

Conclusion: From Strategic Stalemate to Strategic Initiative

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The end of 2014 witnessed a change in Israel's regional status and discredited one of Israel's fundamental policy assumptions – that it is possible to stand on the sidelines and build a protective wall to prevent the spillover of regional unrest into its borders. Operation Protective Edge in Gaza; the rise of “lone wolf” terror activity in the West Bank; clashes between Palestinians and Israeli security forces and civilians on the Temple Mount; the formation of the Islamic State in the ISIS-occupied areas of Iraq and Syria; the inspiration that the group provides for jihadist groups and individuals throughout the Middle East; the discovery of ISIS-loyal jihad organizations and cells within Israel and near its borders – all these attest to the need to formulate an updated policy in line with local and regional trends and developments.

In contrast with assessments sounded last year, whereby 2014 would see significant developments in the two main issues on Israel's national security agenda – the P5+1-Iran nuclear negotiations and Israel-Palestinian negotiations – the year ended without marking any change on these fronts: the status quo in the Iran negotiations continued, and the Israeli-Palestinian negotiations were totally frozen. However, other surprising developments occurred over the course of 2014, led by the escalation between Hamas and Israel culminating in a war, and the conquests by ISIS and its expanded

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influence. Moreover, the absence of an endgame continues to characterize the regional upheavals, especially the Syrian civil war, the recurring losses of the Iraqi army to ISIS forces, and the continued lack of stability and near-crumbling of the state framework in Libya and Yemen.

Against this backdrop of environmental shockwaves, doubts arise regarding the validity and effectiveness of Israeli policy, which in recent years has sought to preserve the status quo and work toward minimizing risks in the face of turbulent, unstable, and threatening surroundings. To be sure, it might be claimed with some level of satisfaction that Israel has scored another year of survival and minimized risk. However, an alternative approach, devised in recent years at the Institute for National Security Studies on the basis of thought and multi-disciplinary research, calls for political proactivism with an emphasis on the identification and realization of opportunities that will help improve Israel's strategic position. This improvement would be accompanied by increased chances of achieving peace without compromising vital security interests.

The first part of this chapter surveys the central developments in Israel's strategic environment of the past year; the second part presents recommendations for a proactive and comprehensive policy.

2014: Strategic Stalemate on All Fronts?

The Political Campaign to Prevent an Iranian Nuclear Capability

A potential existential threat to the State of Israel is the combination of the radical regime in Iran, which calls for wiping Israel off the map, and its possession of a military nuclear capability. The Iranian nuclear program is currently in a frozen state, following the understandings reached between Iran and the P5+1 incorporated into an interim agreement achieved in November 2013. Concerns voiced in Israel as to Iranian violation of the interim agreement and the collapse of the sanctions regime leveled on Iran in the wake of the sanctions relief included in the interim agreement were proven unfounded. In November 2014, even the government of Israel preferred the extension of the interim agreement and continuation of talks with Iran over the possibility of the collapse of the talks, and certainly over the conclusion of a "bad agreement." For now, the economic pressure on Iran continues; Iran's economy, though it has not collapsed and apparently

is not close to collapse, has encountered substantial difficulties and is in an ongoing state of crisis. Joining this is the challenge to the Iranian economy caused by the significant drop in oil prices. However, failure to achieve a final agreement means that Iran remains just a few months away from a breakout to a nuclear bomb. Although Iran and the P5+1 are eager to reach an agreement, deep and complicated gaps remain between the respective positions.

Iran is interested in maintaining its hold on its nuclear achievements – the infrastructure and materials in its possession that define it as a threshold nuclear state. At the same time, it aims for an immediate and complete removal of economic sanctions; its objective is to achieve a short term agreement that includes minimal verification measures and processes. The P5+1, on the other hand, despite their eagerness to remove the Iranian nuclear issue from the international agenda and perhaps even to find in Iran a partner in the war against ISIS and efforts to stabilize the Middle East, will not be prepared to compromise on an agreement that would not present significant obstacles to Iran's progress toward completion of its nuclear program, and that would not distance Iran from this goal for a period of at least one year. Thus, the P5+1 insisted on the need to extend the period of time that would be required for Iran to produce a nuclear weapon, reduce Iran's capabilities of uranium enrichment and plutonium production, remove already enriched nuclear material from Iran, close sites with military potential, and overall, deny Iran capabilities to continue nuclear weapons development activities.

