



Lauder School  
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Institute for  
Policy and Strategy



# The 2011 Herzliya Assessment



## CRITICAL JUNCTURES FOR ISRAEL – WORLD AND MIDDLE EAST IN TURMOIL

Maj. Gen. (res.) Danny Rothschild  
and  
Tommy Steiner

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כנס הרצליה השנתי האחד-עשר  
מאזן החוסן והביטחון הלאומי

# HERZLIYA 2011 הרצליה

The Eleventh Annual Herzliya Conference  
The Balance of Israel's National Security

# Foreword

The Eleventh Annual Herzliya Conference on the Balance of Israel's National Security and Resilience was held on the campus of the Interdisciplinary Center (IDC) Herzliya in early February 2011.

Herzliya 2011 was genuinely timely. The Conference took place against the backdrop of political turmoil in the Middle East and demonstrations across the region. Much of the attention was devoted to Egypt as it was clear that the domestic upheaval was reaching a climax; this would eventually lead to the departure of President Mubarak only two days after the Conference. The agenda of Herzliya 2011 barely kept up with unfolding events, yet sought to flesh out the intricacy of the evolving Middle East. Featuring Israeli and world leaders of government, business, politics, military, academia and media, Conference discussions explored credible strategies and solutions to the many policy challenges facing Israel, the Middle East and the international community.

From our perspective, and taking into consideration what has evolved since the Conference took place, *the second decade of the 21st Century is shaping up to be an epoch of profound strategic uncertainty reflecting shifting global balances of power and a growingly volatile Middle East. Preempting further Islamic radicalization – in the Middle East and among Muslim communities in the West – is the common strategic imperative of the West, the remaining moderate Arab regimes, and Israel. It ought to inform a joint international strategy built on three mutually reinforcing and simultaneous pillars: containing the region's revisionist and radical forces; fostering a gradual, phased transition process of Arab regimes to alleviate socio-economic and political underdevelopment; and advancing the Arab-Israeli peace process. Perhaps more than ever before, Israel and other US allies in the region need to work together to bolster the American projection of influence in the Middle East, which is intertwined with their respective strategic postures.*

*As challenging as it may be, building a regional anti-radical and pro-peace coalition, in which Israel should play an instrumental role, is not only necessary for achieving durable regional stability and security; it would allow Israel to credibly build-up its "peace credentials" to offset the impact of the assault on its legitimacy and demonstrate its being a strategic asset of the West in the Middle East. Such an effort would facilitate broadening the base of Israel's foreign relations to Asia-Pacific. This new course would also allow creating a much-needed new global discourse between Israel and the Jewish Diaspora.*

*Although global and regional fluctuations dominate the attention, it is important to recall that national security starts at home. Preserving the remarkable economic growth trajectory along with short and long-term measures to deal with mounting poverty and socio-economic inequality are vital and urgent.* A comprehensive reading of national security, which views domestic challenges as building blocks of national security and power, has been the underlying theme of the Herzliya Conference Series. Time has come that this approach becomes the guiding principle of Israel's governance.

Herzliya 2011 was preceded by the work of more than a dozen commissioned senior taskforces assigned to authoritatively address the principal issues outlined in the Conference agenda and develop concrete policy recommendations. Taskforce reports, in addition to commissioned and submitted studies, were deliberated by keynote speakers, high-level moderated plenary sessions, and closed Herzliya Roundtable discussions held under the Chatham House rule.

Based on the cumulative output of the 2011 Herzliya Conference, this document offers an assessment of Israel's national security by outlining key observations, principal strategic and policy directions, and conclusions rising from the exchanges in a concise, integrative and comprehensive manner. A preliminary version of the 2011 Herzliya Assessment based on the pre-Conference work of the Institute was presented by the Chairman at the official opening of the Conference.

Seeking to capture the spirit and essence of the deliberations, this document however, does not endeavor to incorporate all that was discussed, nor does it obligate the speakers and participants of the Conference. The authors acknowledge with high regard the contribution to this report made by the research team of the Institute, whom had summarized and synthesized the compilation of Herzliya 2011's proceedings and reports.

Submitted to the Government of Israel, one may only hope that the findings and conclusions elaborated herein will be of value.

Maj. Gen. (res.) Danny Rothschild  
Director, Institute for Policy and Strategy  
Chairman, Herzliya Conference

Tommy Steiner  
Senior Research Fellow, Institute for Policy and Strategy  
Manager, Herzliya Conference

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# The 2011 Herzliya Assessment: Main Points

## THE GLOBAL ARENA

1. The global economic crisis exposed and accentuated the shifts in world power relations – with the relative economic decline of the US and Europe, which invariably enhanced the relative posture of the two main emerging powers, China and India. While the decrease in Western global power and influence is not likely to result in a transformation of world politics, a more introverted America has squandered its global posture and projection of influence. Less able to depend on their patron, US allies around the world are left to fend for themselves.
2. The record high economic growth rates of the emerging powers and developing countries in the past decade are narrowing the gap between the global demand and the supply of oil. The steady rise in global demand will increase the political-strategic capital of oil producing nations and likely result in a price hike. The global dependency on oil for transportation bears strategic risks for both the developed and developing world. Unfolding events in the Middle East only serve to underscore this threat.

## SHIFTING SANDS IN THE MIDDLE EAST

3. Over the past decade and with growing Iranian support, radical Islamic groups across the Middle East are gaining political power and support, posing an imminent threat to the stability of the region. Moreover, the growing outreach of these groups in Europe and in the US has not been sufficiently challenged, which in turn, facilitates the export of radicalism, terror and violence to Western soil. Facilitated by political, social and economic under-development across the Middle East and among Muslim communities in the West, radicalization and terror are two sides of the same coin – terror is the manifestation, the realization, of radical indoctrination. Governments – in the Middle East and in the West – must vigorously promote traditional non-radical Islamic ideology and financially and institutionally empower non-radical Islamic civil society by vigilant and unrelenting outcasting of radicals. Counter-radicalization ought to be couched in a multi-dimensional strategy that would also prudently tackle the root causes that permit the festering of radicalism – political, social, and economic under-development.
4. Iran is exploiting domestic upheaval in the region to increase its clout, assuming the regime can contain its very own domestic challenge to its rule. A macro-regional risk assessment would underscore the increasing likelihood of an outburst of Iranian-sponsored and sanctioned radicalization of Middle East regimes. Iran and its allies and proxies share a strong sense of accomplishment, which in turn only reinforces their determination to wreak regional havoc.
5. The evolving turmoil across the Middle East and developments in some theaters, such as Egypt and Tunisia has solved the long-standing strategic conundrum of reforms vs. stability. Western policymakers ought therefore to support a gradual transition process of building-up a more responsive and accountable political, economic and social institutional infrastructure in Arab regimes to prevent their overtaking by radical Islamic forces. The US and Europe, along with the other G-20 powers should assist in the gradual transitions responding to the popular demand for representation, good governance and better life conditions.
6. While the Palestinian cause hardly features in the current intra-Middle East turmoil, the potential radicalization of key Middle East countries might revive the exploitation of the stalemate in the Israeli-Palestinian peace process. The Israeli-Palestinian impasse is an additional risk factor for the remaining moderate Arab regimes. Placed in that context, wrongly or rightfully, Israeli perceived reluctance to vigorously pursue the peace process is viewed as a contributing factor to regional instability. While a comprehensive Israeli-Palestinian final status may not be in the cards in the immediate future, there is ample room for a series of concerted measures by Israel, the Palestinians and the moderate Arab countries.

7. The broad Middle Eastern perception of American declining power considerably harms the strategic posture of US allies in the region, Israel included. However, the strategic reliance of Israel and the moderate Arab countries upon the US cannot be passive and they ought to share the burden of revitalizing the US-led coalition of moderate forces in the region by jointly promoting the peace process, containing radicalism, and carefully managing the reform and transition processes across the region.
8. Although sanctions alone will not dissuade Iran from pursuing a military nuclear capability, maintaining international pressure is essential. While benefitting from the extensive international preoccupation with its military nuclear program, international pressure appears to have led Iran's leaders to avoid a short-term nuclear breakout and evade harsher sanctions. More effective dissuasion necessitates a realistic assessment of the regime's domestic resilience allowing the formulation of a carefully calibrated balance between sanctions and a credible threat to use sufficient military force. While Israel should do all that is in its means to prevent the military nuclearization of Iran, it should not assume a primary and exclusive responsibility in this indispensable undertaking.

## ISRAEL'S MILITARY AND DIPLOMATIC FRONTIERS

9. The shifting global balance of power and Middle East political turmoil do not seem to enhance Israel's international standing and regional strategic posture. However, a sound national security doctrine and foreign policy and their calculated execution could leverage these fluctuations in Israel's favor and serve to enhance Israel's positioning – regionally and globally.
10. True or false, the broadly held international perception that Israel is not sufficiently instrumental in promoting the Middle East peace process is detrimental to its national security since it undermines Israel's position as a strategic asset of the Western world in a volatile region. While the regional turmoil mandates prudence, Israel ought to demonstrate its “peace credentials” by assuming the initiative in promoting the process through constructive declaratory and practical measures on the ground and by engaging moderate Arab parties in the region.
11. From a military perspective, Israel's strategic situation appears positive at the moment. Nonetheless, the current strategic situation is transient and a short-noticed military escalation could evolve resulting in unprecedented multi-dimensional warfare. This contingency requires urgent adjustments to Israel's national security doctrine and military force structure aiming at containing military confrontations and maintaining them short and decisive, while increasing the readiness of the civilian population to absorb attacks. Israel's military force structure ought to be based on a well-attuned balance between defensive (active and passive) and offensive capabilities.
12. Anti-Israeli discourse has become prevalent in mainstream policy communities throughout the Western world – more so in Europe, but growingly in the US as well. Transcending the line between criticizing legitimate (even if perceived unwise) Israeli decisions to outright delegitimizing of such actions and rendering them unlawful, this trajectory constitutes a strategic threat to Israel – by impairing Israel's ability to defend itself and enticing its enemies to try and exploit these vulnerabilities. To counter the assault on its legitimacy, Israel and its friends ought to promote an informed, unbiased, and professional debate in the Western political and media spheres concerning the Middle East.
13. In face of global power fluctuations, Israel ought to broaden the scope of its foreign policy, beyond the US and Europe. There is however, no strategic substitute to Israel's relations with the US, and Israel's regional posture is intertwined with the position of the US in the Middle East. Therefore, in expanding Israel's foreign relations, particularly in Asia-Pacific, the linchpin ought to be India, a recognized strategic partner of the US, along with other US allies and like-minded countries, namely Japan, Republic of Korea, Singapore and Australia.

## ISRAEL'S DOMESTIC CHALLENGES

14. The formidable challenges facing Israel on the global and regional scene only serve to underwrite the essential and urgent need to attend to critical issues on the domestic national agenda.
15. The growing societal inequality and rate of poverty pose a threat to the resilience of the society, which is exceptionally critical as the homefront is one of the main targets of Israel's enemies. Vis-à-vis the Western world, Israel recorded in 2010 the highest rates of poverty and economic growth and the lowest rate of labor participation. This combination

is simply untenable and manifests the inadequacy of Israel's domestic government policies. The government has failed to both offer the benefits of economic growth across the board of Israel's society and to maximize the potential of the economic growth. Perhaps more than ever before, Israel needs effective performance-based governance. The primary domestic strategy of the government ought to be facilitating the continued trajectory of economic growth, while sharing the benefits of growth more equally and reducing socio-economic polarization.

