of a statement made by President Sadat, the People's Council, that he may come to Jerusalem and address Knesset. He did come to us and we received him with cordiality and respect. Before he came and in that speech he put out two demands – to the effect, Israel's return to the lines preceding the Six-Day War leaving us, as I already said, nine miles from the seashore, and the creation of what is termed the Palestinian State in the areas of Judea, Samaria and the Gaza Strip, leaving us in permanent danger of being attacked, as promised in the charter.

When I reacted to those two demands, I said, as I believed on behalf of all the groups in the Knesset and the overwhelming majority of our people – except the Communist Party which is completely subservient to Moscow – that those two demands will be unacceptable to Israel as they must be. My friends, borders in our region, in our little land, cannot be separated from peace. I admit, perhaps, it is difficult from afar and from a vast great country, wherever it is, to understand our specific conditions of life. But when you live in a small country, and when you

have the experience of many years of incursions, of attacks, of casualties even without a major war, day in and day out, then it's different. And this was our experience. This is the reason that it is part of our negotiations to have once and for all time that security which escaped us for so many years.

We had talks with President Sadat. May I tell you that our talks in Jerusalem were friendly. I always remember them and so I will. We spoke for many hours, both with our colleagues and privately. We understood that we have difference of opinion, but \_\_\_ we shall negotiate. We shall discuss it. Then in the wake of that visit, Israel elaborated and produced a peace plan. I brought it also in December to the United States of America. If I do not quote anything said in the Cabinet room, I can remind you, our friends, of the public statements made to the effect, a great deal of flexibility and notable contribution, a long step forward, etc. And with that plan we went to Ismailia and again we met for long hours of talks. It was a wonderful atmosphere of openness and understanding.

We produced our peace plan. It was divided into two parts. One concerning the bilateral relations between us and Egypt. And we said that the demilitarized Sinai deserts which five times were used as a base of attack against us and therefore should be demilitarized, so it shouldn't be a threat again for invasion from Egypt into our country, will be under Egyptian rule.

There will be two small NATO zones under United Nations supervision which is necessary, on

one hand to make sure that the Tiran Straits will for always be open as an international waterway as it should be by the law of the open sea. And that there won't be any more reason, as it was twice, to go to war when they were close to us and to others – or rather to us – to go to the southern and to eastern seas. And from the point of view of our national security, vital security, the Gaza Strip should not be again a place in which there will be – in using a general term – gun running which will turn it into a direct threat against the southern part of our land and its population which under our experience was connected with hundreds of casualties in killed and in wounded.

Everybody who saw that part of the plan said it is forthcoming – more forthcoming than ever presented. The second part concerned our common life with our neighbor's, the Palestinian Arabs. Have a glimpse of the map with your mind's eye and you will see. The homes are so close, the country is so small, the Katyushas which are used in other parts of the Middle Eastern territory have so long range relatively that almost from any point they can reach any home.

Now, my friends, we suggested a plan of administrative autonomy. We will not interfere with the lives whatsoever of our neighbors. They will elect their own Administrative Council in a secret ballot, in a democratic election. And that council will deal with all the affairs of their daily lives. We will only reserve our security because with that, again there will be bloodshed and again conflict and again the threat of war. We went even further and said that after a period of time there will be a review of the conditions.

In accordance with this plan, there will be three factors – the Jordanian government, the Israeli government, the Administrative Council. As far as the Gaza Strip is concerned, the Egyptian government. We leave now the question of sovereignty which is a matter of right and a matter of claims, and therefore, in order to reach an agreement and to make an agreement possible, we suggest to leave it open and deal with the people on both sides, parliamentary expression, free option in citizenship, and the biggest, complete equality. If one chooses Israeli citizenship, they will vote to Knesset, Jordanian citizenship, vote to the Jordanian parliament. In both spheres, real equality, human relations, in decency, and in justice. And then look, how reality will speak for itself in that small country in which we shall live together and cooperate and have common ventures. I think there is reason to believe that out of this cooperation there will come a wish to continue with the cooperation and ultimately to establish that understanding which is the basis for real peace.

That was our plan in two parts – developed and produce. But it wasn't negotiated. President Sadat and I agreed in Ismailia to have two committees – a political and a military one, one in Cairo, the other in Jerusalem – to negotiate all the outstanding issues. But after a day and a half more or less, the Egyptian delegation was withdrawn by surprise, and the negotiations stopped. There were again some meetings in Cairo between our Defense Minister and his colleague and President Sadat, but they are not those negotiations which we need in order to go into the detailed conditions of how to establish peace.

