



Session Transcripts - Conference 2001

The Second Annual Conference

The Balance of National Strength and Security

Israel in Battle and in the International Arena

Sunday, December 16, 2001

Opening Session: Transforming the National Agenda

Chair: Dr. Uzi Arad

Dr. Uzi Arad: I would like to open with a few remarks on the character of this affair. This is an annual convention that we are holding in order to evaluate the balance of national strength and security, and every word here has been chosen carefully. As for security and strength, we are using a very broad definition. Namely, security is looked at from both a political point of view, as well as economic and social ones. And this interdisciplinary or multidisciplinary approach has proven to be right and also to become congruent with the general approach of the interdisciplinary center. As for strength, this is a term chosen a year ago. We thought at the time that it was somewhat problematic, but the last year has proven that we chose right because the term strength, "hosen" in Hebrew, became the definition of what Israel needs in order to cope with what lies ahead. But the fact that the word strength has become a term which is now widespread, we tried to redefine it. Some try to define it as the staying power, or the stiff upper lip, which defines the ability to suffer pain. However this is only a passive definition, as if there's some sort of a contest going on of how much suffering one can take. Some will define strength as the ability of a country to strengthen or to reinforce in current everyday life everything that it has accumulated until now. But, I think it was right that we chose this word in order to try and give an accumulative effect to all of the above. As for balance, we wanted to state things within a methodological framework. We have to try and weigh things on an annual basis in a certain rhythm, and try and put things on those scales in order to see what the balance is, but people try and see what the balance is in various ways. Some compare what we have now to what we had last year, some look at challenges and answers, some look at what is desired versus what we actually have. And I suggest an interdisciplinary approach to the definition of balance as well, rather than adhering to some sort of rigid definition, and express hope that our discussions here will eventually clarify the meaning that we attribute to balance. By the way, in the folders that you received, you'll find a paper that will not be presented here. However you received it, and it is trying to evaluate where Israel rates among the industrialized nations on the one hand, as compared to rivals on the other hand, which is another way of trying to find the balance methodically. So then, this is the framework that we decided to take or to set for the second year now, in order to try and examine the many issues that we have on the national agenda, and we hope that the discussions will be fruitful and will provide many recommendations and new insights. Some people may ask what is the purpose of a conference like this, and I have this feeling that sometimes, you know, people say: "it's going to be alright" and you know that it's not going to be alright, and some people in the same way say: "what is the purpose of things," and you know that the purpose is not exactly what they're after. Trying to do things just in order to reach a certain purpose is sometimes the safest place to do things wrong because you haven't thought them out carefully enough. And therefore I suggest that the fact that we are trying to analyze things thoroughly here before we actually talk about the purpose, will be the key to success. And I wish us all good luck and a successful event. And I would like to ask the President of the Interdisciplinary Center, Professor Uri Reichman, to the podium.

Prof. Uri Reichman: Thank you, honorable President, Mr. Moshe Katsav, the Dean of the Lauder School of Government, Professor Sprinzak, Dr. Uzi Arad, head of the Institute for Policy and Strategy, Mr. Biger, head of the Caesarea Edmond de Rothschild Fund, Brigadier General Amos Gilboa, distinguished guests. With your permission I would like first and foremost to express my gratitude to the President for granting us the honor of having his presence here. I thank Professor Uzi Arad who spent days and nights with a lot of talent in setting up this convention. I'd like to thank the presidium. Led by Ambassador Zalman Shoval, Dr. Liora Meridor, and the former leaders of the Mossad, Meir Amit, Shabtai Shavit, Yitzhak Hoffi. I'd like to thank all the members and the workers of the Institute, and everybody who lent a hand. The Herzliya Conference never would have been launched without the contribution of many individuals and organizations, and primarily the Edmond de Rothschild Foundation, led and supported by our friend Avraham Biger, Ambassador Ronald Lauder, and many other entities that are enumerated in your invitations. The Herzliya Conference is taking place while a tsunami is taking place in Israeli public opinion. Tsunami is a very forceful natural event, a big wave caused by an earthquake under the sea that sweeps over the earth. Many people in Israeli society, at least recently, have changed their political views entirely. Many of us assumed that peace is the

result of Israeli concessions. If we only make enough concessions then we will have the peace we've all longed for. The reality in which we live is entirely different, however. The Israeli public as a whole, except maybe a small group that sticks to its former views, sees things very differently. Many people believe that Arafat ultimately was never interested to end the conflict. He left us a choice between committing national suicide by allowing the Palestinians the right of return, and on the other hand murderous violence, that would eventually disintegrate Israeli society. One way or another, there was a very significant and powerful change in Israeli public opinion, and this change will inevitable have a bearing on politics, on social life and on other aspects of life in Israel. The reasons for this change and for this tsunami are straightforward. After the far reaching proposals made by former Prime Minister Barak, and their rejection, not in further negotiations, but by violence. The brutality of the Intifada, including the lynchings, and the murders in our city centers, the blow that was rendered upon us from Israeli Arabs, and eventually the recognition that Islamic fundamentalism is capable of perpetrating atrocities as we have seen on September 11th in the United States, the only crime of the Americans who were assassinated there was being American. Since World War II, no such "clean" acts, so to speak occurred, in which people were killed only because they were affiliated with a certain group without any controversy over resources, land or power. Nevertheless, I would like to make two comments in the opening of this conference, which talks about change in the Israeli society. The ultra-orthodox of Immanuel, the Russian-speaking children at the Dolphinarium, the street in Jerusalem, the shopping mall in Netanya, the bus stops, the trains, a kiosk in Tel Aviv, or a coffee shop in Haifa - Israeli society as a whole was painted with blood and with the pallor of death. As it happened more than once in Jewish history, those who are out to kill us redefine and stress our unity. It is clear to us today, more than before, that we are of one family. In these times of strife, the difficult times in terms of defense and of economic strife, we have to turn these difficulties and these conditions and turn them into new strengths. It is possible. Israel society is waiting for ethical and social leadership; it is waiting for a leadership that will reach out to society as a whole and create new training infrastructure, new education, and will prepare infrastructure for growth in the future. We have to prepare and also check and see how we can take care of Israeli red tape, so that we can stand united for the future. The Interdisciplinary Center in Herzliya has taken upon itself a small part in this role of training and teaching our future generation, and I would like to tell you that there are thousands of people in Israeli society that are working very hard to assist in bridging gaps, and our establishment is involved in quite a few projects designed to help people and promote education. Second comment: Even in times like this, even when it is clear, at least to me, that we have to fight force with force; when it is clear that there will be no panacea, and no immediate comprehensive peace agreement; even when, in my mind, the right way to go is not by looking for magic solutions or unilateral solutions; it is clear to us that over time, there will be communications, there will be talks. These talks may be slow, they may come in phases, but they will occur, and it is important today too, to bear in mind that on the other side there are human beings as well. We're not talking about those who wreak death, but there's an entire population that has to be given faith in the future, has to be given a chance for control over their own future. We have to see how we can promote their agendas as well. We are opening the second Herzliya Conference today, in times that are not easy at all. But these are times that present extraordinary challenges for the Israeli leadership. Let us all hope that these talks that we will have over three days, will contribute even a little bit to the national strength of us all.

Dr. Uzi Arad: This affair called the Herzliya Conference has many partners, many institutions which support it, or which support this affair both financially and in other ways. Many surveys and research works have taken place, and I would like to mention the Ministry of Defense, the Foreign Ministry, the Jewish Agency, the National Security Council at the Prime Ministers' Office, the Jewish American Committee, Bar-Ilan University, Haifa University. However, above all, the one institution which supports us more than all others, is the Caesarea Foundation Edmond de Rothschild, and therefore, it is an honor for me to call upon Mr. Avraham Biger, the head of the Foundation in Israel.

Avraham Biger: Mr. President, distinguished guests. The involvement of the Rothschild family in Israel started in 1882, 15 years before Herzl declared his vision for a Jewish state, and has been going on ever since. It is an ongoing connection between the Rothschild family and the state of Israel. Settling the land of Israel, Palestine of the time, which took place before the state was established, was done thanks to the involvement of the family, and it is still supporting education, such as higher education institutions, as well as institutions of culture. Our contributions follow policy which says that national strength means also education for excellence, for patience, for tolerance, for supporting the weak, and for expressing compassion, which is so much required, we think. And therefore we've found it suitable to support a conference which will promote dialogue on all these matters, and I think it is no coincidence that it was the Interdisciplinary Center which took upon itself this important mission. I hope that together we'll be able to make this an ongoing project, an annual conference, and I wish you all a successful conference.

Dr. Uzi Arad: Last year, the Lauder School of Government was inaugurated at the Interdisciplinary Center, and the Dean, Ehud Sprinzak, together with the first Herzliya Conference, which was no coincidence, to pioneering projects which started together, and therefore, it is suitable for the Dean to speak to us next.

Ehud Sprinzak: Mr. President, Professor Reichman, Mr. Biger, Dr. Arad, Brigadier General Gilboa, Presidium of the Herzliya Conference, ladies and gentleman. First, there was just an idea. About ten years ago, when I was still a Professor at the Hebrew University of Jerusalem, I started asking myself how come no one has thought about or conducted this kind of conference on the issues which matter most to the existence of the state of Israel, namely national strength and security, and thus the idea started rolling forward. I can say now that one of the reasons why I left the Hebrew University of Jerusalem was that I was not allowed to try and promote such an important project in the Jerusalem ivory tower, and thus I met Dr. Uzi Arad who was looking for a position, and I found that he had a very similar idea. On long talks, during many nights, we started, or actually established the idea of this Herzliya conference, but then we asked ourselves whether this was actually possible, particularly under the Interdisciplinary Center of Herzliya, which had nothing near the power and financial ability of the bigger Universities. Professor Uriel Reichman doubted it. He did not believe that indeed we could start a project like this together with the school of government that had just been established. However Uzi Arad's qualifications and talent as superior lecturer was hired eventually, and we said that even if we could not pull this idea through of the Herzliya conference, we'll still found ourselves left with a superb lecturer. But now it turns out that a gamble succeeded more than we ever expected. Uzi turned

out to be not only a superb lecturer indeed, but also a fantastic organizer and fundraiser. And therefore even before the beginning of the Conference, I would like first of all to thank Uzi for his investment and his effort, which he put in every little detail. We also must thank Uri Reichman for his commitment, and backup and support that he gave the Herzliya Conference ever since we decided to actually hold it. I would like to clarify that at the Interdisciplinary Center and the Lauder school, we see this Conference as an inseparable part of what the School has to offer; its involvement in matters of national strength and security. Even though we are very small, there isn't a single other educational entity in Israel which is so much involved in existential questions such as we are, and also tries to contribute to the development of answers. I would like therefore to state the commitment of the Lauder school and all of us to carry on with this tradition that has started within the Interdisciplinary School. The IDC and the Lauder School thank you, Mr. President, for the trust that you showed in coming to this conference for the second year running. I would like to thank also all the participants and all the speakers who will speak here, for your trust and support. Thank you.

Dr. Uzi Arad: Thank you Ehud, for your friendly words, and now it is indeed an honor to call upon the President of Israel to speak to us. One of the things which marks this Conference and the aura of national importance that we wanted to give it, is the fact the President of Israel is giving the keynote address of the opening session. Mr. President.

Moshe Katsav: Thank you Dr. Uzi Arad, thank you Professor Uriel Reichman and Professor Ehud Sprinzak, Mr. Avraham Biger, ladies and gentlemen. The events that have taken place in the last year, both in Israel and in the rest of the world, pose complex challenges to the State of Israel, its leadership, Israeli society and the Jewish people. Our staying power and our national strength are central components of the State of Israel's national security. The strength of the IDF relies in large part not only on the size and expertise of its fighting forces and its technological capabilities, but also on the national strength. National strength is composed of national morale and military power, and it is possible for a military advantage to be compromised by lower national morale, just as national morale can overcome military deficiencies. Therefore, the political leadership must reinforce national strength not less than it reinforces military power.

National strength – it means military power, certainly, but also economic strength, social strength, national unity, norms of morality and values, all of which together constitute national morale. National strength is national agreement, it is trust in the righteousness of one's path, it is perseverance. In recent years our enemies have been exploiting our internal tensions in order to weaken our staying power, just as they wish to force political concessions upon us in opposition to our national interest. Israeli society is not homogenous. We have absorbed immigrants from 100 countries from around the world, and every division encourages the enemy to act to deepen the rifts. Particularly when in Israeli society there are political, economic, religious ethnic and national divisions.

The enemy's strategy is to impede normal life in Israel, to wear down Israeli society, in order to force political concessions upon the government. In the presence of societal divisions, terror can exacerbate tensions and weaken staying power. Therefore, we must locate and identify the elements weakening our staying power and cope with them.

The direction of the Palestinian Authority in the last year has been primarily to try to bring about a weakening of staying power, to strengthen fears and anxieties, to harm motivation, spirit and national morale – all of these they hope will eventually lead gradually to military and political decision. They are using the home front in order to influence the government and to weaken the country from within. Concepts such as military decision, defeat and fatalities have no place in their strategy. They are using cruel and brutal terror in order to harm national strength. For as long as the conflict continues, the enemy's success depends on the combination of the staying power of the home front, the battlefield, and the leadership.

National strength also means social strength.

The state of Israel doesn't put enough effort into strengthening our society. Not as much as it does in reinforcing its military power, however, terrorism affects both our economy and our social moral. The economic inequality in Israel is becoming ever bigger; poverty it increasing, there's a rise in unemployment, and we mustn't allow such social differences among soldiers and among reserve duty soldiers. The top decile expands on education fifteen times as much as the lowest decile. The two lowest deciles receive less than five percent of the total income of the economy, whereas the two top deciles receive about 48 percent of them. Israel has never invested enough in promoting social issues. Tourism suffered because of terrorism, and the entire economy. There is now higher unemployment. The real-estate market has become stagnant; the agriculture has also been harmed. All that harms our national strength. The media affects this as well. Any discussion on national strength has to take into account the media, which the enemy can utilize in its own interest. Reporting that a mother of a terrorist which was killed by Israeli forces saying that she calls for revenge can harm our unity and defiantly deteriorate our moral and also of course motivate terrorist attacks. Or for example, when an interview is broadcasted with a chief terrorist who attacks the Chief of Staff of Israel and blames things, which completely have nothing to stand on. There's a difference between a war and time of ongoing terrorism. In a time of ongoing terrorism the media tries to maintain democratic values and safeguard them, unlike in times of war. It does have an effect on national strength, because that has to do with the way the media reports. American democracy has not been harmed, even though the American media supported the efforts of the administration in keeping up national moral in America. The American media has been responsible in that respect. THE Palestinian Authority is using terrorism, demonstrations, in order to justify bloodshed. National strength is a set of norms as well as obeying the law. National weakness can harm and undermine obedience to the law. Anyone calling to disobey the law, such as for example refusing to go into army duty in the territories or to evacuate settlers, all these have an effect on national strength. The law is of particular importance in a society, which sanctifies basic civil rights and the rule of the law. In such times it is very important to obey the law. Indeed we have a very moral army. I remember David Ben Gurion's words, in the 56' war. He said at the time in the Knesset, that there is such a thing as a blatantly illegal order, and that a soldier is allowed not to obey such an order, these are the norms according to which we educate our younger generation. The status of Israeli Arabs can affect greatly the national

strength, because we have two different kinds of norms. One society, which thinks human life is holy, and then on the other hand there is a society which promotes terrorist attacks on civilians. In the Palestinian Authority human suffering and human life is worth nothing. Sometimes I think that I as the President of Israel is more sensitive to the suffering of the Palestinians than their own Chairman, We are aware of our military power, but we try to limit the military conflict because we are aware of the fact that it will cost many lives and we are also aware of the tactics necessarily in order to damage the motivation of the enemy in order to make it start speaking reasons. In the last ten years the Palestinian Authority has made many gains thanks to disputes inside Israel. Few years ago, most of the population supported negotiations with the PLO and supported the formation of a Palestinian state. If there is support for concessions, than that is legitimate, but if this is done through national weakness, even if it is done through our philosophy, than that is very dangerous to make such concessions. In 1992, 29 percent supported a Palestinian state, in 1994, 48 percent supported one. Who are the ones who changed their minds out of weakness, and who changed their philosophy? We cannot tell. Agreeing to a process that conflicts with our interests in a manifestation of national weakness per say. The basis for the protest movements is ethical, but these struggles are designed to exert pressure in order to get the government to make concessions. Terrorism is perceived by Israelis as a genuine threat, even if it isn't existential to the state because it impacts directly on the sense of personal security. National strength also means the unity of the Jewish people in Israel and in the Diaspora. International terrorism is introducing changes in the life styles of Jews all around the world International terrorism has generated more solidarity between Jews in the Diaspora and Jews in Israel. Anti-Semitism is also raising its head. In order to strengthen our fortitude we have to strengthen our affiliation with the Diaspora. The need for a hard-handed response to terrorism also requires the strengthening of the bond with the Diaspora and the standing of the Jewish people in general. Of course core questions in the history of Jews continue to be the center of our existence. Jewish identity in the Diaspora, intermarriages, all of these issues require change in the relationship with Jews in the Diaspora. Islamic terrorism presents a great threat to international security and to the Middle East. Militant Islam is becoming more and more predominant in the Muslim world. The world should have awakened in 1993 when the terrorist attacks occurred in the United States, and the world should have then imposed measures against terrorism, but then only six people were killed. Only I'm saying cynically, and then there were the terrorist attacks in Kenya and Tanzania and still the world did not move determinately against terrorism. And the same is true of the last fifteen months when we have had, serious attacks against various civilian targets in Israel, and the world did not mobilize even when Palestinian terrorists used a stone in order to crush the skulls of two Israeli teenagers, and there are the leaders in the western world who have even legitimized Palestinian terrorism against us. Until now they couldn't discover who was in charge of the Anthrax envelopes and the risk of mass destruction because of terrorism is still very much there, and the world is still not determined in its war against terrorism. Globalization has strengthened global terrorism and its spread. International terrorists can move from one place to another very easily. The spread of their ideologies is much more easy. National strength also means internal unity. Our enemies from outside delude themselves at times against us and that's why they don't feel the urgency to reach peace agreements with us. They believe that it is a matter of time until they can overcome us. Recently the perception that Israel is a passing thing has become more predominant among terrorists. Arab nations are starting to believe that to even though that perception has last ground two decades ago. I've also heard Israeli leaders saying that we had better hurry on because the demographic problem is against us. This can also lead Israeli Arabs to take extreme measures and could deter Arab countries that have signed peace agreements from working to normalize their relations with us, because they all believe that time works against Israel. We have to prepare in order to strengthen our fortitude. Let's admit that the chairman of the Palestinian Authority, even in the first year after Oslo, even then he put the writing on the wall, when he maliciously breached his agreements with Yitzchak Rabin. He accumulated arms, he created an army above and beyond what was agreed, he sheltered terrorists, and we all remained silent and acquiesced. Even in May 94', only six months after the Oslo accords were signed, even then he compared the Oslo agreements with the (unclear) agreements. We all disregarded that comparison back then, but not it is clear that this comparison between the (unclear) agreements and the Oslo accords hid his real intentions. A few months before the recent Intifada started a little more than a year ago, we were still providing the Palestinian Authority with arms. It was really only two or three months before the Intifada started. I do not believe that our intelligence failed in identifying Arafat's attitude towards the Temple Mount and the right of return. I tend to believe that Arafat's opinions became more extreme as time went by. And he also evidenced serious disputes within Israeli society, and maybe these things caused him to have exaggerated illusions, and therefore there is a need to bring him back down to reality. At times like these, it is incumbent upon us to do whatever we can in order to preserve our national strength, to hold our hands together, stay united and leave all political disputes until after this emergence situation. This does not point to anxieties of existential threats, but we can be anxious even when there is no existential threats. National symbols are also part of national strengths. It is Hanukah today. 2160 years, year after year, we have been celebrating in thousands of Jewish communities around the world, every year we have been celebrating for more than two millennia, commemorating the victory of the Jewish mutiny against a very powerful Greek superpower. Berl Katznelson was infuriated when he heard that one of the youth movements in Israel is about to send youths on camp on Tisha Be'av. What is the value of a freedom movement that leaves tradition behind? That instead of disseminating tradition, it blurs national memory? We would not have been able to create Israel over again if we not had remembered the day in which the Temple was destroyed. This is the power of symbols in the history of nations, and Berl Katznelson added: "had Israel not been able to mourn, generation, over the destruction of our Temple, than we would not have had people like Hess, Pinsker, Hertzl, Nordau, Sirkin, Borochoy, Gordon and Brenner. And Yehuda Halevi, could not have created "Tzion Ha Lo Tishali", the famous poem, and Bialik could not have written "Megilat Haesh" another famous poem. And reality in last Tisha Be'av here in Tel Aviv – the coffee shops were open, and everybody was celebrating. National strength also means non-reluctance to use military power when it's needed. This is sometimes needed for preemptive measures, including the destruction of terrorist infrastructure. But military power is not enough in order to prevent terrorism. Even a wide-ranged military attack will not stop terrorism. It has to seep into our recognition that if there is no necessity to do that than taking over the territories is very risky and will not be useful. Our hands are clean, there is no blood on our hands. We've proven in to the world. Despite the price we have paid, we are wailing to make hard concessions in order to have peace. Ever since the Oslo Accords, we did not have even a single day of peace. My positions about the Oslo Accord are known, but the Oslo Accord that was signed by the Israeli Prime Minister was done in a legitimate way and in good faith. It is an expression of our willingness to go very far for peace. The Oslo Accord, in retrospect, gave Israeli citizens the recognition that we have done everything for peace, and therefore

despite the consequences that we see today, we can now come together because we know that we went a long way toward peace. 80 percent of Israelis now feel pride, strength and fortitude, but at the same time 70 percent feel anger and sorrow. At the same time sad and angry, and strong. A senior party in the parliament of a sovereign country that is a member of the UN uses UN emblems in order to kidnap soldiers of a sovereign country after that country has complied with UN decisions, and the world is silent. Israel is working very hard to promote the political process while the world continues inciting against Israel with fateful articles that eventually will demonize and delegitimize Israel. In the Arab countries with which we have signed peace agreements, Israel is presented as an illegal country that has stolen the land of another people and another nation. Israeli is constantly accused of terrorist activities in this region. For example the campaign in Egypt has kept the Egyptians hostile to Israel. Intellectuals in Egypt came together with extreme Islamic establishment and no entity in Egypt now dares to dispute them. At the same time, the Egyptian president, who is very moderate, is in a situation that allows Egyptian media to present Israel as Egypt's and the Arab's world greatest enemy. But the Egyptian enemy from time to time has attacked Israeli government and accused us for being responsible for a war of extermination against the Arab people. He said that we were not interested in normalization and provocatively avoided visiting Israel. The President of Egypt shares the blame for the way that Israel is portrayed in the Arab world. The Egyptian ambassador has to be present here. He has to be in cocktails and cultural events, but more so, he has to be present here in times of tension between these countries. And this is a very obvious part of the agreement we have with Egypt, which they are blatantly breaching. Egypt's tourism maps in recent years do not show Israel. The education system in the Arab world every year brings up young people that hate Israel and Jews and has a lot of prejudice. I invited seventeen Palestinian newspapermen for a dialogue. Not in order to incite them or manipulate them, but in order to give them a true description of what we believe, of what our philosophies are. But the Palestinian Authority disallowed the reporters to publicize their meeting with me. There are extreme organizations that do the same. The Arab leaders that sign peace agreements with us to not have the courage to come out and speak courageously against terrorist attacks, and set a norm that goes against attacks in civilian centers. Even they themselves are liable to become victims of extreme Islam. Our strength can be injured even when there is no existential threat, such as war. Ongoing serious terrorism can lead us to defeatism, and on the other hand can lead us to extensive militarism. This is what marks a strong community, and strong society, and this is a test for Israeli leadership. When we come to defend the civilians of Israel, we must be deterred by nothing. I believe that boycotting the Palestinian Authority internationally until it stops terrorism, is an effective measure, much more than military actions or concessions by the state of Israel. Threatening the PA will be a good service not only to Israel but also to the Palestinians themselves as well as Egypt and other nations. Sometimes you have to stop forceful someone who is causing damage to himself. I believe that we and the Palestinians have common interest. Through cooperation on the military area, political areas, and other area, we'll be able to reach peace. If a Palestinian state is established, it will not be able to survive unless it cooperates with Israel on the economic and military level, and this is not meant as a threat. If the government tries to negotiate after fire, negotiations will break up after first terrorist attack after negotiation starts, and the negotiations will become irrelevant. However, if the Palestinian Authority will try and fight against terrorism, Israeli government will have no choice other than to react positively. International terrorism has no limits and has no borders. They are willing to conduct acts of mass destruction, and no one is secure against them and is immune against them. One success motivates other terrorist organizations. We have internal unity and we have consensus on the fight against terrorism, against the right of return, and affiliation to the holy places such as the Temple Mount, and also our willingness to make concessions in order to reach true peace. We're a strong, united society, we are keeping to our normal way of life, our normal democratic life, despite the terrorist attacks. For this we need resilience and we need unity. It is very easy to trip, however, along the way. It is important, therefore, to maintain all components of the national strength, from all aspects, including strengthening our bonds with the Jews in the Diaspora. I would like to thank the organizers of this conference, who produce at the end of the conference recommendations to the leaders of the state. This conference is pleasing because of the final results following the discussions by the best minds in Israel and the world, and the recommendations will certainly be given to the leaders of this country. Thank you.

Dr. Uzi Arad: Thank you Mr. President. Now would like to call upon Amos Gilboa, to present the results of a first examination of its kind.

Amos Gilboa: Good evening. What's the idea, what's the point, what is this all about? Well, our title here is the record of the balance. I'm not talking about a strategic balance. Usually when we come to a conference we go there, we hear things, we talk about it, than go on to the next conference – forget all about it. The module is basically lodge and forget, or convene and forget. The Herzliya conference, however, has decided to use a new module, and this new module is at critical outlook or view of the previous conference. I'd like to see whether the topics, which were on the agenda at the time, were correctly identified; did the evaluations presented at the previous conference withstand the test of time in the passing year? Have they become a subject of public dialogue? Have various sectors of decision been affected by the conference? Etc. etc., I'm not going to go into all of them. However, the Herzliya conference has decided that this module of the critical view will be come a modus operandi in future conferences. And, doing this, we will maintain continuity among the conferences over the years, and also we will be showing or demonstrating an extensive measure of seriousness, of professionalism to our conferences, because criticism is an important measure of that. Now, one caveat, but also in order to try and get you to relax, well we didn't really invent the wheel here, we didn't invent any patent or anything like that, but maybe we did contribute in a certain way to something. So, let us look at the criteria that we had. Which subjects were correctly identified in the last conference? One thing was the issue of national strength. I'd like to remind you that the conference took place in December, but it was prepared in the spring and summer of the year 2000, just before the Intifada, and immediately after the unilateral withdrawal. What we didn't identify, namely, we didn't have in the agenda of the conference, was the issue of international terrorism, and, of course the Bin Laden problem wasn't brought up. Actually, the name Bin Laden was mentioned once in the conference. And there are three implications to this. One is that our national strength is very tightly tangled with the international strength, or security rather. Now, another issue is the issue of seeing intelligence estimates, vis a vis leaps of reality that actually occur. And also, the third point is that the answers that we presented for the future turn out to become irrelevant vis a vis this new reality leaps which occur. So, which estimates and forecasts of the last conference did withstand the test of time? Well, terrorism by suicide

bombers and ongoing, prolonged Intifada, supported by Arafat's strategy, and also the era of the window of opportunities is closing now. What was the main issue, which was ignored by the conference? The crash of the Hi-Tech industry. Actually, at the last conference, the signs were already there. The trumpets had already declared it, but at the time there was not a single person who stood up and said, "Well, this year will bring about the downfall of Hi-Tech". Which issues were shaped at the time? I would say three general topics – one, the demographic problem, from various aspects; two, unilateral separation, again, with its many different aspects; and the issue of deterrence in a restricted conflict. Inputs for decision makers in the different sectors – I would say for two organizations, or two entities. Two entities were affected by the previous conference – the National Security Council, and the Jewish Agency. In the National Security Council, this Conference is becoming an element in their annual security estimate or evaluation of status. The conference is becoming a cornerstone in a project on deterrence that the council is holding, and note what we are saying here about the Jewish people. I think that it was truly innovative for the previous conference and also this conference in the fact that we are devoting a whole session to the issue of the Jewish nation, as an element of national strength and security. Which topics on the conference stimulated our thinking? I would say one was the idea that was brought up for prosperity without peace, and there was also the question of who is supervising the IDF, or rather the planned uses the IDF makes of the defense budget. These are the main issues, which I chose to present. What other things took place in the last conference? Recommendations of topics, I think, that remained dead letter – oh loads, lots of them. In education, in Society, government, and when I try to find a common denominator I saw that they all had an issue of long-term thinking, long term planning. Mainly when it came to multi-year defense budget. One other thing which I want to say, out looking into the future – I have no doubt that there can be people here in the audience saying that while we're preparing this conference, somewhere in the deep flow of reality, somewhere deep below, invisibly, right now, in these vary moments, the same process that brought about the September 11th module, is now being prepared, which is going to erupt sometime like a volcano, sometime during the next year, and we are all going to stand there are gape. Can this conference predict such things? Can I predict such things? Well, here I'd like to quote from Professor Leibovitch. Professor Leibovitch asked the question – "how is it possible that in the book of Genesis, which starts with a simple statement – in the beginning God created heaven and earth – how is that possible?" Professor Leibovitch answers his own question by saying that this is the essence of Jewish faith. Why is that? He says, well God created heaven and earth, namely, God is somewhere outside of heaven and earth, outside of this universe, and therefore a human being existing in this universe will never be able to grasp what God is. A person's imagination is unable to conceive of the essence of God, because all we can understand is the universe itself. And this is the essence of Jewish faith, and I would like to say, relating to this, out of my experience, I know that there are leaps of reality, which our imagination cannot conceive of. Maybe people will say that I'm wrong. There are Jules Vernes, there are other fantasy writers who predict unbelievable things. But I think that this conference is unable to do that, unable to predict things yet. I do believe that if we hear in this conference, or in other conferences clever things, really wise things, they will be able to contribute in the sense that when some kind of outburst occurs in the coming year, then we, in Israel, will be slightly better prepared for coping with such an eruption. Thank you.

Dr. Uzi Arad: Thank you Amos. An attribute of this conference is that it addresses the Jewish world as an inseparable part of the formula of defense and Israeli existence. Because of this and because of another reason, because of the significance of recent developments and the centrality of the United States in what is going on in the region, and the campaign in which the United States is involved, we thought that it would be worth to have Mr. David Harris speak here, a great friend of the conference, who will be addressing all these three elements: a strategic, on look of Israel's international relations, the role of Israel, the role of the United States, and the Jewish people. David.

David Harris: I hope you'll forgive me for speaking in English, actually you should be grateful that I'm not speaking in Hebrew, president Katsav, General Gilboa, my friends at the IDC, Uriel Reichman, Ehud Sprinzak and our chairman Uzi Arad, distinguished guests and friends. The American Jewish Committee is honored once again to co-sponsor this important gathering and I'm delighted to be with you this evening, just as I was privileged to participate in last year's inaugural session. In fact on the same panel with Zalman Shoval, in this very hall. As many of you know, it's traditional for American speakers, be they Jewish or not, to lead off with a joke: regardless of the circumstances, regardless of the subject matter, again you'll be pleased to know I've decided not to. However, as the story goes, when you tell a joke to a peasant, he laughs three times. Once, when you tell the joke, the second time when you explain the joke, and the third time, when he understand the joke. But when you tell the joke to a Jew, before you've had a chance to finish it, he's already interrupting you. First, because he's heard the joke before, and wants you to know that fact; second because you're not telling it well; and third because he insists on telling you the very same joke, only better. SO no jokes for this audience, it's simply too risky. But on a much more serious note, and at the risk of stating the painfully obvious, a great deal has transpired since last December's Conference, more than any of us might have envisioned. We meet while the United States is leading a war against terror, and while Israel seeks to defend itself against repeated and heinous acts of terror. This makes our meeting during these three days all the more timely and important. I begin with a very simple, and hopefully self-evident proposition: the Jews of the world need each other. We depend on one another - never more so than during turbulent times such as these. In our unity and solidarity comes strength; conversely, in our disunity and division, comes weakness. To some, this may sound hopelessly naive, born of an idealism still deeply rooted in America's soil, perhaps, but it remains central to my strategic view of the world. In saying this I recognize fully, and always have, the profound imbalance in responsibility and risk between Israel and Diaspora Jewry. Even so, Jewish communities around the world continue to have an important role to play in advancing Israel's national interests in the international system. Nowhere is this more evident than in the United States. As I noted here last year, American Jewry is an indispensable factor in the American-Israeli equation. Consequently, it's in our collective interests to insure the continued resilience and standing of American Jewry. Conversely, anything that serves to weaken American Jewish strength and resolve, I fear, will ultimately serve to diminish the U.S.-Israel bilateral relationship, which in turn could only have catastrophic long term consequences for Israel's diplomatic, security and other vital interests. Other Jewish communities also serve important roles, either in leading or maintaining support for Israel, in their respective countries. Significantly, this is not necessarily a function of a community size. After all, there is not a single Diaspora community today where the Jewish community constitutes more than two percent, or one in fifty of the population. And in virtually every case, Jewish numbers, both in actually and

proportionate terms, are slowly declining. A community of no more than a few thousand Jews in say Costa-Rica, or Panama, however, has been able to play an influential role, well beyond its actual size, in enhancing Israel's standing and image. Why? The simple answer is that members of the community integrated well into the fabric of the country; contributed significantly to all sectors, from economy to culture; took an interest in political life, and were unhesitant about placing concerns for Israel at the top of their agenda, without - and let me stress this - without taking sides in Israel's internal debates. Thus, from a strategic perspective, rather than bemoan our thin numbers, I'd rather take as my starting point the remarkable success of Jews in virtually every Diaspora country, and the possibilities this presents for reaching the highest level policy makers, and effecting public opinion. And I continue to believe, as an advocate for Israel in various world capitals, that we have a powerful case to make, which rests on four legs. The first leg is that Israel is a democracy. That must always be made to count for something in the corridors of power of other democracies. The precious fraternity of democratic nations needs to be remain mutually supportive, and do recognition must be given to the indisputable fact that democratic governments reflect the will of the governed, and if they don't there are mechanisms for peaceful transition. Israel stands out as a uniquely democratic state in this region, with all the attributes of such a state. And we need to remind the world of this central fact, again and again and again, especially after September 11th. The second leg is Israel's unquenchable thirst for peace and a concomitant willingness to make painful and risky compromises to achieve that often-illusive peace. But the world cannot expect Israel either to make peace in a vacuum, or to negotiate peace with a partner whose commitment and integrity are seriously in doubt. The third leg is Israel's legitimate right to defend its citizens against acts of violence and terror - a right that all nations reserve, and many exercise. No nation can be expected to demonstrate infinite self-restraint, least of all in a region where such a posture is interpreted as a sign of weakness, not strength. The United States has certainly learned this lesson in recent months. Why should Israel be expected to behave differently? And the fourth leg is the unique historical confluence among a land, a people, a faith, a language and a vision. In essence, as a result of recent events here in this region, we have been compelled to return to fundamentals, to remind the world of the basic case for Israel's legitimacy and right to exist. No other country in the world, fifty-three years after its establishment, finds itself in a similar situation. But that cannot deter us from the task at hand. Whatever has been done to date, and it has been a great deal, world Jewry must be mobilized in a sophisticated and systematic matter to build increased support for Israel and understanding of its policy, dilemmas and challenges. And Israel itself must play a greater role in such a mobilization, and those Diaspora communities that until now have hesitated to jump into the fray, for a variety of psycho-sociological, historical reasons, more often than not related to their skittish sense of national pride and place, need somehow to overcome these hurdles, and to be heard clearly. As the nineteenth century French writer Victor Hugo said: "nothing is so irresistible as an idea whose time has come". In this regard I was pleased to see as but one example the recent intensified efforts of German Jewry in taking out full page adds in leading newspapers to protest the visit to Berlin of Syrian president Bashar Assad, and vigorously defending Israel in the electronic and print media. This is a welcome development. Of course the challenge of defending Israel around the world must not rest solely on the shoulders of world Jewry. It never has, nor should it today. But we do have serious challenges. Let me mention a few. First, we have lost many of our traditional non-governmental coalition partners. Some have chosen the path of least resistance, and retreated to a form of studied neutrality. Others have opted to join the chorus of critics of Israel. The reasons could fill a separate speech. Suffice it to say that we need to pay more attention in this arena, including encouraging the creation of new non-governmental bodies supportive of Israel. NGO's are key actors in the international system today, and their voices do carry considerable weight. I witnessed the magnitude of our isolation this past year in Geneva, when I testified on several occasions at the United Nations in support of Israel and against pernicious resolutions submitted by Arab countries and their allies. In all those cases, literally dozens of NGO's, some legitimate, others state-sponsored front-groups, rose to assail Israel, while friends could literally be counted on the fingers of but one hand. And we need to take into account not only the impact of heavy lobbying of NGO's by Arab and Muslim countries, but also the growing role of some anti-Israel Arab and Muslim groups in the west, who have sought to build alliances with labor unions, student groups, anti-globalization forces, and other religious and ethnic communities, to further their political objectives pertaining to the Middle East. This intense lobbying and coalition building, which I discussed last year in the this forum, is clearly evident to us in the United States today, even as many of these groups scramble to re-invent themselves after September 11th; to redo their web-sites to remove potentially incriminating information; and to seek to explain how they could have claimed six to eight milling Muslims in the United States, when two recent authoritative studies - one sponsored by the American Jewish Committee, and conducted by the University of Chicago - both found the actual number to be closer to two million. Second, some of the moral icons who understood so clearly the trajectory of Jewish history in the 20th century, and who believed so profoundly not only in Israel's' right to exist, but also its need to exist, are no longer with us. Giants like Andre Sakharov, Martin Luther King Jr., Senator Henry "Scoop" Jackson, Jan Karsky, Father Benjamin Nunez, and Indro Montanelli, powerful and respected voices in their own countries and on the world scene, have passed away, and their places are not easily taken. Third, a new generation of politicians has emerged around the world, whose formative years were the 1960's and 1970's. They were eyewitnesses neither to the Shoah, nor to Israel's birth and early struggle for survival. Instead, they came of age when Israel was in possession of the West-Bank and Gaza, and when, absent to careful reading of history, it could sometimes be difficult to sort out competing claims, in a tableau that appeared very simply to pit Israel as the occupier, and the Palestinians as the occupied. Forth, to state the painfully obvious, the role of the media has only continued to grow as an actor in the international system. No serious discussion of national security can take place without due reference to this fact. As a related aside, I cannot help but wonder whether the course of history might have been different if the New York Times, America's most influential newspaper, had treated the Shoah differently. Last month, Max Frankel, the former editor of the paper, revealed the following startling facts: only six times in nearly six years, did the Times' front page even mention Jews as Hitler's unique target for total annihilation. Only once in six years, was their fate the subject of a lead editorial. Only twice, did the rescue inspire passionate prize in the Sunday Magazine. More than five decades later, however, whether we always like it or not, Jews are news. Thus I'm pleased that the media has been added as a central subject o this gathering, over the next couple of days. And fifth, the power of the Holocaust to affect understanding of Jewish vulnerability and the consequent need for a strong and viable Jewish state, has diminished, I believe, in recent years. Again, this would require separate examination. But what has been striking me, especially in Europe, is the growing inability, to connect the experience of the Shoah, with the contemporary reality of world Jewry and Israel. Instead, many now see the Shoah as a discreet event in history, to be remembered and memorialized - yes; but to be sequestered. Thus, the

foreign minister of one democratic European country, could in one breath speak to the American Jewish committee, of his country's many efforts to restitute stolen property, and review its war-time record, and in the next breath, dismiss concerns about growing acts of violence against Jews in his country, and allow his diplomats to participate in the reconvening of the high-contracting parties to the forth Geneva convention, a world treaty body, that was created after the war, in response to the war and to the Holocaust. If the holocaust has not adequately sensitized this individual, either to the slippery slope of anti-Semitism, or to the dangers of treating Israel, the Jewish state, by a separate standard than all other nations in the world body, than what hope is there? And speaking of violence against Jews, here too we must become or vigilant and supportive of one another. Once again the inter-dependence of our fait, has been painfully revealed. The Palestinians trigger violence here, and Jewish targets are attacked in France; Bin Laden belatedly calls for Israel's destruction, as a footnote to his demonology, yet at the same time declares war on quote "crusaders and Jews" unquote; a prominent Italian writing in the pages of "La Stampa", on of Italy's leading papers, calls on Jews around the world to beg forgiveness for Israel's original sin of disenfranchising the Palestinians, finds support for many leading politicians, and Jews throughout Italy shutter; The Arab Students group at New York University, seeking to cast blame for September 11th on Israel and the Jews, circulates to all its members a diatribe by David Duke, a notorious right-winger in the United States, connected to the Ku Klux Klan; And a prominent Imam in New York suddenly disappears after September 11th, and resurfaces in Egypt, to assert the Jewish doctors in America are poisoning Muslims in the United States, and perhaps than to join in the unremitting effort to Islamicize the Arab world's leading country. Yes a great deal has happened since our gathering last December. We have new administrations in power in both Washington and Jerusalem, and may I add that the Bush administration has been quite remarkable in its support for Israel, confounding the skeptics who thought we'd see a repeat of the sometimes cool and detached first Bush administration, when it comes to Israel. We've had a seemingly endless series of brutal terrorist attacks against Israeli targets. We've witnessed the dismaying build up to the Durban gathering, the so-called World Conference Against Racism; the American and Israeli decisions to boycott; and an eruption of anti-Semitism at the parallel NGO forum, the likes of which have not been seen for a very long time. We've had disturbing manifestations of anti-Semitism elsewhere, including, as I mentioned, in France, home to the world's third larges Jewish community. We've experience the horrific events of September 11th, and a subsequent American decision to wage war on terrorism, beginning, but not ending with Osama Bin Laden, Al-Qaida and the Taliban. We've seen Europeans and others finally begin to crack-down on potential terrorist networks on their own soil, a step that many countries had been reluctant to take before September 11th. And we've seen a promising new bilateral relationship gradually emerging, with all the bumps in the road, between Washington and Moscow, offering all kinds of interesting strategic possibilities, including in the Middle East, that were previously unimaginable. Jewish organizations around the world need to grape with the implications of recent events form a geo-strategic perspective, and the appropriate role they can play in helping to foster new foreign policy opportunities, be they in seeking to build renewed international support for Israel in Europe, Latin America, Africa and Asia; to quarantine more effectively terrorist-sponsoring countries; to encourage policy makers to think along the lines of regime changes in certain rogue states; to build support for moderate Arab Islamic nations that have hitherto been targets of radical Islam; to strengthen over the long-term international cooperation in the war against terror; to slow down the ominous prospect of the proliferation of weapons of mass destruction; to encourage greater energy independence in oil-importing countries like the United States; and to expose the hypocrisy of certain countries who play off the west against the Islamists. This is a moment rife with opportunity, even as we dare not underestimate the perils. As Winston Churchill said: "there are those who see the crisis in every opportunity, and those who see the opportunity in every crisis." Jewish communities can and must play a part in shaping the emerging world order. That is certainly what some of us are seeking to do in the United States, and as I said earlier, such efforts need not be limited to America. In everything we do in this domain, it's important to have active dialogue between Israel and the Diaspora. Working together, the total becomes far grater than the sum of its parts. Separately, the total, I fear, becomes far less. To me, the choice is obvious.

Sunday, December 16, 2001

Dinner and Lighting of Hannuka Candles

Chair: Maj. Gen. (res.) Meir Amit

Dr. Uzi Arad: I'm giving up my opening remarks, and I'll say them later, because we have constraints that we have to abide by. Ephraim will be talking about Israel in the new strategic system.

Ephraim Halevy: Major General Meir Amit, Former Mossad Chief, my friend, ladies and gentlemen. It is a pleasant duty to commend the organizers of this conference for succeeding another time to organize a podium about issues that touch upon our very existence in this country. The initiative that was taken at the time, last year an interdisciplinary event, in which key issues in Israeli security were discussed. This is now a very difficult and complex time in our history, and I think that the very fact that such a conference is being held, attests to our fortitude. I'd like to extend special thank for Dr. Uzi Arad, whom I have know for many years, for once again having succeeded under difficult circumstances, to organize such an impressive conference. In September 2001, a world war erupted. This is a war that is different than any one that preceded it. It involves organizations that are not states. The opening move, the attack of the Twin Towers in New York and the Pentagon in Washington, was perpetrated by an international terror organization that set up terrorist cells in dozens of countries in most continents. The immediate entity that was under attack was the largest superpower – the United States of America. But through that, the terrorist organization wanted to escalate a struggle that it had launched within the world of Islam: the struggle between violent fundamentalism, and Islam that can integrate in the modern world. Many components influence the formation of the new reality that we see in the making. In this reality Israel is required to plan its moves in an open ear in the history of the world. With your permission, I will enumerate several of these factors before we move on to analyzing the situation. First of all, the Bin Laden organization, the Al-Qaida. This is a secret organization that over years has developed impressive capabilities, both in terms of collecting intelligence, and in terms of planning and implementing large-scale terrorist attacks with many casualties. Professionally speaking, this is an organization that was able of integrating its members in foreign environments, the people of this organization show very high capabilities in warfare, and have scored impressive achievements. The organization has faced the United States and other democratic countries around the world, with a serious

challenge, as it did to the leadership of Arab countries and Islamic countries, and global economy and society. Bin Laden addressed the Arab and Muslim public in Arabic, and called upon this public to rise against the traitorous pro-American regimes. It wanted this public to be insisted to overthrow these governments and drive non-Arab presence out of the world of Islam. Bin Laden called his public to eradicate what he saw as humiliation of Islam by the west 80 years ago. In other words Bin Laden started a new, and I think crucial stage in internal Islamic war, and the entire world was chosen as the arena for this war. And the assault against the US was a challenge on the status of the United States and the world, and was designed to generate a very deep rift in the western world. And the title waves of this rift will sweep the entire Muslim world as well. In order to answer these threats, the United States and the rest of the world have to think in a different way than they did before. The rules of the game in previous wars, in previous centuries, are unsuitable to handle this battle that was forced by the enemy. Countries of the world quickly started to develop new doctrines, to start changing their system from within, and demarcate new rules and regulations by which to behave. Although time was of the essence, legislation, internal discussion, studying and implementation were required. It was the objectives of the attacker that determined the goals of the attacked entity. The essence of the threat made it necessary for the attacked entity to annihilate the attacker, and to eliminate any support that he may get, be it by a sponsoring country, or by organizations that support the attacker financially. Unlike in the two previous world wars, the attacked entity doesn't want to defeat the enemy, in order then to reach peace agreements. The enlightened world cannot survive, unless it annihilates the enemy. Before I talk about the war, I'd like to make a comment that is very significant in my mind about one of the attributes of the war field. We have already said that a key aspect of this war pertains to a struggle within the world of Islam. This is a broad world that encompasses many Arab and Muslim countries in Africa and Asia. There are other large, Islamic public that are affiliated with this world in other continents and in non-Muslim countries. It's worthwhile mentioning several statistics. In Russia, where there are 146 million people, there are more than 20 million Muslims. In the European Union, which has a population of 380 million, there are fifteen to twenty million Muslim residents. France, for example, has about six million Muslims in a population of 60 million. In Belgium, with a population of ten million, there are about one million Muslims. Every Muslim community is a target for the struggle within the world of Islam. According to statistic forecasts, the share of Muslims within European countries is expecting to grow within the next years. WE should always bear this in mind when we are trying to think about future developments. A few words about the onset of war: This war struck without any prior warning, without a preparation of public opinion, without an overt precession of an international crisis. This suddenness, took everyone by surprise, and it requires time for countries and organizations to formulate their opinions and approaches for the new realities. Statesmen and countries were baffled for the first few weeks. The United States wanted to form a coalition against international terrorism, and many drew a parallel between this coalition and the coalition the United States formed only ten years earlier, when Kuwait was taken over by Iraq. But soon it turned out that the coalition now will not resemble the one from back then. The nature of the warfare, the essence of the warfare, the sensitivity of Islamic countries to the attack of a Muslim country, all of these have created special problems in creation the coalition. Moreover, the fact that the campaign sprawl over dozens of countries around the world, where in every one of these countries, these countries have to uproot international terrorism, this fact created serious dilemmas to several of the key countries, lead by Saudi Arabia. And these difficulties still accompany the international campaign against international terrorism. And it is not coincidental that the term coalition is no longer prevalent. One of the key issues that was put on the agenda immediately, was and still is the relationship between global war and regional disputes. The dispute between India-Pakistan around the region of Kashmir, was one, the fight against the Abu-Sayyaf terrorists in the Philippines were another, and as far we're concerned of course, we were required to address the relationship between the global conflict and the Arab-Israeli and the Palestinian-Israeli conflicts. The global campaign that erupted so suddenly, started one year after the Al-Aqsa Intifada started. Many attempts to locate the sources of violence in this year were unsuccessful. Summits like the one in Sharm el Sheikh; political move, like the one embodied by the Mitchell Report; professional attempts to create change like the attempts by George Tennant, never generated any change. And then the world war starts when for the first time Islam and the Arab world is at the center, and every country in the world is required to make a stand on the global flames on the one hand, and on the other, to determine their policies on the Arab-Israeli conflict. The opening conditions of the Arab partner were ostensibly much better than those of Israel. The US was signaling that it was seeking the collaboration from Islamic leaders. Pakistan was the most evident country whose support was required, but also the support of other key countries, like Egypt and Jordan, and primarily Saudi Arabia. Their support was also considered imperative for the integrative military and political and media effort of the United States and its allies. It appeared that the Arab world now has an opportunity to convince the United States to change its policy towards the Arab world. And indeed, for several weeks, there were hints as though the Arab pressure has disseminated in Washington. But these signals were misleading, and when Secretary of State Powell made a speech in November 19th, it turned out that no such change of mind has occurred. The reasons why no basic changes occurred in the policy of the United States, these reasons are what formulates the strategic contemporary environment for Israel, and this is what I'm going to be focusing on today. The initial Arab stance involved an internal conflict. On the one hand, some of the Arab leaders held that the United States should be helped in its' struggle, without drawing a comparison between global terrorism and Middle East terrorism, They wanted to separate between the two. But on the other hand, Arab countries wanted to leverage the American need for them to identify with the United States in order to get political gains from the United States. This attempt to promote a dual policy with an internal conflict, created moves that were designed to distinguish between types of terrorism - Good and bad terrorism, so to speak. For many weeks there was a battle over the definition of terrorism. The first breakage point was when the United States published the list of the primary 19 terrorists that are wanted, and this list included three names of Hezbollah persons. From this point on this artificial distinction between international Islamic terrorism and the Middle Eastern Islamic terrorism could not be done. I'd like to stress, the link between international terrorism and regional terrorism was not created for the first time by force of this list. We have known for a very long time about ties and connections between terrorist entities in Lebanon and the El-Qaida network. WE have known for a very long time about connections between terrorist elements supported by Iran and the people of Bin Laden. And we know of attempts to get people of Bin Laden into Israel, and we know that a terrorist cell of bin Laden was discovered in Jordan. The fact that Europe was another arena for Bin Laden, Has sharpened the sensitivity of these countries to the threats of terrorism, and I once again remind that Muslim communities within Europe have to be taken into account. Due to political reasons Europe has suspended the move until last week when it demanded that the Palestinian authority uproot the Islamic Jihad and the Hamas. When this

was decided a week ago, I must mention that this European move is contributing a pivotal contribution to formulate a strategic international map, in which all the elements of Islamic terrorism compromise one single clear entity. There is an enemy, it is defined, and we know what it is. So far the first component that formulates Israel's strategic environment in these times. The second element that has a very genuine effect on our strategic-political landscape is the success of the United States in this campaign. In the first few weeks of this campaign views were heard that the victory of the United States will not be swift, is not guaranteed, and that if the campaign continues without a victory, than the status of the United States will diminish in the world, and in this region in particular. Because of these concerns, caution had to be practiced. But the results as of now stunned public opinion. The United States was revealed in its full power and glory, in its full talent and international influence. This was a lesson to all those who doubted and were sitting on the fence. This is yet another facet of our strategic landscape. The third key facet in our landscape is the American philosophy, by which, in this war there will not be only a single campaign, in Afghanistan. What the Americans said at first, that the war would last for years, and would be designed to eliminate international terrorism, was very closely linked with a message to local terrorists. Speculations surrounding the next targets are becoming louder, and it's already being said that there are going to be several phases. Two, may be three, maybe more, but the campaign will not be concluded until the target is accomplished. These doubts inevitably create an atmosphere of insecurity, but on the other hand, the United States' determination to go to the end, to go all the way, creates a strong basis of continuity, and this message is heard loud and clear by all elements in this region. If three or four months ago there were those who were concerned that the United States is losing its' power, everybody now knows that it has full vigor and it will not rest until it completes its mission. One of the things that we start seeing more and more on our television screens, is the risk that unconventional weapons will come together with the terrorist activity. There has been information about such possibility of Pakistani terrorist organizations coming together with the Al-Qaida organization, but obviously the focus will now be on such countries that can develop these unconventional abilities, and are willing to provide this to terrorism. So we now have a world threat ahead of us. Looking at this from this perspective, the more powerful the international campaign becomes, the more affinity will grow among those more threatened by such risks. All this adds power to Israel on the strategic level. The combination of elements, which I have just stated, present a dilemma for every leader and every state in this region. Everyone must come to a moment of truth, in which they decide where in the campaign they stand. At first, many were allowed a wide margin in which they could partly support, support latently or not support. Now, every player must make a final decision and take a decision as to which side they are on. This is not just a matter of declaration, this is also a matter of an active behavior when it comes to terrorism. Leaders of states such as the president of Egypt and the King of Jordan have taken declarative decisions and they are also acting accordingly. However, the president of Syria is still hesitating and is not yet taking action against terrorist groups sitting in Damascus, and against the Hezbollah. The more the Afghan stage of faze of the campaign is coming to an end, the higher the pressure on the Syrian President to do what the Americans call to "bite the bullet", and we're not sure whether can actually take the right decision, whether he has the stuff it takes. This is still an open question. Iran is in a similar situation. As common border in Afghanistan, it's deep involvement in the past, in this country and its support of the Northern Alliance, are making Iran into a true partner to dialogue on the Bin Laden Issue and the future of Afghanistan. Since the war started there have been many efforts to allow Iran to join the front, of the side of the United States, Europe and other countries. Iran has taken many steps and said many things, which apparently do not make up a consistent policy. We know as I have said before that Iran was close to the Northern Alliance, but also, on the other hand, there have been connections between Iranian elements and bin Laden and the Taliban. Therefore Iran failed to take sides, however, European elements are trying to strengthen their ties with Iran. And they speak of a coming change. The United States is handling the Iran issue very carefully as well. It is interesting to see that Iranian representatives met or rather took an active part in the convention of Afghan leaders in Germany. Undoubtedly, Iran is an important factor, and up to now we haven't even discussed its importance to the Israel-Arab conflict. Iran is still saying that one of its goals is to eliminate the state of Israel. It is still developing unconventional capabilities, and nuclear, biological, chemical weapons that it is developing; it's granted ground missile capabilities as well, in order to be able to put Israel in its range. It is still supporting terrorism among the major groups of terror that it supports is the Hezbollah. Iran is now considered as one of the main and most bitter adversaries of Israel and as a state that must be an existential threat to Israel. However the world war, which started in September, put Iran not only in a position of superiority, at the time it is still being courted. However the ongoing campaign means that eventually it will have to meet the toughest dilemmas it has ever faced ever since Ayatullah Khomeini came to power. Sooner or later, it will find itself in the midst of the war against terrorism, and in the midst of the issue of unconventional weapon (unclear), which now comes together with the war against terrorism. When this stage comes, or when the need to tackle the Hezbollah comes, Iran will have to make a tuff decision. It will have to take sides, either with the enlightened world who tries to uproot international terrorism, or not, and it will have to make that decision. Inside of Iran many processes are taking place, which we see with concern on the one hand, but with some hope on the other. The moderate forces in Iraq have tipped the scale, however. They are not making use of their electoral power when it comes to actual policy. Iran's attitude towards Israel at least, on the face of it, doesn't show any difference between the two camps.

Not only states but also terrorist movements or groups will have to question the future. I would like to say a few words about the Hezbollah. In the last few years the Hezbollah has developed two arms. One is a military arm, which is deployed on our northern border, and the other is an international infrastructure that is spread all over the world. Very similar to the Al-Qaida, Hezbollah is also a rival, an extreme rival, a determined one who is trying to reach or realize strategic goals through very high motivation. They're very similar to Al-Qaida. They're not a state organization; they're based in other countries which support them; they had conflicts with small as well as large states; including the United States; they both have an army and a terrorist arm; and they both risk the countries which give them safe haven; and if the United States carries on in the same way which it has started, it will be time to face the Middle Eastern terrorist organizations as well, including the Hezbollah. And they will have to cope with the ultimate dilemma: they will have to decide whether they will carry on with terrorism or become a solely political organization. It seems that there are a few hints at the fact that the Hezbollah leaders are starting to face this dilemma. I think the time of test will eventually arrive. I do not want to speak today about the Iraq issue. This is a unique case and I don't think it will be either wise or useful to say anything about it, anything at all. Reality forces us to talk about the Palestinian issue as well, but I will not elaborate on it. Similar to other leaders in the Arab world, Arafat tried a dualistic approach to the world

war against terrorism led by the United States. On the one hand he tried to take advantage of America's need for Arab support. However, on the other hand, he refused to translate his identification with the anti-terrorism campaign to the reality of struggling against the Hamas and the Islamic Jihad. Quite the contrary, he kept using the tools of terrorism, both ones which he controls, and ones which are ostensibly outside of his control, he maneuvered within the international and regional reality. He lacks any will and also maybe is limited in his ability to take the decision required of him and of many other countries in the Arab world, and which Egypt and Jordan have already taken. Arafat's behavior is particularly highlighted against the fact that President Mubarak and King Abdallah took sides with the United States. The more he refuses to take this decision, the more his position and prestige is eroded internationally, regionally, and also in the eyes of the leaders of the United States, Russia, China, Europe and others as well, and also in the region. So on the one hand it seems as if the September 11th events strengthened Arafat's position and improved his playing cards, however in the long term, his position is being influenced negatively from the world war. Since he refuses to adapt himself to the new rules of the game which is now taking place in the united world, the more he puts himself in an inferiority position vis-a-vis Israel and the values that it has been identified with for over a generation. The role of an intelligence officer is not limited to accumulating information about threats to the state, and his duty is not finished by presenting his recommendation. It is also his duty to look for every possible way and every possible direction which will point to a possibility of peace, of an agreement, and if he finds any kinds of clues or hints for such an opportunity, then he has to point them out and point at ways of reinforcing them. Once he's received the approval of the political echelons, it is the duty of the intelligence officer to foster them, until they become [tape unclear]. Speaking before you today, I did not intend to present a total evaluation of current affairs, and I didn't try to show you the risks only or analyze them, I also tried to look for the full half of the glass and to try and find reason for hope. We usually find it very difficult to diagnose the breaking points of the adversary. We are much more sensitive to our own, of course. The September 11th event is definitely a watershed in the history of the world, and everyone will agree about that. A new world reality is being built step by step, and the world is now allying towards a final campaign. The litmus test is now whether one is with the campaign or against it. States and interests meet around this table, and bridges are built thanks to them. The eyes still shed tears for the victims of terrorism in Israel, but I still tried to point at the light which we can see at the end of the tunnel. Intelligence officers are now standing on the brink, and it is just a matter of a few steps between defeat and victory. It is written in our scriptures, by our sages, that when the star of the morning starts rising, it starts rising very slowly, but then its light becomes ever bigger and improves as the morning grows. Napoleon always tried to find a lucky commander. The Israeli nation finds it very vital that intelligence officers will always be able to find hope as well. Thank you.

Prof. Ehud Sprinzak: Ephraim .You did not surprise me, and you did not disappoint me either. And I presume that all our distinguished guests join me in extending my gratitude to you. In a couple of minutes we will light the candles, but before that, I'd like to say a few words. There's great symbolism in the fact that this convention is being held during Hanukah. Hanukah is a holiday that signifies a battle of few versus many. A battle of people who believe in the truth of their way against those who deny it, those who want to dictate their will upon the minority. What led to the victory of the minority against the majority is national strength, which we are focusing on today. I have to admit that this is a rather low point. I remember when we were children we used to sing Hanukah songs, that each and every one of us is a small candle, but together we create a lot of light. The situation today is reversed. I ask many people here: "how are you feeling?" and most people say: "personally, we're great, we're doing fine, but we're very concerned with our national problems, and that's exactly the point that we have to address in this convention. I think that the most important thing to do is to remember where we're headed, where we want to go. Our objective obstacles are very difficult. There's an economic crisis, a global crisis, with our own special problems added to it. Unhindered terrorist attacks, the high-tech crisis; high-tech used to be until a year ago a very important part of our economy. But what I'm most concerned about is the loss of values among many of us. If you ask, it is not terrorism, Ephraim, that will cause us to lose the campaign, but its environmental, community effects, these effects on which we have to focus and provide solutions for. I feel that we have two primary problems. One is the economic situation, and the other is: how do we guarantee that Israel will stay a Jewish country? These are two major problems, and solutions will be hard to find. We're going against the current here, both in terms of economy and in terms of a political solution for the demographic problem that is a very powerful and meaningful threat to Israel. I wouldn't want to sound too pessimistic, quite the opposite is true: we've had harder times, and we've overcome. We're a qualitative bunch, and we can work wonders, and we've already proven this. Of course, in order to do this we have to define where we want to go. And we have to work together in unity. We have to work with a lot of common sense, and not out of zealotry. I think that it all starts and ends with one thing: leadership. We need brave, courageous leaders, with a light of insight and foresight; leaders who can strike, but at the same time make concessions; leaders who show personal example, who stand behind their word, and are completely credible; leaders who uphold democracy, but in this framework also uphold our imperative interests; people that have both brains and hearts. I hope that this conference will contribute to the understanding of the situation, we'll align the road, and we'll encourage our leaders to operate accordingly. And now, ladies and gentleman, I'd like to call, for the lighting of the candles, first of all, Mrs. and Mr. Singer, Suzanne Singer, who is the editor of the Jewish American publication, "Moment", the most widely read independent Jewish publication in the United States; and Max Singer, the founder of the Hudson Research Institute in the United States, and who is also head of Tevel in Israel.

Now Amos Yaron. Amos Yaron needs very little introduction. He's a war veteran who wore various hats. He was in the military, he was a diplomat, he was a military attache in Washington, and is now the Director-General of the Ministry of Defense. And last but not least, Rita Abramov, a student in the technical school in Ramat-Aviv, who was injured in the attack in the Dolphinarium Club in Tel Aviv six months ago. Rita.

Rita Abramov: Good evening, my name is Rita Abramov, I'm 17, and unfortunately, I'm just one of the victims of terrorism that has been recently so prevalent in Israel. I can't describe in words what people are going through in this process, and unfortunately, this attack killed 21 beautiful boys and girls, who only wanted to go out and party, including my very good friend Simona. And I truly hope that this will stop as soon as possible, because our daily life has become a nightmare.

Prof. Ehud Sprinzak: We're here, and the Jewish people in the Diaspora, we both support one another and are supported by one another, and the force of this link, the strength of this link, is eventually part of our national strength, and there are ample examples for this link between us, and the Jews in the Diaspora. I'm not going to give all of these examples, but there is one first-hand example here, and I think that it should be noted, and this is the Singer Family. I think that the organizers here did the right thing when they asked Suzanne and Max Singer to light the candles here with us tonight. I first heard of the Singers on a very unfortunate occasion. Their family raised four children in Washington, and educated their kids, gave them a good Jewish education. And the result was that all of their children came to Israel, served in the military, and one of their children, Alex, was an officer in Givati in the infantry, and in 1987 in September, he was killed in Har-Dov, killed in action. At the time, I was a military attache in Washington, and I couldn't make the consul or anyone else convey this terrible message to the family, so I went there in person, and I informed them of what had happened. And that's how I first met them. So this is a wonderful family, that has contributed their very dearest to the link with the Jewish nation.

Mr. Singer: Before we light, we wanted to read to you a few words of Alex's. I'll read a letter he wrote to Suzanne's parents. He wrote: "Dear Grandpa and Grandma, I am sorry that these are tough times for the two of you. I wish I could be with you to make it easier, and I hope that my letters make it easier for you. But even when we are far from each other, I don't feel the distance. Mom's visit brought us closer together. You know that my decision to move to Israel was difficult for me to make. The first months in the army were very difficult. Aside from the physical hardships, I asked myself more than once if I was doing the right thing. I want you to know now, a month before the end of the officers' course, that I don't regret any of the three difficult decisions I made. I am happy that I decided to stay another year in the army in order to become an officer. Being drafted into the army was good for me. It gave me a chance to play a role in the transformation of the only Jewish state in the world into a place in which Jews could live without fear as Jews. And finally, I feel that my decision to move here was from the beginning a decision to return home. Without going into ideology or giving too many explanations, I can simply say that the new home is my home. I am not here as a guest, but as a member of the family. I am telling you this because I think it will diminish the distance between us, the distance of thousands of miles, if you could feel that I have found my place. I want you to know that I couldn't feel this way without the wonderful way in which you raised your daughter, my mother. Your strength became her strength, and your values are her values, and she, together with my father, made me what I am today. She is for me an example and role model for moral, educational and gentle parenting, and I thank you for her. Shalom, with love, Alex." A poem that Alex wrote: "Every now and again, the closer I get to the end of the Officer's Training Course, I feel fear. Today I felt such fear. If war comes, when war comes, I will have to lead men to their death. But these men were not men until long ago. Some of them don't even shave yet. And I will have to have that serene power to yell to them, or to whisper: 'go on, charge', and I will have to have that quiet strength, to walk ahead, march in charge, by myself."

Dr. Uzi Arad: I would like to introduce Jim Woolsey, who used to be the head of the CIA. Unfortunately, I didn't have the opportunity to meet him then, because we served at different times, but I know very well about the connections between the Mossad and the CIA, and I know that at the time it was very easy to have a nice chat with him, on very friendly terms, and Jim Woolsey even improved on that from what I heard. Not only was he the head of the CIA, he also served in other capacities: He was a counselor to the Armed Services Committee, he was sent to take part in discussions in some of the most important negotiations on disarmament between the United States and the Soviet Union, and today he's a lawyer at a famous office, and he's basically one of our own. So I'd like to ask him to come forward and speak now, and later on he will be willing to answer questions as well.

