



The Saban Forum 2010

פורום סבן

A U.S.–Israel Dialogue

U.S.-Israel Relations: Facing Hard Choices

Washington, D.C.
December 10-12, 2010



FRONT COVER:

Top (Left to Right): Salam Fayyad, Ehud Barak, Haim Saban.

Bottom (Left to Right): William J. Clinton, Tzipi Livni, Hillary Rodham Clinton, Tony Blair, Dan Meridor.



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THE SABAN CENTER
for MIDDLE EAST POLICY
at THE BROOKINGS INSTITUTION

**U.S.-Israel Relations:
Facing Hard Choices**

**Washington, D.C.
December 10-12, 2010**



Speakers and Moderators

ELLIOTT ABRAMS

UZI ARAD

EHUD BARAK

NAHUM BARNEA

HOWARD BERMAN

TONY BLAIR

DAVID BROOKS

HILLARY RODHAM CLINTON

WILLIAM J. CLINTON

ROBERT EINHORN

SHAI FELDMAN

SALAM FAYYAD

JEFFREY FELTMAN

THOMAS FRIEDMAN

DAVID GREGORY

MOSHE HALBERTAL

EFRAIM HALEVY

JANE HARMAN

MARTIN INDYK

JEREMY ISSACHAROFF

STUART LEVEY

JOSEPH LIEBERMAN

TZIPI LIVNI

JOHN MCCAIN

DAN MERIDOR

GEORGE MITCHELL

SHAUL MOFAZ

KENNETH M. POLLACK

ITAMAR RABINOVICH

TERJE RØD-LARSEN

CHARLIE ROSE

DENNIS ROSS

HAIM SABAN

KARIM SADJADPOUR

DANIEL SHAPIRO

ARI SHAVIT

JAMES B. STEINBERG

NAMIK TAN

LEON WIESELTIER

PHILIP ZELIKOW

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The Forum comes out of my belief that bringing together leaders from the United States, Israel, and the international community for frank dialogue can and does generate creative approaches to solving seemingly intractable problems.



A Letter from the Chairman



THE MIDDLE EAST HAS CHANGED in profound ways since the Saban Forum convened in December 2010. From the streets of Tunis to Tahrir Square in Cairo, the world witnessed history written in a way that no one had expected. While many of our old assumptions were overturned, the protests and their aftermath have made clear that at least one thing remains the same: the Middle East continues to be at the heart of the most difficult and urgent policy dilemmas facing the United States and Israel.

Because of this, each year the Saban Forum convenes government officials, journalists, and members of the think tank community to discuss both the long-standing and immediate challenges that the U.S. and Israeli governments must address. The Forum comes out of my belief that bringing together leaders from the United States, Israel, and the international community for frank dialogue can and does generate creative approaches to solving seemingly intractable problems.

Saban Forum 2010, “U.S.-Israel Relations: Facing Hard Choices,” was held in Washington, DC at a time when questions loomed large, but answers weren’t necessarily clear. We met as peace negotiations between Israelis and Palestinians floundered, as Tehran persisted in its defiance of the international community, and as both Tehran and Ankara sought to use the unsettled landscape in the region to redraw the Middle East’s power balance. Our Forum convened within shifting Israeli and American political climates as well, with voters in both countries having moved rightward and having cast their focus inward. We asked our participants difficult questions: Should the international community engage Hamas? Is a two-state solution still possible? Will the current policy of sanctions and engagement be enough to stop Iran’s acquisition of nuclear capabilities?

In answering these questions, we were honored to hear from several leading officials, including President William J. Clinton, Secretary of State Hillary Rodham Clinton, Prime Minister Salam Fayyad, former Prime Minister Tony Blair, Minister of Defense Ehud Barak, Deputy Secretary of State James Steinberg, Deputy Prime Minister and Minister of Intelligence and Atomic Energy Dan Meridor, Ambassador of Turkey Namik Tan, Leader of the Opposition Tzipi Livni, Special Envoy George Mitchell, and Majority Leader Eric Cantor, as well as other distinguished members of Congress.

In order to promote a candid exchange of views, we hold the Forum under the “Chatham House Rule,” meaning that participants are free to use the information discussed, but neither the identity nor the affiliation of the speakers may be revealed. What follows is our summary of the discussion, as well as transcripts of the keynote addresses and those sessions that were held on the record.

I hope this report offers insight into the hard, but necessary, choices the U.S. and Israeli governments will have to make in the Middle East.

HAIM SABAN
Chairman, The Saban Forum

American Participants



ELLIOTT ABRAMS
Senior Fellow for Middle Eastern
Studies, Council on Foreign
Relations.



HOWARD BERMAN
United States House of
Representatives (CA-28).



GARY ACKERMAN
United States House of
Representatives (NY-5).



DAVID BROOKS
Columnist, *The New York Times*.



CHRISTIANE AMANPOUR
Anchor, *This Week*.



DANIEL L. BYMAN
Senior Fellow, Saban Center for
Middle East Policy at Brookings;
Professor, Security Studies Program
of Georgetown University.



HADY AMR
Deputy Assistant Administrator
for the Middle East, U.S. Agency
for International Development.



ERIC CANTOR
United States House of
Representatives (VA-7).



ALAN BATKIN
Vice Chairman, Eton Park
Capital Management; former Vice
Chairman, Kissinger Associates,
Inc.; Trustee, The Brookings
Institution.



ADAM CHESNOFF
President and Chief Operating
Officer, Saban Capital Group, Inc.



SAMUEL R. BERGER
Chair, Albright Stonebridge
Group; former National Security
Advisor.



HILLARY RODHAM CLINTON
U.S. Secretary of State.

American Participants (continued)



WILLIAM J. CLINTON
42nd President of the United States; Founder, William J. Clinton Foundation.



KHALED ELGINDY
Visiting Fellow, Saban Center for Middle East Policy at Brookings.



JAMES B. CUNNINGHAM
U.S. Ambassador to Israel.



SHAI FELDMAN
Director of Crown Center for Middle East Studies and Professor of Politics, Brandeis University.



ALAN M. DACHS
President and Chief Executive Officer, Fremont Group; Trustee and Chairman of the Foreign Policy Studies Program Leadership Committee, The Brookings Institution.



JEFFREY D. FELTMAN
Assistant Secretary of State for Near Eastern Affairs.



JACKSON DIEHL
Deputy Editorial Page Editor, *The Washington Post*.



DAVID FISHER
Chairman Emeritus, Capital Group International.



ROBERT J. EINHORN
Special Advisor for Nonproliferation and Arms Control, U.S. Department of State.



THOMAS L. FRIEDMAN
Foreign Affairs Columnist, *The New York Times*.



MICHAEL EISNER
Founder, The Tornante Company, LLC; former Chairman & CEO, The Walt Disney Company.



FRED GLUCKMAN
Senior Vice President and Chief Financial Officer, Saban Capital Group.

American Participants (continued)



BRIAN GREENSPUN
Publisher and Editor, *The Las Vegas Sun*; Chairman, The Greenspun Corporation; Trustee, The Brookings Institution.



COLIN KAHL
Deputy Assistant Secretary for the Middle East, U.S. Department of Defense.



DAVID GREGORY
Moderator, *Meet the Press*.



DAVID KAMENETZKY
Vice President of Corporate Affairs, Mars, Inc.



JANE HARMAN
United States House of Representatives (CA-36).



STUART A. LEVEY
Under Secretary for Terrorism and Financial Intelligence, U.S. Department of the Treasury.



MARTIN INDYK
Convener of The Saban Forum; Vice President and Director of Foreign Policy at Brookings; former U.S. Ambassador to Israel.



JOSEPH I. LIEBERMAN
United States Senate (CT).



WALTER ISAACSON
President and CEO, The Aspen Institute.



NITA LOWEY
United States House of Representatives (NY-18).



BENJAMIN R. JACOBS
Managing Member and Founder, The JBG Companies; Trustee, The Brookings Institution.



DAVID MAKOVSKY
Ziegler Distinguished Fellow and Director of the Project on the Middle East Peace Process, Washington Institute for Near East Policy.

American Participants (continued)



ROBERT MALLEY
Middle East and North Africa
Program Director, International
Crisis Group.



BRUCE RIEDEL
Senior Fellow, Saban Center for
Middle East Policy at Brookings.



SUZANNE MALONEY
Senior Fellow, Saban Center for
Middle East Policy at Brookings.



CHARLIE ROSE
Host, *The Charlie Rose Show*.



JOHN MCCAIN
United States Senate (AZ).



DENNIS ROSS
Special Assistant to the President
and Senior Director for the Central
Region, National Security Staff,
Executive Office of the President.



GEORGE MITCHELL
U.S. Special Envoy for Middle
East Peace.



CHERYL SABAN
Founder, Self Worth Foundation.



CHARLES PEREZ
Chairman, Chip and Pepper.



HAIM SABAN
Chairman, The Saban Forum;
Chairman and Chief Executive
Officer, Saban Capital Group;
Chairman, International Advisory
Board, Saban Center for Middle
East Policy at Brookings.



KENNETH M. POLLACK
Director, Saban Center for Middle
East Policy at Brookings.



KARIM SADJADPOUR
Associate, Middle East Program,
Carnegie Endowment for
International Peace.

American Participants (continued)



DAVID E. SANGER
Chief Washington Correspondent,
The New York Times.



ANDREW H. TISCH
Co-Chairman of the Board of
Directors and Chairman of the
Executive Committee, Loews
Corporation; Trustee, The
Brookings Institution.



DANIEL SHAPIRO
Senior Director of Middle East
and North Africa, National
Security Council.



TONI VERSTANDIG
Executive Vice President, S. Daniel
Abraham Center for Middle East
Peace.



JAMES B. STEINBERG
U.S. Deputy Secretary of State.



LEON WIESELTIER
Literary Editor, *The New Republic*.



STROBE TALBOTT
President, The Brookings
Institution; former Deputy
Secretary of State.



PHILIP ZELIKOW
White Burkett Miller Professor
and Director of Graduate Studies
in History, The University of
Virginia.



SHIBLEY TELHAMI
Nonresident Senior Fellow, Saban
Center for Middle East Policy at
Brookings; Anwar Sadat Professor
for Peace and Development,
University of Maryland.



EZRA K. ZILKHA
President, Zilkha & Sons;
Honorary Trustee, The Brookings
Institution.



GEORGE TENET
Managing Director, Allen &
Company; former Director of
Central Intelligence.



MORTIMER B. ZUCKERMAN
Chairman and Editor-in-Chief,
U.S. News & World Report;
Publisher, *New York Daily News*.

Israeli Participants



UZI ARAD
National Security Advisor to Prime Minister Benjamin Netanyahu; Head of the National Security Council in the Office of the Prime Minister.



AVI GIL
Senior Strategic Advisor, S. Daniel Abraham Center for Middle East Peace; Senior Fellow, Jewish People Policy Institute.



EHUD BARAK
Minister of Defense.



DAN GILLERMAN
Former Permanent Representative to the United Nations.



NAHUM BARNEA
Political Columnist, *Yedioth Ahronoth*.



MOSHE HALBERTAL
Gruss Professor, New York University School of Law; Professor of Jewish Thought and Philosophy, Hebrew University.



BEN CASPIT
Senior Columnist, *Ma'ariv*.



EFRAIM HALEVY
Head, Shasha Center for Strategic Studies at the Federmann School of Public Policy and Government at the Hebrew University of Jerusalem; former National Security Advisor and Head of Mossad.



YARON DECKEL
Host, *Hakol Diburim*, Reshet Bet, Israel Broadcasting Authority Radio.



TZACHI HANEGBI
Member of Knesset (Kadima Party); former Minister of Justice.



GIORA EILAND
Chairman, SDS; former National Security Advisor.



AYALA HASSON
Diplomatic Correspondent and Analyst, Channel 1; Anchor, *Yoman*, Channel 1; Anchor, Reshet Bet, Israel Broadcasting Authority Radio.

Israeli Participants (continued)



JEREMY ISSACHAROFF
Ambassador at Large for Strategic Affairs and Deputy Director General, Ministry of Foreign Affairs.



SHAUL MOFAZ
Member of Knesset (Kadima Party); former Defense Minister and IDF Chief of Staff.



DALIA ITZIK
Member of Knesset (Kadima Party); Chairperson, Kadima Parliamentary Group; former Speaker of the Knesset.



MICHAEL OREN
Ambassador of Israel to the United States.



MOSHE KAPLINSKY
CEO, Better Place Israel; former Deputy Chief of General Staff, IDF.



ITAMAR RABINOVICH
Distinguished Nonresident Senior Fellow, Saban Center at Brookings; Professor Emeritus, Tel Aviv University; Distinguished Global Professor, NYU.



YNON KREIZ
Chairman and CEO, Endemol.



RAKEFET RUSSAK-AMINOACH
Head of the Corporate Division and Chief Lending Officer, Leumi Group.



TZIPI LIVNI
Head of Kadima Party and Leader of the Opposition.



UDI SEGAL
Diplomatic Correspondent, *Channel 2 News*.



DAN MERIDOR
Deputy Prime Minister and Minister of Intelligence and Atomic Energy.



YAIR SEROUSSI
Chairman of the Board, Bank Hapoalim.

