

THE BROOKINGS INSTITUTION

SABAN FORUM 2014

STORMY SEAS: THE UNITED STATES AND ISRAEL
IN A TUMULTUOUS MIDDLE EAST

ISRAEL'S FUTURE: A CONVERSATION WITH
NAFTALI BENNETT, MINISTER OF ECONOMY;
MINISTER OF RELIGIOUS SERVICES, JERUSALEM AND
DIASPORA AFFAIRS; CHAIRMAN, JEWISH HOME PARTY

Washington, D.C.

Saturday, December 6, 2014

ANDERSON COURT REPORTING
706 Duke Street, Suite 100
Alexandria, VA 22314
Phone (703) 519-7180 Fax (703) 519-7190

PARTICIPANTS:

Moderator:

MARTIN INDYK
Vice President and Director, Foreign Policy
The Brookings Institution

Featured QUESTIONER:

NAFTALI BENNETT
Minister of Economy
Minister of Religious Services, Jerusalem and
Diaspora Affairs
Chairman, Jewish Home Party

* * * * *

P R O C E E D I N G S

MR. INDYK: We have a real treat tonight and I want to start by expressing my appreciation to Naftali Bennett, who came especially for the forum at a time of unusual turmoil or exceptional turmoil in Israel. And so we're very grateful to you for joining us tonight.

MINISTER BENNETT: That's the first time I've been called a treat. (Laughter)

MR. INDYK: I had a very good conversation with Naftali this afternoon at the end of which he smiled at me and said I'm going to kick your ass tonight. And I said I'm going to kick yours. And so we're both going to kick ass. (Laughter)

This session is actually on the record, so I've got to try to clean up my act from now on.

MINISTER BENNETT: Our meeting before was off. (Laughter)

MR. INDYK: Minister Bennett, I think that a lot of people in the United States, I'm not sure how many in Israel, would have seen your *New York Times*

op-ed piece in which you laid out your plan, your four-point, four-step plan for dealing with the Israeli-Palestinian conflict. Just if you'll allow me to quickly summarize those. The four steps were: upgrading Palestinian autonomy; upgrading the infrastructure in the West Bank; upgrading economic relations between Israel and the Palestinian Authority; and the kicker, annexing Area C while offering the Palestinians in Area C citizenship in Israel.

I wondered, first of all, whether you had discussed this plan with Abu Mazen or any other Palestinians. (Laughter)

MINISTER BENNETT: Yeah, and he loved it. Look, the rationale of this plan is that we're stuck in the conventional directions that we've been working on over the past three decades. There's only been one game in town and that's a Palestinian state in the heart of Israel. Now, regardless if you support it or not, and I'm sure the audience is divided here on that one, regardless what your opinion is, the reality is

it's not working. It's not working.

From my experience in my previous life, you got to face the music. You know, when I was in my high-tech company, I founded a high-tech company and we came out with a product and we spent millions of dollars, I hired 70 employees. We built an amazing product. The only problem is no one bought it. Right? After a couple of years, we were spending about \$800,000 a month and riding directly into an abyss. And finally, the CFO of my company, a guy called Gilad, came over and said, enough, you're killing us. And only then we shifted the entire business model. I had to let go, unfortunately, of two-thirds of the employees. Now, today, the company has 400 employees; back then we had 70, down to 25, up to 400. And we dumped that product and we tried something else that ultimately did succeed.

So just wishing a plan doesn't make it real. And I think after so many years of bashing our heads into the wall it's time to think new. Now, by no means do I call it a solution because it's not a

ANDERSON COURT REPORTING
706 Duke Street, Suite 100
Alexandria, VA 22314
Phone (703) 519-7180 Fax (703) 519-7190

solution. And, in fact, not every problem in life has a solution. You know, you can have an imperfect marriage. You need to work on it, improve it, not everything is clear-cut Western solvable.

So what do you do when there's something that you can't solve? You improve life. You know, the bottom line of that is we have this whole industry of peacemaking. I go from one conference to another. Why don't we take all that money and just invest it in Judea and Samaria, in the common infrastructure, the same roads that everyone is stuck in traffic jams every day? Arabs and Jews in the same traffic jams. Why don't we build businesses? Why don't, for heaven's sakes, why don't we make life better for the Jews and the Arabs living in Judea and Samaria? That's an absolute.

Now, my plan, I said, it's imperfect. It's imperfect, but it's doable. And that's why I think that this or other alternatives -- am I married to this particular plan? No, but you've got Jews, you've got Arabs living side-by-side. There's no love in the

air. We're not singing "Kumbaya" together. But -- but -- there are some pretty good things happening on ground.

There's roughly 25,000 Palestinians working side-by-side with settlers, with Israelis in industries. They're bringing home five times the salary that they earn in the P.A. We've got shopping centers that, for the first time, you've got Arabs and Israelis shopping side-by-side. No one's going anywhere. They're here to stay, we're here to stay. So do we continue kvetching about something that's unachievable or do we work to improve what we can?

MR. INDYK: what do you do about the price tag settlers and the burning of the olive trees and the attacks on the Palestinian villages? I mean, life isn't exactly hunky dory for the Palestinians. How do you propose to deal with that?

And then, in Jerusalem, you never mentioned Jerusalem in your op-ed piece, but what are you going to do there? Jerusalem at the moment is kind of burning and you've got 300,000 Palestinians there, and

you've declared, in another place, I think you said 1967 lines means the division of Jerusalem. We will never agree to give up a united Jerusalem as the capital of Israel and only Israel. So, you know, even somebody like Tzachi Hanegbi says, we don't need Shuafat. That's not part of Jewish Jerusalem and Wadi Joz.

And so what exactly is the plan that you have to deal with the situation that Palestinians don't want to be under your rule, that Jerusalem today is actually divided? It's as if you've waved a magic wand and dismissed all of the problems that come from the fact that the Palestinians don't want to live under Israeli rule.

MINISTER BENNETT: You ask two questions. Regarding price tag, any sort of violence ever on any side, including Jews towards Arabs, Arabs towards Jews, is unacceptable, period. And it's immoral, it's un-Jewish. You never use violence.

Fortunately, to the best of my knowledge, there hasn't been loss of life on the Palestinian side

from what's called price tag. Unfortunately, there's been a lot of murders on the other side, but, one way or another, I want to be very clear, by no means do we accept it.

Secondly, regarding Jerusalem, in Jerusalem we have roughly 300,000 Arabs who are -- they're not citizens, but they're residents of Jerusalem. I think that ever since the Six-Day War, we've not treated Jerusalem enough as part and parcel of Israel. You know, roads don't have names. The quality of life for the Arabs living there has not been good enough. So I have a two-pronged approach.

The first one is provide full services, the way you should, to the Arabs living in Jerusalem. And, you know, what you call Wadi Joz, let's just talk about that for a moment. That's the ravine that is between Mount Scopus and the Old City. That's in the very heart of the ancient Jerusalem. By no means ever will I agree to divide Jerusalem. By no means will I ever agree to share the sovereignty of Jerusalem.

By the way --

ANDERSON COURT REPORTING
706 Duke Street, Suite 100
Alexandria, VA 22314
Phone (703) 519-7180 Fax (703) 519-7190

MR. INDYK: How do you define Jerusalem?

MINISTER BENNETT: By the way --

MR. INDYK: Is it the municipal borders of Jerusalem?

MINISTER BENNETT: That's a --

MR. INDYK: Does it include Shuafat refugee camp?

MINISTER BENNETT: That's a fair definition. That's a fair definition. By the way, in one of his last speeches, Yitzhak Rabin said if it's between a whole Jerusalem or peace, I choose Jerusalem. He said very clearly, in one of his last speeches, if I'm asked to divide Jerusalem to achieve peace, I say then no peace.

And I don't know what's happened over the past 20 years that somehow our whole city --

MR. INDYK: But why do you need those 300,000 --

MINISTER BENNETT: Hold on. Hold on, Martin.

MR. INDYK: -- Palestinians?