Jim Woolsey: Thank you. General Amit, Mr. Chairman, Shabtai, Yaakov Arela, Max, Suzanne, a lot of old friends. I was deeply honored to be asked to be with you tonight, but to tell you the truth, since I'm A- a lawyer; B- from Washington DC; and C- I've spent some time out at the CIA, I'm pretty well honored to be invited into any polite company for any purposes whatsoever. I started coming to this country in an official capacity when I was under secretary of the Navy nearly 25 years ago, and through a number of government jobs, and as a tourist with my family, and visit friends, and come here with the Jewish Institute for National Security Affairs, in which, by the way, I anchor the Presbyterian Wing, I have thought for many years that as long as Israel and the United States work together on matters related to the Mid-East and many other important matters as well, history will not deny us the triumph of freedom. I was at a panel a couple of years ago, on which Elie Weisel served. And the panel was asked what is going to be the principal challenge of the 21st century, than a year in the future. Everyone else on the panel said something about globalization or the information revolution, or one thing and another, Elie said: "no", he said: "the principal challenge of the 21st century is going to be exactly the same as the principal challenge of the 20th century." Everyone looked puzzled, they didn't know why he would say that. He said the principal challenge of the 21st century is going to be how we deal with fanaticism armed with power. And of course, on that as on other things of importance, Elie was absolutely right. I was in a Washington DC taxi three or four weeks ago, the day after President Clinton gave a speech at Georgetown University, former President Clinton, in which he implied, although he didn't exactly say, that what he had suffered on September 11th, had something to do with the fact that we had had slavery in the United States and had treated the American Indian badly. I was being driven by a member of one of my favorite subsets of humanity, the elderly grizzled, worldly wised, black, American, DC, cab driver. And I asked him if he had heard President Clinton's speech. He said: "Well I read about it in the paper this morning". I said: "What did you think?" He said: "These people don't hate us for what we've done that's wrong, they hate us for what we do that's right". And I would submit that the dilemma and the enemies and the problems and the war, that both Israel and the United States have today in common, on which they stand on the same side, is exactly that: we are hated because we are free. We are hated by these people, by the Islamists - and I prefer the totalitarian sounding formulation rather than the religious one, so I say "Islamists" rather than "Islamic fundamentalists" - we are hated by these Islamists because we believe in freedom of speech, freedom of press, the education of women and openness and everything that makes life worth living, in modern Israeli and American society. Our attitude toward them should be one that Franklin Roosevelt annunciated toward a different set of enemies once, when we said: "we welcome their hatred". What we are hated by, the Islamists and those who agree with them, is a malevolent outgrowth of a particularly angry form of Islam, that has been

exported in part from Saudi-Arabia, and partly, as a result of the Islamist growth from the Muslim Brotherhood from other institutions, particular in Egypt in the 1930's and 40's, and thereafter. We are in a situation in which you here in Israel, and we in the United States, are being attacked, and now we know what it means. In the second Intifada, in the course of the last fourteen or fifteen months Israel has lost nearly 250 killed. Israel is about one-fiftieth the population of the United States. So if you multiply that by fifty, in terms of the impact on Israeli society, that's 12,500 people approximately, in American terms, you have suffered something between three and four September 11ths here, in the last fourteen or fifteen months. I believe that on September 11th, Americans finally came to realize something that they had begun to perceive because of what you here have been through. Those who are active in American churches and synagogues began to perceive it a few years earlier, when Christian churches and Jewish synagogues would go to local mosques in the United States to put together fund-raising events for the Bosnian Muslims, and for the Muslims of Kosovar, and would be told that the Mosque in the United States, because a number R. Wahabi could cooperate with Infidels such as you and me, even in order to help fellow Muslims. That struck many Americans as being not the Islam that they thought was dominant even in our country, and certainly in the world as a whole. And then finally, September 11th made things perfectly clear – we are at war, and we are at war with an ideology and a group of individuals that is a strange mixture, and there is no compromise. I mention this I think rather obvious fact because it has taken us a while to get here. There is, Churchill once said that the United States always does the right thing, but only after it tries everything else first. One of the things we have been trying for some years in the Mid-East is a sort of version of the way we operated in the Cold War. Now, since we won the Cold War, this should perhaps not be surprising. We won the Cold War with a strategy that was unannounced very early by Kennen, and by Nitsa, and NSC 68. We contained the Soviets, we fought two wars against their proxies in Asia, we've maintained our allies, we worked with authoritarian countries where necessary, as Harry Truman once said of Franco: "He's a son of a bitch, but he's our son of a bitch". We held on and contained this particularly bizarre and distorted form of Marxism, Communism, until it collapsed of its own way. And we were able to contain it and never go directly to war with it, because there was always a hope that it was going to die from its own contradictions. And of course it did. It finally selected a General Secretary, Gorbachov, who, not to put too fine a point on it, was an honest communist, and really wanted the system to work so that everyone stayed sober, and it was relatively open, Perestroika and reformed, Glasnost, open, and it really worked from each according to his ability, to each according to his need. And of course, since the Soviets wanted to win, but did not want to die, and since by the time Gorbachov came, their ideology was essentially dead, the system collapsed of its own weight. It collapsed with the great help of our friends and allies, brave Russians such as Sakharov, and others. But containment worked, and it's not surprising that we have been trying to contain other enemies. It took longer than we had hoped, but it did work. What we face now is nothing like that. Neither the Islamists, nor a state such as Iraq, has any chance of throwing up a Gorbachov or a Gorbachov equivalent. We are at war to the death. There should be no mistake about this. And increasingly, I think, in the United States this is understood, and understood very clearly. September 11th galvanized us into serious action in exactly the same way that December 7th of 1941 did. And I think it is important to realize that if we look at US actions in the Mid-East for nearly the last quarter-century, those who attacked us on September 11th, just as did the Japanese on December 7th of 41' had a point. They understood something, they thought, about us. They understood, they thought, that this wealthy country, protected by two oceans, at ease, ready to get along with the world, self indulgent, not sufficiently attentive to its own defenses, the Japanese in 41', and Al-Qaida, and perhaps others, in 01', thought that we would not fight. They actually believed, I believe, that we would retreat, whimper with our tail between our legs, and withdraw. And to be fair to them, they had some evidence for that. In 1979 and 80', we responded quite weakly and ineffectively to the Iranian hostage crisis. In 82' and 83' our Marines were killed in large numbers in Beirut, and we withdrew. In 91', although President Bush did a superb job of organizing the coalition that fought the Gulf War, we stopped not only ourselves before the end, but we refused to protect the Kurds and Shiah as they rebelled in Iraq, and controlled fourteen of Iraq's eighteen provinces; we watched them be slaughtered rather than come to their aid. Saddam is not grateful; he believes he did that from his own courage and our own weakness. In 1993 he tried to kill former President Bush in Kuwait, and President Clinton lobbed a few cruise missiles into an empty Iraqi intelligence headquarters in the middle of the night. I have never understood why killing Iraqi cleaning women and night watchmen was supposed to be a lesson for Saddam. In 93' our rangers were killed in Somalia, and we left. In 95' we abandoned the Iraqi National Congress in its fighting in the north. In 96 we abandoned it again, as Saddam attacked in league with one of the two Kurdish groups, and in 1998 we acquiesced, as the inspectors were kicked out of Iraq by Saddam. It is no wonder that we were thought to be a nation that would turn tale and run if hit with a strong and decisive blow. But if one looks back a few months, nine months after December of 1942, well under a year after Pearl Harbor, after Midway and Guadalcanal, the Japanese began to realize that they might have made a mistake. Mister Bin Laden, hiding in his cave on Tora Bora, I hope, may be beginning to have similar thoughts. Perhaps the B52's have by now even wiped off his face that execrable smirk that pervades the recently released November 9 video. B52's and Naval F18's and Special Forces by the way turn out to be an excellent tool, not only for promoting women's liberation, but they have also done a pretty fair job of quieting down the Arab street, which six or eight weeks ago we were told as rising as one, in opposition to any involvement of the United States in this part of the world. To quote Bin Laden in circumstances in which I'd rather imagine he would not want to be quoted, he said on the video that when people see a strong horse and a weak horse, they prefer the strong horse. The B52's turn out to be reasonably effective horses. What both the Japanese in 41' and Bin Laden and whoever is with him this year neglected to understand was a peculiar characteristic of the United States. And I want to spend just a moment on this because I think it's particularly important for this extraordinary audience to understand this country that's involved in the Middle East, and which is often very difficult to understand, even though much about it is open - I speak of course of the country of which I am a citizen - if you read anything about the roots of American foreign policy that has been written in recent years, read Walter Russell Meades' superb article two years ago in the National Interest, or his new book "Special Province". Mead says that essentially for most of the time American foreign policy and security policy is a contest between three schools of thought. One he calls Jeffersonianism, which is essentially to make the United States a module of democracy and be very reluctant to interfere abroad. He classifies, for example, Colin Powell as a Jeffersonian. The other is Hamiltonianism, which is putting commerce and business first, who's a high tariff up until 1945, a low tariff since then. The third, is Wilsonianism, which is idealism at home and abroad, a strong commitment to international organizations, a strong involvement on behalf of human rights abroad. The Wilsonians wanted to get involved in Bosnia earlier than we did. But the school that Mead has described, I think for the first time, and is at the heart of what we're talking about here, is

Jacksonianism, and he means Andrew Jackson, but on this one "Scoop" works too. Jacksonians, in Meads terms, share a characteristic of the founding member of the school, Andrew Jackson, who whether as a duelist, and there were still duels in early 19th century America, or as an Indian fighter, or as the victor in the battle of New Orleans, or as a president, whenever crossed in any way in which he thought his honor or the countries' honor had been fundamentally attacked, Jackson was absolutely and totally ruthless in destroying his enemies. Absolutely ruthless, and I might add, universally successful. Jacksonians instinctively understand something that a very distinguished scholar of the Mid East and the United States said to me, a few days after September 11th. He said: "Jim, when this is over, either we are going to be held in contempt in the Mid East, as we are now, or we are going to be both feared and respected", and the point is there is nothing in between, there is nothing in between. There is no being generally thought favorable of because we are sort of nice, moderate guys. No. That world may come again, but only after the fear and the respect that goes with it. That American are Jacksonians today, whatever they were before, and all those who weren't paying attention before but are instinctive Jacksonians, in indicated by the approximate 80 percent support, for example, for taking out Saddam's regime in Iraq, and the phenomenal 80-90 percent support figures that the President gets. The only criticism, at all, of the war up until this point, was just before the fall of Mazar-i-Sharif on November 9, number of editorials and people saying: "why isn't it going faster? Why aren't you killing more of them? Why are we delaying things?". I would suggest that they fact that one can't find these flags or red white and blue LaPel pens in the United States, because they sell out so fast; American flags sell out so fast, there is a new rock song, of all things, called "Let's Roll", and it comes from the words of Todd Beamer, one of the young men on flight 93 that was crashed into Pennsylvania, because Beamer and several other men on the plane, decided to take on the terrorists and in the fight, apparently the plane crashed. We never know, we'll never know, whether Beamer and his colleagues saved the White House, or the capital, or another wing of the Pentagon, but we know they saved something. And his last words that his wife overheard on the cell phone was: "are you guys ready? Let's roll", an innocuous enough sounding terminology on its own, and indeed something Beamer said around the house all the time, when talking about getting his children ready to go to a soccer game, for example. But this phrase "let's roll" has become something of a battle cry. What should be our next objective? I believe it should be destroying the regime of Saddam Hussein. Now, I believe there is sufficient reason to do this, because he is cheating on his international obligations, both in the cease-fire and the United Nations; is developing weapons of mass destruction, and ballistic missiles, and not admitting the United Nations' inspectors. And I believe it is quite clear that in 1993 he tried to kill former President Bush, and has never paid for that. For me, that is enough. There are a number of people who would seek some tie to September 11th, or to the Anthrax, and on those points, I believe there is evidence that is indicative, if I were putting this in legal terms, I would say there is a preponderance perhaps even in the evidence on one or both points, but beyond a reasonable doubt smoking gun, no. Still, it's at least interesting that the leading bomber, Muhammad Atta, visited Prague three times, twice into the city, both on 24 hour trips, one from Germany, to Prague, to the United States, one from the United States, to Prague, to the United States, on at least one, perhaps two occasions he met with a senior Iraqi intelligence officer, oh, and after the second trip he was transferred 100 thousand dollars from accounts in the UAE. Those look very much like operational trips. Arms control inspectors with the U.N. have seen different aspects of training at Salman Pack, on the southern edge of Baghdad, training by Iraqi intelligence, separately of Iraqi's and non-Iraqi's, in hijacking exercises on an old Boeing 707 airframe, which can be seen on commercially available satellite imagery, and the training was for takeovers with knives, and it has been going on for several years. Perhaps Saddam has some kind of grudge against Icelandic air, and he just has not yet given implementation to it, but again, as with the Ata visits, there seems to be a rather more likely explanation. And as for Anthrax, it is not impossible that there is no tie between the Anthrax that has been mailed in the United States and those who perpetrated September 11th, that it is entirely the product of the mind of let's say a crazed American Nazi PhD microbiologist, in a well-equipped laboratory in a cave somewhere under Trenton, New Jersey, that's possible. But if this crazed microbiologist had nothing to do with September 11th, than it was a coincidence that he was ready to start mailing Anthrax one week later, because the first Anthrax letters were mailed one week after September 11th. And the sophisticated ones 28 days after; or he was just sort of thinking about it, and after September 11th, very quickly he organized his laboratory and started mailing Anthrax in one week. Now if you think both of those scenarios are pretty unlikely, as I do, the only other alternative is the September 11th and the Anthrax have something to do with one another. And those who suggest that if there is an American involved, or if there is an independent terrorist group involved, that means that Iraq is not involved, this is nonsense. There is no sole-source contracting requirement for international terrorism. Joint ventures are entirely allowed. And whatever the hand that any state might have had to be involved with the Anthrax, that state has, whether it was a one percent assistance or a ninety-nine percent assistance, been involved in attack on the United States with weapons of mass destruction. Would it be practical for us to end the Baathist regime in Iraq? I believe it would be. It would take more effort than Afghanistan, but I believe substantially less than in 1991. First of all, Saddam's forces are at about 40 to 50 percent the level they were at 1991, and much of their equipment is old and out of service, and the eighty percent or so of his forces that are the regular army, not the republican guard, have loyalties that are extraordinarily weak. Ninety percent, furthermore, of the ordinants that we have dropped in Afghanistan, were smart ordinants. Only ten percent were smart ordinants in the Gulf War in 1991. What this means is it takes an average of two weapons to destroy any target, rather than the ten it took in the Gulf, and the hundreds that it took in Vietnam. That is a revolution in air-power, and in application of sensors, laser guided weapons, unmanned aerial vehicles, putting targeting information directly into the cockpits of combat aircraft, and the like, which was not even considered, I believe, by either the Taliban, or by Al-Qaida when they decided to do what they did, and that is the source, together with the Special Forces work, of their agony today, both on Tora Bora and before. I believe that Iraq's air defenses are already about 30 percent depleted from the bombing in the north and the south that have been going on for some time, and that an air campaign of several weeks would let us on the skies over Iraq. That after that, support to friendly Shiah in the south, Kurds in the north, and others, would rapidly push Saddam back into the center part of the country. This would not be easy, this would not be quick, this might well require tens, even hundred thousand of US forces, but I don't believe it would require anything like what we did in 1991. It has been said that we should not do this without allies. More allies are better than fewer, but committed allies, even if only one or two, are much better than a broad coalition in which we listen to the lowest common denominator, Only one ally, I believe is absolutely essential, and that's Turkey, for access to air land bases near Iraq, to land access to northern Iraq, and for the expertise of its military. We would have other countries with us, I believe. I trust this one and Britain, but we do not need a crowd to do this. What about other state sponsors of terrorism? Is the United States to take on the world?

Iran, Syria, Sudan, Libya, The Palestinian Authority. Each of these is a separate and special case, and in my mind Iraq ought to come first, in no small measure because of its potential impact on the others. Iran is a serious problem because of the rule of the Mullahs, because of its development of weapons of mass destruction. Some interesting things have been happening in Iran over the course of the last several weeks. Not only elections, which routinely deliver 70-75 percent vote for reformers, but in demonstrations of tens and in one case hundreds of thousands of young people, after soccer games in Iran, over the course of the last month or so, the chants have been "long live freedom", "we love America" and my favorite recent one is "death to the Taliban in Kabul and in Tehran". Something is happening in Iran. It has not happened yet, but there is some hope. Not for reform by the Mullahs, but for the tumult of another revolution. Not tomorrow, perhaps not even within the next few months. But the Mullahs are afraid, and they should be. If the Baathist regime is replaced in Iraq, we will have begun to reshape the Middle-East, and it will be a bracing message to the Mullahs in Iran, to the Alawites in Syria, and perhaps to the Palestinian Authority, Mister Kadafi has already gotten the message. If you read anything he has written since September 11th, he sounds not a little bit but exactly like Tony Blair. There is much for us to do at home to protect our society and our networks of communications and the like. It is important for us to be tough with those who would injure us, but also fair with our judicial system. All of these subjects are important and deserve discussion. But the thing I want to close with is the following: We may get hit again. This may be a very long and bloody war, including on the American home front. But the key thing is that we cannot abandon the cause of democracy in the Mid East now, as we did in the spring of 1991. We tried realpolitik with dictators and it got us September 11th and it got us the second Intifada here. In spite of Islamist-generated hatred of the United States and Israel, I believe that ultimately, for both of us, democratization of this part of the world is the safest course. In the Cold War, we supported autocratic regimes as part of the great chess game. But over the long run, even though there is hatred for both Israel and the United States among the populations of some Arab and Muslim countries, democracies rarely fight one another. For democracies, war is the last resort. It's the first resort for dictators who need foreign enemies. It's a tall order to begin to move to democratize the Mid East. But beyond its' existing democracies of Israel and Turkey, something has changed with us and I hope we are not wrong to say that for the duration of this war America is back. And it's back with a spirit that the world has not seen since 1945. You guys ready? Let's roll.

Unknown speaker: I would like to thank Jim for his formidable and very enlightening presentation. Now I know that all the praises and the honor that was attributed to you were not in vein, and thank you very much for your presentation.

Monday, December 17, 2001

Second Session: The International System and its Challenges

Chair: Prof. Ehud Sprinzak

Ehud Sprinzak: At last year's Herzliya Conference, that was supposed to be held in a relatively peaceful time, we found ourselves at the heart of the Intifada, and we were facing much more difficult challenges here in Israel than we expected. This year the situation has increased ten fold. After September 11th, we found ourselves in a situation that is different and unexpected politically, militarily, and for all these reasons, and for other reasons as well, this panel is about to discuss these issues, analyze them in depth. Since we're short for time, I'd like to remind all of you, that one of the central conclusions we drew from last year's conference, is that there wasn't sufficient time for the participants, and enough time for the audience to ask questions. So we structured the conference this year, and made sure there would be plenty of time left for questions, and we would ask everyone to adhere to the schedule, and I'm telling you this right now instead of waiting. I will keep my finger on the pulse, and Uzi, the chairman will also make sure that you all stick to the schedule. I would like to begin and ask Major General Uzi Dayan, the Advisor for National Security, and the Prime Minister's Advisor for National Security, to be our first speaker. He was in the Matkal Commando, and afterwards was a Brigadier; in 93' he was appointed Major General, and Special Advisor to the Central Command. He participated in the peace talks delegations with Jordan and the Palestinians. In 98' he was appointed deputy of the Chief of Staff. He studied mathematics and physics at the Hebrew University, and did systems analysis at Stanford; and he is a strong supporter of the Lauder school at Herzliya. Uzi Dayan.

Uzi Dayan : Good morning. It's Hanukah, so I'd like to wish you all Happy Hanukah. More than a thousand years ago, here, in this very area, a struggle and a battle was fought for Israeli and Jewish identity. Over two thousand years ago, Hanukah was set as an eight day celebration, the longest Jewish holiday, and Josephus explained why this holiday is so long, and he explained why it is not called the festival of lights. He said that the explanation is that the Jews want to be able to worship in the Temple, that is the most important thing for them. I'm mentioning this because today we are also in a struggle here in this region. We analyzed the situation here last year, and we said that the [unclear] battle that was taken place now, would forge and identity for Israeli culture. There are different fronts in this battle. The Palestinian one is the most significant. There's a northern front, with serious potential for flaring up. The terror, we said this already last year - that terror was threatening to spread globally. There's a depth front, everything to do with terror, wielded by more remote countries, and the methods of mass destruction at their disposal. We discussed the internal affairs last year; the Jewish-Arab relations here in Israel; the Jewish-Jewish relations as well, that are no less important. September this year brought an international front, with the potential of flaring into a long term global front of war and terror. This happened on September 11th in the United States. But that event disclose a situation that we have been contending with for many years. America decided to make that horrific event a milestone in history, that could change reality, change the rules of the international game, and make this world a better place. At the very basis of this change is the understanding that terror is an international, global threat, and the response, too, needs to be international and global. Global threat - what does this concept mean? It's a two-fold threat. The very essence of terror - what is it? - Especially here in our region. The ends justify the means - in order to get what you want, don't take trouble to listen to anyone, to compromise, to negotiate - just exert force and terror, and ultimately you'll get what you want. Note that this message is a universal message to the entire world, and it's also individual because it pertains to each and every person. So

the significance is above and beyond the ideological and political agenda. It's a means and a way of life. The second reason for the international aspect of terror is that terror does not exist in a void. Terror is a means to obtain an end, and it necessitates supportive population that supports its ideological and political agenda, and there are people who work at doing this through incitement or through more sophisticated means, and ultimately, terrorists have to be trained. You need weapons, you need money, passports, documents, to travel; You need contacts between the different points of departure and the different places. Note the last attack on the US – people came from different countries, and amassed weapons over years and year. In Europe and the Middle East and in other places they train, they have sources of income. All these things develop. It's not as if Osama Bin Laden is sitting there in a cave and working there on his own. There's a network. So the very essence of the threat of terror and the supportive infrastructure that it needs- these are universal-global threats. This global attack and the global infrastructure have implications for our region. There is, in the war on terror, a potential for the solution of our problem. There is a real possibility in the next few years of overcoming the global threat and the common enemy. Who is this enemy? For many years, we've been encountering this difficulty. How exactly do we define terror? This difficulty is partly theoretical, but mainly it derives from the conflict of interests of different countries and organizations. So we should concentrate on the operative, simple definition. Namely – every person who conducts a war on civilian – whether from ideological, or political or religious reasons - is the enemy. I want especially to stress the link between terror and international weapons, and unconventional weapons. I'll stick to them (unclear) points. Anyone using terror as a strategic means, anyone for who the end justifies the means, uses methods of mass destruction if those methods are at his disposal. The people behind the Anthrax attack in the United States would gladly use other means of destruction as well, and AL-Qaida could easily use other means of destruction if they had them. It's no longer a question of what they want to do, but of the means at their disposal. The second point is, since we are about to strike out at countries supporting terror, we need to consider what the significance is of attacking a country with weapons of mass disposal. This is a very naughty problem, that it would be better not to confront. Note especially those countries that have methods of mass destruction, and other means of terror, and who direct these at Israel. If the threat from these countries, and the threat, especially from those in the Middle Eastern Region – Iran, Iraq and Syria - a possible combination of employing terror, of amassing weapons of mass destruction and of explicit threats – this kind of combination could be lethal. The coalition has to confront these nations as early as possible. It is not only a military attack. I'll mention a few other aspects in a moment. This understanding is quite clear today in the US, as we saw this past week. SO, to pick up no what we said yesterday, Hizbullah and Syria have very good reasons to be weary of the development in the west, and this is true of other countries supporting terror as well. What is this battle? First of all it is not the third world war. Because it is unlike the First and Second World Wars. It is a global battle, though it differs from previous wars in the efforts and in the means that have to be employed to attain a victory. It's different in the way, and the means that victory can be attained. This battle should concentrate on three circles, and three levels, and five different levels. What are these efforts? Political, diplomatic, military, security, the economic factor has to be taken into account, the legal aspect is extremely important in this kind of battle, and educational propaganda aspect is also extremely important the public opinion in your country and in other countries, your country and the neutral countries as well. This is different from the classical wars, when there were only two objectives of obtaining territory and bringing the enemy to total defeat. These exist today too, but in different degrees. This war has to be conducted in three circles. The immediate one – if you are attacked by terror – strike back, defend yourself. This is already mentioned in the bible - you should make war on your enemies, if anyone attacks, it is obvious that you have to retaliate. Terrorists, people who support terror, have to be attacked in our struggle and on the global level. This is happening in Afghanistan and in regards to the Anthrax attack in the US. The immediate and the next degree are of primary importance. The second concentric circle is an attack against the infrastructure and the rules of the game for supporters of terror. The necessary prerequisite for this is making sure that terror is considered illegitimate – anyone employing terror has to be castigated. Any kind of terror for any end whatsoever has to be deemed illegitimate. The third circle is wider, and deals with the very roots of conflict, trying to prevent the vary conditions that can foster terror, and addressing the basic levels – education, economics, legal. I'm not speaking of phases now, I spoke of circles, of concentric circles that all take place simultaneously. They have been spreading since September 11th with different and intensive actions. But all three of them have to be taken into account, and all three of them have to be put into motion, and over time, only the combination of all three of them will achieve any significant affect. I can paint a picture as follows – the mosquitoes have to be blotted out, preventive steps have to be taken, the swamps have to be dried up, in addition. These are long-term battles and struggles, and in practical means, these five different types of efforts at three levels all have to be done simultaneously, against the immediate threats, and against the further off threats as well. Bilateral connections between the countries fighting terror are extremely important for policy making, for coordination, for legal action, for exchanging information. We're active in this sphere as well. We have a work plan for 2002 that we've been working on with the US, in compassing policy, legal action, and military cooperation and research and development. Representatives from India are coming here to Israel for bilateral talks, and cooperation - they'll be coming in early 2002. And oath countries are sending representatives as well, and I won't mention any more specific countries. Multi-lateral action is also extremely important, and it stems directly from the bilateral action. Ultimately, international fronts have to share values for combating terror. It's not a club that anyone can join. It's open only to people who truly want to fight terror. And the rules can be stipulated so that it is possible to speak now of an international information bank for fighting terror and other steps to complement the bilateral actions. Only a blend of all five types of efforts, and the three concentric circles and three levels of battling terror, will together bring about a victory. What is the essence of this victory? It isn't a decisive moment like in former battles, and the world wars we've known. This type of victory has to be assessed as a success which is an ideological success. Denouncing of terror, making terror invalid, protecting your vital interests, and insuring the continuation of peaceful life according to your own values. This battle is a battle for values, not only for interests. It transcends interests. The main value, the primary one, is that the ends do not justify the means. This is a universal value. And prohibition, and making terror invalid, has to be international. There is an Islamic component in terror, but we should not allow terror to become a religious war. Our war against terror should also not be against the Muslim world or Arab countries. It is not a war between civilizations, it is a war for values, and when we say this we mean that the two parties are on the one hand people who maintain that the end justifies the means, and on the other hand people who reject that. We can say that the war is being fought between the proponents of co-existence and the opponents of co-existence. And it is a good thing that this is a war for values, because it transcends countries, international borders and groups. It's an international message that is the contra to

the message of terror. This is the proposed mean of establishing this battle on five types of efforts on three circles and levels to be able to achieve victory and establish it as a war for values. In Israel the two words of “war” and “all out war” and “values”, have the same root, and there’s a good reason for that, because this war is a war for our values, and that is why it’s the right thing to do and the wise thing to do. It is the wise and just way that will enable us to achieve victory. It is the right and righteous path. Good morning and thank you.

Ehud Sprinzak: Our next speaker is Professor Yehezkel Dror. He is professor Emeritus for political science in Jerusalem; He’s a member of the Rum Club; used to be a senior member of “RAN” in the United States; former senior advisor to the Defense Minister; head of the Strategic Unit in Davis Institute; and worked in the Prime Minister’s office as well. Professor Dror has published many articles, including about Israel’s strategy, about Zionism. Many of you may recall his very inspiring address at our first convention. The way I see it, to me and to many others he is primarily our teacher. His original way of thinking is to this day invigorating and challenging to many, many students. Yehezkel.

Yehezkel Dror: Thank you Ehud. I would like to start looking at things globally, and then we’ll come to us, instead of taking the usual route. The precise name of the subject which I’m addressing, which in a certain way is a continuation of my book “Crazy Countries” from 1972, the title of what I’m going to talk about is “The Coming of a Global Leviathan”. The main thesis could be summed up as follows: IN a very increasing way in many, many fields, practical operation requires global operation. This is especially true where existential threats of terrorism that have mass-destruction weapons is involved. Therefore, to varying degrees and varying rates, we should expect a development of what could be dubbed, after Thomas Hobbes, a Global Leviathan. These prospects face Israel with new political challenges that require creativity above and beyond what we have today. I’ll clarify my thesis in short, by discussion six points: One, the roots for a very lethal terrorism. It is true that today the focal points of lethal terrorism are in specific groups of Islam, but this is not true in general. Let’s bear in mind Hitler – the most credible global leader used a doomsday weapon, let’s ask ourselves what are the reasons, the deep reasons, for mass-destruction terrorism. The proposed key term is that of “true believer”. Humanity, every once in a while generates, produces “true believers”. They are a main factor for progress. Our prophets, our philosophers – these are true believers. But it is inevitable, if there is a certain number of true believers, some of them are drawn to the extremes. Namely, they believe, in good faith, that it is their moral obligation to kill others and sacrifice themselves for the values in which they believe. Say, for example, one of many, the sects that committed suicide in order to reach the world hereafter. This phenomenon of avid believers, some of them have very genuine belief, genuine faith. What can be more genuine and more pure than the willingness to sacrifice yourself in order to spare the infidel from hell.. But some of them, in a global view, have very evil values, even though they will disagree. That’s why I see phenomenon of extreme true believers, one that has been around the human race forever and will continue to be there, and some of them will be willing to die and to kill on a mass scale for what they believe in. Examples, hypothetical examples at this point – everybody knows about the Islamic groups. There’s a very nice book that describes a group of avid green believers that want to cleanse mother earth. There are other concepts of those who believe in animal rights that want to release and relieve animals from the control of humans than treat them and use them for medical experimentation. What about those that believe that committing suicide is the way to salvation? Tomorrow, the day after, a group might arise in black Africa, that will demand restitution, and they will have good reason to demand such restitution for the forty million slaves that were abducted from Africa, and this may be one of the reasons for Africa’s failures in many respects. And they, this group might demand restitution and use a threat of mass-destruction weapons. So, what’s new about this, there have always been this groups around. But what’s new is that these groups are now capable of obtaining mass-destruction weapons and disseminating them around the world. And there’s no need to explain what we’re talking about here. This is a mutation, this is a quantum leap in history. And only a different kind of quantum leap in history will be able to handle it. There’s a very common argument by which fanatical terrorism can be eradicated by complying with just requests. There are reasons of realpolitik, and value-based reasons to comply. But my analysis leads to the conclusion that global concession will reduce the phenomenon, but the hard-core of true believers that sees the right and obligation to kill and be killed will not be influenced by such concession. Even if you comply with the requirements of passing on billions to a third world country in Africa, I’m not talking about that; even re-distribution of property around the world. These are requirements that cannot be complied with, it’s impossible, but even if it were, this would not have eradicated the hard-core of terrorists. The demand to comply and make concessions – this will only provide a partial solution vis a vis “soft” terrorism. It will not provide a solution for hard-core terrorism. So, I’m afraid that the only conclusion that can be drawn is that treatment of the subject requires a sort-of global Leviathan. In 1650 Hobbes published his most well-known book, Leviathan, and one of the premises there, that is relevant to us, is that people will continue killing each other unless there will be a strong ruler that will prevent mutual killings. And people will swallow this bitter pill because anything is better than dying. Well, we’re not at that extreme situation described by Thomas Hobbes during the Wars of Religion in England, the king was killed then. We’re not at that point, but we’re on the way. What is the essence of global Leviathan as I see it? Hitler was talking of a global regime lead by several countries, lead by the United States. For example, there would be a global i.d.. Nobody could leave their country without their i.d.. That’s relatively easy. Supervision of various forces disseminated around the world. Military observers; supervision of bio-tech labs; monitoring of dangerous substances; the eradication of weapons of mass-destruction of all countries except those that are part of the Gallipoli. It’ll be different from Uzi, what I’m talking about - some concessions are of value. These concessions are necessary, in order to uphold greater values. You have to ignore the doctrine of sovereignty for some countries in order to impose global measures that will reduce the concerns of mass-destruction by true believers that cannot be intimidated or deterred. Obviously, the United States should lead this group, as would Europe, India, I presume, China, Russia. This surfaces some very interesting questions for Israel. There’s the questions of principle – what are we to do in order to adapt ourselves to a world that will have to use not the same international law that we had before, but a different international law, a partly coercive international rule, a more decisive international rule. Many problems that humanity is faced with cannot be treated on a small scale. For example, everything pertaining to possible global warming, of the war against drugs, plus it’s all a question of quality or justice in the international sense. But what we push in that direction is not the serious, but the kind of diffusional of global warming, but rather the risk of mass-destruction weapons. And there will be consequences for Israel. It requires a lot of

rethinking. How could we integrate ourselves into a world that has a different kind of rule, and who could we contribute to this strong global rule, and yet keep this rule ethical, so that the governing elite will not take advantage of it. And I'll not get into the question to what extent the United States is global or not. Let's take the issue of global warming. The United States is not really a module in that sense. But these are separate questions. This forum is not the forum to discuss this. Anyway, we should be thinking about that, and I will give a few examples. In the past I did not support the efforts for a formal defense treaty with the United States. I thought it would limit us too much. In light of the recent developments I am tending to change my mind. I believe that we should make all efforts in order to become closer with the United States, even if there's a price attached to that. Everything has a price. That's because a forecast that the United States will play a much more vigorous role on the international arena. Secondly, many of these ideas are in the report lead by Ben-Ami's committee. Becoming as close as possible to the EU. We have to think very hard and well which countries will be most influential on the global arena, on the oligopoly. Thirdly, we have to work very hard in order to reach an arrangement with the Arab countries, so that they don't try to push us too hard, believing that the local conflict could be one of the roots for terrorism. The Palestinians are parts of the Arab countries. The fourth cause is something that I don't really know about, and I can't really elaborate on, but we have to adapt Israel's tools of defense to the possibility of stricter supervision. This can have some serious implications. Fifth, Israel has to be part of the new global ethic system. And, last but not least, the policies regarding the Jewish people, we're going to be talking about this in the afternoon, we're probably going to be hearing about this from Sallai Meridor. In the evolving global system, there is room to propose more formal, official collaboration between the main cultures, among other reasons, in order to prevent, as Uzi said, Huntington's forecasts of a war of civilizations. Think for a moment about the international standing of the Jewish people. That's an interesting paradox. On the one hand, never in history did the Jewish people have such realpolitik influence as it does today. Taking into account capital that is controlled by Jews; political influence – in the United States and other places; our status, even if it's not manifest in daily news; Israel's military influence. Well, take all that together, and we have a lot of power. On the other hand if we ask what the contribution of the Jewish people as a civilization is to the formation of the new, evolving world – well, that's negligible. This is not a peek of creation for the Jewish people, and I tend to believe that what's essential to us, both in the ethical respect, but especially in the political respect - it's important for the Jewish people to make a difference in the new evolution of the global system. The civilization should contribute to the global system. This is essential for the security of the Jewish people and to the flourishing of Israel as a Jewish-Zionist state. To conclude, whether my thesis is more correct, or less correct, we should expect quantum leaps in the global arena. These leaps require and call for at least a partial leap in Israel's policy. We shouldn't set aside all the things that we're good at, but we should reevaluate them. This includes, for example - and I hope we'll touch upon that in the convention - it touches upon society, economy, education. These leaps should have occurred a long time ago, but also of course, in a part, and - I stress - only part of our foreign and defense policies. Because more of the same is good, in a more or less stable world, but our world is defiantly not stable. The world is not going towards calm and stability, necessarily. Even after Islamic terrorism is eradicated. There will be other factors that will start surfacing, because of the dynamics of technology, their various implications - I'll not get into it. But the Middle East too is changing. In such a changing world the challenge, the primary challenge is encouraging a lot of innovation in Israeli governments. And the paradigm of a global Leviathan should be used in addition to its own internal meaning, it should also require us to rethink everything with a broad perspective, and not just focus on our own daily problems.

Ehud Sprinzak: As always, Yehezkel did it again. He's forcing us to leave our regular patterns of thinking and start thinking differently. I have to say that when I go over several of his papers that were written in the period in which it seemed as though ostensibly things were peaceful and things would be coming to a close soon, and he was warning us against these leaps. I again remember and realize what kind of foresight he has, and I suggest that we all take it very, very seriously. Our next speaker is MK Professor Shlomo Ben-Ami, former Minister of Foreign Affairs, and Internal Security; he's been in the Knesset since 1996, as part of the Labor Party and One Israel; Shlomo was the Chief of the History School, and School of International Studies in Tel Aviv University. He has served in many political roles – in the Prime Minister's Office; he was our ambassador in Spain, he was the member of the committee that held the peace discussions in Madrid, and was a member of the delegation that discussed the issue of refugees in the Middle East. I hope that at least several of you had the time and patience to read the very fascinating document that Shlomo's team had prepared. I feel also, I'd like to recommend for you all to read the papers before the discussion, because the discussion will be much better. Speakers only have to allocated time. Shlomo, 20 minutes.

Shlomo Ben-Ami: Thank you, good morning .As Ehud said ,... [translator not interpreting] Hayim Assa, Uzi Arad, Uri Bar-Yossef, Professor Wurzburg, Hannan Baron, [unclear] Liel, Professor Maoz, Uri Ne'eman, Yaakov Kedmi, Shabtai Shavit, Zalman Shapira, Aharon Shi, Sherman and Roni Ya'ar of the Foreign Ministry, are all part of the team that were active in preparing this approach. I'd like to pick up on what Yehezkel Dror and Uzi Dayan have been saying, and make a distinction that is imminent to our own team. Both of them spoke of the new code word, globalization, a leviathan, and anything else, in this aspect - globalization. Over the past years we've been thinking of globalization in its economic implications. We are more and more exposed not to globalization also in the sense of international processes and norms, policy making as a result of more widespread international action. This is no time for insularity, and I think this is extremely important for our work as well. Foreign policy cannot be defined without a definition of your own national identity. Our premise is that any government of Israel sets up its purpose to establish peace for Israel and for its' civilians and citizens. Israel also sees itself as an integral part of western civilization. This international image is essential for us as a strategic, political method. Israel is an inseparable part of its history and this understanding will enable Israel to confront difficulties. Israel has to adapt itself to the conflict between paradigms. It can't stand on power alone. But it can also not take these values alone because of the geographical-political situation around. It can't ignore them, and it can't get away with infringing these laws. We have to make sure that we have the means of defense at our disposal, but we also have an interest in strengthening these globalization norms that I've been speaking of. The means and assets at Israel's disposal in establishing its' foreign policy, following these paradigms that I've been mentioning, wanting to become part of international, global relations. These are extremely important for our international relations. We spoke first of the value assets. Israel is where Judeo-Christian culture began; Israel has a mission of promoting

tolerance and the social values in the world, and in Israel itself. Political assets, a stable democratic regime, are a key element in solving conflicts today, and we have special relations with the US. This is also a strategic asset. Strategic assets also include an attempt to curtail Islamic expansion, and Islamic threat, but amassing weapons to Israel. We also have economic and technological assets of a very unique nature. These assets have to be put on a pedestal for us to make sure that we continue using them in forging our international policy. A very central dilemma that we face is how much maneuvering does Israel have in the Palestinian-Israeli conflict, because on the one hand we can say that our foreign policy is totally given to the challenge and the need to have a viable international solution. We had our team divided itself into two groups. Alon Liel assessed the short-term problems, and Shabtai Shavit, and others went on to the long-term. And the short-term team - they decided not to try to solve the whole Palestinian conflict, because that would be a very tall order. At the same time, we would like to try to put an end to the conflict. This is our dream, but it might be an impossible dream to achieve over the next years. Nevertheless, it should play an important part in foreign policy, and it will continue to overshadow our relations with other countries. In this regard, we have to do whatever we can to open up the conflict. The long term team assessed Europe's development, Russia's development, Yalta might not be dead, it might have just moved to the east. That's what some people said. And they wanted to take China and India into account, as well as Russia. All these countries have been changing the international map, and we now have access to them. These are very important objectives for our foreign policy. Two scenarios - an optimistic one, and a less optimistic one were constructed. The pessimistic one follows up on what the head of the Mossad said yesterday. The Muslim countries are fragmented. Iraq and Iran have economic development as their goal. The US is following the parameters that reflect American and Israel interests. Israeli leaders have to be able to go along with the US policy in Afghanistan. The meaning here is that the second circle of threat to Israel may be further removed. That is, tying Israel's security into the second circle - I'm speaking of Iraq, Iran and so forth, the dangers from these countries may be stopped, depending on American performance and its success at globalization. The second scenario is more pessimistic. Egypt might find itself in a radical Islamic regime, working along with Iran, and other radical, anti-Israel Muslim countries. Egypt, to the south, would, in this scenario, try to achieve hegemony in the Arab world, but failing. The result of these two scenarios, and I'm speaking on a personal note here - and I haven't heard anything to the contrary from other members of the team - both scenarios, the pessimistic and the optimistic both can't give us any opportunity to put the Palestinian conflict behind us. They can only attenuate it in some sense. I'm talking about the optimistic scenario. We might be able to attenuate the conflict with the Palestinians, but not cancel it all together. What are the conclusions that we can draw? Israel is a small country that has to conduct a global policy. It's not some kind of small, remote court, it is intimately connected to western civilization, and it cannot turn its back on the global, western policy. We can't be insular in Israel, we can't afford to. Israel has to try to prepare, and I'm relating to what Yehezkel Dror said, has to prepare for a fight against a common enemy. International terror is postulating a new set of international relations. The Middle East is the cradle of terror and instability. The war against this, Yehezkel mentioned globalization, there are some who actually promote intervention in some country's interior affairs. I was present at a meeting of foreign ministers from European countries and Arab countries, and the Europeans were promoting an idea for intervention in Arab countries, but the Algerians understood full-well what this means. That is, if you take globalization to its bitter end, and Israel should be extremely sensitive to this point, because globalization might be more that support of America's fight against Bin Laden or the Taliban. It might even be a means of enforcing solutions of conflicts that lead to regional instability. Israel should also seek to be an integral part of this globalization, and be an equal among equals, and seek for full normalization on an international level by joining UN committees, NGO's and so forth, and I'd like to know if this is possible without manifest attenuation of the conflict in our region. We need that to be able to enhance our national status. We know that the Palestinian conflict is taking a toll on Israeli culture and economics, and we should regard its solution as a strategic need. Without solving this solution, that's a result of the short-term team, it would be very difficult to break out of the traditional framework of foreign policy. It will be very difficult to arrive at some kind of Helsinki solution. There's a strategic value in our connections in Egypt and Jordan, to bring about a solution. Fundamentalism in Egypt, and the Palestinaization of Jordan are extremely dangerous as far as we're concerned. The Iraqi arena is also a threat in this regard. There are special relations that Israel has with America/ This is our ultimate strategic asset. It's extremely important for Israel. Israel has to do everything in its power to maintain these special relations, since the US is Israel's main support internationally, and the US is the only force that can help Israel draft positive scenarios. Yehezkel Dror spoke of the strategic agreement, and the defense agreement - some people support it, some people are against. I personally believe that Israel's uniqueness and the gentle Zionism in America, these are essential, not strategic, but essential assets that should be preserved and enhanced. Regarding the defense agreement, as I said, some believe that even if this is a foreign policy objective, it won't be able to go anywhere without fixing borders with the Palestinians and with Syria, because the defense agreement can't obtain for an amorphous entity, it needs fixed borders. So Israel has to make sure to preserve its advantage, its qualitative advantage. The threats towards Israel's security are continuing. I would like to add one more point here, against this defense agreement I spoke of. This kind of agreement, I think, would lower Israel's position in American public opinion, to become on a par with Taiwan, and I don't think we should strive for that. The historical perspective, and the moral relations between America and Israel, I think, give Israel decided strategic advantage and I don't think we should seek to become like Taiwan or other such countries. Israel should make every effort to join the western block. This is a vital strategic need for Israel - to join an economic, strategic western block, even if, as we see, it seems very difficult for Israel to join the European Union, this is an objective that Israel should promote. It might take place as part of a solution to the conflict. Israel's inclusion in the western block is essential for its' legitimate status. Israel should strive to join a western block made up of American and the European countries. Yehezkel Dror had a wonderful insight before, that he imparted to me, and I'd like to repeat it. One of the barriers stopping Israel from joining in a European block is the law of return that the Europeans consider problematic, but I think that negotiations might be helpful here. Turkey and Israel, the two non-Muslim countries in the Middle East might be able to gain in European opinion. [translator not interpreting] We should see how countries like China, India, Russia, view the situation so that we can enhance our ties with them. China, Russia, India, can help us foster economic and technological ties to strengthen Israel and those countries as well. These countries aspire to conduct a veldpolitik. Political dialogue with them will create a momentum. We have to establish international policy, a national policy in the international sphere toward Russia. Additional important point for our international policy, we raised two further points. One is the centrality of economics to foreign policy, the other is the multi-lateral organization, and this derives from the globalization trends. Economics and international cooperation in a world of free

trade and globalization and open borders – these should be an important part of international policy, so much so that a new Israeli diplomat should be educated to be cognizant of the new economic trends that are important to foreign policy. Israeli consulates and embassies abroad should partake in these economic trends. Israel should work in as many multilateral meetings and sittings as possible. Israel will encounter many more difficulties in the near future, and it is imperative for Israel to participate in international forums, because multilateralism is part of the globalization trend, and it's a key component in any international policy. Israeli know how and technology will enable it to participate in significant multilateral settings. The significance of September 11th is the understanding of how important it is to bridge the gap between countries enjoying globalization, and those seen as the victims. The divisions of wealth, international cooperation, make it necessary for Israel to take a key position in the new global setup. Israel is able, through its technological assets, to find a good place for itself in international forums. Thank you very much.

Ehud Sprinzak: We're now going to start the discussion, and I would like to invite my dear friend, Professor Avishay Braverman, President of the Ben-Gurion University of the Negev. After he completed his PhD. in economics in Stanford University, he was a senior economist at the World Bank in Washington; he was in charge of developing economic programs for third world countries; he has published many books about public economics, the management of water resources, etc.; some say he's among the most prominent presidents of Universities in Israel, and I can say that he is very unusual in the world of academe, in the sense that he promotes all of his time not only to promote pure academic goals, but also the goals of Israel.

Avishay Braverman : I'll just say a couple of words, I'll start with economics, how I see the Bin Laden era, in terms of economics. I think, and I've already said this to the World Bank leadership three weeks ago in Washington, that economic policy of the west, over time, will have to change after Bin Laden. We're now taking as an example of historic leadership, we take Harry Truman, who in his Marshall Program, and Woodrow Wilson, who from a president of a university because the president of the United States, and his policies maybe lead to some of the things to the collapse of Europe, later on. That gray person from Arkansas, Truman, made an immense decision of transferring funds to the collapsing Europe, and that may have been the crucial, pivotal decision that lead Europe to its' current good situation. I think that if you would turn to the developing or the developed world today, and more and more people realize that the third millennium can become short and end within in one hundred years, well, it's not enough to kill the snakes, if as long as half the humanity is only living on two or three dollars a day, and it's true that a lot of terrorism depends on hunger and inequality – unless there is a policy over time, that will integrate this half of the world, than it's obvious that just as Hitler came to power, than distorted minds like Bin Laden or others will have an easy time. I think this mistake, which is also relevant to our story here with the Palestinians, and I'm not one of those who criticize, in retrospect, because that's very easy to do, what we should be doing is learning from our mistakes. If today the World Bank and the west would have come and taken not one percent or two, let's go towards Marshall – 10, 15, 20 percent of the global product, and would say: "we're transferring this to the developing world, and we're going to solve the problems" – I think this wouldn't have worked, because the true problem of the strategy of development, and I'm saying this as a person who has failed in this before – I estimated in the past all of the subsidized credit for third world countries- those were billions upon billions – and ninety percent of the subsidies were designated for the small farmers, but actually, in effect, ninety percent reached the rich and powerful ones. What we need today and what Uzi said today is we need the righteous way. I'm not catholic, I will not overrate it, and I'll address the Middle East in a minute. But, if we think in the west, that we can only uphold and sustain and maintain pro-western regimes, corrupt regimes, and the amounts contributed do not disseminate down, do not trickle down to the individuals, than these regimes will collapse and a lot of this destruction will lead to such lethal phenomenon such as terrorism, and we have to think about how to create an Africa in the Middle East, South America. I don't know how this should be done. This is not for TV. But we have to form such a long-term policy, but with all due respects, I don't think that the old policy is working. Now I'd like to talk about the Middle East and the Palestinians, and about Israel in the broader sense. When I look back, and I say once again, I'm not criticizing in retrospect, there's a book, "The Use of History", if in Waterloo they wouldn't have trenches, than the Duke of Wellington would have been beaten by Napoleon. Ifs are meaningless. You make your mistakes in real-time, and I've already said before that great leaders are leaders that are willing to make pivotal divisions, and there are many leaders that are very talented, very photogenic, but history didn't give them the opportunity to make such pivotal divisions. I believe that the two greatest leaders after World War II, were Harry Truman and Ronald Reagan in the United States. Reagan, I personally visited him in Washington. Oded, do you remember, we had a lot of criticism, by the various people. We said that he is putting the United States in a fiscal deficit, but he was right. He transmitted optimism, he wasn't an intellectual, he wasn't a great reader, he helped the collapse of the Soviet Union, and a long time we see that his policies were right. Future leadership that will have to handle these questions, the real problem is the existence of the world. Economics are the key. The key problem the world has is that the system of incentives to take action is very biased towards short-range activity. We have politicians here, who know how short-sighted politics is. Begin said once: "tactics is being in the five o'clock news, and strategy is being in the ten o'clock news". We know that the economic quarterlies and ask company leaders, the quarterly accounts, the short-term profit maximization – that's not necessarily long-term, and it's not good for human society. We have a very big bias, and that's a much more serious question - how to introduce long-term into these questions. Two more minutes about Israel and Palestine – the historic, economic mistakes that we've made, and whether now, in light of the upcoming opportunities that I believe are upcoming, what should we do? I think that Palestine, at the time of Oslo, had a unique opportunity. It was the only opportunity for a country to be formed after the fall of the Soviet Union, and I think that was a strategic mistake, because Gaza, which has a population of one million, that's not India, I worked in India, and it's not Indonesia, and I worked there too. It's only one city. And they had a choice. One choice was to try to set up a regional bank. There was never such a regional bank, and there was no need for such a bank. There's no disadvantage in working with international capital in the Middle East. What is missing is systems in order to transfer these funds, and a lot of transparency and supervision. That was what I believed, and I said that to my friends, Larry Summers, and Shimon Peres, I'm one of his fans. And I said that in no uncertain terms, I said: "what you need in Gaza is a European or American businessman who will transfer the funds to education ,to developing a sewage system – in the simplest way – cutting the red tape of the

World Bank, cutting the red tape of the Palestinians, and for the first time after the collapse of the Soviet Union, create a well functioning country. That failed, and Dennis Ross in his book, and others too, said very clearly that the buildup of the economic relations through the Palestinian Security Authority, vis a vis the Israeli Security Authority, that was a mistake, because they didn't seriously work bottom up. And I think there will be more opportunities, be it with Arafat and or without him, and obviously we cannot be a binominal country west of the Jordan river, that's no solution. But I make the proposal to my friends here. Let's not lead the camp to building the Middle East. Let's do it very peacefully, very quietly, in back-stage operations, because negotiations are ninety percent psychology - statesmen know this, financiers know this. We have to sit back quietly. We should let the Arabs lead the way, and we should be there to help. That's not to necessary for Israeli businessmen to be the most successful in the Middle East. We can have European businessmen succeeding here too. If we want to live, we have to live with a Jewish majority west of the Jordan river. So, if we have to separate from them unilaterally, bilaterally, or through an agreement, it can be done by Prime Minister Sharon, or anybody who takes his place later on, but this has to be done. The internal problem: As I called the Bin Laden era the "Era of Periphery", in the world it's going to be the era of periphery as well because with all due respect to killing these vipers, New York and the United States will not survive without a new policy. And that's true of Israel too. Danny Rubinstein has published an article. He said: "ladies and gentlemen there is no problem with the Israeli law of return. Jews are settling". And he drew the map just as is. He drew the map only on 15 percent of Israel. He said let's put Arabs in the Negev, and that will be the solution. The problem here is that the Israeli system is dysfunctional. There is too much litigation, too much bureaucracy, we have 40 ministers – it's a joke, it's pathetic. So if Israel wants to survive in the long term, it has to find a way to solve this; a way to start settling the Galilee for example. Thank you very much.

Ehud Sprinzak: Thank you Avishay. I'd like to open the discussion. Please feel free to make comments and ask questions, but be brief. We defiantly want to hear what you have to say, and have people participate. Everything is being recorded.

Speaker 1: I'd like to say something about what Yehezkel Dror Said. I actually agree with the general drift of what he said, but I'd like to point out a contradiction. I'm talking about your recommendation to Israel. What you're saying, unless I misunderstood, is that we should replace international legitimacy by some kind of new legitimacy to be defined by some kind of oligopoly. If I'm pronouncing it correctly, that's what you're proposing. I think that this might be important for Israel, and the Arab countries I think might find themselves more and more alienated, because that new policy would deny them the power that they have traditionally held due to their position in the Arab world. So if there is some kind of fear of Israeli hegemony in the Middle East, that will influence them, and they will do whatever possible to make things more difficult for Israel. This is the conclusion I think. If Israel wants to take part in this kind of system, it has to make sure that the Arab countries do not stand in Israel's way, due to the anxiety, especially on the part of Egypt, and other countries, and they will fear Israel attaining hegemony in this region. Thank you.

Speaker 2: If I understand correctly what the committee has prepared, and if I understand what the speakers have been saying today, we can say that we have been sent out to all ends of the world. Globalization, then, is a function of Israel's needs. I've heard very little about the means that this should be achieved with. If people here say that they're content with the results, and they think that we can move ahead with the means at our disposal, I'd agree, or not. But the outcome is different. We were sent out to achieve globalization, but no tools were given to us. What tools do we need? I can give you an example, even though it's not my field of expertise. If there was a strong concept in Israel, there used to be, of a Prime Minister and a Defense Minister, what about a Prime Minister and Foreign Minister all in one? Why don't we have some kind of headquarters? Anyone who reads the press here knows, there are 10, 15 organizations, each one conducting different ties throughout the world, and the result is unsatisfactory, as people said. Why don't we have a coordinating organization to deal with the economic side, the diplomatic side, disseminating technology, and the media war. I know that some people think that the media war should be conducted on a private basis, but it should be an all inclusive battle, so that we all know what we're doing, otherwise, there's no point. Thank you.

Ehud Sprinzak: I'd like each of the speakers to please introduce himself and say what institution he's affiliated with.

Yoash Tsiddon: Technical questions to Shlomo Ben-Ami: The Israeli-Arab conflict — who are Arabs? What is the interaction between the different types attenuating the conflict? How can we achieve this? By moving closer to American and Canada? Doesn't that yield an asymmetrical picture, or perhaps will achieve the opposite of harmony?

Ehud Sprinzak: How does economic foreign policy fit in with current economic policy in Israel, that is radically centralized, full of monopolies, most of the assets are held by a dozen families and two banks. This has immediate repercussions for the peace process. We know that the monopolies have been working with the Palestinian Authority, to implement their monopoly in the Palestinian Authority as well, and there are many other forces in the Israeli economy, that to put it mildly, didn't promote free economic ties within Israel, or between Israel and the PA. I know that there are some people in the back that want to ask questions and I can't see them. No, I saw that hand already. I'd like to see the back benches. If there's anyone who wants to speak, please approach a microphone. Moshe Maoz. Speak into the microphone, please.

Moshe Maoz: I'm from the Hebrew University. Shlomo Ben-Ami stresses our strengthening our ties with America, and with the West, it sounds like Huntington. Won't that cause alienation between Israel and its natural surroundings here. What about strengthening the orientation with the Muslim world? We have strong ties with Turkey, countries in Asia, Indonesia, and that might help find solutions to the Palestinian conflict, though I think the opposite trend is true. Through the Palestinians we can integrate into the region. Thank you.

Ehud Sprinzak: Anyone else? Did anyone else want to speak? So, let's hear some answers, and we'll see what comes up.

Speaker : I don't have answers, I have a few comments. The world is not consistent, it is multi-faceted. Israeli policy will also not be consistent. Left does A, right does B, unless there's an inherent conflict between them. So, at the same time we'll have to enter into a global setting, and on the other hand into a regional setting, even if there are tensions and difficulties. Tools. Someone asked for concrete tools. Let me give you three very, very prosaic examples. Yesterday Gad Yaakobi was here – former ambassador to the UN, and he said Israel should take a stand on international issues and I think Shlomo as a minister also made efforts of that kind. Israel is only occupied with itself in the UN. It's true that that's a full-time job, but it doesn't address our long-term needs. I have even more prosaic matters. What about the students? Even the good students have not the faintest clue of international matters. They finish their MA without having an inkling about international matters. Israel is not educating its younger generation to know about international matters. So even on the daily basis we have to enhance our international policy. India, China, Pakistan, Indonesia, on the one hand, and Europe and America on the other hand – I don't agree with that. The main question is in Asia, what to do with the population explosion. America has shown that it can integrate an approach to these issues with cooperation with Indonesia, India, China, otherwise there will be no Leviathan. There will be smaller Leviathans that will struggle for supremacy. I'm not convinced of the inevitability of my scenarios, but I think there will be leaps from a vague situation, or from uncertainty, to less certain issues. What is necessary to cope with these, is internal change. On the one hand preserve uniqueness, and on the other hand adapting to the region. I think Israel has been doing pretty well, as a matter of fact. Economically, socially, is a different story. One of things is clear. We are becoming more and more primitive. That's in the realm of public service and bureaucracy. We've become more and more primitive, and we're actually approaching defeat and failure, not on the part of any one person, but it's a sure formula for defeat and failure.

Shlomo Ben Ami : I'm speaking now of circles of cooperation. Various ideas were raised here of integrating Israel into international forums. The Jaffe, and Keren Hayesod – all these organizations have international ties. Perhaps we can even establish some kind of Jewish commonwealth. This was a possibility that was raised. Perhaps a network could be established of Israel and international support groups, and there're are other possibilities that don't necessitate new tools. You spoke of cultural outreach – I don't know if Israel can do what the French foreign office is doing now – about 30 percent of its budget goes on cultural outreach. Can Israel do that working with Christian groups or Jewish groups? I can't say at this point. But ultimately I don't think the problem is only of tools, it's a problem of our orientation. The question, who are the Arabs exactly - if I can focus the question according to my belief - let me say that it's the Palestinians that are at the heart of the matter, and this might be a mistaken paradigm, though I don't think so. Some people think it's mistaken. I believe that the terrible difficulty than this conflict poses, is a derivative of its being more than a territorial issue. If it's only a question of a solution for a territorial issue, we might have been able to solve it with post-Westphalian means, if you'll permit the bombastic term. There are countries that solve their regional conflict, but that's not the issue here, because it's more than a territorial issue. There's something of an Islamic-mythic aspect here, and I think that with all the difficulty inherent in this problem, this is the key to, not a solution - a latter-day solution – I never thought that Israel should be part of the Arab League, though there once was a foreign minister who thought to, and I didn't speak of a new Middle East. Professor Maoz asked if I'm giving up on the Palestinians. Even before I entered politics, in my book I wrote about separation, and I spoke of undermining the entire concept of a new Middle East, even before touching on the Palestinian issue. I believe that you can't build spheres of regional cooperation, let alone integration, on the basis of lack of homogeneity in religion, culture and so forth. Europe is a Christian continent. Our connection to Europe is in the Judeo-Christian ethos, but you need something to build on. You can't live in a vacuum. There's a discrepancy between us and our neighbors. This is not a value judgment. There is no real deep Middle Eastern element in Israel culture, I believe. When I spoke of attenuating the conflict – that's the fall back position. If you can't solve it – the ideal is to solve it – I don't think there's a moral solution, there's a political solution that is possible, I think. It became apparent that the deeper solution – the value, ideological one is not possible now. Perhaps we should continue to pursue it, but I don't think that that's the be all and end all behind what foreign policy should be. What about the dichotomy between globalization and provinciality? He said that this dichotomy is a false one, and that we have a choice of allying ourselves with one or the other camp within the western block. I don't agree with his postulation. The question about internal economic affairs and globalization – that's an excellent question, and among other things, it stems from our being in the very midst of the conflict. So our economy at this point is an economy of war, and we need to (unclear) on to a pure economy. This will only be done when Israel's economy frees itself from the struggle, and as a result, only when there are achievements in the political realm. Western civilization and alienation – in answering that question – my position is I think we have the choice. I'm not trying to postulate a choice as saying “let's turn our back to the Middle East and go off into the western sunset”, that's not what I think. There is a conflict between globalization and rejection. I do think Israel should be a cultural, political, economic separate entity, and the Palestinians have the same idea. I remember that they came up to us and said, because of what Oslo inspired – they said let's speak of economic cooperation. WE wanted to speak of economic cooperation. But they said “no, let's begin by discussing two sovereign entities, and after that we'll discuss economic issues”, and that's a viable policy, and I agree with that. So, I said let's not turn our back on the Middle East, but let's not turn our backs on thinking that, for we are Jewish state, fostered on the spirit of the law of return, and we can't integrate fully into the Arab region, I think that is totally unrealistic. Three points were raised here. America and the UK. First of all, I think it would be a mistake to sign a defense agreement only with the US. We can achieve a lot through our special status in the US, but we don't necessarily want full cooperation. We don't want Israeli soldiers being sent off on peacekeeping tasks all over the world to fight terror. I think that would be a mistake. And we can achieve most of our aims by remaining as a special partner, not necessarily adhering to a bureaucratic agreement. Major non-NATO allies – that's a pretty good status to aspire to. Another reason for this is the Israeli ethos. We should continue to believe that it is we alone responsible for our existence and survival. Yehezkel spoke of moving from a primitive stage to a backwards stage, or a primitive stage moving straight to decadence without even passing through civilization. It's too easy to move from the basic myths, to move on straight to an approach that uses force, and that has a light finger on the trigger. We have to

continue preserving our identity, and working on forging that identity. International law - there were important developments before September 11th too – I'd like to stress especially the importance of the efforts made against terror - especially the investigations leading to putting pressure on different countries to turn in terrorists – this is very important. Note the President's last speech – this was a result of a lot of hard work that we participated in, an investigations that Israel is participating in are being conducted now, focusing on the Jihad, the Hizbullah, the Hamas, and a very real result of extraditing terrorists, and cooperation are being seen now. The Security Council is part of this effort, in the war for wiping out terror command posts. In January we're having a symposium on international law and Israel with Bar-Ilan University. The final point is globalization. This has become such a buzzword, that everyone can say anything, and use the word to promote his opinions. The question is: is there an international aspect to the war against terror, and the answer is: yes. This is essentially true because the threat is a global one, and it's good for us that this is a comprehensive, ideological or value-based struggle. It's not a question of taking advantage of globalization. We have to adapt ourselves to this situation, and participate in forging globalization as it emerges. It's not a question of imposing western values on other societies. I'm sure many people have read Tom Freidman's book. In our region – and I'd like to clarify a misunderstanding – in our region people will not give up their olive trees so easily. And if there are Internet caf's in Nabatyeh, that doesn't mean that you have any control over information accessed in those Internet caf's. So I said that the dichotomy is between coexistence and its opposite. Understand is a key concept. Understand that there are other sides, that there are other policies pursued by others and ultimately, by pluralism, we have to achieve some kind of cooperation – I'm not talking about peace, that's far off, and we have to undergo an educational process before we can achieve that. But coexistence is possible and one final point – Israel and globalization – Israel has to evaluate all the components of national security. These should include inter-ministerial cooperation and cooperation with other organizations. The foreign ministry has to combine its international policy with internal policy. By doing this we can get a more comprehensive view of our economic, social and security needs.

Avishay Braverman :Two things: the purpose of this get-together, the key question is how to lead to the proposition whereby five, six, seven million Jews can exist with one billion Muslims between African and Asia, with an Arab minority, that even when they divide their countries, there will be still more than 25 Arabs here. In light of this question, I'd like to address the point raised by Mr. Singer, and the other point, raised in talks, because in this era of populous communications, there are two things that are being said. Yehezkel Dror put it very nicely. Israel's greatness and the greatness of leaders like Ben Gurion and others was that on the one hand you stressed your internal ethos, but you were always creative, you were always listening, you were always attentive. You realize that you are not a superpower, even though sometimes it may seem like that. What this means is first that Israel is not the spearhead of the struggle against extreme Islam or Islam in general. Anyone who believes that in the short term, this positioning, even if you are seen on high-profile coverage with evangelists in the United States – that's a mistake, because the real battle to survive in the Middle East is differentiation, and orientation toward Europe and the United States, but we're part of the story here. We should also not delve into the question of whether we're pro-Americans, Britain-Germany, or pro-European, a Singer said. Israel may have to face the question in several years, whether it is adopting a different currency. First of all, of course it have to reorganize from within so it doesn't reach the situation of Argentina today, but when it has to between the Euro of the Dollar as a legal tender, this question is very sensitive, because Israel on the one hand is nearer to Europe, and the culture, I think, the managerial culture - and I differ with Mr. Doron - has to be more European and less American. I'm all for a free market, but also for a policy in which the levels of inequality are not as high as in the United States, because we can't afford what the United States can. So in the waltz between Europe in the United States, we have to be very sensitive and we shouldn't decide unequivocally that we are pro-Blair, pro-Bush, leaving the Europeans on the side. The second point that I would like to stress, and there are very wise people, wiser than me, people who have studied well, people who know this very well, know that the greatest danger in war games, is that we are in a one-time experiment, and we cannot afford any mistakes. And even now when we are thinking about reconfiguration in several years in this region, with Iran, with Iraq – the Israeli problem is always – when you go for a move, a big scale move, you only have a one time experiment. The price of any mistake will be very high. So the hatred of risk is very, very significant. So when the Iranian issue comes up, and I know that there is disputes there –on the one hand we have to also understand the American position, that trusts and sees Iran as a global force, and is very cautious towards it, and I know that in the next year or two, in the next meetings, there will be atomic weapons, and the talks will be very creative. But I repeat – Israel is a one-time experiment.

Ehud Sprinzak :I'm sure you have more questions, so as Avishai said – it's a one time experiment. Anyone who has questions, don't wait for the second round, because it won't be here. With your permission, I'd like to conclude the discussion, and maybe make a few comments too, in brief. First of all, I think that we heard extraordinary presentations here, and they will all be in our book. The comments were also very much to the point, and they will be in the book as well. I have to comment Ben-Ami's team members who were working for months on this document. I'd like to take this opportunity to make several comments about what was said. I feel that the module of the Global Leviathan that Dror presented – I feel that module to be much more compelling than the clash of civilizations of Huntington's. As for Huntington, I think that from the start it was an intellectual exercise that was built on only one clash – the clash between Islam and the west. And just as sometimes social scientists build modules- he did too. But it wasn't true when it was created, and it was refuted several times since. The problem is that I question Yehezkel Dror's oligopoly, because I doubt the truth in the assertion that this situation is really a real-life Leviathan. I would like to assert that Hobbes's Leviathan was not phrased before there was a colossal disaster that Yehezkel was talking about – that is the wars of religion and other things. I'd like to remind you all that the League of Nations was not established before World War I, and the UN was not established before World War II, and the way I see it, what happened in 11/9, doesn't come near a colossal disaster of that scale. Therefore I do not believe there will be any force that will be able to disrupt global order as it is today. The way I see it, the main significance for the war against terrorism today, and the strike in Afghanistan, is, first rate American deterrence, and against anyone planning, or even conceiving a Hiroshima-like strike. I think only a strike with unconventional weapons would lead to an oligopoly. So I don't see the required conditions for that becoming

a reality. I think it's too early, and we should take into effect the non-governmental groups that shake the system. As for the fantastic report prepared by the Ben-Ami group, I'd like to say that it's very interesting, it's very thought provoking, and I'd like the members to touch upon that even more because there's a lot of new things there, and Shlomo said that too. We have to have a broad-minded foreign policy. Not only the U.S., not only PR, will have a special panel devoted to that. We have to have a broad strategic view on our foreign policy. But what irks me here is what Avi Ya'ari said, that the question of implementation – we have to rebuild, reconstruct the foreign ministry. For twenty years or more it's been destroyed. Reports are being ignored. There's nothing except for the peace process. A little bit of PR than the United States. Foreign ministers don't have the time to deal with anything but to key-issues. And I think that what this report says to us is that the set of challenges that faces us is so extreme, that you cannot' it's inconceivable not to make use of such a ministry. You have to have a minister that will be devoted to his ministry, and not be constantly thinking of the Prime Minister's office. That's true of all ministers the comment was made. In any case, I'm done. I'd just like to invite you all to join me in a coffee break, and to ask you to be back on time, at 11:00 for the next session. Thank you.

Monday, December 17, 2001

Third Session: The Balance and Future of the Peace Process

Chair: Avi Gil

Speaker: There's no longer a situation in which discussions of Israel's strength can take place without the presence and a contribution by the foreign ministry. And so, with him as the director general of this ministry, and thanks to his personality, I am very proud to ask him to be our moderator.