Israeli Participants (continued)



CHEMI SHALEV
Deputy Editor and Political Analyst, *Israel Hayom*.



YORAM A. TURBOWICZ
Chairman of the Board of Directors of Delek Energy Systems; former Chief of Staff to Prime Minister Ehud Olmert.



ARI SHAVIT
Senior Correspondent, *Ha'aretz*.



YOSEF VARDI
Principal, International Technologies Ventures.



ELYEZER SHKEDY
President & CEO, El Al Israel Airlines.



DANA WEISS
Moderator, Channel 2 News' *Meet the Press*.



MANUEL TRAJTENBERG
Chairman of the Planning and Budgeting Committee, Council for Higher Education.



DOV WEISSGLAS
Senior Partner, Weissglas-Almagor; Senior Consultant, Patton Boggs; former Chief of the Prime Minister's Bureau and Special Foreign Advisor to Prime Minister Ariel Sharon.

International Participants



TONY BLAIR
Quartet Representative to the Middle East; former Prime Minister of the United Kingdom.



SALMAN SHAIKH
Director, Brookings Doha Center; Fellow, Saban Center for Middle East Policy at Brookings.



SALAM FAYYAD
Prime Minister, Palestinian National Authority.



JAVIER SOLANA
Distinguished Senior Fellow, The Brookings Institution; former EU High Representative for Common Foreign and Security Policy; former Secretary General of NATO.



MONA JUUL
Deputy Permanent Representative of the Mission of Norway to the United Nations; former Ambassador of Norway to Israel.



NAMIK TAN
Ambassador of Turkey to the United States; former Ambassador of Turkey to Israel.



TERJE RØD-LARSEN
President, International Peace Institute; Special Envoy for the Implementation of Security Council Resolution 1559.





Program Schedule

Friday, December 10, 2010

- Gala Opening Dinner**
Mandarin Oriental Hotel
- 5:00 PM Reception**
- 6:00 PM WELCOMING REMARKS:**

Strobe Talbott, *President, The Brookings Institution*

Haim Saban, *Chairman, The Saban Forum*
- 6:15 PM A Conversation with President William J. Clinton**

WITH: David Gregory, *Moderator, Meet the Press*
- 7:15 PM Dinner**
- 8:00 PM Opening Keynote Addresses: The Changing Strategic Landscape**

Hillary Rodham Clinton, *U.S. Secretary of State*

Ehud Barak, *Minister of Defense of Israel*
- 10:00 PM Dinner Concludes**

Saturday, December 11, 2010

- 7:30 AM Registration**
Mandarin Oriental Hotel
- 8:30 AM Session 1: Iran—Synchronizing The Clocks**

MODERATOR: Kenneth M. Pollack, *Director, Saban Center at Brookings*

Stuart Levey, *Under Secretary for Terrorism and Financial Intelligence, U.S. Department of the Treasury*

Dan Meridor, *Deputy Prime Minister and Minister of Intelligence and Atomic Energy*

Dennis Ross, *Special Assistant to the President and Senior Director for the Central Region, National Security Council*

- 10:00 AM Coffee Break**
- 10:30 AM Session 2: Shifting Balances of Power in the Middle East**

MODERATOR: Jane Harman, *Chairperson, House Homeland Security Subcommittee on Intelligence, Information Sharing and Terrorism Risk Assessment*

Jeffrey Feltman, *Assistant Secretary of State for Near Eastern Affairs*

Itamar Rabinovich, *Charles Bronfman Distinguished Nonresident Senior Fellow, Saban Center at Brookings; former Israeli Ambassador to the United States*

Karim Sadjadpour, *Associate, Carnegie Endowment for International Peace*

Namik Tan, *Ambassador of Turkey to the United States; former Ambassador of Turkey to Israel*
- 12:30 PM Luncheon Session: The Impact of the Midterm Elections on U.S. Middle East Policy**

MODERATOR: Ari Shavit, *Senior Correspondent, Ha'aretz*

Howard Berman, *Chairman, U.S. House of Representatives Committee on Foreign Affairs*

Eric Cantor, *Majority Leader-Elect for the 112th Congress*

Joseph Lieberman, *Chairman, U.S. Senate Committee on Homeland Security and Governmental Affairs*

John McCain, *Ranking Member, U.S. Senate Armed Services Committee*
- 2:00 PM Session 3: Hard Choices on Non-Proliferation**

MODERATOR: Shai Feldman, *Director, Crown Center for Middle East Studies, Brandeis University*

Uzi Arad, *National Security Advisor to Prime Minister Benjamin Netanyahu*

Robert Einhorn, *Special Advisor for Nonproliferation and Arms Control, U.S. Department of State*

Jeremy Issacharoff, *Ambassador at Large for Strategic Affairs and Deputy Director General, Ministry of Foreign Affairs*

James B. Steinberg, *Deputy Secretary of State*

3:30 PM Break

6:00 PM Reception
The Folger Shakespeare Library

6:30 PM Dinner Session: Trends in Israeli and American Societies

MODERATOR: Thomas Friedman, *Columnist, The New York Times*

Nahum Barnea, *Political Columnist, Yedioth Ahronoth*

David Brooks, *Columnist, The New York Times*

Moshe Halbertal, *Professor of Jewish Thought and Philosophy, Hebrew University*

Leon Wieseltier, *Literary Editor, The New Republic*

8:00 PM Dinner is served in the Old Reading Room

10:00 PM Dinner Concludes

Sunday, December 12, 2010

Mandarin Oriental Hotel

9:00 AM Session 4: Hard Choices on Hamas

MODERATOR: Daniel Shapiro, *Senior Director of Middle East and North Africa, National Security Council*

Elliott Abrams, *Senior Fellow, Council on Foreign Relations; former Deputy National Security Advisor*

Efraim Halevy, *Head, Shasha Center for Strategic Studies, the Hebrew University of Jerusalem; former Chief of Mossad and National Security Advisor*

Shaul Mohfaz, *Member of Knesset (Kadima); former Defense Minister and IDF Chief of Staff*

Philip Zelikow, *White Burkett Miller Professor and Director of Graduate Studies in History, The University of Virginia*

10:30 AM Coffee Break

11:00 AM Session 5: The Road Ahead

MODERATOR: Charlie Rose, *Host, The Charlie Rose Show*

Salam Fayyad, *Prime Minister of the Palestinian Authority*

Tzipi Livni, *Leader of the Opposition, Member of Knesset (Kadima)*

12:30 PM Concluding Luncheon Session: Does the Two-State Solution have a Future?

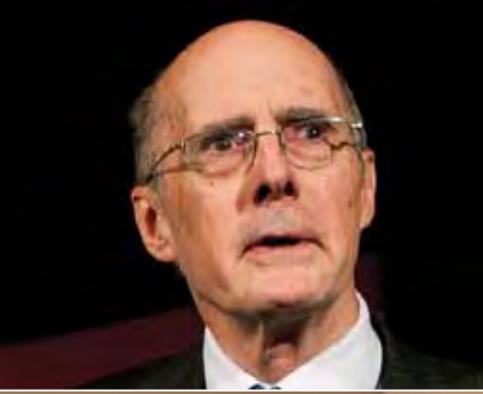
MODERATOR: Terje Rød-Larsen, *President, International Peace Institute; Special Envoy for the Implementation of Security Council Resolution 1559*

Tony Blair, *Quartet Representative for the Middle East; former Prime Minister of the United Kingdom*

George Mitchell, *U.S. Special Envoy for Middle East Peace*

CONCLUDING REMARKS: Haim Saban, *Chairman, The Saban Forum*

2:00 PM Saban Forum 2010 formally ends





A CONVERSATION WITH

President William J. Clinton

With David Gregory, Moderator, *Meet the Press*



Saban Forum 2010 opened with a conversation with former President William J. Clinton that was moderated by the host of *Meet the Press*, David Gregory. The discussion focused on the domestic political climate in the United States, lessons that past attempts at peacemaking can offer for the current stalemate in Israeli-Palestinian talks, and the challenges inherent in preventing Iran from acquiring nuclear capabilities.

The conversation began by focusing on domestic politics, with participants examining the compromise tax agreement President Obama made with congressional Republicans that extended the “Bush tax cuts” to top income earners. While progressive Democrats and conservative Republicans were each upset by the deal, President Obama showed leadership in forging common ground; Americans are looking for compromise and for the government to address the large-scale problems confronting the country, so they support leaders who are build consensus. This should speak to Israelis and Palestinians—citizens often reward leaders who cooperate with each other in pursuit of a goal, and when people come together from opposing sides, progress can be made.

The discussion acknowledged that Israelis and Palestinians have taken important steps, and many of their decisions have led to a dramatically improved security situation in Israel and the West Bank. Still, much more needs to be done, and it is a general rule that when the United States is active in trying to forge peace, fewer lives are lost and trust is built between both sides. This creates an environment conducive to forging a permanent agreement.

The lesson of the peace attempts in 2000 is not that pursuing peace may lead to raised expectations and then violence, as many have argued. Rather, it is that leaders must understand the consequences of their decisions. The Second Intifada broke out because of internal Israeli and Palestinian political dynamics. For instance, on the Israeli side, Ariel Sharon visited the Temple Mount (Haram al-Sharif) in part to garner support from the right-wing of the electorate. At the same time, Yasser Arafat was looking to use the situation to build his own domestic strength. These considerations led to poor decisions, which ultimately had tragic consequences. Today, the leaders are making more productive decisions, with Prime Minister Salam Fayyad implementing policies that are creating tangible results and building an environment conducive to progress.

It is easier for the United States to propose solutions than it is for the parties to accept them. Yet, while the United States and other interested parties must acknowledge that there are limitations to what they can do, there is an important role for them in the conflict. The United States, especially, can point to permutations and possibilities, and can act to minimize risks and maximize benefits of any



agreement that is reached. What the Israeli and the Palestinian sides often forget is that a peace agreement will lead to a convergence of interests. They will also have to deal with the same spoilers, with enemies of peace, particularly Iran and its proxies, likely looking to target both sides. Therefore, only by cooperating can the Israeli and Palestinian governments overcome these challenges.

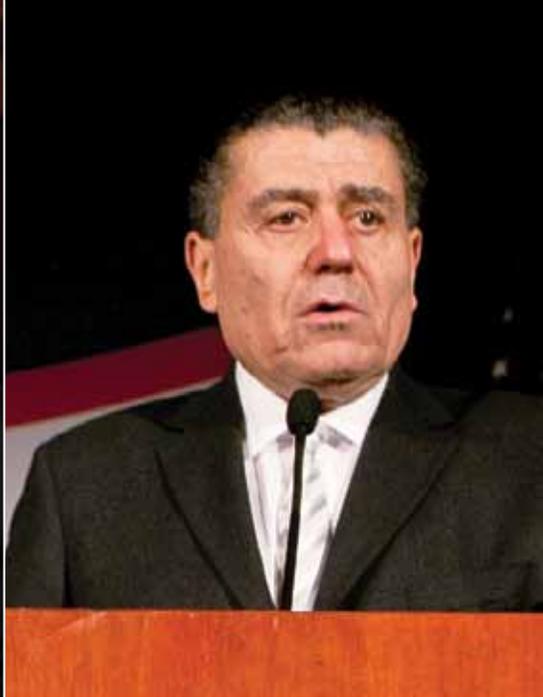
Regarding Iran's nuclear program, any Israeli prime minister would act decisively if he or she felt Iran was posing an immediate existential threat to the country. But, any leader should be mindful of both the hazards of military action and the dangers of doing nothing. It is unanswerable whether a nuclear-armed Iran or military action against Iran is worse; both are fraught with peril and uncertainty. The only thing that is certain is that it is unforgivable for a leader to allow himself or herself to be backed into a situation in which the military option is the only choice. If a leader chooses military means, it must be only after all other options have been exhausted.

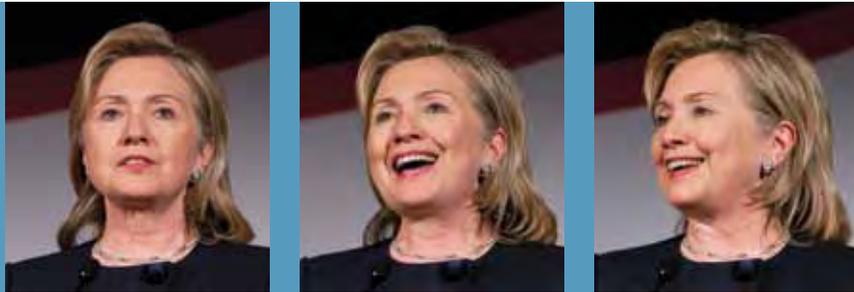
What further compounds the difficulty of the Iran situation is that because it is so difficult to produce fissile material, once a rogue state like Iran produces it, non-state actors will use all measures at their disposal to acquire the material for themselves. In addition, other countries, such as Saudi Arabia, will likely look to develop nuclear programs of their own or acquire nuclear capabilities, meaning that proliferation in the region will increase dramatically.