ANDERSON COURT REPORTING
706 Duke Street, Suite 100
Alexandria, VA 22314
Phone (703) 519-7180 Fax (703) 519-7190

MINISTER BENNETT: Hold on. I just want to --

MR. INDYK: Why do you need them as part of Jewish Jerusalem? What is the logic of that position? They clearly don't want to be there --

MINISTER BENNETT: First of all --

MR. INDYK: -- in terms of the violence that they're now conducting on an individual level? So what is the logic?

MINISTER BENNETT: First of all, I disagree. I disagree. I talk to the Arabs in Jerusalem and I can tell you that the last thing they want -- the last thing they want -- is to be under the corrupt Palestinian Authority. So you're simply wrong on that assumption. I fundamentally disagree. The last thing they want is to be part of that dysfunctional authority. But it's beyond that.

Look, you know, Jerusalem was founded as the Jewish capital just about 3,000 years ago. We had our first kingdom there, our second kingdom, and now, fortunately, we have our third state.

ANDERSON COURT REPORTING
706 Duke Street, Suite 100
Alexandria, VA 22314
Phone (703) 519-7180 Fax (703) 519-7190

And, you know, Ben-Gurion, during the War of Independence, I believe around March 26th, there were a series of setbacks. Talking about March 26, 1948, so we're in between the U.N. recognition and the declaration that was in May. We were losing. We were losing. The road to Jerusalem was shut down. And his generals came to him and said something that's utterly irrational. They said, listen, we need to give up Jerusalem to save Israel. So, I mean, they were rational, right? They were generals. Generals are always right.

And Ben-Gurion said, listen, not only am I not giving up Jerusalem, I want you now to bring in forces from the Negev, from the Galilee, and we're going to break through. And that was the first operation called Nachshon in the War of Independence. He was irrational, if you will, about it because he understood that Israel without Jerusalem is Israel without a soul. So, yes, I'm clear. The rest is detail.

Now, I'm cognizant of those details. I can

ANDERSON COURT REPORTING
706 Duke Street, Suite 100
Alexandria, VA 22314
Phone (703) 519-7180 Fax (703) 519-7190

tell you that as minister of economy I opened up just recently a small businesses bureau there. I think we need to be providing all services to them, but, at the same time, the second prong is have zero tolerance for lawlessness. But it's our fault. We've treated parts of Jerusalem as no man's land. If that's our problem, we need to solve it. So treat it as part and parcel of Israel from all aspects, rule of law and services, and that's their way forward.

By the way, it's not only in Jerusalem. In many Arab villages across Israel, for some reason our police is hesitant to apply rule of law. You know who loses the most? The Arabs living there. They don't want the mafias that close down businesses if you don't pay them. So it's our fault and we need to fix it.

MR. INDYK: Let me ask you about this idea of annexing 60 percent of the West Bank, the Area C. No Israeli government -- right wing, left wing, center, whatever -- no Israeli government has been prepared to do such a thing. Not Menachem Begin's

government, not Yitzhak Shamir's government, not Bibi Netanyahu's government have been prepared to annex the West Bank. And I think the reason is pretty clear: it's that the world will not accept that. There's no country in the world, including and maybe especially the United States, that will accept it.

As you said, you're the minister of the economy. The European Union is Israel's largest market. What are you going to do if you annex the West Bank or how are you going to deal with the consequence of EU sanctions which are likely to come about?

I mean, annexation will cause an incredible furor in the international world. There will be Security Council resolutions. There will be boycotts. How are you going to deal with the consequences of this idea of yours?

MINISTER BENNETT: First of all, no government in the world accepted Israel applying Israeli sovereignty over Jerusalem. Not one. Yet we did it. And I think at least the overwhelming

majority of Israelis understands that that was right. It would be including Tzipi Livni and then Herzog and anyone you want. So we did it.

Should Levi Eshkol not have done it because the world doesn't accept it? No country in the world accepted the Golan Law in 1981. Was Begin wrong about it? Does anyone want to imagine what the Golan Heights would have looked like if we'd listened to many of our friends who suggested that if we just give them the Golan Heights we'll have peace. Imagine, we'd have ISIS swimming now in the Kinneret, in the Sea of Galilee.

I'll tell you more than that. I talked about the spring of 1948. Because we were losing in the war, the Secretary of State Marshall back then, he decided that it was a mistake.

MR. INDYK: Naftali, you're avoiding my question.

MINISTER BENNETT: No, I'm not avoiding. What I'm saying -- what you're avoiding is listening to the reality. What I'm saying is that Israel has to

identify what its true interest and values are and not always is the world right. Tell me who in the world anticipated Morsi coming up? Who in the world anticipated --

MR. INDYK: But that is not the question, Naftali, with due respect.

MINISTER BENNETT: So the point -- no.

MR. INDYK: The question is --

MINISTER BENNETT: You asked me -- hold on, Martin.

MR. INDYK: -- how do you deal with the consequences --

MINISTER BENNETT: Okay.

MR. INDYK: -- of your actions? Because there are logical consequences.

MINISTER BENNETT: Right. Let me tell you this, you talked about BDS, you talked about, you know, furor. Are we not --

MR. INDYK: Sanctions, international isolation --

MINISTER BENNETT: I know.

MR. INDYK: -- de-legitimization, and a basic fundamental crisis in your relationship with the United States.

MINISTER BENNETT: So, first of all, you know, I'm not suggesting that we -- this is a process. I'm not suggesting that, you know, one day in midday we just do that. There's a process of changing the global view of what's going on here and it has to start with that, and that's why I'm sitting here right now because I want to present a different approach to Israel's future, a different one from the one that keeps on saying this is an occupied land, it belongs to the Palestinians, these are oppressors, you're occupying. And it takes time. It's an uphill battle. I got it, I understand. I work day-in and day-out with Americans, with Europeans. By the way, the export to Europe grew in the past year by 10 percent. There's a lot of groundwork because we have to undo the decades of nonsense that the peace industry has been fomenting and bringing up to a position where the world thinks that we're occupiers in our own land.

But if something is false and it's repeated enough times, it becomes sort of common wisdom. We have to undo that. And it starts by being true. All right? You can't occupy -- you can't be an occupier in your own land.

So I would come to our friends, okay, to, you know, the President and say, listen, here's the deal. We don't agree. You think that we need to give up our land to the '67 lines, plus/minus, swap it, whatever. I don't. My people don't. We think that would be tantamount to national suicide. Okay, so now we don't agree. We have a different vision.

Now, it's the people of Israel -- I want to point something out. The audience here and, you know, these sort of conferences does not at all -- if I put a poll here probably Zahava Gal-On would be prime minister and maybe Tzipi Livni number two. The only problem with Israel is that for some strange reason they put the polling booths all across Israel and they actually let the public speak up. And the public, which is a very healthy public, does not think that

Jerusalem should be split. It does not think that our land is occupied. It does not want to commit suicide. Now --

MR. INDYK: How are you going to deal with the consequences? That's what I'm asking.

MINISTER BENNETT: So --

MR. INDYK: On a practical question.

MINISTER BENNETT: So a practical way is --

MR. INDYK: How do you deal with those consequences?

MINISTER BENNETT: I'll tell you. The way to deal with it is, first of all, speak frankly. I think that we're in the pit we're in precisely because we're inconsistent. You can't say that you favor a Palestinian state and then build communities there. It's like you've got a pizza you've got to split. You can't eat the pizza while you're splitting it. But I don't accept --

MR. INDYK: This, by the way, we agree.

MINISTER BENNETT: I know. (Laughter) But I don't accept the very assumption. I would -- you

know, the Israeli public -- look, let's be clear, the Israeli public, on a very narrow margin, supported the Oslo Accords. Okay? You know, you'll remember that it was sort of a political bribe for a couple of ministers, whatever, but that's democracy.

The Israeli public is in a very different place. People are disillusioned. No one thinks that handing over land to Arabs will bring peace anymore. We tried it in Gaza. You know, what happened during the summer, I think people underestimate the impact. There was a profound sea change in the Israeli public, and we're not smarter than them. People in conferences aren't smarter than people in Ashkelon who get thousands of missiles on them from the very place we left and handed over to whom? To Abu Mazen in 2005. It's a Jew-free piece of land. There's no soldiers there. And now what I'm typically told, ah, but it wasn't with an agreement. I can see --

MR. INDYK: I'm about to say it, you're right.