16. While short-term measures are essential to deal with the staggering rates of poverty and socio-economic inequality, there is a vital imperative to launch a long-term grand-strategy to increase human capital, employment and labor income rates of the socio-economically disadvantaged members of Israel's society – focusing primarily on education and employment.
17. School education in Israel is unequal, with geographical and societal periphery suffering of lower quality teachers and teaching. In addressing socio-economic inequality in the education system, digital learning is a major tool for enhancing quality education in all society sectors. Information technology and the World Wide Web are not an end in themselves, but rather a critical platform for providing high-end education combined with effective teacher-student communication.
18. The government should allocate considerable resources for vocational education of adults from the three socio-economic weak segments of the society, namely Arab Israelis, ultra-orthodox Jews, and people with disabilities. This ought to be complemented by removing social and physical barriers for these segments' participation in the labor force and facilitating their employment placing by also providing necessary infrastructure. Tackling under-development among these sectors is not only essential for enhancing the societal and economic integration of what makes up nearly 40 percent of Israel's population; it is one of Israel's major untapped sources of future potential economic growth. For instance, the full integration of the Arab Israelis into the national economy – meeting the average rate of employment and salary – could potentially add approximately USD7 billion or 3 percent to the annual gross domestic product.

## ISRAEL AND THE JEWISH DIASPORA

19. The growingly pluralistic character of Jewish communities in the Diaspora and the greater diffusion of Jewish organizational life around the world warrant a reconsideration of Israel-Jewish Diaspora relations. Raised in liberal democracies that defend minority rights, a growing number of Jewish leaders, and even more so young Jews worldwide, find it increasingly difficult to unconditionally defend Israel's policies without their critical notes being registered. The alienation of younger Diaspora Jews is further reinforced by the perceived growingly less liberal Israeli body politic, unproportionally dominated by ultra-orthodox parties and right-of-center political positions.
20. The mounting assault on Israel's legitimacy compounds and accentuates the challenges facing both Israel and the Jewish Diaspora. Being on the frontline of the assault is excessively burdening internal Jewish Diaspora debates on the future of Israel, on the logic and morality of its actions and on the nature of Jewish society in general.
21. However, and as opposed to the vibrant debate in the Diaspora, Israel-Diaspora relations are simply not on the Israeli agenda. There seems to be a broad, although implicit, belief that Israel is no longer strategically dependent upon the Diaspora. The mushrooming experiential programs of the Diaspora in Israel have however, led to a broad Israeli acknowledgement of the need to reinforce the bonds and attachment of young generation Jews to Israel.
22. The increasing need felt by Jews in the Diaspora to be heard on issues that directly and indirectly influence them as Jews, together with the need for Israel to keep the Diaspora involved but not formally so, offers the rationale for seeking possible mechanisms for enhancing more formal and regularized Israeli-Diaspora dialogue.

# The Global Arena: Reshuffling the Deck of Global Influence and Resources

For more than two centuries, the Western world shaped the global order. *The decrease in Western global power and influence is not likely to result in a transformation of world politics.*

While it seems that the global economy is slowly and unevenly recovering from the crisis, a possible source for the next global crisis is potential worldwide shortage in oil, also known as peak oil. Producing an unprecedented price hike, the materialization of the peak oil scenario could result in a global economic meltdown with profound strategic implications.

## SHIFTING GLOBAL BALANCE OF POWER

*The global economic crisis exposed and accentuated the shifts in world power relations* – with the relative economic decline of the US and Europe, which invariably enhanced the relative posture of the two main emerging powers, China and India. As far as the US is concerned however, in the past year, its economy has recorded several positive indicators, which might herald the beginning of recovery. Although unemployment rates continue to loom high, there is an overall improvement in the confidence of the markets. While as this preliminary recovery has taken a toll on US national debt levels, sustained economic growth might limit the impact of the debt. US initial economic recovery is also positively affecting the global marketplace, which has demonstrated considerable resilience in face of the crisis.

In shunning “beggar thy neighbor” policies of currency manipulation and protectionist trade barriers, the global economy avoided the trajectory of the 1930s international economic crisis. The effective global policy coordination under the auspices of the growingly important G-20 also demonstrates the broad recognition that economic growth is not a “zero-sum game”.

The global economic crisis, however, has caused old and emerging powers alike to focus on attending

to their own economies. The economic situation has become a major factor shaping the powers’ international standing and a critical factor in their domestic political considerations.

*As the US has become more introverted, the economic preoccupation has particularly harmed US global posture and projection of influence, which in turn, adversely affects US allies across the world.* Less able to depend on their patron, the respective regional postures of US allies in the Middle East, Asia, Europe and Latin America have been impaired.

While US power and influence is expected to rebound at a certain point, Europe’s position is far less clear. Solidarity within the EU is low and its domestic and intra-European socio-economic challenges are forbidding. Furthermore, the Lisbon Treaty has so far failed to deliver in terms of enhancing Europe’s position in the global arena; some would posit that the EU has lost considerable global influence in the past year. This has opened the way for the major EU capitals to take the lead.

Some accounts predicted a growing role for Latin America, and Brazil in particular as an emerging power. However, the impact of Latin America’s relatively smaller population combined with intra-regional and domestic challenges on the global marketplace will be more limited. Consequently, it appears premature to count Brazil alongside China and India as an emerging global power.

*Notwithstanding their steady and rapid economic growth, the emerging powers – China and India – are not expected to transform the global order in the foreseeable future* for three main reasons. First, the US is still the sole global power commanding a broad multi-dimensional range of “hard” and “soft” capabilities superior to anything China and India have to offer. It is equally important to note that China and India are both more “regional” players, than “global” actors. Second, both China and India owe their rise to the current globalizing world order

and their future economic growth expectations depend on the stability of this order. Third, India and China do not appear to bestow hegemonic ambitions despite more recent Chinese altercations with the US. China does however wish to wield more globally recognized authority, status and influence as a world power. China has also increased its primarily economic presence in Latin America and Africa. India is campaigning for a permanent seat at the UN Security Council, but considers itself a “bridging power”, not a world hegemon.

*Although it would be probably early to pronounce the “end of the West”, the front line of the world stage is becoming far more heterogeneous, clearly tilting to the East.*

Nonetheless, the sustainability of China and India’s rise is not a certainty. Many of the forecasts predicting the inevitable continuing economic rise of both powers fail to account for domestic socio-economic challenges and do not incorporate low probability events, which might bear high impact on their growth trajectories (“wild cards”). A global oil crunch is one possible scenario which would definitely mandate an adjustment of China and India’s estimated growth curves.

## PEAK OIL? GLOBAL RAMIFICATIONS OF CONTINUED DEPENDENCY ON OIL

The record high economic growth rates of the emerging powers and developing countries in the past decade are narrowing the gap between the global demand and the supply of oil. OPEC production levels and the supply of oil have remained largely unaffected since 1980 bringing them to nearly exhaust their reserves. *The steady rise in global demand will increase the political-strategic capital of oil producing nations and most likely result in a price hike, which experts believe could reach the level of USD200 per barrel within a few years.*

While the world has coped with oil price at USD150 per barrel, a price hike to the level of USD200 per barrel would create profound worldwide instability and trigger a deep global economic crisis. To illustrate, such a price hike would debilitate world trade, thwart the power projection of the Western world due to the exuberant cost of deploying military forces, and cripple developing and failing states, particularly in Africa.

Nonetheless, these assessments may not be realized as the global oil marketplace is shrouded by nearly complete lack of transparency regarding the quality and quantity of oil reserves. Furthermore, sustained high oil prices might lead to the exploration of more expensively produced oil reserves. The advance of natural gas and its application as transportation fuel could reduce the global dependency on oil at least until new forms of fuel will be developed.

*Whether or not the “peak oil” scenario will materialize, the global dependency on oil for transportation bears strategic risks for both old and emerging powers and the developing world. Unfolding events in the Middle East only serve to underscore this threat.*

With current estimated production costs of Middle East oil ranging at USD4-15, rising oil revenues are posing a strategic threat to Israel. Responding to this challenge, the Government of Israel will invest more than USD400 million over the course of a decade to develop alternative energy sources for transportation – bio-fuels, synthetic fuels, electrical batteries for transportation, and technologies aimed at enhancing energy efficiency of transportation. Israel is also to assume a leading role in the application of the natural gas based fuel – methanol. The commercialization of these alternatives to fossil fuel will require resetting regulation in the Western world. The international community should also move to increase the transparency of the global energy markets. In this global campaign, Israel and its allies ought to take the lead.



# Shifting Sands in the Middle East

*The second decade of the 21st Century is shaping up to be an epoch of profound strategic uncertainty reflecting an ever turbulent global arena and a growingly volatile Middle East.* In historical terms, 2011 may come to be considered a watershed era in the annals of the Middle East. In the coming year, several formidable processes will take shape providing for regional game-changing developments and potentially constituting a “new”, but probably not better, Middle East. The region, more likely than not, is expected to experience political turmoil and instability, posing a strategic threat to the future of Israel and harming vital interests of the Western world, if not of the entire global community.

## THE DIMINISHING POSTURE OF THE US IN THE MIDDLE EAST

*The Middle East as a whole is under the impression that the US has reshuffled its national interests and priorities. Resulting in dwindling US regional influence and following the 2010 mid-term elections, President Obama’s future is far more dependent on his domestic track-record than on foreign policy achievements or debacles. This re-orientation was clearly demonstrated in President Obama’s January 2011 “State of the Union” address and in the inconsistent mishandling of both the political turmoil in the region and the Arab-Israeli peace process. Unless events in the Middle East will adversely impact current American priorities – primarily, domestic economic recovery and the Afghan offensive – the US Administration might look the other way as its regional authority and role will continue to diminish.*

*The broad Middle Eastern perception of American declining power considerably*

*harms the strategic posture of US allies in the region, Israel included.* Simultaneously, this perception bolsters and reinforces Iran’s regional hegemonic ambitions and expansionism having it tighten its grip beyond the Northern tier of Syria-Hezbollah-Hamas-Turkey to the Southern tier – US allies from the Persian Gulf through Saudi Arabia and Jordan to North Africa. Iran might put the US and its regional allies to test sooner than one might expect by pursuing its easily materialized ambitions to take over oil-rich Southern Iraq.

Without a reinvigorated and consistent US containment strategy, Iran’s revisionist aspirations and aggressive destabilizing of other regimes in the region will pursue unchecked, as Western regional influence dwindles. This trajectory poses a clear and present danger to Israel and US allies across the region.

A “strong” US presence in the Middle East is a vital strategic interest of Israel and the moderate Arab countries in confronting the shared challenge posed by the radical forces in the region. However, *the strategic reliance of Israel and the moderate Arab countries upon the US cannot be passive and they ought to share the burden of revitalizing the once formidable US-led coalition of moderate forces in the region by jointly promoting the peace process and prudently managing reform and transition processes across the region.*

## BEYOND THE NUCLEAR FILE: IRAN’S BID FOR HEGEMONY OF A RADICAL MIDDLE EAST

*Iran is exploiting domestic upheaval in the region to increase its clout, assuming the regime in Tehran will be able to contain its very own domestic challenge to its rule.* The Iranian subversion offensive throughout the region is multiplying the likelihood of radical Islam forces coming to power in key Arab countries reversing their pro-Western strategic orientation. At the very least, Islamists

are expected to enhance their political power and sway, which in turn would allow them to influence and direct the strategic re-orientation.