The dangers to the international community have been growing, and 9/11 taught the American intelligence community the importance of information-sharing. As a result, communications within the diplomatic corps have been distributed to and incorporated into defense department networks. This has been a positive development, but as the Wikileaks disclosure showed, it makes sensitive information vulnerable to misuse. Still, while Wikileaks shined a light on the importance of keeping digital information secure, it also showed that Arab states are worried about a nuclear-armed Iran. It brought the issue once more to the front pages, raising the question anew of how the international community should deal with Iran.

One way to push back against Iran's defiance would be to pursue an Israeli-Palestinian peace deal. Any peace deal would put pressure on Iran by creating an arch of economic and security cooperation throughout the region. As people's lives improve and as the appeal of a combative Iran wanes among the populace, Iran would have to recalculate its assumptions and make different choices.

While Iran is currently among the greatest challenges facing the global community, it is important to keep vigilant about the threat of non-state actors. The world is facing forces of destruction and division who will try to use technology to amplify their harm and achieve their goals. The challenge is that distance and borders are no protection against technology, and so forces far away can sow damage. Even if peace is achieved in the Middle East and Iran is brought on board, the international community would have to remain vigilant because there will always be groups bent on destruction. But, this should not paralyze those who are looking to solve problems and change the world for the better. The best defense against the enemies of progress, peace, and cooperation is to build communities where people can live productive lives under the rule of law.





Keynote Address by
Secretary of State Hillary Rodham Clinton

Thank you. Thank you very much. I appreciate the introduction, but nothing is imminent so far as I know. But it is a great pleasure for me to be back here and part of this very important forum.

And I appreciate your introduction. I appreciate the friendship that you and Cheryl have given to me and to my family. You've been friends for many years. And certainly, as anyone who knows Haim understands, as an entrepreneur, a philanthropist, he is unparalleled, but also as a champion for peace. He represents in many ways the best qualities of both Israel and America. He's generous, he's irreplaceable, and absolutely unstoppable. And he has dedicated his energy and support to so many important causes and helped so many people. But he has probably no deeper passion than the one we are here discussing tonight—strengthening U.S.-Israeli relations and securing a just and lasting peace in the Middle East.

So I thank him and I thank Strobe Talbott, I thank Martin Indyk, and I thank all of you. And in particular, I appreciate your bringing us together to discuss the crucial issues surrounding the Middle East. I also want to acknowledge all of the colleagues from Israel who are here. Certainly, you'll hear in a minute from Defense Minister Barak.

There are other members of the Israeli Government here—opposition leader Livni, and I'm delighted that Prime Minister Fayyad is also with us. Prime Minister Fayyad has accomplished a great deal in a short amount of time under very difficult circumstances. Along with President Abbas, he has brought strong leadership to the Palestinian Authority and he has helped advance the cause of a two-state solution by making a real difference in the lives of the Palestinian people. So Mr. Prime Minister, welcome again to Washington and thank you for your very good work.

Now, you don't have to read secret diplomatic cables to know that we are meeting during a difficult period in the pursuit of peace in the Middle East. I understand and indeed I share the deep frustrations of many of you in this room and across the region and the world. But rather than dwell on what has come before, I want to focus tonight on the way forward, on America's continuing engagement in helping the parties achieve a two-state solution that ends the conflict between Israelis and Palestinians once and for all, and on what it will take, finally, to realize that elusive, but essential goal.

Before I go further, I want to offer the deepest condolences of the American people for the lives lost in the recent fires in Northern Israel. Israelis are always among the first to lend a hand when an emergency strikes anywhere in the world. So when the fires began to burn, people and nations stepped up and offered help. It was remarkable to watch. Turkey sent planes; Egypt and Jordan donated chemicals and equipment; the Palestinian Authority dispatched firefighters and their trucks; and the United States was also part of the effort deploying expert firefighters, C-130 cargo planes, and thousands of gallons of chemicals and suppressants. It was testament once again to the deep and enduring bonds that unite our two countries, to the partnership between our governments, and the friendship between our people.



The United States will always be there when Israel is threatened. We say it often, but it bears repeating: America's commitment to Israel's security and its future is rock solid and unwavering, and that will not change. From our first days in office, the Obama Administration has reaffirmed this commitment. For me and for President Obama, this is not simply a policy position. It is also a deeply held personal conviction.

Over the last two years under President Obama's leadership, the United States has expanded our cooperation with Israel and focused in particular on helping Israel meet the most consequential threats to its future as a secure and democratic Jewish state. Our security relationship has grown broader, deeper, and more intense than ever before. And we have not just worked to maintain Israel's qualitative military edge. We have increased it through new advances like the Iron Dome, a short-range rocket defense system that will help protect Israeli homes and cities. And our military continues to work closely with the IDF through exchanges, training, and joint exercises.

For Israel and for the region, there may be no greater strategic threat than the prospect of a nuclear-armed Iran. We just heard my husband speaking to that. And let me restate clearly: The United States is determined to prevent Iran from developing nuclear weapons. And along with our international partners, we have implemented tough new sanctions whose bite is being felt in Tehran. Iran's leaders face a clear choice, one of those tough choices that Strobe mentioned as the theme of this forum: Meet your international responsibilities or face continued isolation and consequences.

We have also stepped up efforts to block the transfer of dangerous weapons and financing to terrorist groups like Hezbollah and Hamas. But Iran and its proxies are not the only threat to regional stability or to Israel's long-term security. The conflict between Israel and the Palestinians and between Israel and Arab neighbors is a source of tension and an obstacle to prosperity and opportunity for all the people of the region. It denies the legitimate aspirations of the Palestinian people and it poses a threat to Israel's future security. It is at odds also with the interests of the United States.

I know that improvements in security and growing prosperity have convinced some that this conflict can be waited out or largely ignored. This view is wrong and it is dangerous. The long-term population trends that result from the occupation are endangering the Zionist vision of a Jewish and democratic state in the historic homeland of the Jewish people. Israelis should not have to choose between preserving both elements of their dream. But that day is approaching.

At the same time, the ever-evolving technology of war, especially the expanding reach of the rockets amassed on Israel's borders means that it will be increasingly difficult to guarantee the security of Israeli families throughout the country without implementing peace agreements that answer these threats.

Continuing conflict also strengthens the hands of extremists and rejectionists across the region while sapping the support of those open to coexistence and cooperation. Radicalization of the region's young people and growing support



for violent ideologies undermine the stability and prosperity of the Middle East. The United States looks at these trends. We reflect on our deep and unwavering support of the state of Israel and we conclude without a shadow of a doubt that ending this conflict once and for all and achieving a comprehensive regional peace is imperative for safeguarding Israelis' future.

We also look at our friends the Palestinians, and we remember the painful history of a people who have never had a state of their own, and we are renewed in our determination to help them finally realize their legitimate aspirations. The lack of peace and the occupation that began in 1967 continue to deprive the Palestinian people of dignity and self-determination. This is unacceptable, and, ultimately, it too is unsustainable.

So for both Israelis and Palestinians and, indeed, for all the people of the region, it is in their interest to end this conflict and bring a just, lasting, and comprehensive peace to the Middle East based on two states for two peoples.

For two years, you have heard me and others emphasize again and again that negotiations between the parties is the only path that will succeed in securing their respective aspirations; for the Israelis, security and recognition; for the Palestinians, an independent, viable sovereign state of their own. This remains true today. There is no alternative other than reaching mutual agreement. The stakes are too high, the pain too deep, and the issues too complex for any other approach.

Now, it is no secret that the parties have a long way to go and that they have not yet made the difficult decisions that peace requires. And like many of you, I regret that we have not gotten farther faster in our recent efforts. That is why yesterday and today I met with Israeli and Palestinian negotiators and underscored our seriousness about moving forward with refocused goals and expectations.

It is time to grapple with the core issues of the conflict on borders and security; settlements, water and refugees; and on Jerusalem itself. And starting with my meetings this week, that is exactly what we are doing. We will also deepen our strong commitment to supporting the state-building work of the Palestinian Authority and continue to urge the states of the region to develop the content of the Arab Peace Initiative and to work toward implementing its vision.

Over recent months, Prime Minister Netanyahu and President Abbas have met face to face multiple times. I have been privileged to be present during their meetings in Sharm el-Sheikh, in Jerusalem, and in Washington. I have also had the chance to talk with each leader privately. These were meaningful talks that yielded new clarity about the gaps that must be bridged.

Significantly, both sides decided together to pursue a framework agreement that would establish the fundamental compromises on all permanent status issues and pave the way for a final peace treaty.

Reaching this goal will not be easy by any means. The differences between the two sides are real and they are persistent. But the way to get there is by engaging, in good faith, with the full complexities of the core issues and by working to narrow the gaps between the two sides.



By doing this, the parties can begin to rebuild confidence, demonstrate their seriousness, and hopefully find enough common ground on which to eventually re-launch direct negotiations and achieve that framework.

The parties have indicated that they want the United States to continue its efforts. And in the days ahead, our discussions with both sides will be substantive two-way conversations with an eye toward making real progress in the next few months on the key questions of an eventual framework agreement. The United States will not be a passive participant. We will push the parties to lay out their positions on the core issues without delay and with real specificity. We will work to narrow the gaps asking the tough questions and expecting substantive answers. And in the context of our private conversations with the parties, we will offer our own ideas and bridging proposals when appropriate.

We enter this phase with clear expectations of both parties. Their seriousness about achieving an agreement will be measured by their engagement on these core issues. And let me say a few words about some of the important aspects of these issues we will be discussing.

First, on borders and security. The land between the Jordan River and the Mediterranean is finite, and both sides must know exactly which parts belong to each. They must agree to a single line drawn on a map that divides Israel from Palestine and to an outcome that implements the two-state solution with permanent Palestinian borders with Israel, Jordan, and Egypt. The Palestinian leaders must be able to show their people that the occupation will be over. Israeli leaders must be able to offer their people internationally recognized borders that protect Israel's security. And they must be able to demonstrate to their people that the compromises needed to make peace will not leave Israel vulnerable. Security arrangements must prevent any resurgence of terrorism and deal effectively with new and emerging threats. Families on both sides must feel confident in their security and be able to live free from fear.

Second, on refugees. This is a difficult and emotional issue, but there must be a just and permanent solution that meets the needs of both sides.

Third, on settlements. The fate of existing settlements is an issue that must be dealt with by the parties along with the other final status issues. But let me be clear: The position of the United States on settlements has not changed and will not change. Like every American administration for decades, we do not accept the legitimacy of continued settlement activity. We believe their continued expansion is corrosive not only to peace efforts and two-state solution, but to Israel's future itself.

And finally, on Jerusalem which is profoundly important for Jews, Muslims, and Christians everywhere. There will surely be no peace without an agreement on this, the most sensitive of all the issues. The religious interests of people of all faiths around the world must be respected and protected. We believe that through good faith negotiations, the parties should mutually agree on an outcome that realizes the aspirations for both parties, for Jerusalem, and safeguard its status for people around the world.

These core issues are woven together. Considering the larger strategic picture makes it easier to weigh the compromises that must be made on both sides and see the benefits to be gained. We are not moving forward in a vacuum. From day one, the Obama Administration has recognized the importance of making progress on two simultaneous and mutually reinforcing tracks—negotiations between the parties and institution-building that helps the Palestinians as they prepare to govern their own state. Improvements on the ground give confidence to negotiators and help create a climate for progress at the peace table.

So even as we engage both sides on the core issues with an eye toward eventually restarting direct negotiations, we will deepen our support of the Palestinians' state-building efforts. Because we recognize that a Palestinian state achieved through negotiations is inevitable.

I want, once again, to commend President Abbas and Prime Minister Fayyad for their leadership in this effort. Under the Palestinian Authority's Two-Year State-Building plan, security has improved dramatically, services are being delivered, and the economy is growing.

It is of course true that much work remains to reverse a long history of corruption and mismanagement. But Palestinians are rightfully proud of the progress they have achieved, and the World Bank recently concluded that if the Palestinian Authority maintains its momentum in building institutions and delivering public services, it is—and I quote—"Well positioned for the establishment of a state at any point in the near future."

The United States is continuing our efforts to support this important work along with many other international partners, NGOs, and governments, including the government of Israel to bring together key players to focus on solving specific challenges in the region, including in the Palestinian territories, we have launched an initiative called Partners for a New Beginning chaired by Madeleine Albright, Walter Isaacson, and Muhtar Kent. And we are working directly with the Palestinian Authority on a range of issues. Last month I was pleased to announce the transfer of an additional \$150 million in direct assistance to the Palestinian Authority.

This fall, to cite one example, American experts in partnership with the Palestinian Water Authority, began drilling new and much needed wells in Hebron. And with recent Israeli approvals, we soon will begin several water infrastructure projects in Gaza that the Palestinian Authority has identified as priorities. These and other efforts to expand wastewater treatment and provide sanitation services have already helped 12,000 Palestinian families gain access to clean water.

The United States is working with the Palestinian Authority, with Israel, and with international partners to ease the situation in Gaza and increase the flow of needed commercial goods and construction supplies while taking appropriate measures to ensure they don't fall into the wrong hands. We are pleased with Israel's recent decision to allow more exports from Gaza which will foster legitimate economic growth there. This is an important and overdue step, and we look forward to seeing it implemented.





