

The US and Israel under Changing Political Circumstances

Security Challenges of the 21st Century
Conference Proceedings

Meir Elran and Judith Rosen, Editors

Memorandum

101



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Institute for National Security Studies

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November 2009

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Preface

This volume compiles edited versions of presentations delivered in December 2008 at the Institute for National Security Studies (INSS) second annual international conference, “Security Challenges of the 21st Century.” The conference was held in Tel Aviv, shortly after Barack Obama was elected the 44th president of the United States, and a few weeks before the February 2009 government elections in Israel. This transition period for both countries provided the focus of the conference: “The US and Israeli Roles in the Middle East under Changing Political Circumstances.”

By definition, the election of Barack Obama spelled change: the first US African-American president, he restored the Democrats to the White House after an eight-year Republican incumbency and brought Americans to the polls in the highest turnout percentage in forty years. Moreover, the need for change was the mantra of Obama’s campaign, and the drive to fuel change domestically and in US global strategy was perhaps the main celebrated principle of his agenda. Domestically, the most urgent issue was the world financial crisis and the impact on the US economy, and accordingly, what measures were imperative to reverse the downturn. On an international level, the Middle East assumed a central place on the new administration’s list of priorities. How change would affect the region, particularly America’s relations with the Arab world, the Israeli-Palestinian conflict, and the US positions vis-à-vis the Iranian nuclear challenge was a pressing issue during the campaign and the focus of much speculation in the pre-inauguration transition period. These changes would inevitably be influenced by Israel’s new prime minister and the new coalition government, with its particular vision and political bent.

In December 2008, the Iranian challenge and the Israeli-Palestinian conflict lay at the heart of Israel’s agenda. While not new developments,

these issues were poised to take a decisive turn in 2009. Israel continued to be concerned by the Iranian regime's drive to attain a nuclear weapon. Closer to home, the deadline proposed at Annapolis for reaching a framework agreement for resolution of the Israeli-Palestinian conflict was set to expire. True, the security situation in the West Bank had improved over the previous year, with greater security coordination between Israel and the Palestinian Authority, and the West Bank was experiencing economic growth. Nonetheless, the conflict seemed as far from a solution – and as such, as potentially volatile – as ever. Indeed, only a few days remained to the six-month ceasefire between Israel and Hamas, and the Hamas-controlled Gaza Strip would soon be targeted by Israel in its military campaign, Operation Cast Lead, designed to improve the security situation in southern Israel.

Against this backdrop, speakers at the INSS conference deliberated what could be expected for Israel in relation to these pressing regional issues under the incoming administration. There was no question that more than any other international player, the US would continue to exert the primary influence in the region. A recurring theme was that Obama the president, like Obama the candidate, would likely embrace the already established strategic ties between Israel and the US; in other words, US attitudes and interests vis-à-vis Israel did not stand to differ measurably in intent. What did stand to differ was the means the administration chose to advance its goals and agenda in the region at large. With a new president who had no history of a close relationship with an Israeli prime minister, to what extent could these bilateral relations be adjusted or redistributed without undue strain? How much substantive change in the region could or would the new administration effect? What long term processes could be launched that might indeed help stabilize this potentially explosive region that remains vital to US interests?

In broad terms the conference dealt with four major themes, beginning with the direction of US Middle East foreign policy in an Obama administration. With this primary question underpinning all the sessions, the opening lecture was delivered by former senator George J. Mitchell, who shortly afterwards was named the US presidential special envoy to the Middle East. Basing his analysis on his personal and successful involvement in the crafting of a solution to the conflict in Northern Ireland, Senator

Mitchell affirmed his belief that a solution to the Israeli-Palestinian conflict, however remote or unlikely it appears at times, is attainable. He insisted that any solution must be firmly rooted in a shared vision of the parties for a peaceful future, but experience has shown that firm, unrelenting, and creative US diplomacy can be highly constructive.

Looking ahead to the prospective foreign policy of the Obama administration, Congressman Howard L. Berman, the chairman of the House of Representatives Foreign Affairs Committee, chose to focus on the essential continuity of US goals and interests across administrations, and especially with regard to the Middle East. His sense, however, was that one would find a different approach to familiar strategic goals. Congressman Berman emphasized Obama's drive to draft a broader, more inclusive foreign policy vision and mobilize allies both to further and to realize his foreign policy agenda. Advocating a more regional approach rather than a nation-by-nation tactic, the incoming administration believes that connections and interfaces are both a means and an end.

Likewise anticipating the expected cornerstones of Obama's foreign policy, Professor Itamar Rabinovich of Tel Aviv University considered the nature of the special relationship between Israel and the United States. Underscoring that the dynamic between the new president and Israel's next prime minister was a significant factor yet to take shape, Professor Rabinovich stressed the value of the prime minister making that all-important first trip to the White House not long after assuming office with a plan in hand, rather than being the passive recipient of an American program.

Two lectures focused on the second theme of the conference: the future Middle East, specifically, emerging trends and their implications for the future of the region. Professor Asher Susser of Tel Aviv University discussed how longstanding fundamental parameters of the Middle East are no longer extant: the Middle East seems to be no longer dominated by Arab and Sunni states, as Iran, Turkey, Israel, and non-state actors like Hizbollah and Hamas have assumed leading roles in the region. Therefore, Professor Susser argued, Israel and the United States must cultivate a common understanding of the new Middle East, and any US attempt at engagement in the region must be made from a position of strength. Professor Manuel Trajtenberg, then head of the National Economic Council of the Prime Minister's Office, discussed the global financial crisis and how it might impact on the

strategic issues in the Middle East, especially Israel's capability to allocate resources to security needs. Increasingly costly security and anti-terrorism needs challenge Israel's ability to cope with the Iranian threat and maintain a proper conventional army. However, the Palestinians have also incurred increasing economic costs and perhaps, Professor Trajtenberg suggested, this common need might be a source of potential where convergent interests invite new possibilities and opportunities.

The third theme of the conference was the Iranian challenge. Dr. Gary Samore, then of the Council on Foreign Relations and thereafter appointed by the White House as US coordinator for the Prevention of Weapons of Mass Destruction Proliferation and Terrorism, assessed the range of diplomatic options available to the incoming president to tackle the Iranian nuclear threat, and possible US strategy if diplomatic efforts fail. Dr. Samore estimated that the Obama administration is in a much more advantageous position to achieve successful results through diplomatic efforts than was the Bush administration, even if relying on an amplified version of the familiar and already-attempted carrot and stick strategy.

Dr. Ephraim Kam of INSS delivered his estimation of the Iranian threat, questioning whether Iran would actually use nuclear weapons, but underscoring that Israel cannot rely on this assessment, particularly as it lacks a thorough understanding of the decision making processes in Iran. Dr. Kam also explored the regional repercussions of Iran's acquisition of a military nuclear capability. On the issue of regional support for Iran's nuclear aspirations, Dr. Martim Kramer of the Shalem Center in Jerusalem questioned the degree to which neighboring Arab states share Iran's vitriolic attitude towards the United States, and challenged the idea that public opinion might constrain Arab governments' support of US-led measures against Iran. In other words, the Obama administration has a serious opportunity to recruit support among the Arab states, and even the possibility that Iran might unleash terrorism in response is preferable to its possession of nuclear weapons. In the final lecture on this theme, Maj. Gen. (ret.) Giora Eiland of INSS discussed the objectives, risks, and potential fallout from an Israeli military operation against Iran. Gen. Eiland underscored the imperative of Israel preparing a military option, even if the desirability and the likelihood of its use are low.

The fourth theme of the conference was security aspects of Israeli and US policy in the region. Admiral (ret.) William J. Fallon, former head of US Central Command, spoke about US security assistance to Israel. He also stressed that in Israel, as in any country, some of the larger security issues are internal, and the best way to address security issues successfully, be they internal or external, is through tight, coordinated, and highly functional systems at home. Maj. Gen. (ret.) Aharon Ze'evi Farkash of INSS analyzed the security challenges embedded in the key changes in global and regional conflicts, including the reemergence of a multi-polar world; globalization; the spread of radical Islam; the increased threat of non-conventional weapons; and the growth of global terrorism. In addition, Gen. Farkash spoke about technological security cooperation between the US and Israel. This issue was also addressed by then-MK Professor Isaac Ben-Israel of Tel Aviv University, who lamented the lack of technological collaboration between the two countries. Professor Ben-Israel stressed the importance of Israeli military technological advances in order to instill trust in Israel's American counterparts, which in turn would encourage this cooperation.

Since the conference was held, both the new American president and the new Israeli prime minister have taken office and launched their domestic and international agendas. President Obama's stamp has certainly been felt in the Middle East; at the very least, the overtures to the Arab world have turned over a new leaf in the US posture in the region. Nonetheless, Iran continues to march towards nuclear weapons capability, Israel and the Palestinians have yet to resume negotiations, and a region-wide solution to the Arab-Israeli conflict has been mentioned often but has not advanced. The conference proceedings compiled here record the assessments at the time of the important transition period in anticipation of two new administrations, and provide a prism for evaluating expectations and the reality that ensued.

Our thanks go to Dr. Gallia Lindenstrauss for her assistance in preparing this volume for publication.

The American-Israeli Alliance under New Administrations: The American Perspective

George J. Mitchell

Much has happened in this region since I chaired the Sharm el-Sheikh fact finding committee in 2001. Seven years, or even sixty years, is a long time. But consider Northern Ireland, where long time enemies came together to form a power-sharing government. This was almost eight hundred years after Britain began its domination of Ireland, eighty-six years after the partition of Ireland, thirty-eight years after the British army formally began its most recent mission in Ireland, eleven years after the peace talks began, and nine years after the peace agreement was signed. In the negotiations that led up to that agreement we had seven hundred days of failure and one day of success. I spent five years going to, coming from, and working in Northern Ireland, during which I chaired three separate sets of negotiations. For almost all of that time progress was very slow or mostly non-existent. So for those in the Middle East who are discouraged, I understand your feelings. But from my experience in Northern Ireland I formed the conviction that there is no such thing as a conflict that can't be ended. Conflicts are created and conducted by human beings. They can be ended by human beings. I saw it happen in Northern Ireland, although admittedly it took a very long time. I believe deeply that with committed and active diplomacy it can happen in the Middle East.

It has been nearly a decade since the effective end of the Oslo process. Thousands have died. Israel's economy, despite impressive growth, is nevertheless not as strong as it would be without this conflict. The Palestinian economy has been very severely damaged. There are of course many reasons to be doubtful, even skeptical, about the possibilities of an

agreement here. But the pursuit of peace is so important that it demands continued effort, no matter what the difficulties or the setbacks.

One key is the mutual commitment of the parties and the active participation of the United States government, and the many other governments and institutions that want to help. Much is required of leaders who wish to achieve the goal of two democratic independent states living in peace. They must first reconcile the fact that the circumstances and the objectives of the two sides are different. Israel has a state but its people live in unbearable anxiety, so security for the people is an overriding objective. The Palestinians don't have a state and they want one, an independent, economically viable, and geographically integral state; that is their overriding objective.

I believe that neither side can attain its objective by denying the other side its objectives. Israelis are not likely to have sustainable security if the Palestinians don't have a state, and Palestinians will never achieve a state until the people of Israel have some security. With each launched missile or suicide bomb attack the prospect of a Palestinian state is delayed, not advanced. There must be a clear alternative available for the Palestinians that they must seize, an alternative of a non-violent path to a Palestinian state living in peace alongside a Jewish state. Palestinians in turn must accept that the Israeli demand for security is as real and as necessary as is their demand for a state.

Of course this has been and remains American policy. President Bush reiterated that earlier this year in Jerusalem when he said, and I quote:

The point of departure for permanent status negotiations to realize this vision seems clear. There should be an end to the occupation that began in 1967. The agreement must establish Palestine as a homeland for the Palestinian people, just as Israel is a homeland for the Jewish people. These negotiations must ensure that Israel has secure, recognized, and defensible borders. And they must ensure that the state of Palestine is viable, contiguous, sovereign, and independent. It is vital that each side understands that satisfying the other's fundamental objectives is key to a successful agreement. Security for Israel

and viability for the Palestinian state are in the mutual interests of both parties.¹

Unfortunately the positive attitude so carefully nurtured during the previous decade appears to have largely dissipated, replaced by a growing sense of futility, of despair, of the inevitability of conflict. Hamas' electoral victory and its takeover of Gaza create political instability and increasing anxiety. Here in Israel there is political uncertainty as you look toward elections and a new government.

President-elect Obama also said recently that he intends to make progress on the Israeli-Palestinian conflict a key diplomatic priority. He went on to say that his administration will make a sustained push, working with Israelis and Palestinians, to achieve the goal of two states, a Jewish state in Israel and a Palestinian state living side by side in peace and security. I believe that this effort must be determined, backed up by political capital, economic resources, and focused attention at the highest levels of government. This does not mean that it should be an American process or an American agreement. To the contrary, it must be firmly rooted in a shared vision of the people who live here for a peaceful future. But experience has shown that firm, constant, and creative US diplomacy can be helpful. No two countries, no two conflicts are the same. So what happened in Northern Ireland cannot be precisely replicated here or anywhere else. But it does offer an example of what can happen when peace makes a better life possible.