Thus, *a macro-regional risk assessment would underscore the increasing likelihood of an outburst of Iranian-sponsored and sanctioned radicalization of Middle East regimes.* This clearly constitutes a regional risk bearing a relatively high (if not highest) adverse impact with broad ripple (tsunami-like) effects extending across and well beyond the region. Radical Islamization of one of the “moderate” Arab regimes, for instance Egypt, might set a “spillover effect” into motion and could impair the interests of the international community in preserving regional stability and safeguarding energy and maritime security.

Western analysts disagree as to the domestic resilience of the Iranian regime, the political impact of the international sanctions and the consequent domestic economic crisis. Nonetheless, there is a broad consensus that *although sanctions alone will not dissuade Iran from pursuing a military nuclear capability, maintaining international pressure is essential.* Experts, however, disagree over the extent of the next phase of applied pressure and sanctions; some (including current US officialdom) question the efficacy of debilitating sanctions that might only serve to domestically reinforce the regime’s hold, while others maintain that harsher sanctions might undermine regime stability and facilitate dissuasion.

One way or the other, dissuading the Iranian regime from pursuing nuclear weapons mandates a much more united international front, yet to be fully and unequivocally demonstrated. *Effective dissuasion necessitates a realistic assessment of the regime’s domestic resilience allowing the formulation of a carefully calibrated balance between sanctions and a credible threat to use sufficient military force.* In formulating a strategy of dissuasion, it would be essential to prudently consider the implications of failure as it is estimated that a military operation could only forestall Iran’s nuclear program by four years and Israel would be the primary bearer of Iranian retaliation. While Israel should do all that is in its means to prevent the military nuclearization of Iran, it should not assume a primary and exclusive responsibility in this indispensable undertaking.

*Current international pressure appears however, to have led to a modification of Iran’s strategy to pursue military nuclear capability.* While Iran could technically be in a position to achieve nuclear capability within two years, its leaders seem to prefer to avoid a short-term nuclear breakout as it would legitimize broad and far harsher international counter-measures. It therefore is plausible to construe that Iran’s leadership has opted to methodically and patiently pursue the build-up of its nuclear producing infrastructure for military purposes.

Furthermore, not only is Iran not pressed to achieve short-term breakout, it is already benefitting from the extensive international preoccupation with its military nuclear program. Although understandable, the attention to its nuclear file has bolstered Iran’s strategic posture beyond any proportion well before mastering uranium enrichment to military grade levels. At the same time, Iran’s build-up of a domineering conventional military force been hardly noticed by the global powers, while its regional subversion efforts have only come to light more recently. *Iran and its allies and proxies share a strong sense of accomplishment, which in turn only reinforces their determination to wreak regional havoc.*

## TURKEY – FOE OR FRIEND?

Following the Justice and Development Party’s (Adalet ve Kalkınma Partisi - AKP) electoral victory in 2002, Prime Minister Recep Tayyip Erdoğan has led Turkey’s domestic and international reorientation. Domestic societal processes are driving the Islamic identity of Turkey, although this identity is more conservative than radical. Meanwhile, Turkey has developed close strategic relations with the radical forces in the region – Iran, Syria, and Hamas. In the longer term however, Turkey’s regional ambitions position it as a likely rival of Iran and, in any case, Turkey would not want Iran to become a nuclear military power.

In this reorientation, *Turkey’s long-standing strategic relationship with Israel has effectively come to an end* marked by Turkish harsh criticism of Israel’s 2008/9 Cast Lead Operation in Gaza and the Turkish role in the *Mavi Marmara*-led flotilla to Gaza and its aftermath. Turkey’s relations with its NATO allies and European neighbors have also

experienced considerable strain. From a Western perspective, Turkey remains a strategic asset although its actions vis-à-vis the Middle East continue to raise serious question marks, as in the Turkish effective veto of officially naming Iran as the target for NATO's new missile defense program and in the joint Turkish-Chinese air force exercise.

The current direction of Turkey's relations with Israel remains unclear. Both Prime Ministers, Erdoğan and Netanyahu, appear to be exploring the possibility of restoring amicable relations between the governments. However *there is substantial concern in Israel and in the West concerning the impact of Turkey's Islamic public opinion and popular media, which increasingly display fervent anti-Western, anti-Israeli and even anti-Semitic discourse.*

## THE SPECTER OF ISLAMIC RADICALIZATION IN THE MIDDLE EAST AND THE WEST

Over the past decade, *radical Islamic groups across the Middle East are gaining political power and support*, posing an imminent threat to the stability of the region. Moreover, the *growing outreach of these groups in Europe and in the US has not been sufficiently challenged*, which in turn, facilitates the export of radicalism, terror and violence to Western soil. *Radicalization and terror are two sides of the same coin – terror is the manifestation, the realization, of radical indoctrination.*

One of the crucial drivers of Middle East instability and the specter of regional radicalization is the unique demography of the region – more than half of the Arab population is young; of which a large proportion is under 15. Many of the Arab regimes are failing in addressing the challenges posed by their rapidly growing populations – in providing adequate education and employment. This void is filled by radical Islamic movements funding education and welfare services instead of the government and poised to reap political dividends in democratic elections. The cases of Iran, Lebanon and Gaza demonstrate that once in power, radical Islamic-

backed governments are likely to install draconian security apparatuses to enforce their authoritarian rule guided by a radical theological interpretation of Islam. The danger of this experience being repeated elsewhere in the Middle East is clear and potent.

*Facilitated by political, social and economic under-development across the Middle East, radical Islamist groups – both Muslim Brotherhood and Salafist Jihadist (al-Qaeda) movements are operating in all moderate Arab Sunni regimes – Yemen, Saudi Arabia, Egypt, Jordan, Palestinian Authority, Algeria, Tunisia, and Morocco. Some of these groups benefit from assistance and guidance provided by Shi'ite Iran and Hezbollah.*

*Islamist radical ideologies and movements have also penetrated third generation Muslim migrants in the US and Europe, many of whom are socio-economically under-privileged and suffering of identity crisis.* These movements provide the troubled youth and young adults a sense of belonging and purpose and provide welfare and education. The Western governments are failing to respond and effectively address radicalization as it may be construed as religiously offensive and an affront to the basic freedoms, the cornerstones of liberal democracies. Compelled by political correctness, government agencies in the West appear nearly helpless.

In a sense, combating radicalism in the West and in the Middle East is not all that different. The threatened regimes in the Middle East have chosen different tactics to counter the spread and sway of these movements including the recruiting of establishment clerics to delegitimize these movements and launching public propaganda campaigns. These efforts, as essential, attempting to undermine the religious credentials of radical Islamists in Middle East countries have been for most piecemeal and failed to create a critical mass.

*Governments – in the Middle East and in the West – must vigorously promote traditional non-radical Islamic ideology and financially and institutionally empower non-radical Islamic civil society. This approach can only be sustained by vigilant and unrelenting outcasting of radicals, which is the pre-*

### *condition for counter-radicalization.*

Therefore, governments ought to unequivocally reject offering to radical organizations representation in any official agency, authority or government post and discard official engagement with “soft” or more “reasonable” radicals.

*Counter-radicalization ought, however, to be couched in a multi-dimensional strategy that would also prudently tackle the root causes that permit the festering of radicalism – political, social, and economic under-development.*

The strategy should make clear that radicalism is not only a blasphemy, but also will not lead to a better life. In demonstrating this, governments should reclaim from radical Islamist organizations the responsibility for providing welfare and educational services. Governments ought to also lead the way in empowering women in Muslim communities in the West and in the Middle East.

Challenging radical Islam in the Western liberal world will not be an easy undertaking. Western governments will have to invest in media campaigns to explain to the broad public the dangers of radical Islam by underscoring their illiberal and anti-Christian agenda and the potent security threat they pose.

## ADDRESSING TRANSITION: PROVIDING FREEDOM AND STABILITY IN THE MIDDLE EAST

Domestic upheaval across the Middle East leading to the ousting of authoritarian leaders until recently vividly supported by Western governments has brought to fore one of the principal strategic dilemmas – freedom and democracy vs. regional stability. Having been discredited by all parties in the region, Western imprint has been limited. While the political, social and economic under-development of the Arab world facilitated radicalism and the export of violence to the West, the profound concern was, and still is, that given the headway achieved by radical forces in the past decade, democratically elected governments would end up being controlled by radical Islamist movements.

Therefore, in the past two years, the Obama administration seemed to have distanced itself from the freedom agenda actively promoted by its predecessor.

Rather, the US clearly preferred maintaining the domestic political status-quo in countries considered its allies. *Events on the ground in the region compelled the Obama administration to adopt the Bush administration’s stance on promoting freedom in the Middle East as a cure to regional instability and the export of violence and radicalism to the West.* However, the lessons the Bush administration learned during its first term through 2006 following the electoral successes of the Hamas in the Palestinian Authority and the Muslim Brotherhood in Egypt have not been all too apparent in the hitherto inconsistent handling of events by the current US administration. The former administration eventually realized that democratic elections alone are insufficient for durable freedom and progress, if not entirely counter-productive.

This experience has also informed the Israeli perspective that considers regional democratization as desirable only in principle. Arab Middle Eastern countries lack the required infrastructure – tradition, institutions, pluralism, individualism, and a robust multi-party system – to sustain a democratic process. Post Cold War democratic transitions in Eastern Europe prevailed in countries with some democratic traditions (e.g. Poland, Hungary, Czech Republic) and failed where this was absent (Russia). Therefore, installing democratic elections without a supporting socio-political infrastructure will only serve to open the way for radical forces to assume power, sooner or later.

While this perspective is held by many in the policy community in the West, the American and European administrations posit that they cannot but support the opposition to authoritarian rule and the yearning for democracy. Arguably, there is a limit to Western support to authoritarian rulers who condemn their nations to regress. In a sense, *the evolving situation across the region and developments in some theaters, such as Egypt and Tunisia has solved the strategic conundrum of freedom vs. stability.* The mission ahead is to provide both, even if incrementally.

*Western policymakers ought therefore to support a gradual transition process of building-up a responsive and accountable political, economic and social institutional infrastructure in Arab regimes to prevent*

*their overtaking by radical Islamic forces.*

The US and Europe, along with the middle and emerging powers represented in the G-20 should assist both the new administrations under formation and the remaining regimes in the gradual transitions which would respond to the local public demand for representation, good governance and better life conditions. International financial assistance and guidance in this process will be essential to allow the regimes to address the legitimate public demands, provide domestic and regional stability, and prevent the emergence of radicalism.

## ENGINEERING A TURNAROUND: TIME FOR ARABS AND ISRAELIS TO STEP UP TO THE PEACE PROCESS

*While the Palestinian cause hardly features in the current intra-Middle East turmoil, the potential radicalization of key Middle East countries might revive the exploitation of the stalemate in the Israeli-Palestinian peace process.* The Israeli-Palestinian impasse is an additional risk factor for the remaining moderate Arab regimes. Placed in that context, wrongly or rightfully, *Israeli perceived reluctance to vigorously pursue the peace process* is viewed by foes and allies alike as a contributing factor to regional instability. From an Israeli perspective, this broadly held perception *is strategically detrimental to its national security since it undermines Israel's position as a strategic asset of the Western world in a volatile region.* In this sense, the Israeli-Palestinian conflict has strategic implications beyond the remits of a bilateral protracted conflict concerning territory, security and self-determination. Furthermore, and at least from an Israeli perspective, promoting peace is a moral imperative.