Now, we also look forward to working with Israel and the Palestinian Authority on further improvements while maintaining pressure on Hamas to end the weapons smuggling and accept the fundamental principles of peacemaking—recognizing Israel, renouncing violence, and abiding by past agreements. This is the only path to achieve Palestinians’ dreams of independence.

Security is one area where the Palestinian Authority has made some of its most dramatic progress. I have seen it myself on recent trips to the West Bank, where well-trained and well-equipped Palestinian security forces stood watchful guard. Families in Nablus and Jenin shop, work, and play with a newfound sense of security, which also contributes to the improved economic conditions. As the Palestinian security forces continue to become more professional and capable, we look to Israel to facilitate their efforts. And we hope to see a significant curtailment of incursions by Israeli troops into Palestinian areas.

But for all the progress on the ground and all that the Palestinian Authority has accomplished, a stubborn truth remains: While economic and institutional progress is important, indeed necessary, it is not a substitute for a political resolution. The legitimate aspirations of the Palestinian people will never be satisfied, and Israel will never enjoy secure and recognized borders until there is a two-state solution that ensures dignity, justice, and security for all.

This outcome is also in the interests of Israel’s neighbors. The Arab states have a pivotal role to play in ending the conflict. Egypt and Jordan in particular have been valuable partners for peace. In the days ahead, as we engage with the parties on the core issues and support the Palestinian people’s efforts to build their own institutions, we will also continue our diplomacy across the region and with our partners in the Quartet. Senator Mitchell will leave this weekend for Jerusalem and Ramallah and will then visit a number of Arab and European capitals.

Our message remains the same: The Arab states have an interest in a stable and secure region. They should take steps that show Israelis, Palestinians, and their own people that peace is possible and that there will be tangible benefits if it is achieved. Their support makes it easier for the Palestinians to pursue negotiations and a final agreement. And their cooperation is necessary for any future peace between Israel and Lebanon and Israel and Syria.

We continue to support the vision of the Arab Peace Initiative, a vision of a better future for all the people of the Middle East. This landmark proposal rests on the basic bargain that peace between Israel and her neighbors will bring recognition and normalization from all the Arab states. It is time to advance this vision with actions, as well as words. And Israel should seize the opportunity presented by this initiative while it is still available.

In the end, no matter how much the United States and other nations around the region and the world work to see a resolution to this conflict, only the parties themselves will be able to achieve it. The United States and the international community cannot impose a solution. Sometimes I think both parties seem to think we can. We cannot. And even if we could, we would not, because it is only a negotiated agreement between the parties that will be sustainable. The parties



themselves have to want it. The people of the region must decide to move beyond a past that cannot change and embrace a future they can shape together.

As a political figure, a Senator, and now as Secretary of State, I have seen what it takes for old adversaries to make sacrifices and come together on common ground. Unfortunately, as we have learned, the parties in this conflict have often not been ready to take the necessary steps. Going forward, they must take responsibility and make the difficult decisions that peace requires.

And this begins with a sincere effort to see the world through the other side's eyes, to try to understand their perspective and positions. Palestinians must appreciate Israel's legitimate security concerns. And Israelis must accept the legitimate territorial aspirations of the Palestinian people. Ignoring the other side's needs is, in the end, self-defeating.

To have a credible negotiating partner, each side must give the other the room, the political space to build a constituency for progress. Part of this is recognizing that Israeli and Palestinian leaders each have their own domestic considerations that neither side can afford to ignore. It takes two sides to agree on a deal and two sides to implement a deal. Both need credibility and standing with their own people to pull it off.

So this is also about how the leaders prepare their own people for compromise. Demonizing the other side will only make it harder to bring each public around to an eventual agreement.

By the same token, to build trust and momentum, both sides need to give the other credit when they take a hard step. As we begin to grapple with the core issues, each side will have to make difficult decisions, and they deserve credit when they do so. And it should not just be the United States that acknowledges moves that are made; the parties themselves must do so as well.

To demonstrate their commitment to peace, Prime Minister Netanyahu and President Abbas and their respective teams should take these steps. They should help build confidence, work to minimize distractions, and focus on the core questions, even in a period when they are not talking directly.

To demonstrate their commitment to peace, Israeli and Palestinian leaders should stop trying to assign blame for the next failure, and focus instead on what they need to do to make these efforts succeed.

And to demonstrate their commitment to peace, they should avoid actions that prejudice the outcome of negotiations or undermine good faith efforts to resolve final status issues. Unilateral efforts at the United Nations are not helpful and undermine trust. Provocative announcements on East Jerusalem are counterproductive. And the United States will not shy away from saying so.

America is serious about peace. We know the road forward will not be easy. But we are convinced that peace is both necessary and possible. So we will be persistent and press forward. We will push the parties to grapple with the core issues. We will work with them on the ground to continue laying the foundations for a future Palestinian state. And we will redouble our regional diplomacy. When one way is blocked, we will seek another. We will not lose hope and neither should the people of the region.



Peace is worth the struggle. It is worth the setbacks and the heartaches. A just and lasting peace will transform the region. Israelis will finally be able to live in security, at peace with their neighbors, and confident in their future. Palestinians will at last have the dignity and justice they deserve with a state of their own and the freedom to chart their own destiny. Across the Middle East, moderates and advocates of peace and coexistence will be strengthened, while old arguments will be drained of their venom and the rejectionists and extremists will be exposed and marginalized.

We must keep our eyes trained on this future and work together to realize it. That is what this is all about. That is what makes the compromises and difficult decisions worth it, for both sides.

We are now in the holiday season, a time of reflection and fellowship. The National Christmas Tree is lighting up the sky. Jewish families have just completed the eight days of Hanukkah, the Festival of Lights, which reminds us that even when the future looks darkest, there is light and hope to be found through perseverance and faith. Muslims around the world also recently celebrated Eid al-Adha, the Festival of Sacrifice, which teaches the story of a man whose faith was tested when he was ordered by God to give up his beloved son. Whether we call him Abraham, Avraham, or Ibrahim, this man is the father of all the faiths of the Holy Land. He is a reminder that despite our differences, our histories are deeply entwined. And so too are our futures.

Today we should remember these stories. Sometimes we will be asked to walk difficult roads together, and sometimes these roads will be lined with naysayers, second-guessers, and rejectionists. But with faith in our common mission, we can and will come through the darkness together. That is the way—the only way toward peace, and that is what I hope we will keep in mind as we make this journey—this difficult journey toward a destination that awaits.

Thank you and may God bless you in this effort.





Keynote Address by
Minister of Defense Ehud Barak

Secretary Clinton, Haim Saban, distinguished guests, good evening.

Last week, members of the Jewish people throughout the world came together in their homes to mark the holiday of Hanukkah. Candles were lit, and their light filled the hearts and streets with the glow of hope and brotherhood.

Beginning with Judah Maccabee, each year the candles of Hanukkah signify a struggle for the spiritual freedom, that resonates from antiquity to our own day, celebrating the triumph of the “spirit” over sheer force, of the idea over the sword.

The wars of the Maccabees changed history. Unexpectedly, the world witnessed the rebirth of an independent sovereign Jewish state.

The Maccabean victory instilled hope in our people that even after two thousand years of exile, one day Jewish sovereignty would be re-established in the land of our forefathers.

We are fortunate to live in a generation that witnessed the miracle of Israel’s revival in its homeland.

Israel’s existence is a fact. It is strong, vibrant, prosperous, evolving and striving toward new horizons. Nevertheless, bearing in mind our painful history (old as well as recent) we have the obligation to assure our safety and strength vis-à-vis any looming threat.

The United States is Israel’s leading strategic partner, strongest ally and best friend. And the US is committed to preserving Israel’s character as a Jewish state, as well as its Qualitative Military Edge.

A sophisticated and thoughtful American approach to Middle East issues is essential, but not enough. America has to demonstrate its determination to stand up to the enemies of peace, of Israel and of our moderate neighbors.

David Ben-Gurion, Israel’s first prime minister, understood and recognized the great importance of nurturing a strategic relationship with a major power. This, if you will, is one of the foundations of our national security doctrine.

The founders of the Zionist Movement were people of both vision and action. They left behind them the “old order” with a single aim: To create a model society, “am segula” as Ben-Gurion put it, in the historic land of their forefathers.

They strove to create an open and modern society that would serve as the vanguard for progressive societies the world over. Their state would be Zionist, Jewish, and above all, democratic, in the spirit of principles laid down in the Declaration of Independence of May 14, 1948.

Theirs would be an exemplary society in which young Israelis would choose to build their lives and with which Jews around the world would be proud to associate.

It would be a country that leads in the fields of science and technology, education and culture, social solidarity, integration and equality for all, human dignity and quality of life.

We can indeed all be proud of the achievements that the State of Israel has accomplished until now, emanating from a combination of “Jewish ingenuity” and “Israeli chutzpah.”



Day by day, Israelis are “pushing the frontiers” and turning the impossible into the possible. From the flash memory to cherry tomatoes. From effective extraction of solar energy to water desalination, from Copaxon to Cardiac Stents—The “start up nation” is erupting with talent and entrepreneurial spirit.

As 2011 approaches, we find ourselves once again at a critical juncture of opportunity and challenges. The opportunity is the dialogue toward apolitical agreement with our neighbors. The challenges come from the radical camp: Hezbollah, Hamas, and global terror networks, with Iran looming strong in the background.

We cannot ignore the new realities of the global flow of information. The leaks from Wikileaks will badly affect diplomatic dialogue. And it is another indication of an era in which the few can threaten to destabilize main elements of the current world order—in terror, nuclear proliferation as well as information distribution. Facing these new realities will require both thoughtful planning and the combined action of all leading members of the world community.

I hope this cooperation will materialize. The sooner, the better.

For the last two thousand years, three times each day, Jews have prayed and raised their eyes toward Zion saying: “May He, who makes peace in his heavens, bring peace upon us.”

Peace is something that is made, not just talked about or prayed for. Peace is not a religion; but a means to realize and maintain the Zionist vision, and should be pursued with a strong sense of urgency and purpose.

There is no vacuum in the Middle East. Without peace and the peace process, both Israelis and Palestinians will ultimately continue to perpetuate the cycle of violence and bloodshed between them. Israel will grow further from its goal of becoming “a light unto the nations,” a society worthy of emulation.

The alternatives are far worse (be it Belfast, the Balkans, or chaos) and their nature dictates the need for tough decisions.

Hovering over all these alternatives, however, is the immediate and clear danger of de-legitimization of Israel as a Jewish state with the right to self-defense—a challenge that threatens the country’s future and undermines its security no less than Hamas and Hezbollah.

Our supreme responsibility is to ensure Israel’s security, safety and future, in a tough and unpredictable environment. And we will accomplish this thanks to the military might of the Israel Defense Forces, the vigor of Israeli society, and the unity of the Jewish people throughout its Diaspora.

But in addition to strength and the justice of our cause, we also need political wisdom. The world is changing before our eyes and is no longer willing to accept, even temporarily, our continued control over another people. Two states for two peoples is the only true path of Zionism today.

What is to be done? It is essential that Israel will have a comprehensive strategy in which we take the initiative and advance Israel’s goals, and I will count them one by one:



1. First and foremost—Maintaining our “special relationship” with the United States of America: in order to strengthen our defense and assure our QME, as well as protecting our posture in the world and restraining the isolation and de-legitimatization of IL.
2. Increasing cooperation and deepen the common interests with the “moderate” Arab leaderships.
3. Creating, in a bottom up fashion, a political horizon in the Palestinian arena while continuing to isolate the Hamas in Gaza.
4. Establish the foundation for peace and security based on clear and daring political initiative which will encompass all the core issues, finalize all claims, and bring an end to the conflict.
5. Carrying out proactive attempt to peacefully remove Syria from the radical axis.
6. Building a multi-layer interception system against rockets and missiles of all sorts. An operationally deployed interception system can significantly reduce the damage from a future attack, shorten a war and even deter future aggressors.
7. Last but not least: Prevent a nuclear Iran. Iran, led by the Mullahs, has become the world’s ultimate sponsor of terror—arming, training and financing it. And Iran is determined to reach nuclear weapons and to hegemonize the Islamic world and the oil interests of the Gulf. Diplomacy should remain the first tool of choice. Sanctions are a step in the right direction, but they cannot prove effective on their own. Thus, it remains necessary not to remove any option from the table.

What guides us in the peace process?

The nature of the challenge is sharp, painful but simple—43 years ago, in a war forced upon us, we took over land and territories with great emotional significance to the Jewish people. But another people is there, one that numbers in millions and has its own aspirations and rights.

The painful truth requires decisions and answers: 11 million people live between the Jordan River and the Mediterranean. Seven and a half million Israelis and three and half million Palestinians.

- If there is only one political entity named Israel controlling all this area, it will become, inevitably, a non-Jewish or a non-democratic state.
- If this Palestinian bloc would vote—it is a bi-national state par excellence.
- If the Palestinian bloc would not vote—that’s a non-democratic state.
- Neither of these is the Zionist dream.

By pursuing peace with security—we are not doing the Palestinians a favor. We are simply working toward assuring the future, identity and success of the Zionist project.