I know that cynicism and fear are on the rise and that it will be very difficult to overcome the obstacles that are many and large. There is much history here to overcome. But there was also a lot of history in Northern Ireland. There, decades of bitter, brutal sectarian warfare had created public attitudes that were deeply negative and filled with despair. Just four days before the agreement was reached, a public opinion poll reported that 83 percent of the public believed that no agreement was possible. Only 7 percent thought it possible; 10 percent had no opinion. But four days later we did get an agreement and it has held.

1. See President Bush's press statement, Jerusalem, January 10, 2008, http://news.bbc.co.uk/2/hi/middle_east/7182041.stm.

Competing claims, religious differences, and many other factors have led to a grinding, demoralizing, and destructive conflict here. The two sides can continue in conflict indefinitely, or they can find a way to live side by side in peace and with stability. I believe with all my heart and soul that it can be done and it must be done, for the alternative is unacceptable and should be unthinkable.

US Strategy in the Global and Regional Context

Howard L. Berman

Every new president brings change to US foreign policy, but what is more remarkable is the essential continuity of US goals and interests across administrations, especially with regard to the Middle East. So it may not surprise you that I believe that we will see considerable continuity of US Middle East policies under the Obama administration, foremost among these, the unshakable US support for Israel and its security.

I am not a member of the Obama transition team, nor do I speak in any way for the president-elect, but I venture a prediction: the new administration will be just as strong in its support of Israel as have those of the recent past. Why do I say that? President-elect Obama had a strong, if short, record on Israel as a US senator. He made strong statements in support of Israel both during the campaign and after he was elected. He has appointed a strongly pro-Israel secretary of state in Hillary Clinton, and the same can be said about his chief of staff, Rahm Emanuel. Very importantly, Congress remains firmly supportive of Israel and its special relationship with the US, and all indications are that the new president is and will remain closely attuned to Congressional thinking. It is most unlikely that he would want to get out of step with Congressional Democrats regarding Israel. While I would anticipate differences in emphasis and approach from those of the Bush administration, I feel quite comfortable that the Obama administration will not reflexively adopt the Bush administration's mantra of eight years ago – namely, if the previous administration did it, we will change it.

A few thoughts regarding what US policy will and should look like. The principal threats to US interests – and consequently, the Obama

administration's goals – will likely remain constant. A recent report by the Brookings Institution's Managing Global Insecurity Project best summarizes these threats: "The 21st century will be defined by security threats unconstrained by borders – from climate change, nuclear proliferation, and terrorism to conflict, poverty, disease, and economic instability."²

I wish to focus on two of the more immediate challenges: the proliferation of terrorism and the proliferation of weapons of mass destruction.

Terrorist groups like al-Qaeda have the ambition to conduct mass terror, but so far not the means. Iran, however, the leading state sponsor of terrorism in the world today, may soon have both. Pakistan has at least four major terrorist groups operating within its borders, three different power centers, and a full nuclear weapons arsenal. A recent report of the Weapons of Mass Destruction Commission stated that if one were to map the geography of terrorism and WMD, all paths would lead to Pakistan. North Korea remains a serious concern, even if it has faded a bit from the spotlight as the Six-Party process has moved forward. Even during the Six-Party talks, North Korea apparently did not hesitate to jumpstart a nuclear weapons program in Syria. If those talks break down – and perhaps even if they don't – who can feel comfortable that North Korea would not willingly supply nuclear material and weapons technology to whoever will pay.

I'm encouraged by President-elect Obama's commitment to look at regional approaches and multilateral solutions to these issues. I am also very encouraged that the new president clearly understands the need for the United States to resuscitate its leadership role in global nuclear nonproliferation and arms control and disarmament. At the same time, I am convinced that Mr. Obama fully understands the strategic challenge that Iran presents to the international community as well as the unique nature of the threat it poses for Israel.

The war in Afghanistan and the problems in Pakistan are a good illustration of the interconnectedness of foreign policy and the need for a more regional, rather than nation-by-nation approach. Our Pakistan policy cannot be considered in isolation from our Afghanistan policy, or our India

1. Brookings Institution, "Managing Global Insecurity: A Plan for Action," http://fsi.stanford.edu/publications/managing_global_insecurity_a_plan_for_action/.

policy, for that matter. We have to find new ways to address the instability on both sides of a largely theoretical Afghan-Pakistan border.

It is time for Islamabad's rulers to realize that home-grown and home-supported terrorist groups are as much a danger to themselves as they are to India or Afghanistan. After 9/11, Saudi Arabia gradually came to this realization, and it began making progress in its domestic struggle with al-Qaeda; I hope Pakistan will do likewise. US policy will clearly require more accountability from Pakistan in its military operations on its side of the Afghan-Pakistan border and certainly regarding what it does with US financial and military assistance. I expect, and will push for, greater US efforts to promote more Pakistani counter-insurgency capability, instead of the US enabling more capability against India.

The interconnectedness of the terrorist world was made clear in Mumbai. The terrorists' motives reflect the ideological flow of extremist ideas between the Middle East and South Asia. This interconnectedness was symbolized by the purposeful attack on the Chabad House, tucked away on a small street and ideologically about as far as one could conceivably get from nationalist struggles between Pakistan and India.

As to the Middle East itself, our primary goals will not change much, though our methods and approach probably will. We will seek to deny Iran nuclear arms, but we will likely do so in part through dialogue. We will continue the focus on Israeli-Palestinian peace efforts that this administration began with Annapolis. We will continue to support moderate Arab leaders, such as Mahmoud Abbas and Salam Fayyad. We will likely continue to pursue political liberalization in the Arab world, but with less fanfare and more caution than did the previous administration.

As chairman of the House Foreign Affairs Committee, my overwhelming priority is Iran. Many American leaders, including President-elect Barack Obama, have called the prospect that Iran will develop or acquire nuclear arms "unacceptable." The president-elect in fact has said he "will not allow" this to happen. That is the right perspective, but we will have to move at warp speed if we are to succeed at preventing Iran from going nuclear.

Because our current approach is on a trajectory to failure, the US – with or without its partners – should engage Iran in dialogue, but this dialogue should be of limited duration, say, eight to twelve weeks, unless Iran

complies with the demand of the international community that it suspend its uranium enrichment program. And even if dialogue fails, I believe the effort will have been worthwhile, for we will have significantly boosted our international support for whatever course we choose to follow next.

We have no time to lose. We should not wait for the Iranian elections before embarking on this effort. Sequencing is important here. Prior to dialogue, the US, with single-minded focus, should attempt to secure the support of its P5+1 partners for a program of crippling sanctions should the talks fail. Should that prove impossible, the US would have to seek to organize a joint sanctions effort coordinated with at least several of Iran's key economic partners, including France, Italy, Germany, and India. Throughout the duration of these sanctions efforts and of dialogue with Iran, the military option must remain on the table.

The Saban Center recently produced a report that raises the prospect of a "US nuclear umbrella" for Israel or for the wider region. As widely understood, this means in effect a US declaration that an Iranian nuclear attack on Israel would be met with a devastating nuclear attack on Iran by the US. I have no idea if the Obama team is considering such a declaration, as reported in the Israeli press last week, but this concept raises a number of questions: Would it be wise for the US to make such a declaration? Would it be a credible threat and an effective deterrent? Is the mere discussion of this idea defeatist, an acknowledgment to the world that we have lost hope of preventing Iran from becoming nuclear arms-capable? What about the idea suggested by then-presidential candidate Hillary Clinton that not only Israel, but all the US's Arab friends should be gathered under this umbrella? Would a "non-nuclear umbrella" provide deterrence? These questions deserve deliberation.

I would urge the Obama administration to give Iran the highest priority in all its bilateral relations. In the case of Russia in particular, it is critical that we establish a set of priorities to guide our relations. Iran should be at the top of that list of priorities. In my view, that is far more important for US national interests than the pace of new missile defense emplacements in Eastern Europe or rapid expansion of NATO.

As for the Congress, we will work closely with President Obama in developing the appropriate urgent approach to the Iranian nuclear program. We will stand ready to provide legislative backing for the administration's

efforts, whether through stricter sanctions laws, resolutions embodying statements of national policy, or incentives for Iranian good behavior.

The unique partnership – the “special relationship” – between the US and Israel will remain intact. I believe the assistance levels foreseen in last year’s Memorandum of Understanding will be fully realized. When candidate Obama spoke of his “strong commitment to make sure that the bond between the United States and Israel is unbreakable today, tomorrow, and forever,” I believe he means it. At the same time, I am quite sure that he will vigorously pursue peace efforts between Israel and the Palestinians, and Israel’s responsiveness to those efforts will be an important factor affecting the tone and substance of bilateral relations.

Regarding the Palestinian territories, the new administration will quite likely continue some of the policies started by this administration – the effort to train and equip Palestinian security forces, the effort to isolate Hamas, the improvement of governance and economic conditions on the ground for the West Bank. The emphasis on dismantling unauthorized outposts, restricting growth of settlements, and enhancing access and freedom of movement on the West Bank may well be greater than it has been under the Bush administration. I believe the new administration will also press wealthy Arab states to contribute far more than the meager amounts they generally have thus far.

One of the issues that have never been addressed adequately in the peace process is incitement to hatred and violence. I think we need to start with textbooks. Palestinian textbooks will reflect a Palestinian view of history, but they should not project gratuitous hatred of Israelis and Jews. I think the international community needs to support a review of Palestinian textbooks and be willing to support the development of new ones.

As for Syria, I expect the new administration to probe whether intensified diplomatic engagement with Damascus can succeed in driving a wedge deep into the Syrian-Iranian alliance and erode the Asad regime’s support for Hizbollah and Hamas. I also anticipate that the administration will explore the prospects for Israeli-Syrian peace, although this will depend significantly on the attitude of the new Israeli government.

In no way have I attempted to provide a comprehensive review of expected foreign policy initiatives of the new administration. For example, I cannot imagine an Obama administration not bringing new ideas and

policies to the table on genocidal violence in Darfur, conflict in the Democratic Republic of Congo, or the despotic and cruel governance in Mugabe's Zimbabwe. Latin America will also get new attention.

In pursuing our national interests and a better, safer world, there is one factor I cannot quantify or calculate. Does the international response to Barack Obama's election, its historical nature, the excitement and goodwill that it has engendered, combined with the President-elect's intellect, discipline, and manner and the quality of his foreign policy/national security team, enhance our ability to achieve our very daunting set of foreign policy challenges?

The Obama administration and all of us who have foreign policy responsibilities will face a remarkably difficult set of challenges on January 20. With the help of our friends, we will have to choose wisely, for the lives of our citizens, and those of our friends, will depend on our doing so.

The American-Israeli Alliance under New Administrations: The Israeli Perspective

Itamar Rabinovich

I will begin by defining the term “alliance.” We actually do not have a formal American-Israeli alliance. I think that the right term to use would be “special relationship.” There have been discussions in the past about formalizing this relationship in the form of a pact or an alliance, or by having Israel join a group like NATO, which would create a formal defense relationship between the United States and Israel. Actually, at the time of the Clinton administration, when in early 1996 it seemed that an Israeli peace settlement involving full Israeli withdrawal from the Golan Heights was on the horizon (which would result in massive repercussions for Israeli security), the issue of negotiating a formal defense pact between the United States and Israel was finally put on the table, although on both sides there was no universal enthusiasm for the idea of such a formal commitment. The predominant view in the Clinton administration held that the United States might be willing to establish a formal defense pact as the final act of ending the Arab-Israeli conflict, and not just the Israeli-Syrian conflict. It maintained that formalizing the relationship and offering a US defense guarantee to Israel when other aspects of the Arab-Israeli conflict, particularly the Palestinian question, had yet to be resolved seemed premature and harmful.

On the Israeli side, not everybody was certain that Israel wanted the full spectrum of mutual obligations that such a relationship entails, for instance, consultation before taking any action. In fact, if a state has a formal defense relationship of this sort, it cannot take certain actions without consulting with, or at least informing, the senior partner in that

relationship. And so the issue was abandoned, although in any case, the Israeli-Syrian negotiations at the Wye Plantation collapsed in mid-course.

And so Israel and the United States have continued maintaining a very close relationship, with some periods of tension – as in almost every relationship – and with some familiar aspects, exemplified by the very strong statements by President-elect Obama, President Bush, President Clinton, and other major US leaders about an unshakable American commitment to Israel's survival and security, and by ongoing intelligence sharing, strategic dialogue, and close cooperation. If we think, for instance, of the Israeli destruction of the “non-existent Syrian reactor,” I would imagine that Israel did not do it without close consultation with the United States, and many other examples abound.