MINISTER BENNETT: I got it.

ANDERSON COURT REPORTING
706 Duke Street, Suite 100
Alexandria, VA 22314
Phone (703) 519-7180 Fax (703) 519-7190

MR. INDYK: What do you do about the argument that your critics in Israel on this point would make about -- it's called the demographic argument. What do you do about the fact that you will, in effect, under your plan, have to absorb 2-1/2 million Palestinians?

MINISTER BENNETT: First of all, my plan calls for potentially absorbing roughly 80,000 Palestinians in Area C. But, again, I'm not married to the plan. Let's talk demography for a moment. Let's talk demography because this is one of the biggest myths and let's talk facts.

A: 1950, an Arab-Israeli woman, mother, had an average eight children; a Jewish mother had 2.2. Zoom forward to 2010, an Arab mother has roughly three and a Jewish mother has roughly three. So time is not against us, contrary to what's said.

B: 1990, within Israel, smaller Israel what I call, there were 37,000 births of Arab babies and roughly 80,000 Jews born. Twenty years later, 2010, there were 40,000 Arab babies and 120,000 Jews because

of Aliyah. So from a ratio of 1-to-2 it's improved to 1-to-3. So this scary thing that's supposed to drive us to give up our land, I don't buy it.

Secondly, take Gaza out of the equation and we have 1.8 million Israeli Arabs which are full, equal citizens of Israel. What's left is roughly 2 million Palestinians. I'm not suggesting to govern them. They are governing themselves. I suggest in the midterm an autonomy. I call it, again, the imperfect solution. Stop looking for the not-perfection that brings us to disaster. Sometimes 7 is better than aspiring for 10 that brings you to 0.

And what I'm suggesting is they vote in their own elections; they did in 2006. They pay their own taxes. They build their own schools. They build their own homes. I don't want to govern them. I was a soldier in the First Intifada. I don't want to go back there.

And is it perfect? No, it's not. But this injecting a Palestinian state in the heart of Israel, let's talk demography. You know, how many Palestinian

refugees we've got in Lebanon, Syria, Jordan, and the Arab world? We think about 6 million, they claim about 8 million. Let's call it 7, okay? Just imagine for one moment I go down your route. We found a Palestinian state, give or take, on the '67 lines. You're going to hear the swoosh sound of millions of Palestinians coming from Lebanon where they're not even residents, let alone citizens. That's apartheid, by the way. And in Syria and in Jordan, all coming in to Nablus and Ramallah. And then you know what's going to happen?

MR. INDYK: This is myth. This is pure mythology.

MINISTER BENNETT: Yeah, right. What part is mythology? Are there not 6 million --

MR. INDYK: Have you looked at the Palestinian refugees in Jordan? They're not interested in going back to the West Bank.

MINISTER BENNETT: And what about those in Syria?

MR. INDYK: In Syria, those have gone to

ANDERSON COURT REPORTING
706 Duke Street, Suite 100
Alexandria, VA 22314

Phone (703) 519-7180 Fax (703) 519-7190

BENNETT-2014/12/06

Lebanon. Those are a problem, but --

MINISTER BENNETT: Okay, you know, I think --

MR. INDYK: -- if you'd spent some time talking to the Palestinians you would know that the Palestinians in the West Bank are in no hurry to bring Palestinian refugees back.

MINISTER BENNETT: Yeah, but the Palestinian refugees are in a hurry to get back because I want to see you --

MR. INDYK: The whole --

MINISTER BENNETT: Hold on, hold on.

MR. INDYK: The whole question of --

MINISTER BENNETT: Hold on. There are -- if you look at the refugee camps and the dismal quality of life in Shatila or in Yarmouk, it's hell over there. You know why it's hell? Because --

MR. INDYK: I don't think --

MINISTER BENNETT: Hold on, hold on.

MR. INDYK: -- you've gone to the refugee camps in Jordan.

ANDERSON COURT REPORTING
706 Duke Street, Suite 100
Alexandria, VA 22314
Phone (703) 519-7180 Fax (703) 519-7190

MINISTER BENNETT: Martin, hold on. You know why? Because unlike --

MR. INDYK: I really don't think you know what's going on.

MINISTER BENNETT: I exactly do and I'll go into everything. I'm not afraid of talking about anything, so don't tell me you don't want to go. I want to go everywhere and talk about reality. And the reality is that when we have 6 million Palestinian refugees from Jordan, Lebanon, and Syria flowing into Israel, you know what's going to happen? They're going to get to Ramallah and the Arabs are going to say, whoa, whoa, whoa, don't put your tent here. You never lived in Ramallah. You lived in Lidia, you lived in Haifa. Don't even stop. And then we'll get two months of sympathy.

MR. INDYK: I think --

MINISTER BENNETT: Hold on.

MR. INDYK: Okay.

MINISTER BENNETT: Let me finish, but I want everyone to understand.

MR. INDYK: It's just fearmongering. It's not based on reality.

MINISTER BENNETT: The only fearmongering is telling us that the world's going to be angry and that the demography is against us. I'm the optimistic one. You know why? Because my plan for Israel is to stop obsessing about the one thing that we can't solve and continue to build an amazing future for Israel.

You know, last week I was in China at a farm, an Israeli farm, that uses all our technologies and develops -- produces 10 times the amount of cucumbers and tomatoes than they could per square meter. That's Israel. And ReWalk, a company that allows paraplegics to walk again, that's Israel. And Waze is Israel and my own company. You know that probably everyone in this room uses my company's technology. When you log on to online banking at Chase, Bank of America, or Citibank, it's my company that authenticates you. That's what Israel's about. Israel's about doing good in this world, being an ethical country, and stop obsessing about the one

thing that we can't solve and let's work to build a better world.

MR. INDYK: You know, I agree with everything you just said --

MINISTER BENNETT: Good, then we're done.

(Laughter)

MR. INDYK: -- about the greatness of Israel in exactly the way you described it. But Israel has a problem for itself. And I, as a Jew, who cares about Israel's survival and cares about solving that.

MINISTER BENNETT: And, of course, you know better than the Israeli public.

MR. INDYK: No, I don't and don't imagine to know better than the Israeli public.

MINISTER BENNETT: Okay.

MR. INDYK: But there are certain inconsistencies in your position that need to be resolved.

Here's another one. You want the Palestinians to have autonomy in the West Bank. And you want to build up that autonomy.

MINISTER BENNETT: But they have, by the way. They already have an effective autonomy. We don't govern them anymore. I was there before 1993, '94, '95. Thereafter it's a different world. And I think in that sense it's better. I don't want to take care of their schools. They're doing their own job there.

MR. INDYK: You know, I just think you live in another reality. It's what Steve Jobs called distorted reality thinking.

MINISTER BENNETT: You know, I love that sentence. I live in another reality. I've been in the First Intifada, the Second Intifada.

MR. INDYK: Yeah, okay.

MINISTER BENNETT: I've on ground there --

MR. INDYK: So you would know --

MINISTER BENNETT: -- more than all those conferences that you live in a different reality.

MR. INDYK: It's conferences. You would know --

MINISTER BENNETT: No, because --

ANDERSON COURT REPORTING
706 Duke Street, Suite 100
Alexandria, VA 22314
Phone (703) 519-7180 Fax (703) 519-7190

MR. INDYK: -- if you would go there --

MINISTER BENNETT: -- there's this whole --

MR. INDYK: -- that the idea is constantly -

-

MINISTER BENNETT: How many missiles need to fall on Ashkelon until you'll wake up? How many? How many people need to die in our country until you wake up from this illusion? You know, the Oslo process took more than a thousand lives in Tel Aviv, Haifa, and Jerusalem, and I didn't hear anyone say, you know what, I made a mistake. When are you going to wake up? When is Tzipi Livni going to wake up?