Avi Gil Good morning everyone. We're starting our third session, which will be about the balance and future of the peace process. Our speakers are minister Dan Meridor, former minister, Professor Yael Tamir, Raphael representative Dr. Itzhak Ravid. We'll try to stay within our schedule, in order to allow for discussion later on. Every speaker was given twenty minutes, the chair was requested and agreed to be very strict about the schedule, because it's very important for us to leave time for Q & A later on. The discussion will be started by Brigadier General Efi Eitam, followed by Professor Arnon Sofer. So much for the ground rules, please turn off the cellars. Even though the topic of this session – the balance and future of the peace process, was set quite a while ago, recent events have turned it into an even more relevant topic. Ongoing violence for many, many months now; the failure of the efforts to stop the fire, to implement the Tennen Agreement; to implement the Mitchell Program; to create this corridor that will lead us out of this perilous situation back into a peace process - All of these leave us with a feeling that there is no way out. The serious terrorist attacks that have happened recently in the cabinet resolutions, in the last ten days, sharpen the understanding that in all things concerned to our topic this morning, we are really at the crossroads. So this is certainly the right time to discuss these piercing existential questions pertaining to the Israeli-Arab conflict in general, and the Israeli-Palestinian conflict in general. Where do we want to go? Where can we go? This morning, those of you who read Ha'aretz, surely read an article by Natan Sharansky, where he recommends to abandon the delusions of Oslo, to abandon the ideals that were at the foundation of the Oslo Accords. He writes though that he doesn't understand why there are still those who are not so enthusiastic to forget about Oslo, and I presume there are quite a few in Israel, and in this room that share Sharansky's views. In the risk of being provocative I will argue, and ask you later on to address this- I'd like to argue, that the fundamental principals underlying the Oslo process, are still valid. Moreover, only based on those principals, is it possible to reach an agreement with our Palestinian neighbors. And I'm not saying this out of naivety. I'm probably just as mature as anyone else in this room, I've graduated many faculties of disappointment, thanks to Chairman Arafat. Maybe I'll tell you this anecdote about Friday, when Arafat was on Israeli TV about ten days ago. One or two hours before, I met with one of the senior staffers in the Palestinian Authority, and I decided to take my two boys, Yotam and Eliav, to meet with that Palestinian. I was joking with him and with them, I told them "your father will probably not be able to make peace, so you start getting into the thicket". I don't want to name any names, but our meeting was in the center of the Palestinian city where he lives. After a lot of rebuke that I received from my wife – how dare I take the kids to that dangerous place – but the conversation that I thought would be short evolved and turned into a long talk, and that Palestinian, it was very important for him to know what Israeli teenagers think. Especially my kids, who are studying at Rene Kassin in Jerusalem, and quite a few of their friends were victims of the recent terrorist attacks. And the conversation flowed, it was very interesting, but it wasn't an easy conversation. At a certain point the Palestinian asked the kids: "tell me, what should Arafat say tonight on TV in order for Israeli teenagers to feel differently?" and both of them looked at him and were very embarrassed, and started giggling in embarrassment, and they asked him: "why?", and he asked them: "why are you giggling?" and they said: "Aren't you going to be offended if we are honest with you?" he said "no, be honest", and they said: "it makes no difference what he says, we don't believe him anymore". And why am I telling you this? Because I am probably the last one that can be accused of naivety; I fully recognize the tragedy, the tragic way in which the Palestinians are conducting their affairs. Nevertheless, there is no other way to go, except, in my mind, to adhere to the principles behind Oslo. And I'd like to enumerate them: first, is the principle of territory in return for peace. If there was anything that was buried since Oslo, if anything has really become irrelevant in these years, it is the perception of the greater Israel as a viable option for peace. Again, there is no any significant political element that adopts this view anymore. Any element that preaches as it did before for peace in return of peace, and that explains that the settlements are Israel's reached-out hand for peace. Oslo has turned the principle of territories in return for peace into a consensus in Israel. And the fact that Arafat was a serious disappointment, doesn't turn the concept of a greater Israel into more relevant. The second principle is that of keeping Israel as a Jewish democracy. It is now clear to many, that without an arrangement between Israel and a separate Palestinian entity, and many of us will say right out – a Palestinian state – without such an arrangement, it would be possible to keep Israel both as a Jewish state, and as a democracy. The

third principle is the recognition of Palestinian nationality. There were days in which Prime Minister Menachem Begin insisted to call the Palestinians Israeli Arabs. He explained that if we use the other names, we would immediately create, so he said, a different political reality. Ever since Oslo, this illusion no longer exists. Israel recognized the fact that there is a Palestinian people. Israel recognizes the PLO, Israel does not refute the right of the Palestinian people to choose their own leadership and run their own lives. The fourth principle is that the occupation, our control over a different people – this reality has to be terminated. A peace agreement and peaceful relations cannot coexist with the continued occupation. In order for us to have peace, and in order for us to be closer to our Jewish values, our control over another people have to be ended. The fifth principle – the last principle, is the realization that without a solution for the Palestinian issue, it will be very difficult for us to reach regional stability and national security. We see very clearly, even today the affiliation between our relations with the Palestinians, and our relations with other countries in the region, and with other countries in general, in the world. These are the principles underlying Oslo. And in my mind, these principles cannot be buried. Without these principles, no stable arrangement can be reached, and no true peace can be obtained. So much for my opening remarks. I would now like to ask Minister Dan Meridor to speak about the balance sheet of the peace process.

Dan Meridor :Shalom. Today's discussion is important because it deals with the long term and not only short term issues. I must say that from my experience in Israel's governments, regardless of their size, there are nearly no such discussions in the government, and that is a shame, though it's true. So the question is this discussion relevant or not, to use a trendy term. I hope so. I hope it will be relevant. I'd like to posit another working hypothesis that we're dealing with rational givens here. We have to sue our own logic. We can't in the words of a Hebrew proverb, rely on miracles and have semi-messianic approaches. Another reason this discussion is relevant, is as Avi partly mentioned, many dreams have evaporated, and long-standing opinions are no longer viable today. And Golda Meir was the one who said that there are no Palestinians, not as Avi said, and the belief that the Palestinians would give up their demand to return, and their demand for Jerusalem, these have dissipated. First of all we have to recognize that there's a problem, and this is no trivial matter. Some people say there's no problem – what is should be, and if you expect otherwise it's not realistic, and if there's no solution you have to make due with the current situation. I disagree; I believe there is a problem. I won't define it – Israel's acceptance into the region, and so forth, the borders of Israel. In speaking of long-term solutions, we're not speaking of one, single comprehensive solution, rather of many, (unclear) solutions. And that's an operational concept. The Arab world is not one unit. The Khartoum rejection of recognition of Israel and of negotiations with Israel stems from the Arab world's great power. In 67' after the Six Day War, deep-rooted changes were introduced into the Middle East: The external threat to Israel was changed; Israel's power was made clear to the Arabs; many instabilities were brought to the surface. But since then, we've had a series of arrangements, the first in 1970 with Hussein, it was not a formal arrangement, but for the first time it should that an Arab leader could reach an agreement, and the second one was in 79' between Begin and Sa'adat – that was clearly the most significant breakthrough. But what's happening between Israel and Egypt now, is not peace like between France and Germany – it's much less, but still, this brought about far-reaching changes in the region that I'll touch upon later. In 1991 in Madrid, exactly ten years ago, was another breakthrough, where Syrian and the Palestinians held discussions with Israel, and in doing so they broke a long-standing taboo. And we managed to pull a few Arab countries into some kind of arrangement with Israel. In 93' Oslo Accords, that was the next step, and very briefly I can sum it up and say that there is an undertaking to reach an agreement. The opinion held by many that we could just go on, was shattered. But this is no way was peace for territory. Oslo was an agreement saying that 'I'll bring the enemy in closer and empower it, give it arms, and in that way later the enemy will agree to negotiate with me'. In 94' we had an agreement with Jordan that formalized the previous, informal agreements – this was a breakthrough as well. Then there were concerted efforts vis a vis Syria. Barak and Netanyahu, and their predecessor, all tried to hold talks with Syria about the Golan, but Assad rejected these talks. There were agreements with Tunisia, Morocco as well, some Gulf states. In 2000, we came to a crossroads at Camp David, and Israel's redeployment on the Lebanese border. So there's a very positive trend of some Arab states, if not all, coming to terms with Israel's existence, if not justifying Zionism, think that's a classic maneuver of realpolitik, that stems from a realization of Israel's power. So contradictory to what one might have thought, that the Arab power would have brought to a total reject of Israel, there has been a rapprochement, and coming to terms with Israel's existence up to 2000. In July 2000 was Camp David and then Taba, where there was a heroic, though aborted attempt to end the conflict with the Palestinians. And anyone seeking to construct the future has to take this into account, and disregarding it would be a mistake. To sum that up, I can say that there were positive and negative developments over these years, that I've outlined very briefly now. The positive side was getting Egypt and Jordan out of the war with us, beginning an attempt to reach agreements with Syria over non-conventional weapons, changing the strategic balance of power, recognizing the nuclear threat posed to Israel from Iran and Iraq, and maybe even other countries, as we may see in the future. At the same time, due to no fault of our own, but we are a party, the fundamentalism sprouted in Arab countries, and if I may say so, the conflict expanded. You can even use the term globalization. And we pay a price in Argentina for what happens here in this region. Globalization includes globalization of terror, as we saw in September 11th in Washington and New York. So there are positive developments in the past years, there are also negative developments, at times in the very same countries. Now, as we scale the mountain and come to the naughtiest problems, like Jerusalem, Palestinian return, fix the borders, we see an attenuation on the past of peace between Israel, Egypt and Jordan. We have to ask ourselves how we can continue in this path. Do we go for a comprehensive peace, or continue with ad hoc agreements. I don't think all the problems can be solved, simply because we have so many enemies. Look at the map of threats. It's not only the Palestinians that pose a threat, although they are one of the more immediate concerns. I'll go on to the more remote circle, and then narrow in on the Palestinians. The Iranians- I don't think in any foreseeable future we can come to an agreement. The surface-to-surface and unconventional weapons there, aided by North Korea, China, Russia, that's something that over the next few years could lead to a nuclear bomb. Their missiles are nearly complete – that's the first element. Their involvement in terror that is unparalleled. They support the Hizbullah; they made Southern Lebanon into a base of operations against Israel; they're also involved in the Jihad, the Hamas and other organizations very intensely, and Sunni, Shiites, it doesn't matter. Iran is also trying to recruit Israeli agents. The third threat is Iran and Iraq, are the only countries with an explicit aim of exterminating Israel. They say it quite explicitly. Saddam Hussein...

Dan Meridor: were Iraq's enemies, and America assisted them. The Russian angle is very important here – international pressure should be brought to bear. Iraq I won't expand on that – I don't think any solution is there to be found, the same holds for Libya. Egypt and Jordan, we said we should do everything possible, and there's a good basis already. Syria – there have been proposals made for the father, and I don't see the son accepting what his father rejected, and I don't think this present government is willing to go as far in its proposals as the other, former governments, but there has to be some willingness to enter negotiations, so we should not ignore that channel. The Palestinians – which is the crux of the matter in our perceptions, and it's perhaps the heart of the very conflict, and I say perhaps because maybe the conflict is more deep-seeded – it's religious, fundamentalist, but the Palestinian issue, in any case, is very important. I'd like to make a point that I think is not internalized sufficiently in Israel. Let's go back to 67' – left and right; two political parties emerged in Israel. One party thought Israel should withdraw, the other thought that we should annex the territories, and neither was done. If you had asked anyone in 67', can we just have things as a steady state, nobody would have agreed - three million people – they're not Palestinians, not Jordanians – what are they? Is there any other precedent in the world - a country with no border. Obviously, at that point it was considered temporary. But it was the default of all governments- left-wing, right-wing, unity governments – and we should know by now, that we should have to choose one of the two options – of annexing, as we did in Jerusalem, as Europe has done. And then we know that Israel would provide citizenship, and so forth. We can withdraw, that's an option. We can reach an agreement. but leave the situation as is, and to think that the we can get anywhere that way, that's ridiculous. And I'm not relating to the security issue right now at all. Let's say that Arafat would do what he said he would do, and let's say that no missile is fired. But Arafat would also demand Jerusalem, and we would refuse. So what is the next step? I'm separating this from the security aspect, because, as important as security issues are, I don't think that's the path for a solution. The premise that the situation can be left unchanging is a mistake. The question is what can we do in the future – can we leave the situation as is, and I said why I don't think this is possible, but let me present you with four options: we can conquer, and we did, 34 years ago, that's what we did, and we didn't change anything. Levi Eshkol, in 68', onto Arik Sharon today, and everyone else in the middle – nobody has managed to stabilize the situation. So, we have three further possibilities. Doing as we have done all these years, and saying we will not move until we reach a peace agreement. It worked with Egypt, and otherwise there might not have been a peace agreement with Egypt, and as soon as we did that we had a peace agreement. We tried it with Syria and it didn't work because the Syrians refused. With Jordan there wasn't really a territorial issue, so we managed to achieve peace. Let's assume we cannot reach a peace agreement, and this is not only a theoretical premise. I won't go so far as to say I'm sure that it's impossible. But you have to make rational premises. There is a certain possibility that Arafat will retract from his demands from a Palestinian return, and will retract his demand from Jerusalem, and will retract his statements about the Jews trying to build a Temple – than maybe we'll get a peace agreement – but I doubt that will happen. We can take the Strasburg example, when Bismarck, and others tried to, for many generations, or many centuries fought over that region. That's not the situation here. And there are two further possibilities. One is to leave the present situation as-is, and there are various possibilities – a few percentages here and there, but leaving the situation as-is, meaning that there's no eastern border – just leave the situation as is. And another possibility, is to reach an interim solution, and the last possibility, is the unilateral steps. Let's start with the current situation. Arnon Sofer is here, and he'll probably elaborate on that, but even someone like me who never went on with statistics and mathematics after high-school, the figures are crystal clear. West of the Jordan River, they'll be the same number of Jews and Arabs. But people say: "but they don't have the vote", I don't want to say who said that. If effectively we are the rulers - even in Nablus we are the rulers – even if it's over enclaves, it means that we're responsible for this, and we're losing all interests in Zionism, defined as a Jewish, Democratic state. That would cease to exist. It's not a question of forcing the next 100 years. This will happen in a few years. Wrong people come to us and say: "but father, grandfather, didn't you see what was happening?" and the world will say - I don't have to give you examples – people will say: "well just remain, you'll be a minority, then", That's a possibility. I don't think that we can take the non-democratic path for long. That's not Zionism. I don't want to be emotional here, but the dreams that we all shared in are now seen as impossible if they mean endangering the entire Zionist enterprise. So leaving the situation as is becomes dangerous even without exchange of fire, in fact even more dangerous then – because then the illusion perpetuates itself. If I'm right and Arafat agrees with me, we'll never reach an agreement – it's better for him not to reach an agreement. The Palestinian womb will triumph. So if this happens, we won't be able to reach a comprehensive agreement. The most dangerous option is leaving the situation as-is, and we'll see, in three or four years – it's already happening now- how dangerous that is. Having everything together is simply impossible. I don't know if we could have developed certain things, but we didn't. The hatred is simply intensifying, and it's clear to us all that we won't be able to live together. It's imperative that we not leave the situation as-is. So we have to options – interim solutions, and unilateral steps – that I know Yael Tamir will be discussing. A unilaterally declared border will not bring peace, and there are many other disadvantages. It is construed as retreating under fire, like many people saw the withdrawal from Lebanon, though who knows what would have happened if we had remained there in Lebanon, but I don't want to go into that now. How can you insure closing the border, and making sure it's safe? But that's still better in my mind than the current situation, because in the current situation, we'll see all our dreams shattered, because the demographic situation will be decisive in the formulas of security and policy. When I refer to demography, I'm trying to stand behind Zionism. Zionism was a demographic movement. A Jewish majority in Israel – what does that demand stem from? If Arabs don't vote, what do you need a majority for? Well, the answer is that Zionism envisioned democracy – so you have to count the votes. You can't ignore all kinds of Kahanistic documents, like a foreign resident, that was Kahana's dream. So the question if any interim solutions without a comprehensive solution – the question is, is that possible? Interim solutions are problematic because they may lead to further conflict, war and terror, like we are experiencing today. They might, and they might not. The Advantages to an interim solution are clear, because nobody is required to give up his dreams. Neither side has to give up its dreams on the most sensitive issues. An interim solution, if I'm right, can give Israel a border. Most of the Arab population in Judea, Samaria and Gaza will be on the other side of the border, though the conflict will not be ended. And we have to think how to best pursue the conflict, by becoming more and more straightened here, or by having a border. I don't have enough time. Avi, tell me when my time is up -O.k., so a final sentence. One of the things we have to cope with is the following- state versus state, or army versus army – look at America – America has spent billions on a strong army, but it is unprepared for the possibility of what Ian Fleming showed in James Bond movies –today we call it Al-Qaida. A country has missiles, submarines, planes, but thirty determined people can inflict such terrible horror against a strong country. The world order is

changing, I won't elaborate on that now, but we see that in certain situations, like in Lebanon, there was no one to talk to. At least now, Syria, Lebanon, there's someone that you can address your remarks to. The Syrian border is quiet, and it's not due to love on both sides- it's because there's a sovereign nation in charge. And I think that a border is helpful for reaching a partial solution to the conflict, and we should try to attain interim solutions with an authority on the other side – some kind of authority. And the important thing would be for us to mark our border. Preferably, in peaceful conditions, but if that's not possible, we should do it unilaterally for Zionism.

Avi Gil: Thank you Minister Dan Meridor. Professor Yael Tamir is our next speaker, and she will be presenting a comparative analysis of separation.

Yael Tamir :Until [unclear] overcomes the difficulties. Good morning, good afternoon. What I'll be trying to do in brief is to introduce to you the results of the comparative study I have made on a unilateral separation. And I agreed to do this research because I myself wasn't sure what my opinion would be, and that's always good when you don't start biased. What I will be trying to do here, is show you the consequences –the results that I arrived at, and I'd like to say from the start that several of the things that Meridor said are very important, and I'm glad that he said them before me, because I share a lot of his ideas. The premise is two-fold. First of all, that the struggle is about maintaining Israel as a Jewish and democratic state, and secondly that for this purpose we have to have a border. Obviously, if we can do it by means of peace that's best, but if we can't, then we should examine alternatives. Before I start with my presentation, I would like to say that the issue unilateral division or separation is very important, but our expectation from it should be very limited and well defined. I don't have the same hopes for these plans as many people do, but I hope that if we do define several limited goals, and see this as a way instead of resolving a conflict, or of managing a conflict, and introduce interim stages too, than this option of unilateral separation, does present several advantages, provided that we conduct ourselves in the right way. I learned a lot working on this presentation from Dan Shifal's important book, and from Arnon Sofer's important study, Shlomo Gazit's book, and from talks with Motti Crystal, and Ze'ev Shiff, and Danny Yatom's team. Of course none of these people are responsible for what I'm going to be saying here, but I thank them all for their help. The concept of unilateral separation stems, as we all know, from three things we already talked about – the Jewish and democratic nature of Israel; certainly the issue of security, as what eventually motivates more than anything public support towards separation; and I also added the reduced friction with the Palestinians, and the increased capability to maintain the conflict. I'd like to talk about the four crises that you are very familiar with. I'm sure that Professor Sofer will be talking about the demographic crises, and we've already mentioned the political and security crisis, but there is no doubt that separation plans are also born out of psychological distress- a desire to reach a higher level of personal security. The concept of separation was designed, and we have good slogans here, you see them on Azryeli towers every night: "it's in our own hands". So that may be a pleasant allusion, but nothing is entirely in our own hands. But there is no doubt that the motivation for unilateral moves, is the desire to control our own fate, and the desire maybe to prevent the Palestinians from the capability to determine for us what our country will look like. All unilateral partition plans have joint elements. The demarcation of a border – and maybe this is the time to say that the disagreement between the different plans is immense, and maybe one of the reasons that this concept of unilateral partition is in such consensus, because it encompasses so many different programs. Some talk about going back to the borders of 67', while others talk about leaving the situation as-is. So everyone can take their pick. When you talk about the fact that you accept the concept of unilateral partition –m any people may envision different plans and different borders. All the plans attempt to construct some hurdle, reduce the friction on all partition plans, talk about the uprooting of settlements. There are several restrictions to this concept. First of all, most of the plans, except for, maybe Barak's plans, which I will address later, do not provide a solution for Jerusalem. Where the border will go through, will it cross the center of the city, what about the residents of Jerusalem – this question is usually left open. Therefore all the partition plans, leave on our side of the border more than 250,000 Arabs who are no Israeli citizens. All of the plans require the relocation of settlements. Obviously any territory that Israel will move out of in this process will be perceived by the world as a territory that Israel is giving up. Such a redeployment might be perceived as a surrender to Palestinian pressure and terrorism. The territories that are evacuated could be come a basis for an armed struggle against Israel, and also all the plans do not address various issues, like water resources, commercial adaptations, health policies etc.. We are very far from resolving the relations between these two entities by unilateral partition. So, in the outset, unilateral partition is very limited. Any unilateral step that Israel may take could have a unilateral, retributory act by Palestine. It could be the establishment of a Palestinian country, with the borders, maybe the borders of 67', but it could also the borders of partition, or any other border that they may choose. The Palestinians have an interest; it is within their interest to announce their borders of 1967 because that will be recognized internationally. The Palestinians in other Arab countries will be able to argue that Israel was acting unilaterally, and therefore other agreements are also null and void, and so they can allow the right of return. And this is one of the things that is important to say on the outset – a unilateral move is not necessarily uncoordinated. It's not something you get up in them poring and you say: we are in charge of our own fate; we're doing it, and forget about everything else. We don't care what other people say, what other countries say". A wise unilateral step should be coordinated to the extent possible. And of course it should be coordinated in the international arena. Mr. Ben-Ami's presentation before discussed the need to coordinate with the United States, with Russia, with Europe, and to the extent possible with the Arab world as well, maybe with the Palestinians even. Something that was not taken into account in any of these is the influence of this move on our relations with Israeli Arabs, something that has really been concerning me recently. The discourse of partition and this concept of "we're here, and they're there", and "they are the Arabs, we are the Jews", or the approach to the Arabs as a demographic threat – this is a very bad discourse for the relations between Jews and Arabs in Israel, and we have to take his into account. We have to bear in mind that all we're thinking about is the Palestinians outside of Israel, but these things are echoing among Israeli Arabs as well, and every move of partition, I think, should be done hand in hand with listening and discussing these things with Israeli Arabs. And it is within our interests to continue working together with Israeli Arabs. I'd like to discuss four separate perceptions of partition, just in order to define what this umbrella covers. The most minimal conflict is the offence along the existing borderline. The next in line is fencing in the Palestinian territory, and preventing the entry of Palestinians into Israel. It's important to say that all the partition plans leave some cards in Israel's

hands. But there's no doubt that the issue of Jerusalem and the refugees, which was not resolved by the partition plans, and of course the fact that our forces will remain in the Jordan Valley, or will not, are issues that can lead to confrontation on the one hand, but it can also be an advantage for Israel, because Israel can use these things in order to bargain in the future. The most minimal plan is designed to create a physical partition - It doesn't necessarily have to be an actual fence, it can be any other form of partition - designed to make it as difficult as possible for suicide bombers to come into Israel. And the question is of course, where this line will be demarcated. This question will accompany the entire discussion about partition- where should the border go through? Where should it be demarcated. There are many discussions today about the borderline. The borderline is pretty much close to the Green Line, but it can be demarcated in dozens of variations, and I cannot innumerate them all. A protection line that does not uproot settlers, that provide a little bit more security for Israeli's -that's a relatively applicable and cheap plan, although, as I said, it leaves many settlers outside this line, and their status, especially in terms of security, is very problematic. So such a strategy can be short-term strategy. It can certainly improve, to a certain extent, security in certain regions of Israel, but I - and here I use the Beilin-Abu-Mazen maps - these maps are not very accurate - I used stuff that I could unload from the internet, so don't take it too seriously, this is just for purposes of illustration. But the question is, if we use one border or another Beilin-Abu-Mazen, the Clinton alignment, the Barak alignment - it doesn't really matter which one we pick, it's the principle that matters -the principle is to draw a line wherever we can in order to minimize the friction and the security threat. The plan that is probably the other extreme, is fencing in the Palestinian territory. Fencing in A and B zones, then it will give us fifty or sixty percent of the territory. This program is very problematic, first of all because it will be perceived by the world as an attempt to fence the Palestinians in, in units that don't have territorial contiguity; it turns Israel entirely responsible for what happens in the Palestinian territories, because we will control them from without, they will have no other physical way out, and it will probably generate a lot of opposition, maybe a trigger for a Palestinian declaration of statehood in the territories. This is a map that at the time Ariel Sharon published many years ago. I presume that - incidentally I took this book from Shlomo Gazit's book - I presume that Sharon would probably present a rather different plan today. but the principle is fencing in discontinuous Palestinian territory. The more prevalent plan today, is based on the Clinton alignment, Clinton Barak; it discusses redeployment along the line, which is similar to the one discussed in Camp David. This program requires the relocation of settlements, the relocation into the area that is controlled by Israel. This redeployment will take along time to accomplish, because of the need to uproot settlements, at least about 20 percent of the West bank and Gaza in Israel's hands, including a hold on the Jordan valley. I think that the main problem in this program is the time that it would take. And because eventually, and I will touch upon that later on too, the public that wants a division today wants an immediate solution, and if they don't take into account the fact that in order to implement a program of division, or partition, it would take a long time, and I think that this difference of expectations will kill the enthusiasm when people realize how long it will take, and how hard it will be to implement these plans. So, if you want to redeploy, you have to redeploy as an interim stage as well, and prepare a strategy of how to somehow mitigate Palestinian attempts, and settlers attempts too. This is a general illustration of Barak's plan for unilateral partition, based on his perception that we have to leave five territorial blocks, in Israeli hands. The Ramon-Ben-Ami plan - Professor Ben-Ami is here, he can tell you much more about it than me, but the general alignment is generally similar to Barak's plan, although here we have a very important additional element - to the extent possible, the territories evacuated by Israel will be handed over to an international entity lead by the United States. I don't believe there is a great chance for this to happen, but if it does, it will surely mitigate the program, surfacing from the previous plan. An increased friction, as the redeployment is going on, both by the Palestinians, and the reluctance of the settlers to leave. And the most ambitious plan is planned on Professor Sofer's research, and this plan (unclear) Israel's borders. It's designed to uphold the Jewish majority in Israel, and therefore there is willingness to discuss territory swaps. It's a very far-reaching program, and the main problem, the way I see it - it maybe twofold. First of all, are we really interested in this point of the conference to open the borders of 1948 for discussion? And to what extent can we introduce mechanisms of division making about the annexing and the transfer of territories. One of the questions that democracies have to tackle, almost always whenever taking decisions about annexing territories or giving up territories - who has the right to decide - should it be all of the citizens, or only the people living in that territory? There are various modules, and if this question ever comes up, all these modules will have to be investigated but I think that this is one of the most difficult questions raised by Sofer's plan. This map is from Sofer's report. This is an entirely new look at the Israeli and Palestinian map. Again, none of the maps are final; because I presume for every such map you could have another map and another map. The way I see it we have to choose the principle first, and then we have to draw the map. So maybe the conclusion at this point should be that the objective of these plans is to enhance personal security. The question is to what extent these maps will be able to provide such personal security, and the answer, the way I see it, is that it is very partial. Another benefit in unilateral partition is that this could be a way to maintain and manage the conflict, and increase and enhance the trust between us and the Palestinians. Think that one of the reasons for the distress stands for the Palestinians' disbelief in Israeli willingness and capability to evacuate the territories and the settlements. A unilateral partition could start to provide them with a feeling that this is possible. And because I agree very much with what was said here before is that our greatest danger today is that the Palestinians may decide that they give up the issue of partition, and they start striving for one big country between the sea and the Jordan river, and then I think that therefore it is our interest to go back to the Oslo module of two countries for two nations, and a unilateral partition is one way to show the Palestinians that we really have the intentions and the capabilities to withdraw from the territories. It is a very important to note, and this is the point that people don't tend to discuss, that unilateral moves cannot be based on unilateral thinking. That is to say the fact that we want to make the move, and that it is important to us, if we want these moves to be successful, it is important for us to think unilaterally. We have to take into account the interests of the other parties in the conflict, because if we only think of our interests, the chances of the moves succeeding are very slim. So we have to choose between unilateral thinking and a unilateral move. And as I said it's very important for us to take into account the interests of the Palestinians, of the Arab countries, of the western world, and to embark upon a move that maybe unilateral in the sense that we're initiating it and we're implementing it, but it nevertheless takes into account all of the interests of parties in the region. These plans will however allow us to freeze construction, to minimize friction, to enhance trust. It's supposed to start and launch a process that is very important. In my mind the evacuation and uprooting of settlements, and finally creating a partition and a division between us and the Palestinians, it has to be accompanied with a move to improve the economic situation in the territories. We have to be very aware of the great risk - Dan Shiftel mentions it, Sofer does too. We must not

live in the illusion that poverty, and indigence, as we have in the other side of the border are meaningless to us. It means a lot. It's very important to improve the economic situation in the Palestinian territories, and I don't think it should be that we are the great saviors. We are not there to provide solutions, we should support them quietly from behind, just as Braverman said before, and if possible, and that's very important too – we should support moves that will assist refugees in the territories, but also in Lebanon. One more word of caution before I come to my conclusion – all of the partition plans, I think, might collapse because the expectations are too high. The expectations are for a panacea that will solve all the problems. Unilateral partition can only provide a passing, temporary solution, and inevitable there will be disappointment. This has to be taken into account, and you have to be careful about how you present these plans to the public, in order not to generate expectations that are too high. To conclude, our objective is to guarantee security for our citizens, not take advantage of Arafat's weakness. What is being said that Arafat is irrelevant, that in itself is not relevant. We should try to pressurize Arafat with international pressure and Arab pressure, to fight terrorism, and we should create an infrastructure for future talks with the Palestinians. If possible, we should try to enhance the talks, deepen the talks, and if we can get an interim move - we can call it an agreed upon partition, we can call it the third step in the peace process, it can be called another interim agreement - it doesn't matter, but it's important, and finally I'd like to propose some steps. It's not really a plan, because I don't believe the fully-fledged partition plans can be implemented, but rather these are steps that could mitigate the conflict, and help us to maintain and contain the conflict. First of all the destruction of a protection line along the Clinton alignment, uprooting all of the settlements in the Gaza strip, to give a sense that there is a start of a geographic change that will allow for future negotiations, reducing the friction. If we can call in an international force, I think that's very important. If not, we should bring in more forces into that region. Jerusalem – I don't believe that any unilateral move can resolve the situation in Jerusalem. It's very important to maintain the status quo, and we should explain that all things that are being done leave the issue of Jerusalem open for further discussion. This is the map of Peace Now, and I propose that you all take it and look at it closer, because it does something that other maps do not do – it not only mentions the number of settlements and towns, it provides population numbers. If you look at the Gaza strip, and look at the proportion between Jewish and Palestinian population, you will understand why we have to start with Gaza; and the borderline, too, is well defined. The economic goals should not be overlooked. They may not be blossoming financially, but things have to be made better than they are today. And of course we have to declare that our goal is always negotiations, based on the Clinton-Barak alignment, and of course based on the concept of two countries for two nations.

Avi Gil : Thank you Professor Tamir. We won't uproot any settlement before giving anyone who disagrees the floor. Dr. Ravid of Raphael is the next speaker, and he'll speak about he hopes for solution for the conflict.

Itzhak Ravid : I'll divide my presentation into two. The first part is what we can expect in the future, and then I'll speak about demography, regardless of ideology; and then we'll speak about national strength. I have to thank my colleagues who allowed me to proceed this work. This is a picture of the population west of the Jordan, from 19th century to today. As you see the increase of Arab population is great, based on natural increase, whereas the Jewish population growth is based mainly on immigration. There's a decisive difference between natural increase on the Jewish and Arab sides. Note that there is no decrease in the natural growth of the Muslims. In Gaza it's even greater. And the Bedouins are not included in this study. I saw a report yesterday, the paper written by the foreign policy committee of this conference. India is a population bomb. If India is a population bomb, a demographic bomb- just as an example – look where India is. I won't elaborate on demographics now. I set my position out in the paper that we wrote for last year's conference. What I'm presenting you with here are the conclusions of that study. Israeli Arabs hold a national record in increase. They nearly double the rate in India and Egypt. In Judea, Sumerian and Gaza, there's population increase. The economy will continue to deteriorate because of the natural increase. Not because of the political situation or the closures. Of course, if the closures are removed, there will be a certain economic improvement, but the long-term outlook is deterioration that is not dependant of the political situation. I'm speaking of up to twenty years. The numbers are such that even international aid will not help. There's no uncertainty here – will the international aid be able help. The demographics are such that the situation will not change. International aid – if you take all the aid of all the international organizations, it's about a third of the GDP in those countries. We're talking about sums of money. The refugees- it's a question of definition when you talk about Palestinians. There won't be return and there won't be compensation. We turn to Israel; I don't think I have to explain why this will never happen. There was a survey conducted, headed by Gershon Baskin, and the Palestinian refugees made it very clear - I think 98 percent of them said that none of them believe that – they were talking about Gaza and the West Bank, they were talking about Israel, so they'll never be return. Israel won't let it. Three and half million people demanding compensation were talking about vast sums of money much more than is available in the world for this purpose, and again, if you want to see my study you can see the paper that I presented for last year's conference, and I spoke there about refugees in particular. This demographic picture shows that the conflict will be perpetuated not because the policy pursued by this or that leader but rather because of the demography.

Yitzhak Ravid: I inspect very carefully any map of separation. The fact is that each criterion creates a new map, and each one of these maps looks very, very rigid, so on the whole I wouldn't bet on any one of them. I want to shift over to Israel itself, to the Israeli economy. Because of demographic reasons as well, the gap between GDP here compared with western countries is large, and in a moment I'll offer my opinion as to why it will grow.

Unknown speaker : 'Western countries'?

Dr. Yitzhak Ravid : 'Western countries' means the 18% of the world population living in the wealthy countries, in countries that are known to us. There is no doubt that we belong to the wealthy countries from an economic perspective, when dividing the world into 18% on one side, and around four-fifths of the world population on the other. There is no doubt that the gap is huge between these two populations, and we belong to the wealthy population, however within the wealthy population we lag behind. Our GDP is approximately two-thirds that of western countries, and the simple arithmetic reason is that, the first reason for

that, is that the rate of employment in Israel is approximately two-thirds that of western countries. The reasons for this are high birthrates, high birthrates primarily in the Arab and ultra-Orthodox sectors, and the low rate of employment among Arabs because women don't work, and among the ultra-Orthodox because of the low employment rate of men. Now, in these conditions, the gap in GDP with western countries will, in my view, increase, even if the GDP per worker here matched that of western countries and advanced in step with them. From here there is a problem. We, on the other hand, in contrast, introduced educational, health, public assistance, and allocations for children criteria in government funding, in public-state funding, at a level that actually exceeds that of all western countries. There is no western country that dedicates these kinds of sums, or that works according to such criteria. Certainly there is no such country in which there are such large minorities that require such high levels of support versus such a small minority that contributes to income. In my opinion, we are today already seeing the crises of meeting the criteria that we have established for ourselves, and there is no doubt – it will be impossible to provide such levels of service. In my view this is simply a matter of simple arithmetic. I think that up to here those things that I'm presenting ex-cathedra, and say that if you have doubts, look at the work that I have done in the past, and if there is some kind of argument then we'll return it to the university, and it seems to me that this will be the result. I am now moving on to matters that are really less concrete. I want to move to the subject of national strength. The core of the conflict in which we find ourselves is not the Israeli-Palestinian conflict, it is the Jewish-Arab one. The leaders of the Arab public in Israel are partners in the national struggle against the Jews. Calls for the return of land exist here, inside Israel, and outside of it. The battle over roads in Wadi Ara and over the Arava highway and the Modi'in-Jerusalem road, when it is known where people go today to restaurants, not in Kalkilya and not in Sakhnin, and those who serve in the army are the Jews and not the Israelis. The majority of the Arab population in Israel takes, in general, a passive stance in the conflict, due to the benefits that accompany Israeli citizenship, but it is passive on the side of the Arabs, it is not passive on the side of the Jews in the conflict, and from here I want to talk about the inexactness within the concept of national strength. National strength of whom? So, in my view, if this is a conflict between Jews and Arabs, we have to talk about the strength of the public that has to contend directly with the conflict, and that is the Jewish public. By the way, someone pointed out to me that Ben-Gurion once said: "I am first of all a Jew, and only after an Israeli." And if we are talking about the national strength of the Jews in the State of Israel, I want to say a few words connected to what I spoke of earlier on strengthening the Jewish public's economic national strength. Now, strengthening the Jewish public's economic national strength requires additional resources in education, employment, housing, public assistance, and addressing unemployment. Today the Jewish public is relatively rich and it has an excess in terms of its GDP, and it transfers a large part of its product to support, of which a large part goes to Arabs. The Arab population in Israel is a supported population, and it is a community that is supported as a community. Of course there are rich people within that community, but looking at the general picture and at the net value of what is received versus what is given, in the matter of taxes for example, then it is a supported community at a very high rate. The rate of support per capita is, she will say, \$3000 per capita per year. \$3000 per capita per year is about three times the GDP in our neighboring countries. The Jewish population could have, if it invested from its resources, advance in a dramatic way resolutions to its problems, its national strength – education at a high level, and I raise this as a factor in the problem that I presented before, as I demonstrated, we cannot maintain the general criteria that we established for ourselves, including a high level of education, health, public assistance, etc., but today, the determining criterion is the criterion of civic equality in the social sphere. Two or three days ago, there was a Supreme Court ruling in the paper that determined that the state, say in the field of rehabilitating neighborhoods, must dedicate to the Arab population or to Arab communities 19% of general allocations, because this is its proportion of the population, so here it is clear that the principle of civic equality is a clear principle with its own logic and we all understand it. On the other hand, I don't see any deep moral reason to prevent, say, wanting to support dealing with unemployment more in Dimona than in the top ten communities in the Israeli list of those with the highest unemployment rates, or other similar things. And also whoever says that national strength requires diminishing social gaps, because in the end the Jew from Dimona and the Jew from Ramat-Gan will have to sit in the same tank, this does not necessarily include the Arabs of Israel. It maybe does include the Druze community, which formed an alliance with us and is a partner in our struggle, but there is a gap, in my opinion, between the principle of civic equality, which we respect on the one hand, and the tendency to try to help the same people who are close to us in a filial or national sense or in their partnership with us in our struggle, then there is a problem here. What I want to point out here is that it is not necessarily the equal support or the high budget allocations to the social sector that have to be equal from a civil perspective – this is not one of the principles of democracy. I propose, for example, to learn from large democracies – the United States is not a small democracy and it doesn't have the custom that the government takes upon itself responsibility for the satisfaction of social services to all its citizens. I wish to point out the example of India, the largest democracy in the world. I looked and checked, do you know what the social budget of the Indian state is, including education, health, public assistance, children's allocations (that don't exist there), altogether? Two dollars per capita per year. The state simply does not take it upon itself, and exist relations of internal, mutual obligation, among citizens, so they pay a lot of tax, provide services at a high level, and the tax returns to the payer. Here the taxes don't return to the payer. The truth is that half of the GNP is allocated through government means, and it is in effect divided according to the communist principle. This means that everyone shares half the product, without connection to who produces it, and this is not necessary, this is not a substantive requirement of democracy. It is true that the Declaration of Human Rights, which contains principles of equality, etc., is an ambition. I do not see the big obligation of the United States and Europe, let's say, to the poor in Africa, and I also don't see the big obligation of some of the countries of Europe ... or take the United States, the huge difference between those it sees as citizens and those it does not see as citizens, so of course here there are those who say "everyone is a citizen," but in the United States, whomever, in the context of a debate on the war in Afghanistan or any other debate in the US Senate, in the US Senate you see a debate between democrats and Republicans, and at the end they're on the same side of the conflict. In our Knesset you find an argument between Jews and Arabs who are not on the same side of the conflict, and there is a huge difference. In my opinion, on the subject of allocation of societal resources, there is room for checking the matter.

Itzhak Ravid: What I'd like to go into now is the foreseeable picture. The process, I think, will go pretty much in the direction – I'll elaborate now – unless different things intervene to change it. I wasn't sure if I shouldn't add another comment at this point, speaking about separation. I don't have good long-term solutions, so almost any solutions that anyone raises is

entertained by me seriously. The maps of separation seem very difficult to me, and I would not put my money on either of them. Israel's economy – we have a much less ratio of GDP per capita income in Israel than in western countries. There is no doubt that we belong to the wealthier countries economically, when you divide the world to 18 percent on the one hand, and the lower countries on the other hand. There's a vast discrepancy between the wealthy and the poor nations, but we're in the wealthy, and we're in the wealthy nations, though at the bottom of the list. The first reason for that is the rate of employment in Israel. The rate in Israel is two thirds of that in Western countries. The reasons for this are families with many children, mainly in the Arab and Haredi sectors, and the fact that Arab women don't go to work, and Haredi men don't go to work. Under these conditions, the per capita income vis a vis the GDP will continue to be a very severe discrepancy. ON the other hand, we have education, welfare, government stipends that are much more generous than other western countries. No other western country allocates similar sums, or works according to these criteria. There's certainly no other country with such big minorities that receive support when their income is so low. And I think the crises are already in the offing. It will become impossible to continue providing these services. It's a simple matter of arithmetic. So much for the basic ideas I wanted to present, and as I said, I can refer you to the papers I presented last year. AND now I'm moving on to things that are not as hard and fast. National strength – the conflict that we are in, is not a Palestinian-Israeli one, it's a Jewish-Arab conflict. The leaders of the Arabs in Israel are taking part in the national struggle against Israel; expropriation of land takes place within Israel's borders and outside; the Modi'in-Jerusalem road was closed last year just like the Wadi-Ara road. In the army, it is Jews who serve, and not Israeli. Mostly people are passive because of the benefits that they derive from the conflicts' solution here in Israel. I'd like to talk about the erosion of the concept of national strength. Whose national strength is it? If it's a question of Jews and Arabs, we have to define the population we are talking about, and that's the Jewish population. Ben Gurion once said: I'm first and foremost a Jew, and then an Israel. And if we're talking about national strength of Jews here in Israel, I'd like to add a few words to what I said before about strengthening our economic situation. The Jewish economic situation required additional resources, housing, employment and so forth. The Jewish population today is a wealthy one, relatively speaking, with available income, and it allocates funds for stipends that are paid to Arabs. The Arab sector is on the whole a population that receives welfare. If we look at the taxes, and the stipends, the Arab population gets the stipends. When we talk about three thousand Dollars per capita, we're speaking of a very low per capita income. The Jewish sector is addressing the questions of education and so forth, and as I said, we won't be able to adhere to the high criteria we set ourselves for – education, welfare and so forth. The decisive criterion today is of civil equality. A few days ago, in the paper there was a ruling that funds should be allocated for the renewal of Arab neighborhoods as well – not only Jewish neighborhoods. So civil equality –that's a principal, and we can all understand it. On the other hand, I can't see any deep-seeded moral reason that I shouldn't for instance, want to support Dimona more than Arab cities or villages. And those who speak of the national strength requiring that we decrease the social gaps, because a Jew from Dimona and a Jew from Ramat-Gan will ultimately serve on the same tank – the opinion is problematic – what about the Druze, for instance, who also serves in the army. So there is a discrepancy between the principle of equality on the one hand, and the principle of preferring one's family or relatives, to strangers. Let me mention that it's not necessarily that the equal allocation for social needs, that's not necessarily a democratic principle. Let's take a leaf out of the American book, for instance. They don't take it upon themselves to provide health care. Look at India – I've studied this. The social budget in India, including health, education, welfare, everything together, is two Dollars per capita per year. The government simply doesn't take that support upon itself. In Scandinavia, the population is more homogenous, and the sense of responsibility is greater, so the taxes are higher, and the allocations are greater. Half of the GDP is allocated through government channels, and divided according to Communist principles. In other words, everyone is a partner to half of the GDP, regardless of who produced it. It's not an integral part of democracy to act that way. The human Rights Convention and aims should be our objective. But I don't see America going in that direction. America isn't necessarily taking all Africa's ills upon itself; the same thing in Europe. Europe differentiates between citizens and non-citizens. In America, if there was a debate, even in the Senate about the war in Afghanistan –there's a debate between Republicans and the Democratic Party, but they're both on the same side. Here, Jews and Arabs are not on the same side of the conflict. And I think this has far-reaching implications for the allocations of social resources. And if every community in Israel should look out for itself and its social welfare, it might just be that the Arab leaders will turn to their own leaders. I'm quoting Mubarak: "Be reasonable, you have to take your income into account before you decide how many children you have". You have to take your income into account when you decide how you will bring up your children. I'll go on for two more minutes. The next point, I'm still talking about national strength. There's been some blurring of the concept of Jew in Israel, and we tend to say "Israeli." I may be guilty of a criminal offence here, but when I read something in the paper, with the headline: "an Israeli", I'd like to know if it's a Jew or an Arab. I want to know, for instance, if an Israeli found guilty of selling arms to Palestinians. I'd like to know if that Israeli was Jewish or not. You have to go and read the fine print, because Jew as a concept doesn't appear, and I think we should bring it back to the press – it's part of the national strength. And my final point is belief in justice of our policy. In the 50's and 60's Israel participated in a debate on the rightness for the parties. After that, the Americans and the Europeans said: "stop arguing about that, let's just be pragmatic", and Israel is now privileging pragmatism in international debates, while the Palestinians continue to discuss who is right, and our justice has been forgotten. To us it's clear, because of the pragmatics, but the younger generation doesn't have such a clear picture. Dr. Harris said here yesterday, that there are leaders who never even heard of the justice, world leaders who never heard of our justice, because we haven't even been speaking of our justification for the past twenty years. I think this holds true for younger leaders here in Israel, and for world leaders in general, and I think we should emphasize the justice of our position on refugees, territories and so forth, even if we reach a compromise. AND my concluding remark is: the compromise that we've been discussing now does not seem like a compromise between the justice of both sides, it seems like a compromise between the justice of the Arab side and the power and strength of the Jews, and that is not a good situation.

Avi Gil: Thank you Dr. Ravid. We shall now open the floor for discussion. Our first speaker will be Brigadier General Effi Eitam.

Effi Eitam: In the seven minutes that I was given., I'll try to say a couple of things pertaining to what the last speaker touched upon. I think that the question, whether at all the state of Israel has any rational, any justice, from which to derive political

moves, security moves – that's not a philosophical or religious question, it's an existential question. I think that this question eventually, when we are at a meeting about national strength – that is a fundamental question. And the question why in the first place did we form the state of Israel, and what are the obligations of this country, and what are the derivatives on which we build our defence policies, this is an essential question. I think that it turns out more and more that Israel was established as a tool for development and strengthening this unique civilization of which we carry the banner, as a religion, as a people, as individuals – the Jewish civilization. This place called the state of Israel has the unique role in the capability of this civilization to evolve, and be what it should be. And I'm saying because many times we skip this question, as though we all agree and we all understand this concept, and I think that today it's very clear that this component of national strength is practically not there, and if it is, it's just an empty slogan, and we have to delve into it. And now I'll talk about partition, or decontainment, as I rather call it. The basic question is whether settlements are still the problem, and what was said here, as though if only we have enough political clout to uproot the settlements, then we will have resolved the problem. I think here too, we have to look more difficult question in the eye – in 48' there were no refugees, in 67' there were no settlements, and still there were concentrated Arab efforts to erase the Jewish state as a whole, from the agenda of free states and nations. The question is whether it has disappeared, or whether now it is wearing a new guise. We can answer this in the context of Camp David. It's very hard to say that the Camp David move failed because of settlements. We offered them 95 percent of the territory, and still they rejected it, and I think that anyone who sticks to solutions or borderlines or settlements, is regressing and repeating that same mistake. That's probably not the solution. A unilateral move, or I would say rather, that we would have to first find an internal arrangement. I think we dealt a lot with arrangements with the Palestinians, and an arrangement within Israeli society is still something that was postponed to more peaceful times, when the situation is better, and that's a big mistake. I think that we're now in a time, that anyone who wants to lead this nation to difficult divisions will first have to reach an understanding within Israeli people. Yael Tamir and other friends, together with me, we say for one year at the Rabin Center, and we've issued a paper that maybe you will see in the next few weeks, that's the Kineret Treaty. It was a very hard attempt to define what seems to be self evident about our togetherness, and that's not a simple attempt, and I presume that this paper will be discussed to length. I think that was very preliminary and unique attempt to address the understanding of what are the precepts of Israeli society, what Israeli society is willing to give up, what it is incapable of giving up, and still to maintain that coherence, a cohesiveness among us, because this is uncharted territory. We're talking about statistics; we're talking about opinion polls. But these things have to be seriously addressed. I think an arrangement within Israeli society will have to precede any future arrangements with the Palestinians pertaining to the core issues of our unity as a state and as a nation. As for the arrangements, or the redeployment, or the borderlines – if we're talking about a unilateral move, I think it should be clear that this is a continuation of the war. It should be derived as such. It's clear that the Palestinians will not be happy, they will not be pleased, not even if they have 95 percent of Judea and Sumeriah, or Gaza, and certainly if they don't get Jerusalem. So we're talking more about a containment move, and containment of a problem that we're unable to resolve this problem, but we know how to isolate it or contain it, or prevent too much strife, and this is entirely different than establishing a fence that is one step before a permanent agreement, because this kind of an arrangement leaves Jerusalem, which is the core issue of the conflict for the future, and probably if we go back to the question of Jerusalem, it will bring back all the other problems as well. So we're talking about military containment that is mainly about the supervision of movement of arms, of terrorists. This is a military issue. It should be discussed, but it is certainly related and connected to war. Unilateral partition, as Yuli said in the end, it addresses the question of what Palestinians want, and how they will eventually come back to the negotiations, and that's an entirely different question. And we've already tried giving them a lot of territory, and that's an important thing that Barak's government did, when it turned out that our maximum concessions didn't even come near their minimum. In the long-term, the way I see it we will have no choice but to turn the Palestinian issue into a regional one. The state of Israel, with the demographic threat, as it is, and with the given territory – namely the western parts of the land of Israel, I think this is going to be a zero-sum game. It's either us or them, and to a great extent, it will eventually lead, as a result of a war process. I don't think that we should now uproot people from their homes, but if you think that the Arabs of Haifa or Sheikh-Munis have turned to be part and parcel of Israel because the Palestinians agreed to that- well, they're wrong. And this will eventually lead the state of Israel again, as a result of a process that I would try to avoid, but that would lead us to a situation which it will be a zero-sum game. What will the result be? The result will be that probably some of the Palestinians will remain here, living under Israeli sovereignty, but it will be clear that no foreign sovereignty will exist here west of the Jordan river. A regional move can be started today in which Egypt and Jordan will take part, in terms of territory, and in terms of an address. This will not resolve the issue of suicide bombers at this moment, and containment is fine as a temporary solution. But in the long term we have to mobilize regional resources. It's inconceivable that the Sinai is empty. It doesn't represent any security or economic resource for Egypt, and at the same time there's a time bomb ticking there in Gaza. Even if we do a partition of what type or another, that bomb will still be ticking, and we have such vast spaces. In a country with which we have peace we didn't make any demands to that country – territorial demands. We were so creative in leasing the Golan Heights etc., and here, nothing of the potential that Egypt represents for solution of the conflict – nothing is even brought up. It's as though there's a decree, that we cannot find, as though Gaza and Ashkelon – that's what we have to resolve, that's the region in which we have to resolve the Palestinian problem. And that is not the case, I maintain. This is a country with which we can discuss democratization, because they are in a long time address for a Palestinian self-determination – I'm talking about Jordan. This is a big question, but as long as we limit our territory in order to resolve the demographic question – eventually which ever way we place that fence - and we still have a million Israeli Arabs inside Israel – well, we'll have to face the question whether we want Israel to be a Jewish state, or whether we give that up, and maybe maintain some kind of ethical code. But that will be the end of us. If we work with another value scale, that will require us to keep upholding the existence of Israel as a Jewish democracy, as a Jewish state, and yet provide further solutions – I think that we will be able to launch a move that will prevent us from a slow but certain regression, at the end of which Israel will either not be Jewish, or will not be, period.

Avi Gil: Thank you Brigadier General Efi Eitam. We shall now ask Professor Arnon Sofer to say a few words.

Arnon Sofer: Good afternoon. Let's assume that the optimistic picture that Woolsey presented yesterday – and we get Middle East without Saddam, without the Mullahs in Iran, without the Hizbullah, without the Hamas, without the Jihad, without Arafat

—even then, in this small stretch of land —first of all we will have an Arab majority that will keep growing, we'll have a Knesset where twenty five percent of the Knesset members to date are not Zionist, they're bitter, they're poor and there is no consensus. Even today, the secular Zionist Israel, those Israelis that go to the army, there's a lot of internal strife. Israel's democracy is floundering even today. And then we have to ask where we're headed. At 2020 two million Israeli Arabs, one million Ultra orthodox Jews will be here, with only three and a half million Zionist Jews, if they'll still choose to stay here. The Knesset will be paralyzed, there will be irrelevant decision making, like whether providing allowances, that is giving rewards to some insane people that have bared twenty kids because of religions fanaticism. And as we heard, according to various definitions, Yehezkel Dror already said so, Israel is classified as 53rd in the world, as a thirds world country in terms of ecology. With out partition, ad we heard a lot about that, and it is reasonable to assume that because of the anarchy in the Knesset, or because of short-sightedness or stupidity, we will not do this, than within twenty years we're expected to have another six million people, of which five and a half million will be poor. That's horrific, and I'd like to say to Amos Gilboa — that is the only deterministic thing that is certain before our next discussion. So I propose that we discuss — and I wasn't sure how to call this baby — Israel as a non-democratic state. We should put this on the agenda. We heard this morning, Mr. Ben-Ami saying that democracy is the reason why Israel is legitimate in the first place, and we're headed towards the point in time where this is on the table, and I suggest that we should discuss this because we're headed there with our demographic situation. And a derivative from that is that eventually we have to put on our national agenda another thing that has been neglected — Israeli Arabs. Let me describe a module. It's a very difficult issue. Taking care of 1.3 million Arabs- it's very hard, there's no budget. Let's decide, let's call from here to embrace the Druze - That's one hundred people. Let's talk about the Bedouins. The Bedouins in the north. We do have success there — another fifty thousand. The Christians — forget Azmi Bishara — the Christians who are in a terrible conflict between extreme Islam and Israel — let's embrace them. Why do we have this evil? Ramle, Lod, Yaffo, Haifa — all these cities in which there are mixed populations. We can resolve this problem. We have resolved so many big problems with so little money. Now let's talk about the peace process. Um-el-Fahem is not pleased with me? Let them move to the other side. This way we can provide solutions from within, moral and ethical solutions. Another issue that I propose to put on the agenda — quality of life and national security today go hand in hand. If you think that we can go on and the term quality of living as only for philosophers is wrong. We're raising western spoiled brats here, and Israel is a third-world country. It's up to us; it's got nothing to do with the demography. And recently, and here I'd like to echo my friend Effi Eitam — I wasn't aware that you were going to say that, but with a small change — Egypt has to assume the responsibility for Gaza. Gaza will be two and a half million people. A jailhouse with two and a half million. I'd just like to remind you that Egyptians are building a big water channel towards El-Arish, and they have to take part, they're just as responsible as we are for their fate, and I think that you're absolutely right, this should be put in the agenda. Two comments, because I still have sixty seconds. With Izhak Ravid, if you read my material, I keep quoting him. He provided me with a lot of material. I truly concur with all his conclusions, except that as long as you're talking about the right of return, there are already 150 thousand refugees inside Israel. Ben Gurion in 1961 was talking about thirty thousand. Many of the things that I describe in my booklet have happened since, and since I was talking about 13 thousand Bedouin women within the green line, I was talking about twenty thousand in Jerusalem; they were mocking me, the security establishment. They said there was already eighty thousand, not twenty thousand in Jerusalem. In one of the villages near Taibe I was talking about three thousand foreigners, they were laughing in my face and said there's fifteen thousand. And there's a price to pay. Another comment about partition. I have to tell you an anecdote here. Arik Sharon, I don't remember if he was foreign minister, or housing minister, anyway, he asked Meir Ben-Meir, Shlomo Gazit, Uzi Keren, Dan Staff, Arnon Sofer, Raffi Lerman, to sit together and try to demarcate and prepare a map. We sat together for five months, and could not even prepare a single draft that we agreed on. Thank you

Avi Gil: Thanks you Arnon Sofer. We will now take questions or comments by the audience. Dan Schueftan.

Dan Schueftan: My remarks refer to what Professor Tamir was saying. If I understood correctly, you said that you don't know of any concept that tries to solve the economic questions and the Jerusalem problem. I know of at least one module that did try to do so. I think there's an inherent logical failure here. Of course everything should be done in agreement. It's like my grandmother used to say: it's better to be healthy and rich than sick and poor. But the chances of reaching this kind of solution with Palestinians and with the Arab world is nil, for several reasons. The Palestinians, we want to take the two most important things away from them in their struggle against us. The most efficient means of struggling against us — we saw in Taba and Camp David, that that's their ultimate goal — to continue the national struggle, maybe by different, not necessarily violent or military methods. But exactly that thing that you're afraid of, and quite rightly so, that the Palestinians will see the struggle as one between two populations, they won't agree to retract that. What they want is to make us pay for their misery. They want us to be the ones responsible for their misery, and if we make them restrict that, it's not a n option, it won't work. Abu-Ala and others consider separation a declaration of war. In Taba and Camp David, more significant withdrawals were offered and they rejected them. One last remark about the Israeli Arabs: they will, and quite rightly so, see this as an attempt on our part to separate them from the hinterland of Israel, and they won't agree to that. So if all these objections lead you to thinking that separation is impossible — fine. But if you still go for separation through cooperation — I think that is not viable.

Avi Gil: Avinoam Bar-Yosef is the next speaker.

Avinoam Bar-Yosef: I'd like to refer to things that have not been said here. I can agree with remarks said here about Oslo, except for Palestinian nationalism, everything else is in our hands. Nothing was said of any principle postulated by the Palestinians. If you go negotiate with a party, you have to know what the other party stands for. You said something about a visit with children to a Palestinian leader. Let me tell my own anecdote. In the Gulf War, Sari Nusseybah was accused of making public where the Iraqi missiles hit in Tel Aviv, and he was detained. And Sari Nusseybah was an intimate of mine, and I went to visit him. A minister in Shamir's government at the time, a liberal minister, said: "look how Nuseybah is helping Saddam. He's showing where the Jews can be hit. And I came home and told my wife that, and she said that he won't be able to enter our house anymore. I said: "ok, but you should think differently — how would we behave if we were in his situation?" So she cleared it up and said: "look, we're not in his situation, we're in our situation, and he is in his". And when we talk of

managing negotiations, I think that these points should be remembered. What is the position of each side. And I don't believe in zero-sum games, and I don't believe in dreams and visions, and clearly the greater Israel dream should be relinquished because of the demographic situation, but maybe the vision of a new Middle East should also be put on ice for a while, like Professor Dror mentioned before. Today you need a capital city, and you need an ideology to have a state, otherwise you could just have an office with a fax and a phone, and you'll have a new economic center for the Middle East. So I think three points should be addressed in future negotiations: demography, the right of return, and security zones, and also some ideological way of bringing Jewish people to support Israel. Thank you.

Avi Gil: Professor Dror.

Yehezkel Dror: I have a semantic remark to make, with implications. The verbal differentiation between interim and long-term agreements – that differentiation is simply wrong. All the problems can reawaken after a comprehensive solution as well, and interim solutions can last for a long time. So this dichotomy between interim and long term solutions is false.

Professor Sprinzak: Somebody spoke of the Kineret Document yesterday. It was given to me yesterday to sign, and I see many signatures: Yael, Arnon Sofer. My question is to Arnon: how come you signed this document? There's a whole paragraph here saying: The state of Israel recognizes and respects the rights of the Arab minority, and is committed to equality. Israel should work against discrimination to uphold civic equality. Israel will maintain and enhance the rights of the Arab minority to define itself as a national minority. This is ridiculous. What kind of a thing is this? You've signed this. What's going on here?

Avi Gil: One more question from the audience, and then one minute, sixty seconds for the panelists to reply. Geula Cohen. Geula Cohen will speak first.

Geula Cohen: Gil, my question is to you. You said that certain principles hold to this very day. You spoke of Oslo that shouldn't be buried, and so forth. You said that we have learned that there's a consensus in Israel: territories for peace. I think that what we've learned, and you didn't prove what you said, because there is no peace for any territory given. If we've learned anything from Oslo, it's that territories for peace is an illusion, here in our region at least. It hasn't worked, it never worked. You said that settlements, they thought that settlements would bring peace, and it failed. But it's only the fear of settlements that until now has forced the parties to enter negotiations in the first place. I'm not speaking of settlements in general in your concept, but it's the opposite of what you said. You said that occupation should end if we want peace. That sounds a bit mystical to me. Everybody says that, so what, so they say it, so what? You said that the occupation must stop, but in fact we know, and you know too, that the Fatah was established in 64' and they spoke of occupation in Lod, Ramle, and so forth. So why does someone like you, especially when you give this fact, why would you say such a thing, that the continued occupation is the problem? Dan Meridor, I know that you've changed your opinion on a few things. You know that it's impossible to let the Arabs of Judea and Samaria be citizens now. This premise that it was possible has been disproved. And you said something that seems unfounded to me. You said the border is the most important thing. Why is setting a border the most important thing? Why today? Why should that be, when it's so difficult, it's impossible in fact, and you know that yourself because you said it should be achieved through peaceful means, but if not, than without having peace, as long as Zionism prevails. I really haven't understood that point at all.

Avi Gil: Assad Assad is the last speaker to ask. Please be brief, because we want to let our panelists reply.

Assad Assad: I'm the only Goy here at this conference, which it so happens, and I thank Arnon Sofer for saying that e should embrace the Druze. I've been listening to the presentations, talking about Israeli Arabs, and I assume the Druze are a part of this group. I'm familiar with the Israeli situation. I live here. In the division of the national cake, you know that we get one to a thousand. 83 percent of the Druze young people go to the army, compared to 75 percent of Jews. Do you know that once a year, the Druze directors of regional councils, go demonstrate in Jerusalem? They stay there for a month or two.

Avi Gil: Telegraphic responses on the part of the panelists. Dan Meridor is first. One minute.

Dan Meridor: The trends are clear, the conclusion is very dramatic and it is important to reach that conclusion, but I'm not giving up on Zionism yet. I don't think we should give up. It's a question of definition. If it's control for Jews in Israel, that's not Zionism. Zionism is the majority. I don't know of any South African Zionism in Israel having minority rule. We've had a million immigrants from Russia, and I hope more will come. And demography shows that we cannot keep all of Israel in our hands. We can't escape that. The essence of Zionism as we knew it – Menachem Begin said: "I'm not annexing any territory without offering citizenship. But we cannot do that today, because that would put an end to Zionism. SO we have to decide either to give up democracy and Judaism, or give up, as painful as it is, part of the land. I don't know of any Judaism that can entertain the notion of withholding citizenship from residents of the country. AND we have to fight for the Jewish state, as a democratic state, and that means tearing parts of the land away. And as painful as that is, because we might not have a partner for peace. But in conducting any type on negotiations without a moral basis, we'll get nowhere. It's not my country if people live here that can't vote. At least in a broad, unity government we may be able to make a decision of this kind.

Avi Gil: Yael Tamir, you have one minute.

Yael Tamir: Dan Schueftam, what I said was that there's a crisis of confidence on both sides. What I said is that enabling a process to go forward that entails withdrawal from the settlements, and giving back territories - there is a possibility of starting that kind of process.

Professor Sprinzak: You spoke of the Kinneret Document. There are many parts in that document. The passage you quoted is an integral part of it, and I second what Dan Meridor said – Israel must be a democratic state. The fastest road to a third world status is not being a democracy. A country can decide not to give out welfare stipends. But if you do – and this is true for any democracy – England, America, and any democracy – it gives these stipends on an equal basis among its citizens, and we have to decide if we're a nation or a community. Are we a state or not? If we don't allocate funds on an equal footing, we're just wasting our time. We have to allocate for Druze and Bedouins, and I have the greatest respect for them, but for every citizen. For Jewish citizens I have to give the same as to Arab citizens. And otherwise, not only will we lose our standing in world opinion, but we'll lose our own convictions. We want justice to touch justice. Our justice is democratic and Jewish, and they can't be separated.

Izhak Ravid: I don't know exactly what Yuli disagrees with me about. I'm not an expert on constitutional law, and I said a Jewish, democratic country cannot afford to discriminate against citizens. I accept your professional opinion. If that's so, what I said was: "since we're a heterogenous state, we should cut-back income tax, and the nation, the state, will stop handing out welfare stipends."

Avi Gil: We've heard so many different opinions here, some of the points made were quite controversial. It's a lot of food for thought. This session is concluded. Thank you.