The second issue at hand is understanding the origins of this close American-Israeli relationship. Very briefly, without getting into a long review, I would just like to point out that this has not always been the case. Actually, the first ten years of the US-Israel relationship, 1948 to 1958, were fraught with tension, and secretaries of state like Dean Rusk and John Foster Dulles were not considered great friends of Israel. Indeed, the United States recognized Israel only minutes after its declaration of independence, but between that point and 1958 there were many moments of tension. It was only after the failure to create a working relationship with revolutionary Arab nationalism under Nasser that the Eisenhower administration came to the conclusion that it had to work more closely with its friends, Israel, Turkey, Iran of the day, and Ethiopia. Then Israel and the United States became strategic partners, and that relationship was reinforced over the years and later reached the level of intimacy and strength that the American-Israeli bond has nowadays.

The third issue to be discussed is what happens when administrations change. Of course the relationship is not just a direct line of progression from '58 to the present. As I indicated, there were ups and downs and changes, and some of them were the direct result of a change in administration. Oftentimes, when one team leaves and a new team comes in, a change in policy, a change in emphasis, or a change in orientation occurs, and I would like to give a number of examples.

The most striking one was the shift in policy of the Carter administration. The Carter administration replaced the Nixon-Ford administration, which

had a massive impact on the Middle East and on Arab-Israeli relations. In fact what is nowadays referred to as the “peace process,” although at the time it was still not a full-fledged peace process, began under the Nixon-Kissinger administration, in late 1973, and it was characterized by the philosophy of not seeking a comprehensive agreement, but rather implementing a step-by-step, gradual approach. Very important breakthroughs happened in those years and the administration had a very clear view of what it intended to do in the Middle East.

By contrast, President Carter started his administration armed with the Brookings report, which as a full prescription on how to resolve the Arab-Israeli conflict was a very ambitious plan. He came in and from day one began to implement that program, which was very different from the policy of the previous administration. This policy brought him onto a collision course with Prime Minister Rabin. It is difficult to think of a more difficult visit that an Israeli prime minister had in the United States than Rabin’s very bad visit with President Carter in March 1977. Begin replaced Rabin soon thereafter, and then President Carter pushed for the publication of the joint American-Soviet declaration that confounded President Sadat. In this sense, President Carter was actually responsible for pushing Sadat and Begin into each other’s arms. The result was both Camp David and the Egyptian-Israeli peace with which President Carter is credited sometimes, albeit not for the right reasons. After President Carter was defeated at the end of his first term, the words that President Reagan did not like to hear the most were “Camp David,” since Camp David was Carter’s legacy. Therefore, Camp David was neglected under President Reagan, and a very different policy for the Middle East was implemented.

The transition from Reagan to Bush was relatively smooth, so much so that the opening of the US-PLO dialogue – the failed dialogue of the 1980s by Secretary of State Shultz, a great friend of Israel – was held in order to facilitate the transition to a new policy by the new administration. In many respects it was a seamless transition. The Bush administration is a classic example of an administration that was not considered friendly by many Israelis – neither the president nor the secretary of state, Jim Baker. But the perspective changes by looking at the balance of what the administration accomplished for Israel, including the 1991 Gulf War, the arrival of Ethiopian Jewry, the departure of Jews from Russia, and the

beginning of the peace process in Madrid. This is an impressive list of accomplishments by an administration that was not seen, at least at the outset, as very friendly, and that actually had quite a tense relationship with the government of the Israeli prime minister, Shamir. When Rabin was elected the atmosphere changed, but this occurred only at the very end of that administration.

With the Clinton administration there was a stark difference between the meeting that Prime Minister Rabin held with the candidates, Clinton and Gore, when he came to the United States in the summer of 1992, and Rabin's first meeting with President Clinton at the White House in March 1993. In fact, when Rabin met with Clinton and Gore, he was quite tense, because of Carter. Clinton was another former Democratic governor from the south, and there were stories about his friendship and relationship with friends of Americans for Peace Now, as well as anxiety that he might get to office and immediately push for progress on the Israeli-Palestinian front. And of course what actually happened was the beginning of a beautiful friendship, and it is difficult to think of a period of closer personal relationships between a president and a prime minister, and of closer collaboration between the two administrations. The relationship was in fact so close that some graduates of the American peace team complained about the close coordination between the Clinton administration and the Israeli government, a complaint to the effect that if there is such close coordination between the administration and Israel, then the Arab parties to the peace process will become suspicious and uncooperative. Accordingly, they held that the United States needed to distance itself a little bit from Israel if it wanted to be an effective broker.

When the Clinton-Gore administration ended and the Bush administration came to office, there was again a very stark change of policy. The famous ABC, "anything but Clinton," applied very clearly to the Middle East. A predominant criticism was in fact that Clinton spent too much time in the Middle East – exemplified by the famous twenty-four trips by Secretary of State Christopher to Syria – and without a sufficient amount of success. Actually the peace process collapsed at the very end of the Clinton administration, and then came in a new administration with an entirely different philosophy: the US did not need to spend its time on frustrating Arab-Israeli negotiations, but needed to address the main arena,

which was in the east, in Iran and Iraq. The plan was to deal with both these countries, to pacify the eastern part of the Middle East, which would produce a spillover effect, bringing peace and stability into the core area of the Middle East. At that point, the US would go back to making peace between Israelis and Arabs. We know that it didn't quite work out, but the message was clear.

And now we are on the eve of the entry of a new administration, and it is difficult for me to recall a period in which there has been so much speculation about the new administration and the Middle East, for a number of reasons. First, there is currently very profound involvement by the United States in the Middle East. Let us remember that unlike earlier periods, the United States now is militarily present in a massive way in the Middle East. This was not the case before. The size of the expeditionary force that the US has in Iraq, the issue of how to end the war in Iraq, and the whole debate about Iraq – these all were and still are very important issues, although they were less important at the end of the campaign and more important at the beginning of the electoral race. In any case, Middle East issues were very much on the electoral agenda.

Second, candidate Obama's and then President-elect Obama's attitude toward the Middle East was a big electoral issue. And the questions are: is Brzezinski close to Obama, is this or that member of the peace team really an adviser to Obama, and what does it mean for the relationship with Israel? These were important electoral issues, particularly during the primaries, less so during the general election. I remember vividly the debate in Pennsylvania between the two Democratic candidates, Obama and now Secretary of State-designate Hillary Clinton, which highlighted a major difference in their attitude towards Iran. On that occasion Senator Clinton said very clearly that should Iran attack Israel there should be a massive response, which she developed into potentially establishing a guarantee to Israel and to Arab states with regard to the Iranian nuclear issue. Candidate Obama was not as forthcoming on this topic as was Senator Clinton.

And then I listened very carefully when President-elect Obama introduced his choice for secretary of state, Hillary Clinton. He conveyed that this is an important appointment at a time in which important issues are on the agenda of the United States, and the first issues on the international arena that he mentioned were Iran and the Palestinian question. So clearly

the Middle East is going to be an important foreign policy issue. I also expect the return to active engagement in the Arab-Israeli peace process, and there is going to be a clear difference with regard to the policy of the Bush administration, namely, less war and more diplomacy.

In addition, some of the issues that we experienced briefly over the years may very well become relevant again when Arab-Israeli and Middle East diplomacy are on the table. And if there is going to be serious engagement with Iran and a discussion of the Iranian nuclear issue, the Iranians will probably raise the nuclear potential of other actors in the region and questions of linkage may come up. Or if Secretary of State Clinton will raise the idea of a nuclear guarantee, it may to some extent equal the notion of a formal pact. In fact, a guarantee doesn't come for free, and it is not just a guarantee. Discussing the possibility of a guarantee contains the underlying assumption that the Iranians are going to have nuclear power, and it has its thrust. And then of course guarantees also come with commitments for the other side. So I expect a vivid deliberation on both sides around the notion of a formal relationship and guarantees as we move along in a new Middle East diplomacy.

Finally, when we speak about the American-Israeli alliance under new administrations, the emphasis clearly is on continuity and change on the American side. What happens when a new administration comes in? But it is also important to remember that the weaker part in this relationship, the junior party, Israel, also has discontinuities in its policy. So it is very important to look not just at the American side, but also at what the Israeli side brings to the table. It is crucial for the president of the United States to know that the prime minister of Israel is a partner he can fully trust; that there is full disclosure – as the idiom goes, “what you see is what you get,” and if this is the case, then the relationship is of one nature. When there is suspicion and lack of full trust, then the relationship is of an entirely different kind.

In conclusion, Israel should prepare itself for March, which we have seen in previous cases is a crucial month. The new administration will be in place, and hopefully an Israeli government will be formed after the February elections. And at some point in March, maybe April, there will be the famous first visit to the White House. That is going to be crucial in forming the initial relationship between the new president and the new

prime minister. And my advice to the Israeli prime minister for that visit is, do not just be charming. Come ready, come with a plan. It is much better not to be the passive recipient of American ideas, but also to try to shape the agenda by putting Israel's own plan on the table.

The Changing Middle Eastern Platform: Implications for US Policy

Asher Susser

The Middle East of today is in a state of constant flux. In many ways it is a very different place than what it was just a decade or two ago due to the fundamental changes that have taken place on the ground in many spheres. Thus an understanding of the new challenges the US and its strategic ally – Israel – are facing in the region requires an analysis of the different dynamics currently underway and an effort to comprehend their ramifications.

First, the Middle East is no longer dominated by the Arab states. For generations the world identified the Middle East as an Arab dominated region, particularly when pan-Arabism was popular and widespread. For most of the twentieth century Arab countries such as Egypt, Iraq, Syria, and Saudi Arabia played a major role in the region, but things have since changed. Egypt can still be perceived as an important player in the region, but although it is the biggest Arab country in the region, it no longer leads the Arab world in the way it once did. Iraq obviously no longer plays a major political or military role in the region and it is very far from the superior position it held just a decade or two ago. Syria is presently Iran's junior partner and is internationally isolated, and Bashar Asad has so far not been successful in leading his country to a position of major player in the region. And lastly, Saudi Arabia is neither as wealthy nor as influential as it once was.

Second, as a result of this Arab contraction, hegemony in the Middle East is shifting towards three countries that share one common attribute – they are the non-Arab powers of the region: Iran, Turkey, and Israel. Iran's

influence is evident far beyond the Gulf region. It is evident in Iraq, but also in Syria, Lebanon, and the Palestinian territories. Needless to say, the Iranian nuclear program is widely perceived as yet another tool aimed at supporting Iran's claim to hegemony in the region.

The Second Lebanon War can be understood as an example of this changing character of the Middle East. The war was actually a confrontation between two of the new non-Arab hegemonic powers in the Middle East – Israel and Iran, through its proxy in Lebanon, Hizbollah. This confrontation amplifies once again the process whereby the Middle East is transforming into a non-Arab dominated region.

Turkey is once again rapidly becoming a major regional actor. Turkey has forces in UNIFIL in South Lebanon, it is building industrial zones in the Palestinian Authority, and it has also played a very central role in mediation between Israel and Syria. Turkey has vested interests concerning Iran and Iraq and is an important player when it comes to the determination of policies of the international community towards both of these countries. Although Turkey seeks to obtain full membership in the EU, the chances of this actually happening seem rather slim. Hence Turkey is in fact being “pushed back” into the core of the Middle East of which it is an historical part.

Assuming that the United States is considering phasing out of Iraq, it won't be able to formulate such a strategy without holding a dialogue with the two critically important non-Arab neighbors of Iraq, Iran and Turkey.

Third, the historical Sunni dominance of the region is diminishing politically and strategically. With the exception of Lebanon, all the Arab states were Sunni dominated countries. This is no longer the case. Iraq's Sunni leadership was crushed by the American invasion in 2003, and Iraq has become the first Shiite dominated Arab state. In Lebanon the Shiites led by Hizbollah are rapidly becoming the dominant force in local politics. Taking into account Lebanon's demography, it seems it will only be a matter of time until Lebanon follows Iraq to become the second Shiite dominated Arab state. This is taking place at a moment when the regional influence of Sunni Muslim countries such as Egypt, Syria, and Saudi Arabia is, as aforesaid, in decline.

On the other hand, the emergence of Shiite Iran as a major player and its influence over other players in the region such as Syria, Lebanon

(through Hizbollah), and the Palestinians (through Hamas) symbolizes the emergence of what some have referred to as a new “Shiite crescent.” The Sunni Arabs, as their political discourse suggests, are deeply concerned by the expansion of Shiite Iran and fear a scenario where the Shiite Persians will dominate the core area of the Arab Middle East.

The shift in the balance of power from Sunni dominance to Shiite ascendance is the most dramatic since the advent of Islam in the seventh century. The Shiites in the Arab Middle East were always a marginal and downtrodden underclass, in absolute contrast to Shiite Iran’s growing influence today, stretching from Iraq in the east to the Mediterranean in the west. Not long ago this phenomenon, unprecedented in the modern era, would have been unthinkable.

Fourth, the historic dominance of the secular core of the region is reversing roles with a more religious periphery. Iran and Turkey, both located on what used to be regarded as the “periphery” of the Middle East, are becoming the strategic center of the region, while Egypt and Syria, previously deemed the central players in the region, are losing their importance. This shift has various implications. First, it would not be surprising if the United States regarded this new center as its primary focus in the foreseeable future. Second, historically the underlying secular concept of Arabism and its expansion as an ideology in the Middle East was also the platform for secular politics. However, today Iran (and to a certain degree Turkey too) is an alternative source of inspiration in the region and its platform is based more on religious politics than secularism.