Now we have two demands. You heard them – total withdrawal of Palestinian state – two demands which the United States of America does not accept. Total withdrawal, as I already explained, would mean that the potential enemy would be around our homes. The Palestinian state would no doubt whatsoever be turned into a Soviet base in no time. The distance between Odessa and Bethlehem being only a few hours. After all those airlifts carried out into Ethiopia and Mozambique and Angola, everybody can understand that such would be the case in the heart of the Middle East and such the danger because from that point you can go into all three directions.

And there is such a danger to what you told, sir, the public here, is called moderate states. Well, if there should be those two demands, what is to be negotiated about? But peace should be negotiated. Therefore, the difficulty. This is now the obstacle. And this is the reason why we repeat patiently and insistently to renew the negotiations. Our plan is a fair basis for negotiations. We do not contend that it should be the only one plan. There may be counter-proposals so we shall discuss the counter-proposals and the proposal and vice versa. Everyone who has got international experience knows that this is the road conducive and leading to peace.

So, therefore, from this platform too I appeal to remove that obstacle and to say there is a peace plan. It was elaborated and introduced by Israel. For the time being, it's the only peace plan. If there are counter-proposals, let them be produced and let the spirit of the talks of Jerusalem and

Ismailia be renewed, the spirit of openness and understanding and friendliness. As a result, if it may take even some time, we shall overcome the difficulties and reach an agreement which will serve as a basis for peace treaties and the establishment of permanent peace in the Middle East.

(Applause)

GEORGE W. BALL: Mr. Prime Minister, Mr. Bartley a moment ago raised a question which he represented as a difficult one. I shall ask you an easy question. What you have said, and said very eloquently, implies one point which I confess bothers a good many Americans. And that is that you equate territory and security, or security and territory, that you believe that Israel must (AUDIO ENDS AND CONTINUES) ...West Bank, the area of the West Bank that you referred to as Judea and Samaria. Up, for the last 11 years you have been able to do this through a military occupation. This, I am confident, has been distasteful to Israel with its commitments to totalitarianism, to liberty, to democratic principles such as you've described. It's also been troublesome to Americans who have wished to support Israel but are troubled by the implication that if no peace settlement is arrived at, this may mean a continuance of a military occupation of perhaps a million and a quarter Arabs. And this seems rather offensive to our principles as it does to yours. Now, you have suggested a proposal which has, in my judgment, a great deal of merit – a proposal for what you referred to as administrative autonomy or self-rule which would certainly be a major improvement from the point of view of the Arab population to the present situation of military occupation. But still under your proposal, the matter of internal order would be left to Israel which would mean that you would in effect be required to police the area, to

maintain military strength in the area. And there's also the matter of, the fact that a million and a quarter Arabs in the Gaza Strip and the West Bank would have an option of either accepting Jordanian or Israeli citizenship, that Israel would have the right of free settlement in the area while the residents of the area now would be permitted to settle in Israel only if they were prepared to take Israeli citizenship. I confess to you that from the point of view of an American viewing this, and viewing it with a great sympathy toward the predicament in which your country finds itself and not wishing in any way to impair Israeli security or to put it in any way in doubt, but nevertheless this does not seem to me to be a proposal which is likely in any way to satisfy the Arabs living in this area. My own experience which has been a brief one there but the impression I have is that they're not very anxious to return to Jordanian rule which, as your government has frequently pointed out, was not very comfortable for them. But at the same time they're not prepared to accept the option of Israeli citizenship. And if this is the only option offered to them, and if they must continue under a situation in which Israel retains the right to police and determine internal order, I would doubt very much that there will be an end of the kind of extremism that has now taken hold out of, I suggest, desperation. You, sir, were a great freedom fighter and there are also freedom fighters in this country among these people. The military occupation is a distasteful thing particularly to the people who live under it and I'm sure you would agree, and I'm sure you would sympathize with this feeling. But is the proposal that you suggest enough or is it merely the beginning of a bargaining process in which case I would applaud for having put it forward. And I would hope very much that the parties can be returned to the bargaining table and that something more could be achieved.

THE RIGHT HONORABLE MENACHEM BEGIN: Thank you Mr. Ball. The question is easy. (Laughter and Applause) I will put it in simple language. (Laughter and Applause) Our plan as elaborated should be adopted, as I believe it's good and constructive and human. It can be rejected, and then instead counter-proposals be made. But our peace plan does not endanger anybody. Many adjectives can be added to it – good or distasteful, etc. It's no danger to anybody. Not to one Egyptian, not to one Jordanian, not to one Palestinian Arab, not at all.