Given the US position, posture and interests in the region, US allies in the region, Israel included, ought to assume more responsibility in promoting the peace process. The challenge facing Israel and the other US allies in the region is to contend with the failure of President Obama's initiative to reach a full and comprehensive peace agreement between Israel and the Palestinians within two years. Historically – from the 1977 Israeli-

Egyptian breakthrough to the 1993 Oslo accords, the US has never effectively initiated the peace process.

*To engineer a turnaround in the slippery dangerous slope the region is experiencing, leaders of the moderate Arab countries should come forward and form a pro-peace Arab coalition with active US involvement to create a positive momentum in the peace process.* A responsible coalition could substitute the extremist Arab League in mentoring the peace process with equivalent authority to the Quartet. In expanding the negotiating setting, this coalition would offer pan-Arab political support to the Palestinians in taking the difficult decisions to move ahead in resolving the conflict with Israel. This coalition would also expand the menu of tangible strategic and political benefits for Israel in attaining a final settlement with the Palestinians and consequently increase Israeli public support for the peace process. The release of the Al-Jazeera documents, the departure of President Mubarak who was the Arab standard-bearer of the peace process and the radical forces' growing political power in the region only serve to underscore the imperative of both Arab and Israeli leaders stepping forward.

While a comprehensive final status may not be in the cards in the immediate future and given the Palestinian rejection of a formal long-term interim agreement (rather than a final status agreement), *there is ample room for a series of concerted measures by Israel, the Palestinians and the moderate Arab countries.* These measures could be based on the continued fulfillment of the Roadmap obligations undertaken by Israel and the Palestinian Authority and accepting the spirit of the Arab Peace Initiative and its explicit equation – normalization for peace. *The concerted measures should be simultaneously implemented in the Israeli-Palestinian and the Israeli-Arab countries tracks.* Arab-Israeli-Palestinian concerted measures will not lead overnight to a comprehensive durable peace agreement, but might break the deadlock, create a momentum conducive to productive negotiations on the final status, and promote more regional stability by reinforcing the moderate players in the region. Constructive progress on the peace process would also serve to bolster the US regional posture and influence.

## ADDENDUM: TIME FOR A NEW GRAND-STRATEGY FOR THE MIDDLE EAST

Events that have transpired since the 2011 Herzliya Conference in early February – the *spillover of political turmoil to Lybia, Syria, Yemen, and Bahrain and the haphazard Western response to the events and additional potential contingencies* – warrant an urgent yet broad rethink of Western strategy in the Middle East.

The above outlined policy directions and recommendations elaborated in the run-up and during the Herzliya Conference remain relevant. The events have underscored that although Western projection of influence, power, and credibility in the region have diminished, *there is no substitute for the US and Europe in sharing the burden in maintaining, and where necessary restoring, regional stability.*

*Nonetheless, decision-making in Europe and in the US concerning their joint and respective roles has been erratic, incoherent and inconsistent.* The uneven application of the international norm of the “responsibility to protect” has diminished Western credibility. The segmented micro-management of evolving situations without due regard for broader regional considerations, as in the case of Libya, will limit Western capacity to effectively respond to other potential contingencies, which could pose a far more substantial threat to vital interests of the international community. Western powers have insufficiently considered the implications of their positions and actions as in the unequivocal support for the ousting of a long-time ally in the form of President Mubarak. They have also tended to overlook the role of revisionist regional forces, namely Iran and Turkey, and future contingencies

which might undermine the position of key regional powers such as Saudi Arabia. The European position that in the midst of political turmoil in the Middle East, the immediate and final resolution of the Israeli-Palestinian conflict is the key to regional stability demonstrates that Western policymakers are disconnected from the reality on the ground.

*Paving the way to a more stable, free, and progressive Middle East with an effective and credible role of Western powers requires the forthcoming of a new grand-strategy* for the region based on three mutually reinforcing pillars:

- Political, and where necessary, military containment of the region’s revisionist and radical forces;
- Fostering a gradual, phased transition process which would improve the socio-economic living conditions and provide responsive and accountable governance of the Arab Middle East;
- Establishing a regional framework jointly led by the Western powers and the moderate and non-radical forces of the region to advance the Arab-Israeli peace process.

Arguably, the task of assuring progress in the Middle East and preventing its rapid downhill deterioration and radicalization will not be an easy or short feat for the US, Europe and their allies in the region. **The stakes however, are simply too high and warrant a paradigm change. In this undertaking however, Western powers need not to assume this burden exclusively, but rather engage and task – overtly or covertly, explicitly or implicitly – their regional allies.** This however will require the US and Europe to commit to real joint authorship with willing and able allies in the region in the process of crafting a new grand-strategy for the region.

# Facing the Game-Changers: Israel's Military and Diplomatic Frontiers

The implications for Israel's national security of the above-analyzed transforming global and regional strategic landscapes are yet to be fully determined. However, *with certain reservations and required prudence, the shifting global balance of power and Middle East political turmoil do not seem to enhance Israel's international standing and regional strategic posture.*

This assessment, however, is not a *fait accompli* that renders Israel vulnerable. *A sound national security doctrine and foreign policy and their calculated execution could leverage these fluctuations in Israel's favor and serve to enhance Israel's positioning – regionally and globally.* In this effort, Israel ought to strengthen the diplomatic dimension of its national security as the diplomatic arena is critical in tackling strategic challenges.

Furthermore, and as outlined in the previous section, Israel too, even if not alone, must effectively and credibly promote the Israeli-Palestinian peace process. The current stalemate undermines Israel's regional and global standing and poses a threat to the very foundations of its national security.

From a military perspective, Israel's strategic situation appears at the moment positive – with Israel's northern border and the West Bank calm and quiet. This situation in the North stems from a deterrence-based equilibrium following the 2006 war in Lebanon. Nonetheless, the current strategic situation is transient and a short-noticed military escalation could evolve. The recent events in the Middle East, which took all intelligence establishments by total surprise, point to the limits of intelligence assessment.

## THE CHALLENGE OF MULTI-DIMENSIONAL WARFARE

The Second Lebanon War of 2006 exposed the vulnerability of the Israeli homefront to rocket and missile warfare. In preparing for the next war however, Israeli military planners are required to assume, account for, and address, additional forms of combat and armament simultaneously operated and targeting both the homefront and the military front.

*Israel's primary adversaries, the radical axis led by Iran and its proxies Hezbollah and Hamas, along with Syria, have adopted an offensive strategy aiming to negate and offset at the lowest possible costs Israel's military superiority.* The adversaries are challenging Israel's military deterrence, its strategic intelligence warning, and its ability to achieve military triumph in the battlefield. Enemies' mounting stockpile of ground-to-ground rockets and missiles is a blatant attempt to create a credible capacity to target, intimidate and terrorize Israeli civilian population; advanced aerial defense systems aim at restraining the operational ability of Israel's air force; and anti-tank capabilities and commando forces hamper Israel's armored and infantry maneuverability.

The range of multiple arenas and contingencies of varying level and degree – from low intensity combat, through full-scale conventional ground maneuvering, to ballistic missile warfare, conventional and non-conventional armaments, and cyber warfare – will take a considerable toll on Israel's fiscal resources. *The military's assessment is that future military confrontations will be more intensive and frequent. Israel's military force structure and operational concept should therefore be aimed at containing these confrontations and maintaining them short and decisive, while increasing the readiness of the civilian population to absorb attacks.* Furthermore, the assault on Israel's legitimacy and the prejudicial scrutiny applied to all of Israel's military operations constrain its maneuverability.

*The military strategic planning of the force structure will therefore require a calibrated balance between defensive (active and passive) and offensive capabilities. This balance will be decisive for the outcome of future confrontations as defense does not come at the expense of offense, and vice versa.* Rather, defense capabilities are necessary to launch effective offensive operations, while the latter are essential for rendering a decisive military outcome, which would restore deterrence for as long as possible.

Nonetheless, defensive capabilities cannot provide an ultimate guarantee. To date, there is no absolute defensive solution for ballistic threats. Israel will therefore have to continue relying on classical deterrence mandating a credible and sufficiently intolerable threat aimed at Israel's enemies.

Israel, as the entire Western world, will have to invest resources and thinking into raising its level of readiness and preparedness to deal with cyber warfare. Wide range attacks upon Georgia and Estonia have already demonstrated that cyber warfare is not a theoretical possibility. *Defending Israel's advanced digital and cybernetic capabilities and highly networked economy should be a high priority for the defense establishment – leading to the development of cyber intelligence and of the (currently not available) capacity to identify the sources of cyber attacks.* The government – in coordination with the defense establishment and corporate sector – will also have to urgently resolve critical doctrinal, legal and regulative issues in order to be able to effectively counter and negate a cyber attack. This trilateral forum ought to also credibly assess the potential threat posed by Electro-Magnetic Pulses (EMP), which could theoretically cripple Israel's electrical system.

The rise of these new forms of security threats poses unprecedented challenges. Their multidimensional nature requires the recruitment and active participation of the corporate sector and the public in addressing the defense of the realm. This growing span of threats also raises substantial questions as to the responsibility and authority to define and prioritize national security threats. Ultimately, it is up to the government to become actively seized of these matters and swiftly resolve them.

## COUNTERING THE ASSAULT ON ISRAEL'S LEGITIMACY

*Israel has only recently become seriously engaged in trying to enhance its soft power and to counter the campaign delegitimizing its policies, positions, military operations, and even its very existence as a Jewish-Democratic state.*

The deadlock in the Israeli-Palestinian peace process has harmed Israel's international standing. Concrete progress in the peace process would enhance Israel's soft power and undermine support for the anti-Israel campaign. However, the reality on the Middle East ground does not seem conducive for a substantial progress in the peace process.

The real and crucial challenge facing Israel stems from the political mainstream of Europe and increasingly the US, not the radical zealots. Policy communities throughout the Western world, more so in Europe, but now also in the US, are reaching a simplistic reading of the Middle East: Israel is the main, if not sole obstacle to the peace process; by resolving the Palestinian issue the Middle East would instantly and positively transform. The world's increasingly sharp focus and tight scrutiny applied to all of Israel's actions is often biased and out of all proportion to its size or the objective significance of Israel in wider international affairs.

The problem with this discourse is not only that it disregards the complex Middle East reality, but that it crosses the line between criticizing legitimate (even if perceived unwise) Israeli decisions to outright delegitimizing of such actions, rendering them unlawful. Oblivious to the obvious similarities between Israel's diplomatic and military courses of action and those of Western military forces across the Broader Middle East, this prejudice is becoming more broadly shared by political mainstreams. This trajectory, far more than the Boycott, Divestment and Sanctions (BDS) movement and radicals, constitutes a strategic threat to Israel – by impairing Israel's ability to defend itself and enticing its enemies to try and exploit these vulnerabilities.

Branding Israel as a source of creative energy, a “start-up nation”, in science, technology, and culture is unlikely to durably enhance Israel's standing in the West. *To counter the debilitating trend of delegitimization, Israel and its friends ought to promote an informed, unbiased, and professional debate in the Western political and media spheres concerning the Middle East.* Such an effort would not resolve all outstanding disagreements, but it might allow a growing circle of Western practitioners to appreciate the challenges facing Israel and to underscore the commonality of values and strategic interests between the West and Israel. Vigorous Israeli pursuit of the peace process would be not less essential although it may not suffice.



## BROADENING THE SCOPE OF ISRAEL'S FOREIGN POLICY IN FACE OF GLOBAL POWER FLUCTUATIONS

The focal point of Israel's foreign policy for more than four decades has been the US, with more limited attention to Europe and scant consideration to the rest of the world. The decreasing power and influence of the US and Europe mandates a reassessment of Israel's primary foreign policy objectives.