The world powers further insisted on a binding long term agreement with intrusive verification and maximum transparency. From their perspective, the sanctions would not be repealed immediately, before it was clear that Iran was in fact rolling back its nuclear program. Twice over the course of 2014 it was decided to extend the interim agreement and continue the talks, and even then – and as of this writing – no solution has taken shape that would satisfy the minimum requirements of the two sides. Consequently, this is apparently a strategic stalemate: Iran has stopped its progress toward the bomb and is making sure to uphold its commitments as mandated by the interim agreement. But if the international community grants long term legitimacy to this status, it will create an extremely problematic situation whereby Iran

remains a nuclear threshold state that can benefit from its threatening ability to acquire nuclear weapons in a relatively short time frame.

The Palestinian Arena

The government of Israel has not succeeded in preserving the status quo in the Palestinian arena, and instead there has been clear backward movement in efforts to promote peace. The political process is frozen; there has been an escalation in the territories, although without the outbreak of a third intifada; there is a strategic stalemate in the conflict between Israel and Hamas in the wake of Operation Protective Edge in the Gaza Strip; there is no apparent solution to the problems of Gaza and the fear that the “pressure cooker” in the Strip will explode again; and there is an acceleration of the “political intifada” waged by the Palestinian Authority against Israel.

April 2014 saw the final failure of John Kerry’s ambitious effort involving another round of talks between Israel and the Palestinians, with the goal of making significant progress toward a final status agreement. Political contact between the sides was cut off, and the political process entered a deep freeze. The problematic nature of this situation was demonstrated by the renewed attempt, albeit unsuccessful, of PA chairman Mahmoud Abbas to promote reconciliation with Hamas, as well as by the PA’s increased efforts to apply pressure on Israel through unilateral political moves in the international arena while bypassing negotiations. In light of these developments, Israel found itself with a nearly empty political toolbox, without any ability to influence the moves made by PLO and PA leaders. Israel’s response to the Palestinian moves – expanded construction in West Bank settlements and the refusal to transfer the tax revenues it collects for the PA – was essentially an “own goal,” as such steps are considered unacceptable by the international community and only serve to provoke negative sentiments against Israel. In addition, these measures threaten the existence of the Palestinian Authority, and this threat runs counter to Israeli interests. The critical reaction to these steps attested to a deterioration in Israel’s international standing.

Israel’s military campaign in the summer of 2014 against Hamas concluded without definitive strategic achievements. In essence, Israel found itself back at the starting point – the Hamas regime in the Gaza Strip remained intact with Gaza under a political and economic siege, which in turn increases the

likelihood that the cumulative frustration among the ranks of Hamas and the Gaza population will prompt the outbreak of a new round of conflict with Israel. Despite the 50 days of warfare waged by Israel against Hamas, the campaign ended with no real change in the political balance of power. Hamas was hit hard and saw the failure of its two leading military capabilities, the rocket campaign and the tunnel offensive: the Iron Dome system thwarted the rocket barrages, and the tunnel network built by the organization under the Gaza Strip border was destroyed by IDF forces. Nevertheless, the PA was forced to recognize its inability, under the current circumstances, to renew its hold over the Gaza Strip. Hamas remains the ruling force in Gaza, and has once again begun to rearm. Moreover, the Hamas regime in Gaza has attained a certain degree of political legitimacy, even from Israel, which conducted indirect talks with it (through Egyptian mediation) and marked it as the address responsible for the Gaza Strip, opting for what Jerusalem deems is the least unattractive option.