On the other hand, their demands of the retreat to those lines I already mentioned, and the philosophy elaborated by my respectful neighbor, Mr. Ball, that actually there should be an independent Palestinian state in those three areas, my friends, endangers the lives of every man, woman, and child in Israel. Do I equate territory with security? If we should do so, why our proposal about Sinai? Yes, indeed, we take risks in connection with our peace efforts. Dare we suggest withdrawal of hundreds of kilometers. It is a risk as a result of our experience. We take it. We do not equate, as you put it, Mr. Ball, territory with security. But if you are facing a situation in which is the question of the threshold of the homes in which you live, this is a different story. We do not endanger anybody.

The comparison with our fight and the other fights, may I say, demands also a clarification. I am grateful for the title you bestowed upon me of freedom fighter. But we fought to save a people from the danger of utter destruction. When did we rise to fight? In the 40s when are people were

dragged to a wanton death in Europe. Today is Remembrance Day. And the then rulers of the country called Palestine which was promised to the Jewish people as a national home, approved also with the United States government, was shut off, and none of our brethren could have come. And therefore, we rose and fought just to save our people.

But if there is a so-called charter in which it is obviously and publicly said that the state of Israel must disappear, must disappear, be wiped off the map, then the aim is a different one – not to save a people but to destroy a nation. So that difference should always be remembered. I will always respect, even an adversary, who is a fighter for a just cause. But when this is the difference, about the matters I prefer not speak tonight, then it should always be kept in memory.

Now what do we suggest? Let us give reality the voice to speak for itself. We lived together for many years. That petition is not the natural way out as it was proved time and again, as it existed and with it permanent bloodshed. Let us try to live together. And proposals made here also include the possibility of Israeli forces to be stationed in Judea, Samaria, and the Gaza Strip because here too in the United States there is understanding for the absolute necessity to guard our national security which means life itself, my dear friends. Please do understand it.

It is not an invention. It is neither a cloak nor an excuse for anything. What is assumed, when we want to make sure that our children will not be killed? Do you know, Mr. Ball, that Israel is the only country, the only country in which the parents and the teachers have arms in hand to guard

all our schools? Why? Because they too are a target – sometimes the target. What is assumed when we, the remnants of the Jewish people care for it, that our children are not killed? Nobody else is being endangered. Yes, there may be some feelings – I respect it – but still life is decisive for both peoples. If we suggest conditions in which there won't be bloodshed, there will be cooperation, let us give it a try. Then reality will speak for itself and there may arise cooperation and understanding. Let it already begin to exist.

We have an Arab minority for the last 30 years since we live together, inequality of rights and understanding. Why shouldn't that cooperation be even enlarged? These are the main basic questions. And therefore, we found an understanding that the Palestinian state is a peril to us and to you, to the free world at large. And therefore, what we suggest now is to have that real spirit of compromise and understanding, leave the question of sovereignty open and live together. And after a period of time, we should look into the new reality. Perhaps it would create those conditions which will be conducive to a situation about which you, yourselves, after a time, Mr. Ball, will not say that it is unacceptable to you and to the majority of the American people.

(Applause)

ROBERT L. BARTLEY: Mr. Prime Minister, looking at these matters the way I do, it seems to me that Israel's big security problem is peace with Egypt. Egypt has the army that you have to confront. Clearly, one of the obstacles to peace with Egypt is your disinclination to give up the settlements that you have made in the Sinai. I noticed the very great emphasis you've put here

tonight on security considerations. I have never really heard it asserted that these settlements are essential to Israeli security, to keeping people from being killed. Are you telling us that tonight? Or am I missing some point?

THE RIGHT HONORABLE MENACHEM BEGIN: You didn't miss any point because I declared there should be two zones under United Nations supervision. In the south, to make sure that there is freedom of navigation, and in the north, in the small part, a very petite part of the whole Sinai peninsula in which there are settlements built up for the last 11 years, why are they vital to our national security? There is not \_\_\_\_\_ because of the Gaza Strip. From the Gaza Strip, there came attacks upon the south of our country and the civilian population for 19 years and more. And we want real peace.

My dear friends, why from time to time people express that they either do not understand or do not accept, they are astonished that we have a real problem of security, that our whole preoccupation is that bloodshed shouldn't be repeated because it is bad for both sides. And if there is this separation, positive through tending the land, and in the United Nations zone, there is nothing wrong and nobody will get hurt.