As a result, the contraction of Sunni Arabism is also marked by a retreat of political secularism, and of secular life in general in the Middle East. This is leading to a recrudescence of what sociologists call “primordialism” -- political organization based on clan, extended family, ethnicity, sectarianism, and religion. In this context of a primordial traditionalist reality it is very problematic to initiate Western-style democratic processes, inspired by secular individualism.

Similarly, this context can also explain the rise of Hamas to power in the Palestinian territories. Hamas did not rise to power solely because Fatah was corrupt and disorganized in the management of its own affairs, or because of Abu Mazen’s so-called weakness of personality. It had more to do with the decline of Palestinian secular nationalism as part of a much

wider regional phenomenon, stretching from Turkey to the Palestinian territories and just about everywhere in between.

Fifth is the rising importance of the various non-state actors. The weakening of the Arab states is accentuating the role of non-state actors in the region such as Hamas, Hizbollah, al-Qaeda, Islamic Jihad, and so on. Israel is no longer confronted solely by states but also by non-state or sub-state organizations. Perhaps there might be an advantage to the non-state actors becoming state-like, because then they can more easily be held accountable for their actions. But the fact remains that the security challenges Israel has to contend with are entirely different from what they used to be in an earlier era of conventional warfare.

Against the backdrop of this changed Middle East, two immediate conclusions come to mind with regard to American policy in the region. *One*, it is imperative for the US and Israel to reach a conceptual common understanding vis-à-vis the changing characteristics of the Middle East. A common understanding of the “new Middle East” they both face at the beginning of the 21st century will enable the existing strategic partnership between their countries to expand and deepen several-fold.

Two, the linchpin of the new American administration’s policy in the region ought to be based on engagement and dialogue from a position of strength, especially towards Iran. If the United States and Iran reach some kind of an understanding regarding the Middle East, it will have very positive ramifications with regard to the entire region. It will be much easier for Israel to talk about an agreement with Syria when there is an American-Iranian understanding rather than trying to do the impossible and drive a wedge between Iran and Syria. The implications of an American-Iranian understanding would also have a positive impact on Israeli-Lebanese relations and on the Palestinian conflict. Iran is currently playing a negative role in the region. Thus only a successful dialogue between Iran and the United States has the chance of dramatically changing this reality. A failure of such an engagement would require Israel and the US to cooperate on an entirely different approach.

The Global Economic Crisis and its Impact on the Middle East

Manuel Trajtenberg

The world finds itself in the midst of a major economic crisis, unprecedented in scale since the Great Depression of 1929. The financial upheaval of 2008 promptly spilled over to the real economy, generating a worldwide recession of frightening proportions. In 2009 the world economy will likely see a steep increase in unemployment, a reduction of world trade and investment, the massive shrinking of capital markets, and so on. These are the immediate manifestations of the crisis, yet we should also focus on its long term implications.

An extraordinary feature of the reaction to this crisis is the uncompromising determination of the key players to fight it to the end with all means available, including some highly non-conventional ones. The government of the United States is at the forefront, but it is not on its own. Most governments in countries that were hit by this crisis promptly applied a wide range of forceful policy tools, some of them requiring international cooperation and coordination.

These determined steps cannot hide the pressing problems that characterized the world economy prior to the outbreak of the crisis. The global issues of climate change, fossil energy, water scarcity, and trade imbalances have not disappeared and they will continue to dominate the world agenda, as well as constitute sources of tension among the major powers. However, the crisis has forcefully put a new agenda on the table, which will surely bring about significant changes in the world economic arena.

First, it is clear that key financial international bodies such as the IMF and the World Bank will have to undergo major revisions. The current crisis exposed the fact that the mode of operation of these international institutions is outdated, and in particular that they lack the capabilities to deal with large scale shocks. Moreover, it is obvious that there is an urgent need to revamp financial regulation, both at the national and at the global level.

Second, the crisis will surely lead to significant changes in the allocation of resources, since an economic upheaval of this magnitude never returns to the starting point. In particular, we can expect the rapid decline of mature industries such as automobiles (at least as currently manufactured), and the rise of new ones such as clean-tech and bio-tech. Reallocation processes occur continuously in market economies, but from time to time, mostly prompted by crises, they accelerate and jump over to a new equilibrium, causing a great deal of upheaval in the process.

It is too early to forecast how these developments will impact on the structure of the international system, and whether they will change the balance of power in the economic and political arena. In particular, we will have to track carefully whether these processes widen the gap in growth rates between East and West, between China and India vis-à-vis the United States and Europe. As we learn from history, the likelihood of confrontation between established powers and aspiring ones increases as the GDP of the latter closes in on the former.

Another interesting question relates to ideology. Up until the eve of the crisis, it seemed as if the entire world had irrevocably embraced the model of the market economy (except for a handful of mostly irrelevant outliers). However, the crisis is raising second thoughts in some intellectual quarters, questioning both the validity of the model as much as its theoretical underpinnings. The economic discipline itself is in a process of soul searching, which may lead to uncharted developments.

Although Jordan, Syria, Egypt, and Lebanon experienced significant economic growth in the last few years, their income per capita remains very low. Thus, a small economic shock might spill over and spark significant political and social turmoil. At the moment we do not see this taking place, yet worrying signs appeared when the prices of basic commodities started

climbing. Thus, it is important to follow closely the implications of the crisis upon the political and social stability of those countries.

How can the crisis affect the strategic issues in the Middle East, and in particular Israel's capability to allocate resources to security? Prior to the crisis, the overall performance of the Israeli economy was overwhelmingly good, and in fact, the best registered in its 60 years of existence. A combination of steady and high growth rates, a surplus in the balance of payments, a low inflation rate, and low government deficits placed Israel at an excellent starting point to face the economic crisis.

However, the Israeli economy is wide open and hence not immune to the global commotion. Indeed, the growth rate turned negative in late 2008, unemployment rose, investment declined, and so forth. Even rapid recovery, however, will still leave serious questions about the continuous stress on the economy posed by the security burden. Israel's defense expenditure accounts for about 8 percent of GDP, a very high rate compared to the rest of the world. It is a huge challenge to keep allocating such a significant share of the budget to security, and at the same time maintain the quality of life that the population expects, given an income per capita of \$28,000 a year.

Following the perceived mishaps of the Second Lebanon War, the government set up an inquiry committee to examine the defense budget (the Brodet Committee), of which I was a member. Among other recommendations, the committee envisioned a steady increase in defense expenditures, so that the defense budget will increase by 1 percent a year over the next ten years. In order to meet the defense challenges posed by multiple fronts (Iran, Hizbollah, Syria, Hamas, international terrorism, and others), Israel should stick to this path, despite the economic difficulties that it entails and that are amplified by the crisis. The implementation of the Brodet Committee's recommendations will bring about certainty and stability for the security forces, and a clear reference point for the rest of the economy.

However, we have to realize that the Palestinian front has changed dramatically in terms of what it demands, both militarily and otherwise. In fact, in the last decade there has been a dramatic escalation in the economic costs of the conflict, for both sides. This escalation may turn out to be a

strategic determinant of the future of the conflict, and of the economic wellbeing of the contenders.

From 1967 to 2000, managing the Israeli-Palestinian conflict did not necessitate many resources, neither in terms of military expenditures nor in terms of other economic costs. However, things changed dramatically since the outbreak of the second intifada in late 2000, which coincided with the burst of the hi-tech bubble and the accompanying economic crisis. The combination of rising violence and the world economic turndown hurt Israel's economy badly.

With the dying out of the second intifada we did not go back to where we stood in 2000. In fact, Israel continued to allocate more and more resources to deal with the Palestinian issue. For example, building the separation fence, which is not finished yet, cost about 13 billion shekels. The disengagement from Gaza cost another 10 billion shekels, and we are not done there either. Operation Cast Lead was also very costly, as will be any similar military intervention.

The point is that for the past decade or so we have found ourselves in a race vis-à-vis the Palestinians that is increasingly asymmetrical cost-wise. It is not just that we face a sort of guerilla war (inherently asymmetrical), as opposed to facing a conventional army, as we were used to. The offensive means that the Palestinians resort to are rock-bottom cheap (materially at least), whereas the means required to neutralize them are amazingly expensive. Consider the building of the fence vis-à-vis suicide bombers; consider the expected deployment of multilayered anti-missile systems vis-à-vis Qassam rockets. This is the root of the quandary, since against a primitive rocket that costs a few hundred dollars, Israel has to develop and deploy extremely sophisticated defense systems that cost several order of magnitudes more in order to protect its civilian population.

Another cost made obvious during the Second Lebanon War is that associated with the policing work that the IDF had to do in Judea and Samaria. As a consequence of having to deploy significant forces for anti-terrorism tasks in the territories, the regular and reservist forces of the IDF did not train enough, the equipment was not properly kept, and so on. This eroded the preparedness of the army significantly and its combat skills, as became evident with the outbreak of the war in July 2006. This highly significant cost of the conflict with the Palestinians, which remained hidden

for a while, hit with full force in the wake of the war. Since then the IDF has undertaken a rapid process of catching up that has been successful, but has (again) entailed high costs, this time overt and not hidden.

Thus for the first time since 1967, the conflict with the Palestinians requires us to deploy high and rapidly increasing resources to cope with it, both in terms of military expenditures and other economic costs. These demands strain our ability to tackle simultaneously the growing Iranian threat, at the same time as maintaining our qualitative edge in terms of conventional military capabilities.

The Palestinian side is also experiencing escalating economic costs, not in the means it employs to fight us (as said, those are cheap), but because of our response: the blockade of Gaza, the numerous roadblocks in Judea and Samaria, and other measures mean a dramatic decline in economic activity in Palestinian territories. This is in sharp contrast with the pre-intifada period, when the Palestinian economy was characterized by high growth rates. Unfortunately, this is the new “balance of economic terror”: highly asymmetrical in nature, but nevertheless rapidly escalating economic costs for both sides.

The world economic crisis is likely to exacerbate those costs, and hence perhaps bring home to both sides the realization that the conflict may be acquiring an economic dimension that was lacking before. That is, the economic costs that both sides are increasingly bearing may become a factor in itself, in our as well as their perception of the conflict. Optimists would argue that this may turn out for the better, since such enhanced perception may hasten the search for solutions. Of course, arguments to the contrary may also be raised.

Either way, the world economic crisis is not just a passing phenomenon that interests mainly economists and businessmen, but a major storm that is likely to change the landscape all around us.

Facing the Iranian Challenge: The American Options

Gary Samore

The focus of this piece is the range of diplomatic options available to President-elect Barack Obama once he enters office in January in terms of the Iranian nuclear threat. That is, how Obama will prevent Iran from acquiring further nuclear weapons capabilities that would allow Iran to produce large quantities of weapons-grade nuclear materials. In addition, in order to be realistic about the possibility that the US will not be able to stop Iran through diplomatic means, the US strategy if those diplomatic efforts fail will be addressed.

For three years, since 2006, the US under President Bush has employed a classic “carrot and stick” strategy, a diplomatic strategy used to try to halt or slow down Iran’s nuclear program. On the “stick” side, or the disciplinary side, Washington is joined by an international coalition of big powers: the so-called EU-3, the EU+3, or the P5+1. This international coalition has joined together in an effort to impose political pressure and economic sanctions against Iran, in order to convince Iran to suspend its enrichment program as a condition for beginning multi-national nuclear negotiations.

On the “carrot” or benefit side of the strategy, the US has offered support through a generous offer from the international coalition to support Iran’s civil nuclear power program. This offer includes guarantees of fuel supplies and access to modern nuclear technology, under the condition that Iran agrees to a ten-year moratorium on its enrichment program.

Unfortunately for the international community, this strategy has failed, which is evident through the fact that Iran has ignored international

pressure and has continued its enrichment program in defiance of UN Security Council resolutions. To date, Iran is just a few short steps away from having mastered the P1 centrifuge technology that it obtained from Pakistan twenty years ago. Furthermore, Iran has now embarked on a program to build up its number of centrifuges and its stockpile of low enriched uranium. Eventually, this supply of centrifuges and low enriched uranium will create an option for Iran to produce enough highly enriched uranium quickly enough to support a nuclear weapons program, and create a so-called nuclear breakout.

Iran is still a few years away from having a credible nuclear breakout option, specifically in terms of confidence that it can produce large quantities of weapons-grade material quickly enough before any preventive action could be taken. However, this is really a political judgment; it is not a technical judgment. The Iranians at some point will have to make a decision about what is a safe period of time for them to make their move: if they make the political decision to build nuclear weapons they will have to decide what is the safe period where they are confident they can be successful before action can be taken against them.

Iran has a very complicated and diverse political system. Publicly the official Iranian position is that the US will not attack it, but in reality Iran is sensitive and nervous about the possibility of getting into a war with the US. This is because Iran can recognize the disparity in power and realize that it is not in its interest to fight the US. In any event, it is clear that time is working to Iran's benefit. Even worse, there is a growing sense in the region and more broadly that Iran's nuclear effort is unstoppable.