As of early 2015, threats of a severe escalation on the Palestinian front were not realized: the attempts led by Hamas to incite an intifada in PA territories in the West Bank and Jerusalem were unsuccessful, despite the rise in tensions between Israel and the Palestinians during the fighting in Gaza, and despite the impression that the two sides are on the threshold of a “religious war.” On the other hand, the PA’s efforts to conduct a “political intifada” are gaining traction. The Palestinians have been encouraged by the symbolic recognition of a Palestinian state by European governments and parliaments, Palestinian membership in EU institutions, and the accession of Palestine, which in 2012 was recognized by the UN General Assembly as a nonmember observer state, to the Rome Statute – a move that grants it the right to lodge complaints against Israelis at the International Criminal Court (ICC).

The PA’s choice of a legal struggle in the international arena against Israel focusing on accusations of crimes against Palestinians is expected to develop at a slow and measured pace in accordance with the general functioning of international law and justice systems. True, the PA failed in its attempt to pass a resolution it submitted to the UN Security Council, which mandated Israeli withdrawal from the West Bank and a return to the June 4, 1967 lines by the end of 2017. Still, the story will not end here. The

PA has indicated that it does not intend to abandon the political-diplomatic arena, and additional moves are expected by the PA and other international elements in UN institutions and other forums. Such moves will present Israel with the challenge of formulating an effective response within the context of a comprehensive political strategy.

The Northern Arena

The bloody civil war in Syria is likewise at a kind of strategic stalemate between Bashar al-Assad's regime, which is supported – to the point of being controlled – by Iran and assisted by Hizbollah, and the numerous various opposition organizations. The Assad regime continued this past year to enjoy extensive assistance from Russia, as well as Iran, Iraq, and Hizbollah, including economic aid and weapons supplies. The Hizbollah forces and Shiite Iraqi militias are involved militarily in the fighting. This aid is the key to the Assad regime's ability to maintain a stable line of defense for "lesser Syria" – the territories that remain under his control – and to preserve his regime even after four years of fighting, which has cost the lives of nearly 250,000 victims. Moreover, some 10 million residents of Syria have been forced to leave their homes, and some 3.5 million have become refugees in exile.

While Assad's forces have maintained their hold over Damascus and the areas where Alawite populations live, and have even succeeded in driving out the rebels from territories settled by Sunnis that connect between these areas, the power of the various Sunni rebel organizations has increased throughout extensive regions of the country. The borders between these regions controlled by different forces are dynamic and disputed, even though a rather stable status quo has taken shape among the rival forces. Over the course of 2014, a change developed in the Golan Heights. Alongside Hizbollah, which enjoys direct Iranian support, Jabhat al-Nusra, an affiliate of al-Qaeda, penetrated the political vacuum. These organizations assist the regime by fighting in this region, and threaten to expand the conflict arena with Israel and damage Israel's efforts to form collaborative partnerships with Syrian opposition elements that oppose the Assad regime while not being supporters or partners of ISIS or other jihadist organizations.

The Great Surprise: The Rise of Islamic State (ISIS)

The rise of the brutal radical jihadi organization known as Islamic State was the greatest surprise of 2014. Few foresaw the scope of this phenomenon and its geographic and media dimensions. A comprehensive and sophisticated plan formulated by the group included the establishment of strongholds in Sunni regions of Syria and Iraq. The organizational infrastructure that was prepared enabled the group's forces to conquer extensive Sunni territory from the Iraqi army in Sunni regions in the country's northwest, and from Assad and opposition forces in the northeast of Syria. Rapid progress by ISIS and the retreat of the Shiite Iraqi army forces, along with an innovative strategy involving social media and the distribution of terrifying video clips documenting the beheadings of captive Western journalists by the organization, made waves throughout the world and prompted the formation of a broad military coalition led by the US, whose purpose was to stop the strengthening and spread of ISIS.