We pulled out of the Gaza Strip. We were clobbered by thousands of missiles. When we go defend ourselves, the world calls us murderers.

You know, you talked about our international position. Let's talk about that. What were the three worst events for Israel's international standing over the past decade? It was Cast Lead, it was Marmalah, and it was the last summer. Where did it happen? Did it happen in Shoham, Nablus, in Ramallah? It happened

in Gaza.

So what do I learn? Does the world praise us? Did the world say you go get them because they're shooting without any reason at my family? No, the world said you're murderers.

I was there on Sky News, CNN, BBC. I saw it. So anyone who thinks that Israel will somehow become loved, beloved by the world if we just give up another piece of land, I don't need to guess, we've seen it roll out. So if anyone's living in illusion -
-

MR. INDYK: It's about Israel's future.

MINISTER BENNETT: -- Martin, it's you, my friend.

MR. INDYK: It's about Israel's future, not about an applause meter in the Arab -- in the world. It's not about that, Naftali. But let me understand something --

MINISTER BENNETT: The first time, you know, you're talking about future.

MR. INDYK: Let me --

ANDERSON COURT REPORTING
706 Duke Street, Suite 100
Alexandria, VA 22314
Phone (703) 519-7180 Fax (703) 519-7190

MINISTER BENNETT: I have four kids.

MR. INDYK: Naftali.

MINISTER BENNETT: I'm vested in Israel.

I've got four kids, nine years old, seven, five, and three, and we're working. (Laughter) Talk about demography. (Laughter)

So, look, you know, many people portray me as warmongering. The reason I'm in politics is precisely to prevent the next war.

You know what? I want to tell you how do we prevent war? How do we bring peace? It's a very different route than what's been discussed. I'll tell you, it's three things.

First of all, land matters. Do not give up land anymore. Land matters. Every place we've pulled out of turned into a radical Islamic base. That's fact.

MR. INDYK: Except Areas A and B in the West Bank.

MINISTER BENNETT: Because we're still there with our military.

MR. INDYK: Oh, I thought you'd withdrawn from there.

MINISTER BENNETT: The second thing is be strong. Yeah, it's tough.

MR. INDYK: Do the Palestinian security forces here have any role here in terms of maintaining order? Do you credit them with doing anything positive in the West Bank?

MINISTER BENNETT: A bit, yes. A bit. And the reason is it's their self-interest of preservation.

MR. INDYK: Has Abu Mazen been responsible --

MINISTER BENNETT: Hold on.

MR. INDYK: -- for ordering the security services to do that?

MINISTER BENNETT: Hold on. You're asking a question --

MR. INDYK: And yet you call Abu Mazen a terrorist. You say he's one of the biggest terrorists to have arisen from the Palestinian people and he

bears direct responsibility for the Jewish blood that's been spilled. And this is the guy that is ordering the security forces to prevent attacks against Israelis, including against Israeli settlers.

MINISTER BENNETT: Okay.

MR. INDYK: And so, you know, there's a kind of contradiction in terms of your desire to have some kind of arrangement with the Palestinian Authority when you're calling the leader of the Palestinian Authority the biggest terrorist on Earth.

MINISTER BENNETT: Okay. First of all, as you've seen, I speak truth because he is. All right? If you call roads on the names of martyrs, if you pay -- you can smile, but that's reality.

MR. INDYK: No, but seriously --

MINISTER BENNETT: Hold on, let me --

MR. INDYK: I mean, is he --

MINISTER BENNETT: No, I'll talk seriously with us.

MR. INDYK: Is he trying to stop terrorism or isn't he?

MINISTER BENNETT: He's trying to save his own life and that's what he's doing. He's living -- he's alive only because of Israel's soldiers that are protecting him and he's working on his self-interest, which is fine. But --

MR. INDYK: The other security chiefs --

MINISTER BENNETT: Hold on. Let me finish.

MR. INDYK: -- praise him and you attack him as a terrorist, and your security chiefs say that he's doing a great job in fighting terror.

MINISTER BENNETT: Okay, let me --

MR. INDYK: Explain that discrepancy to me.

MINISTER BENNETT: I'll explain the discrepancy. I use my commonsense. I don't bow to security experts because security experts have enough -- as much brains as anyone else and everyone has commonsense. I saw during the summer what the security experts said and I felt differently. So security experts are experts and, like all experts, I am allowed to doubt them. It doesn't mean they're right because they didn't anticipate one major event

in the Middle East over the past 50 years. So waving the security experts is not a good claim.

Now, let's get back to your question. Yes, they're working to preserve their own existence, which is fine and I'm not against that. When Abu Mazen -- right now, let's be clear, Abu Mazen right now is funding murderers in jail right now when he's inciting and poisoning the brains of the next generation, which, by doing that, it prevents any future of peace in 50 years because no one thinks we're going to reach peace in 10 years, but at least maybe the next generation. So, no, he's poisoning it and you're silent about it. We need to speak up because at least give a chance to the next generation because ours has already screwed it up.

And when he continues to deny the Holocaust, somehow the big mistake is that he gets a green pass on all of that. Do I call someone who funds murderers a murderer? Yes, because that's exactly what he is. He endorses those murderers that kill Jews that are sitting in jail. Why is he paying them? Just answer

one thing. Why is he funding the murderers of thousands of Jews?

MR. INDYK: I know that it will be hard for you to accept, but in his system prisoners and their families -- he doesn't fund the prisoners, by the way. He funds -- he provides, as it were, social security --

MINISTER BENNETT: You're calling them prisoners. Are they murderers or not? Because you're using --

MR. INDYK: Yes, he calls them murderers.

MINISTER BENNETT: Okay, so let's use the term "murderers."

MR. INDYK: But he's not funding them. He's giving money to their families.

MINISTER BENNETT: And what does that do? Maybe the next aggravated Palestinian says, whoa, I can make an exit here for my family. Did you ever consider that?

MR. INDYK: Maybe the next Palestinian terrorist says, you know, I've got nothing to live

for.

MINISTER BENNETT: Right, because that's why ISIS is cutting off heads because of Judea and Samaria. Come on, give me a break. Give me a break. Is all the problems in the Middle East -- come on, do you not see the wave of radical Islam --

MR. INDYK: I didn't say anything like that.

MINISTER BENNETT: No, because -- no, you did.

MR. INDYK: But you carry on like -- I never said a word like that.

MINISTER BENNETT: No, no, no. Martin, you actually did.

MR. INDYK: I never said that.

MINISTER BENNETT: You just suggested -- no, you know, I stand behind my words, you stand behind yours. You just suggested that the Palestinian is aggravated and because of that he may go out and kill Jews. What we're seeing in the -- all right, stand behind what you say. What we're seeing in the Muslim world is very affluent Muslims that live in London,

that live in New York, that live in Europe. They're doing well, they're students. They're the ones who are going to ISIS and cutting off heads. It's because there's a fundamental radical Islamic ideology. It's not because of what's going on in Judea and Samaria. So let's call a spade a spade.

MR. INDYK: You said you stand behind your words. So you accused the Secretary of State of encouraging global terror. You also accused him of being the amplifier of anti-Semitic boycott efforts. I just wonder why do you do that, Naftali? You know, this is the Secretary of State who, you've discussed, is a genuine friend of Israel. Why would you accuse him of those kinds of things, amplifier of anti-Semitism, encourager of global terror?

I mean, the United States is Israel's best friend. I think we can agree on that at least. Why would you accuse one of the highest representatives of the United States of such things?

MINISTER BENNETT: First of all, America is Israel's best friend. I lived here for six years. I

ANDERSON COURT REPORTING
706 Duke Street, Suite 100
Alexandria, VA 22314
Phone (703) 519-7180 Fax (703) 519-7190

got to know the American people and, you know, there's a much-used cliché that we share values, but it's true. You know, I think I've been in dozens of states from Columbus, Georgia; Burlington, Alabama; Omaha, Nebraska. I've seen American people and we share the deep values of freedom, of growth, of personal freedom. And we're the only country in the Middle East that does harbor those values, and I'm proud of that. And that's why I'm sure that our relationship will weather any local disruptions. And, you know, it's no secret that we're not at the peak of the official relationship.