When the Obama administration begins its term in January, it will be under pressure on a large number of issues. In regard to Iran, the Obama administration first of all needs to reverse the defeatist tendencies of the Bush administration, and second, must try to take diplomatic action to change the status quo. Based on statements that have been made already by President-elect Obama and his advisors, it is very likely that the new administration will attempt some sort of variation on the existing diplomatic strategy used by the Bush administration. However, it will try to develop and employ bigger carrots and bigger sticks in order to convince Iran's leaders to curb their enrichment program in exchange for receiving benefits and avoiding punishments.

There are three possible reasons why the Obama administration might succeed where the Bush administration has failed. First and foremost is the collapse in world oil prices: this collapse has made Iran more vulnerable to the threat of economic sanctions and increased public discontent within Iran over the disastrous economic policies of President Mahmoud Ahmadinejad. To some extent, the Iranians might be more inclined to seek a diplomatic solution if they believe the alternative could increase public opposition to the regime, which is already suffering a number of very difficult economic hardships. If nothing else, Iran's economic troubles give the US and its allies a stronger argument with reluctant countries that sanctions are worth another try and might even succeed.

Second, the Obama administration will be in a stronger, more credible position to offer a genuine improvement in US-Iran relations if the nuclear issue is resolved. The Bush administration's effort in this area was severely weakened by internal disagreements on whether and how to engage Iran. In contrast, the Obama administration will be less hampered by these internal divisions. It is more likely to propose beginning direct unconditional talks with Iran on a range of issues as part of an effort to get multi-national nuclear talks started. In such talks it is expected that the administration will be willing to offer improvements in both bilateral economic and political relations with Iran if it agrees to curb its nuclear program. By making these offers public, the US might be able to generate internal pressure among those elements of the Iranian public and elite that would genuinely prefer better relations with the United States.

Third and possibly the most challenging for a successful diplomatic strategy, the Obama administration will need to line up support for much stronger sanctions to pressure Iran to suspend its enrichment program while negotiations take place, and eventually accept serious limits if a nuclear deal cannot be reached. In contrast to President Bush, Obama's popularity in Europe will give him a stronger political base, at least during the honeymoon period, to appeal to reluctant governments and publics. Furthermore, it will allow him to impose stronger financial and other sanctions against Iran beyond those mandated by the Security Council.

Getting Russia and China to support stronger UN sanctions will be much more difficult because Moscow and Beijing do not share the US and European concern about Iran's nuclear program to the point that they

would be willing to seriously jeopardize their bilateral relations with Iran for the sake of trying to stop its nuclear weapons efforts. Nonetheless, the Obama administration will have a fresh chance to strike a new deal with Russia, for example, by offering to abandon missile defense in Europe if Russia works with the United States to halt Iran's enrichment program.

Another element of a successful diplomatic strategy will be the credible threat of force if diplomacy fails. The diplomatic effort really cannot succeed unless the Iranians believe that they run a high risk of suffering a military attack if they turn down a reasonable offer from the US. This will be a challenge for the Obama administration; however, because of his ability to appeal to world opinion, including in the Arab world, President Obama may be in a better position than his predecessor to make a credible argument for using force if diplomacy fails.

The threat of using force actually increases if the US is able to begin to withdraw its forces from Iraq in an orderly way. One of the reasons why the Iranians have felt protected for the last few years is because of the US entrapment in the mess that has become Iraq. When Iraq appears to be stable, to the extent that the US can begin to withdraw its forces and take them out of harm's way, it naturally begins to restore the credibility of the US military option. In that case, this may give the Iranian leadership pause about the potential consequences if they turn down an offer from the US. In Iran's mind it is a question of US will, and it is known that the Iranians are very sensitive to the threat from the United States. Therefore, the US needs to recover the credibility that it once had, rather than create it.

Rhetoric alone is not going to convince the Iranians; they have repeatedly heard the options on the table and have yet to accept them. Rather, the US needs to think about actions, be they military exercises or other steps that will convince Iran that the US is prepared to use military force. It is not an easy task to take action at the same time that one is engaging in diplomacy, but it is one that the Obama administration might have to face in the future.

While arguments have been presented why the Obama administration can play a stronger diplomatic hand, in order to be realistic one must accept that at this point, stopping Iran is going to be a very difficult challenge. Right now Iran's leadership appears to believe that they are in a strong position to pursue their nuclear ambitions within acceptable risks, and they

probably value the acquisition of a nuclear weapons capability much more than better relations with the United States. In fact, some of Iran's leaders probably prefer a hostile relationship with the US because it allows them to have better opportunities to try to mobilize regional opposition to the US and justify its repressive measures at home.

Furthermore, broadening the agenda of the discussion between the US and Iran to include a range of other issues may actually make a solution more difficult because there are real limits to the extent to which the US can recognize Iran's position in the region as part of a nuclear deal. Under these circumstances Tehran's natural instincts will be to drag out the negotiations with various diversions and hints of concessions, something that historically it is successful at, while it continues to build up enrichment capability.

In order to stop this from occurring, the US will probably need to declare a deadline at some point in order to force Iran to choose between suspending enrichment and facing stronger sanctions. It is important to remember that the near term objective of engagement is not a comprehensive agreement, which would probably take years to negotiate. The immediate objective is mutual suspension: Iran suspends enrichment activities, the US and the international coalition suspend sanctions, and that creates political space to try to negotiate a permanent agreement. The key focus needs to be the tactical objective as the one that is possible to achieve, rather than an overall solution, which could not reasonably be expected in the near term.

Iran is certain to resist US efforts to end or delay its enrichment program for a long period of time. There will be some temptation in the US to seek a technical solution that would accept some limited enrichment in Iran, but with technical and political constraints to make it more difficult for Iran to break out and produce nuclear weapons. For example, one could try to limit the number of centrifuge machines or the size of the stockpile of low enriched uranium that the Iranians have on hand. Such a technical compromise sounds good on paper, but it does not exist in reality. This is because there is no evidence that Iran is willing to accept meaningful constraints on its enrichment program beyond those required by the NPT. Furthermore, any agreement along these lines runs the risk of legitimizing Iran's enrichment program while at the same time putting Iran in a stronger position to renege or cheat on the deal when it thinks it is safe to do so.

If the diplomatic efforts fail, the US will be left with two very unappealing options. On one hand the US can revert to a strategy of containment and deterrence: try to weaken Iran with long term sanctions, and slow its nuclear development through interdiction and export controls. In doing so, it tries to deter Iran from using nuclear weapons or pursuing more aggressive policies by offering nuclear guarantees and enhanced defense cooperation with American allies in the region. On the other hand, the US can attack Iran's nuclear facilities to delay, that is, to set back its technical progress and reset the diplomatic clock. In choosing between these two unappealing options, the US will take three factors into consideration.

First, the US needs to reflect on the expected utility of a military attack, in terms of how much damage it will inflict and how long it would take Iran to rebuild its nuclear capabilities. This calculation will need to take into account the possibility that Iran has covert facilities and that Iran has presumably taken precautionary measures to stockpile materials and equipment so that it can rebuild in the aftermath of an attack.

Second, the US needs to consider what the risks are of a military attack and what Iran's retaliation would be. Will Iran be cautious and confine itself to limited retaliation through proxies and covert action? Or will Iran take steps that lead to a broader military conflict, which could include direct attacks on the US and its allies and potentially disrupt oil production and shipping?

And third, the new administration needs to think about the risks of not acting. While it is possible that the US and the international community will be able to erect barriers to keep Iran below the threshold of actually building nuclear weapons, it may also be inevitable that Iran will eventually choose to exercise its nuclear option once it is available. Furthermore, if Iran acquires nuclear weapons, the US needs to consider whether deterrence would be effective to prevent use or transfer of nuclear weapons. Lastly, the risk of accidental or unauthorized use or transfer of weapons and the threat of further proliferation in the region if Iran has nuclear weapons will be at the forefront of the US agenda.

There is no possible way to answer these questions with certainty, and these are the issues that the Obama administration will have to consider when faced with a decision on whether to take action against Iran. However, it is far better to avoid having to make this choice, and there

is evidence that the Obama administration is in a better position than the Bush administration to mount an effective diplomatic strategy, by being able to threaten more effective punishments. Unfortunately, in the Middle East the best that can be hoped for is a short term fix, until there are some fundamental changes. It is doubtful that there is going to be a resolution to any of the fundamental threats and challenges the region faces.

While the Obama administration has inherited a weak political hand from Bush, the administration will have the opportunity to try to make progress, or at least to try to manage and delay some of these threats that the US faces. However, only over the next few years will it be seen whether these opportunities are met with success.

The Essence of the Iranian Threat

Ephraim Kam

In recent years, Israel and the entire world have come a long way in understanding the essence of the Iranian threat. At the same time, Iran has made great progress in acquiring nuclear capability. There is also agreement around the world that the Iranian threat is not limited to its neighboring states.

While Israel is not the only country threatened by Iran and especially by a nuclear Iran, for three reasons, all intertwined, it does have a special role at the forefront of the struggle against a nuclear Iran. First, Israel is the only country in the world that is threatened to be expunged off the map by the Iranian regime and by Iranian leaders, publicly and implicitly. There is no other such country. The second reason stems from the first one. Israel is also the only country that asks itself whether Iran will use nuclear weapons against it, if it acquires such weapons. In Bahrain, in France, in the United States, people are concerned by the Iranian threat but nobody asks that question. Third, Israel is the only country in the Middle East and one of the two only countries in the world that is contemplating the idea of using all means, including military means, in order to stop Iran on its way to nuclear armament.

Usually when the Iranian threat is discussed, the discussion is focused mainly on the nuclear threat. However, the Iranian threat is broader. The Iranians are involved in terrorism: for twenty-four consecutive years Iran has been defined by the US administration as the country most highly involved in terrorism. The Iranian threat also consists of subversive intentions towards the Gulf countries, Iraq, and Lebanon. In addition, there is also the conventional military component, and especially an Iranian

missile capability with ranges that are increasing – which today includes not only Israel, but also large parts of Europe and the Mediterranean. These are the implications of the Iranian threat today. It is still fairly limited, but if Iran becomes nuclear this would take on different proportions.

In Israel there is a consensus, or a near-consensus, that if Iran becomes nuclear it will pose a major threat to Israel because of two components that are intertwined. First of all, it will be the first time in Israel's history that an enemy state would hold a lethal weapon such as a nuclear weapon, and Iran's declarations seem to be a statement of intent. The combination of these two is a major threat. Yet sometimes you can live under such a threat – in Israel's distant past it lived in this manner. Hence the more critical question in my mind is whether Iran will use such weapons, i.e., will this existential threat materialize.

I think that Iran is a sensible and rational player that looks at the losses versus the benefits and at the price it will have to pay if it uses nuclear weapons. Thus if it plays as a rational actor, it will most likely not use nuclear weapons, not against Israel and not against any other country, for three reasons. The first reason is that I think Iran wants a nuclear weapon primarily as a weapon of deterrence. This is the basis of the Iranian nuclear program. The desire to destroy Israel exists, but not so much so that Iran will squander its judgment day weapons for something that is not critical to it.

The second reason is that Iran, like all other countries, believes that Israel has a large stockpile of nuclear weapons and also has a second strike retaliation capability. Therefore, Iran must take into account that if it uses nuclear weapons against Israel, Israel will use the same means against Iranian cities, and this would mean the death of millions of Iranians. Tehran has fourteen million people, so a bomb over Tehran would mean millions of deaths. Even a fundamentalist regime as radical as Iran's would not come to terms with that. And the third reason is American deterrence. The Iranians recognize America's commitment to Israel's security and to its existence. They need to take into account that if they use nuclear weapons against Israel, there will be American retaliation by the same token, especially if the American administration says this in no uncertain terms. Again, Iran has a population of millions and they are not willing to pay that price.

This is a logical analysis but there are two problems. Strategic estimates are sometimes wrong even when there is data to substantiate them. All the more so in the Iranian case, where we don't have any indications that could help us predict what would be its future nuclear policy. Indeed, we have no such indications because Iran denies any intent to acquire such weapons. The second reason is that we lack sufficient understanding of the decision making process in Iran. We don't know the weight of the fundamentalist-radical Islamic motivation, sometimes the messianic one, in this decision making process. Nobody can guarantee that one day Ahmadinejad or Khamanei won't get up in the morning and activate the nuclear switch, out of the recognition that Allah had told them to. Nobody can say it can't happen. While such a scenario has a low probability, the implication is that the government of Israel cannot allow the policy it adopts vis-à-vis Iran to be based on a mistaken estimate regarding the decision making process in Iran. The question is whether the government of Israel is willing to take that risk, when the results could be so dangerous.

Even if Iran will not use them, the fact that Iran will acquire nuclear weapons may have serious security implications for Israel and other countries in the region. Six main concerns may be identified. First, Iran with a nuclear weapon could be a more aggressive country vis-à-vis its neighbors, vis-à-vis the US presence in Iraq and the Gulf, and against Israel by encouraging Hizbollah to provoke Israel, and perhaps by influencing the oil prices. Second, a nuclear Iran may strengthen its status as the pillar of radical forces in the Middle East. This may lead to exerting pressure on the moderate countries in the region to undermine their relationship with the United States and Israel.