The ISIS momentum in taking over extensive territories was halted in late 2014, but by then the organization, in accordance with its new name, Islamic State, had turned to consolidation of its governance and establishment of an Islamic state-like entity within its territory. In tandem, it expanded its presence throughout the Arab world, convincing many Salafist jihadi groups and organizations to declare loyalty and join its ranks. To be sure, the international coalition led by the US has helped stop the ISIS campaign and has damaged its financial channels – especially its oil exports. Nevertheless, as of early 2015, the coalition forces have not managed to “defeat” the organization, i.e., it has failed to advance and realize the long term strategic goal it set for itself as announced by President Barack Obama. Thus, here too a state of strategic stalemate, between the coalition and ISIS, can be identified.

For its part, Israel cooperates with the coalition while keeping a low profile by providing intelligence assistance. However, an opportunity to take a greater part in the joint effort against ISIS has thus far been avoided. The changes that have taken place in the Middle East in recent years have created a window of opportunity that could potentially interrupt the familiar dynamic whereby Israel finds itself outside of regional coalitions, and enable it to participate in a more active and overt manner in the struggle. Israel could have deepened ties with pragmatic-moderate forces in its regional

environment. This opportunity, however, was not seized because Israel did not buy its “ticket of admission” to the regional front – progress in the political process with the Palestinians and recognition of the Arab Peace Initiative as a framework for dialogue between Israel and the pragmatic Arab world.

In light of the Syrian military’s dramatic weakening due to its involvement in the civil war, Hizbollah remains the most significant threat in Israel’s northern arena. Nevertheless, for a number of years Hizbollah itself has been actively and directly involved in the Syrian civil war. Against this background, and especially due to its involvement alongside Assad’s forces in the slaughter of Syrian civilians, Hizbollah has become the object of criticism in the Arab-Sunni world, particularly in Lebanon, and it has lost the broad support that it once enjoyed in the Arab-Sunni street. The enlistment of the organization in the fight alongside Assad’s army has battered its image as “defender of Lebanon,” an image that it had worked for years to build, and has strengthened its appearance as an ethnic element given to external influences. On the other hand, when Hizbollah fought on Lebanon’s eastern border in an effort to halt the forward progress of ISIS and Jabhat al-Nusra from Syria into Lebanon itself, it won the close cooperation of the Lebanese government and was perceived as the only entity that could stop the spillover of radical Sunni Islam into the country.

While as a result of Iran’s economic crisis Hizbollah has experienced a certain reduction in budget, it still continues its process of armament, which constitutes a direct threat to Israel. Thus in 2014, after more than seven quiet years following the Second Lebanon War, the first signs were seen of the weakening of Israeli deterrence against Hizbollah, particularly in the wake of the organization’s assessment that Israel is working to expand its freedom of action and thereby change the “rules of the game” that took shape over the years. Consequently, there is increased potential for military confrontation between Hizbollah and Israel in 2015.

Israel-Egypt Relations

It is clear that relations between Israel and Egypt have gradually improved over the course of 2014, particularly following Operation Protective Edge. The election of Abdel Fattah el-Sisi as President of Egypt and his decision to intensify the political campaign against the Muslim Brotherhood and

the violence and terrorist activity of Islamic radicals has left Hamas in an unprecedented position of inferiority and isolation. The Egyptian decision to create a security strip of 1-2 km at the Rafah border blocked the smuggling tunnels in this region, and cut off one of Hamas' main sources of funding and one of its main channels of empowerment. The support of Qatar for the Muslim Brotherhood, and especially for Hamas after senior organization officials were expelled from Egypt and from its Syrian headquarters, created much tension between the wealthy oil emirate and its neighbors in the Gulf Cooperation Council (GCC) and Egypt. Qatar's decision to reduce its support for the Muslim Brotherhood and Hamas – a result of concentrated inter-Arab pressure – added another dimension to Hamas' distress.

The converging Egyptian and Israeli interests in coping with Hamas and jihadist terror create opportunities for military and intelligence cooperation and for collaboration in fighting terror. Nevertheless, the cooperation does not expand into economic and civil realms, and instead assumes the traditional form of covert dialogue between leaders and low profile joint activities. Interestingly, though, it is specifically the issue of Gaza that may potentially create distance between Sisi's Egypt, which would like to see the collapse of the Hamas government and have Gaza restored to PA rule, and the current government of Israel, which sees Hamas as the lesser evil and the responsible party for the Strip, and thus avoids any measures that might enhance PA President Abbas.