Monday December 17, 2001 - Lunch

"The Security Dimension in a Policy of the Jewish People"

Chair: Mr. Malcolm Hoenlein

Sallai Meridor: A lot of money comes from big donors, and from just common people like us, just like us, who live on a salary. But they nevertheless said: "were going to contribute another thousand dollars. And at the end, one Jewish person, a leading contributor, asked for the right to say something. He said he wanted to make a confession. There was silence in the room. It's not an ordinary thing that someone comes up and said they want to make a confession, especially not for a Jew. And he said, a few days ago I was at a very large event with 400 people, leaders of the business sector in which he's involved, and there, as the evening was proceeding, one of the speakers made a terrible presentation, as he said, against the state of Israel, and this Jewish person, who only a few minutes ago declared that he was making a great contribution to Israel, and he said: "I have to confess to you that I stayed silent", and he said: "at first I said to myself: 'don't get up, don't talk, it's impolite', but to you I'm telling the truth – I didn't know what to say". And when I heard him say that, I saw the reflection of the situation in the context of mobilization, and of the potential of the mobilization of the Jewish people from and around Israel. On the one hand a lot of love and commitment, and on the other hand a giant warning sign for us all. If we go on not investing, and if we go on not enhancing the Jewish awareness, and not enhancing ties with the Diaspora, than in twenty or thirty years, in similar occasion to the one we're having today, it is doubtful that we'll be meeting anybody. Israel is in a very special campaign – a campaign against terrorism that involves very specific components of the national strength that are put to the test, and I think that we will prevail. I don't want to talk about tactics. About the mobilization of Jewish people in those components, for example – determination, resilience. After quite a long time of cynicism within us, it suddenly becomes clearer and clearer to Israelis how important the solidarity of the Jewish people is. We see that in reports about interpersonal relations. I think we all remember what happened here in Israel surrounding the Maccabiah. Not that all of us are such sports fans. We see that in polls what Israelis think. Eighty percent think that it's very, very important, the mobilization of the Jewish Diaspora, in favor of Israel is very important. And the Jewish people, gradually is waking up, with a lot of activity and solidarity delegations and twenty thousand teenagers that visited Israel last year when there was terrorist attacks and the serious conflict here. There were twenty thousand teenagers here, and there were supposed to be two hundred thousand people convening in New York in a rally. That fell through because of September 11th, and there's fundraising. But it is taking much longer, it is much more difficult than it used to be 30 years ago. And I'll repeat: if we don't take action, it will be even more difficult 30 years from now. And I'm cautioning us not to be blinded by contemporary reality in regard to the political influences. We're now three months or so after September 11th, and we must not examine the potential in that, out of today's perspective. And here too, this last year we had a lot of activity surrounding the Durban Convention, a lot of PR activity. Incidentally, initiatives that Jews in England and the United States took because they felt despaired at what is going on in terms of PR and what's going on in the media, and the political realm. But I wouldn't be blinded by that, because we must not examine this in a situation that is not a normal one. After September 11th, there were two abnormalities: one which sent us all into the shelters, and the other that gives us all a feeling of euphoria. The one with the shelters was the declaration about Czechoslovakia, because when the United States is fighting what it perceives is a fight for its survival, and the possibility surfaces where American Jewry might have to decide where their allegiance lies, many. Many will go to the shelters. But that is not the situation. The United States is not in battle every year or every day. But we, unfortunately have been battling for more than 100 years. And this situation the last two and a half months, in which the United States is battling in a war that is very similar to the war that Israel has been forced to fight, and the ethos is similar, the music is similar the lyrics are similar, the expressions of unity and solidarity, and the sanctity of the normally – all this discourse that has become American as well now. This too is not the context in which we should examine the potential of American Jewry and the future, because yes, there was Jewish influence in the fact that three hundred and ninety something Congressmen passed the resolution versus eleven in regards to Arafat, but this happened now. We have to look further into the future, the long term. We have to take into account the fact that the potential of the Jewish people vis a vis the state of Israel, and mainly in terms of "aliyah", of immigration, the potential is immense, but it's not a sure thing. And what happened to us in the last year, in my mind, has to be to us all, above and beyond the satisfaction of seeing a new awakening; it should also be a waking sign. I understand that a lot of the discussions held in this conference, similar to the one which took place last year, are based on demographic analysis. Demographic analysis of the state of Israel, of Israel as a land, and the significance of democracy to the future of the Jewish nation. Now I'd like to try and broaden the picture. I'll talk about the

demography of the Jewish people. When you ask Jewish demographers how many Jews will there be in the world in 50 years' time. Now the estimates are about 13 million. So, of course there is no answer, people asking questions of scenarios, what are assumptions, and after a half an hour, an hour of Jewish questions and answers, or rather questions and questions, you get the answer, so it depends on different assumptions but there are going to be somewhere between 12 and 18 million Jews. Let me remind you that under different circumstances, different scenarios, and on totally different circumstances, in 1939, we numbered 18 million, and in 1945, 12 million, and in the middle of new century, again, six million Jews are at stake; that circumstances again are completely different, but still, six million is the number. And what will determine whether we'll be near a 12 million or 18 million, are three issues: size of families, Jewish education, and making "aliyah". I don't want to speak much of family size, especially as I can't serve as a role module, because I only have three daughters, and other people have done better than myself. The problem is not the fact that I have daughters by the way, but it's only that there are only three of them. I was worried for a minute that you might misunderstand me. But one thing I will say which is that in the Diaspora there is very little that we can do about the number of children in the family. This is all affected by things which take place in the general society, but in Israel we can affect this. And having a policy in Israel which will help most families, those who want to have three or four children, and find this difficult, must have the social structure in this country, which will enable equality between the two genders, plus work opportunities, job opportunities, and the ability to raise three or four children. This will be part of the answer to the question whether we're going to be smaller or larger, weaker or stronger. And without relating to the issues of the social economic issues of families with many children, without relating to this question, than it doesn't matter what we say about Arabs and Jews. There's a set off there. Another issue is that of education. WE have a lot of criticism, tend to criticize Israeli education, what our children gain from it, etc. etc.. However, reality in the Jewish world is that fifty percent of the children outside of Israel receive no Jewish education at all, nothing, nil. Only 25 percent go to Jewish schools. This is the reality. And there's a tremendous need. There are schools without educators, they cry out for Israel: "help us, help us save our children, their children, which are ours as well". If you ask me it is high time - and this is a strategic approach - it is high time that the Israeli society here in Israel, together with the Jewish Agency, starts taking responsibility of the next generation of Jews. There's so much to do. Much more than we can do today. Youngsters going out to summer camps can go for a whole year of service abroad. Educators from Israel can go abroad, Jewish educators abroad can be trained in Israel, our Universities must be open, and normal prices, reasonable prices, for children at University ages. By the way, the world of Yeshivas is open, and this is praise to them. They are open on expense of the state budget. Two children coming from abroad - and this is not said here as criticism, this is something important, and it's not there for Universities or anybody who is not going to Yeshivas, maybe at some places, but not on state budget. And if you want to take this a step further, a strategic step, if you will, the twentieth century is characterized by the fact that based on our tremendous efforts here in Israel - our efforts, our parents efforts - the Jewish people took part in any possible way. Than the 21st century should be one in which the Jewish people in the Diaspora continues to take part - and by the way they do - and if you look at money side of it, it means about a hundred million Dollars a year, but it is time for us to start taking part in securing the future of the Jewish nation abroad, and this means the personal responsibility and personal efforts of every educator, everyone who can, and also a matter of resources, of course. People talk a lot about the essence of Israel as a Jewish, democratic country. I think that one of the aspects of this question can be for Israel to take responsibility for securing the future of the Jewish people, which is one of the reasons for its existence. After all, it wasn't established just for the sake of Israelis, but as a solution for the problems of the Jewish people as a whole. And we concentrated all our efforts and national energies into it, and now the question is what are we going to do for the Jewish people. And this can be related to the third question which has to do with demography - the question of aliyah. I think nothing is more important than aliyah. Both on the tactical level of contributing to national strength, I think nothing can strengthen us more, that this week 828 Jews will be coming on Aliyah to Israel despite everything, and ever since the attacks against us more than eighteen thousand Jews came to live in Israel. But there is no other answer. There is no better answer to the problems of Israel, both demographic and others, than aliyah, and I will take this to extreme, even. I think that aliyah is critical. I'm not saying merely important, I'm saying critical, vital, to the very existence of Israel as a Jewish and democratic state. It doesn't matter what the borders are, by the way. Even at the '67 borders, we will loose our Jewish majority, if not for aliyah. And here I'd like to make two comments, with your permission, one concerning the Law of Return: Lately the minister of interior suggested to change the Law or Return. I believe this would be a terrible mistake. I will not elaborate on the issues, but we're talking about children and grandchildren of people who were part of Zionist and Jewish families, and because of seventy years of Communist rule, weren't able to receive neither Hebrew nor anything to do with Israel; nothing Jewish, nothing Zionist, and now they're coming back home, in the broader sense of the term. And those children speak Hebrew and they go to school with out children, and in Hanukah they light candles, and they eat donuts, and they go to the army with us, and they'll be murdered together with us, because of their Jewishness, and they beg to be buried with us in the same cemetery. Those are the ones that they want to keep away. It is true what people say, there are some elements among them - well, you know, there are some elements in a group. Maybe I'm also some sort of an element. There are elements. But on the whole, two years ago we started a Jewish identity program in the former Soviet Union. We didn't know whether a single person would want to learn about Jewish identity. Why should people want to do that after seventy years of communist rule in the former Soviet Union, Russia, and in other countries. But in the last two years, fifty thousand people, of their own volition have been coming to study and learn Jewish identity. If anything needs changing, it is not th law of return, but rather the approach of the Rabbinical establishment to the entire issue of conversion. Because of the uniqueness of the Jewish nation, which combines nationality and religion, because of this uniqueness, which I'm happy about, this is why we gave the keys to nationality, and put it in the hand of the Rabbinical establishment, and they are not willing to use it for the interests of nation. And the interest of nation says many Olim to Israel, and to avoid a rift in this nation. And there are no other Diasporas. I met Jews from Turkey yesterday, thirty percent of assimilation; in the United States, over fifty percent; in France, second or third generation of Jews who came out of North Africa, forty to fifty percent assimilation. There will not be a major aliyah, which will not consist of people who are coming back home after they are drawn away, and large proportions of aliyah are critical to our existence here. One other comment about aliyah: The next challenge of aliyah will be aliyah from western countries. Today, 75 percent of the olim still arrive from former Soviet Union. If our starting point is the assumption that in order to bridge the demographical deficit that we have, we need another hundred thousand Jews every year, because our natural growth is 1.2, which is great, however the non-Jewish rate of population growth is 3.2 per year, and this is without taking aliyah into account. So at least we have to

secure fifty thousand olim every year. This is not going to be the case with the former Soviet Union for more than ten years. If we start the decade today, than let's say about forty thousand will come from the former Soviet Union, but at the end of it, there will be no more than twenty thousand Jews left in the former Soviet Unions, because the community there is getting depleted, it is getting old. Maybe we'll have three-hundred thousand in the coming decade, over the years, but where will we take another two-hundred thousand? So we must look towards the west – France, the United States, Argentina, and also the rest of North America. And I'm saying this with great concern, because about six months ago the government, together with the Jewish Agency took decision to start a move towards aliyah from Argentina and from France, which will necessitate taking the right steps in order to promote their ability to be absorbed in Israel, and I believe the good intentions of the government, but up till now nothing has happened, and I'm warning us all that if we don't take immediate steps, there will be a decrease in the number of olim, and we will not be able to say that well, since the beginning of the Intifada only such and such number of olim have come, and we will not be able to explain neither to ourselves, nor to our children how are we going to make sure that within forty of fifty years from now this state will still remain a Jewish and democratic country, and this will be a tremendous fiasco if we don't do this now. There's a dangerous gap in Israel between intentions and deeds, and between the energy put into long-term projects, and the energy invested in short-term needs. And maybe this is one of the lessons that we have to draw from the portion of the Torah read last Saturday about Joseph who not only interpreted dreams, but who also gave Egypt another two things: one is long term thinking, fourteen years ahead, and also some immediate action, based on his fourteen year ahead analysis. It is true that it only happened after his brother sold him out, but he didn't neglect a single opportunity to make their lives a misery. And now I'd like to take this opportunity to congratulate this conference again for helping Israel in the strategic way. And exactly one of the issues that the Jewish Agency is trying to promote today is to plan a long-term policy for the Jewish people; trying to mobilize good minds and excellent hearts from among the Jewish nation in order to eventually create a policy-making body for the long term, so that decision making entities will have a longer perspective of where we want to be and where we want to go. It is the festival of Hanukah now. I'm not sure that the Hashmonians had an institute for policy planning, but I'm sure they had tremendous faith and determination, and I'm sure that then, just as it is now, it was completely necessary, and I'm sure that just as it was then, today it is necessary, but not enough and not sufficient, and we mustn't forget, even amidst the joy of Hanukah, the even then, in the long term, they did not find an answer to assimilation; that even then, when they had a sovereign, independent country, most of the nation lived in the Diaspora and did not come to Israel, and we mustn't forget how it call came to an end. It is true, they took twenty-two hundred years then. But other than remembering and never forgetting, we must and can insure and act in such a way that this time it will end up differently. Thank you.

Monday December 17, 2001

Fourth Session: The Jewish World and National Strength

Chair: Prof. Moshe Kaveh

Moshe Kaveh: Dear friends and the Presidium, Dr. Uzi Arad, Mr. Sharansky, Professor Naparstek, Brigadier General Israella Oron, Professor David Harman - I'll introduce each and every one of them before they speak. Good afternoon. It is my privilege to chair this session, and I would like to start with a question: why in the first place, the discussion of the Jewish world is even on our agenda, in this conference, which is mainly about national strength. It seems puzzling. Technology, missiles, deterrence, military balance, economics – the role of these issue in such a discussion is evident, but Jewish people, content surrounding the Jewish democratic state, with which must most of the nation will identify, Jewish content doesn't necessarily mean religious content, but rather content that would strengthen Jewish identity. Jewish identity – joint symbols are the basis for spiritual strength that the Jewish people need so badly. The second reason that lead to the fact that we do not have an international Jewish umbrella that will support the state of Israel, is due to the shortcomings of the state of Israel, and what I'm referring to is the fact that the strengthening of the Jewish people around Israel was never on the national agenda of the state of Israel. And I'm not talking about empty words. There has never been a budget for this, and for fifty years or more, ever treated Jews in the Diaspora with complete alienation, even with contempt. The fight against anti-Semitism in the world was not at the top of our agenda either. The intellectual elite in Israel has also for decades alienated Jewish Diaspora. But this approach has failed bitterly, and now we're paying the price. Contributions from the Diaspora, as we heard from Sallai, to the state of Israel this year have been on the rise slightly, but apart from the Intifada, there approaching nil. Jewish tourism to the state of Israel is at a very low. We are not a magnet for the Jewish Diaspora. The number of offshore students in universities here has fallen significantly, and at this rate all these programs may be terminated. As a result, diplomatic support for Israel in times of crisis is also on the decline. And the outcome is an absence of a diplomatic support that will be sufficient to back up Israeli's basic precepts. In my various visits around the world, it is very painful to see the media converge that he Palestinians get, compared to what we get. Dr. Uzi Arad has been speaking about strength, but also about a balance. It seems that by and large, the balance of the Jewish people is negative - at least in terms of quantity. The difficult problem of global Jewry is intermarriages. To date, there are about 13.5 Jews all around the world. About five million of them in Israel, eight and a half in the Diaspora. According to the statistics, Judaism will disappear all around the world within one generation or two, and will be slashed by half in the United States. This is a statistic of disappearance. I certainly empathize with Meridor who said that immigration has to be the basis for most solutions. In a generation or two, this solution will no longer be relevant, because there will be no potential immigrants. The Jews are very interestingly distributed. In Israel there are religious, ultra-orthodox and secular Jews, with serious disputes amongst them. In the United States we have reformed, conservative, ultra-orthodox, and various other groups with even more serious disputes between them. As a physicist, let me tell you that Einstein was unable to unite only three forces of nature – gravitation, electromagnetic forces and nuclear forces, and is still looking for the one theory. Is there a chance for any Jewish leader to unite the Jewish nation? Part of the Jewish identity is to propose panaceas. As a scientist I know that most solutions are not perfect, but nevertheless, it is part of our Jewish identity. One way, too, that I would propose – and you will be surprised to hear this from me, and modern orthodox, and a president of a religious university – but I believe in these credos. What I want to say is that we have to recognize the fact that secular culture has become the main and dominant culture, both in Israel and in the Diaspora. AS was recently written by my friend, Professor

Liebman from Bar-Ilan University it may very well be that there is no such thing called “secular “Judaism”, but the fact is that most of the Jews, in most of the world, in every poll that is taken, in every survey, most Jews say that they believe in Jews, and maintain most of the mitzvahs, but there is certainly something that can be called secular Jewishness. What distinguishes between this, and the religious Jewish culture? It is the faith that there are realms of life, including those of public life, where religion left a void. Into this void we did not insert other values that would formulate a more united Jewish people, and this is a challenge for all of us. Israel leaders and leaders from the Diaspora. I'd like to emphasize this point because in practical and cultural terms it doesn't matter that seventy- five percent of Israelis believe in Jews, that ninety-six percent have Mezuzahs on their doors, and seventy three percent fast on Yom Kippur, according to the Gutman survey. A recent opinion poll in the United States, done by a University, also showed that seventy-three percent of Jews in the United States believe in God. But here too there is no practical implementation for this, because sixty percent of these Jews define themselves as secular, and live secular lives. This means that both here and there, despite the adherence to certain religious ways of thinking ,and although people may have respect for Jewish tradition, most of the Jewish people is classified as secular, at least culturally. For the Jewish secular people, there is no unifying leadership and codes. There are no clear-cut principles - and this is risky for the Jewish people. I would like for the secular majority to adopt a strategy of Jewish survival, just like my good friend Felix Posen from England wrote recently. Secularism as Jewish life must be appreciated and supported as a potent source of motivation, and identification; it must be utilized by the organized Jewish community, for all the positive opportunities it affords. Particularly as a religious Jew, I'm telling my secular friends – get organized, get together, take charge of Jewish identity. It's your just as it is mine. Don't let the youths depart from Jewish identity only because of a few irritating Jewish busy-bodies that maintain that they are the only ones that know what is right. The Jewish people always knew how to extricate itself from crisis, and to overcome terminal statistics. We left Egypt and slavery and went to Israel; after the second temple was destroyed we created the Mishna and the Talmud; The expulsion from Spain - came Maimonides; from the crematoriums in the Holocaust, we created the state of Israel. What will become of this Intifada? This is a challenge for us all. I'm sure that the scholarly speakers here today, in this session, will address some of these comments. We have to bear in mind that this discussion about the Jewish people as an element of political strength in Israel is being held after September 11th. The dramatic changes on the political and strategic level, stemming from what happened in September, will surely have an impact on the status and situation of the Jewish in the Diaspora. We have to ask ourselves many questions: how and to what extent will the economic and security situation of the Jews in the Diaspora change after September? If Middle Eastern terrorism will continue to strike against the west, will not the Jews of the Diaspora, lead by the American Jewry, be accused of a certain responsibility of the strengthening of this terrorism, since they support the state of Israel. And if an international war of religion ensues, than the clash between Islam, and the Jewish and Christian heritage, how will that impact the situation of the Diaspora? We have to devote time and thinking to these questions. We have a very fascinating session.

Uzi Dayan: Felix Posen is very much involved in Israeli-Jewish educational affairs, but has always kept a very low profile. He has been supporting University and academic activities in the field of anti-Semitism research; Jewish education; the study of Judaism as a culture, and has been tireless in supporting such activities. I have been associated with him in these efforts and I'm very proud to be in that position. It is for this reason that it is a pleasure for me to introduce Mr. Posen for him to introduce Mr. Sallai Meridor.

Mr. Posen: Thank you very much, Uzi. Ladies and gentlemen, I feel very privileged to be able to address you very shortly, to introduce Sallai Meridor. As you heard from Uzi, my foundation is involved primarily in the areas which have things to do with the activities of the Sochnut. Education; teaching Judaism as a culture and civilization; anti-Semitism; and to possibly give this very, very unique organization, the Sochnut, and its very unique leaders, Sallai Meridor, a little more of a unique problem, we have just finished in the US a census of all America and in particular the Jews in America. The census was particularly on the area of secularism and religiosity. The belief or not in God in that area. Why was it done? Because the result of it may influence the kind of education which the American establishment will decide for its own people. And indeed this will, if nothing else, create a debate within the Sochnut as to what they in turn will do about that. Now, Sallai Meridor all of you know better than I do, he is a very able, intelligent, coherent wonderful man and I will say no more than that and, please, Sallai, take the floor.

Sallai Meridor: Thank you Felix, after this opening remark I may better keep quiet, but it's too late for me to go back to the chair, so

Art Naparstek: You did pronounce my name right, and Minister, do you know what Naparstek means in Russian? Right (thimble). By the way, I'll have to speak in English and hopefully you'll invite me back in several years and perhaps I can speak in Hebrew, but for now English will have to do. Also, this is probably the worst possible time for a professor to be giving a lecture. 15:00 in the afternoon after a heavy lunch, it's very, very difficult so bear with me. I'll do the best I can, particularly after the wonderful speeches we already had during lunch and on the panel. My role on the panel is to discuss the Jewish people as a strategic asset based on the Jewish Agency working group report, and you all have a copy of that report, so I'm not going to go through it, but the report makes the point that national security is not only linked to strategic military strength, or geo-strategic strength, but also to economic, political and social strength and it was a point that was made by Uzi Dayan at last year's conference and one that I've remembered very well and have used since. Key to national strength is the relationship which Israel has with the Jewish people in the Diaspora. The report focuses on a number of issues such as demographic trends, you've heard about that from a number of perspectives, Aliya, and you certainly heard a powerful statement from Sallai Meridor, and a range of programs related to Jewish solidarity with Israel. I would like to address the report's findings and the issue of strategic assets by posing a question and putting forth an approach, which responds to the question. This may then serve as the context or framework for reviewing the findings of the report and developing a strategy to move forward. The central question as I see it is how do Diaspora who are socially, politically and religiously diverse stay or become connected with an equally diverse Israel in a meaningful and profound way? I think the response, the positive response to that question

is one both on a conceptual level, on a policy level, in terms of strategic vision, but most importantly it's also on a leadership level and an organizing level. I believe in many ways we are on the threshold and we should be on the threshold of establishing a new movement in effect. The question is guided by two assumptions that I have made. First, the centrality of Israel to Jewish life throughout the world. The centrality of Israel to Jewish identity and Jewish community, particularly in the Diaspora, and certainly Jewish life in Israel. If Israel is perceived as strong, Jewish communities around the world are less likely to be challenged and more likely to be stronger, yet we now live in challenging times in part because of September 11th but also in terms of how the post-Holocaust, post independence generation perceives Israel, and perhaps in many ways how Israelis perceive Jews in the Diaspora. For the past 50 or 52-3 years, Zionism had a very clear mission. It was Zionist settlement, nation building and Aliya. Jews and Jewish organizations throughout the Diaspora were organized to work on that mission. I remember as a child my father, who had just barely escaped the Holocaust from Poland with my mother used to take me down to the docks of NY and we would sneak guns onto the ships in 1947 and 1948. My father with his brothers and me and my cousins and we did that until my mother found out. The men didn't want to do it because they were all immigrants and they were afraid they'd get deported but they thought because we were all minors it was OK for us to do it. So, Israel was always central to my life and there was never any question. Allow me to be more personal for a moment. I've had the good fortune to be shaped by two of the great movements of the 20th century: the Zionist movement and the Civil Rights movement in America, and it was really those movements that have provided me with the value framework and the organizing strategies to move forward, particularly as it relates to Israel. But for my children, Zionism and Israel are not the same. For my children in many ways it means something very different than it does for my wife and I. For them, it's about relationships that they've formed with Israelis. My children were all part of the North American Habanim movement, they all spent a year in Israel, all three of them, after high school, and they've made frequent trips. But for them it's not about ideology or the struggle to build a nation, my children like many young Jewish people in the Diaspora define new ways of relating to Israel. I was drawn to participate in my current job just one year ago, because I believe that the united Jewish communities with the Federation movement and its partners the Jewish agency, the Joint Distribution Committee have an opportunity to bring about a new and transformed vision for Zionism. I'm suggesting that key to all our work is shaping that vision and strengthening of Israel's national community by building strong local communities both in Israel, a stronger civil society in Israel and strengthening Jewish communities in America, and simultaneously connecting Israel to other communities throughout the world including North America in ways that will promote Aliya – because I agree that Aliya is critical in many, many ways, but key to Aliya, wherever it is, and I don't think this is a contradiction, is the building of strong Jewish community. So the first assumption is the centrality of Israel. The second assumption is the concept or value that we as Jews, no matter where we are, are linked together. That we have a collective responsibility to each other. So, if Jews are challenged or threatened in Israel, it has a chilling effect on Jews in other countries. A recent essay that some of you may have seen in the NY Times magazine, November 4 of this year, by Jonathan Rosen, makes the point that we are all connected in ways that are both dangerous and uncomfortable, because of both the current position of the Arab world and the September 11th attack on America. Rosen makes the following provocative point: ' Jews were not the cause of WWII, but they were at the metaphysical center of that conflict nonetheless. Since the Holocaust was part of Hitler's agenda and a key motivation of his campaign. Jews are not the cause of WWII' – we can argue whether it is WWII or not, but that's not the point, whatever we're facing – " but they have been placed at the center of it in mysterious and disturbing ways." To say now that European anti-Semitism, which made the Holocaust possible, is still shaping the ways Jews are perceived. Arab anti-Israel propaganda has joined hands with it and found a home in the Muslim world. Israel sticks out in this crisis as European Jewry stuck out in WWII, particularly the anti-Zionism of the Arab world has adopted the generalized anti-Semitism of the European world, and now Jews throughout the world are affected. Anti-Semitism has been a factor which has traditionally united the Jewish people throughout the world. However, in recent months the sense of collective responsibility received new impetus against the backdrop of the new regional and international situation. The Palestinian violence in Israel and the territories also unleashed a wave of anti-Semitic acts throughout the world. As David Harris pointed out last night, we find anti-Semitism in the college campuses in different and new ways. The new form of anti-Semitism, inspired by Islamic and Arab sources, blurs the distinction between anti-Semitism and being anti-Israel or anti-Zionism, and that became very clear in Durban as well. Our challenge is not to fall into the trap that American Jews fell into during the 30s and 40s, that is to mute the separate Jewish concerns for the good of the larger struggle to liberate Europe. What then is the strategy for responding – and I might add that I'm very taken with that last statement, because I'm hearing over and over again not only from Jews, secular Jews, other Jews who are somewhat religious, reform Jews, conservative Jews, and non-Jews, questions about 'what is the purpose of Israel', 'what has Israel ever done that justifies our support' and so on and so forth, and it's quiet and muted but we have to begin dealing with it. So what then is the strategy for responding? The working group paper offers important programs and insights on how to respond to these challenges. I would like to review in my remaining time, our group's finding through the lens of one Jewish Agency program which I had the privilege of leading prior to my taking this job, as a volunteer for the Cleveland Jewish community federation. In the Spring of 1995 the Cleveland Jewish community federation and Beit Shean, a community in the Jordan Valley became partners in a new initiative of the Jewish agency known as Partnership 2000. Partnership 2000 is different from other past initiatives of the Jewish agency, such as project renewal, a program of the late 70s and 80s, project renewal focused on North American cities adopting Israeli communities and building physical structures. Partnership 2000's purpose is twofold. One, to redefine Israel Diaspora relations, that is to search for new relations between Israelis and Americans, and second to work with Israelis as partners in bringing about the economic and social renewal of development communities and the regions they are located in. That is to improve the quality of life and economic conditions of these communities. It is in effect to build a civil society. It has been a complex challenge to carry out these twin objectives. Building strong community in Israel, which I think is imperative, and there's an assumption that it's here but I'm not sure it's as strong as everybody thinks, and strengthening Israel's strategic asset, stronger Jewish communities in the US. Now you might ask yourself how can you relate to a small region of Israel? What relevance does it have for the people in this room? Many of you are from the center of the country, and for that matter people in Cleveland asked the same question. Why in the world would we be engaged in a very rural area, a very poor area of the country, how do we begin to relate? What we were able to do is, by putting forward a strategic vision, and that strategic vision was one of community building based on the notion of partnerships between Jews in North America, in Cleveland in this instance, and those in Beit Shean, we were able to overcome and transcend some of the real

differences. But in many ways Clevelanders saw, once they became familiar with Beit Shean, that it offered both the challenges and the opportunities of Israel. It was in fact a microcosm. Clevelanders became aware in very personal ways of the tensions between Sfaradim and Ashkenazim. The city of Beit Shean is mostly Moroccan. The region is 22 Kibbutzim, 4 Moshavim, mostly Ashkenazi. The city is religious; the region for the most part is secular. The transformation of Kibbutz life and the whole notion of moving Kibbutzim from an ideology that supported Kibbutz life for most of the past 100 years or so, or 80 years to one that was defined in terms of market forces. The modular part of community building is really the model that I believe we have to begin to test in terms of reconnecting Jewish communities throughout North America building stronger communities throughout the world, and connecting those communities to Israel. And the model is really based on the strategic vision of community building. What is community building? It's a model that's rooted in what Stephen M. Cohen, professor at the Hebrew University, calls a model of personal meeting. The model envisions and is inspired by a community of American Jews with strong personal ties to Israeli Jews. It's where American Jews regularly visit, call and communicate with Israelis. These Americans maintain direct relations with Israeli people, not just formal ties or writing checks to Israeli institutions. They are engaged with people to people programs, have business relationships as well and partner on a range of economic, social and educational programs. The focus of partnerships is central to the community building model. Americans may have business partnerships, philanthropic partnerships, but in Israel there are also new types of partnerships, and most significantly partnerships with the non-governmental sector. Partnerships with business, with the business community in Israel becomes very important. Partnerships with the emerging philanthropic community, and we were able to do that in Beit Shean in a relatively short period of time, and most significantly make the connection back to the Diaspora through Cleveland. With thousands of Clevelanders who have now visited Beit Shean and feel connected in a variety of different ways, both and it's an intergenerational kind of process as well. What I'd like to do in the very short time I have is make the point that often I find, I get criticized where people say 'my God, these ideas are so small. People to people programs don't really amount to very much'. I come out of the philosophy that there is a writer and a philosopher of about 50 years ago Schumacher who wrote a book "Small is beautiful." He made the point that people for their different needs need different structures, some small and some large. But I'm often asked whether such micro-efforts as people to people programs based on community partnerships can really make a difference in the world we live in, can really offset the powers of assimilation, can really offset the powers of terrorism, offset the powers of anti-Semitism. I was struck with Ambassador David Kurtzer's speech last week to the Israel Council on Foreign Relations, which was reprinted in part in Friday's Jerusalem Post. The American Ambassador to Israel, in discussing the peace process noted that the absence of a people to people component of the peace process hinders the development of the constituency, building a constituency for change. In effect, what it doesn't do if we don't have it is it doesn't create facts on the ground. By having facts on the ground we create the atmosphere and the context for success. We create new leaders and we create new constituencies, and over time a critical mass of facts on the ground occur, and people on both sides of the fence have successes that they can point to. I mentioned that to Ambassador Ross several years ago as well, and he also indicated that that was a real serious mistake. In conclusion, my friend here who's also a colleague, I will respect it and be out of here in a moment. In conclusion, I would like to share several observations I've made. Something is going on beneath the surface in Israel. In spite of the dreary demographics, the Intifada and politics, the stress in the system has forced us to draw on hidden resources to create a new and better order. New modes of problem-solving, new social entities, new ways of distributing power. This is for me what this conference was all about both last year and this year. In America there's an old expression that goes something like this: 'anything that goes wrong can be used to your advantage, provided it goes wrong enough'. At first glance that doesn't seem to make a lot of sense, but when you think of it in light of this past year in Israel and now in America, it starts to mean something. When there's a policy vacuum, a stagnation of the bureaucracy, gaps in the system arise, and those gaps can be filled by new energy and creative ideas. A system going wrong, getting disconnected opens up voids. These voids are chances to replace the old with the new. I think that's what we're seeing with the relationships between Israel and the Diaspora, by using the community building model. I want to thank you very much and I look forward to the discussion.

Natan Sharansky: Before I'll talk about the Jewish people as an element of national strength - and I would really like to welcome what you said about the Jewish people as a building-brick of that - but I would first like to talk about the state of Israel as an important element in the national strength of the Jewish people. Let me talk first about Russia, or rather the former Soviet Union. In the former Soviet Union we were assimilating Jews. Me and the millions of Jews who were assimilated knew nothing about our religion, our history, our heritage, our festivals and holidays. WE only knew that we were Jews, and the results of anti-Semitism and the fact that it was written in our identity cards. We felt that we had to try and cope with that, and try and find ways to bypass this problem within an anti-Semitic environment, without having any kind of Jewish identity. When did that change? When we heard Moat Gars' voice saying: "the Temple Mount is in our hands (הַר הַבַּיִת בְּיָדֵינוּ)" we heard it on The Voice of Israel, on the Israel radio, in spite of the fact that they tried to interfere with the broadcast, but we heard it. We didn't really know what the Temple Mount was. Most of the Jews didn't know what it was, they only knew that there was a state of Israel, and they supported its right to survive. And once Israel managed to win a war against its enemies, we suddenly saw how the attitude towards you, an assimilated Jew, suddenly changed. Maybe they still hated you, the gentiles, but they respected you, because power is one thing that they respect in Russia. And suddenly, you came to realize that when Israel fought for its right to exist, it was also fighting for your own honor and respect, and therefore powerless people suddenly realized that even though their security was all dependant on how loyal they were to the regime, and therefore they didn't even care to think about saying what they shouldn't say, reading what they shouldn't read, those people suddenly became Jews. In the eyes of the people around us, we became part of the identity of that state of Israel fighting over there, and all of a sudden you have power. Once you realize that all those years you happen to think, by mistake that you belong to a different history, that you identified and affiliated yourself with a different society, another culture –suddenly you realize that it was not true. Once you perceived yourself differently, you suddenly realized that your whole life is on a continuum coming all the way down from the exodus out of Egypt, and you finally realize that the state of Israel means that there are Jews out there who want to support you, and are willing to support you as long as you say that you want to come to Israel. One can further analyze the reasons for the revival of Jewish life in Israel, and what caused millions of Jews to come on aliyah, but undoubtedly, the main element in our own national strength, our return to Jewish free life, was the existence of the state of Israel. And now, for the

Jewish people as an element for national strength of Israel. Here there seems to be some sort of inner-conflict or contradiction between the classical, Zionist approach which says that we have to gather in all exiles as fast as possible, and to try and reach out and gather them before they disappear. And if they are not going to come to Israel, than at least let them contribute money or something else. However the classical approach of the founding fathers of Zionism was to say that anyone who is not coming to Israel is not relevant. However, we are saying that the entire Jewish people, both in the Diaspora and in Israel – they all constitute an important building block of national strength. Now, when it comes to Russia, it is very easy to see that in fact there is no contradiction here. We debated among ourselves, and us with our friends in Israel. We walkways had this debate whether we should struggle for aliyah, or also for the development of a full Jewish life within the Soviet Union. And now, I understand that there is no contradiction. More than any other place, in Russia we see today a dramatic decrease in the size of the Jewish community. There, in the former Soviet Union, the FSU, thanks to, well, first of all, a process of gathering of the exiles, which I hope will continue until its final, happy conclusion. But this means, that for millions upon millions of Jews, the number of Jews in the former Soviet Union, decreased into a mere few hundreds of thousands. And as a result, the ability of Russian Jewry to influence Israel has increased, which means there is no contradiction between strengthening Israel and the decrease in numbers of Jews in the Diaspora. Now, what actually happened in Russia? Looking back the last few decades, the main two things that happened were the downfall of the Soviet Empire, and the major aliyah, which are of course interconnected. There are all sorts of data, I won't go into it now, maybe Sallai also mentioned it. But now we're talking about a lot less than a million Jews, which are entitled to become citizens of Israel according to the Law of Return, which is a lot less than the millions that used to be there just only a few years ago. However, what dramatic change took place in the relations between the Russian government and Russian Jews? A lot has happened, many dramatic changes, but one of the main and most significant changes, was the change in the attitude towards minorities and immigrants. President Putin, in a few informal talks with me, always comes back to the same point, namely, he said: "in Russia, and in the former Soviet Union, we always repeated the same mistake, and that was our attitude to minorities. Because assimilation was a desirable thing for the national strength of Russia, and therefore minorities were encouraged to assimilate, and all those who wanted to leave should have left. But we changed it - we changed the attitude. Nowadays we see minorities, the Jewish community included, a very important tractor of strengthening the cultural and social life in Russia, and I welcome any development of Jewish life in Russia, and I", he says: "as president of Russia would like to see all the Russian speakers living today in Israel and the United States, France and in other places, I would like to see them as people who understand us, who are near us or close to us in their attitudes, and that we understand as well." And when the president of Russia says this three times of his own initiative, than apparently he has a political interest in saying that. But when we look at the every day politics, we will realize that this is not mere empty words, it's not a matter of propaganda. We're used to hearing Russian propaganda, but this isn't, because we can learn about the opportunities, because when we see the opportunities that Russian authorities provide to the Jewish community, there are about two hundred communities where Jews live, and we – "we" meaning both the state of Israel and the Jewish organizations in the Diaspora – they have hundreds of Jewish community centers there, hundreds of schools, etc. Now, look at it not only from the Jewish aspects but following the lines of Russian policy, we can say that when the president of Russia goes to Paris, he tries to strengthen his relations with the grandchildren of those people who emigrated from Russia at the times of the Revolution which overthrew the Tsar, and soon there's going to be a big convention of former Russians who live in other places, many of which are Jews. And this is an intentional policy, deliberate policy intended at strengthening the ties between the Russian administration and the Jewish community within Russia, and of course there are many sects and factions. There are some closer to the president, some not as close to him – just as any other community in any other state. But one of the main things that Russia wants to do, is to strengthen the ties with the Jewish community in Russia, because they see this as a bridge for peace in the west. And a final example in this respect is that President Putin has decided that it is now time for amending the Jackson Law, which was one of the most important tools in the struggle for liberation of Russian Jewry. So how is he going to do that? So, first of all he's going to exchange a few words with President Bush in Shanghai, then, coming back to Moscow, he requested the representatives of diverse Jewish communities in Russia, and met with them and sent them to Israel and the US to talk to important figures in order to pool their influence and to change the Jackson Amendment. So this is the way they tried to use the Jews, which were courts-men, so to speak, among them, in the party, and they believe this is the right thing to do. They say: "you have complete freedom to develop a Jewish life within Russia, they're encouraged to do that, and also they do not hesitate in expressing strong identification with Israel, sometimes even stronger identification and support than the formal political one and they see, or rather the Russian authority sees this identification with Israel on part of the Jewish community, a good thing which represents their opinion, because they see their communities as an important bridge to the west, whereas for the communities, identification with Israel is an important source of strengthening themselves. Now, Russian authorities see the Russian Jewish communities of today as a gap with the west. Not only that, but also, one of the reasons that they consider Israel an important country, is the fact that there are over a million Russian Jews there. I heard this for the first time I think in the beginning of 1991. He said: "we are not going to allow anyone, including the Egyptians, we're not going to allow anyone to insult Israel, because it is our country, it belongs to us". At the time, actually, it was still the Soviet Union, it was the Vice President, and I was quite scared, hearing that, even though he had a few cups of Vodka before. But he was expressing the feeling that twenty five percent of the Jews here came from the Soviet Union. And he says: "you know that my mother was also Jewish". Well, I don't know about that, and I'm not going to argue about that, but mother Russia, well. But this kind of approach is something that I heard many times afterwards, and as I came to realize that there's no reason to be scared by this attitude, it is just a manifestation of support. Not because they feel as if we're part of their empire, but they rather try to count on or to rely on the fact than they think they can find more support and understanding in Israel, because there are many people here who were victims of the same regime as they were, and they hoped that this can be helpful in building bridges towards the west. And indeed, when there are all kinds of conflicts of Russia with the west, it turns out that in Israel, for various reasons, coping with terrorism, fundamentalist Islam, and other reasons – Israel is apparently more understanding. Now, an interesting phenomenon is the fact that Russia sees Israel and the Jewish communities as a bridge to the west. IF the influence of the American Jews over the administration results from their clout within the US, than in Russia, the reason is exactly the opposite. The fact that their numbers in Russia is actually decreasing, and their clout in other countries is increasing, because the numbers are growing in Israel and in the United States and some are having good relations with the president and with other important figures, and therefore they don't have any influence over what is

happening inside of Russia, but since the Russian administration seems them as serving the important role of a bridge, and Israel has this very important role as a bridge, it also affects their inner policy. And therefore we can say, ok, than Russia can make fuse of this fact, but I must it this point draw attention to the fantastic development of Jewish life within the former Soviet Union, and put an important emphasis on the programs delivered by the Jewish Agency, the Lishkat Hakesher – the Liaison Bureau, and other elements who are working in the former Soviet Union. And this is what allows us to have some influence. Now, look at the attitude of the Russian administration today towards Arafat, and don't forget that he used to be their allies, traditionally, over many years, and if you compare their attitude towards him with the attitude of some western countries who used to be our allies, look at their attitude towards Ariel Sharon and his government, and compare that to the Russian attitude toward us – if you look at that, you will realize that we do have the ability to pull some influence, and therefore I would say that as an element of national strength, Russian Jewry is first of course part of ingathering of the exiles, but it is also an influential element within Russia. And there's no contradiction. WE can still reinforce Jewish identity and Jewish life in Russia, and as a result, strengthen Israel's status both here and in the Diaspora. Thank you.

Moshe Kaveh: Thank you Minister Sharansky, who was exactly within the time frame allocated to him. This is part of our Jewish identity. Our next speaker is Professor Arthur Naparstek. He is the director of the United Jewish Communities North America, and he's in charge of the International relations; he's a professor of Social Affairs, and the former dean of the Social Work Department at a University in Cleveland; he worked in several Federal institutions, and was appointed by the President of the United States. Professor Naparstek will be speaking about the Jewish people: a strategic asset,

Art Naparstek: I'm also a new immigrant from Russia. The state of Israel and the Diaspora Jews affect each other, and the relations between them, affect directly both the security and the welfare of the Jewish nation. Diaspora Jews have contributed a lot to the state of Israel in a way which influences our security, our national strength, our international relations and other things. They influence our economy, and the pattern of our population. Israel, on its' part is an element of Diaspora Jews' identity. Maybe not enough, and there's room for improvement now; it is a safe haven, it is a building block in their identity, it is a source of power and pride. But recently it has also become a risk factor for Jews to suffer anti-Semitism and incitement in their own countries. A weakening of the relations between Israel and the Diaspora Jews will harm both ideas, and therefore securing tighter relations between Jews in Israel and in the Diaspora which provides an answer to the needs of both parts of the Jewish nation, and contributes to its prosperity, is a most important strategic objective, and should be recognized as such. This intricate relationship has been built over the fifty odd years since the establishment of the state. Israeli policy has always been designed accordingly, and the needs of Israel were always part of the agenda of Diaspora Jews. In recent years many changes took place which have an affect on both parts of the Jewish people, and their interrelationship. These changes mean that we have to revisit and reexamine the policies of the organized Jewish entities and Israel, and to which extent it answers those needs. It has already been said that his type of examination is being done by many entities including the Jewish agency. We also need further examination by the government of its relations with Diaspora Jews. This has been the case ever since the beginning of the latest Intifada, and the event of September 11th, which focused the dilemmas besetting both sides of the Jewish nation. Ever since the establishment of the state there are three main necessities, which are common to the two parts of the Jewish people – continuity, security and affinity. And the changing reality has an impact on all those. Because of the changing needs, and the interests of Diaspora Jews and Israeli Jews, which are not always the same, we have to ask ourselves how Israel can effect all this. Well, the first question is to strengthen the continuity and legitimacy of Jewish communities and their status in their countries of origin, and here I agree completely with the previous speakers who talked about the need to strengthen the local communities because lack of prosperity in those communities, and their weakening will have detrimental effects on Israel as well. And when people tried to present [unclear] and the strength of Israel are contradictory, I've always maintained that what we should do is to make Israel an attractive objective and destination for Jews in other places in the world, and no other approach will do. The second objective will be to strengthen the contacts, the relations between Israeli Jews and Diaspora Jews, in a way which will answer the needs of Diaspora Jews, particularly having permanent ties and broad-based connection and contact which will involve all Jewish communities. The battle against anti-Semitism has become most prominent in the recent year, ever since the Intifada started, including anti-Semitism based on Islamic sources, which has to be defined as illegitimate. We need to protect both Jews and Israeli against incitement and terrorism. We have to preserve the identity of the state of Israel for the Jews of the Diaspora. I was very happy to hear here from the president of Bar-Ilan University, that there is room for secular Jewish values in this sort of partnership. We need to preserve Israel as an attractive alternative of prosperity, an attractive alternative for the Jews of the Diaspora. For them to be able to make aliyah, we have to hold a strategic dialogue with the Jews of the Diaspora, and the National Security Council started working together with other entities and organizations in order to examine all these issues and topics, and the results will be represented in its status report. Hopefully, we'll also influence budgeting all these matters.

Moshe Kaveh: We also have Professor David Harman, who is the C.O. of Techlink. He taught in the universities, of Harvard, Columbia, and the Hebrew University; Professor Harman used to be the Director-General of the Joint Authority for Zionist Education, of the Jewish Agency and the WZO, and was also in the American-Jewish Committee.

David Harman: Thank you. People talk a lot about the contacts between the Jewish people abroad and in Israel, and the importance of these contacts for the future. Allow me to say a few words about this future. This future nowadays consists of about three million children at school age, about a million and a half in Israel, and another million and a half in the Diaspora, out of each, slightly over a million are in the United States, which means that the future is in the hands of a very few people indeed. And Sallai has already said that out of the people living abroad; slightly over a half take part in all types of frameworks, which give them some sort of formal Jewish education. Out of the ones who do, about a half stop going to those institutions once they reach the age of Bar-Mitzvah, or Bat-Mitzvah, at the junior-high sort of ages. So that their contact with identity-constituting elements is very frail and fleeting indeed. Now, when it comes to their identity, the Israeli aspect, the facet of Israel as a civil religion is eroded. People live in their countries, watch television in their countries; here criticism in their countries, and their view of Israel and of what takes place in Israel is greatly influenced by what happens around them in their immediate

environment. And for many, it does not constitute a subject for identification. Tenets, principles and points which were the object of identification in previous years, such as the struggle for liberation of Soviet Jewry, or the concern for the very existence of the state of Israel – all those were important glues which served to unite the Jewish people – are no longer there. Even at the time when the Ethiopian Jewry was being released, it was not as easy to raise interest among Diaspora Jews in that project. They did take interest, but not as much as before. There are attempts taking place in order to make Jewishness and Judaism more relevant to all those people, by trying to relate it to the liberal agenda which is very PC, very much politically correct in various places, and we find quite a few communities in various places around the world, mainly in the United States, trying to see this liberalization, and being a light onto the nations as the main focus of Judaism. There's the more religious aspect, which turns out to be less and less attractive. We find the similar, interesting process both in the US and in Europe of going back to studying Judaism, to looking for Jewish roots in a particular group consisting of young couples who are beginning to think of the implications of lack of affiliation and identity vis a vis their own children. But this kind of revival is still marginal. Jewish children growing up in the Diaspora have their identities in doubt, and we must do something about this. To add one other thing, in all those countries where there are Jewish communities, large groups of Israeli youngsters who have been through the army, the IDF, in New York you'd find them by the thousands, in Los Angeles there are also thousands of them, and they do not become an integral part of the local Jewish community. However, the Jewish community sees them there, and part of their opinion on Israel is based on the way it sees those people which brings me to the last point, namely that here in Israel we mustn't neglect the issue of Jewish identity. There was the Shinarker Committee, and its recommendations were adopted but not implemented. And therefore, our youngsters are facing a problem on this issue, and therefore there will be no contact between Israeli Jews and Jews of the Diaspora if we do not tackle these two problems. Otherwise the future of the Jewish nation will be indeed in doubt.

Moshe Kaveh: We hereby open the discussion. The session will be closed in twelve minutes. Itzhak Livny will be our first speaker, but he's not speaking into microphone, so I cannot hear him.

Itzhak Livny: There is one aspect, which wasn't mentioned up till now, and I wonder why. The French, when they want to establish contacts with French Canada, French Africa and North Africa, place an emphasis on cultural export with those places. The same does the British Council, the Goethe Institute, and, well, it is true that we had this department for Jewish culture in the Diaspora, but we know what affect it had, we know that it wasn't really worth much. And when we want to establish a broad basis, with people who don't speak the same language, basis of religion is declining and assimilation also dilutes the genetic basis, even though more people than I expected remain Jews even within the framework of intermarriage. All we have remaining is the vague feeling that we're still Jews, plus the fact that some of them visit abroad, some learn something at universities, and some have some sort of formal Jewish education. Will this be enough? I don't think this will be enough, so we have to do what the French are doing, namely, stating that culture is not just some sort of Yiddish kite and past heritage, but a present culture, namely reading Amos Oz in the Diaspora, Yehuda Amichai in the Diaspora. And we cannot relate to Malamud and Bellow and others as western writers. We must see them as Jewish writers as well. We have to connect them to current Jewish culture and Hebrew culture. This may not be a central thing, but it is an important aspect.

Speaker: I have two comments to make. Mr. Chairman, I think that we can all agree here that the Jewish nation is a first-rank strategic asset to the state of Israel, and suffice it to say look at all the Jews who came here from the former Soviet Union, and what happened as a result of their coming here to the state of Hi-Tech, sciences, arts in Israel. The question is "where do we go from here?" but now I would like to take the lead of Itzhak Livny, and say as follows: I think we must look seriously at creating an international Jewish cabinet or counsel. Not that this is going to solve all our problems, it certainly shouldn't be the purpose of it, but it should create this unity. Taking the Jewish genius, the best brains in the Jewish world – in literature, arts, culture, and technology, and policy and diplomacy, if there are such people, and there are – and convene them, let's say twice a year, so that together we, the Israeli counterparts, they should examine together the problems of the Jewish-Israeli world, and come up with recommendations, not necessarily binding recommendations. And then the government of Israel and the Jewish Agency will have the recommendations, and if they want they will adopt them, and if not, not. But at least they'll have some mass of information, of mutual ability exchange between the Jewish world and the state of Israel. And just one second, just another sentence please. I'm sorry that Nathan Sharansky left, because I wanted to carry on with the story that he started. I also met with the vice president whose mother was Jewish. I was there on behalf of the Jewish agency, asking to visit Israel. When I heard his story, I said: "why don't bring your mother as well, when you come to visit Israel?" he said "no, no, that I'll never do. Can't do that". "Why", I said. "She'll never want to go back", he said.

Moshe Kaveh: Yehuda Bauer, Yad Vashem.

Yehuda Bauer: Yesterday, I think that David Harris was wrong on one point. He said that the Islamic fundamentalism perceives his main enemies as being the Jews and the crusaders. The truth is the Bin Laden, and as early back as in '98 he said clearly that his enemies are the Jews and the Crusaders, in that order. That could be repeated in many, many examples throughout the radical, Muslim world. Islamic fundamentalism is a phenomenon that is only fundamentalist in a narrow way, because it clearly draws, it was said, it was said it was written - you don't have to read Arabic in order to understand this – but it clearly draws no the concept that it wants absolute power throughout the world. They will never get that, but they certainly can throw the world into chaos. And their key enemy as they perceive it is the Jews. And anyone who ignores that is ignoring one of the key dangers for national and Jewish strength. There is an interesting parallelism between the National Socialist, the Communist and the Muslim fundamentalism. All three strived and are still striving to universal utopia. Anybody who is utopian, all utopists, all radical utopists, are murderous, radically murderous. And this is a danger that unifies us and the other parts of the enlightened world, and here we need partners, we need allies, and I would suggest to Uzi to raise this point and put it on the agenda.

Moshe Kaveh: Ya'akov Kedmy.

Ya'akov Kedmy: First of all, I'd like to say what Nathan said President Putin - My name is Ya'akov Kedmy, I said so - President Putin, about the Jackson law, he talked to the Prime Minister of Israel, Ariel Sharon, and this explains the proportion that we see in Israel about the way the world perceives Israel and the Jewish people. None of the problems that Israel has, even though this discussion is taking place, is the fact that people who are leading the country, their attitude towards aliyah, immigration, and the Jewish people in the Diaspora, is diametrically opposed to the rhetoric before elections. The last three Prime Ministers have proven this point. And if this is not put on the agenda properly, we will continue discussing this issue in such forums. Today in Israel, kids get the worst education. Much worse than any other Jewish children anywhere else in the world there are hardly Jewish children anywhere else in the world that don't graduate from the university. And we're boosting our meager percentages of kinds who get their matriculation exam done, their Bagrut exam. There are only colleges that were being established here in recent years – no new universities. There were 55 colleges that were established. I'm talking about universities and we all know the difference. And it's not a coincidence that there were colleges that were set up and not universities, and as a result, we see what we see in the papers. But, Arnon Sofer said that our children will not want to live in Cairo. Our children will not want to live in Katrillifka or Yopitz, and if we don't have an education system, a suitable education system for the Jewish people – not only will Jews not come here, those that we have will start leaving, if we become the equivalent of Cairo. The relationship between the Jewish people and the Jewish country: we have to decide whether Israel is a Jewish country, or the country of the entire Jewish people. If it is the country of the entire Jewish people, the entire relationship should change. And that relationship that was formed after World War II is no longer suitable for what we're looking for, and we should do this together. Israel should be involved in Jewish life in the Diaspora, and vice-versa.

Speaker: I'll allow two more speakers.

Another Speaker: The perception of an inevitable relationship between these two – between an escalation in the relationship between Israel and its neighbors, and attacks on Jewish communities - I think that distorts the picture, and we have to see the use of anti-Semitism as a symbolic, political tool, a flexible tool, that has been used for generations; and it emerges and disappears in different periods. And Israel should not be held responsible. In '84 there was the explosion in Argentina. We were already on the Oslo tracks, and in '98 there was a bomb in a schoolhouse in Lyons, etc. etc. The relationship there is not a given. We nevertheless still have to continue to collect information, and lend a shoulder to Jewish communities. We're talking about the help that communities should lend to Israel, but we didn't mention anything in the other direction hardly at all.

Felix Posen: My name is Felix Posen, I live in England but I do most of my work here, in Israel. I agree with Simha Epstein that there should be a combination in various items between the Diaspora and Israel. The concept of Israel's centrality I find nearly obnoxious. It's not right. It is correct, of course, in politics, because it's only Israel that exists, the Diaspora Jews have no political power. But I'll give you an example: I'm in the midst of a rather large literary work on an anthology, and I went to five or six presidents and rectors in five or six universities all over the world, we have a board of directors, a board of editors, which is fifty-fifty Israel- America, that kind of combination works beautifully. But in that combination, from time to time, there is the concept of Israel's centrality. It doesn't do any good, everybody should do the best they can, and let the best person win.

Moshe Kaveh: I thank all the speakers; I'd just like to conclude by saying that in the United States about a month ago I met a very smart Jewish person who said to me a sentence that lives on in my memory. He said that Arafat was successful in bringing back Jewish identity to the Jewish people more than any speaker, any leader and any writer. It's high time we took advantage of this solidarity that we have today with Israel, so that some of the comments that were made here today will be implemented. I think that discussing the condition of the Jewish people for an hour and a half is maybe suitable for the problem, but much more should be done. We have to convene more often and propose solutions.

Monday December 17, 2001

Fifth Session: The Media Environment and its Implications

Chair: Mr. Shabtai Shavit

Shabtai Shavit: Thank you, Uzi. We have two hours, now, and I'm sure they'll be very interesting, and we have to stick to the schedule. As you just heard, we have time constraints. I'll begin, than Professor Yirmiyahu Yovel, Professor Jerry Wind, and Nachman Shai will address the audience, followed by Member of Knesset Melchior and Gideon Sa'ar.

National strength and the media are a potentially explosive theme. The committee submitted a working paper on the topic. I agree with that potentially explosive comment, and that's all the more reason that we discuss this topic at length here in the conference. The media is of decisive importance here is Israel. The division per capita is one of the highest in the world, and many influentially people have a part to play in the media scene in Israel. It influences both directly and indirectly our public discourse. It influences our habits of eating and dress; it forges taste in cinema, theater and literature. The media constructs our national strength. So it is imperative that we discuss the relations between the policy makers and the media. For various reasons, this topic hasn't been sufficiently addressed, even in this conference. The classic dilemma related to the media, relates to the security-media theme, censorship, and especially censorship in times of war. There are other factors at play. If I may simplify the matter, I can say that even if we speak of men singing songs about the lottery ticket in the public urinal, these people also influence our public discourse. Is the media really different from other professions? You can't be a surgeon without going to school, but you can be a very good journalist without studying a day. An uneducated person cannot be a surgeon, but he can be a successful politician. So there's a strong link between politicians and journalists – neither need formal education. But that's where the common denominator ends. The politician has to answer to a constituency. Is freedom of speech a supreme value? The 1791 amendment to the American Constitution stipulates that freedom of speech cannot be impaired. Thomas Jefferson said that given the choice of a media without a state and a state with no freedom of speech, he

prefers the former. But in practice, the opposite has been true. From George Washington on through the wars that America has fought America always implemented censorship of one type or another, and they all met with public support. Should the media be curtailed in times of war? This is relevant to Israeli society in particular, because we have been at war for at least fifty years, if not longer. Is it proper to curb the media as a precaution? How does this relate to national strength and national security? Is intelligence a national resource? If so, it is the state that should control this resource, especially in times of war. The American media rallied on September 11th to serve the nation. The directors of the networks decided unanimously not to show close ups of Ground Zero. Is this a function of the horror? How is it possible to curtail the dissemination of information in this Internet age? If I don't publish, someone else surely will, and I'll loose out. What are the limits of reporting the conflict? The recent interview with Arafat sparked a public debate. At least one editorial has shown that in regards to the recent suicide of the Hapoel Haifa owner, the media restrained itself, and failed to report some details. IN the Gulf War, Saudi Arabia limited access of journalist to the front. The American headquarters imposed its own limitations. As a result the editors got second-hand information that was tainted by psychological warfare. Even totalitarian states prefer the security of the state to freedom of speech. Every nation seeks to preserve its national strength. Freedom of speech, it might be argued, can contribute to national strength, but absolute freedom of speech, also has the potential to destroy national strength. A healthy society has to strike the balance between the two, and live with both demands. In the US there are think tanks who serve as media consumer reports, and they make sure the media is on the public agenda, Instead of allowing the media to determine the agenda. These surveys indicate that in times of conflict between the administration and the media, the public stands behind the media, and the public's right to know. But the balance is tipped in favor of censorship when life is endangered. The American public regards unfavorably the journalist's wish to produce a scoop at all costs. This is perhaps a result of American culture regarding the media as the public itself. In Israel the media used to be engage, where as it is now more concerned with market share, and the ends justify the means. In assessing the American media norm, we have to question ourselves to see if it indicates a healthy society and we can answer by saying that the American module does portray a healthy society. In Israeli society, however, there are suicidal symptoms. A strong economy is one of the indications of national strength. National security is achieved by discretion and repressing information. Which should come to the fore – the public's right to know, or national security? Secrecy is important in diplomacy. When Kissinger went to China it became clear that secrecy is necessary .The Oslo Accords were enabled thanks to secrecy. Negotiations with the Syrians were enabled in large part thanks to opening a secret channel of communications. Secrecy enables the sides to exchange opinions that they would never say if their talks were made public. Secrecy can encourage meaningful negotiations and a move out of stalemate. Secrecy can also cancel-out the need for the cosmetic corrections of international diplomacy. National security can be used to cover up embarrassing mistakes. At the same time we should take into account that t the courts have a hard time to rule decisively on the potential damage of leaking information. International policy and events are not easy to categorize in court. Exposing critical information can lead to a sequence of events that only much later will be seen as detrimental to the national interest. In the American system, any such case in the courts is determined according to the importance of information to national security. The media has to use its utmost discretion when faced with the possibility of publishing sensitive information. The effort to strike a balance between national strength and freedom of the press – this is a delicate balance, and one is constantly walking a tight rope between the two. They both have to coexist, and be supportive of each other. Professor Yirmiyahu Yovel, a professor of philosophy at the Hebrew University and the New School for Social Research in New York, is an international expert on modern philosophy; he established the Spinoza Center for Pluralism and Democracy in Jerusalem; has written books, articles, and edited anthologies. He will be speaking on media and policy on the international scale.

Yirmiyahu Yovel: When they told me I only had the fifteen minutes, I said: Ok, what am I going to say then”, and I said maybe I would only mention the headline of what I would have said if I had enough time. And these headlines have proliferated as well, so I decided I'll say a few things about... I can't see what I wrote... ok, I'll manage somehow. So... ah, this is better... I think maybe I'll come to this eventually because I also noted a few things about the debate that took place and the topic of this conference, namely, national strength. And therefore I'll start by saying that national strength is a slogan that can implicate all sorts of things. I would interpret it a s staying power, or resilience, but I than would ask the question: “against what?” Well, the natural answer would be: in times of crisis. However, this can be interpreted in various ways, and I would say that whenever there is a security crisis, there is a tendency of superficial patriotism to go the whole hog and ask for the use of more force, and more and more force, or to take a policy of rage and revenge, knowing that this will only exacerbate the crisis, rather than solve it. Radical nationalism sees exacerbating the crisis as an opportunity to itself, and therefore it is interested in presenting any crisis as existential, and supremely important, even if a rational analysis will show that this is not at all the case. It is true historically, and generally it is also true about Israel. Nationalistic ideology tends to catch a ride with anything that happens, and demands the use of brutal force, and superficial patriotism of the general public tends to support this, because of fear and excitement, rather than criticism. There are people on the extreme right wing who wish to present staying power to such an extent that no settlement will be possible, and than indeed, the apocalyptic solution that we heard this morning from Effi Eitam will indeed come to be. For me, this is one of the things that we have to withstand in times of crisis. I will provide a few more examples to explain to you exactly what I mean when I say staying power. For example, psychological staying power vis a vis terror and weakness that acts of terrorism induce. Evaluate the stakes rationally - not to become weak, not to feel disproportionate fear; and also, not to become swept away and reach with extreme rage or revenge, or on the other hand to withstand the temptation and feel desperate and frustrated. Another point is to resist the temptations to make a show of the strikes against terrorism, which exacerbate the objective problem at the same time as they enhance public support, and also exacerbate the problem of the media, which I'll relate to later. And also to resist the temptation to sacrifice the bias tenants of democracy – civil rights, the ability to criticize the establishment because of a state of emergency which is not of the highest priority. On the other hand, which will conclude this partial list, staying power, the media, and the ability to resist the temptation to make the problem into an empty competition of rating. Now, the world today is full of pieces of information and images which run across the world from end to end at real time. It seems like a richness of information, but it is really very poor information, because of the theatrical aspect of the media, because of the need to be as simplistic and as brief as possible. This prevents the information from being presented in context, and therefore all the images and the interpretations become very simplistic. The more we see, the less we understand, the less we know. Likewise, media globalization categorizes most of these pieces

of information in American-type categories which dictate the understanding of the local events within regional cultures. We cannot understand them according to their own terms. We can only understand them according to external, western parameters, and therefore we misunderstand them all together, which is true about what happens there as well. But this is not only the problem of the media, it is also the problem of the intelligence services; it is also a problem of a society in conflict, such as ours, which doesn't even know what the rival's point of view is, what they think and whatever - anyone tries to give them the ability to speak, people start crying out that the media is betraying our national strength by providing the main stage to speak on. And therefore we fail to know what they think, and also what is said about us and about them in other places. But still, if democracy wants to know how strong it is, or how much it is willing to combat – for example, the American society in the Gulf War was not willing to sustain even the loss of a single life, but now, in the recent four months, it was willing to sustain casualties by sending ground forces. The United States - now I'm talking about September 11th – the United States had to secure its moral superiority, which will be manifested in the media as well, rather than within its own society – and global media - this was the number one interest of American in the war on Afghanistan. It was obvious that the military priority might harm the moral superiority. Because if you lose the moral high ground, if you lose the moral point of view from which you ask for the support of the world, then you lose the whole campaign, and therefore there was pressure on behalf of the American administration to refrain from showing images which might harm their moral standpoint. And therefore the media coverage of this war was guided from a pragmatic point of view. Do we have similar consideration at such a high level of importance? Before I answer this question, I would like to highlight some background information or facts, which have bearing on this. Western reporters and journalists turn to emphasize the suffering of the week everywhere. Free press can allow itself to do that can afford to do that, and therefore journalism as a profession tends to express the formal sets of values of the society that it serves. Even if this set of values is hypocritical, has double standards or dictates these values to others, rather than keeping them itself – even when this happens, and it does happen, and we are the victims of this today – but even when this happens, the press tends almost structurally, professionally tends to reflect the set of values of the society for which it writes, at a higher level than those set of values are actually realized in that society. And now, the final point will be that the press tends to emphasize problems, suffering, and [unclear] justice, which brings about the result, as far as Israel is concerned, that Israel's status in the world is rather inferior. Unfortunately today, not in the United States, but in Europe, the argument abroad is not over the Intifada anymore. It is already taking place over the very legitimacy of the state of Israel, and this is something that we haven't heard for many years now. And all because of the images of the brutal overreaction of Israel, the way it is perceived abroad. And therefore there is also an exacerbation of the hostility of the Muslim world vis a vis Israel, because of media providers such as Al-Jazira and others, which means that even Muslims in countries further from us, have turned against us, and more seriously than ever before. What can we do about it? Not much. But, first of all, of course we cannot prevent media access to whatever is going on. We've known that for a long time ago. The ideal thing would be not to make headlines. The best way to do that would be just to terminate the situation, which causes to make headlines, and by the way I support the solution that Dan Meridor suggested this morning, namely an interim agreement. A second thing would be not to take any brutal actions on the way to stop the Intifada, which give us instant satisfaction have caused long term damage. Third point, which for me is very painful, because I've been a member of the IDF spokesman team, and I would say that the third point is to maintain high reliability in reporting, and therefore it means that we would also maintain high credibility when it comes to denials. And unfortunately the reliability of the IDF's spokesman was tremendously damaged, and this constitutes a strategic damage to the balance of national strength, to a no lesser extent than the extermination of our whole division of tanks. Lack of trust and reliability abroad is also affected by the fact that soldiers who infringed on civil rights and laws of war, were not put to trial, and this is quoted and people ask over and over again how this is possible, how come this takes place, which undermines the credibility. The struggle cannot only be presented by the superficial images alone. We have to fight with words as well. Not just by advocacy in providing counterreformation, but also a struggle over ideals. We are losing the intellectual strata in the west. I know that some people belittle the importance of this, but when things are actually taking place, it is true that the power of the intellectuals is not that great at the time, but their influence is long-lasting. After all journalists, even if they don't write in the intellectual journals, they read them, and therefore they are influenced by them. And the whole issue of good tourism and bad tourism, which is a true issue that should be tackled, is not taking place. And the last thing that I have time left to, is to make sure that we hear what they are saying, so that we can understand the problem from the other parties' point of view, and to know what is being said both about us and about them in other places. Have I got a few more minutes? I would like to thank my friend Nachman Shai. Thank you. I'll be brief then, and now I'll skip on to the last part, which was supposed to be the first part, and is devoted to Nachman Shai. I thought wouldn't have time. No no, it's completely off the cuff. We all know that internal media and external media are interconnected, and therefore I will say something about the internal media, and about something, which I call "the paradox of media versus democracy". We live in an age of monopolization of the freedom of speech - not the media. And this happens in two ways: first, those who have the freedom of speech are a very small group of the people of the media, very small number of people invited to express themselves on the media. It is not the general public. It is a selected group. The chats on the Internet are still not a sufficient alternative and probably conglomerates will get control over the internet as well eventually, which means that these media are not means of communication. After all, do you communicate with me through television, or do I communicate with you? No. Those are means of access, rather than of communication. They are channels of access to large publics, which people who have vested interest want to reach. Therefore, there's a lot of demand for the services that they can provide, and that costs money, and therefore only people with a lot of money can get access. Berlusconi, Bloomberg in New York, they spend a lot of money, Bush himself spent a lot of money, and therefore there are financial scandals in almost every democratic country over election moneys etc., and in Israel as well. This is a new systematic phenomenon which exemplifies one aspect of what I called "the paradox of the media", because it empties, it depletes democracy - which is supposed to be the rule of the people - from its content, it becomes an oligarchy of money, of finance. The public is a passive consumer of stimuli, which are dictated to it by those who have the money. In democracy the media is a particular factor of power, and therefore, in a democracy media should have a set of checks and balances imposed on it, just like any other thing. However, it is the one factor, which is the least susceptible to checks and balances, and therefore it has excessive power. This is exacerbated by the fact that their concentration of ownership by big money, as I have mentioned. Media has become a private economic interest, as a part of holding companies. It becomes an economic organization, which competes with other such organizations in the market, while still purporting to

represent the public, and have a role vis a vis the democratic interest. It turns out that economic power is basically in control of all other interests. I don't want to exaggerate it, but it would seem as if, if I took it to extreme, the court of law would be in private hands. The paradox then, is that there is lack of democracy within the organization that is supposed to protect democracy and while it still withdraws its legitimacy from the democracy, which it in turn undermines. And if we had more time, we could have discussed this further. Thank you.

Shabtai Shavit: Thank you Professor Yirmiyahu Yovel. He just proved that we haven't devoted enough time at this conference to this topic. Professor Wind is the next speaker.

Jerry Wind: Marketing strategy can help us find a more effective way of communications and of achieving support of those people whom we want in various countries. So that's what I'd like to focus on in today's short discussion. To try to understand the importance of key stakeholders in formulating public opinion, and I'll try to lay down a few marketing rules that can serve us. Our agenda, briefly, in this talk, we'll raise a few points – and I'll have to be very brief – touching on the importance of public opinion for national strength. Uzi Dayan before spoke of the fixed types of effort of our new war. He spoke of education, and propaganda. After that I'll try to give you a few marketing ideas, and some specific tools, because at least this morning someone asked: "well, what are the specific tools at our disposal". And hopefully at the end of today's discussion, we'll all be able to come up with the steps that should be taken. The module that I'd like to present begins with national strength and security. On the left are all the various components that we're discussing at this seminar, and there's also the support of critical state. Our foreign policy is influential, and public opinion. What we've just heard now is the importance of the media, and professor Yovel presented the interesting concept – the more you see, the less you know. It might be true in absolute terms, but in reality, perception is reality. And the way the different stakeholders in different states perceive us – that is their reality, and that's what we have to focus on. So we have to ask ourselves what we can do. My proposal is to try to, in addition to the foreign policy, to try to emphasize our marketing strategy, in order to influence the stakeholders and the media, so as to coordinate them with our foreign policy makers, and together create the public opinion between the various stakeholders so that they can help us get the necessary support. Many questions have been raised. Do we agree or not agree to the stakeholders? All these questions deal with all our various links. We have the support of different countries; we have the link with the various organizations that contribute to the support given us by key stakeholders. What are the elements that constitute public opinion, and how can these be influenced? How can the media be influenced? What I'd like to do very briefly now, is address our first topic – the importance of public opinion for the success of foreign policy, and for national strength. Let me give you a few examples: South Africa. There were multi national corporations there – very successful companies that gave a lot to South Africa, and South Africa recognized that. But because of public opinion they left South Africa. Think of Nelson Mandela. Think of Vietnam. Public opinion was instrumental in America's withdrawal from Vietnam. A more recent example – the current war on terrorism, and the internal support in the US, and the international coalition – think of the Palestinians – Hannan Ashrawi, and the picture of the little boy facing a tank, the boy who was killed – the success that these images enjoyed. The question is what we can learn from these examples. If we start examining these examples we see that first of all, there's critical demand for an integrated media and communications system. You can't have different and conflicting messages from various corridors; people with no integrated approach. The approach has to be credible and integrated. There's immense importance attached to the message and the people who convey that message, has we just heard, have to be credible. The message itself has to be engaging, has to draw people in – their logic and their emotions. We're speaking of logical arguments as well as emotional ones, in order to have people buy into the message. Recent studies on the success of Martin Luther King and Mandela have shown that their uniqueness was in their vision. They showed people how to achieve a vision, and the people who listened to them felt involved in that vision. And if you look at speeches of world leaders, you can see that they all had this vision, they all had the clear path for attaining their vision. But unfortunately, if you examine the Israeli media – his is lacking. So how can we measure the effectiveness of Israeli media in the world? My first example is the target audience. We can't talk about two hundred different countries. Obviously we should target more countries than just the US.