A third concern may be that nuclear weapons in the hands of Iran will create a real incentive for other countries to join the nuclear circle. Such states may be Egypt, Syria, and later on perhaps Saudi Arabia, Iraq, and Turkey. Some countries, like Saudi Arabia, will wish to join the nuclear circle because they are threatened by Iran, and others, like Egypt, because they can't afford to stay outside of that cycle when Iran, in addition to Israel, has nuclear weapons. Iran may even be a disseminator of nuclear technology, especially as the global regime of nuclear weapons acquisition monitoring will be hit hard if all the efforts to stop Iran fail.

The fourth concern that we have to take into account is that perhaps Iran will give a nuclear umbrella to Syria, its main Arab ally, against Israel. It doesn't have to be a clear cut commitment on the part of Iran, but even a general statement will give Syria more maneuvering power because it will know that its partner in the region extends it a safety net of a nuclear weapon.

A fifth concern if Iran has nuclear weapons is that an atmosphere of panic or anxiety might be created in Israel. Moreover, the Israeli media or politicians may not be responsible enough and will ignite this fire. If that happens, it can influence immigration to Israel and emigration from Israel, as well as foreign economic investments in Israel. I think we have to think a priori about this possibility and try not to contribute to inciting such panic.

A final concern may arise from the fact that between Israel and Iran there is no direct and almost no indirect communication and no dialogue. Such lack of communication was not the situation in the Cold War between the Soviet Union and the United States, and not even between Pakistan and India. They talked to each other, they shared information, and they created means and measures to mitigate some of the threats. All this does not exist in the relations between Israel and Iran. This state of affairs can be a source of instability and could lead to nuclear escalation stemming from misunderstanding, misperception, and miscalculation.

The US in Muslim and Arab Perspectives

Martin Kramer

I want to deal with a subordinate facet of the Iranian threat – Iran’s reported ability to set the Middle East ablaze in the event of a confrontation with the United States.

It is often said that Iran has more strategic depth than one might imagine from an inventory of its military capabilities. This depth, it is argued, derives from the support of Arabs and Muslims worldwide for Iran’s anti-American posture. For example, an issue of *Foreign Affairs* included: “The Arab people do not share the anti-Iranian sentiment of their governments. Tehran enjoys significant soft power in the Middle East today.” Accordingly, anyone who dares to threaten, pressure, or strike Iran must take into account the reactions this might unleash beyond Iran.

To better explain this argument, I have harvested several quotes from a paper by a think tank in Washington, which discussed what might happen across the region if Iran were attacked. The paper says:

The Iranians would feel unrestrained about resorting to terrorism – their best bet against America’s military might. Consider a scenario where [al-Qaeda and an unleashed Hizbollah] overcome Sunni-Shiite divisions to form a tactical alliance against a common enemy: the United States. We could ignite destabilizing violence in Saudi Arabia, Jordan, Egypt and Indonesia...our European allies host large immigrant Muslim populations;...and a US attack on Iran could unleash a wave of terrorist reprisals throughout Europe....There is also the risk of radicalizing America’s Muslim population.”¹

1. Charles V. Pena, “Iran: Gulf War III?” *American Conservative*, June 5, 2006, <http://www.amconmag.com/article/2006/jun/05/00012/>.

This is the end of quote but I can assure you that in the original source there is more.

In this scenario the verbs are dramatic: “unleashed” is used twice, and a move against Iran is depicted as the trigger for an apocalypse of violence. It is easy to find at least some part of this scenario more believable, but it only resonates as a whole because it is grounded in two assumptions that have become widespread over the past several years.

The first assumption is that US policy has angered Arabs and Muslims to such an extent that they are bound to rally behind Iran in any US-Iran confrontation. Red-hot hatred of America trumps everything, erasing the differences between Persian and Arab and Sunni and Shiite. Iran, depicted as the last anti-American force left standing, would benefit from that floating rage that was also used by al-Qaeda or Saddam Hussein. This assumption owes a lot to the annual Zogby polls that are taken in six Arab countries and presented to Americans as the final word on the attitudes in the Arab street. These polls are most famous for showing a dramatic erosion of America’s standing in Arab opinion, due to – the polls suggest – the Bush administration’s support for Israel. But lately the Zogby polls have also tried to measure Arab opinion toward Iran. The findings, if believed, would suggest that Iran is translating Arab resentment against the US into support for its nuclear agenda. In one particularly pertinent question Arab respondents were asked what the outcome for the Middle East would be if Iran acquired nuclear weapons. In the March 2008 poll 44 percent of the respondents said a nuclear-armed Iran would be positive, 29 percent affirmed that it would be negative, and 12 percent said it wouldn’t matter. Now, if these polls are accurate, they lend support to the notion that Arab opinion has aligned with Iran’s nuclear ambitions, which it believes to be directed against Israel and the US.

But are these polls accurate? For example, the largest percentages of respondents in specific countries who said that the outcome of a nuclear-armed Iran would be positive are found in Saudi Arabia (73 percent) and the Emirates (51 percent). This result seems to suggest that three-quarters of Saudis and half of the Emirates’ citizens would prefer to live next door to a nuclear armed Iran, a questionable result. And indeed, another poll of Arab opinion taken just a month ago for the Doha debate came up with significantly different results. In that poll Arab respondents were asked

whether the Middle East could tolerate a nuclear Iran. The region-wide answer was no by 55 to 45 percent, and the margin in the GCC states was 58 to 42 percent against tolerating a nuclear Iran

I don't intend to go into the problems of polling methods in these contexts, but I do want to suggest that the statement "Tehran enjoys significant soft power in the Middle East today" is potentially misleading. In fact, the soft power outside the Shiite circle is itself soft, not something that Iran could rely upon in a crunch, and there seems to be a split in Arab public opinion about Iran's nuclear program. Moreover, while across the board the different polls do show a clear Arab preference for a negotiated settlement, there is no evidence as to what people think should be done if negotiations fail. We in fact have no idea how different options vis-à-vis Iran might be received in the various Arab countries.

The second questionable assumption is that in dealing with matters of national security, what people think in the street trumps what rulers think in the power seats. The assumption is that Arab people do not share the anti-Iranian sentiments of their governments. (I will leave aside just who the Arab people are, since it is an awfully broad category.) But even if granted that political matters are perceived differently from outside the palace, it is problematic to assume that the rulers lack the leverage to shift or neutralize public opinion if they try. And within the palaces, of course, there is unease about Iran's nuclear ambitions. This sentiment manifests itself in different ways. The Gulf states are triangulating between Washington and Tehran – that has always been their strategy – because they are small, but also because the US has seemed to them irresolute on the Iranian issue. But it is striking how much more outspoken the Saudi and the Egyptian media have become, both in criticizing the ambitions of Iran and berating other Arabs who seem indifferent to that ambition. Over the summer one Saudi columnist wrote: "The absolute priority must be our strategic security in the Gulf, which is threatened by Iran, even if this comes at the expense of the Palestinian cause. We need to push the world powers towards military confrontation to neutralize the Iranian enemy, whatever the cost, before the nuclear bomb makes it too late."

Saudi columnists have described the split in the Arab world, dividing the Arabs of the north from the Arabs of the south. The former are allegedly blinded by their preoccupation with Palestine and they are susceptible

to the siren calls emanating from Iran. As another Saudi columnist put it, “Some of the Arabs of the north are in a strategic alliance with the Persian enemy. It goes without saying that according to all the indicators, the primary and most dangerous enemy of the Gulf states is Iran.” In my opinion, this presentation of the issue probably reflects the views that are held by royal bankrollers of Saudi newspapers and journalists. In many of these pieces the United States does stand accused, not of support for Israel – which is nothing new – but of strengthening Iran, largely through its folly in Iraq.

What does this mean? It means that it is still possible for President Obama, when he delivers his speech in an Islamic capital, to win some Arab endorsement by putting forward the principle that all options should be on the table in dealing with Iran. It may be possible to build some Arab support for what Obama has already stated, “It is unacceptable for Iran to possess a nuclear weapon. It would be a game changer.” The United States, of course, will always be regarded with a mix of fear, suspicion, and resentment in this part of the world. But this doesn’t mean it can’t form alliances of convenience against those who induce even more fear, suspicion, and resentment than the US does. Over the years, the United States has formed alliances of convenience in the Middle East, first against the Soviet Union and then against al-Qaeda in Iraq, and there is a basis to do the same vis-à-vis Iran.

At the same time, it is important not to downplay Iran’s genuine impact beyond its borders, also through its relationship with Syria, Hizbollah, and Hamas. Iran too has allies, and allies of convenience. But even in worst case scenarios involving those allies, we know what the outer limits will be because we know both Iran and its allies’ capabilities. For some of those capabilities there are answers; others are indeed more worrisome.

However, for the sake of intellectual consistency, it is also crucial to give equal consideration to the worst case scenario for the region if Iran does acquire nuclear weapons. That scenario has been drawn most recently and vividly in the report by the US National Intelligence Council, *Global Trends 2025*:

Iranian demonstrations of its nuclear capabilities that reinforce perceptions of its intent and ability to develop nuclear weapons

potentially would prompt additional states in the region to pursue their own nuclear weapons programs. It is not certain that the type of stable deterrent relationship that existed for most of the Cold War would emerge naturally in the Middle East with multiple nuclear weapons capable states...The possession of nuclear weapons may be perceived as making it “safe” to engage in [low intensity conflicts and terrorism].... If the number of nuclear-capable states increases, so will the number of countries potentially willing to provide nuclear assistance to other countries or to terrorists. The potential for theft or diversion of nuclear weapons, materials, and technology – and the potential for unauthorized nuclear use – also would rise.²

This is a pretty disturbing worst case scenario, which seems far worse than the alternative worst case scenario presented above. The National Intelligence Council goes on to describe it as more dangerous than the Cold War, which is saying rather a lot. President-elect Obama was right to call a nuclear Iran a game changer for the entire region. I think we would all prefer to play the game we know for lower stakes than a game we don't know for much higher ones.

2. National Intelligence Council, *Global Trends 2025: A Transformed World*, pp. 62-63, http://www.dni.gov/nic/PDF_2025/2025_Global_Trends_Final_Report.pdf.

Facing the Iranian Challenge: The Israeli Options

Giora Eiland

There are two underlying assumptions on a possible Israeli military operation against Iran. One is that we cannot exercise a military operation as long as some kind of a true dialogue exists between the United States and Iran, whether it is direct or indirect, and as long as the diplomatic avenue is such that it stands certain chances of success. The second assumption is that Israel will not be able to carry out a military operation against Iran even if the diplomatic negotiations fail without some support from the United States. This is true at the operative level and also at the strategic level. At the operative level, as long as the United States is in Iraq and in the Gulf countries, any Israeli military operation against Iran needs coordination with the United States. At the strategic level, Israel cannot take such critical action without support of the US.

A military capability to strike Iran depends upon four variables. First is the level of intelligence: to what extent do you really know where are the objectives you want to strike. As Donald Rumsfeld once said, you know what you know and you don't know what you don't know. Iran is not in Gaza or Ramallah, so if the Israeli intelligence is not good enough there is a good chance that you don't know. And if you don't know a lot, then the risk of launching such an attack is much greater.

The second component in the military capability is the ability to send enough planes that can cross the long distance, penetrate the Iranian air defenses, and have an efficient strike capability against targets that intelligence provides. This question is not only a technical question of how many planes can fly such a distance, rather relates to comprehensive issues

such as: can it be done without cooperation with countries that are situated on the way? To what extent can you cope with the Iranian air defenses? Within this capability, which depends on a critical mass of planes, the question is, how long can you sustain it? Does it have to be one go, as was the case in Iraq, or must it be done over a longer period of time?

A third variable is how to cause enough damage in the strike. There are many unknowns. There is much improvement on the Israeli side to develop better, more efficient bombs. But by the same token the Iranians are developing their own weapons to better defend themselves. We have to try and assess the damage that would be inflicted, the critical mass, and the right objective.

The fourth element builds on the previous three. If we succeeded in having better intelligence and choosing the right targets, and if our planes reached their destination with bombs that can penetrate and cause damage, what effect will there be? The Iranian capability does not depend only on existing facilities but also on know-how that exists in computers, sometimes replicated in other places, and in the minds of researchers. Thus there is a question of whether the damage you want to inflict is truly significant. And this leads us to the next point, namely, the objective of such an operation.

We can point out what an Israeli operation cannot achieve, specifically, two situations. First, it cannot vanquish or triumph over Iran. Israel cannot exact such a price from Iran that Iran would say, we yield, we capitulate, we are suspending our nuclear program, and we will do whatever you desire. Second, there is unfortunately no Israeli military capability to reach a situation whereby the Iranian nuclear capability is destroyed so that it can not be resumed. The million dollar question thus is how long the suspension would last, several months or several years.

What are the risks of such a military operation? An Israeli military operation holds many risks. The first and obvious risk is that the operation would fail. If you carry out a military operation that fails, you pay three times. You undermined your deterrence, you are perceived as the aggressor, and you help Tehran prove to the world that Israel is the problem and not Iran.