Energy and the Price of Oil

A further development that surprised the Middle East and relevant international actors was the dramatic drop in oil prices. The combination of a continual increase in the pace of US oil production by fracking, slower growth in China, the transition to use of natural gas, and above all, the decision of Saudi Arabia – forced upon OPEC – not to restrict the pace of oil production, brought about a sharp drop in prices in 2014, over 50 percent, with prices ranging between \$50-70 per barrel. The Saudi decision not to reduce output stemmed first and foremost from a drive to preserve the kingdom's market share in the "seller's market," and from the desire to make it difficult for Iran to cope with its economic crisis and thus coerce it to compromise on the nuclear issue. In addition, Saudi Arabia sought to use a flooding of the

market and reduction in prices to make the situation more difficult for the American fracking industry.

The drop in oil prices is expected to create further difficulties for the Iranian economy, which in any case is in distress due to the international sanctions imposed against it. Russia too will be harmed by this development in the oil market, as the sanctions leveled against it because of its conduct in Ukraine have already harmed its economy. In contrast, in the Israeli context, in principle this is an economic and political blessing. However, the radical nature of the change also possesses potential for instability, especially the danger that Russia or Iran will raise oil prices with the goal of shocking the markets.

Prescription for 2015: Security Toughness and Political Moderation

The challenges of 2014 will continue to characterize Israel's strategic situation in 2015. These challenges are led by the Iranian nuclear issue; the conflict with the Palestinians – in regard to both the political arena and terror, especially following the rise of “lone wolf” activity, and due to the potential for another war in the Gaza Strip; the danger of escalation with Hizbollah on the northern front; and the expansion of Islamic State influence in the region. Therefore, Israel must remain alert, try to identify the emergent challenging developments, and devise appropriate responses.

Given the tremendous potential for destruction caused by nuclear weapons, in addition to the strategic advantage that nuclear arms grant any country that possesses them, the danger of Iran armed with nuclear weapons is the central strategic challenge facing Israel. Despite many signs that the government of Iranian President Hassan Rouhani symbolizes a process of change in the internal Iranian scene, it is not clear to what extent this process is significant and whether the “moderate” faction in Iran has the power to change the confrontational, uncompromising path charted by Supreme Leader Ali Khamenei. In early 2015, talks between the P5+1 and Iran were still underway, with the purpose of finding a diplomatic solution to the Iranian nuclear crisis. These talks are expected to continue until the deadline set for the conclusion of the negotiations in late June 2015. In this context, Israel must continue to work in close cooperation with its allies in order to ensure

that no “bad deal” is signed with Iran. In the event that talks collapse, Israel must continue building the strategic option of preventing an attempt on the part of Iran to break out to a nuclear capability. At the same time, Israel must improve its preparedness for an escalation with Iran’s proxies in the region, first and foremost Hizbollah.

Regarding the Palestinian front, a fourth round of military confrontation with Israel is not in Hamas’ interest, because in the war of July-August 2014, its capabilities and means – through which it could have delivered a strategic blow to Israel – suffered a severe setback. This conflict was not planned by Hamas, and it appears that both Hamas and Israel were dragged into it without intentional design. Israel must prepare itself for another round that will occur if Hamas loses its ability to govern the Gaza Strip and rein in jihad elements that feel no responsibility or commitment toward the welfare of Gaza’s civilian population.

If another round of conflict takes place, the IDF will need to win the campaign in a clearer fashion and in a shorter amount of time, while inflicting a more severe blow on Hamas’ military wing and creating conditions for a better post-conflict resolution. The IDF must learn the lessons of Operation Protective Edge and improve its abilities in areas of intelligence, use of firepower, ground maneuvering, initiatives, and the ability to strike the main elements of Hamas’ military power. It is important to conduct a thorough examination of the IDF’s latest operational approach against an enemy that is a semi-state actor. Israel must confirm its response capability in the changing warfare environment and its ability to create conditions for an effective resolution focusing mainly on preventing Hamas from rearming.