I also believe that Secretary Kerry is a friend. I told you before that Prime Minister Netanyahu told me a few times, he spoke very positively of Secretary Kerry. I believe the context of those words was when we were talking about the next step. I believe, I can't recall totally the context, but the context was if we don't do the next step of the prisoner or the murderer release, if I may, then the whole world will attack us. And there was an

assumption of fault on Israel, which is sort of the national sport, and I was vehemently against that and I thought that was wrong.

MR. INDYK: You know, there's a question of respect in the relationship and one gets the sense that not just you, but there are others in Israel, in your party in particular, but on the right in Israel, that treat American leaders with a great deal with disrespect. And the two quotes are examples of that. And it's been suggested that that's because you get a bounce from it politically, that it's good to stand up to the United States, it helps you politically. Or it's also been suggested that you don't pay any price because we don't do anything about it, so it's kind of cost-free and maybe there's a political benefit. Is there any truth to that?

MINISTER BENNETT: I can speak for myself. When I speak up, I speak up when I want to influence events at the national level. If you monitor my -- first of all, I'll admit I'm a politician, right? And so I, like all politicians, also do politics. That's

what all politicians do. But I hope and I want to hope that I'd say 80 percent of what I do is not only politics. It's for the good of Israel.

Now, as I said, I have the deepest respect for the relationship, for this administration. We have profound disagreements and that's okay. Friends can disagree, but it always has to be done with respect. And if I did wrong here, then I'm the first to admit. So the demeanor, the words have to be respectful. However, I don't think that we have to bow to every requirement that we're asked from our greatest friend.

MR. INDYK: Let's talk about politics and then we'll go to the audience for a minute. You've got an election coming up.

MINISTER BENNETT: Where? (Laughter)

MR. INDYK: Tell me, how do you think you're going to do? There seems to be -- you seem to be surging at the moment. Your party is doing very well in the polls. What's behind that and how do you think it's going to play out in the next three months?

MINISTER BENNETT: First of all, I don't know how I'll do. These elections are very chaotic. We're starting them -- it's, in fact, I believe one of the most chaotic political environments that I can recall where there's many medium-sized parties. It's not good. It's not good for Israel and I would have hoped that -- you know, I was in the middle of a few stuff, like my fellow ministers, that we could get the job done, but it's here.

I think these elections are going to be about whether Israel is going to adopt a policy of strength or a policy of weakness; of fortitude or appeasement. And it's a pretty fundamental view and I think this discussion here, I would say you reflect many of my colleagues, their point of view and I believe I reflect less my colleagues and more the public.

I don't know how we're going to do. Last time we were higher in the polls and towards the end we went down. It's very tough to tell. I will say that I believe that the last summer moved anywhere

BENNETT-2014/12/06

around 10 percent of Israelis from the left to center and from center to the right because it was protracted. It wasn't a two-day thing. It was a 50-day thing and people felt to some degree helpless. We can't stop this thing from happening. And, yes, they did make the connection that these missiles and rockets were shot from the very place we were okay, we did things right.

So people are waking up, but it's anyone's guess.

MR. INDYK: You poll very strongly amongst young people.

MINISTER BENNETT: That's right.

MR. INDYK: Why is that?

MINISTER BENNETT: That's a good question. I think -- you know, I don't know why that is. It might be for various reasons. One thing, I try and communicate directly to the people. Here's the deal, I'll tell you a story.

So 2-1/2 years ago, 3 years ago, I decided to go to the Mafdal Party, the NRP, these guys, right?

ANDERSON COURT REPORTING
706 Duke Street, Suite 100
Alexandria, VA 22314
Phone (703) 519-7180 Fax (703) 519-7190

And this was sort of an ancient relic party, about 100 years old. It's the descendent of something called Mizrachi. At its heydays it had 12 seats and then 9 and then 7, 6, and down to 3, and the polls showed that it was going to evaporate. So I contended against the then incumbent, Zevulon Orlev. And who the hell was this guy? No one knew who I am. And "the guy," I'm talking about myself. Who the hell is this Bennett guy?

And so I approached the establishment, in the case the yeshivas and, you know, the education establishment. I wanted to sort of pitch them and, through them, get the message through. I couldn't; they wouldn't. They wouldn't talk to me because they were afraid of the repercussions and, by the way, correctly so. So I had no choice but either to give up or bypass the establishment.

What I did over a period of 6 months, I did 300 town hall meetings, (inaudible), across Israel from Elat through Be'er Sheva up to Qiryat Shemona. Sometimes meeting 6 people an evening, sometimes on a

good night 23. And bypass them. And I did something else. I opened a Facebook page and started talking. And I talk and I say what I think and I listen. And I have a dialogue with the Israeli public. And we won. I won. It was a landslide, like two-thirds/third.

Then I replicated this at the national level, bypassed the establishment, to some extent the media, and speak to the people on a daily basis. And with me you know what you get. You can like it, you can not like it, but you know what you get and I say what I think and I think what I say. And I think people appreciate that even if they don't always agree to all my opinions.

Finally, the younger generation I think has never harbored the illusions that my generation harbored. I grew up in the '80s. I thought, you know, Johan Anzir, my good friend, we grew up eating the same lousy fast food that people eat in America and watching the same TV shows, you know, *Love Boat* and all that. And I didn't think of Israel as ever at existential risk, right?

What changed it for me, interestingly, the reason I got into politics is the second Lebanon war. So I just sold my company for \$150 million. I should be in the Caribbean with one of those cocktails and umbrellas, right? And instead, the second Lebanon War started. I find myself deep in Lebanon. And I kept on asking myself what the hell am I doing here? What's the deal? What do these Hezbollah people want from us? They have no territorial claim. Why am I here?

And another thing happened: Israel didn't perform well. We screwed up. It was an unsuccessful war waged from the idea. That's a fact.

So I came out with two conclusions. A, I realized the profound thing: we're not Switzerland. Our neighbors are not Belgium. We're in a tough neighborhood. Now, it sounds funny saying it now, but it's not funny. I grew up thinking, yeah, whatever. And secondly, I realized, at least in my opinion, that the reason we failed in the second Lebanon war is not because of a lack of ammunition or weapons. There was

a lack of fighting spirit. And the mission of my party, my mission, is to restore the Jewish soul to Israel, to restore Jewish values.

Yes, be proud. Today we read the Torah portion of Jacob coming back to Israel after 20 years. From my perspective, that's history. He's my father, right? We spoke the same language, speak the same language, same land. And if you just move all that stuff aside and say who cares about that? We're here, we're in modern time. Israel is about the beaches of Tel Aviv. Israel is -- no. Now, it's a change.

And if I may, one last point. Modern Zionism was all about creating a shelter for the Jews. Right? Herzl saw the anti-Semitism in France and he said we have to save the physical Jews. And god bless, there was a secular intervention in history that I think would not happen if the orthodoxy held the realm. So it was only because of the secular approach that had the audacity to change history.

But 100 years on, I think if we don't restore the Jewish values, and I'm not talking about a

theocracy, don't worry, (inaudible). I'm not talking about, you know, forcing anything. I'm against any of those laws. If we don't restore the reason we're here, the reason we're in Israel is not because it's a shelter. You know why? I've got a secret: Israel's not the safest place in the world for Jews. You know, Perth in Australia is safer and it's got great water sports. Right? (Laughter) There's better places, Teaneck, New Jersey. We're in Israel because --

MR. INDYK: It has snakes and spiders, though.

MINISTER BENNETT: That's right. It's our homeland, and I want every Israeli child to know our history.

MR. INDYK: We're going to go to questions now. Thank you. We're going to take a few.

Please identify yourselves because we can't see you here with the lights in our eyes. So, first of all, it's Dana, I guess. Yeah.

MS. WEISS: Naftali --

MR. INDYK: Wait for the microphone and

ANDERSON COURT REPORTING
706 Duke Street, Suite 100
Alexandria, VA 22314
Phone (703) 519-7180 Fax (703) 519-7190

introduce yourself, please.