Yes, we want peace with Egypt. We never suggested to have a separate peace treaty. We didn't want to embarrass the Egyptian government. If they would make such a suggestion, we wouldn't reject it. President Sadat wants to talk about other issues as well. We are prepared. We are well

prepared. But, of course, as I said, peace must have certain conditions. Otherwise, it is void of its significance. This is the reason why we made the suggestion as well. And from time to time, we repeat, from our point of view, everything is negotiable. Everything will be negotiable except the destruction of Israel. (Applause)

GEORGE W. BALL: Mr. Prime Minister, I find myself in a position where I think perhaps I've not articulated what I had in mind well enough. I certainly have not suggested that there should be immediately created a Palestinian state. What I did suggest to you, and what I believe, is that the proposal for administrative autonomy which you have suggested is a very useful proposal. It's in the right direction. And it may be only the beginning of a bargaining process in which case I can fully appreciate what you have in mind, but that it is quite unlikely in my judgment to satisfy the aspirations of the Palestinians, or the Palestinian Arabs as you prefer to call them, in the West Bank and Gaza Strip so long as they really have a very limited option, so long as they do not have the, so long as the matter of internal order is reserved to Israel. What has seemed to me, and what I think has been suggested by my government, at least from time to time, is the possibility that there might be a waiting period, some kind of neutral administration in which there could be an opportunity for political expression within the West Bank and the Gaza Strip which is not presently possible. But in the course of this, I think the chances of moderate elements arising who would be sensible and reasonable are very considerable. But that at the end of the period of perhaps five years, whatever it may be, even longer, there should be an opportunity for these people to determine what they want. And at that point, it should be made

clear that what they, if they were to opt for a government which was not prepared to accept fully the integrity of the state of Israel and then be prepared to live in peace with it, then they shouldn't have it. It would be denied them. There also should be provisions policed internationally or by other parties which would assure the demilitarization of the area because I can quite agree with you that it would be quite dangerous to have a militarized West Bank. Something along this line, perhaps it's a possibility that might emerge from negotiations, but I just wondered whether you would reject it out of hand as something which you couldn't possibly accept? And if so, how do you expect the Palestinians to accept the kind of very limited options which you have offered them given your own very strong Libertarian and freedom commitments? I respect you for the fact that you have insisted all your life on individual liberty and freedom and I just wonder whether what you propose, in your judgment, would be adequate to meet their own felt requirements.

THE RIGHT HONORABLE MENACHEM BEGIN: Mr. Ball, what I suggest is to make the serious attempt for common life. To say, to anticipate in advance what will happen after five years, tonight I don't think it would be advisable, or even possible. Five years relatively is a long period. Wouldn't you like to look into it? To say in advance that we shall do this or that would mean actually to liquidate the possibility of a common life during those five years. The very idea that we should try to lay the foundations for a common life would be then abolished.

This is our reasonable proposal. I wouldn't speak about bargaining. We made the proposal. You,

yourself, said that \_\_\_ is good. So let us try it out.

I would like in parenthesis to say one word about terminology which is not decisive but sometimes it has psychological effects. You said Palestinians and you said that I prefer to call them Palestinian Arabs. It's not a question of preference. It's a question of truth. I, and my friends and citizens of Israel, we are Palestinians. We are Palestinian Jews.

May I remind you of an international document saying to the effect that it's demanded, having been given to the British government and accepted with the American government, having, recognition having been given to the historical connection between the Jewish people and Palestine – the Jewish people and Palestine – because that is the name of the country. We are Palestinian Jews and they are Palestinian Arabs. And this is the terminology I use and I suggest to use. It's the true terminology because if you say Palestinians and you mean the Arabs only, it makes an impression that our right to the land is being deleted or we are deprived of it. That wouldn't be just under any circumstances. But terminology, terminology as I said, is not decisive. The contents of the issue are decisive.