*Nonetheless, Israel has no strategic substitute to its "special relations" with the US. Furthermore, Israel's strategic posture is intertwined with the position and influence of the US in the region.* Therefore, and as outlined above, Israel's primary foreign policy objective ought to be substantially enhancing US regional posture in the Middle East in concert with the other US allies in the region to promote the peace process, contain the Iranian and radical forces in the region, and to foster social-economic-political progress across the region.

However, *as important as the US-Israeli relationship is, it cannot be the sole foundation of Israel's foreign policy. Israel should proactively seek to broaden the base of its foreign relations, particularly towards Asia-Pacific, but also to Russia and Latin America.* It would be wrong though, to assume that this effort might be considered a surrogate to the vital strategic relations of Israel with the US.

Furthermore, in expanding its foreign policy horizon, Israel must consider US strategic preferences. Consequently, the linchpin for developing Israel's relations with Asia-Pacific ought to be India, a recognized strategic partner of the US, along with other US allies and like-minded countries in the region, namely Japan, Republic of Korea, Singapore and Australia. Placed in this context, the decision of Israel's Ministry of Foreign Affairs to focus its Asia-Pacific advance on China ought to be reconsidered.

The main driver for intensifying Israel's relations with Asia-Pacific is its considerable potential in developing commercial relations. Israel's high-tech assets and its proven entrepreneurial and innovation capacities are

door-openers in Asia. Israel has only recently begun increasing its economic outreach to Asia and only in 2009 it doubled its exports to the region. Yet, Israel's trade volume with Asia is relatively low when compared to its main trade partners, Europe and the US. In developing trade and commercial relations with this rapidly growing region, Israel will have to carefully navigate its course through the broad variation among the heterogeneous Asia-Pacific economies.

Arguably, Israel's growing economic relations with Asia-Pacific could benefit from a mutually beneficial exchange on political and strategic issues of shared concern. Irrespective of political sensitivities and geographic distance, the key Asia-Pacific countries share with Israel a broad range of political and strategic interests to include Middle East regional stability, maritime security, WMD proliferation, and counter-terrorism and radicalization.

The rationale for enhancing relations with US allies in Asia-Pacific also serves to explain the need of developing Israel's relations (explicitly or implicitly) with US allies in the Middle East. By enhancing its global and regional standing, Israel would bolster its strategic position as an asset for the US. This in itself is critical at a time when more voices (although a small minority) in the American policy community question the strategic importance of Israel for the US.

Furthermore, in broadening the scope of foreign policy Israel ought not to forgo its unique relations with Europe. While Europe faces formidable domestic challenges and political relations between the European Union (EU) and Israel have soured, Israel ought to preserve, and where possible, promote its relations with the EU and NATO focusing on the main European capitals and nurturing relations with the friendly Central and Eastern European countries.

While the Arab-Israeli conflict and the peace process are a major factor in Israel's foreign policy and relations, Israel also ought to consider "out of the box" foreign policy directions beyond the conflict. *Although Israel has traditionally refrained from promoting multilateral diplomacy, this is indispensable in the current global age.* Israel must invest sufficient resources in developing its multilateral diplomacy and standing within the UN system and also consider meeting the norms of providing international aid within the UN framework of the Millennium Development Goals.

# National Security Starts at Home: Israel's Domestic Challenges

The formidable challenges facing Israel on the global and regional scene only serve to underwrite the essential and urgent need to attend to critical issues on the domestic national agenda. Israel's capacity to pursue its national interests and to enhance its international influence extensively depend on policies applied at home. *Facilitating the continued trajectory of economic growth, while sharing the benefits of growth more equally, thus reducing socio-economic polarization, are perhaps as essential as defense research & development—both are critical investments in the future.*

The relationship between the domestic agenda and the pursuit of national interests is straightforward. *The growing societal inequality and rate of poverty pose a threat to the resilience of the society, which is exceptionally critical as the homefront is one of the main targets of Israel's enemies.*

Vis-à-vis the Western world, Israel recorded in 2010 the highest rates of poverty and economic growth and the lowest rate of labor participation. This combination is simply untenable and manifests the inadequacy of Israel's domestic government policies. The government has failed to both offer the benefits of economic growth across the board of Israel's society and to maximize the potential of the economic growth. Perhaps more than ever before, Israel needs effective performance-based governance.

Insofar, the current political turmoil in the Middle East has not impacted Israel's economic standing. One possible reason for this is the high volume of the Bank of Israel's foreign currency reserves which may be perceived as an anchor of stability. However, a major politico-military crisis embroiling Israel could disrupt the economy, weaken the currency, lead to an inflationary breakout and swell the public expenditure ratio. In such a contingency, Israel would struggle to

increase its defense expenditure, which is already high and stands between 7 and 8 percent of the GDP.

*A comprehensive reading of national security, which views domestic challenges as building blocks of national security and power, has become the norm and practice of most liberal democracies.* This is also the underlying concept of the Herzliya Conference Series. Time has come that this approach becomes the guiding principle of Israel's governance.

## ENHANCING EDUCATION AND EMPLOYMENT: PRESERVING ECONOMIC GROWTH, ADDRESSING POVERTY

*The major domestic challenge facing Israel is to preserve its impressive economic growth trajectory while urgently addressing growing socio-economic inequality and polarization.* Economic growth is unevenly shared. The commissioned 2011 Herzliya Indices demonstrate that Israel has well-weathered the global economic crisis. In 2010, Israel recorded the highest growth rate - 4.7 percent - among the world developed economies and created 120,000 new workplaces. Israel continues to narrow the economic gap with most OECD economies.

However, the 2011 Herzliya Indices also reveal an expanding rate of poverty and mounting inequality. OECD studies reveal that Israel is ranked low in comparison to other developed countries both in terms of the Gini Coefficient score and of government social and welfare expenditure. The government has failed in addressing poverty and the optimistic assertion that economic growth will improve the less privileged segments of society has been completely disproved. Furthermore, social disparities are likely to increase due to the continuous global rise in the price of commodities. The government's strategy in dealing with mounting socio-economic inequality through

taxation policy and direct payments to the lower deciles has yet to be proven effective.

Therefore, there is a pressing demand for governmental intervention to alleviate socio-economic polarization. While Israel's security and defense concerns are clearly reflected in governmental fiscal terms, it is equally notable that social welfare, employment and education are insufficiently prioritized. With Israel's admission to the OECD, it might be useful to consider adjusting the proportionally low public expenditure on social welfare that falls 5 percent below the OECD average (USD10 billion in lacking budget). Such an adjustment could be utilized to meet long-standing governmental commitments to invest funds in focal projects for the two most lagging societal sectors, the Jewish Ultra-Orthodox and Arab-Israeli communities. These funds should aim at enhancing the participation of members of these communities in the labor force.

While short-term measures are essential to deal with the staggering rates of poverty and socio-economic inequality, *there is a vital imperative to launch a long-term grand-strategy to increase human capital, employment and labor income rates of the socio-economically disadvantaged members of Israel's society – focusing primarily on education and employment.*

## TACKLING SOCIO-ECONOMIC INEQUALITY THROUGH EDUCATION

At the dawn of this century's second decade, Israel's schools lag behind. When bearing in mind that Israel is rightfully considered – by friends and foes alike – a technological path-blazer of innovation and a scholastic society – *the state of its education art is alarming and bears concerning consequences on Israel's capacity to remain a technological and innovative hub.*

School education in Israel is unequal, with geographical and societal periphery suffering of lower quality teachers

and teaching. In addressing socio-economic inequality in the education system, digital learning is a major tool for enhancing quality education in all society sectors. *Information technology and the World Wide Web are not an end in themselves, but rather a critical platform for providing high-end education combined with effective teacher-student communication.* Nonetheless, technology and hardware alone are insufficient for quality teaching. With teachers' proficiency in IT lagging way behind those of their pupils, embedding digital learning is not only about investing in hardware, but also requires substantial investment in raising quality of teachers (also through financial incentives) and the training of teachers.

Israel's education policy, which aspires to have all high-school students attain matriculation certificates, but fails in doing so, ought to be reconsidered. That only nearly half of the high-school students achieve matriculation certificates warrants the investment of resources in professional technological training which would provide all high school graduates with basic and relevant vocational skills for the 21st century global competitive information society. The basic mission of the school system must be to maximize the potential of each student.

Furthermore, the government needs to allocate considerable resources for vocational education of adults from the three socio-economic weak segments of the society, namely Arab Israelis, ultra-orthodox Jews, and people with disabilities. Vocational education ought to be complemented by removing the social and physical barriers for these segments' participation in the labor force and facilitating their employment placing by also providing necessary infrastructure (e.g. available public transportation).

## THE SOCIO-ECONOMIC INTEGRATION OF ARAB ISRAELIS

The effective discrimination of Arab Israelis in the labor force is particularly staggering – only 20 percent of Arab Israeli women participate in the labor force; Arab Israelis hold only 7 percent of jobs in the civil service; the level of income among Arab Israelis is 43 percent below the national average; the rate of poverty among Arab Israelis stands at 30 percent (the national

average is approximately 10 percent); only 3 percent of the industrial zones in Israel are located in Arab municipalities. *Tackling under-development among Arab Israelis is not only essential for enhancing the social and economic integration of what makes up 20 percent of Israel's population; it is one of Israel's major untapped sources of future potential economic growth.* The full integration of the Arab Israelis into the national economy – meeting the average rate of employment and salary – could potentially add approximately USD7 billion to the annual gross domestic product.

Hence, government investment in providing the necessary tools for the integration of Arab Israelis into the national labor force could provide substantial economic returns benefiting the entire economy. In this effort special attention should be granted to the inclusion of Arab Israeli women by providing vocational training, child care facilities, and effective public transportation solutions for Arab Israeli communities, most of which reside outside of the metropolitan centers. Additionally, the government should encourage entrepreneurship and the development of small and medium size enterprises among Arab Israelis by offering financial incentives and specialized business development training. Affirmative action in placement of Arab Israelis in government positions is also important – sending a clear message to the Arab Israeli community that their socio-economic integration is important.

## PERFORMANCE BASED-GOVERNANCE: MAXIMIZING THE POTENTIAL OF ECONOMIC COMPETITIVENESS

*Israel's economic competitiveness fails to maximize its potential due to a distinct and growing disadvantage in governance.*

Whereas governance in developed countries is increasingly efficient by minimizing bureaucratic burden and enhancing policy stability in ways that benefit the business community, *Israel is characterized by both lack of stability and a growing regulative and bureaucratic burden.*

The government is unable to execute projects – large and small scale alike – in a timely and cost-efficient fashion. Sluggish planning processes are encumbered by extensive inner-governmental auditing and legal scrutiny procedures. Elected executive office-holders, suffering of high overturn rates, have been rendered powerless in face of the growing capacity of the bureaucracy. Over the course of the past two decades, the Ministry of Finance's Budget Division has assumed excessive bureaucratic control and authority becoming the key arbitrator for setting priorities and determining which projects should be authorized. In this process, government ministries and agencies, the beholders of professional expertise and experience, have been sidelined. This process does not appear optimal in terms of performance-based good governance and ought to be reversed by enhancing both executive and professional authority in Israeli governance.