MS. WEISS: Dana Weiss, Channel 2 News. Naftali, if you were coming -- elections are coming up. Who do you think should be the next prime minister of Israel?

MR. INDYK: That's an easy one. (Laughter)

MINISTER BENNETT: Look, I --

MR. INDYK: Sorry, I was going to take a few more. Can you answer that one quickly?

MS. WEISS: No, no, no, let him answer. (Laughter) don't give him time to think of an answer.

MINISTER BENNETT: Let's take a few questions. (Laughter) Let's take a few questions.

MR. INDYK: You can think about that one. Let's take another one. Yes, please, Christian.

MINISTER BENNETT: I need to jot things down. Anyone have a pen?

MR. INDYK: I'll remember them for you.

MR. SOOD: Thank you. Christian Sood from the U.S. I was just wondering, you know, two questions.

What's your posture on Gaza? I mean, I know Israel was in Gaza for a while and then they pulled back. Is part of the strategy also annexing Gaza? Does part of your vision for a greater Israel include Gaza?

And secondly, you know, you talk about the Palestinians wanting to live under Israeli rule or whatever. Can you flesh that out a little bit more?

MINISTER BENNETT: About the Jerusalem Arabs, yes.

MR. SOOD: Only the Jerusalem Arabs, but how about the West Bank Arabs? Thank you.

MR. INDYK: I'm blanking.

MR. DEKEL: Yaron Dekel.

MR. INDYK: Yaron, Yaron.

MR. DEKEL: Yaron Dekel, IDF Radio. I'd like to follow a little bit Dana's question and elaborate it.

You are, as Martin and we all know, on a rise on the polls. Is your personal political goal to be a high-position minister in the next elections in

the next government or to replace the prime minister? And do you think you are ready and prepared to form a government after two years as a minister of economy in the government? And I will appreciate an honest answer. (Laughter) Thank you.

MR. INDYK: Okay, I'll let you answer those and then we're going to go to Haim and Khaled and Ilana and Dennis. But go ahead, Naftali.

MINISTER BENNETT: Regarding the PM-related and political aspirations, first of all, I'm a happy camper. The past two years have been amazing, to get up in the morning and do good for Israel in all aspects, whether it's bringing in Arab women into the workforce or helping 160,000 security guard workers and cleaning workers who are at the lowest echelon of the socioeconomic ladder or bringing Intel, Israel's biggest foreign investment of 22 billion shekels, or breaking down the cement monopoly -- this is, of course, a bit of self-promotion -- breaking down the cement monopoly that we've had for 80 years or the agriculture cartel.

It's not an obsession. Prime minister is not an obsession from my perspective. I want to help lead Israel in the vision that I believe in, the vision, if you will, of a lighthouse in a storm, a lighthouse that's strong in Muslim storm. We have to be strong, have strong economic foundations, Jewish foundations, strong security, but also project light and do good, which is really the Jewish destiny. So whatever the outcome I want to be in a position where I can influence. With 12 seats we did all of this. I hope we can do much more with more seats.

Regarding the question of Gaza, this is a real bind. We're stuck. Gaza is one of those unsolvable things. I mean, here's the deal. Hamas doesn't want us here and we pulled out. And if they'd just stop, everything would be perfect, but they don't. They build tunnels into our kibbutzim in the South and build missile launchers.

The high-level way forward and, again, I refrain from using the term "solution" because that would be very presumptuous in our region, but the way

forward I think is a dichotomy of the civil side and the security side. Meaning open all the borders fully for all civilian goods, anything, all right. Anything because there's people there. All right? There's, I don't know, 1.8 million Arabs living there and they've got to live. So open it up, let it in, everything: vegetables, fruit, food, what have you.

Anything that can strengthen their security, don't let it in. Anything that's dual-use, monitor very closely. And I think we've made mistakes on both sides. On the one hand, for some strange reasons in the past, we didn't let in things that should have gone in, but we did let in things that shouldn't. Does this solve the problem? No, it doesn't, but that's what I think our grand policy should be, at least for the foreseeable future.

But I don't see any solution with Gaza. I certainly don't want to annex it, because that was your question.

Regarding West Bank Arabs, so I made the distinction. The Jerusalem Arabs, I do speak to them

quite a lot. And my understanding is that they do not want to be part of the Palestinian state. If you had a real blind poll there, I think the overwhelming majority would want to stay under Israeli control, and that's contrary to common wisdom, but that's what I think is true.

In West Bank, it depends who you ask. There's many that are frustrated by the corruption and don't want it to get near the P.A. because it's -- they just govern very lousily and they're doing a really bad job of governing themselves. It's corrupt. All the international money didn't flow to really build an economy. It went into the pockets of the leaders.

What they want, I assume they don't want to be part of Israel and I don't want them to be citizens of Israel. I want them to govern themselves.

Unfortunately, I'll just say one thing, in the single elections that did happen in 2006, I don't know if people recall the results, but the results of democratic elections that were monitored

internationally were out of 132 parliament seats in the Palestinian Parliament, 76 were Hamas. Only 48 were Fatah. All right? So what do you do when it's the people? Do we change them, which is something that lots of people want to do in Israel, change the Israeli people because they don't have it right? Again, no perfect solution.

The next question was -- all right, ah, being prepared. I don't know, it's being prepared to lead Israel. I see Prime Minister Netanyahu in security cabinets. Last week, one of the senior ministers said sort of -- didn't portray him as performing well. I don't buy that. I have my disagreements, including profound disagreements with Prime Minister Netanyahu, but in the Security Cabinet I didn't see any of those things that were insinuated. I see someone who listens.

Again, in the summer conflict, we had a very big dispute. For 20 days, I thought -- and I was the single guy in cabinet that thought that -- that we have to go in, destroy the terror tunnels, and get

out. And it took 20 full days to persuade the rest of the cabinet to do what we ultimately did. If we had started 20 days before, we would have shortened this very bad conflict.

So, by the way, that teaches me that even if everyone says and they have stars over here doesn't mean they're right. Our job as civilians is to ask questions, to make life hard, and to, ultimately, you know, make our own decisions.

MR. INDYK: Can I just ask you quickly on that, you've been very critical in the past of Prime Minister Netanyahu. Now you seem to be not exactly singing his praises, but quite nice to him. Do you have an understanding with him that you form a bloc together for the next elections?

MINISTER BENNETT: I'll tell you two things. First of all, you're right, I was critical and I still am critical of his policies. Okay? He supports a Palestinian state; I oppose it. I thought that in many cases he made mistakes and I told him, and sometimes publicly, when I thought it can influence.

And granted, I'm a politician, so I also do that.

And, yes, we have an arrangement where we don't attack each other during these elections. Last time I was pretty strongly attacked by Likud and, ultimately, we won a forum, a strong national bloc, which obviously, in my opinion, is good for Israel.

MR. INDYK: Was there one more question there? Did you cover everything? I can't remember anymore.

MINISTER BENNETT: Yeah, we're covered.

MR. INDYK: Okay. So we're going Ilana, Haim, Dennis, and Khaled.

QUESTIONER: Naftali, you said that you speak your mind. And I was wondering why don't you answer the question of my colleagues, both Dana and Yaron? Do you feel ready --

MINISTER BENNETT: That's the politician part.

QUESTIONER: Okay. So that's the first question is just a third attempt to get an authenticate answer. Do you feel ready to be the

prime minister of the State of Israel?

And the second question, you said that Israel should be define its core values. If it were up for you to decide, would you sign on to the notion that we are a Jewish democratic state or would you opt for another formula?

MR. INDYK: Haim.

MR. SABAN: I'll let you finish. You can multitask?

MINISTER BENNETT: Though I'm a man, I can almost do two things at once. (Laughter)

MR. SABAN: Okay.

MINISTER BENNETT: Actually not.

MR. SABAN: You and I live in different bubbles and in different realities. With that said, I would be remiss if I didn't thank you for two things.