So please understand, Mr. Ball, we made this suggestion, believe me as a result of a great moral and intellectual effort. Let us give it a chance. Why in advance say what will happen after five years? Let us give it a chance now. There may be development this common life which is the basis for an agreement. This is our proper suggestion out of understanding for all rights

concerned. (Applause)

ROBERT L. BARTLEY: Mr. Prime Minister, I'd like to raise the current issue of American arm sales to the Middle East. And I have a short series of questions and with your permission I'll ask them all at once. Various Israeli spokesmen have said the sale of F-15s to Saudi Arabia would turn Saudi Arabia into a confrontation state. Are we to take from this that in the event of hostilities with Egypt, Jordan, or Syria the Israelis would preempt against these Saudi aircraft? Second, it seems likely that if the F-15s are not sold to Saudi Arabia they will buy Mirage-2000s from France, perhaps in greater numbers than they would buy the F-15s. Does this pose really any less of a threat to Israeli security? And third, in recent days there has been increasing speculation that Israeli opposition to the Saudi arms sale derives not from any immediate military concerns but from an effort to abrogate any special relationship between the United States and Saudi Arabia? Would you comment on that?

THE RIGHT HONORABLE MENACHEM BEGIN: With your permission, may I dismantle this package deal of your questions? (Applause) With a supply of F-15s to Saudi Arabia, yes, that country would turn into a confrontation state. Why? Because of the buildup and now a famous base at the place called Tabuk from which those F-15s could reach Ma'alot in less than eight minutes and Tel Aviv in less than 27 minutes, it's obvious what is the danger to us. The latest explanation is that those planes, and care will be taken off to do this, will be placed on the other side, near the Pershing Gulf of Saudi Arabia. And therefore, they won't be a threat to Ma'alot or

to Tel Aviv.

Respectfully, we cannot accept this theory because if those planes are placed on the other side and if a day of contingency comes; there is no difficulty whatsoever, either once or successively at a proper time to place them first at the Tabuk base and from there to go on attacking Israel. I think it's absolutely possible to transfer them to that advanced base. And then again it would be a confrontation state.

My friends, let us not forget the Saudi Arabia forces took place in the latest wars against Israel. It wouldn't be any novelty. They were in the Golan Heights. They were in Jordan when Jordan attacked us. And therefore, we have it from a good source – I can't divulge it for obvious reasons – that already a certain pledge was given by the Saudi Arabians that a contingency, their arms including planes will be put at the disposal of another state which is a confrontation state now. So this is the danger.

We have a commitment since September 1975 for the supply of those weapons, of F-16s, expressly so. My dear friends, let me speak with complete sincerity. One can say to us, let the American government deal with this problem. It is their issue. They want to be friends with Saudi Arabia. Saudi Arabia has asked for those F-15s. Why shouldn't we give them to that country, etc.? We may hear such a thesis. But may I respectfully explain that again it's a matter of our lives. It's not theory to us, my dear friends. Please understand.

And therefore, first of all, we objected to the package deal. We'd gotten a commitment, clear, detailed, even with the name of the planes, lasting more than two and a half years. It's now being fulfilled. It should have been fulfilled time ago. Now what common ground does it have with any other problem of supplies to other states, especially to states as Saudi Arabia which just a few days, or a week ago, its ruler said to the Saudi Arabian army, I don't know whom you meant when you used the words Saudi Arabian forces will be at the disposal of all the Arab countries at any contingency, at any necessity of war. This is our natural preoccupation. They are lethal weapons, the most modern planes.

The difference is, and it applies also to Egypt, we do not threaten anybody with war. Nobody thinks about what you call a preemptive attack. It doesn't even occur to us. We don't plan it. We don't think about it. But the threat is there. And if those planes are being supplied, the threat of war is being fed. Whereas we need those weapons only to defend ourselves and to make war impossible from all points of view which is for the better for all our neighbors and not only for ourselves. It is our worry, and we express them freely as free men. In our country and here, there is no secret about it.

Now, of course, the question came up for consideration and this is what I wanted to tell you about the problem of the Saudi Arabian planes, the American planes. The plan is to supply them to Saudi Arabia. The thesis that if the United States of America doesn't supply certain weapons,

France will come in and do so – well, it can apply to anything. My dear friends, there is such a thing, I believe, in this room and in the great United States of America, as conscience. Why should we try to quiet our conscience with this assumption? If we do not do a thing which is so dangerous to Israel, it will still be done. So rather, let us do the thing dangerous to the little country of Israel. (Applause) And therefore, I appeal to that conscience, to American fairness, to the moral greatness of America – a small country, my friends, surrounded, threatened. Let American hands not aggravate the danger to that small country which is called Israel and which is, I can tell it tonight with the full conviction of the truth, a faithful ally of the United States. (Applause)