Jerry Wind: The entire balance of power has changed, due to internet access the consumer, the customer has access through search engines to vast data banks and sources of information. There was an incredible article a few days ago in Yediot Aharonot showing that the number of internet sites of Palestinians is in the thousands compared to a few that Israel sponsors. Think of the virtual communities that can be constructed on the internet and accessed throughout the world. So this is only one small angle. The legislature and the media and the media policy makers, educators and so forth have to take this into account. We must take them into account and locate them. We should address our strategy to these people. For each and every one of these target audiences we have to specify their needs and their points of interest regarding Israel. What we have to do is to enable our media to understand fully the different interest groups. Marketing 101: 'You have to know and understand the people you're addressing'. Positioning, that's my next point and that answers the basic question of why would people buy your product, your opinion? Here you have to balance three things: What you want to communicate, your vision, your objectives, your values – Yitzhak Ravid spoke of our justice. What is this that we want to convince people of? The second point is that we have to understand the needs of our target audience, and we also have to understand not only how they relate to us, we want to understand their internal dynamics and the competition. How do they view our competitors? These three components have to help us create our story for our positioning. What is our stance in the world? These are the rules of effective communication. In this regard, we have to first of all examine our short term and long term goals. We need goals - not only short-term goals for immediate reaction, but long term goals as well. What are our proactive and reactive strategies, what is the message we want to communicate and, as I mentioned, it should be addressed to logic and to emotions and it has to be focused and, above all, credible. The credibility of the message is imperative. Who are our spokespeople, who are our endorsers, to what degree can we have effective strategy without emphasizing only our spokespeople? Can we rely on other endorsers in other places who can convey our message, provided they're credible for the target audience? How can we form a strategy for engaging? Remember the images, people see these images of war in real time, it must be recalled that the media is now, especially in the CNN era, much more central, this is where people get

their information. People see the world through CNN, how do you influence that, and when we say the media we're not speaking only of television and the press, we need a comprehensive view, an internet strategy, personal contacts too. A marketing strategy or a communication strategy is not necessarily all public, parts of it might be private. How do we construct a coordinated and integrated communications environment? This has to include all the organizational aspects. How can we institute a process that will ensure the timing of the communication strategy? When you see something on the CNN in America, sometimes you see that days or weeks elapse before Israel reacts, how can you provide for a more timely reaction and how can we make sure it is continuous and not a one time reaction? To enable us to do all this it is extremely important to create the basis of knowledge. Marketing science can help us here, there are plenty of models and approaches that can help us locate the necessary information about our target audience, strengths, weaknesses, opportunities, threats and so forth. There are different approaches that we can utilize to find innovative strategies. There are different scientific approaches. There is a whole theory about conducting experiments, different approaches for experimentation and drawing conclusions and implementing them in communications model, and on-going monitoring also has to fit into this model so that it provides an early warning system if something changes. Looking at these four main points I've raised, the target audience, positioning, lay target audience, that includes our understanding of the target audience vis-a-vis the competition, the guidelines for more effective communications and the statistical picture. Given all these we can get better public support, and I hope that all of you can start drawing your own conclusions for yourselves in your various jobs and hopefully there'll be some follow-up on this Herzliya conference for next steps to be taken. My conclusion that I'd like to add is I think that this courage is pretty much like Israeli public relations abroad. The answer is right here, the answer is the wheels, you just need to take the wheels and put them on the carriage and it will start moving faster. It's very hard to compete with knowledge and technology that people have here at this conference. The important thing is to recognize the importance of the communications strategy, emphasize a broader target audience, not only the Jewish one that's very important but we need non-Jews among our supporters as well and it's important that our public relations campaign base itself on communications models that have proved themselves successful. I hope this will help promote a discussion on the media and foreign policy. Thank you.

Unknown speaker: Thank you, Jerry. The methodology which ensures success, provided that the messages are written in a single scheme, there are many limitations for a unity government but maybe the most important problem is that there are two orchestras playing the policy of (unclear) information. Mr. Nachman Shai served in many capacities as the head of the news department of Channel 2, he was the IDF spokesman, he was also the chairman of Mishkenot Shaananim in Jerusalem and the music lobby in Mevasseret Zion, has a vast experience in the field of media and communications. Nachman, how old are you? He is a graduate of the Hebrew University in general history and political studies, also learned in the school of Business Administration and in the Minnesota School of Communications was a research fellow at Harvard University. In short, Nachman will talk to us about the results of the think-tank that he headed concerning information policy in the information age.

Nachman Shai: Thank you, good evening. I lost five minutes along the way; I'll try and make up. This era is defined as the age of information, which means that a lot of information flows in all directions, which is the result of many technological innovations, bringing information to all of us. We have become our own information managers. This is a substance of the communication revolution, of the media revolution. I'd like to thank our task-force, of course many ideas were presented and brought up, sometimes contradictory, we had journalists, people from the world of academics, researchers, people who are public servants and others who all have some contact with the media in their everyday work. I'll slow down, but you have to add a minute for it. Out of the work done is presented – and the recommendations that you were given – I would like to present a few points which are inter-related. In an age of information, proliferation of information, there is no way to cope with all the topics that can be related to this subject. First of all, when it comes to strategy of communications, there is no such thing in Israel, nothing which views the entire need of the Israeli public when it comes to that. Everything in patchwork. The map of communications and media in Israel are a patchwork of many layers without any kind of general concept guiding it. The intention was good, many sources of information which meant to diversity the sources of information provided to the public and the de-monopolization of the media and communications means in general, but this meant an uncontrollable growth in the channels of communication. There is no economic basis, there aren't enough viewers for so many channels of communication, and in the clash between the wish to satisfy the desires of every niche, of every sector, we are over-flooding the Israeli media with channels that have no right to exist, basically, particularly those who try to base themselves on advertisement. There isn't enough advertisement in Israel for two commercial channels, five other channels and maybe more. And the result is soon to come. Reduction of the cost, cutting back the cost of production and increased competition in order to try and concentrate some kind of critical mass of viewers, otherwise broadcast can't exist. We are a society, which is still formalizing itself. It is still trying to create some kind of core of contents and sectoralization would be destructive. I'm not talking about limiting information or curtailing freedom of speech in any way or form but I'm saying that this uncontrolled growth in the number of channels will be detrimental from a cultural and social point of view. Competition is good but it will have a price attached, a price-tag attached and the price can already be seen by the attitudes of the public towards the media, which are brought to you here for the first time.

I'll show a few slides now; this is a survey done in recent months in time of national crisis. I'll say there's dissatisfaction in the public with the media. To the question of in times of national crisis what is better, censorship or maintaining freedom of speech 75% would prefer censorship and limit saying information, making information public. 62% think that in times of national crisis the media has to limit itself and restrict itself and not criticize the government until the end of the crisis. As for the journalist as a profession vis-a-vis the journalist as a citizen of this state, 74% think that journalists have to restrict themselves and write or report while taking into account the national interests. 74% agree that Israeli media has to present itself as more supportive of Israel, particularly at this time of an armed, violent conflict between Israel and the Palestinians. Despite the conflict between us and the Palestinians, the Israeli media has to present a balanced and objective view, unbiased, only 50% agreed to that statement, and as for the credibility of Israeli media, well only 37% of the public thinks that the media is fairly credible or highly credible. All the others think that it is not credible. The rest of the data appears in the paper, which was disseminated, to the

participants here, and I'm sure you can receive it from Telesaker who conducted the survey. Now, we want to compare the Israeli media to the American media of post September 11th. We try to compare ourselves to the Americans on many things. People in Israel, some people in Israel, wanted to adopt the American model in this respect as well. The American model says here that there are patterns of patriotism of railing around the flag and therefore also decreased media coverage while self-restricting as far as coverage is concerned well some said that this should happen in Israel, restricting the broadcast of interviews with the enemy etc. But this is only superficial because the Israeli media knows where it stands for many years, more years than the American media; it shaped the public behaviour in times of crisis and emergency. We learned from past experience that concealing information for any reason is the wrong thing to do from a professional point of view and from a national point of view, because the public will be the one to suffer from it. In the coverage of September 11th, it is true that the media refrained from photographing ground zero but it doesn't matter, that doesn't mean that the public was spared the personal stories and horrors that occurred there. The media keeps broadcasting personal stories of survivors and casualties, and in the war of Afghanistan also, people in Israel try to compare Arafat with Bin Laden. Well, in the American media Bin Laden is seen, is given a stage, but one must mention that between Israel and Arafat there's a completely different relationship than that between America and Bin Laden. We have mutual recognition between us, even though maybe this relationship is becoming more and more problematic. It is true that media mustn't become a stage for incitement or for undermining national strength and security. However, those restrictions have to be done based on professional considerations while respecting the democratic fabric of Israel, because it is so susceptible and vulnerable. Our public is mature and experienced enough; it cannot be flattered into believing what an enemy leader says. It is our duty in the public media to sustain and give a stage to the most informative and fullest public dialogue. Maybe some groups in the Israeli public do not like this, but they shouldn't be allowed to the rest of the public limitations for their right to know. As for managing information in the age of information, it is now particularly difficult for those who have to manage the information, mainly the administration. I country under siege and under a security, and in a security state of stress has to present its point of view to the public opinion, the global public opinion, which is interwoven with both public and private organizations and elements, and we have to tackle it in every front, because they are all intertwined. Israel has a term called "Hasbara", which means presenting information to the public in order to mobilize them to agree with us and to support us. We have to cope on that field with an enemy, which managed to learn our tactics as well as other tactics and also with a public opinion that doesn't accept that there's only black and white anymore. In order to mobilize this public opinion Israel must have a special system or task force for presenting its views and providing information for the global public opinion, which has to be managed on the professional rather than a political basis, has to rely on a common denominator which would be as wide as possible, and the message has to be heard loud and clear. It should accompany any military act from the moment of inception and planning to the actual operation, it should be part of the decision making process at the highest echelons. Of course there will be the question of what entity this body will be subordinate to, with all the 22 ministers and deputy ministers we have, but we still must do it. I reject monopolism and I reject it even in times of crisis and emergency, but there is one thing that we must keep in focus. In the age of information, we must act according to the new rules of the game. Information managers, namely the public, is aware of everything that happens and is well experienced in selecting the information, and these are the people whom we're aiming at, this is our target audience and therefore we have to invest in the new rules of the game, we have to learn them and adapt to them. This is the new challenge that the age of information presents us with. Thank you.

Shabtai Shavit: Thank you Nachman. By the way, Nachman, you asked the question who this task force will be subordinate to. Well, I would say the formal solution should be that it will be under the Prime Minister's office, but apparently the debate there is stronger than the actual need to have such a task force. We'll start the discussion by Rabbi MK Michael Melchior, Deputy Foreign Minister; he was elected to the Knesset in 1999. In the previous government he was Deputy Minister for Society in the Prime Minister's office. He was formally the chief Rabbi of Norway, was the head of the Eli Weisel Foundation and chairman of a few organizations supporting civil rights, Aliya and education. Rabbi Melchior.

Michael Melchior: Ladies and gentlemen, I'm very glad to be here in these final hours of Hanukah or just after Hanukah has ended. If we look at it with a historical perspective, we are talking once again of the Jewish identity winning out over the Hellenizing influence, and I believe that the oil that was found in the temple is a symbol of purity that the Jewish spirit tries to uphold. To discuss all these matters I would need much more time, so I'll concentrate on only a few points. We heard someone said that there's no comprehensive strategy. No comprehensive strategy on the part of the government, that's true for nearly everything. There's also nowhere to discuss things. That holds for other governments as well, at least the ones that I know of. There's no place where discussions can be held, and any forum for setting priorities and that impacts the media and communications as well, and this is extremely grave because ultimately it undermines our democracy when some finance ministry bureaucrats make critical decisions. Even though the government has collective authority, there is no discussion among the ministers, as many as they may be, and no attempt to prioritize. This is true for our public relations as well. Everyone here agrees that we have to make more of an effort and the result is that before 2002, before the next budget year the government cuts back on its budget for public relations for "Hasbara", and it's not because people think it's unimportant, it's because there's no setting of priorities and cutbacks had to be made somewhere. I agree with the need for a focused message, but it doesn't always have to be the same message. I think there's an advantage to the unity government, it's fine if there are people who disagree, there's nothing wrong with conveying an image of a society beset by very difficult dilemmas and we have pluralism even in the government. That can be portrayed in an intelligent way. A focused message can often deteriorate into a crude one, and on the other hand there are plenty of people who would like to see Israeli society as one in which different opinions are held. It's not that we need only one message and we don't have it, the problem is that this message is not articulate. The people who are representing us in the media are not sufficiently articulate. We spoke of Jewish identity and the conflict. I think it's extremely important to speak not only of weaker or stronger sides, but also of compromise that can be reached. Where do we have a right to compromise and where do we have no right to compromise? There were critical points in the negotiation when we were required to simply betray our beliefs. Shlomo Ben Ami mentioned this before, going beyond the Clinton plan and giving them the Temple Mount and all the rights, all the sovereignty, everything there in Jerusalem with one solitary condition, that they would recognize the Jewish bond to the Temple Mound and the Old

City, and they rejected it out of hand. So we have to address these crucial points. The ancient history and modern history as well, part of our message from the start of this Intifada I call this Intifada the Al Jazeera Intifada, the world has now discovered Al Jazeera following the September 11th but it was very prominent. There are 111 Arab channels and we totally ignore them. We don't know about them, they're unimportant to us. This whole issue of incitement, anti-Semitism, propaganda, anti-Semitism and its changing attitudes, it's become a bone of contention between left and right in Israeli society. The problem was incitement, not incitement for propaganda, incitement that actually changes one's image of the other, but we ignored that because it fell between the cracks between left and right. And the demonisation was completely ignored, the processes going on in a democratic society are completely different from those in a non-democratic society, I have to be very brief because we don't have enough time. We've limited ourselves so much, speaking of governments, international media, parliaments, we have contacts with a very small number of Jewish organizations, we're not out there in the field, where public opinion is made. I'm speaking about the policy makers now, not the general public. I'd like to mention universities, students, lecturers we're not there. Israel is not represented there, the Palestinian media, I don't even think they have an integrated approach. The internet was mentioned, somebody spoke of thousands of Palestinian sites. Even if there aren't really that many, in any case we are not involved enough. NGOs, we are absent. Human rights organization, these were always Jewish topics, par excellence, human rights, the struggle for human rights, for universal rights in the early 70s after we were attacked by world public opinion we backed down and in the meantime this has become the primary arena of the Western media and we can definitely connect to this new religion, we've become the anti-Christ in this new religion, we have to use our values to hook up again to this religion. Everybody uses human rights for his own needs; it's not some general theme. What about the Christian world? We thought the world was so post-modernist that there were no Christian values anymore. We thought we could go into Beit-Jallah, we thought we could enable a mosque to be built on a church in Nazareth, and we can't understand why America views this as such an important problem. What about our ties with the Christian world, it shouldn't be limited to evangelists who, for their own reasons come to Israel. What about the Muslim world, why have we neglected the Muslim world? We've permitted that narrative to develop, the one that says that we, the Jews, are here to exterminate Muslims. Why didn't we understand the result of Netanyahu's opening up the Temple Mount tunnel? We didn't understand what would happen after the Prime Minister went up to the Temple Mount. This national myth, this narrative is now gaining, the one claiming that we want to throw the Muslims out of the Temple Mount.

Clinton's proposal totally misunderstood both the Jewish narrative and the Muslim narrative, with its proposal to develop the Temple Mount into upper and lower regions and divide them to Jews and Muslims. We don't know what's happening on the other side. The religious component of the conflict is there to prevent a solution, the people who want the conflict to go on without a solution are introducing a religious component, making it a religious war, and international policy makers are not experts in Middle Eastern history and it's all blowing up in our faces, we're not paying enough attention to the cultural aspects of the other side, and this could all bring about a possible rapprochement and instead of doing that we're doing the opposite. I have so many things I wanted to say and I have no time left, so I'll just conclude by saying even the limited vision of the Israeli media, given that limited vision there are things we should touch upon. What about anti-Semitism? Durban is a prime example of that. World media was represented there except for Israeli media, and there's no good reason for that. I just came back from Europe. The same thing is happening. There's a sense that Europe is behind us now, finally we got some support from Europe and now over the past few days once again we've lost their support because we're not willing to hear, not willing to listen to reports. Nachman spoke of the national strategy. It doesn't matter where the office is located here in Israel, in this prime minister's office or another office, but we need a comprehensive strategy to explain the moral dilemmas, we're allowed to have moral dilemmas, there's nothing wrong with that even in this modern age.

Shabtai Shavit: Thank you. Last speaker, we've got Gideon Saar, cabinet secretary. He used to be deputy to chief attorney of Tel Aviv and member of various committees, he published a lot and was a reporter for the "Haolam Haze" magazine, and also a reporter for the news on channel 2. Gideon Saar.

Gideon Saar: I have a problem now, my glasses broke so everything written here may be written on ice, so I'll try to manage, I'll try to get along and it happened while my friend Rabbi Melchior was speaking, probably because I was so impressed by it, I must admit that I never heard such an oppositionary speech from a member of both the current government and the previous government, but it was all said from the heart and we're at a time of an exceptional crisis, which combines various threats not only military ones. We are facing an unprecedented wave of terrorism, other societies such as the Spanish society has been faced with terrorism for many years but it was never accompanied with so much incitement directed both at the Arab population within us and at other countries and Rabbi Melchior spent a lot of time towards the Durban conference, spent a lot of time on explaining the situation and saying that this new anti-Semitism in Europe is not directed against Jews. The target is Jewish but it is not the same as before. This is exceptional to what Western nations have been used to in their history and definitely staying power, our national strength is an important element in our ability to emerge from this crisis and I think in terms, in the era of mass media the media has a substantive impact on the national strength, which brings us to the interesting question of whether a journalist takes into account this aspect, this element when doing his/her job, or are they indifferent to it, which is also a question of whether one is mobilized or is part of a free society. Our society to a certain extent is mobilized, but that doesn't mean to say that it isn't free and it also doesn't go to say that it is any less strong. The media just like all other parts of this society are not all mobilized for the cause, and if it is then it's not just because of the national interest, there are various other interests involved and if you want a mobilized media then it's enough to watch the Palestinian television for a while to realize that this is not what you want. One of the problems with Arafat's rule has been that he conceived of Israeli democracy and of free media as a point of weakness. I don't think that a democratic society is weak but there are restrictions and limitations attached to it.

In our kind of society, in which only people who have a certain command of English can be interviewed in the foreign press, that imposes a certain kind of limitation and we have to realize what the limitations of democracy are. I didn't conduct the survey but I saw the survey presented here and it included a few of the things that I had in mind. Then, I thought well what do people expect from the media? I would say, certainly not to be the spokesman of the government but still one, which expresses our national wishes. Journalism whose perspective is not only the narrow perspective of providing news, even though no

journalism can survive without that – to provide criticism of the actions of government while keeping in mind the wish to emerge victorious from this violent conflict imposed on us. It would like to see the kind of press which is beset not by the question of how long will we still have to use arms in order to defend ourselves – after all the purpose of terrorism is to terrorize us and to demolish the normalcy of our life, but I think it is not only the role of the government to strengthen the will of the public to conduct a normal life here, I don't believe in imposing limitations on the media, it should all come from within, not from the government. No journalist is devoid of an ideological commitment and just as they have professional commitments they are also committed to a national struggle. In our society the highest strata certainly saw themselves as part of the western world which was about to bring to an end the conflict that we have with our neighbors and we are now undergoing a process of sobering which is difficult. I hope the results will be good for our national strength. It's not something that depends on one's political opinion and I hope that eventually this attitude will strengthen the influence of the press and will serve to reduce the alienation between the media and other sectors of the population.

Shabtai Shavit: Thank you Gideon Saar. We have 25 minutes left for discussion. I'm requesting all speakers to introduce themselves and if they wish to ask a question state who's the member of the panel your question is addressed to.

Avi Yaari: Since the question at hand is that of media vs. national strength, I see here three matters which are the heart of this problem: reliability, responsibility and being civilized. As for reliability, or credibility, I fail to understand why Nachman Shai sees the results of the survey as something, which is problematic. Maybe there's one point there which can be considered problematic but how can you explain the combination of the fact that the public wants the media to assist in the struggle and on the other hand to be credible? It is possible that we can find an answer, (unclear) explained how Israel lost its legitimacy gradually during the first stages of the Intifada or at least was met with severe criticism, even though the Israeli media was far more credible than the Palestinian one, and the situation now is a tragic one. Up until today, this tragic day, the sympathy of the world lies with those who lose more civilian lives and that's it, so maybe the answer lies in what Professor Weiner said, namely that credibility is valid only if it is accompanied with taking action. So, so much for credibility. Second point is responsibility. Well, I recently learned about the roles of etiquette for journalists. It doesn't say that a journalist must be a patriot, but it does say that a journalist mustn't use his information to cause harm. So, as for responsibility I can identify a few problems but since I was asked to be brief I would only say that one of the problems with responsibility is not an issue of the actual journalists, even if they sometimes do the job of the enemy with their attacks. The last thing is to be civilized, namely to develop an appropriate dialogue, and I will just give one example, when I watched the talk show called Popolitica in Israel, I thought that the damage it causes public dialogue was incorrigible and it's very good that it has been removed.

Shabtai Shavit: OK, at the end of the questions we'll give the panelists five minutes to answer, so why don't you write down your answers. Quite often not the information is the thing, which affects the strength but rather the title, the headline. In the NY Time I'll remind you they wrote about American bombers who killed prisoners in Afghanistan. The information was there, but the headline was "First American casualty in Afghanistan".

Unknown speaker: I wanted to say a few things about the praises Nachman Shai dealt to the Israeli press. I don't disagree altogether with what he said. Of course there are journalists who are highly professional in the Israeli press, but I think that the majority of the Israeli journalists do not exactly represent the tenets of this profession, the principles of the profession. For example, credibility. I'd like to give four examples, which attest to the problem of this profession. I'm not going to be too academic about it but perhaps like Mr. Shay I'd like to relate to it from a consumer point of view. First of all, if I had a Shekel for every time the press has said tomorrow a peace agreement will be signed with the Palestinians or Syria or whatever we'd be rich people by now, because at the time everything printed was based on non credible information. The press gave us without any internal criticism the entire Oslo process, this may be worth a whole research but it is all very problematic. Instead of just patting ourselves on the back, I think that the press really has to investigate itself and search its soul concerning these occasions. Now, the use of the word Intifada for the events taking place since September 2000, well this is a case in which the terminology used by the Palestinians was adopted, even though there are other terms suitable for it such as civil revolt, and also the press at one point said that Zionism was just a bubble but just two years later post-Zionism was completely disappeared (because it was never really there to begin with). Those who require the press to present patriotism, are they happy with the way the press presented the Yom Kippur war of 1973, even though afterwards the press apologized for the way it covered the war? Also, was there any true reporting of the arms we provided General Pinochet at the time or was that hidden away?

Ron Kipri: My name is Ron Kipri and I'm the IDF spokesman and please relate to everything I say with a grain of salt. First of all I would like to have my comments on the record against Professor Yovel's castigating the army spokesman. The second point is aren't you expecting credibility from the press? Another point is 10,000 over the past months were reported, though it's true that there is some deviation. When we do know of any mis-reporting we report that and correct it, that is not the same as talking of slanted coverage. It's a question of conception, it's not a question of good or bad, it's a question of public opinion, and that's what you have to stand on.

Yitzhak Sokolov: I have the opinion that the lack of strategic coordination is in itself a strategic threat to the state of Israel. I think that Shay's solution, creating some kind of umbrella organization is a latter day miracle. I think this will never happen, and we don't even need such a solution. The state has to control its nuclear policy and has to control its army, but a public relations campaign can be the responsibility of many different organizations. I, for instance, work with an institute that is independent, doesn't work with the government and it is very possible to glean resources from the public. One of these resources that is untapped is something that we spoke about in the previous session, Aliya, immigration. There are hundreds of thousand of people in Israel who speak all kinds of languages and many of them can help create empathy with our cause abroad, and these people are ignored and aren't recruited and instead people are sent to speak abroad who either don't speak the language or speak it as foreigners. My question is hasn't the time come to recruit people who aren't necessarily people in

government positions and who wield real influence in Europe or the US? I'd like to be fair now in letting another speaker have the floor, so someone from the backbenches.

Unknown speaker: I think we should take a leaf out of the American's book. The first thing they did in their war of terror is the president went to congress to ask for money and congress said take twice as much as you want! We need to do that too, any general in the army has plenty of money to waste and squander away today. We have to insist that a certain percentage of the defense budget is allocated for a public relations and then we'll manage the budget accordingly. We have to put things into proportion. We have to separate the press from Hasbara, public relations or propaganda. The press has many different tasks. To get a good story, to get a scoop, Hasbara, it's true, addresses the same content perhaps, here in Israel the press doesn't have much influence. Another problem is that there are many casualties on the Israeli side. Hasbara has to focus on these matters, that's what the Palestinians are doing. The journalists have to report the facts, I think we haven't presented this point in the right context yet. We're dealing with 2 matters here that are hard to separate. Our title is "The media and its contribution to national strength", but as soon as you start talking about the media you start talking about content, it's very hard to restrict the discussion only to the media and the press.

Dudu Zur: My name is Dudu Zur of the AI Israel association that gave the figures to Yediot Aharonot regarding the many Palestinian internet sites. I used to be an army intelligence officer and I am now part of a group of people who want to address this problem on the internet, and I think we should take the internet seriously. The Western intellectuals are on the internet, the next generation is on the internet and if there are hundreds and thousands of Islamic and Palestinian sites promoting a Palestinian ethos and de-legitimizing Israel, we should wake up. The Palestinians keep showing how right they are, and we keep showing how bad they are. Our Hasbara is not focused on the justice of our side. We have Herzl's biography and Ben-Gurion's biography and it looks like a university site. An American or European student doing a search for the Middle East gets to these dry sites, so we decided as an association, and I agree with what the speaker from Bar Ilan said and with what Professor Wiener said, we should begin with the internet for our integrated approach. The government, except for one ministry, has done nothing to promote this. We've begun a dialogue with the ministries, we have to make sure that more associations of this kind are established. On every 15 sites Palestinians, for the law of return, there are hundreds of NGOs supporting them, so we have to get organized. After the Yediot Aharonot article was published we had many replies. Thank you.

Unknown speaker: My question is do you think that the fact that Saudi Arabia owns Reuters and UPI and 42% of the CNN stock and the BBC established Al Jazeera and has ties with Arab world and Arab satellite network, doesn't this influence the results that we've been hearing, that's my first question. The second question is do you think that the fact that most Israeli journalists are left-leaning, does that influence the picture in the press, is it possible to engage in Hasbara when there's no policy, no plan, no vision, not even a business plan for the state of Israel?

Unknown speaker: I'll answer, Madam. You remind me when I used to go to the Knesset committees, members of Knesset would ask me questions and then would get up and leave the room because they just want to be in the minutes. Are you listening to my reply? Good. I'll answer and then other panelists can answer. My answer to all your three questions is yes. One more question.

Dori Shadmon: I'm the director of the Telesaker public opinion poll company. Nachman mentioned the survey, there was also an additional question about the degree of credibility held by the public towards the IDF and the security forces and it turns out that the idea of this credibility of about 70%, very high, only 7% discredit the IDF, 37% credibility toward the press and 60% discredited the press's credibility. Another statistic that was interesting was that a vast majority wanted the press to be sympathetic to our cause, on the other hand there was also a majority demanding objective reporting. I think a balance has to be struck between reporting the facts and reporting our cause, and I think that there isn't a real contradiction here and I think that the journalists should be able to address this problem.

Shabtai Shavit; Panelists, will you please answer in one and a half minutes these questions. Professor Yovel.

Professor Yovel: Thank you. I'll refer to 3 points raised now as briefly as possible, and I'll start in the middle. The question about the ownership of CNN, the BBC and so forth, I think that's an extremely interesting question and relates to what I said about concentration of ownership in the media in international and national hands. My answer, like Shabtai's is yes, I think there is a severe problem of concentration of the media. One of the problems is that the BBC calls the Irish terrorists and Hamas and Jihad are called militants. That's a use of language for political and maybe commercial means. Radical militants or just plain militants. The same thing happens in the NY Times. When the reporter reports from Israel they're militants. When they're right there in NY they call them terrorists, and I think the reasons for that stem from the personal and professional relations among the reporters here. Now, you mentioned contradiction in the public opinion poll. I have not yet seen a public opinion poll that doesn't have a contradiction, because we're not coherent beings, we want it all; free press and a press that will serve our cause. If you ask somebody if they want free press they say yes. Should the press serve the national cause, yes. There's no survey without contradictions, so what we can learn from these is limited.

Live via Satellite – Ms. Condoleeza Rice

(National Security Advisor to the President of the U.S.)

Dr. Uzi Arad: On behalf of all of us gathered here, I wish to express our appreciation for your willingness to address us and entertain our questions.

Condoleezza Rice: Thank you very much. It's a delight to be here with this prestigious gathering. It is also the case that I am happy to address this gathering, given the long and strong ties between Israel and the United States, and on behalf of the President allow me to bring his greetings also to this gathering. Israel and the US share the most important element of a relationship, and that is common values. I want to say that you will never have a stronger friend. We understand that our security and that of Israel are linked inextricably. Let me just make a couple of points about the war on terrorism, and about how we see this unfolding, and then I would be happy to take your questions. The President is committed to destroying terrorist networks of global reach. While this begins with Al-Qaida in Afghanistan, he understands that we will not have fully finished our mission until terrorist networks of global reach are destroyed worldwide. The war in Afghanistan is going well, but there is still a lot of work to do there. Not only do we have to continue to work to make certain that Al-Qaida is not a fighting force, but also that it is not a fighting force that can escape to other places, regenerate and continue to wreak the kind of havoc that it has wreaked over the last several years. The President is committed to hunting down the Al-Qaida leadership and bringing it to justice. That is not an easy matter, this is an area that they know well and we know that it is going to take a very long time, but whether it takes a month or year or several years, the US is committed to bringing the Al-Qaida network to an end and to bringing its leadership to justice. We also have to make certain that Afghanistan cannot be a terrorist haven at any other time in its history, and so we're working very hard on the reconstruction of Afghanistan post-war, on helping its interim government. We are looking hard too at what we must do to make certain that there are not other places that terrorism can regenerate itself. Now, I want to make very clear that we will not consider the war of terrorism done until other pockets of terrorism are also wiped out. The President said that it is not possible to have good terrorists and bad terrorists, that is you cannot fight Al-Qaida and hug Hamas or Hezbollah, and it is the President's intention to pressure all countries that sponsor terrorism, even if they support the war against Al-Qaida in Afghanistan, to root out terrorism in their midst. I know this is a particularly difficult time for the people of the Middle East, and we want you to know that the US stands with Israel in its fight against terrorism. The President has called squarely on Chairman Arafat to do what all responsible leaders must do, and that is to root out terrorism from its midst, to renounce terrorism as an instrument of any political motive and to make certain that the security environment in the Middle East is one that can support the move toward peace. The President has a positive vision for a Middle East in which Israelis and Palestinians can live together in security and peace, but we cannot get to that positive vision until terrorism is no longer a weapon in the area. Again, thank you very much for having me here and I'm happy to take your questions.

Shalom Kital: Thank you very much Dr. Rice, I'm Shalom Kital, head of Channel 2 news. My question to you, you mentioned the continuous campaign against terrorism in the region. Is Saddam Hussein next in line; are you ready now to strike?

Condoleezza Rice: The President has had no recommendation or discussion of Iraq in this context with his advisors, and I would warn anyone from reading too much into all of the speculation in the American press. The fact is that we knew that Saddam Hussein was a problem prior to September 11th, and he continues to be a problem. This is a regime that is determined to threaten our security, to threaten the security of the region and to threaten the security of his own people. We are clearly interested in whether there are links between Iraq and September 11th, but this is not really the issue. The issue here is that this is a regime that is always going to be a threat to the region as long as it's in power. Now, I want to be very clear. We are focused on what we need to do in Afghanistan. We are focused on the Al-Qaida network and we're focused on making certain that Al-Qaida cannot regenerate in other troubled places. We have a lot of instruments at our disposal to deal with Al-Qaida outside of Afghanistan. The intelligence gathering operations in which we are involved, the financial networks that we are shutting down, the law enforcement activities that are taking place against terrorist organizations worldwide. These are all instruments in the war against terrorism, so I would caution against jumping to a conclusion that we are going to try to use the same methods, mechanistically, that we have used in Afghanistan in other places in the world. Again, to underscore, Iraq is on our radar screen, it's on the President's radar screen, but there are certainly no recommendations to him at this point as to what to do about Iraq.

Eitan Ben Eliahu: Dr. Rice, I'm Eitan Ben Eliahu, retired General, former chief of the Israeli Air Force. First, allow me from a professional perspective to express my appreciation to the distinguished way that your air force and your military forces are exercising the operation in Afghanistan. Here is my question: do you foresee a situation in which US forces and Israeli military forces will fight together in case of a war in the Middle East? And if the answer is yes, would you recommend and support to the President to plan to train and to exercise at the operational level and at a command level together?

Condoleezza Rice: Well, first of all let me, on behalf of the American Armed forces say thank you for your kind comments. I will say that this has been quite a feat of adaptive planning for the American military forces, it was not as if we had off the shelf plans for fighting a war in which we had to marry 21st century air power with men on horseback. But we've somehow managed to do it and do it effectively, and I think that that really does speak to the quality of America's armed forces and the men and women in uniform and to the quality of the coalition effort here. As to the question about American and Israeli military activities, we of course have very close coordination exercises and training in which we do get to know each other very well. We have, of course, very strong assistance programs to the Israeli Defense Forces, weapons assistance programs and others, I think there are some areas in which we can even have closer cooperation. Let me use the example of missile defense. Missile defense is an area that has been undervalued until now because of the cold war, when we thought of missile defense as only really important in the context of thousands of nuclear weapons being launched between the US and the Soviet Union. Now, when we look at rogue threats from places that are closer to Israel than they are to the US, I think that the kind of cooperation that we've seen on Arrow might be a kind of hallmark of cooperation going further into the future to help us on this very difficult but most important question of how to defend ourselves against a few ballistic missiles. Ballistic missile technology is ubiquitous now, in many parts of the world and spreading. So this is an area of cooperation. Thus far I think we have the right level of cooperation, but we are in constant discussion with our Israeli counterparts about how we might support each other's security goals.

Shabtai Shavit: Dr. Rice, my name is Shabtai Shavit, the former Director of the Mossad until the year 1996. My question, I am afraid, is going to be tough, please don't consider it to be impolite. The issue really bothers us a lot. As we know, Saudi Arabia represents everything that stands against the most fundamental values and norms by which the US stands. Recently, I've asked an American diplomat why, when it comes to Saudi Arabia, the US government is using a kind of a double talk. His response was the following: 'fortunately or not, we have had in return 50 very good years with the Saudis'. I'm sure that the audience here would like very much to hear your comment on this. Thank you.

Condoleezza Rice: Thank you very much. The US has had an excellent friendship and cooperation with Saudi Arabia for many years, and that cooperation continues to today. The Saudis have been very supportive of our war on terrorism and they are important. They were important in the Gulf war, in helping to defeat Saddam Hussein and Iraq, and an action which helped I think not only the security of the US and the Gulf but, in fact, helped the security of Israel as well. So, Saudi Arabia has been and continues to be a very good friend. The US has certain values that it shares with Israel and shares with a number of other countries, and we talk constantly about those values whenever we are talking with any of our friends or allies. What we do not try to do is to impose those values on other countries, but we are very proud of those values, we believe that they are the values that are proving to be universal values and we will continue to have those discussions with everyone with whom we deal. But Saudi Arabia is a good friend, and that security cooperation with Saudi Arabia has served us well in the past and I think it will continue to in the future.

Uzi Arad: Dr. Rice, thank you for being willing to stay with us a little while longer, and I will use that occasion to follow on a question by my predecessor. I am Uzi Arad again. The question was about whether there was any room for further expansion of American-Israeli military and strategic cooperation. Now, let me tell you that this morning your Israeli counterpart, General Uzi Dyan, debated here in this hall the value of having a formal Israeli-American defense treaty. He, by the way, had reservations about it. But others in this hall did see the merits of further tightening of such cooperation, for both sides. Now these are trying times, I know that the sentiment in Israel towards the US when it is fighting in Afghanistan is a sentiment of allies. Isn't it high time that this option be considered, in light of what is in the air and in light of the challenges of the future?

Condoleezza Rice: Since we've been here, since January of this past year, we have had with Israel intensive and increasingly intensive strategic security dialogue. I think one of these sessions just took place a couple of days ago. But it's always been the premise of US-Israeli relations that the US was going to, in a sense, help Israel do what it needed to do to defend itself. I don't see that there is any question that we continue to do that. We continue to do that through security assistance, we continue to do that through joint exercises and training, and, as I said, I think we will probably intensify our efforts to do that in new areas like non-proliferation, counter-proliferation and missile defense. But, the nature of the US-Israeli relationship and defense cooperation is clearly an issue that can be discussed among allies and friends. I think it is an issue that first and foremost the Israeli government and the Israeli people will have to decide precisely what else is needed from the US, but it's an open dialogue and an open question. I think at this point in time our level of cooperation is not just satisfactory but excellent, and we can explore new ways to make both of us more secure.

Dr. Uzi Arad: Well, thank you very much Dr. Rice, we know how busy you are and we appreciate, again, your willingness to give us of your time. I think that should I ask our colleagues here seated to express their appreciation by applause you may hear that through this microphone (applause). Thank you, and using an expression we heard yesterday, Let's roll.

Condoleezza Rice: ... (laughing) thank you very much. Goodbye.

December 17, 2001 - Dinner

Chair: Mr. Yosef Maiman

Yosef Maiman: Good evening. First of all allow me to thank the organizers of this conference, the speakers and the audience for a particularly conference until now. This evening, as we look at the audience and remember the discussions that took place, perhaps there's one issue which we failed to relate to sufficiently, and that is that every country's strength and power is a function of its leadership. We talked about the idea of the security system, the economy, the society, but now I would like to say a few words about leadership. We had a leader who was daring enough to take an irrational decision and declare the establishment of the State and ever since then the challenges have been nothing but changing. Last night my friend Efraim Halevi talked about two elements. He spoke of a world war, a clash of civilizations. I'm not sure whether it started on September 11 or eight years earlier with another terror attack, but maybe we are now heading towards a war which we don't know when it started and we don't know when it might end. Here in Israel we're both on the frontline and on the borderline of a war which includes not only us but also Afghanistan, Sudan, the Philippines, Indonesia, all these things are going to affect our lives from a security, economic and political point of view, and within this combination of the regional problem with the global geopolitical problem we'll have to decide where we stand, which will take leadership. Efraim also related to Iran, he said maybe there are the first hints of some willingness to compromise on their stance towards Israel so the first thing to think is well, maybe we should try and act against the tendency towards normalcy with the US, maybe we should try on the other hand to try and achieve normalcy with Israel. We talked about the problems of the peace process with the Palestinians. It is not clear whether it is going to take another 3, 5 years or even more. It's going to take leadership to build a national consensus over a few points which go beyond the everyday debate, the everyday public argument. Ever since the days on Arlozorov St. when Shimon Peres at the time was the director general of the ministry of defense, he went a long way. 12 years ago I followed him along the Chinese wall and I was very impressed with both his energy and his curiosity. 6 months ago I followed him at Macchu-Picchu at a very high altitude and again, with very same kind of energy and curiosity. So, talking about future leadership I would like to praise our present leadership, Shimon Peres, who's also a past leader, doesn't need any introduction and it is a great honour to have him with us.

Shimon Peres: Thank you, Yossi. We've been climbing impossible walls for a long time. Ladies and gentlemen, I know that in conferences of this type we ask what about the Americans, what about the Palestinians, what about the Iranians, and a good summing up in crepes Suzette. We always say Arafat is to blame, then we go home happy and content, we've done our day's work. I'd like to speak today not about what they, the others will do, Americans, Iranians and others, but of what Israel should do. I know that I'm the exception in that regard in this difficult hour and I firmly believe that we are very close to a decision and even more important, that the decision ultimately rests with us, despite all the difficulties. I don't think anyone else can make the decision instead of us and I'm afraid that we are constantly expecting others to decide for us. We must decide, as children say, what we will be when we grow up, what will we do when we really achieve peace. I'd like to speak for a few moments about what can be attained and what the ways are to achieve that end. I think that our central problem is to establish a state or preserve a state with 2 or 3 basic principles. One, to maintain a Jewish majority. Without a Jewish majority there won't be a Jewish state, and we are very close to the danger point. We are between the sea and the Jordan River, 51% Jews 49% non-Jews. Unless we are careful, unless we make a decision, if we sit around and wait for others to do it, we risk finding ourselves falling behind and the chance will be lost. The 2nd thing that is a prerequisite for the future is to maintain Israel's moral position. Without a moral position we have no existence. Army is not enough, economy is not enough and the moral begins with that we cannot be an arrogant, overbearing occupying people, not because others suffer but because it is dangerous to us. The 3rd thing is that we have to be part of the modern world. More than the have and have not division in the world today, the world is now divided between the connected and the disconnected. Those connected to the new economy, the new potential and those who are disconnected from these. I'd like to express my opinion that we can reach an agreement with the Palestinians if we are brave and frank enough. Let me speak first about the possible program that we should follow to maintain a Jewish majority. The Palestinians want the '67 borders plus Jerusalem plus a solution of the refugee problem. We can reach borders that are '67 borders with corrections, I don't think we can reach a solution regarding the refugees and Jerusalem at this point and I believe that even if we decide on a comprehensive agreement, Jerusalem and the refugee problem can be put off to a later date. Jerusalem, because in actual fact the situation is better than on paper. It's one of those cases that show that life is richer than its verbal formulation. If you look at the situation in Jerusalem you see that the Al-Aksa mosque is held by the Palestinians, we don't enter there, we don't interfere, neither police nor civilians or army. The Temple Mount, in fact, is in Palestinian hands because of us, among other reasons, because in our tradition we are not supposed to settle or to enter the Temple Mount until the Messiah comes and as foreign minister I must admit that the Messiah is our best diplomat. He is not on his way, he's not looking for a promotion, he has plenty of patience, he'll come when the time is right. So, we have police to make sure that the thousands of people coming to pray don't try to do anything we don't want them to do. There are a few quarters in the Old City, the Armenian quarter, the Jewish quarter and so forth, it's no paradise but it's no catastrophe either. It's the only city where you can hear the Muezzin and the church bells and the synagogue prayer and the Kotel, the Wailing Wall prayers. It's very difficult to formulate all this, but we must understand that if there is a date of birth of every problem there is also a date of maturity for every solution. You can plant a flower and plant an olive tree the same day, the flower will bloom in a few months and the olive tree over a few years, you can't expect them all to mature at the same time. Jerusalem and the refugee problem will have to wait for their time. About the refugee problem, we have to tell the Palestinians – and I do this all the time – to just forget about it. We can't compromise on this categorically there's no place for any negotiations, there are so many Muslim countries, there's only one Jewish state. What makes a country into a Christian or Muslim or Jewish state is the majority, the Christian state, Lebanon, collapsed because they lost their majority and we will not allow the same thing to happen here, and I tell that to everyone from Arafat down. I'm not sure they'll agree with me, but I do believe that we can reach a two-part agreement. 1 part that is agreed on and another part that we agree to disagree. It's not perfect, but it works, and I think that regarding the rest of the issues we can reach an agreement with present Palestinian leadership in the foreseeable future, contrary to everything you read in the papers. The second condition, I said that to maintain a Jewish majority, for our own good we should establish a Palestinian state, for our own good to divide the land because if we don't do that we will simply lose the state of Israel as a Jewish state, we will lose the Jewish majority and hence the Jewish state. There's no way around it, we have to be frank and all the other messianic visions are simply irrelevant. Another point, your children, our children will not agree to live in a state lacking moral principles. We are not destined to be an overbearing, occupying, arrogant people or to be persecuting people. The Jews would never have existed without our deep seeded moral tributes. Without those there is no meaning to the Jewish people, they need a moral tradition as well as a country. Yitzhak Rabin and I, we went to Oslo for moral reasons and everyone who says that it's a crime calls morality a crime. We went there to put an end to Israeli occupation, to make ourselves normal, to bring ourselves into line with Israeli tradition, and don't take that too lightly or be over-pragmatic. The third point is we must be a modern country. We have an ancient tradition with a modern orientation and let me expand on that. What do I mean by saying a modern state? Israel was established in a certain period, we're in a totally different period now, when we established the state of Israel the world made a living from agriculture. When we speak of normalizing Jewish life, the top priority was our return to agriculture, to manual labour, to sowing the fields and reaping, all those wonderful things. There's a wonderful book about the Middle East saying that the Middle East is dependent on three things: the vine, the olive and wheat, and we returned to the olive, the vine and the wheat. Things have changed. The economy has turned its back on agriculture and moved on to science and technology. It's a radical change. For hundreds of thousands of years we had wars and occupation when we lived on agriculture, now with science and technology these things are gone, people are not connected anymore through the continents or seas, they're not separated anymore by deserts, we are all connected by cybernetics, by space and it doesn't matter where you actually are, it doesn't matter if you have land or not, we all live in real time with no prejudice, distances are cancelled, borders are cancelled, there's a global competition and science has made our life into a global one instead of a national one. There are lots of high-tech people here, so I think I may say that high-tech is not a matter only of technology, that's nonsense. You can't achieve high-tech by buying an internet connection and a television and a computer, high-tech necessitates deep seeded social change. For instance, science cannot go hand in hand with falsehood. A country must persevere in pursuit of the truth if it wants to promote science. Science cannot lie, if you want science you must uncover the truth, otherwise you'll only get falsehood and fraud. You need transparency in order to do business. If there's corruption this won't work, and you can't have objective scientific research unless you have a free, open society.

Technology won out, in the battle between technology and communism. So much so that Ze Min, the president of China said that capitalists can now be members of the Communist party. I asked the Chinaman how that can be and he said that Karl Marx said 'socialism will come from capitalism.' First we have capitalism now in China and eventually, later we'll get socialism. Well, I guess it makes sense. That changed the world's power balance because it's not divided anymore into North and South, East and West, ideologies, there's a coalition including America, Europe, China, India now, and I told President Bush that I was very impressed by the picture of him and Putin and the president of China in silk Chinese jackets and I said "oh, I congratulate you for your silky relations", he thought I said silly relations, he said ' why, do I look silly?' and I said "No, Mr. President, you look silky".

Now the darker side of the moon is showing itself, of the global moon, and that's terror. Just as science and technology cannot exist other than in a decent society, and we should not take that lightly, terror can only exist in a corrupt regime. In a decent society there can be no terror, because terror begins with terrorizing your own country, before you terrorize others you terrorize your own people, you force large segments of the population to succumb to persecution, to lies, to murder. It's no coincidence that after the Northern Alliance and America entered Afghanistan the women took off their veil, because under terror the women were slaves, women who were educated. I think the greatest 20th century revolution was women's liberation, giving rights to women. Women were always persecuted and dominated and when women are discriminated against, this is 50% of the human race that had no say. So, in this case both things came true. Now I'd like to, perhaps, prophesize, there will not be any forgiveness on the part of the modern high-tech world towards terror. They can't afford it. Neither America nor China can allow their planes to be endangered by someone holding a knife and willing to die. You cannot compromise and there will be no compromise with the fact that some people are trying to prevent us from building skyscrapers, from drinking the water, from breathing. There is no choice; it's either one group or the other. Israel is an example of such a country, a free country. I know that there is corruption here but we are not a corrupt country all in all, and I believe that there are still idealistic people in this country and even when there is corruption people don't accept it. We have a younger generation who has done wonders in high-tech, we have an army that has to fight terror and knows it. What we need is to infect our neighbors not with the virus of terrorism but with the potential of high-tech and the power to combat terror. There are many people among the Palestinians today whom we can talk to and come to an agreement with about these things. What happened after this terror is that the countries connected to the New World feel empowered and the hesitant nations feel weaker. Russia is beginning to emerge, I spoke of China, Latin America. The Muslim world was surprised, I think, by seeing weakness. Of course the newspapers are speculating when Iraq will be attacked, Sudan and Yemen, but nobody is impressed by that anymore. All of a sudden it turns out that Saudi Arabia has oil but it's a hollow country with no stable form of government. No terrorist will be forgiven, Arab or Muslim or anyone else. We cannot come to terms with this or accept it, it's only a matter of time, and as far as Israel is concerned this is a significant message to convey. If we act and speak correctly what has to be done now to help the Palestinians shake off terror, to help the Palestinians connect to the New World. Ben Gurion always said we should be a light onto the nations. What can I do if the nations don't want, don't like our lamp, so let them have their own lamp, let them produce their own light. You need vision, courage, I know many of you think I'm a dreamer, it's the only right dream and we have to pursue it courageously and fearlessly. If we offer independence to the Palestinians we'll stop being conquerors, we'll let go our grasp on their economy, their security, we'll start taking more seriously their feelings and respect them. Moshe Dyan, a good friend of mine, used to say 'I'm not sensitive to prestige, especially other people's prestige' and I think we should be sensitive to other people's prestige too, it's the cheapest thing but we're so stingy, we're not willing to give it away. These are difficult times, but in difficult times one may also find an opportunity. I learned from Ben Gurion that a small crisis can usually not be solved, a medium crisis is hard to solve, a big crisis, now that you can solve. I think that this is a time of big crisis and we need a huge vision and shake off convention. Stop asking what Arafat will do, what Iran or the Americans will do, what Russia will do, start asking what will we do. We can be united and rally to a vision, not be united by power. I am in the government to check constantly if we can start implementing this vision. The Hanukah miracle took place once, but surprises are still in store for us. Thank you. We have some time for Questions and Answers. Yes please. It's a long time since I addressed such an obedient audience.

Unknown Speaker: Mr. Peres, are you aware of the fact that the Palestinians have always seen Oslo as a Trojan horse in order to eliminate Israel and this is the way they still see Oslo?

Shimon Peres: I treated it as an Arab horse rather than a Trojan horse. I didn't go to Oslo in order to provide for their needs but rather for our own and I think we did the right thing, I think we showed that we do not wish to be conquerors in another land, that we were looking for a partner and I think we found a partner there. The problem is not with the Oslo agreement but the fact that it wasn't realized and the process stopped in 1996. I think that if we had given it another two years then it would have come to a successful end. Today we had a discussion, I know that there are people on the right wing that call us Oslo criminals. I don't think it's a crime to seek peace, I don't think it's a crime to want to stop being a conqueror and I don't think it's a crime to try and look for a partner. If people talk about crimes I'd rather talk about sins. In 1987 I brought the London plan, which was the best for Israel ever, it could have prevented the PLO coming to some power, it would have solved the Jerusalem problem and I'm sorry that the right wing was the one to kill it, but I'm not trying to, but I'm willing to forget it. Oslo agreement is what brought about the peace agreement with Jordan and if you want to negotiate with chaos then that's alright, but if you want to find a partner for negotiations, this is what Oslo created.

Unknown speaker: Sir, I am a Kabbala researcher. Gershom Sholom said that a Messianic believer, when struck by reality which goes against the grain of his faith he still adheres to his dream and forsakes reality. I would like to ask painfully, not cynically, is this not what we see here before us.

Shimon Peres: Why don't you tell me what reality is, so that I can give up on my dream.

Unknown speaker: Well, reality clashes with the utopian dream of course of peace and the possibility of peace and I'm not asking this in a cynical way and I'm not trying to be in the opposition, but just out of true pain.

Shimon Peres: Lady, I am a little bit older than you, believe you me you read the Kabbala but I read the history of the state of Israel, so many impossible dreams that seemed to be unattainable in my lifetime and were still realized. So, with all due respect to Gershom Sholom, and I am a great admirer of his, I also know him personally, but I have no doubt in my mind that Gershom Sholom did to mysticism what Freud did to psychoanalysis, he freed our minds a little bit but I'm not a supporter of Freud and I'm not a supporter of Sholom either. I am a man who saw many impossible dreams coming fantastically true. Believe you me, when in 1948 the state of Israel was established, declared, our most unbelievable dream was to have a million dream in Israel. Now, there are five and a half million people here. There are more Hebrew speakers than Danish speakers in the world. I never believed that in Israel we'd have the best agriculture in the world, the nuclear reactor, the aircraft industry, high-tech. According to Kabbala, there was no chance on earth for that but we have proofs.

Sagi Melamed: If you were given the opportunity to speak on a live broadcast before the Palestinian nation on television, what would you say to them?

Shimon Peres: I would say you have through many tragedies and I empathize with you. We don't wish to be your rulers, we don't wish to be your conquerors, we want to be your neighbors. But you don't have a choice and we don't have a choice other than to live in peace with each other. I would say we have to meet in the old Middle East, from a value point of view and in the new Middle East from a scientific point of view. We will help you without ordering you. When you ask me what I would say, well people say there is no single Jewish people, there isn't a single Palestinian people either and the whole world we have new generations all the time. Look at your children, look at your grandchildren, they're so different than you. I look at my own children and grandchildren, they live in a different world, they live in a much more sophisticated world, global and open. They don't understand what we're talking about. I think the same thing is happening with the Arabs as well, they also have new generations, the generation younger than Arafat is already different. They have universities with 70,000-80,000 students, that's where I would start interaction with the Palestinian nation. I would say again, without exaggerating though, but I still believe that what I'm saying echoes among the Palestinians, the Arabs, because they know that what I say to them is honest and true. Internet, television, computers and freedom along with them will come to the Arab world just as it did to China, and what we have to do is to expedite this; this is what I think.

Geula Cohen: Just one thing concerning the Kabbala vs. the proofs that you mentioned. You said to Miss Altschuler you know of a dream that was not realized since 1948, a hundred years ago and so on, but you should know and no one knows better than you that there isn't a single dream come true which was not connected with its roots to our historical dreams. There are no other dreams. Every dream that came true was connected to our history, and everything, which is historical, is both realistic and political. This is just a comment that you can agree or disagree with.

Shimon Peres: I agree.

Geula Cohen: However, your dreams today are more about the changing world and this is what I want to ask you about. If there are no borders then why are there so many borders? Why is it that we, throughout the Oslo process, it has to do with borders after all, and if we moved to other borders then all of a sudden this dream will come true. I understand when you say that we live in a world where it's not important, no history, no this, no that or the other, but I say that your entire vision, which is what I like about you, your ability to have a vision, and I like to see your belief in your ideology, though I don't believe your ideology is anchored in reality. But I want to ask you because you portray such a beautiful picture, such a beautiful world, with no borders, but it suddenly turns out that our entire problem relies on borders and also this is your problem, because you say that once we return to the borders of 1967 more or less, then all of a sudden things will look different, so why don't you answer me this question.

Shimon Peres: Well, I definitely think that we have to relate to history, but I prefer to relate to another example, Jacob's dream rather than Kane and Abel. Both are history. Kane and Abel presented the first murder in history, but Jacob's dream was the first dream in history. You know, Jacob's dream started with a dream but ended up with Israel. I'm sorry, I can't hear Geula Cohen, she's not speaking into her microphone, apparently. There is no ladder when it come to Kane and Abel, there's just a story of murder, but what I say is not that there aren't any borders, there are borders, but let us understand each other. What I'm saying is that the relationship matters more than borders. We saw Europe change, we are trying to change these relations, we came to this country being very innocent. Herzl said that 'here is a country-less nation coming to a nation-less country', he just didn't realize what reality was, he wasn't being cynical, I don't think Zionism knew anything about cynicism, cynicism is post-Zionist. But, we did found a nation here and what I'm saying is that by combining the issue of borders with the issue of relationship we'll find a way out. I'm not saying that borders don't matter, I'm just saying that they don't have the same economic and strategic importance that they had. They do have a cultural importance, I believe that protecting our Jewish and Israeli culture is just as important as protecting our homeland. Therefore, I say that if we change our relationship the value of borders will be of much less proportions.

Unknown speaker: Mr. Peres, you said the things you would say to the Palestinians. I appreciate your vision but if I were Palestinian, then I wouldn't have believed a single thing you say. Why? Because I would have looked at what you do, at the actions that you take. You are serving under a prime minister who does nothing of the sort that you mentioned and if I were Palestinian I would say 'Mr. Peres, you're the most harmful person that we know today because you attribute to Arik Sharon rhetoric which isn't even there, you're serving a government which doesn't suit you, in which no one accepts your vision, certainly not the majority, and therefore you are counterproductive to the Palestinian interest..' You wouldn't have convinced them.

Shimon Peres: Well, thank god you're not Palestinian, very difficult to convince you! No, I'll put it this way. First of all, I do believe that the Palestinians do believe me, that's the way I feel and I think they know that I'm sitting in the government not in

order to harm their cause but in order to try and create a dialogue between us. It is true, I represent defeat of the peace camp, I know that I'm in the minority, I have no illusions about that, and I also think that in the coming two years many things will be determined and when I ask myself personally, where should I be, in government, in Knesset, maybe in the press, I think we have to be in government and our contribution is valued by the Palestinians as well. Believe me, there are many Palestinians who say don't leave the government, you're our last hope. What did we do, well, in the government there was an argument today between Yossi Sarid and Misha Arens and I told them when I hear your argument I understand what I'm doing in the government. Yossi Sarid doesn't understand why it is difficult to conduct negotiations with Arafat and the need to make him change. Not to kill him, not to remove him but rather to change him, and I think I had a hand in the international pressure on Arafat to change. Now Arens, on the other hand, doesn't take into account the mistakes that we make, and I say that's all very well for you, but we are here in order to try and prevent mistakes on the other side. We had the Mitchell plan, we blocked this call for comparing, of equating of Arafat with Bin Laden, this is what I do every day, all the time. I don't think a politician should reflect a state of affairs, but rather change a state of affairs. If you want to reflect a mirror is enough, but in order to change something you need a vision, and unlike you I believe that many Jews as well as non-Jews have their hopes on the effort that we are making to try and overcome the difficulties, rather than succumb to them. There are many difficulties, I agree, we have to climb high mountains and cross high seas, of course, you're right, but there's no reason on earth to succumb, to give up. I've seen a lot in my life and I've realized that's the only thing to do, and maybe it could be that we are much closer to a solution than we actually realized. We need courage and we need patience and not to succumb to convention.

Unknown speaker: Mr. Peres, I was asked to ask the last question. Let me take a moment of your time, let's go back to historical memory that we both share. Let me tell you I envy you, your Hebrew is impeccable, not any better than my teachers but your Hebrew is impeccable, you're very articulate and you can express yourself. Is this criticism or a compliment, well you decide. A year ago I asked you a question.

Shimon Peres: Yes, I remember.

Unknown speaker: I want to go back to pre-1967 days, you were vice-foreign secretary and you said the territories are worthless, Shimon I admire you for your courage and your consistency and your determination to follow your principles, but I disagree. Then, you said territories no longer have any value, this was before '67, you came to visit us, I was a tank commander, you came and look what happened, the '67 war. It wasn't my doing, but it happened. And then you came again with Ghandi, Rehavam Zeevi who was the central commanding officer. We were Zionists at the time, we weren't students and I asked you a question and you said that you envisioned a Druse nation between Israel and Syria, that was the plan. So you always have good ideas, there's always a plan but tonight I have not heard a word about Zionism from you. I'd like you to start putting those energies to good work. There are a million Jews in South American that you can bring here, a million in Russia that you can bring here. In France and England there are a million Jews that you can bring here to Israel, and working with the Palestinians is good for Kofi Anan – wait, I haven't even asked my question yet – I'm asking seriously now. Everything you said now, you spoke seriously, is that so? You speak of Sholom's messianic teachings, I'm saying that what you're talking about peace now, that you're the primary exponent, this is unrealistic, messianic hope. My grandfather came here in 1890 and Ben Gurion came here in the early 1900s, that's reality to continue the same path we've taken until now and to use modern technology. What you're saying is half a million Jews will deal in technology and what about all the rest? The question is very simple.

Shimon Peres: I have plenty of patience, I'm letting you talk, you can talk as much as you like.

Unknown speaker: I'm accusing you of messianic views and illusion. Since you signed Oslo it's failed. You have to tear up that piece of paper and go back to Ben Gurion's Zionism and your old Zionism.

Shimon Peres: You know, we used to call the territories occupied territories, but they're occupying us more than we're occupying them. I am not talking about the Sinai 40,000 square K"m and Begin thought that he would settle there, it wasn't I who thought so. I don't want to go into all the names now but they gave it back just like that, right away, believe me. Same thing happened with Jordan. Territories have no independent existence. You want to conquer other people, it will only harm us. You have to be frank. I'm a Zionist because Zionism is a moral movement, not only a territorial one. If we're an occupying, arrogant alienating people we endanger our existence no less than any external danger threatens us. We do need territories, but we need territories that don't force us to occupy a nation and people that very soon will outnumber us. I don't want territorial considerations to override demography and let the territories threaten our existence as a Jewish state. I know that there are wonderful people in Rehovot, though there are no orange groves left and now it's all high-tech. You know that it wasn't my doing, Nes Ziona and Rehovot and Rishon, there used to be 400,000 dunam of orange groves and 200 million dollars were made by the export, 400,000 dunam brought us in millions of dollars and we're getting more and more from high-tech now, much more than we got from the orange groves. I don't want to disappoint you, we're only at the very dawn of new technology, biotechnology will double people's lives and cure illnesses, nobody can stop it, not me, not you, even though Herzl never dreamed of these things. Now there are plans for armament in space, believe me you'll see incredible change over the next few years, more incredible than the changes of the past 50 years. I am a Zionist, and that means belief in the land in tradition and in man. We have extraordinary people in a small country, a difficult one, and we are living in revolutionary times, and you can't evade that. I'll have coffee with you in Rehovot, wine in Rishon I'm willing to have wine in Rehovot and you can come have a drink with me and you will become intoxicated with my vision.

Yosef Maiman: Ladies and gentlemen, we are furthering the national consensus, we can start with the operative stage. One thing I am very glad of nobody would talk to their foreign minister in any of our neighbors, that's our strength. Shimon, thank you so much on behalf of all of us.

December 18, 2001

Seventh Session: Changing Security Concepts and Force Structure

Chair: Maj. Gen. (res.) Yitzhak Hoffi

Maj. Gen. (Res.) Amos Yaron: Good morning. We shall start this session, I will start with a few words, and then I'll introduce the Chief of Staff. The main building blocks on which the IDF is constructed have not, in principle, changed since the IDF was formed, and these are compulsory draft, a standing army and a reserve army. And of these, the Navy, the Air Force and the Intelligence are built on regular forces, on a professional office and the draft, and the land forces are built on mostly reserve forces. The other principle is that there was always a combination between quantity and quality, and the most important thing was the balance between the two, because quantity might come at the expense of quality. The difference between us and our enemies in quality, the difference in quality has to be maintained. This difference has to be substantial. And we're fighting to do that from within, and these days, the struggle for the budget will start and end, but it will surface, the very significant problem, that some of this problem will be about the need to invest in daily expenses vis-à-vis long-term investments. And I would like to emphasize one point in this context. Today, the power and quality of military industries, of R&D facilities, their capabilities are of the highest in the world. There is almost no military requirement that we cannot – for which we cannot find a solution, thanks to our technology. And the only constraint is that of resources, namely, budget. And outside of Israel, mainly in the United States, the United States accepts the premise that our qualitative edge must be maintained. But the Americans, with their policy, and I'll only mention one thing, one figure: In the last decade, 1990 to 2000, more or less, except for the State of Israel, countries in the region – the United States exported arms with \$50 billion to countries in the region except for Israel. And, for the Americans, this policy has continued assistance or continued armament for its friends in the Middle East, this policy is sometimes injurious to us, and we're fighting this policy. It's a fight among friends. I'd like to conclude by stressing four points that are related to the construction of our military power and our national power. The first point is that the IDF preparations for this struggle and the way that it functions as the struggle goes on, both in terms of the policies, the doctrine, the training, and actual implementation. The IDF had good forecasts and prepared adequately, and I think that it should be commended for this. Secondly, I want to talk about the unity of the Israeli people, Israeli society in this struggle. And here, too, we should be given credit. The third point, I think that in the future, the centrality of the Air Force and the Navy will increase. And fourth, is our reserve force. There was never an equality in Israeli society, and there can never be equality. There will always be those who will contribute more. I think that we're at a point that requires a lot of attention and maybe a change of perception about how Israeli society takes care of and how it sees its reserve force. And here is one of the sponsors of this convention, I recommend that in the next meeting, next year, a special session will be dedicated to discuss the reserve force so that we can, in a systematic way, discuss the problems, and maybe even come up with solutions. I would now like to invite our first speaker, the Chief of Staff, Lt. Gen. Shaul Mofaz, who joined the army in '66, served in the paratroopers, went through all of the ranks. In the service, he studied in Quantico, Virginia. In January '94, he became a brigadier general. He was head of the Southern Command, and as the commander in charge of planning for the IDF, he was in Wye, in the discussions, and also discussed the Hebron agreement. In '97, he was appointed Deputy Chief of Staff, and less than a year later became Chief of Staff. He graduated from Bar Ilan University, where he studied business administration.

Lt. Gen. Shaul Mofaz: Good morning, members of the panel, Chair, Uzi Arad, my partners from the Chief of Staff, ladies and gentlemen. I was asked to talk about the balance with the Palestinians. I have time until 11:30, and I will try to focus on this issue. But I would like to first say that terrorism, which is the campaign that we've been facing in the last 15 months, and in addition, global terrorism, in the way that it was implemented against the U.S., to the best of my knowledge, turns terrorism into a strategic factor in our reality, both in our region and globally. Before I delve into the issue of the campaign vis-à-vis the Palestinians and our balance of powers with them, it should be noted that the American war against terrorism could have implications for our region. The United States has decided to operate against terrorism in full force. And wherever there is terrorism, and it should be assumed that there are countries that have assisted terrorism so far, that were partners with terrorist organizations that struck the United States, and some of these countries are in this region. And any strike of the United States against them, the United States could implement conventional or non-conventional warfare against Israel, and as we are running this campaign, we have to be prepared for the next campaign as well. And just as we have prepared for this campaign, I think that we should and we are preparing for the next campaigns. The subject of this meeting, of this conference, is national strength, national fortitude. And, certainly, this comprises many elements, including military strength. And I thought that it should be noted that we are constructing the IDF so that it can deter. And so that if we are forced to launch a military campaign, we will also be able to strike a decisive blow. And we have set priorities, and the top priority is the Air Force as a strategic component. We think that the role of the Navy will continually be expanded. Intelligence, and accurate precise weapons, and the protection – play a significant role in the protection of the home front. These are major components in our work plan, but I have to also add and say that, primarily, above and beyond everything else that I mentioned, the quality of our staff is our main source of power. This is true of our regular forces, of our reserve forces, of our professional army. And I think that recently, we have seen how recent immigration to Israel has boosted our capabilities in financial activities but just as much, also, in our military capabilities. More and more boys who immigrated to Israel in recent years are now part of our frontline staff. They go through officers training. I think that this is a very important element of our capability to absorb immigration in Israel, in general. And that's why we decided that 2002 will be the year of absorption of immigration. We will be focusing in that. We want to absorb this population whose contribution to our fortitude is paramount. And now I'll start talking about our balance of power and the confrontation with the Palestinians. I think that this confrontation is marked by fluctuations, by ties and falls. I think that this campaign is multifaceted, it's political, it's military. It's got to do a lot with the media, with psychology, with economics, and, eventually, it's got mainly to do with perception. It's different from the other campaigns that we had in the past, it's different from the Intifada that started in 1987, from the riots of '96, from the Naqba events in 2000, because, in this campaign, terrorism plays a major role, a lot of suicide bombings, shootings, roadside bombs and the like. There is extreme violence at this campaign. I would like to give you several statistics to illustrate this. So far, about 10,200 terror attacks have taken place since September last year, of which about – there were about 1,500 shootings at vehicles, about

5,400 shootings against military outposts, 500 other terrorists, 600 are bombs and several missile strikes. These figures attest to the fact that this is a campaign that is being run by the Palestinian Authority, and there are many partners to this campaign, and I'll touch upon that later. The confrontation that was forced upon us is the result of a strategic choice made by the Palestinians when they chose the road to violence and terrorism in order to obtain their goals. I think that the reasons why they chose this route is part and parcel of the Palestinian rational, which goes, first, they're unsatisfied with the political process, and they realize that they will not accomplish all of their goals through negotiations. They will not have a Palestinian country in the borders of 1967 with the capital being Jerusalem, and with the Right of Return, and that's why they chose the route of terrorism, because they realize that terrorism pays. Shedding the blood of Israelis will lead to a change in Israeli strategic perception and their long-term ideas. There is no doubt that the Palestinians believe that terrorism pays. When they chose strategically to pursue terrorism, that was one of their main perceptions. They utilized the fact that the world perceives them as the victim. That is the power of being weak. And Palestinian leaders feel that, over time, the multiple of the demographic balance and time will be on their side. And, eventually, from their point of view, this is a national struggle and unity has a lot of importance. The Palestinians see this campaign as the last one. But its targets, as we understand them, the way we look about – the way the Palestinian Authority is running it, is to create a situation that will be as if detonated, and bring about the international community to intervene. And this escalation will bring about this international power becoming involved. The fact that there is no security with conquest, and to turn it into a political process through violence and terrorism, they want to clarify to us that there will not be an end to this strive, and that any settlement is just temporary. They are going to try as hard as possible to shatter this sense of confidence and security from the point of view of the Israeli population, and substantiate and show us that they can, they have staying power. I think that the path chosen by them, terrorism in three cycles – the Hamas and the Jihad, the first cycle; the second cycle is through the Tanzim people, that Fatah; and three, through their actually security mechanisms. And I think, on a time axis, this differentiation between these three cycles has been eroded, and we find more and more that the El-Fatah, Tanzim people who have become more extremist, Jihad, and are now all moving under this sort of extremist umbrella. They are all acting and being activated under it. I think that at least 80 of those who were killed, Israelis, stemmed from the security forces, the Palestinian forces, that in terms of their reference, they should have fought against terror, but, instead, they were acting differently. And by using this extremist violence, they chose to control the flames of violence in accordance with their needs, and to get international sympathy as being the underdog, again, in the eyes of the Palestinians to keep Arafat as their leader, their irrevocable leadership. And any effort that is exerted by him, he has made all the efforts so that there will be no other leader who could take over from him at any short term, during a short-term period. No one has sort of been fostered there. They want to break that resilience and the staying power of the Israeli people. And I think that during this campaign, and I will mention the different phases of it, I think they were surprised by two main issues. The first thing was the Israeli society's resilience and staying power. I, according to my estimation, I think it's shown it in remarkable terms, and I think that surprised the Palestinians. And the second surprise was from the strength of the IDF, the way the security forces are working, and other security forces in Israel. The fact that this blending, the merging of the two, the staying power and the actual clout that the IDF can wield, surprised the Palestinians, because they believed that they would be able, after a matter of months, to reach some, you know, such expanses of bloodshedding to such a degree that they would, therefore, influence those decision-makers to give in, basically, to the desires and the wills of the Palestinian people. But since this conflict, and the hostility has been activated, we can see five different sort of phases of the campaign. And we have to understand them because they were brought about and sort of drawn into by their reality and what they wanted, because this is the reality that they were facing, the Palestinians. The first campaign, you can call it the Palestinian violence, the planned Palestinian violence which was part of the consensus that the Har-Emil-Sharif should be, that instigator, that's what causes, brought about all the thing, and this would sort of create cohesion between all the different people; because they would use the mass as if like cannon fodder, so that Israelis, when they shot back, they would have to shoot at a mass, at a crowd, and therefore hurt, and they would cause, then, a rift amongst the Israeli people, that there would be lack of confidence in the Israeli government, and therefore bring about escalation and maybe substantiate the sort of the internationalization of the conflict rather – this is the second level, that it should become something rather than just tactical, it should become something totally strategic. The second campaign that we're talking about is the terror from the "A" territories. There is a difficulty to keep those revolutionary energies, and preserve them and maintain them for a long period of time; and Israel, on the other hand, doesn't seem to be breaking down, so there are so many casualties. But, again, using them as a side of cannon fodder, they were hoping to create that situation, but it was a double – it was a sword with two sharp edges, it basically hurt themselves. They were cutting their, you know, their – they were cutting off their nose to spite their own face, it didn't succeed. The territory was chosen as an alternative for the population. That was their choice. This transition from the fight, from the territory "A" shows that they felt that this was a failure, but they still wanted an escalation of the violence into a kind of established violence that would be controlled by the Palestinian Authority. That's the idea or the basis, that it would be guerilla fighting. They would fight at the main arteries of our life. They would hurt those who are living in Judea and Samaria, and create the rift between the people living there, of course between the subjects and the actual powers to be. And then when Arafat decided to move that fire from the "A" territories to terror outside that area, which continued until March 2001. It was based on shooting on main axes and on settlers from Judea and Samaria, and on IDF soldiers, and very painful incidents like the bus in Kfar Darom, for example. And the fourth campaign, the fourth faction of this campaign is the comprehensive mass terror. And its aim was to bring the terror into Israel proper, and that started in March. Because up to then, the scope of the casualties and those murdered in the State of Israel was much lower than what they had hoped for, the Palestinians, and lower than the targets that they had designated for themselves. And the aim of this campaign was to bring it into Israel proper, and therefore, of course, force the government and the IDF to use extreme tools to bring about a situation that they would, again, be the underdog, that Israel would, again, have a negative image in the universal – sort of international arena and, of course, bring about an international involvement, which is what's their designation. And then, on the 11th of September, with the terror attacks on the Pentagon and in New York, and this was definitely a total revolution in the attitude towards these – towards terrorism and those countries that harbored terrorists.