One for your service in Israel as an officer in an elite unit and thank you for dedicating yourself first to that, then making a little bit of money, and then into politics. A very good path.

And the second thing is for coming here,

ANDERSON COURT REPORTING
706 Duke Street, Suite 100
Alexandria, VA 22314
Phone (703) 519-7180 Fax (703) 519-7190

despite the fact you're in the middle of elections and so on. So thank you very much for that.

With that said, there was a question that Martin asked that you very eloquently did not answer. It's true, he asked you, are you willing to absorb the consequences of your policy? And I'll be a little more focused in the question so this time no eloquence will help. Are you willing to cut commercial ties with Europe? Because this is what's going to happen if you have your way in enacting Area C. Can you afford disconnecting from Europe?

MR. INDYK: Dennis.

QUESTIONER: Naftali, you said that, you know, you like to speak to people, you like to listen to people. You say you speak to the Palestinians in Jerusalem, not clearly those in the West Bank. You've developed a plan, but it sounds to me as if it's a plan that's developed without having spoken to the Palestinians. Can you envision having your own views affected by actually talking to the Palestinians?

MR. INDYK: Khaled. Will you introduce

ANDERSON COURT REPORTING
706 Duke Street, Suite 100
Alexandria, VA 22314
Phone (703) 519-7180 Fax (703) 519-7190

yourself, Khaled?

MR. ELGINDY: Khaled Elgindy. I'm a fellow with the Center for Middle East Policy here at Brookings. Minister Bennett, you talked about giving Palestinians lots of things. You talked about roads, economics, money, other benefits. The one thing that you didn't talk about is rights, Palestinian rights, giving Palestinians their rights. And I know in the past you've said that you oppose a Palestinian state because it necessarily means negating the Israeli state. You can't give them their state because it would -- our state would cease to exist.

My question is -- well, actually a two-part question. What in the last 100 years of this conflict and the history of this conflict would suggest to you or lead you to believe that Palestinians would somehow accept the money, the roads, establishing their own curricula, things along those lines as opposed to something more fundamental, like their rights?

But the main question is since you clearly don't accept the idea of -- you've said it explicitly,

ANDERSON COURT REPORTING
706 Duke Street, Suite 100
Alexandria, VA 22314
Phone (703) 519-7180 Fax (703) 519-7190

you don't want Palestinians as citizens of Israel, there's only one other way for Palestinians to have the right to self-determination and that is through a state of their own. The other way is through citizenship in another state. Can you make the case, since you oppose both of those, can you make the case for why the Palestinians are the only group of humans in the world that do not have the right to self-determination?

MINISTER BENNETT: I'll take all the questions. Ilana asked about prime minister-ready, and the reality is from day to day I see how much there is to learn. And there's a well-known sentence, what you can see from here you can't see from there, which sort of indicates that being in the prime minister seat is a whole different ballgame, and I more than agree. If anyone thinks that sitting on the inner Security Council is anything near what the prime minister endures, it's not twice, it's not 10 times, it's about 100 times more difficult than sitting on that seat. And, if anything, every day I learn the

broad -- the way to go and there's a long way to go.

I will say one thing, though, I used to think that you sort of need a checklist of characteristics. You need to be intelligent. You need to have your heart in the right place, not be corrupt. Okay, that, I would say, goes without saying, but it doesn't go without saying. And you need inner strength and good human interpersonal skills, et cetera, et cetera. But it's not precisely that. I think in our very difficult situation there is one quality that is almost more important than the rest and that is that internal spine. And, you know, I'd buy even less on intelligence or less on this or less on that because the immense pressures, like, you know, Martin is presenting, the whole world's going to be against you, when you look at history, at Israel's history, ultimately, the big distinction was the people having that inner spine. But the short answer is we've got a lot to learn.

Regarding Jewish and democratic, yes, Jewish and democratic is my vision. I want to, if I may,

ANDERSON COURT REPORTING
706 Duke Street, Suite 100
Alexandria, VA 22314
Phone (703) 519-7180 Fax (703) 519-7190

just talk to the bill, the national bill that's been in debate, if I may, because I want to explain what's going on and what's the deal.

And so this bill which was introduced, by the way, by several members of Knesset that belong to Tzipi Livni's party in the previous parliament, in fact, their bill was more extreme than the current bill that's being discussed, why do we need it? We all know we're Jewish. We don't need a bill to tell us we're Jewish. We're Jewish. It's in the Declaration of Independence. I'll explain.

Israel doesn't have a constitution. Right? It doesn't have a constitution. So its constitution is being developed piecemeal. And the first piece of it was in a couple of pieces of legislation in 1992, basic laws of human dignity and employment, which started building the constitution like a puzzle: one piece at a time. But they stopped. And so on a constitutional level, we only have the aspect of democracy and human rights, but what we're missing is the Jewish piece. So it's like think about moznaim.

How do we say that? Scales where we already gave the constitutional representation to the democratic piece, but we forgot the Jewish piece.

So the goal of this legislation is simply to balance it back and it has very specific and practical implications. It isn't just mumbo jumbo. For example, I'm minister of Diaspora Affairs. We fund -- I'm the chairman of Taglit-Birthright. Okay? Someone may petition to our -- to court and say, well, why does Taglit only deal with Jewish people? Why doesn't it have Taglit for Arabs? Now, if the constitution only has the democratic piece and you don't have the Jewish piece, then, ultimately, this petition will be accepted. Law of return, all right? It only applies to Jews. That's unfair. If you only have the human right piece and you don't have the Jewish state piece, again. And we've seen in specific --

QUESTIONER: (inaudible) change the law.

MINISTER BENNETT: No, but in the --

QUESTIONER: The basic motivation
(inaudible).

MINISTER BENNETT: And no, but there's special laws. First of all, look, the proof is in the pudding. The reality is, look, let's continue being pretty frank here, for the past 20 years we had a Supreme Court justice called Aharon Barak. Through that little needle called those two basic laws that, by the way, were passed in the twilight time of the previous -- of the Shamir government, it wasn't a national event where the whole nation debates this, you know, like in America. It was -- I can't remember, was it 30 to 17 in the middle of the night in the latest days of the Shamir government? But through these two laws he created a whole environment that undid the balance and we need to restore the balance. That's regarding that.

Regarding Haim's question, I'll just repeat it, am I willing to absorb the consequences of my policy, which would be cutting all commerce with Europe, et cetera, et cetera? So, first of all, as I was very clear before, I'm not tomorrow going to annex Area C. We have to do groundwork. It might take 20

years, it might take 40 years. It took about 40 years to create the consensus here in the room that a Palestinian state is right because, you know, in the '92 elections, if you asked Rabin he would say never a Palestinian state. In fact, he said never a Palestinian state. So things take time.

I'm not suggesting overnight to say that's what we're doing. We have to be smart. But we have to change the tone. We have to change the direction. It's already working in Israel. Now we have only thing called the rest of the world. Right? But you've got to start somewhere, so here I'm starting.

Now, regarding the cutting commerce, look, if today you pressed a button and you stopped using Israeli products, you wouldn't wake up in the morning because the chip in your cell phone doesn't work because it's made in Israel. You wouldn't get to work because Waze wouldn't bring you there. You might have a heart attack because the stent in your heart doesn't work. The vegetables you eat would be lousy because you're not getting the (inaudible). Your account

would be hacked, and I can go on and on.

Israel needs to be indispensable and it is. And Israel, what we're good at, we're not good at selling products. We export innovation. The number one ingredient in all meetings I have with governors, with ministers abroad, when I came into my job I was always ready. All right, we're going to talk about the Palestinian thing. They never talked about it. Some how in the realm of economy, I waited, when are you going to tell me that I'm bad and stop that settlement thing? But they just kept on asking how do we get -- how do we touch this innovation magic?

Yesterday, in the hotel room, we closed the deal with an American company that's going to set up its -- a big one -- its cybersecurity shop in Israel. This happens every day. In China last week, in India, all around the world, they want our innovation.

And, yes, the peace industry is very obsessed with it. I get it. But there's a few other things going on in the world and it's all about where do you place the spotlight on.