Reality is shaped by the factual essence not by sound bites and slogans. The outline and the principles of an agreement are clear, known, and quite widely agreed upon:

- Two states for two peoples.
- Delineating a border within the land of Israel that will assure a solid Jewish majority for generations to come, and on the other side a viable demilitarized Palestinian state.
- Holding the major “settlement blocks” under Israeli sovereignty, and bringing the isolated settlement back home.
- Solving the refugee problem within the Palestinian state.
- Jerusalem will be discussed at the end of the negotiations, with reference to the Clinton parameters, namely: Western Jerusalem and the Jewish suburbs for us, the heavily populated Arab neighborhoods for them, and an agreed upon solution in the “Holy Basin.”
- Signing an agreement which declares: End of conflict and finality of mutual claims.
- The agreement must, of course, be based upon strict security arrangements.

The Middle East is a tough neighborhood. There is no mercy for the weak. An agreement will only be reached from a position of strength and self confidence. Our rivals must acknowledge that they have no chance of defeating Israel or weakening it through terror.

Our experience in the second intifada and in the pullout from Lebanon and Gaza dictates that security arrangements must include three compelling elements:

- Preventing rockets and missiles from entering the West Bank.
- Preventing an outbreak of terror similar to the terror wave we faced in 2001 - 2003.
- Providing effective operational answer for future potential of a conventional attack on our narrow eastern border.

Having spent most of my adult life fighting for IL in uniform, and as Israel’s minister of defense today, I allow myself to state, loud and clear, that there is no contradiction—professional or otherwise—between the two state solution, and the security of Israel. On the contrary, two states for two peoples is a key condition for enabling Israel, now and in the future, to continue developing the Zionist dream of a true model society.

Churchill once said: “The pessimist sees a difficulty in every opportunity; the optimist sees an opportunity in every difficulty.”

I am open-eyed and realistic and am aware of the difficulties, but I am also optimistic and believe it can be done. This critical hour may also be the finest hour for the leaders and for the peoples on both sides.

In spite good faith efforts, together with the Administration we were unable to launch the second moratorium for ninety days.

That shouldn't cause us losing sight of what needs to be done.

We, together with an assertive US administration, must find a way to renew serious negotiations with the PA leadership, headed by President Abbas and Prime Minister Fayyad.

We ought to resume trust and overcome suspicion and inhibitions on all sides. In IL we have to go beyond personal and partisan interests and egos, expand the IL government if needed, and brace ourselves for the immediate task of moving decisively forward.

I believe that the coming few weeks can enable us to find the way to make it happen.

Millions of eyes, all around the Middle East and the world, are looking at us, expecting us to do just that.

I acknowledge this and am doing everything in my power to ensure that this historic opportunity will not be missed.

In these demanding days we must live up to our responsibility. To provide leadership that does not lose touch with reality and is capable of farsightedness and of action.

Paraphrasing on President Kennedy I would say: "The path we have to choose is full of hazards as all paths are. But it is the one most consistent with our character and courage."

I pledge to you that we will continue to struggle for Israel's security, while working determinedly, to achieve peace, till we manifest the blessing envisioned by our tradition:

"The Lord will give his people strength; the Lord will bless his people with peace."





SESSION ONE:

Iran—Synchronizing the Clocks

Moderator: Kenneth M. Pollack, Director, Saban Center at Brookings

Stuart Levey, Under Secretary for Terrorism and Financial Intelligence, U.S. Department of the Treasury

Dan Meridor, Deputy Prime Minister and Minister of Intelligence and Atomic Energy

Dennis Ross, Special Assistant to the President and Senior Director for the Central Region, National Security Council



In the first dialogue session of Saban Forum 2010, participants addressed Iran's continued defiance of the international community, and analyzed the effectiveness of the United States' dual-track policy of engagement and sanctions. Participants agreed that Washington's success in marshalling a strong international coalition in opposition to Iran's nuclear program was critical to the implementation of targeted sanctions. Still, some Israeli participants said that Washington must do more so that the Iranian regime does not continue to press ahead with enrichment.

An American participant began the session by saying that the United States remains committed to preventing Iran from gaining nuclear weapons capabilities. The participant said that deterrence would not be a viable policy option because there are no communication channels between Washington and Tehran. As a result, a nuclear-armed Iran would cause the United States and other countries to be on hair-trigger alert, and events in the already volatile Middle East would have the potential to spiral out of control.

The Obama administration's policy of trying to engage Iran, the participant argued, was a critical component of building international support for pressure against the Iranian regime. The global community now blames Iran for the current standoff rather than the United States or specific U.S. policies. Because it built a framework of cooperation with the global community, Washington was successful in spearheading targeted sanctions against the regime; United Nations Security Council Resolution (UNSCR) 1929 has effectively suffocated the Islamic Republic's ability to conduct transactions in euros or dollars.

Another American seconded this assessment, saying that Washington has built a strong international coalition and has given the West the leverage it needs to present Iran with a stark choice about its future. The participant said that Iran does not want to become a North Korea-style society, isolated from the international banking system. Therefore, the current pressures that have forced financial, energy, and manufacturing companies to withdraw from the Iranian economy—as well as rising unemployment rates that have pushed young Iranians toward greater political activity—may induce Tehran to moderate its behavior. The pressure the regime is facing is real, a participant said, pointing as an example to the fact that Iranian commercial ships can no longer operate because they lack insurance coverage. The participant added that Islamic Revolutionary Guards Corps-controlled entities have replaced international industrial and energy companies that have left the country. This has further scared away foreign companies that are fearful of



being sanctioned for doing business with the Islamic Revolutionary Guards Corps (IRGC). However, another American participant voiced caution about the potential unintended consequences of sanctions, noting that a strong sanctions regime would be counterproductive if it causes economic harm to Iran's youth and empowers IRGC companies without changing the regime's behavior.

An Israeli participant said that what most rattled Iran about the UN sanctions was not the language or content of the sanctions, but the unanimity of the Security Council and the fact that the sanctions were supported by Muslim nations, such as Qatar and Indonesia. Still, the participant said, the most important elements of an international sanctions regime are Russia and China. Therefore, the participant said, it may be distasteful, but the United States and Israel should be more willing to ignore human rights violations in China in order to secure Beijing's cooperation against Iran.

The discussion included debate over American and Israeli courses of actions beyond sanctions, and participants' opinions on these other options largely hinged on their assessment of the time Iran would need to attain a nuclear weapons capability. Two American participants agreed that the rhetoric declaring that "all options are on the table" is, in fact, not strong enough, and will not evoke enough fear in Tehran to cause the regime to change its behavior. Rather, they suggested that the United States adopt more aggressive rhetoric and set concrete deadlines for Iran to agree to a deal, warning that the ongoing attempts to start a negotiations process will buy Iran enough time to produce nuclear weapons. Another American dissented, saying that the president cannot afford to make statements that would lock the United States into an inexorable path toward military action.

An Israeli participant voiced concern about Iran's influence throughout the Middle East, arguing that Iran's goal is to export its revolution and dominate regional affairs. Iran has already used Hamas to introduce a religious framework into the Israeli-Palestinian conflict and Tehran has reintroduced the rhetoric of "eliminating" Israel into the region's dialogue. Obtaining nuclear weapons would embolden Iran and its allies, raising significant obstacles to achieving an Israel-Palestine peace agreement. Further, the participant said, a nuclear-armed Iran would shake the faith that Arab leaders in the Persian Gulf have put in the United States, and would lead them to seek nuclear weapons themselves or align with Iran. Because of these threats, the Israeli participant agreed with the American participants who said that the Obama administration should clearly telegraph to the United States' Arab allies that it is serious about ratcheting up pressure and putting the military option on the table.

Given Iran's current and potential influence in the region, participants spoke about the need for the United States and Israel to strengthen relations with Iran's neighbors. An American participant suggested that Israel could be more active in looking to engage Syria, which the participant described as "ready to make peace"—a move that several participants agreed was within reach and could not only remove one of Iran's closest and most crucial allies from its orbit, but could also undercut popular support for Iran in the region.



While most of the discussion focused on Iran as a security and proliferation threat, many participants emphasized the need to remain conscious of the country's human rights situation, particularly given the regime's continued crackdown on opposition figures and activists in the aftermath of the 2009 presidential election. One American participant said that while the United States should have no illusions that it can prompt regime change, the Islamic Republic's preoccupation with its own survival means that the United States could gain significant leverage by emphasizing Tehran's human rights violations and providing encouragement to the domestic opposition. Another American, however, argued that support for human rights in Iran must be voiced cautiously so as not to taint domestic opposition leaders as being on Washington's payroll. The participant argued that the United States' reaction to the post-election demonstrations—emphasizing support for ideals like freedom of expression, without forcefully expressing allegiance to the opposition—was the correct course of action. Further, the participant said, the recent decision to impose personal sanctions on known Iranian human rights violators has shown Tehran that there is a price for repression and has shown victims in Iran that their plight is not being overlooked.









SESSION TWO:

Shifting Balances of Power in the Middle East

Moderator: Jane Harman, Chairperson, House Homeland Security Subcommittee on Intelligence, Information Sharing and Terrorism Risk Assessment

Jeffrey Feltman, Assistant Secretary of State for Near Eastern Affairs

Itamar Rabinovich, Charles Bronfman Distinguished Nonresident Senior Fellow, Saban Center at Brookings; former Israeli Ambassador to the United States

Karim Sadjadpour, Associate, Carnegie Endowment for International Peace

Namik Tan, Ambassador of Turkey to the United States; former Ambassador of Turkey to Israel



The second session of the Saban Forum focused on the shifting balances of power in the Middle East, with participants discussing the rise of Turkey's influence in the region and Ankara's role in the U.S.-led effort to halt Iran's nuclear program. Participants examined the Turkey-Israel relationship, with some questioning Ankara's commitment to the partnership between the two countries.

A participant began by discussing Turkey's role in the region, saying that not only is the country a bastion of democracy and stability, but it is a positive influence on the region; Turkey sees itself no longer as a bystander, but as an active participant in promoting peace and stability among its neighbors. For instance, Turkey has made great efforts to implement a policy of "zero problems" toward surrounding countries, meaning it pursues cooperation and economic interdependence with the countries on its borders. These efforts are necessary both for Turkey's own security and to help promote stability in the Middle East.

The participant went on to say that the Turkish-U.S. relationship is beneficial to both countries because it enables Washington and Ankara to advance individual and joint interests. The participant said that if Turkey works to develop relations with Syria or Russia, the United States should not see this as a shift in Turkey's posture or a threat to the U.S.-Turkish alliance. Rather, the United States should understand that Turkey pursues a multifaceted foreign policy that is meant to advance stability and cooperation in the region.

An American participant agreed about the importance of the U.S.-Turkish partnership, saying that both Turkey and Iraq are poised to become leaders in the region. The participant viewed this as a positive development because the United States is not looking to dominate regional affairs, but to partner with others and work with them as they take on global responsibilities. The participant said that these partnerships are critical to making the region stronger and bolstering the United States' image and credibility in the region.

Some American and Israeli participants questioned Turkey's intentions toward Israel, and there was debate about the state of the relationship between the two countries. An Israeli participant argued that Turkey had used the 2010 Mavi Marmara incident for its political benefit by playing the victim, but had supported the group that launched the flotilla. A participant disputed this, saying that the government had no connection to the protest. Another Israeli participant said that Turkish-Israeli tensions stretch back to the 2009 World Economic Forum conference in Davos in which Prime Minister Recep Tayyip Erdoğan spoke harshly to President Shimon Peres. However, another participant placed blame on Israel, saying that the flotilla incident was the first time Turkish citizens were



killed by another sovereign state in peace time. Worse, Turkish citizens were killed by an ally, so the participant argued that Israel should acknowledge its wrongdoing and apologize. In examining the overall relationship, a participant pointed to the assistance Turkey gave Israel during the 2010 forest fires in northern Israel, saying that this proved that ultimately the two countries assist each other during times of crisis.

Iran was an important topic of discussion, with one participant noting that Iran's pursuit of nuclear capabilities threatens not only American and Israeli interests, but the interests of other countries in the region as well. Countries such as Turkey support engagement with Iran, not because they like Tehran's current policies but because they believe engagement and diplomacy are the only ways to alter Iran's behavior.

An American participant said it is important to understand Iran's overall interests. Tehran believes that the road to any regional peace and security agreement must go through Iran. In addition, the Islamic Republic fundamentally opposes Israel's existence and U.S. influence in the region. To advance its interests, the regime uses three strategies: First, Tehran looks to capitalize on popular outrage, disaffection, and economic marginalization by attributing these to U.S. and Israeli policies. For instance, Iran's soft power reached its peak in the summer of 2006 during the Israel-Hizballah war, in which Israel bombed portions of Lebanon. During that time, global oil prices rose and there was carnage in Iraq so Iran's ideology and posture of resistance to the West resonated with the masses in the Arab world. Second, Iran partners with Syria—one of the few countries (aside from North Korea and Venezuela) with which it has ties. Third, Iran uses oil prices to secure its position in the region. In the coming years, one of the greatest challenges to Iran will be Iraq's burgeoning oil industries; estimates predict that Iraq may quadruple its current oil output which may cause prices to fall, and global reliance on Iranian oil to diminish. As a result, Iran may try to prevent this from happening by undermining Iraq's stability.