An even greater risk for Israel and the Palestinian arena stems from the PA’s political moves in Europe and international organizations – mainly the UN and the International Criminal Court. It is a near certainty that a weighty political-diplomatic struggle will play out over the course of 2015 in these arenas. The government of Israel that will be formed following the elections of March 2015 will have to present an ambitious political plan to promote the political process with the Palestinians and shape a reality of two states for two peoples. In addition, it should establish a multi-disciplinary authority responsible for building a multi-year plan for management of the diplomatic, military, legal, media, and economic campaigns, while synchronizing and

taking full advantage of all the joint efforts. The Foreign Ministry must also improve the response to delegitimization and boycott campaigns against Israel, promote strong political and diplomatic measures, and prepare to engage in the legal campaign against Israel, not only from the defense table, but also from the prosecutor's seat.

Just as in the response to the security threat, so too in the political campaign initiative is the best defense. Thus, Israel must once again take the initiative and lead an extensive political move to settle the conflict with the Palestinians. It must place the strategic objective of a Jewish, democratic, and secure state on the agenda, clearly and explicitly, and it must pursue every means to achieve this goal.

One way for Israel to move forward toward realization of this objective is based on the concept of "recalculating the route" – outlined in the chapter above by this title. On the basis of this concept, Israel would initiate simultaneous movement down a number of routes, all of which will lead to the goal of two states for two peoples: a bilateral route with the Palestinians involving negotiations for a final status agreement; a bilateral route with the Palestinians for creating transitional arrangements; a regional route in partnership with moderate Arab nations based on the Arab Peace Initiative; and an independent route in which Israel will shape borders and security arrangements on its own and with maximum coordination with the international community. Continual progress toward the destination is essential, and thus a means must be formed to change routes or progress along them simultaneously. The guiding principle must be security toughness and political moderation. While Israel cannot compromise on its security and the security of its citizens, it can present a moderate approach on a political level, which will be expressed through its willingness to agree to compromises on its way toward the defined national destination.

On the northern front, Israel must be ready for a conflict with Hizbollah, which will be aided by Iran. Here too, the political echelon must discuss and define clearly the objectives of the conflict, should it take place, and the military and political routes for achieving the strategic end in this conflict. It is important to plan and train for a campaign where a very severe blow will be inflicted on Hizbollah and its military capabilities, along with the weakening, to the extent possible, of its ability to function on the day after

the Assad regime in Syria. In addition, Israel must reexamine the assumption that stability along the Israel-Syria border, which for years was guaranteed by the stability of the Assad regime, is indeed preferable to the toppling of the regime and the takeover of the country by Sunni opposition elements – even if a development in this direction would involve great uncertainty. The toppling of the Assad regime and the founding of a Sunni regime in Syria would sever the radical Shiite-Alawite-Hizbollah axis, and any radical Shiite coalition without Syria would be significantly weakened. As such, its threat against Israel would be reduced. To accomplish this, Israel must single out moderate Sunni elements and Druze, Christian, and Kurdish minorities, and cooperate with them in preparation for the day after Assad.

The stalemate in the Syrian civil war and the struggle against ISIS positions Turkey as a key player with the ability to break the deadlock between the two problematic sides in Syria. Indeed, it appears that Turkey is the only country in the region that has the capability of employing significant military ground forces that would hasten the fall of the Assad regime and deliver a severe blow to ISIS forces. For its part, Turkey conditioned its ground involvement in Syria on the Kurds not being granted an independent state, and on the US acting to replace the Assad regime. The odds of improved relations between Israel and Turkey remain extremely low as long as President Recep Tayyip Erdogan holds power. Nevertheless, Turkey's unique geopolitical status grants it a central role in the struggle versus the two challenges – ISIS and the Shiite coalition led by Iran. Therefore, the enlistment of Turkey in the confrontation against ISIS and the Shiite coalition is vital for the promotion of Israel's interests in these contexts. Moreover, Israel and Turkey have close economic ties, and there are still elements in Turkey, including within the ruling party, whose concept of relations with Israel is different from Erdogan's.