ANDERSON COURT REPORTING
706 Duke Street, Suite 100
Alexandria, VA 22314
Phone (703) 519-7180 Fax (703) 519-7190

And by the way, we've had boycotts since our inception. Before '48, we had boycotts. When I grew up we didn't have Pepsi in Israel. I remember because we were boycotted; '73 boycotted. We've always been boycotted. If anyone boycotts us, they're anti-Semitic. Okay? Anyone who boycotts Israel is anti-Semitic.

And the BDS movement, if you read their credo, they're not talking about Judea and Samaria. Just read it. I challenge you, go to Google, write BDS move and look at their website. They're not talking about that. Because make not mistake, the day after we found a Palestinian state, they're going to mess with the Bedouins in the South, the majority of Arabs in the Galilee. You know how I know? Because they're doing it already. They're not waiting.

Next question was Dennis' question whether if I spoke to Palestinians would it impact the plan, yes, of course. I'd listen and it would change. Obviously, they don't want to talk to me right now and that's unfortunate. But I'll tell you a story.

ANDERSON COURT REPORTING
706 Duke Street, Suite 100
Alexandria, VA 22314
Phone (703) 519-7180 Fax (703) 519-7190

So when I was in the Yesha Council -- the settlers movement, oo -- I met the head of the biggest clan in Hebron. The biggest clan is called the Jabri clan, so his name is Sheikh Jabri. He's about, give or take, 75 years old, a very respectable guy. And he told me this. This is about five years ago. He said, listen, we all love you guys. We don't want, you know, Jews in this land, but you're here. We get it. I get it. You're not going away. I can never, by my religion, never accept Dijura, a Jewish state, so don't ask that of us. But I hate the P.A. They're a corrupt group of -- I won't use his terms, but really bad terms. Let's figure out how we can get along on ground. Let's sit down.

I put him in touch with the settlers in Hebron. Those are sort of the most extreme ones, if you will, and it worked. It worked. They have real problems, not theoretical problems that we're discussing, but real problems. How do we get this pipeline of water here? How do we pay for a road? How do we ask the army to remove a roadblock? And the

settlers had how do we stop you throwing rocks?

Did it create perfection? No. But does it work? Yeah, it works. It's okay. It's 7 out of 10.

MR. INDYK: Have you checked out the situation in Rawabi?

MINISTER BENNETT: Yeah, I see Rawabi.

MR. INDYK: And they can't get water for these apartments that they've built that's part of this economic --

MINISTER BENNETT: No, what -- they're not willing -- if you want to go into the details. First of all, I support, I'm not against the city of Rawabi. They've got to live somewhere and they're not going to live in the clouds. They have to live and I think having good cities is good. It's not bad and it's good. It's modern cities. The reality is the topography is race and color blind. Right? If you have sewage water dumped into the ravines in Judea and Samaria, it's bad for everyone. They need to cooperate on everything and we can solve it.

Regarding Khaled's question whether --

ANDERSON COURT REPORTING
706 Duke Street, Suite 100
Alexandria, VA 22314
Phone (703) 519-7180 Fax (703) 519-7190

QUESTIONER: Well, what exactly does that mean, they need to cooperate on everything and we will solve it?

MINISTER BENNETT: it means that if they will show willingness to cooperate on all water aspects, including treating water, I know that Israel has no problem. You know what, I'm talking on my behalf. I have to say I'm not --

QUESTIONER: No, because (inaudible) already done.

MINISTER BENNETT: So bottom line, you know, I've not been -- it's not my area. I'm not minister of infrastructure and water, but I'm supportive of Rawabi. People have to live somewhere. Where do they think they're going to live, in midair?

Regarding Khaled's question of the Palestinians desiring their own state, I get it. There's a tragedy here, I get it, because fulfilling their national aspirations means, from my perspective, that we don't exist. Okay? Now, there are 23 other Arab states. We have one Jewish state. We don't have

anywhere else to go. And I know that if we pull out of Judea and Samaria, my kids will be at harm's way and I don't accept that.

So do I think that this is all great? No. Would it be better if -- you know, sometimes when I was pitching on my business life in America, I'd ride from, say, Atlanta, Georgia, to Columbus. I'd say, man, we could solve the Palestinian thing 17 times here just on that thing in the middle of the road, there's so much land. We don't have it. You all know that from Tel Aviv to the Green Line it's 15 minutes. Fifteen minutes.

So, you know, do I think that they would accept it? No, but they don't accept our very existence.

MR. INDYK: We are half an hour over in this fascinating conversation, but if I don't give Aiyelah Hassan the last question I think she's going to kill me, so you have the last question.

MINISTER BENNETT: She will.

MS. HASSAN: Thank you. Short answer I will

ANDERSON COURT REPORTING
706 Duke Street, Suite 100
Alexandria, VA 22314
Phone (703) 519-7180 Fax (703) 519-7190

appreciate.

MR. INDYK: Short question would be good.

MS. HASSAN: There was a rumor yesterday that Netanyahu at the last moment tried to form a new coalition with you, with Lieberman, and with the religious factions. Is that correct?

And you avoid answering the question if you're fit to be a prime minister. Do you think that you're Yair Lapid to be a prime minister? (Laughter) Your former brother.

MINISTER BENNETT: He's still a brother.

MS. HASSAN: Thank you.

MINISTER BENNETT: Stepbrother. Regarding, you know, the political maneuvers in Israel, I am not aware of it and I think at this point it makes sense to progress to elections. I think the fact that there are elections is not good, but there comes a point where we just need to go to the people and ask for their confidence.

And regarding Lapid, I'm not going to -- you know, he's a good guy. I like him and we have our big

disagreements, you know. At the beginning, you all know the alliance with Lapid was not planned. I wanted to be in government and the prime minister didn't want me to be in government. Okay? So what I did was run quickly to Lapid, give him a hand, and hold strong. And we basically forced the hand of the prime minister to take us both in, but he didn't want the Haredi. I'm okay Haredi. Anyway, that formed the government.

Then I sort of fell in love with this idea and I said this is -- I'm seriously telling you what happened. I thought that this is a unique, historic opportunity to get good things done that you can't otherwise do in a different composition of a coalition. And I even built a theory around it. I called it the 70-70 rule, where 70 percent of the people in Israel agree on 70 percent of the issues, so let's just get them done and decide. But what happened is the 30 percent kept kind of showing its face. And pretty much on all fronts, on the national front, on economy, and on religious affairs, we had

pretty big differences, so it didn't work. The experiment did not succeed. But bottom line, I think he's a great guy.

One more thing, if I may use this opportunity. Jonathan Pollard is not in good shape. I think he's by and large dying. He's been in jail for almost 30 years now. Everyone in America understands that it's time for him to come out, to be freed, to come home and live the remainder of his life in Israel. As really Israel's best friend, I'm asking America, I'm asking President Obama, let Pollard go, please. Let Jonathan Pollard come home to his homeland in Israel. Thank you. (Applause)

MR. INDYK: Naftali, we obviously don't agree on everything, but we could at least --

MINISTER BENNETT: 80-10 rule, with you it's 10 percent.

MR. INDYK: I think we could at least agree that it was a lively discussion and thank you very much for doing that. (Applause)

* * * * *

ANDERSON COURT REPORTING
706 Duke Street, Suite 100
Alexandria, VA 22314
Phone (703) 519-7180 Fax (703) 519-7190

CERTIFICATE OF NOTARY PUBLIC

I, Carleton J. Anderson, III do hereby certify that the forgoing electronic file when originally transmitted was reduced to text at my direction; that said transcript is a true record of the proceedings therein referenced; that I am neither counsel for, related to, nor employed by any of the parties to the action in which these proceedings were taken; and, furthermore, that I am neither a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

Carleton J. Anderson, III

(Signature and Seal on File)

Notary Public in and for the Commonwealth of Virginia

Commission No. 351998

Expires: November 30, 2016

ANDERSON COURT REPORTING
706 Duke Street, Suite 100
Alexandria, VA 22314
Phone (703) 519-7180 Fax (703) 519-7190