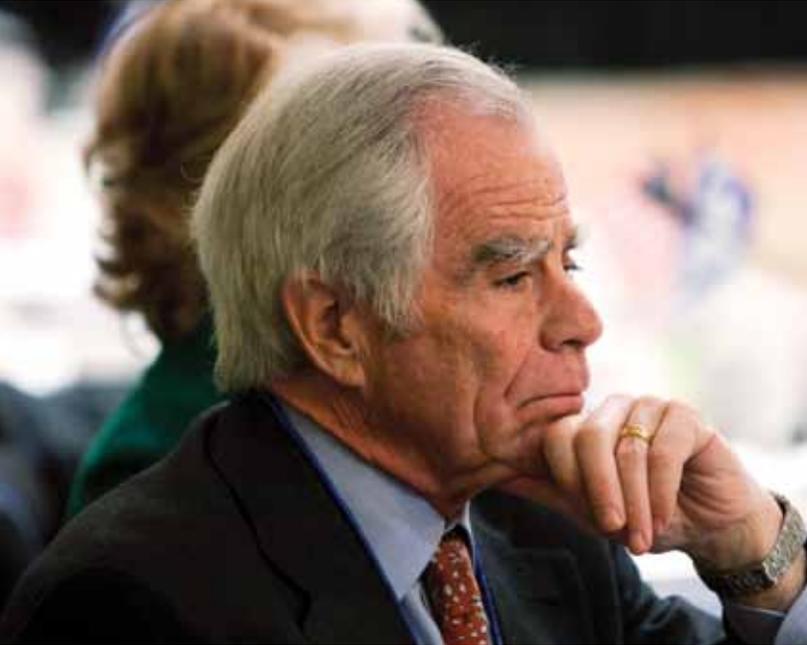
An American participant said that political and economic pressure has not been successful in altering Iran's behavior or responding to its growing influence in the region. Three decades of evidence suggests that the regime is willing to subject its population to hardship rather than compromise its political and ideological aims. Additionally, Iran's ascent in the region is not due to military prowess, but to its appeal among frustrated people throughout the region. Therefore, the U.S. and Israeli focus on military, rather than political, containment has been misplaced. Instead, the United States should concentrate on enacting measures that mitigate Iran's popularity and that expedite the process of political reform in Iran. An Israeli participant agreed, saying the United States had ceded the airwaves to Al Jazeera. The United States should make more of an effort to reach out to the publics in the Arab world, not only by improving its Voice of America programming, but by pressing the regime not to censor communications technology.

The greatest immediate threats to Iran, an American said, are an Israeli-Palestinian peace deal, an agreement between Israel, the United States, and Syria

that pulls Syria away from Iran, and a contraction in oil prices. In addition, in the future, the biggest threat to Iran will not be Israel itself, but Israel's efforts to wean the world off of fossil fuels. An Israel participant agreed that progress on the peace process is an important lynchpin in combating Iranian influence because this will enable the United States to marshal support among Arab states—and their publics—in continuing to pressure Iran. An American said Israel could play a transformative role in the region by pursuing peace agreements. An Israeli participant said that while it will be difficult to pull Syria away from Iran, it should be tried. Active and creative diplomacy can also exploit fissures between Syria and Hizballah as each vies for power in Lebanon. An American noted that Iran and Syria are not natural allies, and the fact that they are isolated means that their appeal is rather limited.

An American and an Israeli both said that within this debate, it is critical for the United States to develop a policy toward succession in Arab ally states, such as Egypt and Saudi Arabia. Both countries are important actors in the region and Egypt can shift its trajectory, which would harm the Arab-Israeli relationship. The American said that the United States hopes any successor to Mubarak will not define himself in terms of being anti-Israel. An Israeli noted that in the 1950s, when Israel was isolated in the region, it pursued a “policy of the periphery,” looking to forge ties with Turkey, Iran, and Ethiopia. Now, the situation is reversed and Israel faces tensions, or outright hostility, with these countries farther away from its borders.









LUNCHEON SESSION:

The Impact of the Midterm Elections on U.S. Middle East Policy

Moderator: Ari Shavit, Senior Correspondent, *Ha'aretz*

Howard Berman, Chairman, U.S. House of Representatives Committee on Foreign Affairs

Eric Cantor, Majority Leader-Elect for the 112th Congress

Joseph Lieberman, Chairman, U.S. Senate Committee on Homeland Security and Governmental Affairs

John McCain, Ranking Member, U.S. Senate Armed Services Committee



The Saban Forum’s luncheon session featured a panel of Senators and Representatives discussing the impact of the 2010 midterm elections on the Obama administration’s policies toward the Middle East. While participants agreed that the elections were a referendum on the administration’s economic, not foreign, policies, participants disagreed over the Obama administration’s approach toward Iran, with some participants feeling that the policy of engagement has been a mistake.

The session began with the moderator asking a hypothetical question: If a Republican candidate had won the 2008 presidential election, how would the United States’ policy toward the Middle East have differed from what it is today? One participant said that a Republican administration would not have approached the issue of Israeli settlements in the same way the Obama administration had. Settlements, the participant said, are only one issue among a series of outstanding issues that must be addressed in any peace deal, and therefore they should not be focused on in isolation.

The moderator then asked participants to evaluate the Obama administration’s policy of engagement with Iran, and whether the policy has proven to be a mistake. One participant expressed deep skepticism regarding the tactic of “negotiating for the sake of negotiating,” arguing that neither Iran nor North Korea would seriously consider relinquishing the development of nuclear weapons through diplomatic talks alone. In addition, the participant said that the administration had made a mistake by not supporting the Iranian protesters or opposition parties following the 2009 presidential election. The participant argued that the United States must remain loyal to the liberal values that define America by standing up to oppressive regimes, and by supporting moderate voices and nascent civil societies in the Middle East and around the globe.

Another participant disagreed and defended the administration’s engagement policy, pointing out that it was a focused strategic move. The participant argued that before the Obama administration had attempted to engage Iran, the United States did not have much support for its Iran policy from members of the international community. The participant stressed that it was the United States’ willingness to negotiate with the Islamic Republic that had encouraged members of the international community to cooperate with U.S. efforts to isolate Iran and subsequently enabled the imposition of UN sanctions on Iran.



One participant said that while the administration should consider military strikes against Iran as a viable option, it must also make it unequivocally clear that the military option is a strategy of last resort. A U.S. or Israeli military strike against Iran could lead to a series of unintended consequences that could easily slip out of control and destabilize the region in profound ways. The participant summarized Washington's "Iran dilemma": on the one hand, it is crucial that the United States and Israel approach the military option with great caution; on the other hand, grave consequences would ensue for the region and the world as a whole should Iran succeed in developing nuclear weapons.

The dialogue then addressed the United States' efforts over the last two decades to promote both peace and democracy in the Middle East. In one participant's view, the United States has, to a certain degree, succeeded in implementing both goals. In relative terms, the Middle East has become more stable and democracy has taken root in key places. Yet, challenges persist, and the promotion of peace and democracy are intimately linked to issues such as proliferation, which require synergistic approaches and policies.

Participants agreed that the 2010 midterm elections were not a referendum on American foreign policy or national security. Instead, the country was focused on the economy, government spending, and the unemployment rate. Participants acknowledged that these severe domestic problems may compel the United States to make difficult decisions on foreign policy and national security issues. Specifically, there is a possibility that strong public support for budget reductions will affect foreign aid. Regardless, the participants concurred that Israel remains America's vital ally in the Middle East, that Israel continues to occupy a unique place in American life, and that the Obama administration has been committed to the Israeli-Palestinian peace process.

The session concluded with discussion about a comment one participant had made that the United States is losing its moral authority and international leverage as a superpower. One participant said that the economic and financial difficulties that the United States has experienced over the past few years have inevitably shaken the confidence of the American public in the country's fiscal sustainability. However, the participant disagreed with the proposition that American people feel that the United States is losing its status as a superpower on the international stage. The participant argued that the United States' enemies (and perhaps some of its allies) may be hoping that its power is waning, but American people view their country as a leader of the world. Importantly, the participant emphasized that the United States is at its best when it promotes freedom and democracy by working closely with its allies who are also committed to peace, prosperity, and human progress. The strong moral and strategic bond that connects the U.S. and Israel epitomizes this ideology, the participant said.





SESSION THREE:

Hard Choices on Non-Proliferation

Moderator: Shai Feldman, Director, Crown Center for Middle East Studies, Brandeis University

Uzi Arad, National Security Advisor to Prime Minister Benjamin Netanyahu

Robert Einhorn, Special Advisor for Non-Proliferation and Arms Control, U.S. Department of State

Jeremy Issacharoff, Ambassador at Large for Strategic Affairs and Deputy Director General, Ministry of Foreign Affairs

James B. Steinberg, Deputy Secretary of State



The Saban Forum’s session on non-proliferation addressed policy options for reducing international caches of nuclear weapons. Participants discussed strategies for turning goals and rhetoric for halting nuclear proliferation into reality. There was some disagreement about whether the vision of a nuclear-free Middle East is achievable, with several Israeli participants feeling it will likely remain unrealized.

The session began with an American participant outlining the challenges and opportunities that the United States faces regarding its goal to reduce global nuclear weapons proliferation. The Obama administration has taken a three-step approach to non-proliferation: One, strengthen the Nuclear Non-Proliferation Treaty (NPT) and its associated instruments and institutions. Two, move forward on reducing the reliance on nuclear weapons in U.S. defense policy. Three, promote a nuclear safety agenda by building on the work of former Senator Sam Nunn and Senator Richard Lugar who have spearheaded efforts to secure “loose” nuclear material.

The participant said that the administration had made progress on these three branches. Specifically, the United States has helped strengthen the NPT and International Atomic Energy Agency (IAEA), and renew global commitment to the non-proliferation regime by forging consensus during the 2010 NPT Review Conference that was held in May. In addition, the administration negotiated the New START Treaty with Russia, which enhanced Washington’s strategic relationship with Moscow and reinforced the U.S. commitment to shrinking its own nuclear arsenal. The Obama administration has been working to reduce the role of nuclear weapons in the United States’ defense policy, and is making efforts to convince countries seeking nuclear weapons that gaining these arms is not a recipe for enhancing their security or deterring threats. Finally, President Obama agreed with sixty countries at the 2010 nuclear summit on a number of steps to secure nuclear material, and the administration has created a strong multilateral framework on the issue. Despite this progress, a new concern has emerged—non-state actors who are looking to get hold of nuclear or chemical weapons; these non-state actors by nature will not comply with traditional global security agreements.

The participant noted that while U.S. policy supports universal adherence to the NPT, Washington recognizes the long-term nature of the goal and the security concerns of non-NPT members, including Israel. Washington will not ask Israel to take any steps that may put its safety in jeopardy.

An Israeli participant said that the United States has both hard choices and easy choices to make regarding proliferation. Most of the hard choices the United States will have to make relate to Iran, especially because there is a gap between



the ambitious vision the president has articulated and the realities coming from Tehran. In addition, while the United States and Israel share the goal of preventing Iran from developing nuclear weapons, this task will be tested in the future. Sanctions and diplomacy may not halt Iran's efforts, and a decision point will be reached in which Israel and the United States may diverge over how to act. The participant emphasized the importance of having a clear understanding between the United States and Israel, but noted that there is a difference of opinion between the two countries, with Israel looking at the issue through a lens of global disarmament and the United States approaching the issue in terms of tailor-made regional initiatives.

The participant said that when one examines the historical record, it is clear that the United States and Israel have been the most active preventers of nuclear proliferation in the Middle East, using various means to pursue this goal. Yet, despite this shared aim, there is daylight between Israel and the United States on the issue of Iran, which stems from the fact that Israelis and Americans do not necessarily see the Iranian threat in the same fashion. Despite this disagreement, the participant highlighted the importance of a strategic understanding between the United States and Israel, and argued for the need to maintain this cooperation.

Though there are difficult choices that will have to be made, the Israeli participant said that there are easy choices as well. Specifically, the easy choices have to do with turning the Middle East into a zone free of weapons of mass destruction (WMD). The participant said that while this is a noble and desirable goal, it is overly ambitious. The participant admitted that in considering the upcoming 2012 conference that seeks to rid the region of all WMD, Israel faces an easy choice because it does not deem the initiative as serious. The conference, according to the participant, could be a distraction from the real threat of Iran.

An American participant said there are four specific proliferation challenges facing the global community. The first challenge is North Korea and new revelations about its nuclear enrichment program and covert activities. A key U.S. goal, the participant said, is to stop North Korean arms sales to the Middle East. Over the years, North Korea has been a major source of missiles and missile technology for countries in the Middle East, especially Iran and Syria, and there are cases of transfer of nuclear material to countries including Syria and Libya. The participant mentioned that the adoption of UNSCR 1874 in 2009—which condemned North Korea's nuclear tests and tightened sanctions against the country—gives the United States important tools to impede such sales. Since 2009, there have been several successful global interdictions of prohibited shipments, and the participant said that the United States will continue to ratchet up pressure on those who trade illicit materials.