They wanted to join the other camp. They wanted to – that didn't want to suddenly be seen as someone who were fighting in the name of anarchy, and, therefore, Arafat chose to be – chose the fifth campaign of terror that would be coordinated towards, and it would suit the whole anti-terror campaign in the war. In other words, there would be no legitimacy for the path

of terror, on the contrary, declaring war against terror, and therefore they found a way to using this violence in such a way that would match the reality that now exists to the new reality. So they were sort of walking on the threshold as if on the abyss, they've done this before, that's what they chose. On the other hand, they were joining this wave of anti-terrorism against Bin Laden, and, therefore, we saw a Palestinian attempt to try and present to the world, and especially to the States that there are two different kinds of terror, those – the kind of Bin Laden terror that is used and their kind. Theirs is political, legitimate because of all the – of all the harm that has been caused the Palestinian people, and therefore it's legitimate, they are the underdog. But, again, terror is terror, as we've said before, and we do not discern or differentiate between positive and negative terror. And the Palestinians tried to transmit a message to the international awareness, conscious that the way they are fighting is, in fact, a legitimate struggle. And it's not terror as was used against the States on the 11th of September, totally different terror. And this differentiation between the Bin Laden terror and their terror, which is political and legitimate, therefore, we must identify that since September, I mean we will see it as time passes. It did exist a little bit beforehand, that the main conflict, the main confrontation is, in fact, with sort of penetrating the awareness, others' conscience abroad because they want delegitimization. They want to create that, they want to show us, and, of course, infiltrate and erode our staying power and, of course our image in the international arena. Since the 11th of September, the mass incidents in the States could have been their tactic, their aim, everything mingled together. Arafat believed that he could get away, through words, getting away from actually deeds and suffice in declarations rather than actually fighting terror. But in this struggle that is matched to what they see the reality is not actually achieving its aims. And now we are in a situation where the sixth campaign is being designed. We're talking about a suddenly awakening of terror, of a wave that has never been seen, never precedent in Israel before. We're talking about the 27th of November onwards in Israel, 2001, we had 44 Israelis killed within a matter of two weeks, we're talking about Haifa, Hadera, Jerusalem. It is the worst chain of terrorism incidents, bringing about a delegitimization of Arafat and a legitimacy for the Israel reaction, which allows us a bigger leeway. It gives us an international leeway for our path that we've chosen, and a delegitimization of Arafat and the path that he has chosen. I believe that after 15 months of such confrontation, I think that the cracks are beginning to show on the Palestinian side. I think that their population has seen that its leaders are leading it through a very dark tunnel, and there's not even a little flicker of light at the end of that tunnel. I can only say that even in his closest environment, Arafat, amongst those people around him, there are other voices being heard for a different – for a different kind of leadership. But they still haven't – they haven't got the actual – the courage to stand up and oppose him because they want to choose the negotiation table, but they don't in fact know how about going about it to get there. I know that time is really running, but I want to repeat those main insights, the main points that I was talking about from our side, the way we see things in the IDF, and the way we present them to the political echelons. It's a historical confrontation, and in – that in the sort of future, the coming future, we have to be very careful that there shouldn't be an escalation on all levels. It's something that is ongoing, this confrontation is ongoing, and the victory is only pinpointed, it couldn't be a knockout. The marathon runner will win and not the sprinter. I spoke that this is a multi-dimensional campaign, and one has to win economic – on the economic side, on the political side, on the army side, on every possible aspect. We cannot – we have to be very careful not to bring about an escalation and an international intervention, internationalization of the issue. We have to be very careful that the staying power and resilience of the Israeli people remains. The public in Israel is showing tremendous resilience because this terror is on the thresholds of our homes, it's on our doorsteps. And another issue which I feel is very important, and that is our ability to facilitate, to ease the lives that the Palestinians live, because those who are involved in those cycles of terror and violence, they won't succeed in moving us from where we are, from here. But we must also understand that the Palestinians will continue living alongside us, and the importance of assisting them, and assisting them in their normal fabric of every day in daily life is also very important in our struggle. And then if you talk about the balance of our fight, the IDF knew from the first moments that they're going to be very difficult tests, that we will have to stand some of them on the battlefields and some of them in other arenas. And we prepared ourselves. In the year 2000 we knew that it was about to happen, we didn't know when, because we saw the focal problem when we were attempting negotiations with the Syrians, that we wanted a desire to leave Lebanon with a peace agreement. We knew that the core of the problem was the Palestinian-Israeli conflict. We knew that it was expected, we didn't know when this would take place, but we thought it would be best to prepare ourselves for it and we thus did so. I think during even the first days of the confrontation, we knew that, for both sides, this was an issue, a fateful issue of paramount importance. And it was because of each of the people's identity as a people. That's what it was all about. And history shows that in this kind of fight, there is no knockout victory, as I said before, it must be a pinpoint of issues, and that is the way we prepared ourselves, and that is the way we are continuing to face this issue. A strategic process that they decided upon, it was also approved by the echelons, the political echelons, was to give security to the – to, of course, the Israelis, but, at the same time, to prevent the Palestinians through violence and terror, attaining what they had designated for themselves. We know that we must win at every meeting point from a tactical point of view, because every day that passes, and whenever they don't manage to achieve their strategic target, of course, this is a victory for us. But in order to win a long term, then you have to miniaturize, you have to minimalize, sorry, the casualties and the damage that is done. And there are very few armies in the world who, in reality, where what is the gray and not the dichotomy that reigns, the gray sort of areas that the soldiers have really acted and have been educated to behave. I don't think that many armies can pride themselves in saying that, that that is the way our soldiers have behaved. In order to purvey, we have to continue preventing that escalation and also an internationalization of the situation. The use of force that we decided upon in order to grapple with this kind of warfare against us, our first principle that we decided upon was to use our clout in context and according to the measure that was appropriate, not to reach levels and peaks that we didn't intend to reach. We have to prevent – we have to balance everything that is going on, balance and use considerations. And we have to see what the risk is as opposed to what is actually happening on the other side. And when the value of what is actually happening, we have to balance it as opposed to the actual situation and not use too much excessive force as when you're fighting against it. In other words, take into consideration also always the ethical values here. It's not as if we don't make mistakes, of course they do take. When we actually – there is a focused risk we want to create – when there are those who have targeted innocent IDF soldiers and civilians, we have to be very careful. We want to create a kind of buffer between their innocent civilians and those who have actually perpetrated acts of terror. We have to be careful to show that there is a legitimacy in everything that we do and delegitimize those who perpetrate terror and those who harbor it. Another issue that is connected to this campaign, and that is the situation in the north. There

is tension. The Hezbollah is literally parked on the borders, the Lebanese are not fulfilling its powers there, it is not showing its authority, and we have determined for ourselves what our policy should be, and we want to evade creating a second front because we are already fighting on the Palestinian front. We do not want them to be going on simultaneously. But when we do need to act and we do need to deter, then we – and if we do need to have a pinpoint action, then it ought to be hit at the landlord, and the landlord is the Syrians. If we then want to go and penetrate into territories "A", if we want to look at the ethical values behind it and what we're going to attain by doing so, when we do so, we do so in order to give a sense of confidence to the Israeli population. But I think, at this point, we have no desire to conquer and occupy Palestinian towns or populations, but we only do so in the context and in the measure necessary. And when this is over, we then leave those territories. As part of this activity, we've apprehended about 1,500 terrorists, and those who have assisted the terrorists, several hundreds of them, within "A" areas. And anybody who has any experience with such special activity realizes what kind of an effort it requires in order to reach such figures. And we've hit several ticking bombs, that without this preemptive measure, they would – these people, these individual ticking bombs would have caused terrorist attacks that would have cost us many, many casualties. And the same time that we're carrying out this activity, we have to be prepared for an escalation. If indeed the Palestinians manage to create such escalation, as I mentioned, we also have to prepare for the next campaign. I have to say a few words about our reserve force as well. We did not mobilize our reserve forces when the conflict started and later on as well, because when Israel calls in their reserves, it is always perceived by the other side as an offensive. And here, too, we operated on the principle of the context and degree, and we avoided calling in the reserves and, instead of that, increase the load on our regular army. And in January 2001, we prepared the IDF's activity chart which is adapted to the dosage in which we operate the reserve units at such a degree that will allow us to maintain an extended conflict. And another thing that we have to bear in mind is that we cannot call in the reserves for a long time, we cannot afford that economically. And, therefore, most of the burden is now carried by the regular army, and it's, of course, at the expense of training, but there is more hands-on experience. And our perseverance also depends on our reserve forces, and they should be deeply thanked for their mobilization and for the unique contribution to this campaign. The land forces are carrying most of the burden, but air force, the air force is the most important strategic factor that we have. The way that they have operated was proven as essential, and precise weapons allowed us to operate our air force with a lot of security and without compromising our values in ethics. We have also used the navy as a preemptive measure, and there were results in (unclear) and other places where the navy prevented attacks. The last important thing that I wanted to mention in the context of military activity is maintaining our offensive capabilities and our ethics. These are the things that the IDF has to uphold. We have a very complicated doctrine, and I have to say that in my 35 years in the IDF, I have partaken in several wars, and this is one of the more complicated campaigns, the most difficult campaign that we ever had to face. I'd like also to say a few things about the IDF soldiers. I think that our commanders are very qualitative and our soldiers understand full well what is required of them. The understanding and the realization that Israel is fighting for its rights, and that we're fighting for our existence. This fact guarantees that we will be resilient and withstand and be able to win this campaign. We're faced with complicated challenges that challenge our faith, our right of existence and the righteousness of our road, and we will – we will prevail. I would like to conclude by quoting from Moshe Dayan when he was speaking after the death of Roi Rotenberg, and this is still relevant as long as we are fighting for our survival. And he said as follows: "It is not the Arabs in Gaza but ourselves that we should talk – we should discuss with about the fate of Roi. We are not to forget that this group of children in Nachal Oz, this group of children is responsible for security vis-à-vis Gaza. There are thousands of eyes and hands that are preying there for our weakness so that they can tear us apart. Did we forget that? Without guns we cannot – we will not be able to build our homes. Millions of Jews who were annihilated because they had no country of their own are looking at us from their graves, and it is they that order us to maintain this country. We cannot afford to be weak. This is our fate, it is our destiny to be armed and strong and determined, otherwise we will die." That's the end of the quote. But our hand does more than hold the sword, with our hands reach out for peace. And I think that there is no other country or nation that wants peace, longs for peace and prays for peace more than Israel. And the secret of our national strength and our unity, this is what will help us win this campaign. And I'd like to conclude by saying that with all the pain that this struggle involves, and I do not know of any wars or struggles that do not involve pain, this fight is for our homes. And as I said, terrorism and violence is at our doorstep, and we have to be determined and stand strong because there is no choice. This is one of the most fateful struggles that we've ever had, and we understand that if peace doesn't come soon, still we want to live, and we will do whatever we can in order to materialize our historic right to live in peace and security in this land. Thank you.

Maj. Gen. (Res.) Amos Yaron: Thank you, Mr. Chief of Staff. Our next speaker is Maj. Gen. Eitan Ben-Eliahu, President and CEO of East West Ventures. He has served in the air force for more than 30 years, and was the commander of the air force. He graduated from Bar Ilan where he studied economics and business administration, and got a Master's in strategy and international relationships in Tel Aviv University.

Maj. Gen. (Res.) Eitan Ben-Eliahu: We're now moving from daily affairs to long-term affairs, and the issue, the headline for this address is "New Directions in the Security Perception of Israel." And when we use this term a few questions come up. For two days we have been sitting here, talking about security, and everything falls under this umbrella. But still I am going to focus on a few things that, to me, go to the core of the issue in which changes have occurred, and also discuss our recommendations that I think should become part of the building blocks of Israel's security perception. So what is a security perception? What can be attached to a security concept? Everything that has got to do with building the power, or even before that, all those things that have a bearing on four things that I'm going to enumerate and that are affected by those things are part of the security concept. And I'm talking about building the power, which is also building the power and the structure; secondly is the technique by which it is used; thirdly, it's the foreign policy of Israel, which also has an influence on or is influenced by this concept; and internal policies. In order to illustrate, I will use several examples that I think most of us are familiar with, examples that were or still are valid to this day as our security concept. Incidentally, Israel does have a security concept but it is not phrased formally anywhere, for example, in terms of internal policy, the size of the army and the length of service, which are interdependent, the ratio between the draft, the professional army and the reserve service. You know that when we have our reserves called in, we have about one million soldiers; on the other hand, our standing army is 180,000,

about, our professional army comprises about 40,000. And this stems from an internal policy, social and other policy, but it's part and parcel of our security concept. Our policies for draft, for bringing in the reserves, calling in the reserves, that's also part of our concept, of a security concept. A few words about foreign policy. We heard about this yesterday in the presentation by Uzi Dayan. We have this ethos, according to which we plan to insist that we, and only we, shall fight our wars. Only Israeli soldiers will keep our security and fight our wars. We do lean on assistance from other countries; in the remote past it was mainly Europe and France, and later on, it's almost exclusively the United States. On the one hand, we don't have a choice but to lean on this assistance, but on the other hand, our policy makes us immune against a possibility of an embargo. So there are attempts. One of the most prominent things is the security policy that nurtures Israeli Military Industries in order to make us immune against the situation of an embargo. Our very famous vague nuclear policy, and even the policy of agreements and treaties, but it's hard to point to a policy. We have an entire supermarket here. We have ceasefires, we have interim agreements, we have unilateral withdrawals, peace agreements, temporary agreements, incremental agreements. We have all the possibilities, and all of them are a part of our security concept. You may be losing me here but you should know that when an army plans its mobilization, its doctrines, its operations, they stem, inter alia, out of the perceptions of the agreements. What kind of an agreement do we want to have in the end of the campaign, or what agreement did we have that led us into this campaign. Building the power, we heard some of our contemporary policies from the Chief of Staff, and this has been the focal point. The focal point has always been our armored forces and our air force, because two of them pertain to a single arena, the arena in which the two military forces clash. Historically, it was the Golan Heights and then the Sinai. The air force, too, its main orientation was to guarantee supremacy in the air, on the one hand, and on the other, to take part and assist the ground forces in the clashing point, in the point of confrontation. And this arena, it was clear where this was going to happen. It was going to happen either in the Golan Heights or along our border with Egypt in the past. We always made sure that we had versatile forces, because our forces were relatively small for our missions, we never – maybe in the mosquito era, when Israel was born, but otherwise, our forces were always versatile and could be used for all types of missions because we couldn't afford to have separate forces. It's part of our security concept. The way that our staff is created, we have – we are based on a land force, and there is a fluid concept of separate cores and arms. As for the use of the force, part of our security concept was that the IDF should be able to blend a preemptive strike, and we used that in the Six-Day War in '67. On the other hand, in the last 20 years, the IDF has also developed concepts of preliminary strikes, that's if you do not implement a preemptive strike as you did in the 1967 War, and you see that you're about to be attacked, and I would put it in – I would give an illustration. You're already preparing the tanks, they're already preparing the tanks, and the air force we could lend another strike that would disrupt the strike against us. This may sound simple, but the most difficult thing is the decision-making process in our political ranks, in our military ranks, that cannot keep up with this short timetable. That's the challenge that was never tested, and that's probably one of the most serious challenges. And when it's clear to you within a few hours that you're about to be struck and you lend – prevent a strike, which is not a preemptive strike as we had in '67, but it's a preliminary strike designed to disrupt their offensive, if this fails, then we have to hold them back. And if we hold them back, then we try to shift our powers into their territory, and we always want to have aerial supremacy, supremacy in the air. And we usually were successful in that. Iraq participated in the wars many times, but usually they only got here when the war was more or less over. And also another part of this concept is that the IDF sometimes deliberates when it implements a campaign, it doesn't really know where to end, where to finish the campaign. There are some forces to which it's clear that the end of the campaign is when they take over the enemy capital. But it's not clear to us. This was dictated – this dictated also the way that we prepare our power, the way that we build up our doctrine, but most of these elements were never manifested. But all of these elements together stem from one thing that was at the background, and that is that the State of Israel faces two possible challenges, two possible scenarios. One is daily security until the low intensity scenarios started. In the past, this is what we had, daily security. And the other main scenario, the almost exclusive scenario in time of war wasn't that clash that I've already described several times before, a war breaks out and there's a clash between armies along the borders, and Israeli society, and the army, and the politicians are still traumatized by the war of 1948 where there was an invasion of enemy forces and we were pushed towards the sea, and we started to move our forces outside our borders to their territory. So it's an attempt by armies to push one another. So that was the scenario based on which we built our strength, we built our military powers and our doctrines. Changes have occurred, and I won't expand on them because it will take an entire day to discuss them all, and we have reviewed them in the last two days. One is that terrorism has become a low-intensity war in and of itself. Secondly, the anticipated scenario is no longer an encounter along the borders, or not necessarily so, but it's rather a regional war. Because, with the tools that we have today, in any war we have to take into account the war will expand and evolve into a regional war. It's an entirely different scenario. The next thing in line is that the home front is part of the war from the start. We see that in a low-intensity war, but certainly in an all out war. From the very onset, we have to assume that the home front is part of the war. We already know that they have mass destruction weapons. We know that, we identify that, we're following it, we see experiments, we know their doctrines. We know the countries in the region do have mass destruction weapons, and not just any mass destruction weapons. We have to talk about it even though it didn't happen in actuality, but we have to build our force to prepare for the scenario that they are getting these kinds of weapons, terrorism, regional war, the home front, mass destruction weapons. And before the Middle East is preparing for nuclear weapons, these elements should cause us to change, release, update our security concept. And we'll start with protection of the home front. If, in the past, we were banking on the fact that the air force would provide almost absolute protection for the home front, then ever since the Gulf War we learned that the home front will be attacked, and that the air force cannot provide a completely foolproof protection. It will do it very well against other air force, but not against ballistic weapons, ballistic missiles. So our entire concept should change. We have to have – we should have early warning, but we learned this morning that early warning doesn't always work. Incidentally, we have to always take into account that we will not have early warning. We have to educate our population. Things that we did not dare in the Gulf War, we did not dare to hand out gas masks because we were afraid that it would cause panic, but, on the other hand, today, the public is completely prepared. It drops – it reduces the panic, actually. And the panic level is very significant. We have to complement our passive – complement our passive protection, we're talking about the dissemination of antibiotics, vaccinations, preparing shelters, handing out masks. We have to prepare ourselves with passive defense; we're talking about the Arrow system and integration with other systems in the region. And Condoleezza Rice mentioned that yesterday. And, thirdly, we have to have offensive

capabilities of two types. We have to – we close the circle here with the deterrence level. We have to be able to implement the deterrence powers that we mentioned before. And we have to be able to strike their launching powers. You have to be able to – you have to have those capabilities and be willing to implement them. So we have to have deterrence, educate the population, passive defense, active defense, and offensive capabilities after we're attacked. And as for the structure of our forces, I would say the following. And, again, we can start describing it, you know, sort of very extensive one. But anyone who can imagine the possibilities of launching from Lebanon, from the border to the actual depth, from close to the border, and the same with Syria, and from Iraq, exactly the same, from the border and in the depth of it, and Iran. I mean, you can look at that attack of missiles. All this kind of thing turns that same focus into part of the war arena of the sort of belligerent arena. And, therefore, there must be – we must have some kind of ability to react to that threat that suddenly has been aroused, even if we can't have a decisive victory over it. So you found yourself suddenly having to worry about so many different fronts, much more so than in other wars. And in order to carry out that kind of fighting, we have to have a picture of this entire region. We'll have to do it from the space. We have to have a kind of – you know, we'll have airplanes without pilots like they have all over the world, we've got to have the special forces and, at the same time, we've also got to have field forces that would be able to cope with everything that is going on as before. So, therefore, this is, you're talking about armored forces, you're talking about people in the service, you're talking about a whole umbrella being full – created above us. In other words, preparation on all these different forces, you need it with air force. Yes, unfortunately, I have to put it but sort of in – I know that the Chief of Staff identified this many a year ago already, they realize that the air force has exclusively – I mean there are other maybe opportunities to use this as well, but it is really exclusively the air force, and the emphasis should be put on the air force from that point of view. We are lagging behind the space. At the moment, there are about 10,000 entities or bodies flying around the earth at the moment, and only one of them is Israeli. There are different types from 50 to 300 miles, that's the lower surface, then you've got the next – then there's a sort of intermediate level after that. And from 1,000 miles and more, that's the highest one. You've got launch pads all over the world that are capable of doing it. So you're talking about it's like a sort of airport. And this dimension is being spread out. And you can see it everywhere, and we are lagging behind. And since it is part of our whole concept, our security concept that undoubtedly and unequivocally, we need to boost this to a great degree because we already need it for photography, for navigation, for meteorology. And all the early warnings before missile attacks, we need that kind of – got to be totally covered from above, and enveloped within so that we know – so that we will be able to use some kind of view points through clouds as well. And we've got all these laboratories that are actually in space, that have already been positioned there. And with all our satisfaction and sort of we're saying we've got these wonderful achievements, and hopefully we'll even have an astronaut who is going to be sent out. But, again, we're still lagging behind. We're in a situation, we're in a condition that we're definitely lagging behind. It's a retardation, in fact, behind everyone else. The first generation, we'll talk about the first and second generation of those satellite abilities and the future generation ones that are now being developed is those. And we're talking about airplanes without pilots, and they would be able to fill even hundreds of hours of photography to carry out between, and they would be able to even have sort of baggage up to 200, 250 kilos being carried by them. So I'd like to just talk to you about sort of expanses. Yom Kippur, there were 60 percent who were actually assault forces and 40 percent that were defense forces. It wasn't the best way of using our force, but that's as what existed. But Syria and Egypt, 90 percent was defense and only 10 percent was used in assault, because the efficacy of the Israel air force. There were 129,000 taking off of airplanes during the Gulf War, and only 7 percent was – sorry, I was correcting myself, he said – and in the Afghanistan war, they are using 90 percent of precise weaponry. Now, we can't use that kind of expanse, of 129,000. If we managed to do that, we still, I mean, there would be no chance whatsoever. And, therefore, this decentralization of the – I mean, this sort of scatteredness of all our different fronts and our desire not to touch upon this threat of mass weapons stops us and restrains us from actually acting in the way we need to. But it also restricts our participation with other armies. So such a front, such a war that would be spread out throughout the whole region would not be in our interest. It's not that we should ask for coalitions, or that we should ask for participation of other people, this wouldn't happen. But it's not something that we're prepared for, that we're strapped for, and there are so many different channels going on at the same time. And you heard the description given to us by Amnon Shahak, there was one opportunity in Lebanon that we should have actually acted, all of us together, and then we suddenly were faced with a sort of wall by the Americans, and a situation actually evolved that we could have even harmed – each one could have harmed the other side. So, therefore, this is in contradiction to the ethos of fighting alone. I mean, the Americans, themselves, they immediately create a coalition. They wouldn't fight it themselves, it doesn't suddenly show. I mean, you know, people used to say, if you stand alone you're weak. And look what they're doing, it doesn't show that they're weak, the fact that they create a coalition. So the fact that we are creating these alignments, it's very important. I think that states and nations in our region, you can create it through alliances, through – these alliances through joint projects. They are the infrastructure for a kind of co-alignment between different countries, and it should be done through these joint projects, for example, the water ones, with Turkey and others. That's just a very good example of it, and that's the way it should be done, through atmosphere. But on the other hand, we also talk about other things. We should not ignore the mass destruction weapons. This forces us to two things. The first thing is that we should have a very aggressive and consistent policy against the arming with mass weapons, mass destruction weapons of the other nations in our region. It should be on the agenda, it should be the top. There should be some kind of task force appointed that should only deal with quiet and sort of silent diplomacy through intelligence forces and other – and advocacy of other entities around, so that there would be some kind of world policy preventing the existence of mass destruction weapons in our region, because it is crawling slowly but surely into our region. And, secondly, the State of Israel must be able to act in such a way that would ensure its action, and be backed very well in case of some faults along the way. But because of the situation that is being forced upon us, Israel must preempt it with the ability to act that is never doubted. It should be clear to the other side, totally clear, that whatever happens, whenever it happens, and whatever kind of force we are struck with, we will be able to strike back. And we have to use – we have to use all our launch areas, whether it's on the surface, whether it's in the air, whether it's in the sea, whatever it is, and I think that Israel has been acting very successfully, and that it's kind of ambiguous, if we can call it so, its policy, and I think it's been doing it well. Now, I'd like to talk about something else which is maybe somewhat marginal in certain people's eyes, but I don't think it is, that's the organization of the IDF. I think that there ought to be – the Chief of Staff basically has two hats. We ought to have a commander for the sea, just as you have a commander for the air. There also ought to be a car commander as there is for

the intelligence forces. I mean, I'm talking about all the organization with the headquarters and all the different divisions in its power. There ought to be one, as well, for surface forces, because then it would be organized so much better. There would be a kind of united cohesive headquarters, basically, and each one – and heading all of these different forces, of course there would be the Chief of Staff, he would be able to manipulate his power and his orientation towards each and every one of those powers. And, at the same time, also be accountable to the political echelons. But in order to avoid this friction with the political echelons because there's so much time being spent with the other internal issues, over the IDF itself, it is very, very difficult, and therefore there should be someone appointed for that as well.

Maj. Gen Ami Ayalon: Amos about an hour-and-a-quarter ago, and he said that I hope the foundations of the IDF have not changed since the day it was incepted, and I wrote it down. Is this something we should pride ourselves with, question mark, that they haven't changed? And another little comment about the structure of this army. I saw that on one of the invitations, it says major general. For 35 years, I said that in the navy there are admirals, not generals, but it just shows something about this structure of the army that we are discussing. And in context of what I just said, something very special happened about the survey that I'm supposed to give now, this sort of talk. I started writing it when I got on a plane in Australia, and then many hours that you can consolidate a lecture in, and I had plenty of literature that I had taken with me. And something bizarre happened to me. I suddenly started getting the newspapers, some of them American newspapers, some of them Israeli ones. And I started browsing through them, and I decided that all I wanted to say is totally irrelevant, in fact, and, therefore, I sat down yesterday, and I wrote something totally different. And it's not at a sort of lecture level, it's more comment. But since we've been asked to give directions rather than conclusions, I sincerely hope these illuminations and comments that I want to make, I hope that this will suffice. I would like to just make two comments – is the clock working, by the way; yes, quite long ones – the bond between the security network and clout, and the connection between strategy and statesmanship in this current situation. I'm not going to talk about low intensity, or warfare, or guerilla warfare or whatever, I'm just in general. In 1998, I think it was in 1998, an attempt, presumptuous and very impressive, attempt was made by Maj. Gen. Ivry to change the perception of the army. He brought together a very impressive forum. I think I was brought about only because I was at the head of the National Security Council at the time. I won't say that I was one of those impressive invitees, but there was very impressive list of invitees. It wasn't only military men, people, it was industrialists and other people from the academe as well, and at the opening of this forum, I'm trying to quote them. Dovik Tavari spoke about a whole – the concept, the security concept. And, unfortunately, I don't think that anything he said influenced the process that we took upon ourselves in order to create some kind of document or work paper that we would then take, adopt and work upon. Dovik Tavari said that the way it is perceived, the security perceived is a result of a whole world of concepts to enables us to interpret the knowledge or the information. They're creating a paradyne and updating that paradyne that exists. And he said that when we think about it is that the maxim of the knowledge that we have is from the information that is given us. And that is the maximum knowledge, basically, that we have achieved. We ought to exert and invest efforts and money into collecting knowledge and intelligence, and turning it from just knowledge into know-how, because that doesn't immediately create a world of terms. How much do we actually invest of our time in order to update that whole world of terminology that we have instead of just gathering information and trying to consolidate it into an interesting picture. What do we actually do with it? How do we implement it? In other words, the actual process is very much more important rather than actually the creating of the document afterwards. Because, after all, that reality, I think, is changing the whole time. And a couple of conclusions that could, maybe, stem from what I have just said. I think that it's very important to bring up the issues and the questions and to deliberate and discuss them rather than just consolidating them and then trying to draw conclusions on them. And then if it really is true, then please, with your permission, then in this – where are the philosophers in our audience and the poets, and the people who are a little more from the precise sciences, the pure sciences than – rather than those others. I think that they are missing out here in our discussions because I think we ought to ask ourselves that we're not exaggerating in the energy and the time and the money invested, and exerted and devoted to those networks that collect information rather than to our ability, to create our world of sort of terminology, and concepts that would allow us and enable us to interpret that information that we've received. Because if this is so, then one of those main criteria in order to evaluate an organization is our ability to change in accordance with reality, and in accordance with the way we are interpreting that reality. And, therefore, I would like to ask myself if what the CEO of the Ministry of Defense said, has the structure of the army, has it not changed since the day it was incepted? Is that a source of pride? Should it be a source of pride? Therefore, I would just like to make an additional long comment, as I promised you that it would be long, about the Israeli security equation, or the way it is perceived as I see it in today's reality. I think, in a sort of very generalistic or rather superficial way. I think one can divide that equation or that direct security threat in a way, it's divided into levels of intensity, and the responses that we give and we have to grapple with. The first level is everything that is connected to very high intensity, and you have to think of all the threats and all the responses and all the discussions about strategy, et cetera, and all other terms such as that. And the second basket that we have to put things in is everything to do with high intensity, that's military, conventional, et cetera. And the third level is everything we put into that very extensive basket of low intensity. If it's terror, guerilla fighting, and all the other things that we feel and are suffering from but we don't really understand it. We see it, we feel it. I claim that if and when we do – carry out the professional discussion that is demanded by what is happening, because of this division, then that deliberation, that discussion should have an analysis of really an infinite number of variables and components. I would just like to mention a few of those variables. I think, then, we would have to, for example, sort of deliberate on terms and find terms for all three, if you're talking about warning, attrition, deterrence. If you're talking about a decisive blow, is it the – a decisive blow, is it the same when it's low intensity or whether it's high intensity. What is a decisive blow? I think we really ought to be accountable to ourselves for those possible ways that we could – that we could respond, in other words the rhythm of the fighting. We ought to analyze between – the connections between the statesman and the military man on each and every level of that discussion. We maybe ought to be able to understand the context between the strategic levels and the tactical levels, in other words, the soldier at that border point, at that junction. There's a statement that is made, and I accept it, that at a high intensity confrontation, the idea is a destruction of the enemy setup. But, on the other hand, when you're talking about low-intensity confrontation, the target is a weakening, is a change and a designing, a redesigning of that – that sort of outpost on the other side in other ways. But at the end of a process, which will be a very longwinded process, I don't think that we have – we

haven't even started that process. But I claim that at the end of this process, we're going to find ourselves needing to make a very, very deep change in the structure of our security networks, in the army and the way it actually operates. I think that this should be a challenge for our leadership, an intellectual one, which is very complicated, very frustrating and very longwinded. Maybe that's why we haven't even started it. And that, just up to now, it was just the foreword to this comment. And I suggest, in contrary to what we've done up to now, is to assume in advance that we might not be able to implement all our conclusions into one basket of authority, for example, the army, but maybe leave – leave the options open in accordance with the levels of intensity. In other words, there might be more than one organization, one authority responsible. So if, throughout history, we see how the general security services developed from '67, and how the police has developed, and how the home front has developed, we ultimately have found that we are actually moving in a number of these directions, but it hasn't been planned well. I think that some of those explanations about faults and failures, and levels of friction between the politicians and statesmen and army leaders just shows us that we really are – haven't realized that we are grappling with different worlds of concept. Now, I would like to talk about strategy and statesmanship that now in this domain of low intensity, and in spite of the fact that we are dealing the whole time with guerilla and terror and low intensity, I still claim that on an ethical level, it is sort of on a level of sort of principle, it is still a black hole from the point of view of our thinking. I would like to suggest criteria in order to evaluate how we act. After a year-and-a-half now of fighting low-intensity blows, I would like to give you three criteria and not – propose three criteria rather than actually analyzing the situation: The moral one, the operative one and the third criterion, which is the most effective, in my opinion, which is on the plane of relations between the strategist and the politician and the person who is in the security forces, who is actually taking it from word into deed. If we're talking about a time-ticking bomb, we're talking about someone who we know is going to kill innocent people, then we shouldn't – that when we talk about that kind of situation, of someone who is about to perpetrate, to kill us, it's not who just wants to, that is his full intention. So we have to remember that. When you're talking about if you cannot avoid – if you cannot actually arrest that person, if you cannot detain him, then of course, then you have to hit out at that person immediately. And I think that we all have to remember the process that is structured in any kind of process that we're talking about, and I will call this the sort of bluntness of emotions of bureaucracy. Bureaucracy has processors as if they're sort of – it's like a calcification of these processes while fighting is ongoing and longwinded. In my opinion, especially, in the media, the communications, they're not supposed to be doing it because of they want to, you know, they're sort of beautiful of heart and mind and spirit, and I think that they ought to ask themselves whether they did that properly over the last year. What were they actually doing when they were describing things in the terms that they were using. One cannot eradicate ideologies by just killing the leaders, so therefore we ought to remove that and table it from our agendas. Just as an example, I would like to bring and say that there is a very great difference between killing Jamal Mansour and the killing of Abu-Anud in the context of that moral criterion that I was talking about. Now, if we're going to talk now about the second stage or the second category, which is the operative criterion, that is the selectiveness, who and how many are going to be hurt in addition to that terrorist that we were trying to kill; were we using excessive power, maybe? Were women, or children, or other people around him killed when we were killing – when we pinpointed and focused on killing that specific terrorist that we would call the time-ticker. So, for example, in that difference between Abu-Anud and Mansour, and the killing of the two, Jamal Mansour, there were children and civilians killed at the same time during that assassination. And just a week before he died, he published a manifesto asking the Hamas to stop carrying out the suicide instant bombings. And Abu-Anud, on the other hand, there were two terrorists who were actually killed at the same time as his assassination. In terms of the relationship between the statesman and the army, and I think that's the most important parameter. Because last night I had time, I went back to Clausewitz, who, in 1832 wrote a book, a very important book about the war. Of course, I won't be going over the entire book, I'm sure that many of you have it at home, very few actually read it – incidentally, I only read it because the Naval War College forced me to read it, not because it was such a pleasure. And it subordinates war to statesmanship, we all know that, but it talks actually about a process, a linear, almost binary process relationship between warfare and diplomacy. I think that he would have liked very much the concept of seven days of quiet that we demand to have as a transfer between warfare and negotiations. He practically invented it. About 130 years after him, Ramon Oron, in 1966, wrote a book that, in my mind, I don't know whether it's more important or less important, probably more relevant to our reality – why are you laughing? He wrote a book that was called *Peace and War, the Theory of International Relations*. And he says, there, that in today's reality, diplomacy and strategy, military diplomacy and strategy are two tools that statesmen can use. In fact, they are intertwined. And he is supposed to use them simultaneously, the statesman. He is talking about an iterative process, a formulating process that one formulates the other, one impacts the other. But he says one other thing. He says that in today's reality, if we take Clausewitz' advice, then we will, in a structured way, escalate the military process and turn it more and more into a total all out war because we decided that it is binary, and because we do not allow for a mutual formulation of diplomacy and military action. As it is today, I think that it's easy to prove, any intelligence specialist, or anyone reading the papers actually can prove it, that focused targeting of terrorists, in a reality of negotiations, will switch many people on the side of the terrorist to the side of the negotiators. On the other hand, that same activity, that same killing, under the same operative and ethical standards, if there are no political prospects for peace, for negotiations, will make many people on the enemy's side, on the side of the terrorist become terrorists, themselves. And instead of having few, we'll have dozens and hundreds on our hands. And one of the parameters that the Shin Bet can explain to you very well, time becomes short. The time span between preaching or living by Islam around the mosque, to the situation where people are willing to still commit suicide, this time span is being shortened into hours. It doesn't take any more months of preparation, it only takes hours to convert people in that way. So at the end of the day, the most dominant index, the most dominant parameter in our situation, is in the hands of the statesmen, and they should understand this and operate accordingly. Thank you.

Maj. Gen. (Res.) Amos Yaron: Thank you, Ami. Knesset Member, Dr. Yuval Steinitz was first elected to the Knesset in 1999 for the Likud. He chairs the Subcommittee on Strategic Posture and Force Structure. He is a member of the Law Committee, he has a Ph.D. in philosophy, and is a professor in Haifa University.

MK Dr. Yuval Steinitz: I will start with a short philosophical comment. Ami's presentation already touched upon philosophy, and you'll immediately understand the context. The great philosopher, David Hume, in one of his books about human nature

speaks about a rooster. This rooster was the most excellent empirical scientist in the hen. That rooster learned from experience, he was very good at inductions, and learned from the past about the future. And he made the connection that whenever you hear the door opening, you hear the squeak of the door, that means that the farmer is coming and going to give us food. This is 100 and 200 years ago. He is coming to give food to the hens, to the chickens. And, therefore, every morning, whenever the door opened, the rooster was first in line to get the seeds, to get the food, and everybody commended him for his experience, and for his capability to learn from experience until one day, when he was, again, first next to the farmer, he then became the meal, himself, the meal of that farmer, of his guests. And why am I telling you this? Because I was asked, in a radio interview, about the Herzliya Convention, they said to me, "Isn't it kind of embarrassing to you to be on the podium with three major generals from the various forces, and the Chief of Staff, and you're a philosophy, an MK, isn't it embarrassing to you?" So I said, what I'm going to say now, that for generals in the army have one major advantage over people from academe and other people, and that is the hands-on experience that they have. But there's also a great disadvantage that they have, and that is also their rich experience, because their life experience is sometimes so rich, and sometimes it is so powerful and overwhelming that it also makes it hard for them to look outside the box, to set aside their experience. And when you only do induction based on experience, many times it works, but sometimes, when conditions change – and Ami mentioned it in his presentation, the importance of a system that adjusts itself to the changes, not after it gets a blow, but also before that, then it's very important to take care of the security issue by people who have experience, rich experience, and other people that come from other disciplines. By the way, that's the common outlook in the United States. If you look at the new people in the Pentagon, Rumsfeld and Paul Wolfowitz, who was from the academe; and number three is my friend, Douglas Fye, who is an attorney, and a self-learned man on strategy in defense, he is in charge of policy; and number four is an economist, Dov Zakheim. So all of the new leaders of the Pentagon, three of them are good friends of mine, except for the minister himself, the secretary, himself, that is, there is no former general. I am very appreciative of our defense establishment, and the Chief of Staff was here with us today, but from the defense minister down, in Israel, I think that, in Israel, the involvement of people from Academe and other disciplines, their involvement in defining the defense strategies and policies, their involvement is insufficient, and such involvement will only contribute more in the future. And the subcommittee in which I work is one of these platforms through which we try to advance such joint thinking, interdisciplinary thinking. I will focus on comments and a debate that I have with the last two speakers. The Chief of Staff was talking about more daily operation in low intensity warfare, I think that in any comparison, the IDF should be commended, the accomplishments of the last year are amazing. Then I will be focusing about the security concept and not on the low-intensity warfare, but -- not on the high-intensity or unconventional warfare, but rather on the middle level, unconventional warfare. And that's why I will comment mainly on what Eitan Ben-Eliahu said but also several things that Ami Ayalon said as well. Eitan Ben-Eliahu said that the next war might be more regional. Because of the developments of arms such as surface-to-surface missiles and other systems that will enable distance, countries like Iraq or maybe Libya in the future, Iran, to intervene from the outset. This is one part of the change. But there's another side to the equation or to the change as well. The next war might be much more regional in the sense of a geography that is involved in it directly, but it might also be much more internal or localized in the sense that light forces of two types, Palestinian light forces with a few dozens of thousands of troops with very low level of training and low level of equipment, but still it's a significant mass, and guerilla from Hezbollah, from the north in Lebanon, that might intervene and create a struggle that will start immediately not only with the involvement of remote countries but also with strong organizations. The Palestinian Authority is a semi-state in our midst. So this war would evolve both as a guerilla war and as a regional war at the same time. And the answers that we have to provide, in changing our security concept, our capability to change, as Ami mentioned, has to take into account also this parameter. And this adds on to another thing that is changing before our eyes, and we're following the change, but I don't think we're doing it fast enough. And that's the fact that the strategic depth, that we never had – even what we didn't have or the little that we had, the geographic depth is disappearing. And that's for several reasons. And, first of all, and Eitan talked about this, the ranges of artillery, of missiles, of all kinds of weapons, these ranges are increasing and, therefore, the depth is being cut. Our essential bases, like air force bases, could be exposed to the fighting from the start. Secondly, and just as importantly, the condense – the density of population in Israel and our neighboring countries is increasing. If we look at the Galilee, for example, it's not the same platform that we had in '67 or even in '73. The Jewish population and Arab population there has doubled, the density of population and civilian facilities is much greater, so that the room that we have for deployment, so that we don't overcrowd military facilities, so those options are being reduced. Add to that the fact that our land forces, infantry, armored forces has grown significantly in Israel and in the Arab countries, proportionately. We find that the land arena is impossible. The population is very dense. There is no strategic depth. And when you add the guerilla forces, or the militia, that is within walking distance from our bases. Well, there's an entirely new situation. The solutions, the way I see it, are two-fold, in two senses, and I won't be so philosophical now, I will rather be more concrete. Maybe I should start with a distinction that you hinted at when you talked about the way that the IDF is built. Eventually, I believe that we have to distinguish between two levels. There is the land-based core of the territory of Israel, that's a very limited core that we have to defend, defense that is mainly land-based, it's rigid. And the question should be asked whether maneuvering on the land, our capability to transfer the fighting beyond our borders, that used to be a very important facet of our security concepts, since Ben Gurion defined it in '53, it still should play a central role. Even given all the changes I mentioned before, including the fact that our territory has become more and more urban, and therefore the price of the fighting could be much more heavier. So we have this land-based core, the territory that has to be protected. But in order to protect the territory also against an all out guerilla attack, for example, Palestinian infantry, commando, Hezbollah, that try to enter the Green Line and cross it in order to disrupt our reserve forces and the air force, not with missiles, but in close range. In order to protect ourselves against that, we have to renew and revive an old concept of flexible regional protection, that will apply to all of Israeli territory in order to prevent such a guerilla attack; and if it partially succeeds, then to allow the system to carry on operating. The other thing is a much more broad system comprised of the air force, navy and space. Here, technology plays a significant role, and Israel has the possibility of acquiring immense advantages, and not only to protect the core from attacks, but also to generate capabilities that will cause the other side to collapse. I'd like to make one more comment about what you didn't say, and this is where we have a big dispute, about the neglect of our navy in the past, and of the need to change this completely in the future. There are two arguments in favor of turning our navy into a military arm that will almost be an alternative to the air force. These are arguments

that didn't exist before. Ben Gurion, in his article about the army and state, which turned into our security concept, he said, yes, we'll build a strong land army, a strong air force, and we'll pass on the navy; we don't really need one, we can't afford it. This mistake, which maybe in '53 was not a mistake, but now it has to be changed. So I will start with the universal argument. There is an Israeli argument and a universal argument. The universal argument is based on technologies, innovative technologies. And it indicates that the balance between the roles of the air force and the navy has changed or will change throughout the world within five years. And the navy, the marine platforms, the middle sized marine platforms will assume the main role of lending a blow on the enemy at the expense of the air force. The development of three technologies, precise missiles long-range, unmanned UAVs for attack purposes, and long-term guns, they started developing this technology in order to intercept missiles, but it will soon lead to other capabilities, more precise capabilities of hitting targets in long-range. When you take all these three technologies into account, you realize that the air force will lose its central role as a mediator for transferring the main fire power from one place to another. It can be done in a very precise way in ranges of hundreds of kilometers from boats. And the advantages that boats represent is not only because they're big and it's related, boats in the sea don't have to go back to base every hour in order to fuel up. In this sense, the air force, as versatile as it is, it is a land-based force, per se. Because if the bases are attacked by guerilla or by missiles, this can seriously disrupt the capabilities and the outputs that the air force generates. So it's really important to upgrade our navy. And this is even more critical for a country like Israel. Israel doesn't have strategic depth, and the only opportunity to obtain some kind of a chance to have a second conventional blow that will rehabilitate, reconstruct, and lend a serious blow to the other party even if they do enter our territory. This will only be possible if we have a navy that will not only be designed to protect our shores, but rather if we have suitable platforms in order to generate serious output of intervention from the sea in what's going on in the land. And what I foresee for the next few years for the development of the navy and of middle sized boats in the Middle East that will have a lot of fire power, precise fire power, that can intervene, for example, in battles in the Golan Heights or in attacking headquarters or air force bases in Iraq and Syria, and other countries. Technologically, it's possible, hand in hand with the various sort of technological developments. And you mentioned, rightfully so, the need to speed up R&D in terms of satellites. We can make the navy into a very significant part of our military force that will allow and enable Israel to have a conventional decisive victory together with the land forces and the air force, and we should amend that. Thank you.

Maj. Gen. (Res.) Amos Yaron: We've got five minutes for comments, or to entertain questions.

Mr. Yoram Givrovsky: What I would like, on the technological side, we're talking about it's just to continue what Eitan was saying, and I really do second what he was saying. I would like to talk about space.

Maj. Gen. (Res.) Amos Yaron: Yes, if you could just present yourself.

Mr. Yoram Givrovsky: I am Yoram Givrovsky. I was a colonel in the reserves. Sorry. I'd like to just speak about space. The importance of this space is very obvious, but one shouldn't only think in a conventional way when you talk about space, but rather one ought to think in a rather unmundane manner, and think of sort of unique solutions for a state that is such a small state, basically. And, therefore, I'd like to say three things on this, and in what way is this shown or expressed. The first thing, the space, we ought to go – if we're talking about small, micro satellites, cheap machines, I think that we should go for that, and contrary to what we were doing for many years, we ought to forget the idea that you can only get to the space through surface missiles. You have to think of the idea of what can happen from launching of air missiles. And there could be all sorts of responses and solutions from that. And, for example, if we're talking about a satellite that would fly in a western direction, now, the satellites could actually be parked on ground, and they could be launched on demand, launched on demand, LOD, rather than Assa always thinking that they should be in the space the whole time. Now, for 50 years, we have been structuring our whole security forces, we have realized that, over the years, that we have not developed the home front issues enough, and the depth of our treatment of everything. Neither of these two, what he called the "Ayins" have been developed, because they both start in Hebrew with that letter. I think we should move that center of balance onto those abilities that we have on the home front, and give us – and we ought to do so in depth because what would have happened if that – if those Twin Towers would have fallen, I mean, like the Azreali Towers, what we have then done? And therefore I would like to summarize by just saying, from an organizational point of view, Eitan suggested that we ought to have a land headquarters. I suggest we should have one in depth, it should be an in-depth headquarters, in other words. That should be the force, the command. Okay. Just one question, although I wanted more, but it's more to the COO of the ministry of defense. The one is the idea is that there are certain programs, sort of multi-annual ones, about how to obtain those good ideas that we have been discussing here today. Six months ago, the security network had another number of billions added to them, and then just a few days ago, there was a whole billion was deducted, and then a while back, another billion is going to be deducted, and if we're lucky, then there's a little bit going to be added, and in the future, some more is going to be added. Is this an imaginary story? No, this isn't an imaginary story. It's not farfetched. So all I'm saying, basically, that we already have a body of people who recognize that the multi-annual program ought to have a budgetary multi-annual program as well, that would ensure all that we want to obtain, and it should be flexible enough to cope with sudden things that suddenly develop, that weren't expected in advance. As we've said in previous conferences, the security forces cannot work without a multi-annual program, and therefore it does a multi-annual plan. But the budget doesn't cover this multi-annualism of it. And, therefore, on Thursday, there's going to be an immense struggle over this issue. So we decided a few months ago that this was going to happen. We decided upon a budget and now what's happened? So let's go now – let's leave that for a moment and talk about the satellites. I think we ought to be – to look at what we do have. With the ability that we have at the moment, with our satellite ability, and the research and development that we have, and our military industries, the question is whether they are able to give, supply that solution that we need. Come on, we'll just have to get down to the nitty gritty, have we got the people, have we got the money? Basically, it's the budget. At the moment, we're living with a deficit the whole time, and so if you're talking about the development of micro-satellites, then what are we really supposed to do?

Maj. Gen. (Res.) Amos Yaron: There are two previous prime ministers who would like to come in, so I think we'd better rush. No? Someone asked beforehand, it's his turn to talk. First of all, Eitan, you spoke, and Uzi did as well, yesterday, in a dialogue with Condoleezza Rice. You spoke about regional coordination between American and other countries on, vis-~~N~~-vis future wars or future disputes in the region. But I think we ought to think in depth whether to advance from just coordination to a fully-fledged agreement between us and the States because there, you have – then you have operative issues that are beyond just an operative coordination. And I think that that should really make us think a little bit more whether we want to move up a phase. Now, one of the other people here spoke about the navy, and one can drown boats as well. You can down them as well. So, yes, you are talking about permanent fixtures and airplanes having airplanes. But, I mean, don't forget that when you do talk about the navy with all its importance, one can drown boats as well. Thank you very much to all the speakers. I would like you to join us in the dining room.

December 18, 2001 - Lunch

Chair: Yaakov Neeman

Mr. Yaakov Neeman: We all see what's happening today, and we can compare the terrible figures of terror throughout Israel as compared to the Netanyahu period, but I will not speak about that. I will speak about the economic area. When Mr. Netanyahu was Prime Minister of Israel, the economy began a rapid growth track, and his term was characterized by four elements of wise economic policy, reducing the national deficit, growth, privatization, and liberalization. I will speak, first of all, about the cutting down, at least during the three years of Netanyahu's term. There was a significant cutback in nonproductive expenditures in the national budget. Today, we are speaking about it, but at that time it was actually carried out. The budget deficit, which is the key to the stature of the State of Israel in the international markets, and in the ability to obtain loans and investments, this deficit was cut by over 60 percent in less than three years. There were seven cuts in the budget almost every six months, and still the government was functioning and the economy was growing. The expanded growth, there is no growth without preparation, and there was preparation. The product per capita, in each of the quarters, indicated growth of the GDP, in each one of the quarters immediately after the foundation was laid down. In the last eight months of Netanyahu's government, the GDP, per capita, went up by five percent. The GDP continued to rise and grow until the middle of the year 2000, and that was a direct result of the preparation and the foundations that were laid down with much toil. The liberalization and foreign currency policy. We would not have been able to withstand the crisis of 1998, the crisis in Asia, in the Far East, in Russia, we would never have been able to withstand this shockwave of October '98 with the depreciation that reached 4.37, when the shekel reached 4.37 shekels to the dollar without the liberalization that took place despite all the doomsday prophecies that were in the media. And, finally, the privatization. The privatization reached peak amounts, unprecedented amounts, and these amounts were not repeated later on either. And I'd like to emphasize this, more than \$4 billion that the state coffers gained through privatization enabled the government to cut the deficit, and it did not go to daily expenditure. And the market competition, the market was open to competition, and prices were cut. Everybody knows what happened in the field of communication, telephony, prices were cut, barriers were removed, and monopolies were removed, mainly government monopolies, you can see the case of Bezeq. So to some of Netanyahu's government, that period, the deficit was substantially cut, growth expanded, and there were more and more incoming investments. There was a liberalization of foreign currency policy, and the market was open to competition through privatization and supporting legislation that removed monopolies. I hope that we learned from this experience, and even though they're trying to make us believe that this period was not so meaningful, in light of what's happening today, it's becoming more clear how important and significant that period actually was, and we can learn from our experience so that we don't have to be only wise in hindsight. I would now like to call Mr. Benjamin Netanyahu.

Mr. Benjamin Netanyahu: Thank you. The Minister of Finance during the Netanyahu term, Mr. Yaakov Neeman, one of the two, I should say, rather, four of the finance ministers, it's a very difficult job, but Yankele did it very well. And I think that it's very important, certainly in light of the things that you have heard from our host, Prof. Reichman, that in our system of government, too, that it was possible to bring in what we could call a professional into our narrow and highly pressured parliamentary system. I think that to bring in a professional of the stature of Mr. Neeman is important for the coming governments as well, or at least in the economic jobs to bring in people who have the right background. I would like to thank our hosts here, I mentioned Prof. Reichman, and I'd also like to thank Uzi Arad, he also served in the Netanyahu government in a certain position, and I would like especially to congratulate former Prime Minister Ehud Barak, who is here, and MK Steinitz, and I'm sure I've missed a number of other MKs who are probably sitting here behind the pillars. You are all – I would like to greet everyone here, and you all, this entire distinguished conference. I see that this conference is growing, it's larger than it was last year, and that is a good sign for its importance, and the fact that it is trying to focus attention on the issues and the most important problems of our existence. And, of course, it is difficult in the interval between the first and second courses, which is a very narrow and dangerous place to enter into, one cannot discuss all the subjects, and if I have the time, I will also touch on the economic sphere, which Yaakov mentioned. But when I spoke last year, I was optimistic. I said the time was working in our favor. I said that it was working in our favor, number one, because we had woken up. And, again, I'll quote Prof. Reichman, "Everything has changed, if not for all of us, then for most of us." I think that we woke up in time, and, as a result, we can prevent a catastrophe, and certainly having to deal with a situation under even more difficult circumstances, and I think everyone is aware of that. And the other thing that encouraged me then was that the processes of globalization were working in our favor, and ultimately, they would undermine the Arab tyrannies, because they are simply on the wrong side of history with the information, revolution, and so on. And I must say that on this subject, in particular, there is one thing that is very worrying to the Americans, and I find it encouraging, and that is the Al-Jazeera phenomenon. I think that the fact that tens of millions of Arabs, in the Arab world, see and hear television which is not controlled by a government is a very significant thing if this phenomenon can remain and can continue to exist. It will, of course, have negative uses as well, but it

is a revolution, because, until now, the Western world was the only part – the Arab world was the only part of the world which was resistant to the initiatives of democratization of the United States and the Western world, which have permeated many other places in the world. This monolithic political system, this is a very welcome process even if there are some negative aspects, but it will guarantee the change of the face in the Middle East, and will introduce people who will cast doubt on the predetermined decision of a never-ending conflict, and so on. And, therefore, I think the process of globalization will advance beyond Al-Jazeera to technology, and this is not the place to elaborate on it. There are people here who are involved in it and know the fact that tyrants can build walls and dams, but, ultimately, the waters will crash through them and break – and reach them. And then there will be a new world. I understand that Mr. Peres was here yesterday, and he perhaps sees the new world here together, but I think that it is still in the future, and the globalization will bring it. And the third thing that encouraged me was that globalization gives us economic power because the added value of information services and products go beyond any other service or product, and we are able to organize and further increase the levels of economic freedom, and to merge knowledge and initiative, that is the key. Knowledge, alone, is not enough. You can go to Nova (unclear), you can see the scientists, the most brilliant scientists in the former Soviet Union, and they're starving to death, and you take the same scientists and put them in Pela Alto, they will produce something with added value. You must have initiative as well, and this will further open and revolutionize Israeli economy in a radical fashion. We must lower taxes massively, open up the capital market with full freedom, and have reforms that will – reforms in the pension funds and so on, and other activities which are needed. This combination at a time of recession, when we can introduce amendments and corrections, and while preserving Israel's technological ability through certain programs, for example, of the Chief Scientist, limited support for our human infrastructures can place Israel on a better standing when the global economy gets back on its feet and will take off once again once the conflict has ended, and I believe that it will end with a full and complete victory for the Americans, and not only over Afghanistan. And I said, then, that time was working in our favor, but I did not believe, among the things that I said yesterday, to what extent it would work in our favor and at what speed. I think that the events that occurred in the United States and, of course, the actions the United States took after them, they are changing international reality in a very clear and unequivocal fashion in favor of Israel. There is no chance that immediately after the acts of mass murder became public, all kinds of people came out of their holes in the Arab world. The accusations that the Israeli Mossad did it – we are familiar with these fantasies, but as far as their perception of those who said these things, this came from the knowledge, which is true of many in the Arab world, that they realize that the world was changing in Israel's favor. And the reason that it is changing in favor of Israel is that the change, the most important change takes place not in the event itself, but rather in the response of the United States to the events. The United States determined three principles which are extremely important, not only for the global situation but ultimately for our situation as well. The first thing it determined, the first principle was of moral clarity, and this was manifested in the distinction that it was, justifiably so, between – the distinction between terror, which is a systematic attack on innocent civilians, and the right to legitimate defense of a military force, that is acting against terrorists, and could inadvertently harm civilians. Where terrorists (unclear) not only do they target citizens, they hide behind citizens in order to deter us from responding. And, of course, you must respond, just as the United States responded in Afghanistan, and we do, too. And this moral distinction is very important. And the United States said another thing, and President Bush said it in his speech, his historic speech before the Congress a few days after – ten days after the terrible attack on the United States, he said, "Nothing can justify terror, nothing." There is no good terror and bad terror, or good terrorists and bad terror. Nothing can justify terror. Terror is pure evil. In other words, even if you come with a claim of terrible oppression or national liberation, there is no justification for using terror. And this distinction, of course, denies the terrorists their main weapon of defense. What is their main weapon? Their lack of moral clarity against those they attack. And what the United States in Michael Walters' wonderful book that he wrote about 30 years ago, I believe, about just and unjust wars, he said there are wars in which the goals are legitimate or illegitimate, and there are wars unconnected to the goals. The means used, the measures used are legitimate or illegitimate. And I'll give you an example. He gives the example of World War II, which was the most just war, the most moral war in the history of humanity. Let's say you're an American officer in Germany toward the end of the war, you enter a German village, you put men and women up against the wall and you slaughter them. You will be accused of a war crime because there are means of warfare which are illegitimate, which are not compatible with the rules of war, and therefore there are war means, war measures which are illegitimate. That's why we have the concept of war crimes. Because if everything is legitimate in war, then we wouldn't have war crimes. For example, killing a million-and-a-half children in the ovens of Auschwitz, that is the ultimate war crime. And the terrorists and their supporters must know that nothing can justify terror. That is something that is a very powerful statement, and the next implication of that statement is that those who cause terror and who appeal to the west will no longer be able to make use of the claim that they are fighting for a just cause. And, on the other hand, those who do not turn to the west, for example, Hamas, they don't care about the west, they are recruiting against themselves that same rejection, and that same massive opposition, in other words, that the West will fight against them. That is the first thing, the moral clarity. The second principle that the United States introduced is strategic clarity, because what the United States is saying is that the way to fight terror is not to distinguish, as President Bush said, between terrorists and those who send them, but he does make a distinction, he, in fact, places those who send the terrorists on a higher strategic level than those who actually carry out the terror. In the United States, a well-known commentator recently wrote an article, a few months ago actually, and he called it, you remember Clinton's elections in '96, it's the Economy Stupid. I don't remember if it was in '92 or '96, '92, okay, it was in 1992, It's the Regime's Stupid, that was the title of his article. And that's the truth. In other words, the terrorists do not work in a vacuum, they work from a specific territory. There is no post-territorial age as far as terror is concerned. You can argue about it as far as Zionism is concerned, but as far as terrorism is concerned, there is no such thing. And without this territory, it is impossible to carry out international territory. And the United States will certainly deal with them, and their numbers are not great. They began in Afghanistan, that is the first target that gave shelter, and more so, to Al-Qaida, but Al-Qaida is crumbling. The moment Afghanistan crumbles, it crumbles too. So, first of all, they go to the regimes, to the terrorist regimes, and in that way they make it clear that the United States will no longer tolerate. And when I say United States, we know that we are in a world that only has one super power, and if anybody had any doubt about that, we got the best reminder of that. The United States will no longer tolerate the possibility that there will be terrorist regimes who will, as part of their foreign policy, conduct terrorist campaigns. And this is a process of assimilation. We're only three-and-a-half months after the event. These principles are becoming assimilated. They are not

yet clear to everyone, to the United States, foes and allies, but they are of very great importance, as is the third principle, and the third principle is the importance of victory. When I say the importance of victory, I don't mean only that the United States plans to win, that's obvious, I mean the United States views victory over terror as the way of dealing with terror. It's not a trivial matter, because there is another view that says that terror is the result of desperate people who are in desperate situations. And, of course, you can examine even more desperate situations of terrible conflicts, of occupied nations, and nations fighting for their human rights, and most of them are who did not use terror, and I'll give you an example. In the war that you are familiar with, that I mentioned, World War II, under the German occupation, it was the worst occupation in human history, but if we look at the French Resistance movement, they never used terrorism, never, not even once. It could have certainly have attacked, and they did, they attacked German officers, but they did not harm their children, and they didn't harm the children of collaborators. They never touched their families. I'm not familiar with a single case, perhaps there was, but I have never heard of such a case. And we're talking about many, many cases, and they didn't do this as many other groups did not do this either. Because what characterizes terror are two things. The first thing is the real root of terror is a totalitarian mentality. That is a mentality that says that I have a goal, it can be political or religious or ideological, and I am free of any moral restriction in order to gain this goal, in order to achieve this goal. That is what is behind totalitarian, everything goes. The end justifies any means whatever. In order to do this, I can blow up a school bus, or a sky scraper, or a city, or an entire country if I want to. The totalitarian perception, and it's not coincidence, because totalitarianism and terror go hand in hand. This is an outgrowth of the Bolshevik approach, and we know that other totalitarian regimes, such as Nazism, and the phenomena that we see here in front of us, they justify any means to reach their end. That is what is behind those who are behind – what is behind it is that. What is Bin Laden in despair of? He has \$50 million. What does he have to despair about? It is not despair. It is that mentality, first of all, in which you deny all moral restrictions, and the worth of human life, and I would say even more so, these terrorists, and usually not only these, the more you kill, the more you glorify the goal. The more people you kill, the more you glorify the goal and make it more important, Just exactly the opposite of the process that we were talking about. And the other thing is that it is not despair that encourages the rise of terror and its increase, but rather hope. The hope of terrorists and leaders, that they will be able to achieve the goals, and through that goal, they will be able to recruit more and more people to their ranks. And what destroys terror is despair. There's no point in joining the ranks if the goal will never be achieved. And it is just the opposite of what people think. And the United States is carrying out this principle because it wants to wipe out the Taliban regime, based on the strategic view that I mentioned, and Blair said it as well for Bush, very clearly, he said – he said to the Taliban, "Surrender terrorism or surrender power. If you don't surrender terrorism, you're out of power." And, now, they're working systematically on Al-Qaida. But you have to understand that because they plan to win, they are not being distracted by the various coalitions. They call it, now, coalitions – I understand that Condoleezza Rice spoke yesterday and said a few very important things, and Rumsfeld also. The moment they added the letter "s", the plural to the word "coalition," they were, in fact, saying either there will be one coalition, or there will be many coalitions, or perhaps there won't be any coalition at all. Because what is important is the goal, and the goal is victory. In order to achieve victory, you can be with us, but if you're not with us, you will pay, but we will move ahead, because victory is what counts. And, of course, they got other advice. For example, I participated in an argument in one of the television stations, foreign television stations, somebody said the United States must not bomb Afghanistan, certainly not during the Ramadan, because a billion Moslems will stand up on their feet and tens of thousands of volunteers will flow into Afghanistan. And the absolute opposite is what happened. Not only was there not an uprising, but more and more people are accepting the American line, and not only are not people flowing into Afghanistan, people are escaping from Afghanistan, and if there were – if there are any real estate dealers here, then they know that the conditions for a success are the three L's, location, location and location. In the war on terror, there are three other L's, or I should say T, to win, to win, and to win, to completely destroy and oppress the idea or the hope that these terrorists have, with that distorted mentality, that they will ever achieve their goals. That is what ultimately cuts down the ranks and destroys terror. I must say, before I go on to the closer circle, I must say that this approach will remove a distant but very significant threat from our existence. Although Condoleezza Rice said they have not yet decided about Iraq, but I permit myself to say that they will decide. And they will decide because the combination of a regime with a terrorist past, with an orientation – terrorist past and orientation is intolerable for our world. We have already seen in the world, 60 years ago, that a mentality, totalitarian and terrorist mentality almost led to the destruction of the human race, and it was fortunate, of course, that they were destroyed in time. And there are demons, and these demons are no less dangerous than Nazism, and if they get atomic arms, there is no doubt that the future of human civilization and humanity, itself, will be in danger. And the United States will act, I believe, they will first act in Iraq. They might have an interim station, and the main implication of this action will be that in the international court in Hague, what happened with Milosevic, there is no possibility of sending Saddam Hussein on a vacation, for example, to Saudi Arabia. There is no pension for tyrants. In the atomic or even biological and chemical age, and we're already there, there is no way out for the leader. And because of that, we must make reasonable assumptions that, while under siege, even final siege, Saddam Hussein will use us as his preferred target, as he has always done in the past. And, therefore, we have the right and we must tell the United States that we will – must get the right amount of time not only for early warning, we've always had early warning in American actions in Iraq, with the supervisors and so on. We're not talking about a warning, we're talking about preparation. We have the ability to arm and to protect our population from mass attack. It takes time. I won't go into the details here. And Israel certainly is able to do it perhaps better than any other country because we have a small population, first of all, but for other reasons as well, but we must allow ourselves the time and the means to protect the population, and not to rely on the possibility that it is a low-risk situation. Because, Uzi, you define this speech as Israel's new national priorities, and I would like to say, in parenthesis, the first national priority must be to prepare the population – defense for the population against attack, and make sure that we are ready for any possible response on the part of Iraq to an American attack in the future, and, in my opinion, it won't be far off. The question remains, what about the second distant threat, and that is Iran? I read the important comments that Ephraim Halevy said, and I share his views that Iran, to a certain extent, is no less dangerous and perhaps, on a global level, even more dangerous because it is the place that is disseminating through the microphone as well, not only its organizers and also – disseminates from the Philippines to Los Angeles, Shiites and Sunni Moslems, both, and I think that the United States and Iran, at present, are wrangling with one another and perhaps even deceiving one another to a certain extent, but the United States will have to make a decision how to neutralize this danger. Iran and Iraq are not the same, of course, Iran is a more

open society, and the possibility that actions that will awaken the Iranian public to demand changes in policy if not in government are also possibilities, which is not the case in Iraq, and the Iranian people has proven itself capable of this. It was willing to face the bullets of the Shah. We have seen their demonstrations and conflicts because Iran is the country with a few hundred thousand internet subscribers and satellite dishes, and so on. And, as I said in the beginning of my comments, this will perhaps enable a situation and another way of solving the problem. But the United States will have to deal with the question of Iran as well. It cannot solve – it cannot deal with a situation of global terrorism and atomic weapons by only dealing with Saddam Hussein. But these subjects could not have been stated with the same power and clarity before September 11th. And the question is, where are these three principles, moral clarity, strategic clarity and a security, where do they apply for us? I think very much so, I think that as far as moral clarity is concerned, I think we, today, can respond to ourselves and certainly to our critics that every time we take action, the simplest response is we are doing what needs to be done to protect ourselves, exactly what you are doing to protect yourselves. Moreover, since nothing can justify terror we can easily tell all our critics, whether they are from the European Union or certain parts of the American Administration, we can give them Bush's speech and say, look here. I think this moral clarity is extremely important. The strategic clarity demands from us that we do something that I have been supporting for many years and which I believe in. And I think that recently, in recent weeks, I think the United States has moved in that direction. In other words, to begin to threaten, to pose a threat to the regime, and not just as Uzi Dayan said about drying up the swamp and killing the mosquitoes, I like to use the analogy of the Kamikaze pilots, you want to hurt them, but you know that until you don't attack the aircraft carriers from where they take off, then you can't do enough. Either you deter them or you drown them. And the same goes for this regime. I think that today, in order to deter, in light of what has happened so far, we will have no choice one way or another to bring to the collapse of this regime. The message that Arafat will get – let's say, for example, now, we know that he is under existential threat, and therefore he is acting at the moment because of the change in the American public opinion, on the one hand, and the increase in activity here, he understands that he has to do something. So he's doing something, let's say. Let's say he makes a real tactical break in the terrorism, what can we conclude from this? That we will get involved in processes with him again? The message that he will understand is that he can, in fact, from time to time, revert to his ideology and to his methods, both of which are unacceptable. The fact that the Palestinians will pay the price in hundreds of victims, he doesn't give a damn about that, and what he really cares about is his regime and its (unclear). And I think the chance of peace will be attained only if a future Palestinian leadership knows that when you make peace with us, you don't violate that peace. When you decide to go by the way of peace, you don't use terror to improve your tactical position. When you shake hands, it's binding. And when you break it, there's a price to pay. And the price must be in the regime. And I think that's the only way to create a new reality here, and which will enable us to reach real peace with our neighbors. As far as the need to be victorious, I think if the United States had had to go through – if the United States had to go through this business of the coalitions, we – I never said that American pressure was massive, because I think, ultimately, the United States is a country that is moved by – that is driven by public opinion. I think that, until recently, it was very highly focused. We had our supporters, the Arabs tried to recruit their lobby, and our supporters are not only Jews, by the way, there's an interim, kind of a middle group of professionals in the State Department, for example, that take a position one way or another, not always in our favor, but thanks to the force of public opinion in the past, we stopped all these Reagan plan, Rogers plan, and so on, all these proposals which were unacceptable to us, and all Israeli governments managed to withstand them if they wanted to, because public opinion is what counts in the United States. But that was true even before September 11th. After September 11th, public opinion is something completely new. It is no longer focused. Public opinion today touches every single American citizen. If you ask the American public, "How many of you are interested in foreign policy, the war," before September 11th, many would say that they weren't interested. Today, there isn't anyone who would say they aren't interested today, because it is their struggle as well. And the American people are a very moral people, they are a wonderful people, and they are very moral, and they can't stand a double standard. Very easily, the United States can recruit an information campaign to enable us to do what is needed in our region. I must say to you that I appeared, I would say, quite a number of times, in recent times, certainly in the past days, and I was on many radio and television stations, and in some there were listeners who called in, and when I said that because Arafat is not stopping terror and is not leaving terror and not destroying terror, he will have no choice but to – we will have no choice but to topple his regime, I got questions from listeners. The questions were almost always, "Why aren't you doing it then?" "Why don't you do it then?" That's what they were asking. And the question what will happen afterwards, will it be worse? It won't be worse. It can only be better. It won't be worse because the main thing that interests us is that of security, and the security won't get worse even if the Hamas takes Arafat's place, and I don't believe that's what will happen, but if the Hamas does come in, then our freedom to maneuver will be even greater in public opinion than it is now. And I believe there are other elements among the Palestinians who are more pragmatic and more moderate, with whom we can stabilize the situation and reach a political process that can move us towards ending the conflict. And I think that the need to win will drive us to take actions, not only military actions, but information and political actions in the United States. We don't have to hire PR companies, it's a fairly simple activity to take people who are from the United States, or who have spent a lot of time in the United States, to put them in the right positions there, for example, as ambassadors or political advisors, three or four such men and women, preferably women as well. And to focus on a single message. If you can't disseminate the message, you will not be able to disseminate a message that is not focused. That's what happened here recently, and I think that's in our hands. I think that international reality, the American reality is important and meaningful, and it's very auspicious to our needs more than ever, including the times of the Six Day War. The Six Day War, of course, generated a lot of sympathy for us and empathy, but it didn't go to the hearts and souls and bodies of the average Americans, which cannot be said that's not the case in today's war. And this reality should be upheld and nurtured. And the question now is, of course, if we do take those measures, what can we do in practical terms? I think that we can do two key things. The first thing that we can do is to drastically cut terrorism. It doesn't mean that we can necessarily resolve the conflict, but there will be – there are many cases that we know in which they managed to separate terrorism from the conflicts. The conflicts still go on, but there's a very good example for that, the conflict between Turkey and Syria. There is no terrorism today from Syria to Turkey because, in '69, Turkey put the army on the border and said to Assad Sr., if you send even a single other terrorist, then we're going to invade your territory. And that's when it stopped. The conflict over Alexandretta still goes on, but terrorism has stopped, and so and so forth. I think that eradicating terrorism or cutting it significantly is something that we have to do, because as long as we

have terrorism, you cannot generate auspicious terms for a peace process. The question is what will happen if there will be an alternative Palestinian leadership that will be ready to transfer Palestinian public onto the tracks of reconciliation, and accepting the fact that Israel exists, well, I'm not sure. I think that the element of deterrence in removing Arafat and his regime and his government, and everything that he refuses to part with, and everything that he imparts to those school children, I think that's very important to remove him and his government. If we can find such a leadership, there are several tests for that. I think that the immediate test, in the preliminary stages, are the future negotiation after we eradicate terrorism, the first test will be the question of the Right of Return. I think that instead of following the route of Oslo, which means Gaza and Jericho first in a series of concessions, I think that as early on, we have to put the issue of the Right of Return on the table, and demand that they give that up. And not only that, we also should make concrete proposals of an international program for the resolution of the problem of refugees, of course outside of Israel. I think that will be an important test. And it's possible, it's doable, but not under these conditions, not with this government, not with this Palestinian government, that is. If deterrence will put us on these kinds of tracks, then the conflict will be resolved. It sounds imaginary, fantastic, but I think that under these situations, it's not so imaginary, and the changes will take place in the Middle East in the next year in key regimes here. I think that it's not such a remote possibility. Of course it will require us to discuss the type of the solution. And what is that? I think that what we should be concerned with in the solution is to cut to zero, or certainly as close to zero as possible, to cut our control over the Palestinian population, on the other hand, guarantee the foundations of our security. If I were to ask, do a referendum here and ask people in this room whether you would be willing to allow a future Palestinian country within the next few years, or a Palestinian entity to assume control over the passages so they will allow all weapons inside without any Israeli supervision, most of you would say no. If I would ask whether they have the right to make alliances with hostile regimes, hostile regimes to Israel, everybody here would say no. The same goes for the control of the air space or accessibility, and controlled accessibility to the water aquifer, et cetera. And I'm saying this because the term "state," not so much in the legal state, although there, too, there are problems, but in the psychological sense, once you give them statehood, you give them these authorities, and you have to take it back then. And I don't think that that's a good way to conduct negotiations. Certainly, at this point, we don't even have a partner, that's why I'm not using this term. Because while I would like to have them to have self-governments, I don't want to govern them, I don't want to give them the authority and the power that can hurt us. Of course, if we don't have a partner to this kind of an agreement, then we will have to make unilateral moves that will be required to guarantee our security. I don't think that that's the final solution, but if you ask me about a fence, yeah, that's not such a bad idea. The question is where to put the fence, what type of fence, it could be a combination of various technologies. I think that it should be a unilateral fence, they maybe should not be allowed to enter Israel except for workers, maybe, but we can definitely enter their territory. This is certainly not to replace any political solution. But as a measure, yes, it's a measure, it's a viable measure. Can it be considered? It depends on how you implement it. I wouldn't use the borders of 1967 because I don't want to fix the Palestinian Authority along the Green Line, they're only there along several spots, so why should I bring them closer to me? I want to push them further away, if only in order to protect myself against land-based attacks. I think that these are the things that we have to deal with at this time. I also have to say that everything that we're saying today will change, I believe, on condition, of course, that we take care of the first priority that I talked about, and we can do that. I think that this will change in a very positive way later on, very positively. The balance of powers has changed in Israel's favor, but we have to change it not only in the political and security and PR components, but we also have to work in parallel along several alignments. We have to work on economic.....