Second, an Israeli strike against Iran will be followed by Iranian retaliation. It is quite certain that Hizbollah would engage in a war with Israel, and this could also carry over to the Palestinians. In other words, an

Israeli operation in Iran whose purpose is limited would potentially lead to a broader confrontation.

The influence of a direct Iranian response might hurt Israel less than other players in the region, chiefly the Americans and their interests in the Persian Gulf. Of course a major Iranian response would also affect Israel, especially if this causes damage to world stability. Israel would be blamed that it created a situation that plagues so many international players. In addition, a military operation against Iran would mean a conflict with the Iranian people, which doesn't exist today. And obviously an Israeli direct military operation against Iran would lead to an unsettled score, even if there is a new regime, and we cannot be sure that we will be able to mend fences.

There are advantages, disadvantages, and risks both in not taking action and allowing Iran to become a nuclear power and in launching a military operation.

There is a window of opportunity and we have not only two clocks but three clocks. Obviously we need to find the convergence of those three clocks. The first clock is the military clock. Israel improves its own capabilities on the one hand and Iran is improving its capabilities on the other hand. There are situations where there is a military window of opportunity that is larger, and sometimes this window closes. For example, if the missiles that Iran is supposed to receive from Russia, the SA-300 batteries, the most advanced anti-aircraft missiles, become operational, there is no question that in an operative manner this reduces Israel's capability to strike.

The second clock is the strategic clock that involves not only the status of the negotiations between the United States and Iran, but also other variables. We talked about US-Russian relations, the situation in Afghanistan, Pakistan, Iraq, the US standing in the region, and many other components. And the third clock is the technological element that says when Iran not only has the technology but has also manufactured enough devices, and even more so, has dispersed them.

To find the optimal time is a problem because of these three clocks. We might say that this optimum, as far as the relevant window of opportunity is concerned, is due not before next summer, because until then there may be a diplomatic process with a new administration, and until then or during

that period it is not too late with regard to the other clocks. But this window cannot exist for a long term either, and therefore the time to examine such an opportunity is from 2010, and I would say up to the summer of 2011. This is more or less the time frame where a military operation might be taken into consideration.

Israel has to prepare its military option. It is the right thing to do because the military must be ready, even for things whose probability is low, and even for things that hopefully you won't have to use.

The second issue is that Israel will have to achieve some sort of a dialogue with the United States. First of all, it must be a dialogue that will involve what direction the United States is taking with Iran, what might a possible deal between the US and Iran look like, and what it means for Israel. And it is not necessarily a situation of total cessation by Iran of their nuclear plan, like in Libya.

Of course the most problematic and sensitive scenario is that one day there might be a situation in which Israel will feel it has to deal with Iran, and there should be a very discreet dialogue that discusses the question of whether Israel has an option to act militarily. Also, the American Congress and the American president will have to decide what guarantees can be given so that Iran dare not attack Israel. Israel might agree to such guarantees because other options will either be blocked or be much worse.

The US Military and the Middle East

William J. Fallon

The United States presence, purpose, and engagement in the Middle East are in keeping with American national aspirations. One unique phenomenon in that US Central Command has responsibility for the entire region except Israel, which is still under European Command. Nonetheless, the goal for both major commands is to work with other national agencies and with US partners, allies, and colleagues in the region to try to promote stability and security. The bottom line is that this has not changed in years.

In terms of forces, the US obviously still has very large ground forces in Iraq and Afghanistan. We tend to think of them as in this region because they all work through US Central Command, even though in fact some are a little beyond the Middle East. People tend to forget that there are also very large maritime and air forces in this region and that they are present all the time. They may not be visible to people in each country but they are very close by, and are engaged in the process of trying to extend stability and security while supporting US operations in Iraq and Afghanistan. That will most likely continue.

Because of US military engagement in land combat, it may not have been able to exercise as much influence as we might care to with our friends and partners in the region. The number of ground forces will certainly decrease in Iraq, which will allow the US to expand its involvement elsewhere to a greater degree and enhance what we have been trying to build. An example of that would be Lebanon, where the US military was not engaged for decades and is now trying to work with the LAF and the government of Lebanon to gain some influence and be able to help them cope with the problems they are facing.

A few observations are relevant to US and Israeli activities and security in this region. What have been highlighted, of course, are the problems: there are many problems, and I suspect there will always be problems in this world. However we have been dealing with problems for a long time, and not only can people deal with them, but in the particular case of Israel and the United States both countries are well equipped to deal with problems – security and otherwise. While challenges often seem intractable, so daunting, so longstanding, and so vicious that we are unable to deal with them, I do not accept that approach.

Another major theme is change: things are constantly changing, and one of the challenges that we have difficulty understanding is the extent to which things change and the opportunities that change offers. In Iraq, for example, the situation has morphed many times since 2003 and is dramatically different today than it was a year ago, two years ago, and so on. The ability of people in the US and in other places to understand this is highly suspect, because these are difficult issues to grasp. The lack of first hand knowledge means that most people have to rely on others for information. When people pass down stories through multiple narrators there is always a difference. Therefore, in dealing with change, we have to recognize that we also often subscribe to a lot of mythology.

We tend to believe things as correct, true, and accurate assessments, while someone on the outside, who is more objective, would probably think otherwise. We have to deal with perceptions and recognize them as a major challenge. One of the challenges today, in security as well as in other matters, is the reality of perceptions and how they come about. Dealing with this issue requires a host of tools that include many things in addition to the standard military force capabilities. In this business of perceptions there is another change that is taking place. This change relates to the idea of security, which seems to have been defined better in the past. It used to be “Them” and “Us,” and there was usually a boundary or a border so it was pretty easy, or so it seemed, to identify the enemy or the problem. However, today security is much closer to home.

In Israel, much like the US, some of the larger security issues are internal. These include the personal economic challenges that we are facing today. Some of the very difficult issues, such as the Iranian and the Palestinian issues, should be addressed in a comprehensive manner. These

are complex issues with deep roots, and they are not going to be solved by some quick, easy solution.

I detect a high degree of anxiety in Israel. However, I would encourage the country to rise above this because Israel has a lot going for it that can form the foundation to overcome the security problems: the spirit of the people who founded this country; the vitality; the diversity of people from all over the world coming together; the indisputable capability of the IDF that has been tested many times; economic vitality; political diversity; and more. All these are essential attributes in dealing with problems successfully. On top of that, Israel has a close relationship with the US, particularly in security matters. The priority here recently has been to point to Iran as the top security issue. I think that getting to work on the issue closer to home, the Palestinians, should be the priority.

I think that people in Israel, as well as the Palestinians, are generally of the same mind. People of all walks want the same things in life. Those on both sides of the dispute here have basic economic and security needs. Using its far superior capabilities, it is about time that Israel addressed some of these problems. There are going to be some “bad” actors that might be impossible to deal with. There are going to be extremists. The US found some extremists in Iraq, “the irreconcilables,” as General David Petraeus has called them. No matter what you do, they are not going to come on board. Fair enough, you, as we, will have to get rid of them and then work with those willing to cooperate.

The fact that most people want the same things creates an opportunity. Obviously Israel will have different objectives than the US, because the US thinks at a global level and Israel is more focused on this region. But the US is very interested in the Middle East and has made great progress in Iraq. This has huge implications for Iran.

The best way to approach security issues, or any other issues that involve people beyond one’s own borders, it is to get your act together at home. The basic units of operating forces, companies of troops, platoons, individual ships, and aircraft squadrons, should be composed of and staffed by people who are confident in their abilities and professionally excellent. Their commanders should have high confidence in their ability to execute whatever the mission is, however challenging, and the troops themselves should feel good about themselves, have confidence in their leadership,

and know they have the training, tools, and equipment to do the job. As we look at the challenges around the world, the first order of business is to get squared away at home politically, economically, and militarily. And from that position of strength, given all the other attributes, the rest should be perhaps not easy, but certainly doable.

Regarding US military assistance to Israel: when I was the commander in the Pacific, I had to contend with major strategic issues for the United States, and I thought about the forty-three countries in the Asia-Pacific region that I had to engage. I looked at the array of capabilities, and realized that the US certainly had a strong military. A lot of our naval and airpower was there and we had many troops in the area, but there were also aspects that had to be brought to bear if we were going to be successful in civilian security, including foreign military assistance. The United States Congress has been generous enough, on behalf of the taxpayers, to give foreign military assistance to our Department of State and to our Department of Defense to dispense to allies and friends around the world.

As Pacific Commander I was very unhappy in this respect because the amount of money that I had to share with forty-three countries amounted to less than 2 percent of the entire US foreign military assistance budget. The majority of foreign assistance money goes to Israel. I have to confess that when I came to Central Command, my view changed a little bit because I found that 75 percent of the foreign assistance budget actually came to the CENTCOM area and it was pretty much split equally between Israel and Egypt, a balance that today is changing slightly in favor of Israel. There is a phenomenal amount of money and assistance, which includes items such as F-16s, munitions, and top of the line technologies.

In the past year and a half of my engagement in Iraq and Afghanistan, we have had extensive cooperation with the IDF in one area in particular: the improvised explosive devices that the US military experienced in Iraq during the past year and a half and with which Israel certainly has great experience.

The newest major acquisition program in the US today is the F-35 fighter, another example of collaboration between the two countries. Are the US and Israel going to agree on every issue? Unlikely, particularly given the scope and scale of these programs, but there is extensive cooperation, and in real monetary terms, the tech exchange is the largest in the world.

The other side of the equation is the reality that we, from the American side, are trying to deal with broad region-wide issues and other world issues.

Back to the business of perceptions: the US is trying to help resolve very difficult challenges here in the region; that should be kept in mind. There should be no doubt about the commitment from the US to Israel in this regard, but there are many challenges and accounts to be balanced as we move forward.

Security Challenges Facing the US and Israel

Aharon Ze'evi Farkash

An analysis of the different characteristics of global and regional conflicts indicates the following five mega-trends. First is the transition from a uni-polar to a multi-polar world due to dramatic economic, military, and political changes. The second is related to globalization and the potential inherent in globalization to exercise violence and terrorism by rogue countries and radical elements. The third trend is the rise of radical Islam concomitant with the weakening of the Arab Sunni state. The fourth is signified by the developing nuclear threat and the possibility that such weaponry might land in irresponsible hands and prompt asymmetric fighting and terrorism – the leading way to achieving political and ideological objectives. The fifth trend is the clash between civilizations; this development will be discussed without mentioning the conventional threats.¹ Despite the significance of conventional threats, it is more important to understand that in recent years there has been a deep change in the weak that do not possess tanks and do not have air forces. However, if the world is unprepared when these weak realize that there is a way in this asymmetric war to achieve political goals, it will be impossible to cope with that threat.

The most important trend is the transition from a world led by the United States and its allies in Europe to a multi-polar world because of dramatic economic and political weakening and the transition of those strengths from the West to the South and the East. The events in Georgia, Afghanistan, Venezuela, Iraq, and the Second Lebanon War, and

1. The analysis of these mega-trends is based in part on the work of Ambassador Stuart Eizenstat and deliberations at the Israel Presidential Conference in May 2008.

the terrorism from Gaza, all challenge Western military supremacy and defy its deterrence. The weakening of the US standing in the world is an implication of this trend, and this prevents the United States from creating an effective coalition against Iran and North Korea.

The second trend is globalization, which brings about new security and military intelligence challenges. There are many advantages to globalization. On the other hand, due to the interrelations of global networks of information, technology, and economy it erodes the physical and cultural boundaries between states. In addition, globalization gives rise to very powerful local religious sentiments. In this era, when we witness the decline in the legitimacy of deploying military forces, the complexity and problematic aspects of resorting to force have risen drastically.

It is obvious that the economy and the technological revolution in science will continue to be the principal factors in the advancement of globalization. However, globalization also heightens, intensifies, and increases threats; it enhances the efficacy of non-state actors. The weight of terrorism rises and we witness how the nature of wars is changing towards asymmetric conflicts and wars, for the most part led by Islamic religious extremists.

With globalization and the loss of control of central governments, there is an increasing trend toward "localization." This was present in Iraq, in Jenin, in Hebron, and in Jericho. In other words, with the combination of identification of the local leadership and the infusion of money, employment is provided to local citizens and simultaneously security issues are dealt with, which contributes to stability. However, areas with dysfunctional central governments such as Afghanistan, Iraq, Lebanon, and the Palestinian Authority constitute fertile ground for the rise of hostile elements that are not deterred by the central government exercising military power.

The third facet related to economic globalization is expressed in the loss of employment in democratic countries. There is a drastic drop in the employment of these who do not belong to the IT world. This increases the gap between the rich and the poor and also results in growing domestic violence, such as what occurred recently in Athens. The fourth dimension concerns technological globalization and the internet. Its weight is absolutely decisive to the process of globalization in the world and is used increasingly by terrorist groups. It improves their ability to carry out

terror attacks, raise funds, recruit new volunteers, and guide them. The recent Mumbai terrorist attack exemplifies these activities well. The use of Google and other internet resources helped the terrorists move around Mumbai and attain their objectives.