The second challenge is Iran's nuclear program, and the participant said Washington is serious about continuing its dual-track strategy of engagement and sanctions. U.S. officials will continue to pursue broad international support for robust sanctions and ensure that there is unity among the members of the P5+1. The third challenge is Syria's stonewalling of the IAEA's investigation of its nuclear



activities. Despite Syrian efforts to sanitize the site of Deir al-Zour, the IAEA found uranium there. The United States has lost patience with Syria's lack of cooperation, and the Obama administration will remain vigilant because Syrian noncompliance may induce other countries to act in the same manner. The fourth challenge is finding an effective U.S. approach to the 2012 conference. The goal is to promote global non-proliferation norms and U.S. interests without harming Israeli security. The panelist argued that the 2012 conference should not turn into a forum for Iran to score political points.

An Israeli participant questioned whether the sanctions against Tehran would succeed, suspecting that punitive economic measures will not put a critical amount of pressure on Iran. The participant argued against linking the issues of the Arab-Israeli peace process and Iran's pursuit of nuclear capabilities because success on the former would not lead to success on the latter. An American participant agreed but said that while Arab-Israeli peace will not be sufficient to stop the nuclear centrifuges in Iran, it would boost America's strategic position because Arab countries would be more willing to publicly denounce, and even confront, Iran. An Israeli participant and an American participant both agreed that a comprehensive peace agreement between Israel and Arab states should precede any arms control initiatives.

An Israeli participant warned that Syria's nuclear ambitions are not a thing of the past. In addition, the participant said, Syria's military relations with and advanced weapons transfers to Hizballah are particularly troublesome. The participant predicted that because of Hizballah's military buildup, another war between Israel and Hizballah would be more deadly than the 2006 war between the two.





DINNER SESSION

Trends in Israeli and American Societies

Moderator: Thomas Friedman, Columnist, *The New York Times*

Nahum Barnea, Political Columnist, *Yedioth Ahronoth*

David Brooks, Columnist, *The New York Times*

Moshe Halbertal, Professor of Jewish Thought and Philosophy,
Hebrew University

Leon Wieseltier, Literary Editor, *The New Republic*



The Saban Forum held its Saturday evening session on political and societal trends in Israel and the United States at the Folger Shakespeare Library. Moderated by *New York Times* columnist Thomas Friedman, the session featured a panel discussion by *New Republic* literary editor Leon Wieseltier, *Yedioth Ahronoth* political columnist Nahum Barnea, *New York Times* columnist David Brooks, and New York University and Hebrew University professor Moshe Halbertal. The discussion addressed growing political polarization within the United States and Israel, the rise of right-wing currents in each society, and fears by some that the U.S.-Israel relationship may face difficult strains in the coming years.

Thomas Friedman began by commenting that the growing popularity of the Tea Party in the United States and right-wing parties in Israel, including Avigdor Lieberman's Yisrael Beiteinu Party, has caused Americans and Israelis to be less certain that they understand each others' societies. In light of this, Friedman asked Leon Wieseltier to comment on how Israel looks from the United States' perspective. Wieseltier said that he sees a society that swings between joy and dread, one that embraces openness, a free press, and a vibrant lifestyle, but also one that tolerates xenophobia, proposed loyalty oaths, "insane" expulsions of Palestinians from their homes, and a religious establishment "run amok" with anti-Arab sentiment. He described a paradoxical society in which Israelis exhibit remarkable vitality and creativity in business and culture, yet are short-sighted and destructive in politics. He criticized the political structure in Israel because it gives religious parties the power and confidence to voice intolerant views, and does not lend itself to making decisive decisions on matters like a two-state solution.

Nahum Barnea gave his perspective on how Israelis view the United States and said there is a growing concern that America may be losing its greatness. Given America's special place in the hearts of Israelis, the economic catastrophe that hit the United States was deeply troubling for Israelis. Specifically, Israelis are beginning to worry that American foreign aid, upon which they rely, may be cut due to budgetary reasons, and that this would signify a permanent change in America's role as Israel's defender.

David Brooks expanded on Leon Wieseltier's theme of a divided Israeli society. He said that he has always seen Israel as a country that loves to argue with



itself, but that puts these differences aside in times of crisis. Yet, he told the audience that today he sees a breakdown in Israel of societal cohesion—“tribal unity”—and is now less confident that the “invisible filaments” that bind Israelis are as strong as before, citing economic and social segmentation and increased personal narcissism as causes.

Moshe Halbertal examined societal developments in the United States, saying that the United States is not a fatalistic society—it is a society that believes in personal responsibility and the ability of individuals to create the future. This optimism, and Americans’ distaste for cynicism, has fueled the United States’ growth and solidified it as the world’s sole superpower. Yet, Halbertal said that this attitude may have cost America its position of power and respect because after 9/11, the United States was misguided in its belief that it could use its military to transform the Arab world into a set of Jeffersonian democracies. Looking at Israel, Halbertal said that the rise of extremist voices in the country’s politics and among its religious leaders is a challenge that will soon become a struggle not only for the soul of the country, but for Judaism itself. He said that while many right-wing rabbinical authorities have been speaking in the name of Jewish law, there is a tradition in Judaism, as found in the teachings of Israel’s first chief rabbi, of treating minorities as equals. He said there is a fight being waged in Israeli society to define what being a Jewish state means, and argued that Israel would not be a truly Jewish state if it were inhumane to its Arab citizens.

Nahum Barnea said that the rise in support for right-wing sentiments in Israel is due to demographic factors. Barnea said that vocal anti-Arab views may be the sound of the future because the relative share of the Ultra-Orthodox Jewish population is likely to double to 20 percent by 2025. This population will coalesce with Avigdor Lieberman’s bloc, leading to a further rejection of Israel’s traditional liberal principles.

David Brooks spoke of the rise of the right-wing in the United States, not as a result of demographic conditions, but as a response to economic factors; the Tea Party has tapped into the psyche of people across America who worked hard and played by the rules, and yet have felt victimized by America’s economic system that has rewarded those on Wall Street who have cut corners or cheated to get ahead. Yet, Brooks said that this understandable frustration has combined with an extremist ideology that believes that the government is the cause of the country’s problems and that compromise with the president over policy differences is a great offense. Wieseltier said that American politics has become exceedingly vulgar and hostile, with the distaste for government not based on ideology but on fevered frustration. He noted that Democrats have preferred to sideline the extreme wing of their party, but Republicans have embraced the Tea Party, even letting it become the de facto pilot of their agenda. Wieseltier said that the United States is becoming increasingly focused inward, defining itself in terms of its economic woes, rather than by what has made the country great. Brooks said that Israel should be concerned over the Tea Party because its congressional members are looking to cut government spending, and foreign aid may be on their list.



Regarding the United States-Israel relationship, Moshe Halbertal said many Israelis see President Obama as a potential friend but dislike him acting as the “super ego” of the conflict, assigning blame to one side or the other. Nahum Barnea said the president has neglected the human aspect of the U.S.-Israeli friendship by not visiting Israel. In addition, Obama’s choice of words in his 2009 speech in Cairo—invoking the Holocaust as the reason for Israel’s founding—was a mistake. Barnea said that while Israel did not deserve the love shown to it by former U.S. presidents, the country became spoiled by the George W. Bush and Bill Clinton presidencies because “Israelis love to be loved.”

David Brooks picked up on this by saying that Israelis need to get over the fact that Obama is not a warm person. Any tension between the United States and Israel seems to be more about a personality conflict than a policy conflict. Brooks said that any mistakes the president has made toward Israel have been the result of process—the White House is highly centralized so Obama’s poor choice of words in Cairo were the result of the lack of a robust review process, not of any reduced feelings toward Israel. In fact, Brooks said, one only has to look at Obama’s policies—especially vis-à-vis Iran—to see how in line his priorities are with Israel’s. Wieseltier added that Israel has to understand that after 9/11 it was inevitable that the United States would begin a deep engagement process with the Muslim world. Therefore, Israelis should not assume that American engagement with the Muslim world comes at their expense.





SESSION FOUR:

Hard Choices on Hamas

Moderator: Daniel Shapiro, Senior Director of Middle East and North Africa, National Security Council

Elliott Abrams, Senior Fellow, Council on Foreign Relations; former Deputy National Security Advisor

Efraim Halevy, Head, Shasha Center for Strategic Studies, the Hebrew University of Jerusalem; former Chief of Mossad and National Security Advisor

Shaul Mofaz, Member of Knesset (Kadima); former Defense Minister and IDF Chief of Staff

Philip Zelikow, White Burkett Miller Professor and Director of Graduate Studies in History, The University of Virginia



The Saban Forum opened Sunday with a session devoted to the challenges Hamas poses to the United States and Israel, particularly regarding prospects for reaching an Israeli-Palestinian peace agreement. Participants analyzed the aims and makeup of Hamas, disagreeing over whether the United States and Israel should engage the group or continue to isolate it. Participants agreed that Hamas will remain part of the Palestinian political landscape for the foreseeable future, but several participants stressed that any engagement with Hamas would weaken moderates and the Palestinian Authority, and thus jeopardize the chance of achieving a permanent peace agreement.

An American participant began by saying that the Obama administration has had a clear position on Hamas: refraining from having contact with the group and discouraging other countries from doing so. The United States has called on Hamas to end violence, accept past Israeli-Palestinian agreements, and recognize Israel's right to exist, in line with the conditions of the Quartet. But Hamas has chosen to reject this, and as a result, the United States has pursued a three-prong strategy: weaken Hamas by increasing pressure on the group (financial and diplomatic); support Palestinian institution building in the West Bank so that Palestinians can see a competent government there; and pursue peace negotiations as a way of telegraphing to Hamas that opportunities for it are closing. This U.S. policy, the participant said, is meant to pressure Hamas into making the right choice and make salient to Palestinians that the path forward is through compromise and negotiations, not violence.

An Israeli participant agreed that the United States should not engage Hamas because doing so would weaken moderate Palestinians and the Palestinian Authority. The participant said that a key component of a U.S. and Israeli policy toward Hamas must be the establishment of a Palestinian state in the West Bank as quickly as possible. The participant stressed that because time is running out (Hamas's popularity is growing and the Israeli settler population is increasing), it is important to implement policies that actually establish a Palestinian state. In the past, Israelis and Palestinians negotiated on the premise of "nothing is agreed until everything is agreed." This, the participant said, was a mistake because it held up reaching an agreement. Instead, the participant said, both sides should agree to a borders-for-security arrangement (based on the 1967 lines), which would give momentum to forging a permanent agreement on the remaining issues of the conflict.



A borders-for-security arrangement could take the form of a Palestinian state on more than 60 percent of contiguous territory in the West Bank that accounts for 99 percent of the Palestinian population, with an international guarantee that a final agreement will give Palestinians land in size equal to the area of the 1967 boundaries. Another Israeli said that a borders-for-security deal is difficult because Israel cannot make the concessions the Palestinians want without assurances on Jerusalem and refugees, and without a declaration that the Palestinian state would be demilitarized.

An American participant examined the policy options available to the United States regarding Hamas, saying that there are three choices: engage Hamas, help it, or hurt it. The participant said that the United States would know it is useful to engage Hamas if the group accepted the Quartet principles—these are functional steps that would make clear that Hamas is willing to compromise and move beyond its posture of resistance. Another situation that would signal some sort of engagement may be worthwhile would be if the PA asked Hamas to join a power-sharing government (without Hamas having accepted the Quartet principles). There is precedent for this situation—Lebanon, where factions of the government are deemed terrorist groups by the United States—so Washington could still engage with the Palestinian Authority, but not Hamas specifically.

Currently, the participant said, the United States does not actively hurt Gaza (which it would if the territory became a haven for al-Qaida) but actually assists people there with aid. This seems to be in line with Israel's desire to help Gaza with basic assistance. Looking forward, the American participant said, something "Hamas-like" will be part of Palestinian politics for generations to come; there will always be a faction in Palestinian politics defined by its hatred of Israel, the same way there are factions in Israel defined by their dislike of Arabs. Therefore, any American policy should not be premised on having a Palestinian state friendly toward Israel; if the policy can only be successful if there is a friendly Palestine, it cannot be sustainable.

An Israeli participant agreed that it is impossible for Israel or the United States to create a Palestinian partner with whom it wants to deal, and Hamas will remain entrenched in Palestinian society. Change and reform, the participant said, have to come from within (the U.S. recognized this when it did not intervene in the 2009 Iranian protests). The participant said that Israel and the United States should account for reality and acknowledge that the Palestinian Authority does not have a political base in Palestinian society, but Hamas does. Therefore, the issue should not be whether Hamas should come into the discussion with Israel, but when. The issue before U.S. and Israeli policymakers is one of sequencing. The ultimate goal should be to maintain control of the timing of engagement with Hamas, and not let the group dictate the process. The participant concluded that the current policy toward Gaza is unsustainable because of the high unemployment rate and high birth rate in the territory that will create additional challenges in the future.



An American participant disagreed and said that the current policy of isolating Hamas is sustainable. The policy has been in place for five years and the international community has largely abided by it because the conduct and beliefs of Hamas have been distasteful. The participant said it would be unwise to engage Hamas, asking what would be achieved by doing so. Sometimes it makes sense to engage enemies, the participant said, but not in this case because Hamas has made clear it is not looking to compromise or abandon violence—two conditions that are necessary to have successful talks. The participant went further to say that it is a mistake to reach out to Hamas when it thinks it is in an advantageous position, as it does now. Hamas does not feel isolated because it receives ongoing support from Iran. Therefore, the participant said, any solution to Hamas must take in to account Iran.