# Creating a New Global Jewish Discourse between Israel and the Jewish Diaspora

The generation of Diaspora Jews that witnessed the creation of the State of Israel and its first insecure decades were firm standard-bearers of Israel, seeing in its unconditional support a near holy duty. However, Israel is no longer perceived a frail entity facing existential threats that desperately needs all the unconditional support it can muster. Successive generations of Diaspora Jews, particularly in the West, have been affected by a totally different global political culture which does not necessarily positively reflect upon Israel. Raised in liberal democracies that defend minority rights, a growing number of Jewish leaders, and even more so young Jews worldwide, find it increasingly difficult to unconditionally defend Israel's policies without their critical notes being registered. Studies have shown that young Jews in the Western world support a liberal type of Zionism, whereby values of an open debate, skepticism of military intervention, and human rights are fundamental. *The alienation of younger Diaspora Jews is further reinforced by the perceived growingly less liberal Israeli body politic, unproportionally dominated by ultra-orthodox parties and right-of-center political positions.*

Most of the "formal" Jewish communal organizations traditionally support Israel "right or wrong" and cannot easily adjust. Consequently, this position is alienating a growing number of young Diaspora Jews. Whereas recent polls show that the younger Jewish generation in North America (and probably throughout the Western world) is increasingly critical of Israel's actions, they also demonstrate that an overwhelming majority feels very connected to Israel. This might also be related to the mushrooming Israeli experience programs – Taglit-birthright Israel, MASA, and Lapid. Placed in this context, young Jews are in effect claiming the right to criticize Israel's action as part of their newfound Jewish identity and affinity. This means there is a potential for deepening the relationship and bond between the newer generation and Israel, but within a new and different context. This also illustrates the pluralistic character of the Jewish communities and the greater diffusion of Jewish organizational life abroad.

*The mounting assault on Israel's legitimacy, a source of concern for most, if not all, Jewish leaders and Jews worldwide, compounds and accentuates the challenges facing both Israel and the Jewish Diaspora.* Jewish communities around the world have found themselves on the frontline of the international obsession with Israel, either as proxy target for Israel itself or as (progressively more isolated) counter-advocates of the assault on Israel's legitimacy. This frontline position excessively burdens internal Jewish debates on the future of Israel, the logic and morality of its actions and the nature of Jewish society in general.

Jewish leaderships and their communities are often called upon to defend Israel. They are directly affected by Israel's decision-making, to which they are neither privy nor partner. This inevitably creates a fundamental tension between a perceived duty to defend whatever policies of the Government of Israel ("Israel right or wrong"), and a perceived obligation to criticize certain policies and advocate specific positions as a means for improving Israel in terms of "tikun olam" (without being necessarily labeled as 'self-hating Jews'). This tension extends beyond the personal to the communal level – the expectation for a unified Jewish communal voice inevitably leads to the stifling of a vibrant pluralistic debate. Attempts to suppress intra-community debates stem from the fear that these debates undermine a united front for defending and advocating for Israel and play into the hands of its enemies.

These trends are a reflection of a growing body politic of Jewish Diaspora seeking a new global Jewish discourse and more involvement in the process of determining the course of Israel's strategic direction.

Israel has been slowly but steadily modifying its approach towards the Diaspora over the past 60 years. Israel's integration into the global marketplace seems to have facilitated a new approach to the Diaspora as has the effective end of large Jewish migration (*aliya*) waves. *To be clear, and as opposed to the vibrant debate in the Diaspora, Israel-Diaspora relations are simply not on the Israeli*

*agenda. At best, one can detect a changing attitude in Israel towards the Diaspora.*

However, a certain 'Israel-centrality' remains in the minds of the Israeli public and decision makers rendering the concerns of Diaspora Jews low on Israel's list of national priorities. *There seems to be a broad, although implicit, belief that Israel is no longer strategically dependent upon the financial or political support of the Diaspora.*

The experiential programs of the Diaspora in Israel have however, led to a broad Israeli acknowledgement of the need to reinforce the bonds and attachment of the young generation Jews to Israel. This acknowledgement has led to substantial allocation of government funds to Taglit-birthright Israel and to other programs.

Furthermore, the new strategic direction of the Jewish Agency for Israel (JAFI) is also indicative of a new understanding of Israel-Diaspora relations. JAFI is reorienting its focus of activities in Jewish communities around the world from promoting and facilitating *Aliya* (Jewish migration to Israel) to instilling and reinforcing Jewish identity in Diaspora communities. In this effort offering programs for the teaching of Jewish culture – through the learning of Jewish canonical texts – in Israel and abroad is essential.

*The increasing need felt by Jews in the Diaspora to be heard on issues that directly and indirectly influence them as Jews, together with the need for Israel to keep the Diaspora involved but not formally so, offers the rationale for a seeking possible mechanisms for enhancing more formal and regularized Israeli-Diaspora dialogue.*

# Conference Program

## SUNDAY, FEBRUARY 6, 2011

### *The Balance of Israel's National Security: The National Assessments*

Opening Remarks: Maj. Gen. (res.) **Danny Rothschild**, Director, Institute for Policy and Strategy, IDC Herzliya; Chair, Annual Herzliya Conference Series

Maj. Gen. **Amir Eshel**, Head of Plans and Policy Directorate, IDF

Amb. **Rafi Barak**, Director General, Ministry of Foreign Affairs

### *The Balance of Israel's National Security: The Herzliya Indices*

MK Dr. **Yuval Steinitz**, Minister of Finance

MK **Isaac Herzog**, Fmr. Minister of Social Affairs and Social Services

Prof. **Rafi Melnick**, Provost, IDC Herzliya

Prof. **Gabriel Ben-Dor**, Haifa University

### *Inaugural Ceremony*

Introduction: Mr. **Tommy Steiner**, Senior Research Fellow, Institute for Policy and Strategy, IDC Herzliya

Greetings: Ms. **Yael German**, Mayor of Herzliya

Introduction: Prof. **Uriel Reichman**, President, IDC Herzliya

Keynote Address: **H.E. Shimon Peres**, President of the State of Israel

Prof. **Alex Mintz**, Dean, Lauder School of Government, Diplomacy and Strategy, IDC Herzliya

Herzliya Assessment: Maj. Gen. (res.) **Danny Rothschild**, Director, Institute for Policy and Strategy, IDC Herzliya; Chair, Annual Herzliya Conference Series

### *"The US and the Future of the Global Economic System"*

Introductory Remarks: Prof. **Jacob Frenkel**, Chairman, JPMorgan Chase International; Chairman, Group of Thirty (G-30); Fmr. Governor of the Bank of Israel

Keynote Address: **Hon. Prof. Lawrence Summers**, Kennedy School of Government, Harvard University; Fmr. Assistant to the US President for Economic Policy and Director of the National Economic Council; Fmr. US Secretary of the Treasury; Fmr. President of Harvard University

### *Shared Strategic Challenges: Panel of Defense Ministers'*

In cooperation with the European Friends of Israel (EFI)

Introduction: Mr. **Tommy Steiner**, Senior Research Fellow, Institute for Policy and Strategy, IDC Herzliya

Greetings: Mr. **Elmar Brok**, MEP, Chairman, European Parliament Delegation for Relations with the United States

MK Maj. Gen. (res.) **Matan Vilnai**, Minister of Homefront Defense

Rt. Hon. Dr. **Liam Fox**, MP, Secretary of State for Defence, UK

Hon. Dr. **Alexandr Vondra**, Senator, Minister of Defense, Czech Republic

Hon. Dr. **Csaba Hende**, Minister of Defense, Republic of Hungary

## MONDAY, FEBRUARY 7, 2011

Introduction: Mr. **Israel Makov**, Chairman of the Board, Institute for Policy and Strategy, IDC Herzliya

Keynote Address: **MK Tzipi Livni**, Chairperson of Kadima Party, Head of the Opposition; Fmr. Minister of Foreign Affairs

### *The Herzliya Debate: Can the World Live with a Nuclear Iran?*

Ms. **Danielle Pletka**, Vice President, Foreign and Defense Policy Studies, American Enterprise Institute (AEI)

Mr. **Brian Katulis**, Senior Fellow, Center for American Progress

Brig. Gen. (res.) Dr. **Ephraim Sneh**, Fmr. Deputy Minister of Defense; Chair, S. Daniel Abraham Center for Strategic Dialogue, Netanya Academic College

Mr. **Efraim Halevy**, Fmr. Head of the Mossad; Director of the Shasha Center for Strategic Studies, Hebrew University of Jerusalem

Moderator: Dr. **Manfred Bleskin**, Journalist and News Presenter, German News Television

### *From Da'wa to Jihad: The Nexus of Indoctrination and Violence*

Dr. **Shmuel Bar**, Director of Studies, Institute for Policy and Strategy, IDC Herzliya

Ms. **Ayaan Hirsi Ali**, Fellow Resident, American Enterprise Institute (AEI)

Ms. **Judith Miller**, Contributing Editor, *City Journal*, US

Dr. **Boaz Ganor**, Executive Director, International Institute for Counter-Terrorism (ICT), IDC Herzliya

### *The New Global Balance of Power: The Shift to the East*

Amb. **Bilahari Kausikan**, Permanent Secretary, Ministry of Foreign Affairs, Singapore

Dr. **PANG Zhongying**, Director, Centre on the New Global Governance, People's University of China (Renmin)

Ms. **Indrani Bagchi**, Diplomatic Editor, *The Times of India*

Prof. **Yaacov Vertzberger**, Department of International Relations, Hebrew University of Jerusalem

Moderator: Mr. **Arad Nir**, Channel 2

### *All the Eggs in One Basket? America's Place in Israel's Foreign Policy*

MK Amb. **Daniel Ayalon**, Deputy Minister of Foreign Affairs

Amb. **Zalman Shoval**, Fmr. Ambassador of Israel to the US

Prof. **Gabriela Shalev**, Fmr. Permanent Representative of Israel to the UN; Ono Academic College

Mr. **Malcolm Hoenlein**, Executive Vice Chairman, Conference of Presidents of Major American Jewish Organizations

Moderator: Mr. **Arnon Perlman**

### *Latin America: The Growing Economic Locomotive*

Dr. **José de Gregorio**, Governor, Central Bank of Chile

Amb. **Clifford M. Sobel**, Fmr. US Ambassador to Brazil

Prof. **Mario Sznajder**, Chair, Department of Political Science, Hebrew University of Jerusalem

Dr. **Luis F. Rubio**, President, Center of Research for Development (CIDAC), Mexico

Prof. **Rafi Melnick**, Provost, IDC Herzliya

### *Multiple Jewish Identities: Celebrating Pluralism, Maintaining Cohesiveness*

Prof. **Mikhail Chlenov**, Secretary General, Euro-Asian Jewish Congress, Russia

Prof. **Jonathan Webber**, UNESCO Chair in Jewish and Interfaith Studies, University of Birmingham, UK

Dr. **Ruth Calderon**, Founder and Executive Director, Alma – Home for Hebrew Culture

Rabbi Dr. **Benjamin (Benny) Lau**, Director of Jerusalem's Center for Judaism and Society, Beit Morasha; Rabbi of the Ramban Synagogue in Jerusalem

Moderator: Mr. **Nadav Peri**, Channel 10

### *Herzl Award Laureate Keynote Address*

Presentation of Award and Introduction:  
MK **Benjamin (Fuad) Ben-Eliezer**, Fmr. Minister of Industry, Trade, and Labor

Keynote Address: **Dr. Alexander Mashkevich**, President, Euro-Asian Jewish Congress, Russia