The third major trend is the rise of radical Islam, the violence caused by non-state actors, and the strengthening of Iran. This is a growing challenge to the West and also to the moderate Arab states, most of which are Sunni. Most of them have tried to show solidarity by sending their representatives to Annapolis not because of the desire to solve the Israel-Palestinian conflict but because they believe that it is important to deal with the problem of Iran before it acquires nuclear power. Hamas, Hizbollah, and Islamic Jihad, the Muslim Brotherhood in Jordan and Egypt, al-Qaeda in North Africa and Iraq, Afghanistan, and Pakistan, and radicalization among Islamic elements in the East – these are becoming a growing threat to the stability of regimes around the world and to the peace processes in the Middle East. The expansion of radical Islam among non-Arab Islamic populations increased the awareness of Sunni-leaning countries such as Egypt, Jordan, and Saudi Arabia that are able to deal with domestic terrorism better than non-Arab regimes in the East.

This trend can be seen not only in the Middle East but also in the Far East and in Europe. The Muslim population on the European continent increases by one million each year. The birth rate of Muslims in Europe is three times higher than that of Europeans. In Europe in the near future, one out of every five will be a Muslim. Already today we see people going to the mosque on Friday in London, five times more than non-Muslims going to church on Sunday. It is obvious that not all of them will be radical, but it is easier to recruit in Europe, and therefore radical Islam is an important challenge to the US, Europe, and moderate Sunni Arab states.

The fourth trend is related to the growing threat of acquisition of non-conventional weaponry by rogue countries (North Korea and Iran) and irresponsible non-state elements that are making efforts to acquire a nuclear weapon. There is great danger in the fall of non-conventional weapons into the hands of terrorist organizations.

Pakistan is one of the most dangerous places in the world. It possesses sixty to eighty nuclear warheads, and it lacks a stable regime and exports terror, like Iran, from which Shiite terror finds its way to the West. Thus,

the fact that Iran is attaining nuclear capability encourages Egypt, Saudi Arabia, Algeria, Turkey, and even Syria to move towards obtaining nuclear weapons. That may result in a completely new Middle East. Countries with great aspirations like Iran and North Korea and organizations like al-Qaeda will do everything possible to strengthen their position by acquiring nuclear capability.

The fifth trend is related to the rise of global terrorism. Israel has rich experience in dealing with it from the beginning of the nineties: in the First and the Second Gulf Wars, in the First and Second Lebanon Wars, and in the first and second intifadas. Israel gradually accumulated the information and acquired expertise in this sphere. In order to accomplish political and ideological objectives confronting the democratic world, it has to be recognized that the struggle with terror is a global and not just a regional issue. The prevailing perception in the United States suggests that there is a persistent conflict between the democratic world and global terrorism. The latter signifies a very complicated threat nurtured by religious enthusiasm. This threat comes from the population, is directed against the population, and is found inside the population. The representatives of global terror do not try to avoid hurting civilians. On the contrary, they are interested in a situation in which civilians are hit because in a democratic regime civilian victims are the ones who will impact on the government more than anything else. Hence, in the asymmetric war the civilian population is part of the struggle.

The change in the nature of war is very deep and it compels security forces to understand that this war is dissimilar to the symmetrical type of war. In order to be successful, security forces have not only to comprehend this change, but also reorganize themselves accordingly and train the military force in a way that will allow conducting operations among the civilian population.

Israel and the United States share the same objective of attaining long lasting stability and calm as a sine qua non for the political echelons to conduct negotiations. As said in the Bible, "And the land was peaceful for forty years." Shorter periods, six or even two years, would also be good.

To summarize: the five trends discussed above have meanings relevant to the security bodies and the decision makers. The preparation for and the response to these challenges and the combination between them compel

the military and political leaderships to prepare themselves accordingly and at the end of the day be able to cope better with the problems of global terrorism and asymmetric warfare.

The threats posed by countries such as North Korea and Iran have to be addressed accordingly, and it is obvious that the message of North Korea is important for Iran. In order to secure military achievements and translate them into political assets, political solutions should be based on military actions in a cycle that will be determined on the ground. One does not have to undertake large scale activities: small scale actions suffice for hitting essential military targets. And the last point is to consolidate covert and effective *modus operandi*, to have precise intelligence and other capabilities that together will bring about the necessary results.

On a related note, technological cooperation between Israel and the US in intelligence is of the first order. We are the senior partners of the Americans in this regard; there is an immense fusion here between questions that we have asked because of the threats that we faced and the solutions we have found through technologies that helped the United States when they faced problems that we had tackled before. This cooperation is based on trust and differentiation – the ability of both sides to identify the qualitative advantage that each party has.

I think that we need to draw a distinction between two aspects of the relations between Israel and the United States with regard to security: first of all there is the annual grant that is given for free as a gift to the State of Israel and we can only say thank you very much. We are well aware of the fact that this is a large portion of the defense aid provided by Congress to foreign countries; we are at the top of the list and to a certain extent perhaps we feel a little uncomfortable being at the top of the list.

In cooperation in technological development of weaponry systems, we see a significant decline from the level of cooperation that used to exist compared to what we have today. In Israel there is a growing desire to have a trade off, where US aid is reduced in exchange for the enhancement of technological cooperation between the two states. The solution for the problem has to be found in the political echelon. Israel's prime minister and Israel's defense minister must broach the subject with their American counterparts. Perhaps they will find a way to build that trust, which is

probably the key in order to reach those improvements that we would like to have.

One other point: I have realized that when the other side, especially the Americans, see that we have something to contribute in certain areas, they open up their doors. The message needs to be that we should be good, excellent in technological areas, and innovative; then they would have no choice but to open up their doors also in sensitive issues. Therefore, I think that we must not reduce our investment in R & D, and must allow our creative officers who serve in technological units to attain achievements that would open up foreign doors, because this product is required across the ocean.

Israeli Security Dependence on the US

Isaac Ben-Israel

I would like to briefly discuss three points: the history and nature of technological cooperation between the US and Israeli armed forces; the issue of Israeli military export; and US military aid to Israel.

The first point relates to the link between the US and Israeli armed forces, and the history of those ties over the years, ranging from a purely military connection to technological cooperation. First of all, let me clarify my terminology. In the purely professional sense in which technology personnel understand the term “technology,” there is no cooperation today between the two countries. In contrast to practices of the past, Israel has not received any technological know-how from the Americans in recent years. Certainly Israel has received weapon systems from the US: combat systems, aircraft, electronic warfare systems, and various first line equipment of the highest quality of US technological production. But in recent years these items have arrived in sealed boxes that may not be opened; Israeli specialists may not know what is inside them and occasionally oversight groups arrive to preclude the possibility that anything was opened illegally.

When the Americans use the term “technological cooperation” they mean that Israel receives, more than almost any other country in the world, the very best US technological products. And that is indeed the case; if it were not so it would be difficult for Israel to manage. However, that does not mean that Israel gets know-how from the Americans: it doesn’t, unless it can demonstrate that this particular know-how already exists in Israel. The only field in which there is genuine cooperation in know-how is when Israel can persuade the Americans that we also know – on our own. In many instances it means that Israel has to invest a lot of money

to develop and master particular technology to convince the Americans to give it to us gratis or semi-gratis. And then there always remains the question – what will Israel do with all the investments it has made in order to develop that technology?

In the period before and up to the development and the cancellation of the Lavi, Israel and the US had true technological cooperation, i.e., joint development of know-how. But this practice has gradually disappeared. It ceased to exist for all kinds of reasons, some of them without any connection to Israel while others were Israel's own fault, such as the Pollard affair. Another reason is the Israeli defense exports that hardly existed in the period of the late sixties and early seventies (while today they account for something close to 10 percent of the worldwide arms sales market). The meaning of this change is that Israel has become a commercial rival of the US industry.

The fact that during the first Iraq War the Americans found themselves suddenly obliged to fight against technologies that they themselves had provided, be it directly to the Iraqis or to someone else, resulted in a situation in which the US, unrelated to Israel but in particular vis-à-vis Israel, became suspicious at the export of any advanced technologies of a security nature. Inter alia, this took the form of closing the faucet for technological know-how to Israel (as well as to the rest of the world); and I emphasize know-how, and distinguish between know-how and weapon systems.

This is not how it used to be. To a great extent the development of American weapons in the 1970s was based on experience garnered in Israeli wars. In a certain sense one could say that to a large extent Israel was the laboratory for those developing American weapons. This backdrop slowly disappeared more or less simultaneously with the disappearance of major wars. Israel waged its last major war in 1982 – but that too was not a war involving armored divisions facing each other. The last one was actually in 1973, and 35 years have passed since then. Since that time we have been involved with other problems no less important: the war on terror, missiles, and rockets – all those kind of things that today are assuming greater importance around the world. However, we have not seen wars with one army confronting another for over thirty years, and consequently we see that American military professionals are less interested in trying out

their systems over here. The situation has almost reversed; in other words, those who have conducted wars during those years were the Americans. The last one in which there was one military confronting another took place in 2003, just five years ago. All these things together, along with the fears related to exports, have resulted in the aforementioned processes.

One additional point regarding exports must be mentioned, often misunderstood by our American counterparts. The State of Israel is a unique country in the world in the sense that it exports approximately 80 per cent of the weapons that it produces. So we develop weapons and after the process of development is completed, we manufacture – but the IDF, the local market, is too small to absorb the product of the industry that Israel has had to build only for the sake of development. Let me give you some empirical data to dramatize the situation, so that the previous statement does not look like an empty slogan. The Israeli defense industry directly employs something like 40,000 people. The defense industries are similar to the electronic industries in terms of revenues per worker per annum one has to attain for such industries to be self-supporting. In the United States the accepted number is \$200,000 to \$250,000 annual sales per worker. Israel can do with a little less, perhaps \$200,000, perhaps \$150,000 per annum per worker. Even if the lower limit is accepted as point of reference, when multiplied by 40,000 one gets \$6 billion. If the internal market (sales to IDF) is subtracted (around \$2 billion annually), one is left with \$4 billion that must be exported.

Another problem that Israel must be prepared to solve is that countries from the region that sign a peace agreement with Israel receive the same equipment from the Americans. Therefore, Israel has to maintain some sort of a relative edge just in case this peace does not hold. So the question is how this suspended technological cooperation between Israel and the US can be reinstituted.

The next point refers to the fact that in recent years the Americans have developed a doctrine called the Revolution in Military Affairs. To a certain extent some technological achievements were gained based on US-Israeli mutual knowledge. However, while Israel focused on the technological side without thinking too much about operational doctrine, the Americans developed an entire doctrine for the military out of that. This doctrine was very successfully applied in the war of 2003, something that Israel did not

achieve in 2006 in a much smaller and simpler war. This is despite the fact that the technology serving the Americans in 2003 and Israel in 2006 was basically similar.

The above examples illustrate several crucial, objective points. We are far away from conventional wars and that causes us to become more theoretical and less practical. The American interest to collaborate with Israel in the security sphere has been reduced and that has resulted in a gradual disappearance of technological collaboration.

Another important point relates to the aid that Israel receives from the Americans. The amount changes every year, but it can be approximately estimated as a grant of \$2.5 billion per annum, most of which, namely three-quarters, can be spent only in the United States. Slightly more than a quarter of the grant can be spent in Israel or anywhere else on previously agreed upon items. From a financial point of view this aid is a great help to the Defense Ministry's budget, which today constitutes around \$10 billion. Yet despite the fact that this is a big help, it actually complicates our life very much. In addition, there are voices from our American counterparts that Israel spends American money on all sorts of things, including the development of Israeli know-how. However, once Israel decides to use its know-how in a way that is not too pleasing to the United States – then immediately the argument appears that it was done with American money and that becomes a source of tension.

The structural damage of this aid may be greater than its financial benefit because it obscures the right considerations such as what is to be produced in Israel, what is to be bought in the US, and what is to be bought in shekels, to name just a few. All these considerations become problematic because things are given gratis. If it were only for the financial aid, I think we should consider giving it up. However, the real value of the grant is political: the United States declares to the entire world that Israel, although it is not exactly a formal ally of the United States, is one of those countries that the United States will not allow to weaken – and it is this value that is actually the important part rather than the financial aspect. If we could have done away with the financial aid and asked the government of Israel to budget defense or security like any other government, that would have made life much easier. In addition, it would also have reduced a lot of the

conflicts between Israel and the Americans because quite a lot of those conflicts derive from that base.

To sum up, both countries can gain from enhancing cooperation in the technological area; this is beneficial to Israel and would not necessarily be a burden on the United States. I think both countries can stand to gain from that. First of all if fruitful technological cooperation was once possible, that means that it is possible in general. Knowing that, we should think of a way to revitalize it. Thus the real issue that hampers the development of technological cooperation is the lack of trust between the two parties. In other words, what has changed in recent years is trust. There is suspicion from the American side vis-à-vis Israel; I don't think there is any such problem the other way round. There is suspicion and the real question is how to cause it to dissipate. That is the challenge that must be addressed in the future.

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