The participant warned against negotiating with Hamas, saying that doing so would undercut Palestinian moderates. Instead, the United States and Israel should support moderates and work to show Palestinians that prosperity and freedom can result from negotiations and cooperation with Israel. On this point, the participant said that Israel should do more to bolster the quality of life in the West Bank.

An Israeli participant said that in outlining policy recommendations for dealing with Hamas, it is important to understand exactly what the organization is. Yet, there was disagreement among participants over whether to classify the group as religious or secular, and whether doing so even mattered. An Israeli argued that Hamas is a secular movement—it does not have a religious leadership and it is not beholden to Iran. An American disagreed, saying Hamas is a religious organization, with religion playing a role in its attitude and action. One American said that Hamas is a divided organization and questioned whether the current policy in place is actually capitalizing on this fact and weakening the group's ability to spoil the peace process. The participant said that instead of putting Hamas in a position in which it feels comfortable—playing the role of spoiler—the United States should design a policy that exploits the group's divisions (it is a religious, civic, and political movement that is spread out in Gaza and Syria). Specifically, the participant suggested that the United States should not demand that Hamas abide by the Quartet principles because this is something that is easy for them to reject. Instead, the United States should require that they empower President Abbas to negotiate with Israel, that they acquiesce to the fact that any agreement be put to a referendum, and that they support a ceasefire in Gaza and the West Bank. These are things that some elements in Hamas would have trouble rejecting.



SESSION FIVE:

The Road Ahead

Moderator: Charlie Rose, Host, *The Charlie Rose Show*

Salam Fayyad, Prime Minister of the Palestinian Authority

Tzipi Livni, Leader of the Opposition, Member of Knesset (Kadima)



The Saban Forum’s session on the future of the peace process examined strategies for moving peace talks forward. Participants discussed the issues of unilateralism, settlement building, and lessons from previous rounds of peace negotiations. Participants agreed that the only answer to the Israeli-Palestinian conflict is a two-state solution and suggested picking up where things left off between President Mahmoud Abbas and former Prime Minister Ehud Olmert.

One participant began by saying that more than a year had passed since peace talks between Israelis and Palestinians had resumed, yet discussions have centered on issues related to procedures, not substance. The participant said that Secretary of State Hillary Clinton’s remarks at the Forum’s Gala Dinner were encouraging—she gave a sense of direction with regard to the core issues dividing Israelis and Palestinians. The participant did not see a reason why the Israeli-Palestinian conflict could not be brought to an end within a year. To achieve this, the participant said, both sides should build on past discussions on permanent status issues, and receive clarification about where each side stands.

Another participant said that it is unfortunate that the parties are “restarting” and not “relaunching” the talks from where they last ended. The participant supported Secretary Clinton’s call for talks to focus on the positions of the two sides on the core issues. Doing so is important because it will clarify the differences not only between Israeli and Palestinian leaders but also within the Israeli government. The participant said that the talks are important and that unilateral steps are unhelpful and something the United States should not encourage.

A participant made a distinction regarding unilateralism, arguing that Palestinian unilateralism has been constructive whereas Israeli unilateralism has not been. The participant added that when the bottom-up approach (institution building) and the top-down process (political negotiations) meet, a Palestinian state becomes possible. A political process is needed to proceed because Palestinians are doing their part, but they are not reassured about the commitment and ability of the Israeli side. Another participant agreed that the two processes—bottom-up and top-down—should work in tandem.

In discussing the issue of whether the Obama administration had erred in focusing on settlements, one participant said that Palestinian expectations at the 2007 Annapolis Conference were that this issue would be addressed. Annapolis was not just about core issues, it was also about the Roadmap, practical issues, and Israeli and Palestinian obligations. A key Israeli obligation, the participant noted, was the freezing of settlement activity.



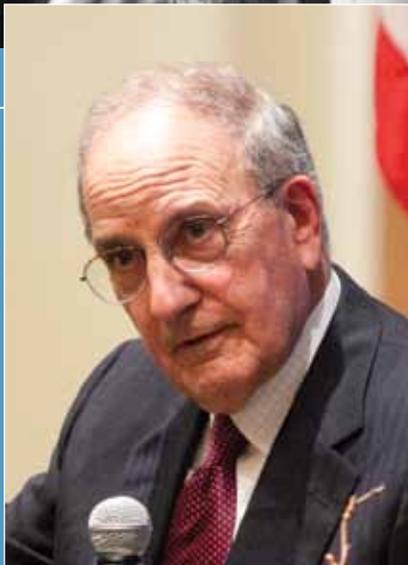
A participant continued on this point to say that Palestinians reasoned that one way to impart credibility into the political process was to insist that obligations with regard to the Roadmap be fulfilled, key among which was to freeze settlement activity. The lack of progress on the settlement issue took the parties back to a pre-process mode, something that was not the Palestinians' objective. The lessons of that experience should be learned, but freezing settlement activity is still important because it brings credibility to the dialogue.

One participant was skeptical that the current Israeli government would allow any serious movement on the peace process. Another participant offered that peace would only be possible when each side will see the value of the other side's perspective. Another participant said that trust is missing in the talks. The way trust is built, the participant said, is through American mediation efforts.

There was some disagreement over whether the United States should offer a peace proposal of its own. One participant said that while an active U.S. role is welcome, it is up to the parties to meet their obligations. Another participant said that a U.S. proposal is not what is needed should talks continue to stall. Rather, direct negotiations between Palestinians and Israelis should be the immediate goal.

The session closed with a participant proposing a possible strategy for moving the talks forward, asking whether it would be feasible to start the negotiations with a mutual recognition—Palestinian recognition of a Jewish state and Israeli recognition of a Palestinian state based on the 1967 lines—so that both sides get what they want at the beginning of the process and then sit down to negotiate the borders of the two states within a set timeframe of one year. A participant said that Israelis had already received Palestinian recognition in past negotiations. Therefore, it should be more important to implement previous agreements and make them more concrete. Another participant said that while Palestinians have recognized Israel's right to exist in peace and security, Israel has yet to recognize, formally, the right of Palestinians to statehood. The participant recommended that the parties continue what former Prime Minister Olmert and President Abbas started.





CONCLUDING LUNCHEON SESSION:

Does the Two-State Solution Have a Future?

Moderator: Terje Rød-Larsen, President, International Peace Institute; Special Envoy for the Implementation of Security Council Resolution 1559

Tony Blair, Quartet Representative for the Middle East; former Prime Minister of the United Kingdom

George Mitchell, U.S. Special Envoy for Middle East Peace



The concluding session of Saban Forum 2010 addressed one of the most difficult and sensitive subjects, not only for Israelis and Palestinians, but for Americans, Arabs, and the international community: Does the two-state solution have a future? Several participants argued that the progress on both the political and institution-building processes are necessary to ensure Israel’s security and Palestinian aspirations, and maintain the possibility of reaching a two-state solution.

One participant began the session by articulating the Obama administration’s commitment to engaging Israelis and Palestinians in ways that lead to negotiations over core issues at the heart of the conflict. The participant argued that the United States is determined to press both the Israeli and Palestinian leaders to act on their pledge (made during a meeting in September 2010) to pursue a framework agreement seeking compromise on all permanent status issues within twelve months. The participant said that the United States is not only committed to, but looking to intensify, efforts that facilitate the establishment of a Palestinian state. The participant said that it is important to pursue political and state-building processes simultaneously in the West Bank because of the symbiotic relationship between the two. The participant pointed out that progress in one aspect is contingent upon the progress in the other; similarly, setbacks are interdependent: an impediment in one area can undermine the entire peacemaking effort.

A participant said that the Obama administration’s policy of urging Israel to halt settlement expansion was never framed as a necessary precondition for peace talks. Rather, the administration had sought to cultivate conditions conducive to negotiations, conditions that would have helped the parties overcome the high level of mistrust and hostility that persists between them.

The session examined the way in which Iran influences the prospect of peace between Israelis and Palestinians. One participant argued that the “Iranian question” is not confined to nuclear proliferation. The incumbent Iranian regime under President Mahmoud Ahmadinejad has pursued a deliberate policy of destabilizing the broader Middle East. This behavior complicates and compounds all other points of contention in the region. Another participant said that it is important for the United States to “close the door of opportunity” for Iran by reducing conflicts and potential areas for Iran to exert its influence. The discussion then turned to sequencing, with one participant arguing that an Israeli-Palestinian peace deal must precede any efforts at forging peace between Israel and Lebanon or Syria. The participant said that progress in Israeli-Palestinian negotiations would have a positive spill-over effect on broader Arab-Israeli relations.



One participant pointed to other protracted conflicts to illustrate that multiple failures typically precede successful resolutions. But while there are many similarities between the Israeli-Palestinian conflict and other conflicts, such as the Northern Ireland conflict, there are also profound differences. While mistrust was a critical obstacle in the Northern Ireland negotiations and is a barrier in the Israeli-Palestinian talks, the mistrust that hinders progress in the Israeli-Palestinian conflict stems from pragmatic considerations rather than doubts about the opponent's good faith. In concrete terms, both the Israelis and Palestinians have deep mistrust in the practical achievability of the key elements required to ensure the security of Israel and the sovereignty of a Palestinian state. For Israelis to accept the establishment of a Palestinian state, they must be convinced that the state will have strong liberal institutions, democratic policies, and an effective government capable of enforcing law and order. Yet, based on recent events, such as Hamas's rocket and mortar attacks against Israel, Israeli leaders feel they will need a continued military presence along Israel's borders even after a peace agreement is signed. Palestinian leaders, however, reject Israeli military presence in or near their future state. They demand guarantees that the sovereignty of their polity will not be violated and that the Palestinian government will be in full control of the state.

One participant stressed that the United States believes direct negotiations between the Israeli and Palestinian leaders—with the support of the United States and its close allies—is the path most likely to lead to a two-state solution. The participant expressed skepticism regarding the involvement of international organizations or international conferences and noted that bringing additional parties into the negotiations can be counterproductive: it can retard the negotiations and complicate the attainment of an agreement because it often serves more as a forum for outside parties to try to gain influence and stature than a constructive setting for ending the conflict. Adding to this, a participant said that Arab countries are being helpful by maintaining a neutral posture and abstaining from causing complications. The participant said that once Arab states see progress in the peace process, they will be willing to engage in constructive ways.

Some participants felt it is time to look for creative solutions to the conflict, given that the old formulas have failed to materialize a peace deal. One participant agreed, but said that it is important to be cognizant of the origins and substance of new ideas. At the same time, it may be more productive to test creative ideas after there has been a breakthrough in the peace process and the conflicting parties have subsequently abandoned their rigid positions.



The Saban Center for Middle East Policy

THE SABAN CENTER FOR MIDDLE EAST POLICY WAS ESTABLISHED on May 13, 2002 with an inaugural address by His Majesty King Abdullah II of Jordan. The creation of the Saban Center reflects the Brookings Institution's commitment to expand dramatically its research and analysis of Middle East policy issues at a time when the region has come to dominate the U.S. foreign policy agenda.

The Saban Center provides Washington policymakers with balanced, objective, in-depth and timely research and policy analysis from experienced and knowledgeable scholars who can bring fresh perspectives to bear on the critical problems of the Middle East. The center upholds the Brookings tradition of being open to a broad range of views. The Saban Center's central objective is to advance understanding of developments in the Middle East through policy-relevant scholarship and debate.

The center's foundation was made possible by a generous grant from Haim and Cheryl Saban of Los Angeles. Ambassador Martin S. Indyk, Vice President of Foreign Policy at Brookings, was the founding Director of the Saban Center. Kenneth M. Pollack is the center's Director. Daniel Byman is the center's Director of Research. Within the Saban Center is a core group of Middle East experts who conduct original research and develop innovative programs to promote a better understanding of the policy choices facing American decision makers. They include Bruce Riedel, a specialist on counterterrorism, who served as a senior advisor to four presidents on the Middle East and South Asia at the National Security Council and during a twenty-nine year career in the CIA; Suzanne Maloney, a former senior State Department official who focuses on Iran and economic development; Stephen R. Grand, Fellow and Director of the Project on U.S. Relations with the Islamic World; Salman Shaikh, Fellow and Director of the Brookings Doha Center; Ibrahim Sharqieh, Fellow and Deputy Director of the Brookings Doha Center; Shadi Hamid, Fellow and Director of Research of the Brookings Doha Center; and Shibley Telhami, who holds the Sadat Chair at the University of Maryland. The center is located in the Foreign Policy Studies Program at Brookings.

The Saban Center is undertaking path breaking research in five areas: the implications of regime change in Iraq, including post-war nation-building and Gulf security; the dynamics of Iranian domestic politics and the threat of nuclear proliferation; mechanisms and requirements for a two-state solution to the Israeli-Palestinian conflict; policy for the war against terrorism, including the continuing challenge of state sponsorship of terrorism; and political and economic change in the Arab world, and the methods required to promote democratization.



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