GEORGE W. BALL: Mr. Prime Minister, in matters of statecraft, the question of moral conscience is very important. There's also the question of consequences, the question of practical effects. The present situation, it seems clear to me that the value that the United States can be to Israel in trying to bring about the objective of peace, which is our mutual objective, is to be able to bring the contesting parties together. And to do that there's one thing that is indispensable and that is that we enjoy the confidence of both sides. The nation in the Arab world with which we have perhaps the closest relations is Saudi Arabia. Saudi Arabia is a force for constraint. Saudi Arabia is a passionately anti-Communist country. Saudi Arabia is a means of communication between Egypt on the one hand and the Arab states of the Eastern Mediterranean – Syria and Jordan – on the other. I think if the United States rejects the request of Saudi Arabia, what seems to us, or to many of us, to be quite legitimate concerns of self-defense or as it perceives them

with a new Soviet presence in Ethiopia, with a Soviet presence that's increasing in South Yemen, then I think that we can expect our influence with Saudi Arabia to be enormously diminished. And I think that we can expect that Saudi Arabia's utility in trying to bring about peace will be nothing like what it has been up to this point, or what it can be if we can continue to enjoy the confidence of Saudi Arabia and it can enjoy ours. In addition to that, there are national interests of the United States which are very important (Applause) and the interests of maintaining an attitude on the part of the Saudi Arabians of trying to enjoy, impose, or to influence constraint within OPEC councils, continuing to utilize the dollar as the means of payment for oil and not insisting on SDRs or some other currency, maintaining a level of production which serves the requirements of the whole industrialized world as well as the Third World – these, to us, sir, are very big elements. And I would not at all think it would be wise to reject what seems to me almost a certainty that if we are to turn down the request of Saudi Arabia for the instruments which it feels it requires for its self-defense, that it will get far more lethal offensive instruments from France because the Mirage is a far better offensive instrument than the F-15 which, as American military authorities have pointed out, no nation in its right mind would acquire it as an offensive instrument. It's a very poor one. Therefore, I would suggest to you, sir, that this is a matter which my government has to look at very carefully. And I shall be testifying tomorrow morning before the Senate Foreign Relations Committee along this line. (Applause)

THE RIGHT HONORABLE MENACHEM BEGIN: Yes, I must say, Mr. Ball, before you declare to ask that you testify tomorrow, that the question period actually ceased and this

audience almost was turned into a congressional committee. (Applause) And evidence was given by all sides from the various points of view. Well, it's legitimate, but it was not a question put to me which I should answer. It's an opinion with all due respect. And everybody can hold to his opinion. What I would like to stress, yes, I know the history and the relations and the appreciation. I have a different opinion of the attitudes of Saudi Arabian rulers towards us, towards freedom, towards human rights, towards the regime which is prevailing there, whether it is enlightened or vice versa. And the United States of America stands for human rights all over the world – it should look into what is happening to human rights in that country as well. And there's a problem of oil...(Applause) and prices and OPEC. All this is known to all of us. In one word, let us deal on the basis of experience. I would like to tell you, ladies and gentlemen, as we belong to the same generation – I do assume so – our generation has experienced since the 30s until this very day that experience in policy is not a realistic proposition. One day, if you deal not on the moral plane of what is just and human, not to take into consideration dangers, real dangers as I explained them, to a little country with which you are connected – Jews and Christians alike – deeply in your consciousness. When you know about the tragedies which befell our people until we have reached the stage of independence in a little country, to deal only on the basis of these material explanations which in total would be called experience, no, my dear friends, that wouldn't be the proper or realistic proposition. In policy, as you said rightly, problems of conscience, of international morality, should play a role – in my opinion, a decisive role.

(Applause)

ROBERT L. BARTLEY: Mr. Prime Minister, I think that my interpretation of your exchange with Mr. Ball is that men of good conscience can differ about the facts of these arm sales. But in untangling my package, there was in there a narrow military question of would there be a difference in Israeli security if Saudi Arabia had the F-15 or the Mirage-2000?

THE RIGHT HONORABLE MENACHEM BEGIN: I think I answered that question when I said, my dear friends, we are now in New York. I travel so much so I almost forget. We are now in New York. We are not in Paris. Ladies and gentlemen, let us deal with the policy of the great United States of America. (Applause)

CHAIRMAN TIM DUNLEAVY: Gentlemen, thank you very much. One thing, being chairman of this club, you have to work. But, Mr. Prime Minister, and our two moderators, thank you very much. It's been a great evening. And, Mr. Prime Minister, you're welcome back anytime...(Applause) before again, let's say, Mr. Prime Minister, you're welcome back anytime. (Laughter and Applause)