The United States is Israel's most important ally. Over the course of 2014, the problematic nature of the idea that Israel rely on other powers became all the clearer. Those who seek a replacement for the US fail to read the political and security picture correctly: China and Russia have never used their veto in the UN Security Council for any proposed anti-Israel resolution. Unlike the United States, they have never aided the Israeli security establishment with billions of dollars annually, they do not send forces to fight jihadi organizations in the Middle East, they do not share basic values

and fundamental interests with Israel, and there is no indication that they will ever do so. This being the case, it is imperative to improve the relations between the US administration and the government of Israel in all areas beyond security cooperation. The renewal of trust between the countries' leaderships is vital and will help protect Israel. President Obama has already proven that he is willing to take decisive steps, with little concern for the position of Congress, especially because he has nothing to lose electorally in what remains of his term in office. He has also shown that he knows how to change traditional policy – as in, for example, when in late 2014 he renewed relations between the US and Cuba, and when he adopted a fundamental immigration reform.

In January 2015, a new Congress was sworn in with a Republican majority; Israel may find itself injured by the tension between the President and a confrontational Congress. It is hard to foresee the nature and content of the initiatives that the administration may promote in 2015 on Middle East issues, but there is no doubt that such initiatives will relate to the two key matters for Israeli national security: the Iranian nuclear program and the Israel-Palestinian political process. A revamped and updated US policy depends on the government that will be formed in Israel following the elections on March 17, 2015, but in any event, it is important to pursue agreements and understandings with the administration regarding the vital interests that for Israel are beyond compromise. On the other hand, Israel should present a flexible policy that will make it easier for the administration to show consideration for Israel's vital interests when dealing with the Palestinian issue and the Iranian nuclear issue, and also pursue the reinforcement and defense of Jordan in the face of jihadi threats, especially ISIS.

Another important topic at the heart of Israel's national security is the correct formulation of its defense budget. In recent years, there has been intensified conflict between the position represented by the Finance Ministry, which seeks to cut the budget for the sake of other needs in Israeli society, and the position represented by the IDF and the Defense Ministry, which bear the responsibility for building and employing forces in the face of the broad variety of threats against the citizens of Israel. This discussion arrives at the government's table without its being based on the definition of security targets, and the clear definition of security and risk levels that derive from

each potential budget. Thus, the discussion must be based on the ordered and systematic work of the National Security Council in conjunction with the Defense Ministry and Finance Ministry, and on a choice by the government from among alternatives that represent different risks and levels of security. A large part of the defense budget is designated for pensions and rehabilitation of wounded soldiers, and does not create security from threats. Thus, the pensions should be transferred to the Finance Ministry budget – in line with the practice for all civil servant pensions, while transferring the rehabilitation budget to the responsibility and authority of the National Insurance Institute. In this way it will be possible to focus on a budget that “buys” security directly. At the end of the day, some of the defense budget can be viewed as investment in an incubator, which along with security creates managerial and technological leadership, organizational culture, and knowledge. All of these contribute to Israel’s economy, whose two growth engines – the defense industries (and defense exports) and the hi-tech industry – have their roots in the IDF and Israel’s defense establishment.

In conclusion, if 2014 can be summarized as the year of strategic stalemate in most arenas of conflict, in 2015, in order to maintain Israel’s security stability, strengthen its international standing, and enhance its social and economic resilience, a proactive policy is required. Such a policy must focus on the obstruction of threats along with political initiative, take advantage of opportunities for regional and international cooperation, and include an increased emphasis on peace ties with Egypt and Jordan. All of this must be done through close strategic coordination with the United States. This is the essence of a policy that is different, comprehensive, proactive, and forges new solutions for the challenges of the future.