### *Securing the Future of Israel and the Jewish People*

Sir **Ronald Cohen**, Chairman, Portland Trust

Mr. **Mick Davis**, Chairman, UK Jewish Leadership Council (JLC); Chairman, United Jewish Israel Appeal (UJIA)

Amb. **Dan Gillerman**, Chairman, Markstone Israel; Fmr. Permanent Representative of Israel to the UN

Mr. **Malcolm Hoenlein**, Executive Vice Chairman, Conference of Presidents of Major American Jewish Organizations

Mr. **Nathan Sharansky**, Chairman of the Executive, Jewish Agency for Israel

### *Rediscovering the Silk Road: Developing Israel's Trade with Asia*

Mr. **Israel Makov**, Chairman of the Board, Institute for Policy and Strategy, IDC Herzliya

Mr. **Boaz Hirsch**, Deputy Director General and Director, Foreign Trade Administration, Ministry of Industry, Trade and Labor

Dr. **Orna Berry**, Vice President, global EMC; CEO, EMC Israel; Chairwoman, Australia-Israel Chamber of Commerce

Mr. **Clyde Prestowitz**, Founder and President, Economic Strategy Institute, US

Mr. **Tobby Simon**, CEO, Synergia - Business Beyond Borders, India

Mr. **Uriel Lynn**, President, Federation of Israeli Chambers of Commerce

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Concluding Remarks:

MK **Benjamin (Fuad) Ben-Eliezer**, Fmr. Minister of Industry, Trade and Labor

### *Future Warfare and Battlefield: Implications for Force Structure*

Maj. Gen. (res.) **Eitan Ben Eliyahu**, Fmr. Commander of the Air Force

Brig. Gen. **Axel Binder**, Commander of the Bundeswehr Transformation Centre, Germany

Dr. **Bruno Tertrais**, Senior Research Fellow, Fondation pour la Recherche Stratégique (FRS), France

Dr. **Dov Zakheim**, Senior Fellow, CNA Corporation; Fmr. Under Secretary of Defense, US

Dr. **Dan Schueftan**, Director of the National Security Studies Center, University of Haifa

Moderator: Ms. **Tallie Lipkin-Shahak**, IDF Army Radio

Introductory Remarks: Amb. **Ronald S. Lauder**, President, World Jewish Congress

Keynote Address: **Lt. Gen. Gabi Ashkenazi**, IDF Chief of General Staff

### *The Broader Middle East Game: The US, Europe and Regional Stability*

Keynote Address: **Gen. (ret.) James L. Jones**, Fmr. US National Security Advisor; Fmr. Commander, US European Command and Supreme Allied Commander Europe

Mr. **Francis Delon**, Secretary General for Defence and National Security, France

Ms. **Mary-Beth Long**, Fmr. US Assistant Secretary of Defense for International Security Affairs

Maj. Gen. (res.) **Amos Gilead**, Director, Political-Military Bureau, Ministry of Defense

Moderator: Mr. **Yoav Limor**, Chief Defense Correspondent, Channel 1

## TUESDAY, FEBRUARY 8, 2011

### *Is Israel Losing Europe?*

MK **Silvan Shalom**, Vice Prime Minister and Minister of Regional Cooperation and Minister of the Development of the Negev and Galilee

Hon. Prof. **Uri Rosenthal**, Minister of Foreign Affairs, The Netherlands

Mr. **Michael Dugher**, MP, UK Shadow Defence Minister

Dr. **Jürgen Rüttgers**, Fmr. Minister President, North-Rein Westphalen, Germany

Moderator: Dr. **Josef Joffe**, Publisher-Editor, *Die Zeit*, Germany

### *At Peak Oil: Strategic Implications for the World and Israel*

Brig. Gen. **Axel Binder**, Commander of the Bundeswehr Transformation Centre, Germany

Mr. **R. James Woolsey**, Chairman, Woolsey Partners LLC; Fmr. Director of the CIA

Mr. **Yossie Hollander**, Chairman, Israeli Institute for Economic Planning

Mr. **David Hobbs**, Chief Energy Strategist, IHS Cambridge Energy Research Associates (CERA), US

Dr. **Brenda Shaffer**, School of Political Sciences, University of Haifa

Mr. **Shaul Zemach**, Director General, Ministry of National Infrastructures

Moderator: Mr. **Sam Kiley**, Security Editor, Sky News

### *Security in Cyberspace*

Maj. Gen. (res.) Prof. **Itzhak Ben-Israel**, Chairman, Israel National Council for Research and Development; Tel-Aviv University

Hon. **Douglas Andrew Smith**, US Assistant Secretary of Homeland Security for the Private Sector

Dr. **Martin Libicki**, Senior Management Scientist, RAND Corporation, US

Ms. **Deborah Hausen-Couriel**, Yuval Ne'eman Tel Aviv Workshop for Science, Technology and Security

Brig. Gen. (res.) **Nitzan Nuriel**, Head, Counter-Terrorism Bureau, National Security Council, Prime Minister's Office

Brig. Gen. (res.) **Yair Cohen**, Senior Director ICS, Elbit Systems Ltd.

### *New Media as a Strategic Weapon*

Dr. **Yossi Vardi**, Chairman, International Technologies

Brig. Gen. **Avi Benayahu**, IDF Spokesperson

Dr. **Noam Lemelstrich Latar**, Dean, Ofer School of Communications, IDC Herzliya

Honorary Chair: Mr. **Vladimir Gusinsky**, Founder, Media-Most



### *Israel's Role in Reducing Global Oil Dependency*

Prof. **Eugene Kandel**, Head, National Economic Council, Prime Minister's Office

Prof. **Moti Hershkowitz**, Vice-President and Dean for R&D, Department of Chemical Engineering, Ben Gurion University of the Negev

Dr. **Sass Somekh**, Founder, Musea Ventures, US

Mr. **Ariel (Aik) Rosenberg**, Chairman, Metal-Tech Ltd.

Dr. **Gal Luft**, Executive Director, Institute for the Analyses of Global Security (IAGS)

Moderator: Mr. **Yossie Hollander**, Chairman, Israeli Institute for Economic Planning

### *Turmoil in the Middle East: Economic Implications for Israel*

Prof. **Rafi Melnick**, Provost, IDC Herzliya

Mr. **David Brodet**, Chair, Board of Directors, Bank Leumi

Brig. Gen. (res.) **Pinchas Buchris**, Fmr. Director General, Ministry of Defense

Prof. **Amir Barnea**, Founding Dean, Arison School of Business, IDC Herzliya

Dr. **Gil Bafman**, Chief Economist, Bank Leumi

### *Turkey - Cause for Concern?*

Dr. **Michael Leigh**, Director General for Enlargement, European Commission

Prof. **Barry Rubin**, Head, GLORIA Center, IDC Herzliya

Dr. **Constanze Stelzenmüller**, Senior Transatlantic Fellow, German Marshall Fund, Germany

Prof. **Soli Özel**, Professor of International Relations and Political Science, Bilgi University, Turkey

Dr. **Ariel Cohen**, Senior Research Fellow, Heritage Foundation, US

Moderator: Dr. **Kenneth R. Weinstein**, CEO, Hudson Institute, US

### *Employment in the Arab Sector*

Mr. **Mohammad Darawshe**, Co-Executive Director, The Abraham Fund Initiatives

Dr. **Masad Barhoum**, Manager, Nahariya Hospital

Mr. **Sharon Kedmi**, Director General, Ministry of Industry, Trade and Labor

Mr. **Ayman Saif**, Director, Economic Development Authority in the Minority Sector, Prime Minister's Office

Brig. Gen. (res.) **Eival Giladi**, Director, Portland Trust Israel

Ms. **Evelyn Collins**, Chief Executive, Equality Commission, Northern Ireland

### *Research and Development as an Ecosystem: Government, Industry, and Universities*

Maj. Gen. (res.) Prof. **Itzhak Ben-Israel**, Chairman, Israel National Council for Research and Development; Tel-Aviv University

Prof. **Eugene Kandel**, Head, National Economic Council, Prime Minister's Office

Mr. **Avi Hasson**, Chief Scientist, Ministry of Industry, Trade and Labor

Dr. **Yossi Vardi**, Chairman, International Technologies

Brig. Gen. (res.) **Uzi Eilam**, Fmr. Head of Research and Development Directorate, Ministry of Defense

Concluding Remarks:

MK Prof. **Daniel Hershkowitz**, Minister of Science and Technology

### *On Criticism and Prejudice: The Arab-Israeli Conflict and the Assault on Israel's Legitimacy*

MK Dr. **Nachman Shai**, Kadima Party

Mr. **Tommy Steiner**, Senior Research Fellow, Institute for Policy and Strategy, IDC Herzliya

Ms. **Brooke M. Goldstein**, Director, The Lawfare Project, US

Mr. **Dan Diker**, Secretary General Designate of the World Jewish Congress

Ms. **Lorna Fitzsimons**, CEO, BICOM, UK

Amb. **Ron Prozor**, Ambassador of the State of Israel to the UK

Moderator: Mr. **Gilad Adin**, Samy Offer School of Communications, IDC Herzliya

Concluding Remarks: MK Lt. Gen. (res.) **Moshe Ya'alon**, Vice Prime Minister and Minister of Strategic Affairs

### *Women Empowerment and Leadership – The Y Factor*

Amb. **Nancy Brinker**, Founder and CEO, Susan G. Komen for the Cure, US

Hon. Dr. **Ursula Plassnik**, Fmr. Minister of Foreign Affairs of Austria; Special Envoy for International Women's Issues

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Moderator: Prof. **Galia Golan**, Lauder School of Government, Diplomacy and Strategy, IDC Herzliya

### *Online Learning: Leverage for Economic Growth and Alleviating Socio-Economic Polarization*

Introductory Remarks:

MK **Gideon Sa'ar**, Minister of Education

Hon. **Bob Wise**, President, Alliance for Excellent Education; Fmr. Governor of West Virginia

Mr. **Michael Yutrzevka**, Senior Director, Education and Economic Development, Cisco

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Adv. **Ariel Deri**, Executive Director, Haredi College of Jerusalem

Dr. **Khaled Abu-Asbah**, Director, Massar Institute for Research, Planning and Educational Counseling

Dr. **Ofer Rimon**, Acting Director, Science and Technology Administration, Ministry of Education

Moderator: Mr. **Menashe Raz**, Journalist

### *Challenges to Global Economic Governance: Trade and Monetary Aspects*

Keynote Address: Prof. **Stanley Fischer**, Governor, Bank of Israel

Dr. **José de Gregorio**, Governor, Central Bank of Chile

Amb. **Miriam E. Sapiro**, Deputy US Trade Representative

Dr. **Yossi Bachar**, Chairman, Board of Directors, Bank Discount

Moderator: Mr. **Eytan Avriel**, Editor, TheMarker Online

Concluding Address: Hon. Prof. **Giulio Tremonti**, Minister of Finance and Economy of Italy

## WEDNESDAY, FEBRUARY 9, 2011

### *The Peace Process – Quo Vadis?*

Lt. Gen. (res.) **Shaul Mofaz**, Chairman, Knesset Foreign Affairs and Defense Committee

Hon. **Robert Wexler**, President, S. Daniel Abraham Center for Middle East Peace, US

Prof. **Shlomo Avineri**, Department of Political Science, Hebrew University of Jerusalem; Fmr. Director General, Ministry of Foreign Affairs

Mr. **Israel Harel**, Chairman, Institute for Zionist Strategy

Brig. Gen. (res.) **Michael (Mike) Herzog**, The Jewish People Policy Institute (JPPi); Fmr. Envoy of the Prime Minister and the Defense Minister for the Peace Process