Benjamin Netanyahu: This is not the case because the solution will be complicated, it will not be instantaneous. It can only be harmonious in a deal if there is a democratization of the Arab world. And we hope and wish that that will happen one day, but any other solution will have to be based on deterrence and on the strength of Israel. And the strength of Israel lies in more than military power. Economic is paramount and there is no doubt there. The free markets are the ones that are more prosperous. We have a fantastic infrastructure here in terms of technology, IT, biotech,... technology, sound recognition, voice recognition, and there's another thing that we talked about here before, defense technologies. Israel is the leader of that industry, way, way ahead of everybody else.

And I don't rule out the possibility that the government should assist Israeli companies that try to export military services. This is not going to disappear. The world is not going to backtrack to the situation before September 11, and for a change that gives us also, opens also economic and financial possibilities. I think that if we operate along all these lines, including infrastructure, including desalination and transportation infrastructure, broadband, all these things are doable. And they're doable especially in this time of recession when people know that the situation is impossible. You have to mobilize all those powers, all those entities in order to move ahead to be prepared for the economic buildup. And I know that this will happen. I don't know if it will be one year or two, but eventually the United States will win, especially after it will win over Iraq then the global economy will have a boom. And the question is, where we will be when that happens.

One thing I know for sure is we're already in a country that is much stronger than what anybody ever thought with a lot of internal unity. Much more so than our enemies believe and much more than we ourselves have believed, some of us at least. When I look back at last year and I look ahead at the years to come I can say that I am full of hope. Thank you very much.

Tuesday December 18, 2001

Eighth Session: Foundations of National Security: Society, Education and Government

Chair: Dr. Liora Meridor

Leora Meridor: Hello, everyone. I see that little by little all speakers are coming closer, getting together. This session about the social aspects of national security. Because of various constraints we will divide this session into two parts. The second part will be devoted to the original purpose, namely social aspects and we will be discussing them from four different point of views. The first one will be represented by Professor Ben Gur of the Haifa University, Ben-Dor, sorry, I apologize, Gabi Ben-Dor. There is a "G" there I remembered, from Haifa University, Political Science who will be discussing a study that was made

about elements of national strength. The other point of view will be presented by Dr. Zvi Zameret who is an educator. And he will be discussing the team's paper about nationalism and education. The third point of view, which is the point of view that I see is the point of view from the field which will be presented by Motti Amitzur of Yerucham. He will be speaking about the center of the country and remote areas. And the last angle is the angle of the Knesset which will be represented by MK Naomi Blumenthal who is now also a member of the government. She is the Deputy of the Minister of National Infrastructure.

And the first part of our session we shall ask Ehud Barak to discuss his views on the political and economic views against the backdrop of the fight against terrorism.

Ehud Barak: Good afternoon. I thought that before you start your sitting down siesta after the lunch I will touch upon what Na'aman said before the lunch break and come full circle. And I will try to talk about national strength and the challenges that we're facing now. The many, many challenges that our national strength now has is taking place against a national campaign against terrorism. And there's great complexity, many risks, many threats, quite a few opportunities. This requires a lot of thinking, strategic thinking, soberness, open mindedness and the ability to make decisions even under circumstances that are very unclear.

It reminds me of a story of a person that is in the middle of a turmoil and is being asked by one of his friends, he's asked to sum up the situation in short. And he said in one word, "good". So the friend says to him, "Well, is it that simple? Give it to me in two words." "In two words? Well it's isn't good." So this complicated situation is not supposed to paralyze us but quite the contrary, it's supposed to make us take action. And I think there are four sources of national strength for Israel. First of all, Israel's general strength, not only the military, strategic strength, but also economic and social strength. And I would say even the strong bond with Jewish Diaspora. The second source of strength is the special intimate relations that we have with the United States with the administration and just as much with the American people. Thirdly, our success or the extent of our success in maneuvering our legitimacy on the international arena and gaining support for Israel's stance.

And above and beyond all of these, our internal unity, our self assuredness and the sense that we not only have the strength but also have justice on our side. The four main challenges for our strength are primarily the struggle against the Palestinians, secondly the relations with Israeli Arabs, thirdly the cracks in our social economic fabric, and fourth, the structure of our government. These four challenges and four strengths will be what I will be focusing on.

September 11th was a turning point and nothing will ever be the same. The collapse of the Twin Towers, this gaping hole in New York and the attack on the Pentagon and every other plans that were not implemented have created a new reality in which nothing is inconceivable. There is nothing that is unthinkable anymore. If terrorists can disperse plutonium dust and contaminate an entire city they will not hesitate. If they have the capability to do it they will. If terrorists of Bin-Laden's kind can cause the death of not 3,000 people but rather 350,000 people, well they will do it. And this has far-reaching implications for the reality which we are now facing. I think 10 days or less than two weeks after the attack on the Twin Towers, a long time before the American actions and retributions started, Dov Yukovsky asked me to meet with a group of public figures and we discussed possible developments. And as of now, three months later, things are developing just as we described them then.

And, therefore, later on I think there is also a chance for things to continue along these lines. We're towards the end of the first chapter of Afghanistan and Al-Quida, even if Bin-Laden is not found. The second part is probably going to be Somalia, Sudan, Yemen. There are enough facilities that Al-Quida has in these places. The model sets by what happens in Afghanistan will probably clarify what will happen later on and make it easier to deal with the next targets. The third stage, at least as far as we're concerned, should be Syria and Lebanon. The discontinuation of international flights to Damascus, the eradication of terrorist operating from Damascus and getting rid of the Hizbullah's armaments in the Bekah in Lebanon.

And one of the things that was mentioned here quite a few times is Iraq. There is no way to avoid a confrontation with Iraq, not because the current American administration, there are many people here that are very familiar with this administration. This administration is very determined and sees things in a very right way but this determination stems from very right sources, but there is no way for any stable world order to exist after this outbreak of terrorism. There is no room for American leadership in the world. There is no chance for stability, predictability, normalcy, which are three imperative conditions for continued economic growth unless at the end of this war. Sorry, if a victory will be declared at the end of this war and nevertheless Saddam Hussein will still be in power and we'll still continue to arm his country with unconventional warfare, that will be impossible to do.

The Security Council will probably set supervision standards, not those of bleak. These standards will be put forth and Iraq will have to comply I suppose that Iraq will decline. That will make room for international legitimacy for the start of an operation against Iraq, even if this will take several months, and it could take several months. The groundwork has to be prepared in Europe, collaboration with Russia, et cetera. And this will lead to an operation I suppose in the no fly zones over Iraq, and later on a larger operation. And let's hope that that will do.

The Americans have more than one reason not to try to connect Iran and Iraq together in a single package and they would like to postpone the confrontation with Iran. The reality there is more complicated. It was mentioned here under the surface there are trends in other directions in Iran. Another prosaic reason is that Iran and Iraq together generate more than 4.5 million barrels of oil a day and that's something that's going to be very hard to tackle simultaneously. And the tendencies therefore, to postpone the confrontation with Iran and see maybe internal processes will happen there. Maybe the successes that will be accumulated during this coming year will convince the Iranians to change their ways and we'll be able to take them off the list of targets.

It won't be easy and it won't necessarily succeed and time is also of the essence. And Iran a very intensive program is taking place. Iran is trying to get its hands on nuclear weapons, and this will not take them more than four or five years to accomplish. It may very well be that the reason why in the world outside of Iraq we see this picture of Khoumeni on the one side and Khatami on the other hand. It may be an attempt to avoid the mistake of Saddam Hussein when he invaded Kuwait before he could credibly argue that he has two or three atomic bombs, which would have complicated the arena very much.

There are also opportunities. We see the opportunities that we mentioned then. They're opening up in Russia and there are opportunities in China, there are strategic opportunities to the United States. And it's in China and as the result of this, I don't want to get into that because we don't have time. But for Israel, it's good for Israel. And for years we've been arguing that we are suffering because the world does not understand the strength and the depth of the problem of terrorism. It doesn't make sense that once finally the entire world is mobilizing to operate against terrorism, then as it seems in the beginning of the road they can still find a winding tortuous way to argue that the situation still operates against Israel. Israel will have to coordinate everything that it does with the Americans, especially wherever Iraq is concerned.

And the last point that I wanted to point to in this context, the free world will prevail. We are now 60 years after Pearl Harbor. This reminds the famous story of General Yamamoto, who in the evening after the attack on Pearl Harbor, all of Japan was partying and he was depressed. And they asked him why. And he said, "This morning we awoke a giant and we're going to pay the price." And that's what happened. The real mistake that Bin-Laden and all these gangs made, is in the estimate that they can awaken this giant United States and the free world and not be forced to pay a price. There will be retaliation, there will be more terror attacks. Many more innocent people will die, but the free world will eventually win this struggle.

Our struggle with the Palestinians, for a year-and-a-half now and in a sense for 10 years already, has been in the center of our national agenda. And I think at this point we need a three-legged strategy. The first leg is a determined fight against terrorism, generally in line with what the IDF has been doing in the last few weeks led by the Israeli government. Interceptions and the Hamas and the Jihad and any other terrorist activity that is operating from within the Palestinian authority. Even if they're operating temporarily from various basis, it's very unpleasant and causes strife. But it requires another two legs in order for the strategy to be a practical one, that is a realistic one also.

The second leg will be a plan for unilateral partition, initiated partition between us and the Palestinians that will be implemented gradually in a thought out way over a four-year period. We are here and they are there. So that when the time comes, when the conditions are ripe and nobody knows whether it will take 5, 15 or 25 years, then it will be possible to live again as neighbors. And the third leg, and that too is very important if you understand the power that international legitimacy has for Israel's power. The third leg is an open door, a big open door for the renewal of negotiations without any preconditions apart from the entire absence of violence based on the principles of Camp David.

What are the main principles that us lead us to need this strategy? Between the Jordan River and the sea here behind us, 10 million people are living, 6-1/2 million Israelis, 3-1/2 million Palestinians without a partition, without a separation. We will be in a country that is either non-democratic or non-Jewish. If they can express their collective political desires, then this will be a bi-national country, and if they cannot express their political national collective desires, then we shall be in apartheid country. Without a partition, without a separation, we're on the way to a scenario that is similar to what's going on in Bosnia or in Belfast with two communities that live one within the other, bleeding for centuries. Or in the scenario that is similar to what happened in South Africa with the apartheid.

And in our case, we're very known for our special talents and we may find ourselves facing these two scenarios at the same time. Only a border, an Israel border, that will guarantee a solid Jewish majority for generations to come can guarantee the future of Israel in line with the Zionist vision for Israel as a Jewish democracy. This demographic reasoning, the reason of our identity makes it imperative for us, it's an existential need for Israel to have this kind of partition. No wishful thinking, no ideology, and certainly no political maneuvers or demagoguery will be able to shake this concept. Obviously it would be better to reach this partition or separation by agreement, but an agreement takes two.

And the truth, as painful as it may be, but the truth is that Arafat is not a partner for decision making and for agreements. And I've been following Arafat for 20 years, not only in the last year and a half or the year and a half before that. I personally believe that he never will be such a partner. Arafat is 73 years old and he will never change. Anyone who says anything else, even in good faith is deluding themselves. In Camp David and after Camp David until the last elections, Arafat was shown to be a person that recognizes the fact that Israel exists. But that's meaningless because we know we exist and we're strong enough to protect ourselves. But he does not recognize Israel's ethical right to exist as the country of the Jewish people.

I'm going to even tell you something worse. We found that he recognizes the existence of a Jewish faith, a Jewish religion. It's mentioned in various forms of the Koran. And it's a fact that's hard to deny in our world. But he does not recognize in the deepest sense, he does not recognize the existence of a Jewish people, of a Jewish nation. And the vision when Arafat is speaking of a vision of two countries, west of the Jordan River, he's talking about one Palestinian and about another democracy that will at first be bi-national, because it will take advantage of democracy. And in the second stage there will be a Muslim majority in that country, even if it will take a long time. That will happen as a result of demographics or of our blindness that will prevent us and prohibit us from implementing partition. And we should do that as soon as possible.

In this sense Shlomo Ben-Ami who was Foreign Minister in my government and did a very good job. He was on the mark when he identified as a statesman and as a historian, he identified the attributes of Arafat's personality. It's true that in Camp David we stripped Arafat naked, so to speak. We've shown him for what he really is, and that's one of the reasons that we have such national unity today. But it wasn't a trick. This was a bona fide genuine attempt to walk this distance. We were

willing to talk about anything to clarify once and for all and make sure and see whether there is a partner for dialogue, a reasonable partner for dialogue for agreements that can be attained while still upholding our vital interests.

To conclude the picture where Arafat is concerned, I would choose to tell a joke that an American told me, senior American who in the previous administration. And he said that the head of the Palestinian authority and the Israeli Prime Minister meet in order to discuss negotiations for a permanent agreement. They decided before they started the negotiations, each one will tell a story.

So the Prime Minister, the Israeli Prime Minister tells a story and he says, "You know, Moses brought the people of Israel out of Egypt, 40 days, everybody was thinking about the good food they had there. And the conditions were tough, they wanted water in order to bathe, in order to drink, et cetera. Moses went to the rock, hit the rock, a pond was created, everybody bathed, drank. Moses went into the lake, bathed, drank, went out and saw his clothes were gone." So he asked, "Who stole my clothes?" And everybody, all the people answered him as one, "The Palestinians stole them." Chairman of the Palestinian authority burst in and said, "That's impossible." So the Prime Minister asked him why. And he says, "Can't be, because there were no Palestinians back then." So the Prime Minister says, "Now we can start talking."

The fact that we do not have a partner for peace is not supposed to paralyze Israel and prevent us from operating in order to uphold our vital interests. And at the same time create maximum, the optimal understanding for us in the international arena. Israel has to guarantee its security, the security of its citizens. It has to guarantee its national identity and it has to clarify to the world that it is intent on ending our control over another people as soon as possible. Of course, one would think why not enter interim agreements? I believe that after what we saw in Arafat and based on our acquaintance with him entering interim agreements today, substantial interim agreements that hand over assets to the Palestinians and change the reality without us knowing where he's headed. Or actually rather when we know now what he's really thinking, that would be very irresponsible.

And entering interim agreements that would be superficial or meaningless that only transfer land or other assets for just in order to win a little bit time of quiet, that's actually turning a blind eye and ignoring reality because we only have limited resources. Yitzchak Rabin, at the beginning of the way, was able to say, "Let's give him various things. Maybe a metamorphosis will occur." But now we're at a more advanced stage and continuing to hand over assets could be very irresponsible. What do we have to do in practical terms? What we need to do is to determine which blocks of settlements we want to keep. We have three such blocks, Gush Etzion, Gush Ariel-Kedumim, Maale Zahav-Kedumin that's east of Ben-Gurion Air Port, the Chinanit Shaked block in the north, Ma'on Carmel and Messudah Yehudah in the south, and a few other adjustments along the original border of 1967. All together that accounts for 12 or 13 percent of the territory, but we'll include 80 percent of the settlers, therefore there's also a potential for a historic achievement in terms of settlement in Judea and Samaria. We have to have security arrangements in the Jordan valley, because without an arrangement we can't give up our security assets in the valley.

We have to have either outposts in various strategic points. All together another 12 or 13 percent of the territory, and in addition to that, of course, we have to have a security supervision over the passages with Egypt, the border passages with Egypt and Jordan. All together a total of 25 percent of the territory and the rest of it will be contiguous. At the first stage the way I see it, we don't have to annex these blocks, this territory in order not to - we have to leave as I mentioned an open door for negotiation. At the first stage we shouldn't uproot settlements either, that would be rewarding terrorism, it would cause an internal rift in Israel. And in any case, it takes time to build even the 15 or 20 percent of the settlers that will remain in isolated settlements outside of these blocks, we're talking about 30,000 or 40,000 people it could be. Several thousands of people, even if only one of ten settlements asks to be relocated, it will still take time to build. But still at the same time we have to say loud and clear that within four years when the time is right, we will relocate the isolated settlements, there are several dozens. And all together they account for about 15 percent of the settlers. We will move them either inside Israel or into those blocks. This clarification, which means in essence that Israel intends to defend its Jewish unity, Jewish identity and prepares to re-deploy behind a border that will guarantee a Jewish majority.

This is very important for Israeli community, for the international community and for some of the Palestinians too. I think that the IDF should maintain all the leeway possible and should continue to defend all of these settlements, including the most remote ones as long as we don't hand them over by agreement. We have to have radars, detectors, technology, we should have fences. Of course we should have extra fences everywhere and they should be along the 1967 border. In Jerusalem we need to have two fences. One around the entire parameter of Jerusalem and the other one a security fence to separate the bulk of the Arab neighborhoods in Jerusalem and the western part of the city. Even if it will require dozens of passages and even if in normal days they will be kept open.

What will that lead to? That will lead first of all to a serious drop in suicide bombings. And in this respect I find it difficult to understand why the government is not starting with this immediately. This is a need that is immediately obvious every time another suicide attack happens in Israel. And if you look at Gaza, it's like a pilot experiment for a fence. There we have 70, 80 kilometers of fencing, but there are almost no suicide attacks coming from Gaza.

This will introduce enormous change in the issue of illegal residents in Israel and it will still enable the Palestinians, for example, to shell settlements. It's not full proof. So what, today we also respond to this. There will be even more justification because then if they attack an isolated settlement or town, then the world will jump on them and say, "Why are you attacking them? The Israelis are planning to bring that into a block of settlements, why do you do that?" And if we act against this we will have even more authority and moral imperative to do it. And the free world will say, do you have a question mark concerning the size of the settlement blocks? Then go back to negotiations. The door is open, the principles are clear, no violence. So this will deal with the most immediate issues of security. And I think the security issue should have been enough to make this

decision, even to those who don't understand the demographic imperative and the identity imperative for Israel and its future or the political need for it.

The second subject is that of Israel-Arabs. Once again, a very complex and multidimensional subject. I see that my time is almost up and I'll be brief. There are among Israeli Arabs, but quite influential group of people, religious leaders and intellectuals and political leaders. And they, for example, the Islamic movement and sons of the village and so on, they are interpreting the simple logic of a democratic country as a country in which each country has a share or stock, for example, no matter what his race, gender or creed. And they are undermining the natural code of democracy and they are exploiting the tolerant democracy that we maintain in order to undermine the Jewish Zionist identity of the State of Israel.

Ninety-nine percent of Israeli-Arabs behave responsibly. They are not necessarily partner to these dreams even, and have a very strong loyalty to the state. But there are indeed real problems with the Arab population which are no easy to solve of employment and education and infrastructure and so on what the country must deal with. But this is a volatile and sensitive issue. The Israeli police acted a year ago there in the October riots under very, very difficult conditions with very painful results. And the Israeli police was led by the government that I led and Shlomo Ben-Ami as Minister of Internal Security acted under those very difficult circumstances very seriously and sensitively. And with full responsibility which were very unusual. And I believe that the truth will come out.

In essence what we have there is a demand by extremists to implement not only individual rights which are inherent rights in a democracy and not rights of a community or the rights to express in heritage or culture, but the right for a collective political nationalist expression for the Arabs of the State of Israel. And the State of Israel cannot and must not show any willingness to negotiate on any kind of national collective arrangement for Israeli Arabs. And the last thing, I promise to give you back the time. The last subject is that of the economy and the social welfare situation. This fabric is very difficult. There are people here who are leaders and people from the media.

And we must understand that our internal solidarity is a precondition for victory and in a society such as ours with so many internal rifts, that alongside solidarity and social welfare and education, ultimately in order to solve social problems, we need huge resources. And any way of dealing with these problems in a real way involves tens of billions of dollars each year, or shekels each year. In order to overcome the social gaps in Israeli we must first bring the country to growth with all the painful problems that are involved, such as making the government smaller and dealing with the fiscal issues and interest and so on. We must deal with the most difficult issues but there are so many things that are taking a free ride on the social welfare issues and these problems cannot be solved without getting to the core of these issues. And they cannot be shunted to the sidelines.

And here I would like to get to the last subject, which deals with the structure of the government. I have worked in the past with seven different Prime Ministers from Begin on, and I see a basic problem with the structure of government in Israel. Every vital subject to the country and its citizens in a long run, for example, the political situation. Or, for example, the religious situation in Israel which has implications for Israel's future, every subject of this type which is important for the entire country in the long term. There is a temporary local majority which opposes it. And in the long run, a government which chooses to show preference to those small groups as opposed to the long term good of the country, that makes it very difficult to lead the country correctly.

And here there are solutions in other countries for this type of government in the academe, these are called "presidential government". But in Israel, presidency sounds like a synonym for dictatorship, for example, the American dictatorship or French dictatorship, God forbid. I would like to call that a mayoral regime. There are countries, there are 10 cities in the United States which are larger than Israel and America can do his job and he ultimately must stand the test of the voters will. But his position prompt him to give priority to the general good to smaller pressure groups. And we have the subject of the referendum to sum up. We are undergoing difficult times. We've always had tests, we're all adults here. There is a lot of gray hair in this room, and we remember more difficult times. All in all I must say that I am optimistic, ultimately a Palestinian leadership that will be willing to contend with the issues. I can't say how long it will take, 5, 10 or 15 years. The irreversible achievements of Camp David are the limitations in which an agreement will be reached. It doesn't matter how long it will take.

And the other thing is forcing Arafat to show his true face, not through a trick but in an attempt to sign a peace agreement with him. And as a result our public is far more unified. And the third thing is getting both parts of the Israeli public, from right and left, to come down to earth and to see reality. The left realized that we're not in the mid-West we're in the Middle East, it's a difficult neighborhood. Our neighbors are not that nice, as Golda used to say, that we wanted to believe, not as nice as we wanted to believe. The right believed in the dream of greater Land of Israel and it now realizes that is not a realistic political reality. And now they are far more mature and willing to deal with reality. And under these conditions, when you get up in the morning it doesn't look that great, but in the end I am sure that it will be good.

Leora Meridor: I'd like to thank Ehud for his very broad presentation and very interesting presentation. Although you took a little bit of other people's time, you don't owe the time to me, you owe it to them. And now we'll move on to the second part of this session. And see this development, some of the people here believe that the security political issues are more important than the social issues. But just the same, I must tell you that without a strong social foundation, we will not be able to maintain a strong security level here in the State of Israel. Therefore I hope that I see that most of you are remaining. I see that you have been become convinced and we will be able to continue.

I would like to ask Professor Ben-Dor to present the study that he conducted. Professor Ben-Dor is the Head of the National Security Institute in the University of Haifa.

Prof. Ben-Dor: Thank you very much Dr. Meridor. I would like to present a quantitative study that we conducted concerning national strength, which is something that is very hard to quantify and measure. And before us there are those who have tried to measure such issues. In, for example, Ethics of the Fathers, they said that wisdom is something that can be measured by seven different variables. There are seven things in the idiot and seven in the wise man. A wise does not speak before someone who is greater than him in wisdom. Does not interrupt another person and is not for him to answer. He asks properly and answers properly and speaks about the first thing first and the last things first. And what he didn't hear he says he didn't hear and admits the truth.

And the opposite is true of the idiot. So they have succeeded in quantifying wisdom. We try to do the same thing in the Center for National Security Studies in the University of Haifa, and our motto is the fifth chapter in the Ethics of the Father where it says, there are four qualities of those who go to this house of study. Those who go and do not do gets rewarded. Those who go and do is a Hassid, is a just person. And those who does not do and does not go is an evil person. We presented this study for the first time a year ago on this podium. We received a lot of comments which we listened to very carefully, and I hope you will see the improvements.

I would like to warn you about two things. This is not a public opinion survey. It does not ask the public what do you think about how the security establishment performs. It views the Israeli public as an active participant in questions of Israeli security, certainly during times of terror. The public is the one that is conducting the struggle and it is part of the struggle. And it that it thinks something that is significant and important, it does not only feed those who make the decision, they are part of the decision making process, that's the first thing.

Secondly, we conduct the study every six months. We began it in October, 13 months ago at the beginning of the riots during the Barak government. We conducted it again six months ago at the beginning of the Sharon government. We did it again and completed it a week ago, so we have a comparison at three points in times and we can see trends. I will present them in the following way. I will present a number of select questions which appear particularly interesting and I will present the methodology of the study and a question that did not appear a year ago. We developed quantitative methods which measured four elements of national strength and we wanted to see if there was an increase, decrease, stability and of course we will show in the conclusions what we think the implications of the study are at this moment. I will show the slides here which I hope you can all see.

This study was conducted at the Center for National Security in University of Haifa. Four people conducted it, one of them is before you. Along with me were Dr. Ami Pedazur, a political scientist lecturer. Madam Daphne Konetty and Mr. Buddy Hassissi. The methodology of the study was the following. First of all we took a very large sample, those who are familiar with social science knows that the regular samples that we see in the papers on the weekends that reverberates very strongly upon public opinion, we see that it involves 450 people. And usually the posters do not bother with the difficult populations, for example, Arabs, ultra-Orthodox, people living beyond the Green Lines, immigrants from the Soviet Union. We took a 2,000-member sample in order to get to segmentation of the sub-population. So we can see here there are 1645 Jews, 362 Arabs, in a segmentation that is very close to the waiting in the population itself. We had settlers beyond the Green Line in Judea Somaria, we had ultra-Orthodox and immigrants. And you can see among the Arabs as well, we have Christians, Druse and Moslems as we will first show what the Jewish public believes, and then we will see segmentation among the Jewish public. And then we will see where it's relevant to the minorities.

I will present only certain which appear particularly intriguing to me because they illustrate the entire study, and then we will see the bottom line. We began generally we had four main issues. They were chosen by us from literature in social sciences in all the western democratic countries in which this type of study is conducted. And it will show a number of interesting issues in comparison with the United States where many such studies are concerned. We measured four elements of national strength. Patriotism, to what extent people identify with the country, love the country, don't plan to leave it even during times of difficulties.

The second was the 45 percent trust level. The other security organizations also have high levels of trust. But today at this time in 2001, IDF has the highest level of trust. It is the still the organization which people identify with the most and it is an irreplaceable national asset. Here too we can see that the numbers are lower among the ultra-Orthodox, but what we have among the ultra-Orthodox we have a reasonable number because we have ultra-Orthodox joining the army during this period. Even among the minorities, there is a real level of trust in the army, even in the army's ability to win the war, even if that's what they don't want. We also asked the people to what extent they believe that all means are legitimate for Israel to fight terror. We also asked other groups to what extent army activities are legitimate. Here we can see very high numbers. The Israeli public sees a terror, something particularly dirty and particularly evil and something that is very difficult to overcome, that is unlike anything else.

And here too, we see that the means that to be used, that one may be use, may go beyond accepted borders. We see very high numbers here. And the during the first part of the intifada there was a slight drop, but at the last point that we measured, we have a rise of 81 percent, especially in light of the terrible attacks of the recent weeks. And we don't discuss the segmentation because the differences among the Jewish population are not significant and among the Arab population, of course, we see completely different numbers. And here too we can see, if you want to see within the minorities, we can see that the Druse are on a level of their own, far higher than any of the other Arab groups, much lower than the Jews. Also it cannot be compared, perhaps we'll discuss this in our conclusion.

We also asked another personal question, do you feel more secure or less secure compared to last year? On the daily level, for example when you go shopping when you go out to have a good time and so on, and here are the results as you can see,

we have a situation where there is a decrease in this area. People feel far less safe throughout the entire sample in all segments of the population and the segmentation shows this very clearly too. We have a problem which of course has very strong implications for a national moral and on economy and on behavior patterns on a daily level of the population. And this continues throughout the period in all the sectors including the minorities.

And then we asked the following question, please note. We asked how do you feel about the State of Israel and we got a certain figure. When we asked how do you feel about threats towards the State of Israel and we got a very high figure as well. And we asked questions about to what extent, what border, how far would you go to respond, who are the ones that can decide. And then we asked a summing up question which was very significant and I would like to draw your attention to this for a moment or two. And we asked people after all this, do you believe that in the future too, Israel will successfully contend with the challenges posed to it? A very basic question about the future, about belief in the future, if you like in the dichotomy of pessimism, optimism. See what happened. We have here 80 percent of the population more or less, all the less are within the standard deviation and it doesn't go down throughout this difficult period, but believes in the future of the State of Israel and is optimistic about the country's ability to contend in the future with the challenges posed to it, which will soon bring me to a number of conclusions.

But please note this very high number which is consistent throughout the period and does not drop. A citizen who feels more threatened does not necessarily feel less optimistic as a result and that's very interesting. We see here in the segmentation there are very important things but I won't get into them just now. Among the minorities we see more or less the regular picture. And then we asked a few more questions. In order to see a little bit more about how the public feels about their day-to-day feeling, we asked about their behavior in their daily lives going shopping and so on. And then we asked is the government doing enough to give its citizens a feeling of safety compared to previous governments and we have here a problem. And we have throughout this period a high percentage of people that does not believe that the government is doing enough.

The public was in shock at the beginning of the intafada when we got very high numbers during the Barak government. And then during the Sharon government a high percentage believed that the government was not doing enough. Although the numbers here are less dramatic then they were a year ago. And here we can see this in the various segmentations as well. There are strong plunges, dramatic plunges and differences between the different governments as you can see in the different sectors.

And now after I have given you just a few examples so you can get an idea of what we were doing, I would like now to bring you the four indexes on the bottom line. We made an effort to quantify indexes in order so that we could compare between one year or one and a half year and then we conduct this survey around Hanukah, and again around Independence Day. And we had a series of statements that people could rate from 1 to 6, and this gave us four indices. The index of fear, that is present is the fear of terror, we had four statements. We have the patriotism index, seven statements, militantism, the extent of the willingness, how far people are willing to go to respond to the threats, four statements. And then we have trust in government and national organizations, and the index we got was the following more or less.

The fear index, the average among Jews now at present I'm talking only about the Jewish public. We have here a situation of stability between October 2000 and April 2001. Then we have the transition between the Barak and Sharon governments. And then we have here a jump in fear in light of the recent events during the Sharon government. So I would say that this index is very high. If we look on a scale of 1 to 6, we are above 5.2. In other words, 83 percent of the public fear, not that they fear for the future of the state, but they fear for their own personal and their family security. So the situation is pretty bad.

And here we have a combined index of patriotism among Jews. It's also high, constantly above 5 out of 6. So we would say that those who like mathematical games, we would say that the fear index and patriotism index is almost identical. The same percent that are afraid, is the same percent that is patriotic. In other words the fact that someone is afraid does not make them less patriotic, sometimes the opposite. But not the opposite according to my findings. We see that people know boundaries as far as patriotism is concerned and they have not become extremists and they are not urging the government to take hasty steps as a result.

And finally, or one before the last, we have the combined index of militantism. We have here a slight rise and an inconsistency. We have in October the first shock for 0.85 out of 6, April this year we have 4.75 and now 4.92, not 5. And there are no dramatic changes again. The public is afraid but not hysterical. And finally, the combined index of trust in the governmental institutions, it's pretty low. Everything else was five or more, and here it's close to 4, even below 4 at certain periods. And, once again, if I take out one central dominant organization and that is the IDF, the Israel Defense Forces, we have a dramatic plunge. The public is not happy with its organizations, with its institutions, not with the High Court of Justice, not with the media, not with the Knesset, not with the government, not even with the police and the general security services. It gives only blind trust only in the IDF. The combined indexes, and we have here, you have the results before you, at three different points in time and the four indexes. What we can see is quite a stable picture without any dramatic changes. We have a slight rise in fear. We have a very slight rise in militancy and we have almost complete stability as far as patriotism is concerned, and we have real stability with trust, although the trust in general is not very high. Conclusions, the purpose of the study was to see how the Israeli public deals with terror.

Because the purpose of terror is not the government, not the Knesset, not the army and not the High Court of Justice, but the public. And we found that unlike the expectations of those carrying out the terror attacks, militancy and patriotism had a direct relation to fear from terror. There was not a result where the terrorism weakened the Israeli public and its commitment to the State of Israel and to live here. There is no soft underbelly in the Israeli public as the result of the terror. There is no tendency to make far ranging concessions to prevent future terror attacks. If that was the purpose of terror, it was not achieved. But

there is no other side of the coin either. If the purpose of the terror was more extreme to cause a revolution in Israeli public, in order to get the public to force the government to take extreme steps. To prevent further agreements in the future, I would say that my study shows that on the strategic political level, the terrorism has failed.

The events of the intafada have led to a rise in fear and still are reading to arise in fear, we can't hide that, we are an open society and we are a society that is suffering from anxiety. But this rise in fear has led to growing solidarity behind Israel's national symbols and a rise in feelings of militancy towards those carrying out terror and not only fear towards them. And we can say that the general, the overall response of the Israeli public has been to adjust routine towards the terror and if the goals were to undermine Israeli resolution and resolve it has failed.

And we must try to think about ways of strengthening Israel's national strength. I see a situation that if fear rises beyond 83 to 90 percent or more, and there is a situation in which the Israeli public will say, "I am changing my day-to-day routine, shopping and so on 90 percent," and at the same time there will be an additional drop in trust in Israel's national institutions, then we will be in trouble. Then we have failed to a certain extent. Today the public is saying the threat is serious but we have many ways of dealing with it. We believe that we can deal with it and if with the right leadership and the right policy we will succeed, that is the message.

And at this point, national strength which is the purpose of this conference is in a pretty good situation. The rifts are the growing level of fears, the dropping levels of trust. And there are certain rifts which I did not discuss here. I, for example, worried about what's happening among the Druse, which is an important sector, which is caught in the middle. And if we don't do something we might lose it. And my conclusion of my conclusion, what do I need a conclusion for, I'll tell you a story.

The situation of national strength is the following. There is a two-fold situation. There is a lot of fear of bad things and there's also a very strong reservoir of feelings of strength. The future is open, it can go either way. It's like the Jew who got on the train and he was bored, he didn't know what to do. Opposite him was sitting someone who was playing chess with his dog. One Jew turns to the other and he says, "Look, it's fantastic, it's unbelievable, I've never seen anything like it." So the other guy asks him, "What's so great?" "What do you mean what's so great, he has a dog that can play chess." "He knows how to play chess? We played ten games and he's lost seven." But what he does know is how to play chess and we have national strength. Thank you very much.

Leora Meridor: Thank you. Now I'll ask Dr. Zvi Zameret to present the findings of his team about nationalism and education.

Dr. Zvi Zameret: Distinguished guests, primarily former Prime Minister Ehud Barak, to me one of eight Ministers of Education in Israel between 1993, I think it's worth some thinking. There are some leaders of some systems that I don't know what they would say about a system that has such a large turnover in all the civil servants that have changed places in this period. Too many in too short an interval. When I was asked to head this team about nationalism and education, I checked the statistics. And first I'd like to tell you who the members were, Rachel Ben-Dror, Yitzchak Bitzalel, Ella Belfur, Rabbi Yoel Benune, Dr. Avi Bareilly, Attorney Eric Barnaya, Prof. Yossi Gorney, Dr. Aviva Chalamish and Prof. Eli Shvay.

I checked some facts and I found that our common denominator is much more shaky than I thought before. I was surprised to find that fundamental facts about the division in the education system are not known and hardly impact the decision makers. I'll start with education in the Arab sector because the rate in which it was growing in the last 10 years, even though in these 10 years there was a lot of good immigration, welcome immigration of more than one million immigrants. This increase was the greatest. In this decade there was a 67 percent growth in the Arab sector while the growth in the Jewish sector was only 27 percent. For your information in this school year, first graders in Israel, 30 percent of them are Arab children.

When I was checking the statistics I learned that Arab education in Israel and I'm speaking about after the fence, namely within the Green Line, in recent years it's been growing very rapidly. And we're not asking ourselves enough to what extent do they teach their Israeliness. The decision makers don't ask themselves to what extent the Arab schools, which are funded by the state disseminate the fact that Israel is a Jewish democracy. They don't debate enough with the question what do we do with school headmasters and teachers who get their salaries from the state, and nevertheless tell their students, we're Palestinian not Israelis. They didn't even formulate an opinion about how to deal with those who openly support the Hizbullah, the Hamas and support terror attacks against Jews.

Now from the fact I've moved on to questions of principles but this simple fact about Arab education in Israel are not straightforward. For example, Gabi, when I tried to check how many Muslim teachers educate the Druse in Israel, it was impossible to get an answer to that. An authorized answer for the segmentation of the various types of categories of Arabs in Israel, the very sectors. And the implications are clear as for Jewish education. I'll start again with the system that is growing at a rapid rate, the ultra-Orthodox education. Ultra-Orthodox education in all of its streams has expanded in recent years, more than three times. Almost a quarter of Jewish children go to ultra-Orthodox schools. Some of them go to recognized schools that are no official and the level of supervision of the state has over the content provided there is rather low. And others go to schools that are exempt. That is they are exempt from complying with the compulsory education law, like the Independence Torah education facilities that are not supported or subordinated to the education ministry, but are funded by it.

We are experts in terminology, we make up terms that have no parallels in other country, exempted facilities, et cetera, key words that are actually keys to bank accounts. But do the decision makers address the question where does the money go, what kind of education does it facilitate? I think that even the leaders of Ministry of Education do not know what ultra-Orthodox extremes even exist and what the precise differences between these dreams are. They don't know that there are today in Israel about 15 different streams, entirely different of ultra-Orthodox schools. We all know about Shas, but we don't know this

is a small school system that accounts only for about 10 percent of ultra-Orthodox education in Israel, and it's attended only by about 26,000 students.

Many do not know that it is divided between two systems, (unclear) ultra-Orthodox education and the education system that is designated for traditional students that are from non-religious schools. But there are other schools as well. There are various streams affiliated with different parties and with different sects, very Hassidic schools, et cetera, et cetera. According to the buses, that bus the children, you can map the European Jewish Centers in Europe before the Holocaust. In Bet Shemesh there are 10 different ultra-Orthodox schools budgeted by the state. In each and one of them there's an average of students per class that is much lower than the national average, and they each educate to a different type of isolationism and ghettoism. And I'm not sure they really educate them to be Israelis. We're all fearful for the fate of Jerusalem.

We should know what's going on in Jerusalem. First graders in Jerusalem today, more than 50 percent of them attend ultra-Orthodox schools. It was said many times before, Jerusalem our national capital might become very far away from many Jewish hearts in Israel and in the Diaspora if it becomes more ultra-Orthodox. This can be changed. I was sitting on a certain committee, we address this. We have made specific propositions how to solve this but nothing was done. I started with two minority groups and Arabs and the ultra-Orthodox. And in a document that we attached, we stressed that without a change in demographics in Israel, within several years most of the first graders in Israel will belong to one of these two groups, Arabs or ultra-Orthodox.

So within a few years most of the first graders in Israel will be receiving non-Zionist education. After addressing these two groups I'd like to go back to the Zionist majority and to their schools. As we all know there are two types of schools here. Two thirds of Jewish kids, actually 63 percent attend a general education stream. Less than one fifth of Jewish kids are actually 18 percent precisely go to the religious stream. Most of the kids in Israel today attend the general education system but this majority is dwindling from one year to the next. And within three or four years it will no longer be a majority.

Of all the Israeli pupils, less than 15 percent go to the religious schools and here too, what we call, that wear the yarmulkes, the modern Orthodox, the number of these students is diminishing from one year to the next. When we're talking about national strength we base it mainly on the general education, those who graduate from a general education and those that graduate from the religious modern Orthodox schools. They account for those who go to the army, they lead the economy, they're the bulk of the taxpayers. We should know that most of the burden falls on the shoulder of two of every three graduates of the education system in Israel.

We have to do whatever we can in order to change this situation as early as possible. The burden and different fields and the economy and military service and services to the community. And in many other fields, this burden has to be carried by the Arabs and the ultra-Orthodox as well. As we were working as a committee, we reached the following conclusions. First of all precisely because the education system is so splintered it cannot be splintered even further. Any demand by any coalition member is jeopardizing our unity. I'm still praying for unity between different religious streams and maybe perhaps the unity between Orthodox and secular streams.

The middle way has to be strengthened in education. The traditional stream of education has to be strengthened. That's the middle way between Orthodox and secular. Many people in Israel want to educate their children to have respect to both modern education and to tradition. And the education system as is, prevents them from doing so. It demands them to choose either 100 percent secularism or 100 percent orthodoxy. Many of the immigrants from North Africa find these options unsuitable to them but usually they don't have any alternative. And said, it's not as though the Jewish education system in Israel must reinforce the education for Jewish heritage and for recognizing the assets of the Jewish people and the importance of them.

Some of those must reinforce and strengthen democratic education in Israel and the links with the Diaspora. We should educate towards a true united core which one is of both the state core and one of religion as well because this is a Jewish and democratic state. But this kind of mutual core must include more than that. It should have Hebrew literature, Hebrew language. There are schools that educate in different languages and are paid by the actual state. Of course modern languages should also be taught in order to enable us to grapple and cope with the demands of the world outside. But especially in Arab education and the religious education, we have to educate to respect for the other, and there should be the legislators and the courts and the government should all be respected. And this should be educated and this should be taught.

This, of course, makes demands that we should think very deeply and then take a kind of really act courageously who educators and others, that they shouldn't try and sabotage and thought that who is becoming between us and try maintain this sectorialism. But they should take that clout, that education clout that does exist and we are truly abundant in it in the Ministry of Education. And we must invest a great deal more in education, a great more from the budgetary point of view. Because those influence on the Ministry of Education should not ever be destroyed by other effects from within. There are so many children in the system and they will be below that poverty line. And it hasn't been spoken or mentioned during this entire conference about.

If Israel will lose its fortitude it will not be strength. If it invests too little in the periphery and too little in the Arab education, the State of Israel will lose its fortitude. If the situation continues where there is only 10 percent of the unemployed is in the center, while all the others are among the immigrants, the Arab Israelis and in the development town. It will also lose its fortitude if the situation continues. That half of its new immigrants from Ethiopia above the age of 45 are unemployed, and most of the other immigrants from Ethiopia have settled below that 10 percentile level of poverty. All this, of course, effects our future, and

sometimes I think we ought to remember, remind ourselves that we're not in (unclear) and Holland, we are in a very complex and complicated Middle East, fighting for its existence and for its survival.

So during these specific times, difficult and hard times of war, where we ought to foster and enhance those populations, we should never allow things to deteriorate and we should really invest in those who truly need it. So on behalf of members of the committee and myself, I would like to now really stand and step out and call out against privatization in education in Israel. But privatization in Israel we are leading towards true capitalism which is extremely dangerous for our survival. Yes, admittedly one cannot go back to a socialistic economy in Israel and not to what we had in the past. But we ought to aspire towards a much more moderate kind of capitalism and not a situation where we will have rifts and gaps that we won't be able, as if pride ourselves of. We must invest a great deal more in our new immigrants, in our immigrants from the 50s who haven't even established themselves yet. We must invest in those groups of population. Most of those years since I have become an adult, I have been in development towns in Kiryat Shmoneh, in Yerucham and for 12 years I have been in Bet Shemesh now. And I have a terribly difficulty and harsh feeling that this population is not represented here whatsoever, and it makes me feel quite ill when I think about these things. That in this way this is going to really be detrimental towards the fortitude and the development of the State of Israel.

There are other institutes for those who come from poorer families and we cannot continue with the situation where there are more than 10,000 families who cannot buy the elementary accessories that would aid them in their process of learning, like a little PC or other things. And they can't send their children for any other kind of additional studies and extracurricular learning beyond that. It showed that a family those who belong to the top sort of percentage, spends 20 times more than those families on education extracurricular activities, than those families that are below the line. So we have to truly reinforce the weak. We have to strengthen them. It is illogical to continue with this kind of privatization of the program division in the Ministry of Education.

Because on one hand you are having books, populist books that are being published, and on the other side there are sectorial and ideological books. We as a committee, we believe that you have to encourage those books that are for the entire nation and that would unite all of us and be a kind of cohesive factor for all of us. We have to go back and reiterate and ask ourselves again and again how can we reinforce and strengthen this national education and the Jewish roots? And how can we reinforce civilian education and democratic education. Both of these will determine our future. We should not be frightened of national education because one realizes that in many democratic states, one often hesitates how should one keep that demos of the historical demos. And often things, how can one preserve the right of the minorities and of the individuals?

But in most of the western democracies they educate for national education, and at the same time they open up possibilities for groups that are growing of the children of minorities. Very often we try to be sort of more holier than the Pope, but we're so frightened of nationalism that we're frightened to educate towards patriotism and it's as if it was used today for the first time. It was as if we are frightened of using it. It's become a rude word. We're frightened to educate for respect for the flag and many of us don't even know our anthem. We're frightened of the word "homeland" and therefore I think we ought to educate for nationalism, for teaching the scroll of our independence. We ought to educate towards knowledge and about it. We have to teach about the Hebrew culture and its achievements and not only talk about the failures of Zionism and the State of Israel. One doesn't have to whitewash but we must also go back and remember those Zionist movements that was one of the most moral movements of the 20th century. Its achievements were great. Pupils in Israel ought to recognize that there is a great deal more that is yes, rather than those are negative aspects to it. We have to educate, to obey those laws of our homeland and to respect to the symbols of our state.

And very often we ought to say that before we educate our pupils we also have to educate the leaders of our people and the educators too. Because leaders and educators who poo-poo the laws and they violate the laws, then they are damaging the core of Israel. We heard about the stealing of degrees and illegally doing so, illegally claiming titles for themselves and degrees. So I think that immediately someone who is still serving as the head of the educational, I think he's one of the higher ranking officials, and the Education Minister, if he has not suspended himself and he has not been suspended, I think this is truly a violation.

There are those who ignore laws that prohibit foreign workers who have no permit. And there are others who ignore and violate other rules. For example, the election rules and others in order to sort of become more popular. Anyone who turns the rule of law in Israel is endangering and jeopardizing all of us. Yes, a couple of notes have already been sent to me, so I will quickly try and wind up but with a very short poem.

I would like to say that we are team who has been working for over six months and they promised us an entire session on education. We got a tiny little sandwich in the middle. So maybe that is also significant and the last topic that I would like to talk about is that there is an immense decline in the quality of the teachers in Israel and the committee has been dealing with that and that has been worrying us greatly. And Altman, our poet, part of our national fortitude once said and I will read out what he said more than 50 years ago: "There is a kind of dazed feeling that this is maybe the zenith that we have nowhere yet to go to. That everything is shaking. That there is a kind of sadness within our souls and a tear is being shed. And a kind of cry is building and coming out." And he continues with these verses of desperation and then he ends with optimism that isn't always logical or explanatory, but one always has to be optimism.

And he writes in the last verse of the poem, because I've skipped a couple, says the speaker, "There's a kind of dazed feeling within that redemption may come. That the darkness will suddenly be fragmented and shattered and it will pass like a storm. We believe that fighting the darkness demands more belief and they must believe in it more the educators. But also must

recognize what the facts are and change things. And that is what those who make those decisions and wield the power ought to do, and that is their role."

Leora Meridor: Thank you very much Dr. Zameret, who unfortunately drew a very dark picture of the situation of education of parts of our population in Israel. And it's even worse than I think what he presented. I think this was a situation that he illustrated for us. But when we do the tiniest little explanation of what is happening and you start calculating the birthrate, we realize that the forecast will be even worse in a few years time. And, unfortunately, our government instead of grappling with the situation and changing its policy, have been bringing about the situation and extenuating it and bringing it about that it should be even more severe and grave. Because what we're doing the policies very often is fixating them in a situation of poverty for many of these families and maybe even teaching those specific families that are being helped. And the way that they are being helped by the government to educate more and more children in the same way and bringing more children in the world in this same way without what really is necessary.

Mordechai Avisrur: Good afternoon to everyone, the presidium and Ehud Barak. I would like to talk about the periphery and center and I sincerely hope that I will be able to explain things as they really are. We need to immediately mobilize ourselves on these social issues because I think that the feeling is that everything is rotten here, that maybe we're even late, but that is the feeling in the public. We want a strong, socially secure country. But our spiritual fortitude is so important to all of us and therefore we must all mobilize ourselves to treat these social problems because they are the real test for our national vision, for posterity sake here in the State of Israel. And just as Israel has been run up to now, feels that the periphery residents are paying the price for the social policies that have been managed here in Israel.

Those immigrants that came during the 50s were sent to settle the country's, its breadth ways and to its length. But in the center the immigrants were enhanced, but in the periphery they were deprived. And slowly but surely that has become their lifestyle. And then again in the 80s and in the 90s, the immigrants from the '50s again took upon that burden upon their shoulders of helping the other immigrants settle into their periphery areas. And from the 90s onwards, those settlements sort of lean on the traditional industry and infrastructure. And now the children and grandchildren are paying that price because of the globalization, privatization and the free market.

So you would think that the government should have learned how to try and narrow those gaps and prepare the future generations for this free trade and for this market and globalization. Again the child from Ofakim is standing on the same sort of starting point in the race as a child from Raanana and from other places. Yes, but we have proved in the Yerucham project that everyone can. We took 5 percent, we took those specific amount of children and we did manage to educate them in such a way and in that project we must, it is mandatory that we do this. We must try and bridge those gaps. In the ... Israel conference, I was standing with Zvi Belsky and we wanted to present each of us things from an educational perspective.

And when he spoke about education, he spoke as a mayor, he spoke in such a way about what is happening in his town. And I realized so that the average shouldn't fall then they let certain children sort of drop out, those who are weaker and haven't achieved those same achievements. And me and myself on the other hand, I was speaking about how to prevent these dropouts. In other words collecting the children off the streets so they will come and join the ranks of the school pupils. But can you imagine the gap, the rift that has been created in this same state, we're talking about two mayors and they're talking about their educational systems and what they're doing in their schools.

Now, sometimes there are certain things that have come to an absurd situation. In order to bridge these gaps, they can sometimes bring about a situation where the gaps, in fact, are enlarged instead of otherwise done. There are times when they encourage, employ unemployed people to train them to be blended into industries that are actually slowly but surely dying off and closing down. In other words they are enlarging this cycle of unemployed. And those who want to go and on the other hand study doing some kind of college for pre-academic studies, unfortunately the doors are not open to them. So we decided, we took a certain age group from the age of 21 to 28 from southern towns and we wanted to prepare them in some kind of framework that they would be able to be transferred and they would also be eligible for budgets from the national insurance. And train them so that they would be able to be part of that burden of the employed in Israel. So, for example, a single parent family with two children, she's got a child in first grade and another child in day care.

The moment she started studying in this college, suddenly they stopped her budget from the national insurance because they said, no, she is now no longer eligible for that budget because she started to study, and therefore she's a student. In other words, this is absolutely absurd. In other words, instead of helping her so that she would be able to stay outside and join the work cycle, on the contrary, they were discouraging it. Now I want my unemployed in Beer Sheva, I want those who are now unemployed, I want them to stay in this area. I wanted to change certain bus lines. I know how much it costs for the bus line. For the students in Beer Sheva I know it's complicated, I know what the prices are. So what does a child of a family whose parents, lets say are unemployed, lets say they're not working, right? And reduce the price and our state after all subsidizes the Egged the bus company, so somehow we have to help him so he'll be able to get to the university.

No, they've decided, no that they're not going to privatize that line that I wanted to. So what happens? That that same child or student from Yeruchem is the one who is, in fact, financing Egged in the end and the state is, in fact, subsidizing Egged. So how can you explain that? Excuse me the examples about privatization as well, I'm sorry I can't hear what they're saying from the audience. There are so many examples that are similar to these. And unfortunately in the periphery they are just spiraling and there are more and more of them.

First of all I would like to block this deterioration process that is taking place and the solutions for our social conditions are not so far reached. All we need is a bit of personal accountability. Everything that we wanted and intended and hoped that would

be done, it's about time that we decided that we ought to do things together and understand that there's no point passing the buck, that we have to do things for ourselves. We all talk about bringing down the deficit and bridging the gaps, but it's as if we're disconnected from what is really happening. It is as if we're totally in there when we talk about it.

Each link has to be strengthened, and the fortitude of Israel will be judged by those specific weak links and, therefore, they have to be strengthened. But this lack of confidence, at the moment, is so immense, as everyone feels as if everything was intended and directed, that everyone, that those decision-makers are alienated as to what is happening and they don't understand. So it doesn't matter what party is now the leader, we've got to shatter those feelings that the periphery has, and we are trying to do it. So let us all do it together.

Dr. Leora Meridor: Thank you very much. And the last speaker, at this point, is Knesset Member Naomi Blumenthal. She's also a Deputy Minister.

MK Naomi Blumenthal: I would like to say that with all this talk about the indexes, I just say to you that it was quite amazing and, really, all the more power to our country that continues to be so patriotic, so many problems, security, economic problems, and, at the same time, they continue to be so patriotic. And then you hear Mr. Zameret, and he says that there are so many problems, and that very broad populations of students are from one group or another group, and the burden remains on a very small group ultimately, and, at the same time, we see that the index that you showed, which is on such a high level, and the only ones, I must say, that are not unsuccessful to the extreme are us politicians. So what we have, we have former Prime Minister Ehud Barak, distinguished guest – I've changed my speech 15 times already. I think there are people here who are really from the top of this country, who can bring our country forward, and we have the power, and we have the ability, and the goodwill, and we have heard a great deal of optimism despite the situation. I think that one of the main elements that we can find in all publics, especially here, is the national morale and the historian, Morgenthau, said that one of the main indications of national strength, which includes, we know, military strength, and how much we have talked about how wonderful the army is, and it is, indeed, wonderful, and I was a corporal in the army, so really, I guarded the nation's borders. But with all the national strength, if we do not have national morale, we will not be in a good state. And then we ask, what makes up national morale? What is the spirit of our nation? It is made up by a healthy society – Motti spoke about that – a society that believes in the justness of its cause, a belief that has a proper quality of life, that believes in common goals, the base of which are a history of togetherness of one type or another, a sense of a common fate where there is a common identity, where there are no rifts as we can see there are today. And we must be very careful, and that is the situation. And we must make sure that each and every one of those sitting here will take responsibility for themselves. We must not, in Israeli society, have too many rifts, and there are too many rifts. And perhaps, today, fewer ideological rifts than in the past, but the economic and social rifts can pose a threat, ultimately, at the end of the day, and today the road is not as long as it was in the past to reach a sense of security. We must do away with these rifts, we must moderate them and mitigate them and make them smaller. We must test ourselves how did we survive as a nation for so many years, and what must we do in order to continue on this way? We were and still are, I can't say today, but apparently we were the, perhaps not the strongest, but the most continuing nation throughout history, the most surviving nation throughout history, and we survived for thousands of years, as we all know, not because of our strength, and not because of economy; we did not have military strength, we did not have a flourishing economy as a Jewish nation, and we did not survive thanks to the great territory we had at our disposal. We did survive thanks to our faith, great deal of faith. Our nation has undergone diasporas, exiles, and we even went through a Holocaust, a terrible, terrible Holocaust. And perhaps the one thing that is most worrying, something that is happening today, and that is that today, of all times, when we have finally come to our own country, when we have an army of our own, and we have physical strength, here faith is being abandoned, our roots are being abandoned, and it is among the elites where there is a fashion of cutting oneself off from one's roots. We, the new Israel, a Western country, a capitalist country, a hedonist society, instead of raising the banner of Judaism of thousands of years, of faith, of social justice, we, today, are raising the banner in the State of Israel, of "nowism" and hedonism. Today, after over 50 years of our existence as a state, it is time we formulate a new, deeply rooted Israeliness instead of this "nowist" Israeliism, instead of the socialism which tried to cut us off and taught the generations to cut themselves off from their Jewish past, instead of the capitalism which, in its extreme forms, leads us to perhaps cutting rifts between different populations, extreme capitalism forces us to lose our basic social justice. And today, more than any time in the past, and we are ripe for it, it is time to take the best and to create a new, deeply rooted basic Israeliness that will join us to our traditions, which are related strongly to social justice. We, today, must pass on to the coming generations, to our children, and to teach them to bring a strong Israel, in other words, an Israel that is physically, militarily, economically and, of course, that it is strong in all those ways, as well as an Israel that has strong roots in faith and in social justice. And this should be our banner, and I pass this challenge on to all of us. Thank you very much.

Dr. Leora Meridor: Ladies and gentlemen, although, according to our original program we should, at this moment, stop and have coffee, I hope that there are those who would like to discuss the subjects here. Because we are behind schedule, I will open the floor to three questions or comments. Please state your name.

Mr. Avi Gedaf: Avi Gedaf from the Prime Minister's office. I would like to direct my comments to Prof. Ben-Dor and to discuss the results of the survey presented here, and this relates to the conclusions. One of the conclusions talk about the extent of a trust, and it was – there was a comparison between the trust in the parliamentary organizations and the trust that the IDF gets. My – according to my feeling, this type of gap is a problem in our national strength, and I would not be as optimistic in this context.

Mr. Oded Eran: A question to former Prime Minister Ehud Barak. Yesterday, Foreign Minister Peres and the Minister Meridor presented an idea that I support, mainly because it surprisingly resembles a program that I wrote together with my friend Robby Sem – when there is a Palestinian state on a – on territory that you have conceded, where there are areas close to

Jerusalem, such as Tzur Bacha, which would be past on to the control of that state, and both countries agree to a status quo in Jerusalem and not solve the problem of the Right of Return. Both countries agree to rediscuss these issues in 10 to 15 years, but not to discuss the finality of the conflict, and each side maintains its demands, and you concede control over 85 percent of the area, and are even willing to evacuate a number of settlements. Why wouldn't you try to at least to achieve the agreement represented in this idea, which could change the current dynamic?

Dr. Leora Meridor: Prof. Ben-Dor, please answer the first two questions.

Prof. Ben-Dor: The survey was by telephone, and it was translated into Arabic and into Russian for those populations. There was a pre-test and a pilot, and it was conducted with patience, and it is very reliable from a methodological point of view. As far as the terminology, it's a very important question. What did we ask about fear? So the exact terminology was, we asked people to rate the extent of the threat with a number of dangers, including terror which could attack them personally or a member of their family. In other words, the terminology was, what was the level of threat that you attribute to it? The publication of this, I would like to comment, we, privatization, it's an open, liberal, democratic society. The findings are there, and they should be published. I'm very proud of these findings. The findings show the truth. There is a threat, and we are afraid of it, but we are resolved to respond to it, to find a way to deal with it, and the need to deal with it does not undermine our belief in the future, our optimism in our ability to overcome it, and in our faith for a better future. I think the bottom line of my survey is that despite the fear, on the strategic-political level, the terrorism has failed. It has not succeeded in undermining our national strength. And, therefore, I believe the publication of the results of the study will increase our national strength. I also view the trust basket, as I called it, very seriously. A country that believes in the future, that believes in its ability to drive off the threats, but does not believe that its national institutions are delivering as they should. Its messages are not clear enough, and there are other things that were mentioned here, for example what Motti said, the feeling that everything is lost, there is no social justice, and what my dear friend, Zvi Zameret said as well. When a, not a sample, but when there's a headline in the paper, for example, "Number 1 educator in Israel bought his college degree," that undermines our trust in a system, in the education system. That's what you see in my survey. And that is, indeed, the rift in our national strength, and that is what the subject of this session was, and that is what we must deal with.