Moderator: Mr. **Raviv Druker**, Political Analyst, Channel 10

### *Dilemmas in US Policy in the Middle East: Stability vs. Democracy?*

Mr. **Brian Katulis**, Senior Fellow, Center for American Progress

Maj. Gen. (res.) **Yaakov Amidror**, Vice President, Jerusalem Academic Center, Lander Institute

Dr. **David Gordon**, Head of Research and Director, Global Macro Analysis, Eurasia Group; Fmr. Vice Chairman, US National Intelligence Council (NIC)

Prof. **Martin Kramer**, Senior Fellow, Shalem Center

Dr. **Peter Berkowitz**, Senior Fellow, Hoover Institution, Stanford University

Dr. **Shmuel Bar**, Director of Studies, Institute for Policy and Strategy, IDC Herzliya

### *Bringing Down Socio-Economic Inequalities: The Government's Strategic Challenge*

Prof. **Zvi Eckstein**, Deputy Governor, Bank of Israel

Mr. **Sharon Kedmi**, Director General, Ministry of Industry, Trade and Labor

Ms. **Esther Dominissini**, Director General, National Insurance Institute

Mr. **Nahum Itzkovitz**, Director General, Ministry of Social Affairs and Social Services

Ms. **Orna Hozman-Bechor**, Director General, Ministry for the Development of the Negev and the Galilee and the Ministry for Regional Development

Dr. **Shimshon Shoshani**, Director General, Ministry of Education

Mr. **Moshe Bar Siman Tov**, Deputy Director, Budgeting Division, Ministry of Finance

Moderator: Mr. **Sever Plotzker**, Chief Economic Commentator, *Yedioth Aharonoth*

### *Streets Rule? Middle East Domestic Instability and Regional Implications*

Mr. **Riad al Khouri**, Member of the International Council, Questscope, Amman, Jordan

Dr. **Israel Elad-Altman**, Senior Research Fellow, Institute for Policy and Strategy, IDC Herzliya

Mr. **Sherif El Diwany**, Senior Director, Middle East and North Africa, World Economic Forum, Switzerland

Ms. **Judith Miller**, Contributing Editor, *City Journal*, US

Mr. **Salman Shaikh**, Director, Brookings Doha Center, Qatar; Fellow, Saban Center for Middle East Policy, Brookings Institution

Moderator: Ms. **Smadar Perry**, Middle East Editor, *Yediot Aharonot*

### *Binding the Ties: Leveraging the Israel Experience Programs among the World Jewish Young Generations*

Ms. **Amira Aharonovitz**, Head of the Strategic Division, Jewish Agency for Israel

Mr. **Eyal Dagan**, Head of Diaspora Affairs, Ministry of Public Diplomacy and Diaspora Affairs

Ms. **Michal Frank**, Head of the Department for Policy Implementation, Prime Minister's Office

Ms. **Ayelet Shilo-Tamir**, CEO, Masa Israel

Mr. **Gideon Shavit**, Chairman, Lapid Coalition

Moderator: Mr. **Jonathan Davis**, Vice President for External Relations and Head of the Raphael Recanati International School, IDC Herzliya

### *Governance and Competitiveness: Enhancing Performance and Uncorking Bureaucratic Bottlenecks*

MK Dr. **Uzi Landau**, Minister of National Infrastructures

Mr. **Shouky Oren**, Accountant General, Ministry of Finance

Maj. Gen. (res.) **Amos Yaron**, Chairman, Eilat Ashkelon Pipeline Co (EAPC)

Mr. **Dror Strum**, Director, Israeli Institute for Economic Planning

**Ram Belinkov**, Fmr. Director of the Budget, Ministry of Finance; Fmr. Direct General, Ministry of Interior

Adv. **Noga Rubinstein**, Chief Legal Advisor, Ministry of Communication

### *Taking a Toll? International Sanctions and Iran's Domestic Arena*

Dr. **Shmuel Bar**, Director of Studies, Institute for Policy and Strategy, IDC Herzliya

Mr. **Mehdi Khalaji**, Next Generation Fellow, Washington Institute for Near East Policy, US

Dr. **Patrick Clawson**, Deputy Director for Research, Washington Institute for Near East Policy, US

Mr. **Meir Javedanfar**, Founder of Middle East Economic and Political Analysis Company (MEEPAS)

Mr. **Mark Dubowitz**, Executive Director, Foundation for Defense of Democracies, US

Moderator: Mr. **Richard D. Heideman**, Chairman, International Advisory Board of the Herzliya Conference

Concluding Remarks:

Hon. **Haley Barbour**, Governor of Mississippi

Introductory Remarks: Mr. **Tommy Steiner**, Senior Research Fellow, Institute for Policy and Strategy, IDC Herzliya

Keynote Address: **H.E. Anders Fogh Rasmussen**, Secretary General of NATO

### *Concluding Session: A New Middle East?*

Opening Remarks: Amb. **Alexander Vershbow**, US Assistant Secretary of Defense for International Security Affairs

Lt. Gen. (res.) **Amnon Lipkin-Shahak**, Chairman, Board of Directors, TAHAL Group; Fmr. Chief of the General Staff, IDF

Maj. Gen. (res.) **Danny Rothschild**, Director, Institute for Policy and Strategy, IDC Herzliya; Chair, Annual Herzliya Conference Series

Maj. Gen. **Amos Yadlin**, Fmr. IDF Director of Military Intelligence

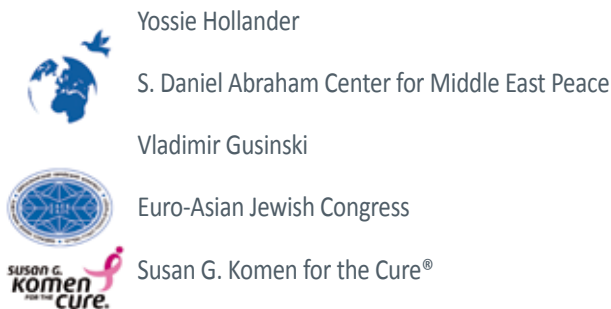
Prof. **Shlomo Avineri**, Department of Political Science, Hebrew University of Jerusalem; Fmr. Director General, Ministry of Foreign Affairs

Concluding Remarks: Prof. **Uriel Reichman**, President, IDC Herzliya

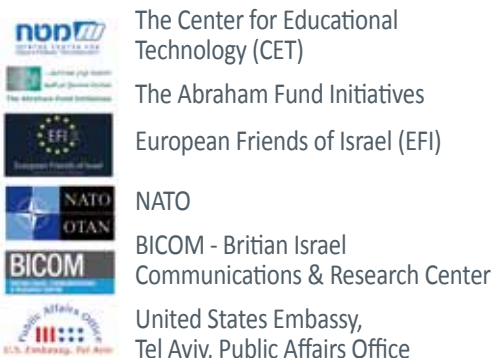
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## INTERDISCIPLINARY CENTER (IDC) HERZLIYA

The Interdisciplinary Center (IDC) Herzliya is Israel's first private Institution for Higher Education. Founded by renowned Israeli Professor **Uriel Reichman** in 1994, IDC Herzliya is a non-profit organization modeled after Ivy League universities in the U.S.

IDC Herzliya's success has drawn both international recognition and some of the finest lecturers and researchers from around the world to our doorstep. Our faculty is dedicated to IDC Herzliya's primary goal: giving our students the tools they need to become leaders in all the Social Science fields, both in Israel and abroad.

We at IDC Herzliya believe that leadership and social responsibility are elements that are lacking in the Israeli Higher Education system. These elements, coupled with the constant striving for our students' academic and personal excellence, underlie our programs and activities. IDC Herzliya is an organization dedicated to improving Israel and Israeli society. In addition to the aforementioned goals, we are committed to dealing with issues of: Israel's social & moral agenda; constitutional & governmental reconstruction; economic growth based on a free enterprise system; and reevaluation of Israel's diplomatic strategies and policies.

## LAUDER SCHOOL OF GOVERNMENT, DIPLOMACY AND STRATEGY

The Lauder School of Government, Diplomacy and Strategy was established in 1999 thanks to a contribution by Ambassador **Ronald S. Lauder**. Originally head by the late Prof. **Ehud Sprinzak**, the Lauder School of Government is modeled on the world's leading government schools and aims to educate Israel's future leaders. The school's curriculum is designed to provide students with the necessary tools to develop effective governmental, administrative and social systems as well as to prepare them to fulfill senior positions in national and local government, the public sector and non-profit organizations.

Since its establishment, the Lauder School has attracted leading academics, including the best of Israel's scholars in the fields of government, public administration, security and intelligence. The Lauder School offers M.A. and B.A. degrees in five tracks: diplomacy and strategy; conflict resolution; public administration and policy; the Middle East; and security and terrorism. Students work with faculty members and lecturers on research projects that are designed to promote better government and improve Israel's public administration.

## THE ANNUAL HERZLIYA CONFERENCE SERIES

Israel's premier global policy gathering, the Herzliya Conference exclusively draws together international and Israeli participants from the highest levels of government, business and academia to address the most pressing national, regional and global issues.

Convened by the IDC Herzliya's Institute for Policy and Strategy, the Conference proceedings, reports and recommendations provide leaders with real, timely and authoritative assessments and policy recommendations needed to guide their organizations through challenging geopolitical, economic and social developments. As strategic and political processes and events emanating from an ever-turbulent Middle East increasingly impact the global arena, the deliberations at Herzliya cover a broad span of issues, ranging from nuclear proliferation and the Middle East peace process to world finance, energy security and global warming.

Harnessing path-breaking methodologies, the Herzliya Taskforce reports and the commissioned studies present an accurate, coherent and comprehensive picture of the region and the world.

The Herzliya Roundtable sessions – small interactive focus group discussions with officials, experts and business executives, held off-the-record and by invitation only on the sidelines of the Conference – provide plenty of prospects for professional networking and relationship building; the informal exchanges that occur create unique opportunities for discourse and the discussions shape regional and international policy debates.

## INSTITUTE FOR POLICY AND STRATEGY (IPS)

The Institute for Policy and Strategy (IPS) is headed by Maj. Gen. (res.) **Danny Rothschild**. The Institute operates as part of the Lauder School of Government at the Interdisciplinary Center (IDC) Herzliya. Its primary objective is to engage in research activities which contribute to Israel's national policy and to the upgrading of its strategic decision-making process. The range of IPS projects encompasses a variety of issues crucial to Israel including national security and strategy; foreign policy; intelligence; the Jewish people; economics; science and technology; welfare; social policy and education.

IPS conducts research on a broad analytical scope, concentrating on identifying emerging issues and trends. It also invests in improving analysis and in innovative methodologies. IPS is characterized by its variety of disciplines and inputs, as well as by its interdisciplinary, integrative, comprehensive and future-oriented approach.

IPS cultivates close working relations with governments, active public institutions, think tanks and research institutes around the world. It convenes meetings with experts and holds seminars and debates. The annual Herzliya Conference on the Balance of Israel's National Security is the flagship of IPS activities.



Institute for Policy and Strategy (IPS)  
Lauder School of Government, Diplomacy and Strategy  
Interdisciplinary Center (IDC) Herzliya

P.O. Box 167, Herzliya, 46150  
Tel: +972-9-9527389, Fax: +972-9-9527310  
E-mail: [ips@idc.ac.il](mailto:ips@idc.ac.il) Website: [www.ips.idc.ac.il](http://www.ips.idc.ac.il)