Dr. Leora Meridor: I would, just the same, like to see when there are people who are dishonest on a criminal level, not to add it to the other problems that we have in our government, and the lack of the trust in the government or the system of government, which there are problems. I was just saying what the public thinks, not what I think, said the former speaker, previous speaker. Since we are behind schedule, I will allow Ehud Barak to answer Oded Eran's question.

Mr. Ehud Barak: Oded, I didn't hear Peres and Meridor, and so I'm not sure that I can respond precisely, as you would like. I think that the establishment of a Palestinian state, by consensus, without the Right of Return, or without solving the problem of the Right of Return, without making it clear that there will be Right of Return into the Palestinian state and an international settlement to deal with the problem, but without bringing refugees into the State of Israel, at most with humanitarian arrangements, and so if we don't reach an understanding on this subject and on the subject of Jerusalem, I fear that that would be a time bomb. I think that that would be self-deception. We're calling something an agreement, in fact it is an agreement not to agree, and I think that it is a kind of agreement, on our part, to keep our eyes closed, to pretend that it doesn't exist, the reality of the hostility which we are facing, and doing this will always ultimately lead to disappointment with reality. I am not conceding the territory as you spoke, the 75 percent, on the contrary, I think the IDF will continue to be active there. We are not dismantling settlements immediately. We are leaving the door open to negotiations, based on the principles of Camp David. And only by means of negotiations will these matters be clarified, and I have not – I said that negotiations that would lead to a declaration of the end of the conflict, and would deal with the characteristics of how to deal with the problems or how to resolve the issues of Jerusalem and the Right of Return, will put off the practical implementation for a later time. But, according to my view, the IDF would continue to be active in those areas, and I think that the proposal that I presented has a very deep security logic in the need for separation. I am not convinced that if we carry out this program of separation, the Palestinians will agree to this type of agreement that you propose. I also suggest that we not forget that the moment we have agreed to the establishment of a state, they would have what it has, what I would call the bulldozer of statehood, it has certain inherent rights, in international law as well, of an organization that is a state. The moment you have agreed to the establishment of an entity that is a state, not in negotiations that has at least closed off these four major issues of borders, and security, and the Right of Return and Jerusalem, then, in my view, we would be on the way from a peace of the brave to a peace of ostriches.

Dr. Leora Meridor: Thank you to all the speakers, thank you to the audience.

Tuesday December 18, 2001

Ninth Session: Economic Viability and National Security

Chair: Mr. Dan Halperin

Mr. Dan Halperin: After I allow Ms. Orna Berry to present the members of the team and the different topics, I will do what one of my Jerusalemite friends do before I lecture. I will say, before I start talking, I want to say a few words, so that's what I'm going to do, and the others will just lecture. So one of the titles of this session is the issue of competitiveness. And, usually, we are in the atmosphere of depression, desolation and things that aren't working, and very hard challenges. I'd like to talk about one thing, that I think that we have definitely progressed in the last 15 years, and we have advanced, and that is opening the doors, basically, to greater competitiveness within the Israeli market. And I am talking about 15 or 16 years, because I think that in 1985 was a very important year from the economic – in the economic history of Israel. But also, because of other things that happened in Israel, for example, the transition, for our entrance into the free trade area with the States, the Free Trade Agreement with the States, because the moment we have entered this zone with the United States, the importance was

the opening for export from Israel to the States, which was always, of course, very important. But, in addition to that, there was an additional virtue that maybe we didn't see at that point, but now, in hindsight, it's quite obvious. We took upon ourselves a kind of duty that we weren't used to, that if you're talking about free trade, we took upon ourselves an issue called "transparency." And, before that, the government could do all sorts of things with the taxes and impose and others, but the competition in Israel was very low, low level, but since that time, things have changed immensely, not only from the point of view of exposure, but what the Minister Meridor did, from the point of view of privatization and other issues, had opened the Israeli economy to competitiveness and competition that we had not known before. Those who predict the – sorry, the CPI usually make mistakes, and that is because they thought it was going to be a great deal higher than it usually is published to be. And, in fact, it was normally lower than was predicted. And I think that one of the main reasons is the competition that exists as a sort of as purchasers, and we are the purchasers at the moment. And, therefore, because of this translation of the – of the CPI and the devaluation of it, and we have many other steps that we need to take. But before we actually present what is happening, I would like to invite Dr. Orna Berry. I'm sure you all know her because, until now, she was the Chief Scientist, and now she is the Chair of the Gemini Capital Fund.

Dr. Orna Berry: Thank you very much, Danny, and to the fact that you brought up the issue of economy to the level of economic fortitude and national fortitude. Before we start, before these lecturers start talking, I want to explain how this team worked. We wanted to translate fortitude into different terms on three specific levels, of social levels and economic levels and others: Dr. Oded Aran, Dr. Avi Ben-Bassat and Dr. Yaakov Sheinin, and Dr. Daniel Tsiddon, Yossi Sela, Elisha Yanay, Rimon Ben-Shaul, Daniel Doron, and the secretariat was Yael Berry. We wanted to really plant very deeply this economic issue as part of the national fortitude, and we wanted to recommend certain angles in order to promote this towards national fortitude. We have tied in three different presentations from the private sector and the government sector, and we tied them together and we are going to try and present them. But at the beginning of this conference, Amos Gilboa summarized topics that came up last year in this same conference, and they have been discussed this year as well, amongst them different topics that came up on the agenda, and basically have – and those that were continued this year. And I'd like to mention a few that were mentioned last year, that was "Burgeoning Without Peace," "The situation of the Economic in Israel, in the Education, Society and Governments." For economic fortitude, there are various aspects and I am just going to enumerate a number of them. First of all, as a factor of deterrence, you are talking about the fact that we were bringing the Ethiopian immigrants in the convoy planes that they were brought in, and also in El-Al planes, there is – this is – and, in fact, we have to show, and I think all these issues that we are going to discuss, for example, the national morale, the ability to supply products, and promise and ensure a real worthy future, and a positive future for the civilians of Israel, to ensure their security so that they will be able to cope and grapple with the threats on our doorsteps that – that we should not – that we should really condition the fact, prerequisite the fact that people who want to study maths and English and other topics would also have to study our heritage. We have to be ready to be able to compete with the world outside, we have to ensure our educational and our social and economic and security future for everyone. These were all the factors involved, and many others.

Mr. Dan Halperin: Thank you very much, Orna, for this work that she has, and the effort exerted here, and I would like to invite Prof. Avi Ben-Bassat. I'm not going to present them, I think you all know them very well. Prof. Avi Ben-Bassat from the Hebrew University of Jerusalem. "Changes in Market Structure and National Security." That's what it says on the slide.

Prof. Avi Ben-Bassat: My lecture will focus on the link between national security and the economic situation. I think that a discussion that was always controversial for many years is not so relevant anymore, and I don't think we need to persuade anyone that economic stability is part of our national security. Unfortunately, people talk in quantitative terms, which I find is very often sort of mistaken, and I would like to expand a little bit on this entire topic. Now, let's look at the size of the pie. For example, Syria, even had it wanted, it could never spend the same on security and defense as we can spend. In other words, that is the resource that you can spend, and if that pie isn't big enough, even if you want to, you can't invest more on security and defense. So in order that that pie should be big, and should be increased and bigger and grow, then we have to invest more. It's a kind of process that if you take too much, then you won't invest enough. And then if you don't invest enough, then the pie won't be enlarged and won't sort of grow. But that's not the direct tie, because the bigger the pie, the bigger the national produce is bigger, then you suddenly find all sorts of unexpected things. For example, as what happened at the end of the year 2000, standard of living, for example, and security and defense, if the pie is bigger, then you can invest in education more, of course. And then it has a direct implication and ramifications, basically, on the qualitative level of those who are being drafted. Now, the technological level also has direct implications on the qualitative level also of the IDF. So, therefore, standard of living is also high. Don't forget that we have to survive long periods of security tensions, and therefore it's very important. And we have been suffering these since the inception of the State of Israel. And when you have a high stand of Israel, it maybe helps that sort of staying power, that resilience of the people when their standard of living is a bit higher. If you have a bigger pie, then you can also then narrow it down a bit, because otherwise, if you don't narrow it down, it will also have implications on the security and the defense. All these and others say that if you want to enlarge the national security, then it is obvious, you cannot just focus on military clout and military power, but you have to take into consideration additional, multi-faceted issues as well. But as I said before, although there is a recognition in the link between the two and the importance of it, still things seem to be sort of pushed to one side, to the quantitative side. And they say yes, you're right, but the threats are so great that we just have to spend more and invest more on the security and defense. So the graph that you can see here shows the expenses since the 1960s until current times. It can tell the little story of the history of Israel. We started with a low level that weren't so different, sort of not a great deal higher than other places in the Western world. You can see it. And then, in the Six-Day War and the 1973 Yom Kippur War, and we reached levels that were beyond 20 percent. And I'm not talking only about those two specific years, but throughout an entire decade, the expenses were more than 15 percent of our actual – the national produce. So even before we talk about some kind of recuperation for the economy, I want to show you how you can compare those different years to what is happening nowadays. 1984, for example, the expense was – in the year 2000 only 9 percent, and in 1984, you can see it was about 20 odd percent. And yet the pie has grown. And, therefore, from a realistic point of view, there is only a 4 percent, really, difference. So if you invest all the energies in order to enlarge

that pie, then you can also enlarge, or at least preserve that same level of the size of the pie. So if the security and the defense investments has gone down, it would be in a different direction. But, as it is, it hasn't, it's grown. But in order to really decide – to describe all the problems that stem from that, I don't want to only speak about the expenses of the security budget, but about all the expenses of the government. During those years, '75 to '85, you can see that the investment in the produce were – grew immensely, and it became an insufferable situation from an economic point of view and, of course, from the point of view of the national fortitude. If you look just at the red line, the red line is the weight, the balance of the public sector and the expenses there, and the weight of that public sector in the produce. How can you even function with that situation where the public sector is taking 77 percent of the produce. I think one of the ways, in order to solve the problems of – sort of short term, were immense import. And, of course, then you have to think what the implications of that were. And then in '85, there was a totally different kind of economic perception, and a gradual change and a gradual decrease of those expenses. And we got to a level of 52 percent in the year 2000. You can also see from this graph, and if you look at the green line, that such an enormous growth in the public expenses and the spending brought about a burden of taxation, but, on the other hand, it also brought about an immense growth in the deficit, because the governments didn't want to make that taxation so much more burdensome. So when the government took a great deal for the business, took so much, there was very little left for the business sector, so you can see that the investments in infrastructure went down and down, and you can see that less and less is invested in infrastructure. And then you can see after an entire decade of trying to really amend the situation, it wasn't amended. All these and the external debt also grew to such degree, and, therefore, there was so little growth. In 1985, there was a change in the economic perception the way things were seen, and they saw that this was not only – I mean this was not only what was necessary, but people realize that you cannot take so much for the national security and national defense without harming other spheres. And it was quite simple, really, if you think about it. If you want, you can see it. If you want growth that would be viable and long-term growth, you've got to base it on the business sector, because it is the bigness business sector which creates and manufactures new means, new finance. So, therefore, you've got to – if the public sector is exaggerated from the point of view of size, and you've got to create economic environment and conditions that would help the business sector grow and blossom. Now, if you look at the previous graph, what we did, yes, we did maybe – we took part of those correct steps from 70 odd percent, we went down to around 50 percent in the year 2000. But if you can see that little square on the left-hand side, it says, "United States 32 percent, Japan 36 percent, and Europe is 48 percent." In other words, that weight of the public sector in the produce in the United States is 32 percent, and, in Europe, it's 48 percent. So even if you take the deficit or the gap between the expenses in the States and the expenses in Israel, still it does not explain such an enormous difference. So we are very far off what is acceptable in other countries. We are not that far off from Europe, but we still have a great deal to do, but we are very different from what is happening, for example, in Japan, or what was happening in Japan and the States, and is happening. So let us say that the government try and cuts back on its expenses, then we want to talk about the private sector. We want to see it growing and enlarging that national pie but, for that, we have to create certain prerequisites, certain conditions, and I'm going to try and detail some of them. Stability, that is a life drug for any economic setup, and stability is not only stability of prices. You have to bring down the taxation burden, they are still too high. You have to enlarge our investment in infrastructure. The government has cut back on all its involvements in everything that we do in our lives. Competition, for example – yes, a great deal is done in order to increase competition, the monetary implementation as well. And, last, of course, but by no means least, it would be peace, of course. That would definitely put us and position us better than we are today. Now, let us start talking about the first factor, that's stability. Yes, there's stability of prices. The Bank of Israel defines the inflation as between one and three percent. We are below that level of three percent. We are deep in that definition of price stability. But how can one ensure that price stability in the future, too? In order to ensure it, one needs conservative, economic policies. We have to make sure that, during recession, you can sort of let those – unleash things a little bit. But that same target that we are aiming ourselves towards, we cannot in fact attain it. The government has planned a budget, hoping that there would only be a three-and-a-half percent deficit in the actual produce. But it doesn't really work exactly as it is planned. Therefore, growth is brought about, and it is leveraged by investments in Israel, but investments are always influenced by risks, and I think that the security, the situation of the Intifada that has been carrying on for over a year-and-a-quarter. That doesn't create an ambience that people will want to invest, especially not foreign investments. So this kind of lack of economic stability could even bring about a situation where there's a paralysis of the economic situation, and lack of an economic policy could definitely have implications, very negative implications. At long last, the Finance Ministry has decided to cut back on those expenses because it was – it wasn't something marginal, we're not talking about tens of percents, and they have decided to do that. It should also bring down the rate of interest as well. But, at the same time as the deficit, I'm not sure if the Bank of Israel will be able to do what is really necessary. So the question is what we have to cut back on. I'm not going to start going into all these issues, I'm only going to just talk about security and defense. I'm going to say something that sounds a little out of course. When the Intifada started, 900 million was added to the budget, and 1.6 billion in the year 2001. In the year 2002, since the Intifada began, there's an additional of 2.75 billion. And not all those additions, not of 2000 or 2001, 2002, that is for bringing – enlarging of the budget because of all those expenses that are predicted because of the problems created through the Intifada. If we truly believe that national security is also stable economy, and also anxiety about all those other parameters that I spoke about, for example, education, then everyone has to take upon themselves the burden, and defense as well. And the government must cut back a little bit from the budget, there's no alternative, then they have to bring in, the security into that same basket of cutbacks. There's no alternative because it is – and don't – what we're doing is, we're, in fact, cutting from the addition rather than what is already existing. In other words, we're not going to give as great a addition. It's not the time to give increases to other different specific articles as well. As I said, I believe we must lower interest. It's almost superfluous for me to continue to elaborate on this. If we compare what is happening in Israel to the Western world here, the inflation is lower, the unemployment is higher, and the level of interest here is much higher than in the United States. The time has come to stop this, especially since the Bank of Israel is missing the target three years in a row, unequivocally, and it is clearly indicative that the emphasis is on lowering inflation beyond the goals set for it systematically. We must change this policy if we want to indeed change the unemployment picture. Economists, by the way, I said that we have to cut back 6 billion in order to attain the goal, and we must also include security in this cutback policy or program. Of course, we must conduct further cutbacks in order to attain the goals, certainly have to cut back in other areas as well, otherwise we will never attain the goal of cutting

back 6 billion. I put the emphasis on the subject we are discussing here, but, of course, we have to cut back the 6 billion, and it cannot be done only by cutting back in security, and that is certainly not what I am proposing here. I have said that there are other conditions that are important for growth in the economy, other background elements, for example, the tax burden, but not only the average tax burden, but also its distribution. I think that the tax burden in Israel is relatively high. It should not, under any circumstances, be raised. On the contrary, it should be lowered. But the key to that is in the lowering of the overall public expenditures. Without doing so, we cannot lower the tax burden because, otherwise, we will open a larger deficit. And, in this context, it is also important how it is distributed, not only in order to decrease the lack of equality. A tax reform that will tax all profits from financial transactions will have implications for the economic efficiency of the system. If work is taxed so highly and capital is not taxed properly and some not at all, this creates – this is an incentive for less employment and more capital-intensive industries. And we talked about changing the economic environment for the business sector in order to create the conditions for growth, and I would say that this year there will be no decrease in public expenditures. But we are talking about a process, and we must change the structural issues. The entire world is in recession, it's not only us. The whole Western world is in recession, and I think there are enough business people here who know that competition in the world is always hard, but it is especially hard when there is unemployment. Then they fight over every market sector. And those who have lower expenditures, it's clear that it's easier for them to compete, easier to get a larger market share. And I think that we are living in a system in which – still, I'll skip over a lot of things here – we're in a system in which the level of competition in many industries is lower than in the Western world. We have progressed, but not enough. Look at this table where you can see the level of competition and economic freedom by giving a mark from zero to ten to groups – in different groups in the world. If we look at only 1997, we have progressed enormously. Our mark was 3.3 on the eve of the stability program in '86, and now it is 6.0. That is excellent, but where are we in comparison to the world. The industrialized countries get 8.6. Even Eastern Europe and the Middle East get 6.4, South America 6.7. And this, in this type of situation, we have to invest a great deal of energy to create competition. For example, in an industry such as the ports, instead, we have moved backwards in the past few months. Instead of having a port run by a private franchiser and to help the business sector in that way, they gave into the workers, and it ended not only that there is no reform and the door has been closed to reform, but additional income has been given to workers who are already making NIS 19,000 a month. And if we don't stop this, we'll see this in one industry after another.

But the second condition was maintained and where the public expenditures were not great, and then we saw, '75 to '85, and we saw that we were in trouble. The business sector regressed. And we can see, from '85 to 2000, there are moments where there was not such a good year, for example, but, in the big picture, we can see, from '85 to 2000, the rate of growth of the business sector was faster than average, higher than average. Why? Because we took care of two things, both budget – budget discipline, and we helped the business sector to produce more effectively. And that created a very significant change. And we will continue on this way. As we saw from before, we still have a long way to go. From the previous slide we saw that, and I think that we can empower the economy, as I began, and if we do so, we will, indeed, be empowering Israel's national security as well.

Mr. Dan Halperin: Thank you to Avi. And we will now allow two people to respond. One is Yossi Sela, also from the Gemini Fund.

Mr. Yossi Sela: I wanted to speak about sharing out the pie, and how the government can enlarge the pie. That seems to be the main problem. The only solution is to, indeed, increase the overall pie, as it were. And I will describe the subject by means of an example that is close to many of our hearts in the capital venture funds. Enlarging the pie can be done through government involvement, identifying rifts and economic problems, a solution in which the government takes part, and having the government go out of this system. And I would like to bring one successful example that I am familiar with of government involvement, which created something very positive, and that was a governmental initiative fund in 1992, the goal of which was to create an industry of capital venture funds which, until then, had not existed. The key was the government invested about one-third, and there were two preconditions. One-third came from an Israeli, reputable Israeli organization, and one-third from foreign sources. And so 15 venture capital funds were created, involving \$400 to \$500 million. And, as a result, foreign funds began investing for the first time in Israel, from the United States, the Far East and Europe. And, ultimately, we have now an industry that involves billions of dollars, and created hundreds, and I would, without exaggerating, saying perhaps thousands of younger companies, and, ultimately, it did not cost the Israeli economy even one cent. What we did here, after five years, the venture capital funds could buy the government out, and after five years, the government got its money back plus interest and other conditions, and this industry was created. And the great advantage here was minimal involvement of the government, to allow market forces to dictate who will rise and who will fall by allowing outside groups to invest, to give incentives to these groups to come here, and to get out when the process did. And another important thing, that initiative fund, was not to disturb – not to prevent them from working properly, not to interfere. In my opinion, they made one mistake, they were involved with direct investment and not only venture capital funds, but that was marginal in comparison to the larger thing that they did. And the most important thing was the timing of this thing. It was unbelievable. It was as if someone had actually predicted the flourishing of the international high-tech market. And in 1992, the seeds for this industry were planted. If the government could find further structure, additional structure or problems and to deal with them so intelligently and not politically, we will solve the problem by enlarging the pie.

Mr. Dan Halperin: Thank you to Yossi Sela. I think that one of the examples that we like to cite for when government involvement is not a problem, but even an advantage, and that is the activity of the Chief Scientist, and Carmel Vernia will present the second response.

Mr. Carmel Vernia: In the context of – I will speak very briefly. Since the subject here is structural change, I think that we have to speak about structural changes in the government. There is a serious bug here. For example, when I look back at the previous prime ministers and senior ministers, I see many generals, former generals – I can't remember too many cases

where there were business people of the first order, those who had been extremely successful in business. In other countries we see that. I've only been in the government sector for about a year-and-a-half, but it's long enough to get to know it, but I also have a basis for comparison. So if I compare the country to a business, in no business are its managers chosen by the workers. In a democratic country, they are chosen by the people, the leaders are chosen by the people, and therefore you have to find other mechanisms. But a country must behave like a business, and I don't see that here enough. There is a survey that I like to cite, which I liked very much, by IMD, the Institute for Management Development in Switzerland, which compares the level of competitiveness of different countries to one another, and it has been ongoing for over ten years, and we can see where we are compared to other previous ten years. So we're not in such bad shape, we're number 16. And I think we've moved up, if I'm not mistaken, from the 25th place. In the first place, not surprisingly, is the United States, but in the second and third places are countries where there is no reason for us not to be like them as far as their competitiveness is concerned, Finland and Singapore. Yes, of course, we have our own problems, but we have a lot of advantages as well, and many are envious of us because of them, and there is no reason why we can't, with more professional management, why we can't reach the level of competitiveness of those countries. And I can propose, even a small proposal, that we, as a government, can take upon ourselves, and relatively easily make a serious switch, that we all be measured, all of us, not by our – what we bring in, but what we put out by our output. Today, there is a dispute between the Education Minister and the Finance Minister whether there will be another NIS 400 million or not, but nobody is asking what these millions of shekels are producing, what the output. Why shouldn't they be measured by how many graduates there are, how many graduates in math there are, and how many university graduates there are. And I think that we, as a government sector, must be measured by output. I would mobilize the three people sitting before me here for a number of years, and I think that, for the operational jobs in general, in the government sector and in the economic portfolios, we should have people who are not going to be up for election, but rather people who know that they will never be up for election. Then they will give three, four of their best years, and give to the state to do a good job in the long run, and we could then beat Finland and Singapore.

Mr. Dan Halperin: Thank you to Carmel. Yaakov Sheinin. We usually hear when he is suggesting what to do in the future for Israel's economy, but today, as part of the team, we asked him to concentrate on analyzing the contribution of Israel's Military Industries to the Israeli Economy.

Dr. Yaakov Sheinin: I will focus on the contribution of Israel's Defense Industry, but I would like briefly to respond, or discuss briefly the Israeli economy and what Avi Ben-Bassat said. In most of what he said, I agree with most of what he said, and I think that, you know, that from the first, in economics 101, when you discuss the difference between butter and cannons, I think we all know that the question is what is the optimal level of security, and I don't want to discuss this subject in this context, because it is one of the most serious subjects, and we know that security affects economy and vice-versa, and in this balance, and so on, and I don't think we're going to solve that problem today. I would just like to discuss one particular issue, the burden of defense expenditures today. Avi said that the total defense expenditure is 10 percent of a product, and I think that that is still a very high percentage of the product. But I would like to mention one thing, that economically, over \$2 billion is not a part that we are funding or that we work for, and so we have to look at the burden of security. The burden of security is the local expenditure that we spend from our local product, and that is six-and-a-half percent. In other words, they are as close to \$2, \$2.5 billion, which is a defense burden, but not ours, it is of the Americans. I don't know how, but somehow we managed to convince them to put this money in Israel. But as far as I'm concerned, the defense burden is only six-and-a-half percent of the local product. It's still quite high. In the United States, the defense burden is only 3 percent. So if we see that, we have a gap here, if I put it into absolute terms, we have a gap of \$4 billion, which is higher than the American standard. And I'm not taking these \$4 billion lightly. I think it's a very high sum. But if we look at the monetary and even fiscal policy in the past five years, we will see that the Israeli economy has grown in the past five years, which were the five excellent years in Western economy. We grew half a percent per capita in these five years on the average, and the United States grew three percent per capita. In other words, we lost – if we look at it – because the population grew also, we lost about three percent. If we had grown by five percent during those five years, today, the product would be – higher the base – would be \$10 billion higher than it is, in fact, in the year 2001. In other words, we lost because we went for – it went into recession for five years. When we look back, even if we go back in 2000 to five percent, we will have lost 10 billion each year. And by standard, we are higher than the American standard by 4 billion. Just to put things in their right picture, what importance do we attribute to the fact that for five years, the Israeli economy has been in recession. I'm not talking about the potential, I think the potential of our economy is much higher than five percent a year, I think that it could be six or seven percent a year, but five percent, with five percent a year, we won't be able to do away with the high level of unemployment that we have here. If we want to get a level of employment of six percent, we have to grow much more. And here I would like to say something. We are not – we are wasting our resources and various on bureaucracy, and everyone's punishing one another, everybody is doing all kinds of things. If we look, for example, at the water, just to know the water, just to see the problems over the past ten years here. If we look at it today, the burden today is six-and-a-half percent of the product, and I think that is about four percent higher than the American standard. Just to remind you, during the Vietnam War, the burden, the defense burden in the United States was close to seven percent of the product, which is high, but you can still conduct a normal economy. That is just the first point. When I look at the defense industries, and here I would like to distinguish between two things, between expenditures on ongoing security costs, and, on the other hand, investment in weapons systems. And these things should be distinguished because they are two completely different things. If the ongoing expenditures, whether it's necessary or not necessary, I know that the burden is much higher than the direct expenditure. When you train a brigade, you have ongoing, ongoing defense costs, but there are other problems involved because you have to recruit reserves, and there are many other things involved. And so I think that we are conducting – this is a deficit estimate because we are not taking all the elements into account. But when we look at the investment in defense, when we look at the entire matter of local industry or production, we must look at it from a slightly different angle with all the criticism there is of the efficiency of the military system. I think we have done something here, and many people have complaints and criticism of the system, of the defense industry system, and I think there is quite a lot to criticize, but I would like to say some things which appear to me, as someone who has worked quite a bit for military projects, from the point of view of an economist. If we look at the history of the Jewish people, we have

never been a country that has been at the forefront of scientific development. I don't think over 2000 years of Diaspora, we were at the forefront of scientific technology. And then a miracle happened, and we become a country that has come to the forefront and we are now number one in the world. Let's see where this has come from. And if you look at these things, most people are familiar with the subject. Most of the things, or the vast majority come from an investment in military or defense industries, it does not come from the Yeshiva of Ponevitz, or Mercav Harav, where they developed the new systems there. I think the management of Checkpoint and NYCE did not come from the Ponevitz Yeshiva. Maybe I'm mistaken, but I don't think. But if they didn't, I think I know where they came from. There's a lucky number 8 to 100, I don't know exactly what it means, but that's a number that people have been talking about, you put money in, it's some kind of magical thing, you put money in, and you get a result. It's not only 8 to 100, it's also the Military Industries, it's also RAPHAEL. You look at all the products, and you'll see where all these start-ups came from, and where the vast majority of the successes come from. And when you go to the beginning point, you see where they came from, where they studied, where they trained. And that was never taken into account. And that is what upgraded the entire Israeli economy, that today we are excelling in something that 30 years ago we would have gotten the lowest marks. We would have said, that, we're certainly not – perhaps in Talmudic philosophy we're not good, but certainly not at the frontier of technology. And that must be taken into account, and no one has sat down and tried to figure out how much it has contributed. And, number two, I think that one of the things, when we look at the local defense industry, has another element of defense production – excuse me, export. And I'd say that most of the export is not at the level of 8, 9, 10 of competitiveness, and I don't really care, as an Israeli, what the rating of competitiveness is, but if we look, we'll see that the export is more than a one-to-one than the local production, and you know that the added value of that is very high. There is a question that I will discuss further on whether it is profitable or not. I would like to distinguish between profitability to a particular company or to the economy, national economy. The question is whether the export was worthwhile. When all the profit went to the workers and not to the shareholders, then you have a problem here of local management. The question is, who are the real shareholders? But if you look and see that part of it was given to them as a dividend because they say they are the real shareholders, then it's a legitimate question. I don't know who the shareholders are. But all in all, as far as a national economy is concerned, it was profitable. Most of the production that you look at, it was – has been profitable, and is still very profitable to the national economy. And the question of distribution of income is a secondary problem for which I would not pour out the baby with the bathwater. And if you look today, you will see over 50 percent we export of the local production. The pride of our technology goes to export, and I'm not talking about all the other things that we profit from, for example, the start-ups and various applications of these developments. Therefore, I say that if you take account, you will see that the cost of the investment in local production, I would conclude that it is far lower than the 50 percent which, indeed, appears on the balance sheet in actual fact, for two reasons. Number one, if we see that each dollar of local – for each dollar of local production, there is one dollar in export. And then you see there is more than 50 percent added value for each of those dollars, and the alternative for many of those workers did not exist because there were only two or three years in which high-tech was at its peak, and there were not enough workers. If we look today, there is no lack. There was an alternative that those – that those workers in the defense industries could sit at home. So when I look at an economy which is not yet at its maximum exploitation of manpower, the alternative value of those workers is very low. And if they produce, it doesn't matter how much they are making now. They are contributing to the Israeli economy. But when I look at it further, if you look at the entire defense industry, it is what has brought almost a half a billion dollars which the Americans exchanged for a local produce. And if we weren't making it here, we'd have to buy it from the Americans. Beyond that, look at the same joint product – projects which are beyond the American foreign aid, I don't know if anybody's taken the Arrow into account. That's not part of the American aid, it's separate. And we haven't taken into account how much the sales of the Arrow and the radar and so on, and all these things are worth. And I'm looking at this, not only as export, \$2 billion worth of export, I am looking at it as a lever for an incubator for new ideas and further developments. And I'd like to mention two or three more aspects. The central problem in the defense industries is that it is not being merged, and there is a very large split of companies. You can see TAAS, the aircraft industries, and RAPHAEL, and you say, why do we have three companies? Why isn't there one big company that will be privatized and will be an ordinary regular company like Elbit? That the government will have interests and have – why do we need to compete all over the world between these three industries? If we went as one joint industry with a critical mass of over \$3, \$3.5 billion in sales, it would be a completely different industry. Now, I'm not worried about the Israeli economy, because, true, it would be a monopoly, but it might be one industry in the local economy, but it would be working opposite one defense industry. And I don't know any game that you play in economy, who has a more power – it's being done, and it doesn't lower the value, because it's one-on-one. But this power can go to export. And, therefore, when I look at it, I don't quite understand why this economy is still so low. When the Americans are merging companies, and when you see what's happening between Boeing and McDonald Douglas, and you see that we, as a country, are splitting our strength, we think we're the center of the world. We're making a mistake, and micro-economics, General Motors, the added value of it is higher than the entire GNP of the State of Israel. It sells for \$8 billion, and its added value is over \$100 billion. And we're pretending to be a super power because we look at CNN too much, and we believe all the garbage that they say there, that we are like that in economics too. Therefore, I think that if we don't merge, and if we open up to the world, and I believe – and I agree with Avi, every word he said, if we realize that we're a part of the world, if we exploit at the leverage of the defense industries far more than we're doing today. And to conclude, I did not choose that our relative advantage be our defense industries. It's our problem, that's what we have. We have – to put it cynically, we have a unique laboratory that very few countries have, we don't want it, but that's our relative advantage. And if that's my relative advantage, then I want to exploit it. It's better to be alive and dirty, as it were, than to be an idiot. And, therefore, I look at it – and I'm not saying that it is the best thing that we could do, but we have an enormous potential here, and there are things that I am not allowed to say here, and I asked the people that I work with, can I say this, can I say that, they said no. Can I talk about Ofek, no. Can I talk about that, no. Can I talk about the Dronts, no. But when I talk about some of these things, some of the people here know what I'm talking about. I can't talk about a specific project. You can't talk because your time is up, says the moderator. No, because I've been told not to speak about these subjects. But I think that if you look at projects, and if someone will allow the defense establishment to talk about projects and to analyze them economically, and to see what we got and how much it cost, then you will see things there that, frankly, it's quite amazing how profitable some of these projects were. And, to conclude, I must add one more thing. When we talk, for example, about merging

or about paying compensation to workers, and say, how much does it cost to dismiss a worker in the defense industries, or how much do we pay for compensation, and therefore the defense industries are not profitable. The cost of a worker in the defense industries is about \$70,000 a year, and let's see, how much would you pay him in compensation? \$200,000, \$300,000 according to certain programs. And you will see that it doubles, in three or four years, you have returned the entire cost that you have paid him for those increased, enlarged compensation if he is a superfluous worker. I don't know anyone who is not willing to invest in a multiple of four or a multiple of five, so I see no problem in this problem of lack of efficiency in the defense industry. Somebody has to come in and say, let's streamline it, how much do you want to go home? \$300,000? Take \$300,000. If he's indeed superfluous, it's a multiple of four. If he's half superfluous, then it's a multiple of eight. I think that most people here would go for a multiple of eight.

Mr. Dan Halperin: Thank you very much, Dr. Sheinin. And just before I invite Dr. Danny Tsiddon, I'd like to just tell you the following story. Many years ago I went to visit the American Trade Union, and my company had took me to the international division there, and he saw that I was a little embarrassed when I came out, and he asked me why. And I said he looks a lot more like a sergeant major in the marines instead of sort of like the international manager of a division. He said that's for two reasons; first of all, because he was a sergeant major in the marines, that's the first reason, and secondly, he's George Meanies son-in-law. He gives nepotism a bad name, that's what he said. So in the Tsiddon family, you can see that nepotism, he gives nepotism a very good name, is what Dan Halperin is saying about Prof. Daniel Tsiddon.

Prof. Daniel Tsiddon: After such an introduction, I think I'd better just keep quiet. I feel a little sort of entertained at being here because I come from the economic domain net, and I also didn't plan to be the last speaker at a conference where I'm sure most of the people are extremely tired, or at the end of a session, at any rate. And I will try and speak in brief, and in general lines explain what I'm going to talk about before I talk. The main goal of this discussion was to expand this discussion a little bit, and to show you a new attitude, to look upon things that we see in the day, in our daily lives, and we read erroneous issues about them in the paper every week. But, instead, I will suffice with a lot less. The topic of my issue, of my speech, is "Pulling the Wagon Out of the Mud without Breaking the Chain." And the sort of the secondary topic is, "The Link Between Technological Change, Recession and Inequality." That's only the secondary sort of thing that accompanies my speech. In the last 30, 40 years in the Western world, the technological change was the engine that brought about change. In contrary to what we usually think, this technological change increases the inequality in economics and in economy. So if you're talking about some way of decreasing inequality in the second, sorry, in the dawn of the 21st Century, but let's talk about the second part of the 20th Century, if they talk about this technology changing it, it's not logical from an economic point of view. One cannot deal with this inequality, this basic inequality without actually decelerating the rate of growth. The State of Israel, the inequality in it is growing faster. It's not that it's bigger, it doesn't matter if it's big or small, it just grows faster than anywhere else in the Western world. The State of Israel is growing much more slowly than anywhere else in the Western world. That's reality. My predecessors also spoke about it, those who spoke before me. So if we're talking about growth, and inequality sort of growing hand-in-hand, so we belong to that kind of lateral thinking rather than part of the general discourse. We have to – we have to deal with these issues. In order to increase all those wonderful things that we were speaking about, about cohesion and national fortitude, there are immediately certain things that we have to discuss. First of all, the first thought is that the State of Israel is in deep recession despite all the rest of the West since 1995. Admittedly, let us not delude ourselves that this is a continuation of this recession that started, let's say – sorry, I think in 1998 was what he said. But a recession is a time of growth in inequality, and part of that growth in inequality is because it stems from that recession. People – you know, this is what all modern, microeconomics is all about. This is not a balanced kind of policy. I mean it is really bringing about a growth in inequality, and all this development, and all the advancements that we have been discussing. In the previous specter– sorry, the previous session, the Mayor of Yeruham spoke more from a point of – a personal point of view about how he sees things. The modern theories of growth and those of inequality says that the economy says that yes – I mean these modern theories say you have to take care of those in the periphery, because there are so many implications other than just the financial and the economic one. But even from a proper point, I mean, per se, the economic point of view, that it does – we cannot ignore the situation as it really exists. We cannot put our hands in our pockets and say, we're not going to deal with it as economists, we have to help with these issues. And another issue that we have to deal with, and in that, we do not differ from other countries, is that, that those same mechanisms that work, they have a big element of surprise and uncertainty. We don't really know when things are going to happen and what will happen first, and when you're talking about the intervention of the state, of the government, in training courses or re-education which I know that no one likes that term, but let's just call it re – sort of training, although the Mayor of Yeruham said that suddenly you open up courses for teachers, and you don't, in fact, need them, or you send them to learn certain kinds of domains of industry and then they close the industry. No, but in Sweden, for example, there was re-training done in, sort of, in the middle of one life for employees, with a blending and a merging of private industry and the government, itself, as a contributor, because they understood that if they intervened, they knew that that same growth that was brought about, there's always an element of uncertainty that also existed, and it didn't exist beforehand in other processes of growth. And in order to really sort of bridge the gap of its influence, that was the only way to do it. You had to bring the people up so that there would be less inequality, in other words, bring their level up, basically, is what the lecturer is saying. Forgive me if I'm going to say the whole time the 20th Century rather than just saying the dawn of the 21st Century, let's talk in terms of the 20th Century. One can see that this inequality is greater today than it was sort of in the '50s. In most of the Western countries, the year 2000 was significantly greater than the inequality in the '50s or '60s or any other year that you might select. And in many of the other Western countries, it wasn't much greater, by the way, than in the year 1900. But when you compare between different countries, you can see that there's a group of countries who sort of lag – are lagging behind, and there are other countries who have grown. And there are many explanations why is it that certain countries grow, and that there is growth in them and others don't. We call it "club growth." You have clubs of countries that seem to be – we've separated them into different specific groups. Today, the economy – economics tries to blend in social sciences and medical sciences, and try and understand why certain things happen like that, and blend all these different sciences together in order to understand it, but I shall continue from that point, I won't expand on it here. Now, I think this issue of who does grow and who doesn't grow is very relevant when we talk about

the place, the link between technology and inequality. Countries who do not adopt technological change, they say some grow and others say that they don't. It took a long time for us to really understand what really lies behind this change and growth. Only after a certain period of time, when you see that there is technological change and they adopt technological change, then you see how it does influence and have implications on the growth of that specific country. Technology, of course, is very important, and it is very special when you talk in terms of economics. But technology doesn't always settle in with a competitive market, and what economists call – we call competition one thing, the economists, while other people maybe use different terms. And the people who dabble in technology call it in different terms. We are talking here in terms of competitiveness. And the significance of what I am trying to say here is that when someone talks about growth, he is in fact talking about the fact that the market is not a competitive market. And the moment that is taking place, then the government must intervene. Now, the second issue is that we know that there is a symbiotic connection between technology and human resources and human capital. People very often say that academic learning and education is this human capital. It's not exactly that, but the moment you have that, it's easier to adopt technology. Now, technology is different from other kinds of human capital. Technology increases the efficiency or the efficacy of the person, of the human capital. But, on the other hand, if you put someone beside the older machine, then slowly, but surely, that efficacy will decrease. So, therefore, when you have technology and human capital, it's a very important component to look at the link between the two when economists talk. And you have to look at this component in economic discussion as well, the connection between those two, as well. Now, on one hand, technology – technology is something that demands immediate intervention on the part of the government, and on the other hand, technology is not – does not really supply what we truly needed, that type of equality or that rise in equality that we were hoping and aspiring to see. But because my time is so brief, I'm going to skip a couple of things that I was going to say, and I'm going to generalize a little as I have done in my introduction as well. I'd like to talk about the connection between the ability to adopt technological change, and the ability to bring about technological change and education and learning. These – now, these different components in the human being, from the moment he starts learning, I call it capabilities or abilities – there are people with higher capabilities, there are people with lower capabilities. But in this kind of fabric that we are talking about, there is the know-how and the ability. Not only has he studied, but there's also his basically, what he was basically, how he was born. And, I mean, what he has – in other words, his makeup, if we could call it, maybe. So we're not only talking about something that was inborn, but something that he learns as well. And you have to watch how this person and his capability is capable, is influenced by technological change. And the greatest influence of technological change is on one's ability. During periods of very swift technological changes, people with higher capability take advantage of that capability, and there is greater yield on that. And that greater yield is expressed in the yield to – of capability in the market itself. So even if we're talking about an era of technological change, then it is also an era where capabilities are expressed, and you can see them actually come into action. One of the best definitions in psychology show how people adapt themselves to change, and technological change is one kind of such change. So anyone who wants to grow through technological change will see how this influences the differences, for example, the deficit, the differences – sorry, the gaps in wages and create, of course, inequality. So you can see, I've created a sort of toolbox for you through little – very beautiful drawings. But I'm going to skip all that, and I'd like to get to my final point. When you look – no, I'm going to skip that, too. Okay. I'm going to go back, and I'm talking about life being not as simple as I'd hoped it to be. When you talk about the model, is that growth – growth increases through technological change, but then inequality also grows. We have to remember, in the State of Israel, that in Israel, the inequality grew more than the actual growth increase. So what is happening, what went wrong? Three things aren't working. I was speaking – I had mentioned them beforehand. In the '90s, we thought we were one of the only Western economies that were in a very, very long period of recession, the whole second half of the '90s, and this influenced this growth in inequality. All the work that was done, at the end of the 20th Century, shows that from the Second World War onwards, during periods of recession, then inequality grew. I mean it's nothing, we didn't reinvent the wheel, we're just doing things somewhat lagging behind everyone else, but exactly the same. So therefore during recession, there was a growth in inequality. And if you think, according – sort of in terms of levels during recession, then I think you should think in a different way. Now, in light of what Avi described her, especially, they said that Israel neglected the issue of infrastructure. Now, that growth that could have maybe existed, there was a drawing from the periphery into the center, and their problems with all the data that we have, but you can see that all the growth in the State of Israel happens in the center of Israel, what I call the center. People maybe could define it in a different way, but I mean, basically, I am talking about the center of Israel. This loss of investment in infrastructure, it's accumulative, you know. And, usually, it is on account of the periphery. In other words, they are the losers in this game. What is important for Yeruham or Ofakim, the development towns, what is more important for them, the swift bus line, sometimes we talk about the train line, what is more important – or maybe they should have an additional college there. I'm not sure that I know the answer, even. And believe me, in the Finance Ministry, or the Bank of Israel, or any kind of survey or other kind of research institute knows the answer to that. But in order to try and change those distortions that we have found, we have to really examine and delve very deeply, and to see what Ofakim truly needs, what Yeruham really needs. I'm not going to go into politics. Is it – transport, is it the subsidizing of transport? Is that what they really need? Or is it academic learning? And I don't think that this was delved into deeply enough. So in order to narrow down this inequality and decrease it, then we have to really find out what is important for these places in order to bridge that gap. That same mechanism of – I'm not going to go into, sorry, this other issue of re-education that I mentioned at the beginning. And I have some news for those who, whether they like it or not, about the economic equations. People who want to increase the efficacy, the efficiency of growth in Israel must deal with those components that I have mentioned vis-a-vis growth and inequality.

Ninth Session (Continued)

"Pulling the Wagon Out of the Mud Without Breaking the Chain - Technological Change, Recession, and Inequality"

Elisha Yanay: I was going to talk about the issue of education. It has been mentioned quite a lot today and I've heard it before as well I'm sure. The number one topic that is being dealt with, is that there is no end to it, and we have to continue exerting efforts to it because I want to show you what it has already achieved. And I'm going to show a little bit in my figures, in my presentation, and some of those who are actually on the presidium today. Bassat, Orna and Carmel is also here, Carmel Vernia. We had 1,000 graduates in high tech topics in mathematics, physics, computers, software and we're talking about the Technion Bar Ilan and others, we have 1,000. That was in 1996. Today we have 8,000 graduates, sorry 8,000 to start the first year, 4,000 plus who graduate. And what gave this impetus, what gave this momentum to the high tech? It was, yes, definitely, it was venture capital funds and others. It really added immensely. We have more eight times more people who start. But, you're talking about 70,000 who graduate from high school and only 10 percent of these have five units in their high school exams and on five units of mathematics. In other words, you can choose in Israel, three, four, five units. The only way to continue growing is to delve very deeply into those children who have chosen only three units of math and that we should transfer them to five units. And out of those 8,000, we will have many more. I'm not sure how many more, but I think that through industry, through the teachers, through the education ministry and with the help of the government, if we could at least attain 14,000 or even 16,000 it would be a dream. In other words it's mathematics an additional subject. I want to show a little bit more about it. This is the high tech industry with the software, with \$12 billion export in the last year. The biggest boost that's happened in '94 was the Russian immigration. And here there's a tiny little glitch that's happening now but it won't be a big one. I think this a first transparency that was done in 1996. Look at the proportion that was taking place here at the top. All the high tech industry in the world, was in 1996, 1.8 trillion. It predicted in the year 2000, it's a seven-year-old transparency, it did not reach the 3.305 billion. Israel was 6.5 billion. We dreamt that we would hopefully keep our relative size and we would reach the 13 billion. I think what is important about it is that was the prediction. We are naught point 3 percent of the world and that's what was said on the CNN. So with all our high tech and whatever we're talking about, and you know all these - and everything we talk about and blowing our own trumpets, that is our entire size. That's all it is, it's serious, yes, but that's all there is. Now at the bottom you can see that we had 14,000 engineers in those times and we were hoping to get to 29,000 and we expanded even more so. Now in the entire western world you can see all the plants, the Motorola plants and of Intel and Motorola. Sorry, the last one was the Intel one, and that just so that you can understand the proportions. All our GNP is \$110 billion. You're talking about the export of high tech is \$11.1 only. General Electric is \$130 billion. Someone gave me an example before on General Motors. Israel is \$110 billion, we were less than one company. All those blue companies they have - they're acting in Israel the operating ... IBM, they're acting in Israel as well. Just so that you can understand and put things in proportion, a great deal was said about it all. About that chain or that rope and these are the little links on the rope. You can see the scientists, you've got the development engineers. And, of course, one can produce, like in Kiryat Gat we do in Arad. The trick is that you have to be the best in each of these specific links. You don't have to find that all the development engineers in Singapore should be competing with my production workers. It is each link separate, 1,200 students in the first year, 8,000 students now in the year 2001. There it is unprecedented around the world. This immense increase started with all our prime ministers, it continued with Rabin, Bibi Netanyahu, Barak. You can see why I feel a little encouraged, why I see this light at the end of the tunnel. We have - there are those who do the PSAT, the Psychometric exam, only 60 percent. We're 8,000 and maybe 15,000. Here we're talking about 60,000 applicants for electrical and computer engineer. The Americans now need to import Indians and Chinese. Now this is India, about the entire Indian, they've got less than million point three engineers. One thinks that there are actually billions of them but, in fact, the figures are much smaller. This is what is happening with their growth, that was India, now this is Korea. Look at what they have done in their education, but look at the number, look at the figure on the left-hand side. You're talking about 130,000 and this is in Taiwan and now Japan, Masters Degrees. They're hoping to get to 45,000 but at the moment it's only 35,000. So here we are second in the wage's level. We really went overboard, we have really went overboard with salaries. We're next after the States. I mean look where Singapore is, Australia, and nothing will happen if we have to reduce those salaries and I'm winding up with that. Thank you very much.

Dan Halperin: I spoke about a number of good reasons for the economic situation, but I forgot to say that we have Imri Tov as a reason. So there was the Jaffa Institute had a conference about a month ago that was dealing with security and economics. And we didn't want to reiterate what was said there, but we wanted Imri if you could possibly just sort of give us some abstracts, a little sort of essence of what was discussed in that conference a month ago.

Imri Tov: Thank you very much. First of all as you heard, so my appearance here is really a feasibility study. If we can have any kind of cooperation it's a big question, I'm not quite sure. So I'll be very cautious not to fall into any pitfalls. The second thing I'd like to comment on is that beyond national strength and national security, we also have to deal with security itself and with strength itself. These are the things that I will emphasize and I will try to present to you how we see it, which is which. So, first of all, congratulations to the person who was willing to grapple with the economic and social issue, which is a very serious one. The discussing of defense expenditures and costs, they're based on gut feelings. We don't have enough accumulated figures to study the subject properly. There is no real accounting of what Yaakov Sheinin, said and I would like to agree with what he said. But, in fact, in this entire discussion the one who is the most convincing, who was the best speaker. But there is no real database of figures. The project that we are running in the Jaffa Center which is interrelations between the defense establishment and the economy, there's an attempt to see what is what and the project about around which the conference we held about a month ago, we defined a model that has three levels and which defines the difference between what this conference is involved in and what we discussed. And which I think needs to be dealt with because this distinction is vital. We have the first level and those are national goals. And a national goal goes beyond national strength and national security. These are defined on this level and they're apparently identical terms. And then we have the levels of education, transportation and things like that. And the defense system is responsible for attaining one level and the other elements that

are part of national strength and national security are not part of it at all. The defense systems sees security, health and so on, these things as exogenic elements and national security and security are not the same thing. The third level involves with how each of these organs work and the part that interests us is the defense part and not national strength or security, which is being discussed here. So, we have three general conclusions that came out of the conference and they are relevant to the discussion being held here today. First of all, there's a willingness to participate in the subject and there is a thirst to understand the subject. And that is binding, it's binding on the establishment and of on all those who are interested in the subject and to whom the subject is dear. It can also be viewed from the financial assistance that we were able to assist and adhere too, and a number of additional elements that I could see at the conference as well. The second conclusion leads me, or the second conclusion is, is there is no common language in the various disciplines that are dealing with the subject between economies, engineers, production engineers. Each of them deal with security, but it is more reminiscent of the sketch of what a monologue is. What is a monologue, one person talking to themselves - to himself, and what is a dialogue? It's two people talking to themselves, and here we have a symposium and so we have a lot of people talking to themselves and we don't have a common language. The third conclusion, which is the saddest of all is that the academia in Israel is almost irrelevant to dealing with a subject that is known as economy and security. It's just nonexistent, a number of professional and relevant conclusions and which should or could serve as the introduction to the subject, one is the burden. The discussions about this subject are replete with sentiments. But, as stated earlier, there is no research database. It is replete with a lot of gut feelings and a ... of information of real data. I remain with a question that I'm not quite sure how right the answers are. Has the loss in the proportion for - excuse me, has the reduction in the cost of production, is that a result of a rise in production or in the participation of the government in expenditures? I'm asking, there is a drop in the budget section in production and that is caused by a rise in production. That is my feeling, that is not what could - if I misunderstand, then please, you're counting that in my seven minutes, then that's not fair says the speaker. Or what was the index used, what index of cost was used to this examination? And I repeat again, we don't have a real cost index to analyze the defense budget. Another question. How does the arms race influence the economy and the opposite question, how does the economy influence the arms race? Which is a question that is no less important and can be concluded from these subjects that were raised here. Does the cost of defense influence the economy differently than the cost of health and the cost of education, and if so, then it needs to be proved. No one has examined this and nobody has done a quantitative examination of this issue. Or even, assume that a cutback in defense will accelerate growth, and after that we'll have no choice but we'll have to deal with the question of how long will this assimilation process take place? When will we be able to direct resources and increase the defense budget? So we know it's assumed, many are familiar with this, it will take six to ten years. That no one can say that we can wait. The defense expert will say we can't wait, the economist will say we can wait. The conclusion is, that we need a way that is suitable to both of these disciplines. At present it does not exist, there are things being developed at present especially in the area of joint funding, in cooperation between the public and business sectors. And perhaps solutions will be found there, which we'll perhaps be able to report on next year. The defense industries have been treated very broadly in this conference, and what is unique is the consensus among all the speakers about the changes that need to be introduced. But the argument is only at the cost of the tradeoffs needed. The participants did not rule out the idea of the question of privatization and merging, and the question was only what should come first, merging or privatization? I would say privatize first and then merge, or to give it to someone who thinks it can take the responsibility. There was also agreement on the total lack of activity on part of the government sectors to formulate principles on the basis of what needs to be done. We have come a long way, it's been said they don't want to hear this but I'll say it anyway, there is a great deal of significance to the estimate at present that the intensification of the conflict is not what has influenced the money markets and that is not what is harming the banks. But it is not clear if this blow is not waiting for us in the future. In other words, this intensification which effects the economy in waves, has not yet reached the money markets. It may reach them and then again it may not. Another subject the discussion of American dealt mainly whether to buy high tech or low tech in Israel, we haven't reached a consensus on this subject. My conclusion is that under the current conditions and consideration of the military, there is no choice but to buy high tech in Israel and to buy the low tech abroad with everything that's involved. And since I'm being pressured by the Chair, I will note only in conclusion that building of an infrastructure that can serve as to back up. Those making decisions in this area requires cooperation between various disciplines and the conference that I conducted and the conference here, is an example on the conceptual level, and we have to find ways how to cooperate on the practical level as well. Thank you very much.

Dan Helperin: To responders I would say from home, Dr. Rafi Melnick and we all know from Bank of Israel and is today a member of the Interdisciplinary Center of Herzliya.

Dr. Rafi Melnick: I have been told that my budget has been cut to four minutes. I've prepared seven minutes and I'll try to get it all in, in four minutes. As Avi Ben-Bassat said in his talk, the Israel's economic social strategies since 1985 was based on lowering the proportion of the government's expenditures in the product. And this gave very good results in many areas. We lowered inflation, we balanced the balance of payments, we increased the business sector. However we are currently in the year 2001 at a point where we have to decide, as I will say in a few moments, because without a real change in the government policy, we will not be able to implement the strategy. What has enabled lowering the government proportion in the product was lowering of defense expenditures as we saw in Avi Ben-Bassat's figures. The scale of lowering the proportion of government expenditures was similar to the lowering of the proportion of the government's proportion in the product. The same thing 15 to 11.5 percent according to the Bank of Israel's figures. We, today, in other words the process which made this possible in my view, have been exhausted to a certain extent. These were the peace agreements with Egypt and Jordan, the fall of the Soviet Union and the end of the support for Syria, the end of the Cold War, and other processes which have been exhausted. Therefore from now on, especially in light of the developments of the past year, it appears that to continue this trend of lowering defense expenditures can no longer be the engine that will lead this strategy. On the social welfare side this strategy was based on increasing the weight of chance for payments to the public. We saw that this strategy did not solve the problems of the public. Poverty grew, the inequality continued to grow, and therefore this strategy did not give any really fundamental solution, but it was made possible by this lowering of defense expenditures. But because we cannot continue in this area without a change in strategy, what we can expect is, an increase in poverty because we won't be able to increase transfer payments and a growth in the inequality. Therefore, the solution requires an alternative policy. I don't know how long

you are going to allow me to speak on the basic outline of this program. So I'll just be able to give really just the main points. The solution must contend with a basic problem in Israeli economy and that is that the proportion of breadwinners in the population is low, too low. If we compare the number of those participating in the work force to the economies that we want to resemble we'll see that too few people are working here without having the population. Without having a certain population, whom I will soon mention, participate in the product, we will not be able to solve the problem of poverty or of inequality. I did a quantitative exercise and I said, "Let's say that the rate of participation in Israel would grow to the rate, the average rate of participation of the OECD. On the assumption that the rate of unemployment would not go up, the product per capita in Israel would grow by 10,000 shekels. It would be enough for each percentage point in the rate of participation means 1400 shekels per capita increase. If we send people out to work and we have two populations and here I see the pressure coming from me from the Chair. There are two main populations that have been mentioned here who do not participate properly in the product. That is the ultra-Orthodox and the Moslem Arabs. Without solving this issue, their participation in the work force we will not be able to seriously contend with the problem of poverty and inequality. Of course to send them out to work without the economy growing and providing places of work, then all we'll have is a higher unemployment rate. Therefore, just one more minute. Therefore the solution as Danny said is one of growth, economic growth because perhaps in the initial stages it's enough to cut down the number of foreign workers to create places of employment. But, in the long run, only economic growth, I could speak at length about what needs to be done to create this growth, but perhaps not at this time.

Dan Helperin: Thank you and thank you for keeping brief. Another responder is a member of the economic team, Danny Doron.

Danny Doron: I would like to speak briefly about the three factors which are holding back advancement. One, is the bureaucracy which has become an interested very powerful group which is preserving the current system. Yossi Kertrick can tell you about eight director generals of government ministries who tried to solve a specific problem in Tiberias and were unable to do so. Two, this number two is the institutional interests such as the banks and the big money people. I think Yossi Maiman will tell you that you can find solutions in allotments of credit rather than in technological growth. The third is the statistical ethos, which continues to exist because of the economic ignorance being taught in the universities, in the humanities and social sciences and even in economy. You heard an economist such as Avishai Braverman, who does not understand that growth and economic welfare are not mutually exclusive. And, to hear someone like Zvi Tzameret, a great educator say that he thinks that there is a capitalist regime in Israel, which we don't have. Perhaps at the next conference it would be a good idea for these people or these things to be examined in depth because they are the ones that are hindering true growth. Just one more comment on economics and peace. Those who doubt the ability of economics to mitigate conflicts, there is proof that in the years in which hundreds of thousands of Palestinians were employed in Israel, there were very few terrorist attacks. They were not involved in the terrorist attacks or in East Jerusalem whose residents are no less extremists or Moslem, but despite this they have chosen to remain Israelis and have an Israeli identity card and have not participated actively in the terrorists. So I think this provides a lot of proof for the link between economics and peace. And a question for Mr. Tsiddon, is the fact that you mentioned that in a situation of growth as well as in a situation of recession, that inequality growth in both cases doesn't show that the ... and equality must be reexamined, and if you're talking about coefficient, if you see that you get the result into opposing situations so you have to ask yourself about this concept. Danny would you like to respond immediately?

Daniel Tsiddon: I'll only respond on this final point, growth we identified as a long term process, recession we identify as deviation from the trend. In the case of growth and recession that is happening within long term growth, we see increase in equality and this is true for every reasonable index that you can consider with ... or any other index. Choose whichever system you like, you'll see that it always works this way. They all - they're all partial indexes. We do not have the one true index of equality and it doesn't really matter, but they all point to inequality. They all grew up in the State of Israel. They all grow throughout the long term growth process of the past 30-40 years in the western world. And they all grow faster during periods when western countries are in recession.

Dan Helperin: Questions or comments from the audience? Isaac Ben-Israel.

Isaac Ben-Israel: The point that I would like to relate to, relates to what Mr. Rafi Melnick said. The weight of the defense budget in the overall budget or in government cost, has gone down the weight of the gross national product. But without cutting back the budget and it has been stated by Professor Ben-Bassat that it even grew by 4 percent in the past years, more or less froze in real terms then. First of all, it is difficult to present this and to say that this means that in order to grow we need to cut back on the budget. It certainly doesn't mean - that's not necessarily what causes it, it could be caused by something else. We had a number of years at which the budget was not cut and we saw the growth increased. So where did this money go which came from the GNP, it went to pay those people who are not working, it went there as the previous speaker said. Not only does this figure not justify cutting back, on the contrary, this money goes to something which adversely effects growth. And every year for the past 15 years we see that the defense budget is distensilely cut, but when we look back we say it wasn't cut but two things evidently, they cut back and then return it, they cut back and return it. And the result is a distortion because when the cutback is done, it is done in all activities and it will always return for a specific activity. And you always find yourself spending money not in the places where it needs to be spend, but in the first place by the way, where there is a cutback and where some of that is in the defense infrastructure which everyone here agrees is to the benefit of the economy. And that harms growth, this system harms growth. And if there's a cutback now the same thing will happen. I don't believe they'll do it in practice. They will not cut back a billion shekels while we're undergoing a real war, so they'll cut back but they'll put it back in a few months when they see the catastrophe just like every year in the past 15 years, and they will cause a distortion in the expenditures.

Unidentified Male Speaker: First of all to Imri and to the last comments. When we talk about strategy of cutting back on the weight of public expenditures and the product, we see that the potential rate of growth of the economy, Yaakov says it's 7 percent, I'll be more moderate and I'll say that it's 4 to 5 percent per year. The rate of the growth of the population is about 2.4 percent per year. We can create a process where we reduce public expenditures in the GNP by not taking them down completely. But we decide that the long term process that we will embrace, that the expenditures will increase according to the great of the growth of the population. I think it should be even less than that, because not all expenditures are related to the size of the population. For example, if we take the subject of defense. That's related to the extent of the threats that are posed to the State of Israel. Israel's foreign policy is not related to the size of the population. In short an economy who's potential growth could be 4 to 5 percent, is planning a budget which figures for only a 2 percent growth a year is very problematic. So that is the idea and not necessarily an across the board cutback. Of course it has to be done wisely in the right places and so on. And another point, and this is not a comment, this is something I'd like to add that something that Rafi mentioned and to a certain extent Danny. Danny spoke about the long term processes. There is one process which is not a long term process, and perhaps that's a good thing because it can still be corrected and it's very painful because of it's inequality. And I think that all those involved in the state of inequality since 1944 on, has grown considerably. And part of the problem is the foreign workers. We are not importing engineers or economists, we are not importing people who are at the top of the wage scale. We are importing people who are on the bottom of the wage scale, construction workers and nonprofessional workers who are working in agriculture and these services. They did two things, they pushed out some of the people who are at the bottom of the wage scale, and they also lowered the relative wages of those who remained - the Israelis who remained at the bottom of the scale. And this is completely unreasonable that we have taken this, we have done this to ourselves. The time has come to change this. I would like to say there's a law passed in the State of Israel in December 1999 which all it wants to do is to correct distortions and there is a toll of 3,000 shekels a month to hire foreign worker. And forces the employer to pay pension fund, just like there is for Israeli workers for the national ... fund. And despite the fact that this law passed this has not yet been put into effect because the pressure from the contractors is more effective. And this is a very serious situation. The mirror picture of lowering the government weight in the product is the participation of the business sector. If the public expenditures have gone down, that means that the business sector's proportion has grown. And this is a very - what has led to this positive improvement, is the lowering in the defense expenditures. The fact that they froze it in real terms, this made this process and this reform possible. From now on I maintain this source has dried up. And in order to continue this positive process, we must think of an alternative strategy. The mirror picture of this, of course, is that lowering defense expenditures made it possible to increase the transfer And therefore the poverty did not grow or the inequality did not grow as much as it could have if we did not give this money. But this money is gone, it's not there anymore so we have to think of other alternatives, and that is to go to work and to decrease the government expenditures in other areas.

Yuval Steinitz: Two comments, questions. As far as the foreign workers are concerned, I agree so much with Professor Ben-Bassat's analysis that the damage is not only by the increase in unemployment but also by increasing the gaps because the competition is against the weaker elements in ... rather than against the stronger ones. And I think this is an essential issue. I would just like to add one more aspect. The foreign workers are also a type of economic damage that I would say is almost a counterweight to tourism when there is tourism. The tourists work abroad and they bring their money to spend it here and they strengthen our economy. The foreign workers work here, but a large part of their income is not spent here, they send it abroad back home. And so what happens, that instead of their income here serve as an increase to oil, the machinery of commerce and tourism and the entire economy, we're losing here growth, we're losing growth. And, therefore, I think that the problem of foreign workers beyond the social issues involved and the danger of creating foreign communities on a very low socioeconomic level that we will have to deal with in the future, is a fundamental issue. Another comment concerning the defense industries, I think that here we are missing something that could have been a major lever for growth. I think that our relative advantage vis-à-vis the western world is perhaps the greatest and most dramatic in the area of the defense industries. And we, despite this fantastic advantage of some of our defense industries and their unique properties which may be greater or smaller than other advanced industries, because of some barriers and certain problems that we have in our relations with the United States, are unable, have not been able to - we have not been able to increase this industry and create the export to the extent that we could have. I think there are two strategies involved here. One which Misha Arens suggests, cutting ourselves off completely from the United States in this area. And the other is to cooperate with the United States. One way or another, I think that this is a fundamental issue if we succeed in opening up these barriers there is a very serious leverage for future growth for the economy. Before I conclude I would like to say when we discuss economic strength or Israel's national strength, nobody thought that cutting ourselves off from the United States is a way to increase our national strength. No, I was talking only about the defense industry. There is the school of thought of Misha Arens, and he says that we have to cut ourselves off from the defense aid from the United States and the burden that it causes for the Israeli economy. I would like to discuss just one issue. We saw a picture of Israeli's economy where it is receding relative to American economy, certainly in an economy where there is not a great rise in the size of the population, whereas the per capita income in Israel has not grown to the same extent as in Europe and in the United States. Avi Ben-Bassat made a number of suggestions that could lead to growth. We can go to the western world and see what they have done. That is Avi Ben-Bassat's list. Why don't we do that? We shouldn't assume that Avi, who was the Director General of the finance ministry and the ministries don't know. The problem is Israel's political fragmentation. As long as the coalitions are political diplomatic whose goals are political rather than social welfare, this gap will grow and we'll see today we find ourselves in a circle where the ongoing budget and the welfare payments are growing. And the part that goes to investment in the infrastructure is getting smaller and the national debt is getting larger. In other words we're getting into a circle where the recession and unemployment will grow and a lack of equality will grow. As long as we don't have peace and don't have a - I would even dare to say secular coalition, that place, economic growth at the forefront of its goals, we will not be able to lower national debt and enable - we must enable the business sector to grow. We will just have a problem that will just grow increasingly severe. Oded Eran, last comment.

Oded Eran: Your comment about cutting ourselves off from the United States, which no one here suggests, brings me to speak in one sentence about the interrelationship between economic leverage and political leverage to create a strength in

both areas. I was happy that the Prime Minister mentioned in his talks with the Secretary of State about our joining the OECD because it will improve our rating not only in the narrow area of interest in our ability to raise funds, but Israel's general credit rating. I think that despite the example that our political leadership completely understands the operative implications of the need to leverage the economic issue and political issue on these matters, I think that we need to conduct a debate. Because in the past, we did take advantage of the peace agreements since 1978, since Camp David to Wai in order to get from the United States, and there's I'm coming to the subject that you mentioned. I would say in gross terms, since the Camp David agreements, we got over \$60 billion. Following Oslo, we upgraded our standing vis-à-vis the European Union very deeply, and I think this is very important for the matter of the competitiveness of the Israeli economy on the International market. At the same time, the report that was submitted by the political team concerning Israel's foreign policy, pointed to the goal of entering the European Union as a goal which should get priority in Israel's foreign policy. This is a justified determination, but there is a deviation here from our ability to maintain our economic relations with the United States according to the trends that we had in the past, and Israel's full entry into the European Union, and I'll give you two examples. It won't work as far as a free trade area - a free trade zone with the United States. Entering the European Union doesn't go together with a free trade zone with the United States, and it certainly is not compatible with the aid that we get at present and what we will certainly aspire to get in the future. What I propose is that the public sector and the private sector determine goals together on the subject of how to leverage Israel's economy by means of the political tools. And my absolutely final comment, and here I would like to comment on what Daniel Doron said, I agree with him. Israeli governments have not yet assimilated this interrelationship with the Palestinians and this is related to raising the standard of living in Palestinians society, even if it does not immediately lower the natural rate of growth of the Palestinian population. I would like to say to Knesset member Yuval Steinhant, for a long time I have thought that the way to keep the State of Israel is to patent one of our inventions and that is that we have succeeded over the years to get aid from the United States. And when we buy with this aid from American company, I can just say that personally this discussion reminded me that ... know that I always travel in a scratched car. In a battered up car, and the reason when people ask me, I say that I have been trying to prove for a long time that I can park my car in a place that is smaller than the car itself. And I think that in this discussion we have proved that in 120 minutes we can fit more than 2 hours of discussion. Thank you very much and we're all invited to a festive dinner with the Defense Minister in the room next door. Thank you very much.

18 December 2001 Closing Session and Gala Dinner

Chair Ambassador Zalman Shoval

Zalman Shoval: Here we have been speaking about what causes strength and power and clout on a national plane, on a national level for better or for worse. That maybe is the essence of the answer to the question, what is fortitude? And I think that all those qualities of a nation that enable a person to take up the gauntlet to take up challenges and to stand, steadfast with those challenges whatever they be. And I think that this is the test time for it as well. Though when we speak and we have been discussing this issue of national fortitude, we've seen that the balance isn't too bad, maybe even better. But we must remember, as I said at the beginning, unfortunately I couldn't interpret because I didn't hear, things are not static. Because

contrary to what the French cliché¹ is, in reality nothing is as temporary as the permanent issues. In other words, things could change, either for better or for worse. And, yet, at the same time, this is our 15th month of what we have called the Intifada was not a spontaneous uprising from the grassroots, this was a real well-planned terror attack. And some of our intelligence forces believe that it was not - they saw it as no surprise as contrary to some of our politicians. This is not only a struggle for Palestinian independence, but this also a denial of Jewish independence and Israel's independence. Arafat had certain strategic goals. First of all, he wanted to bring about international pressure to make concessions beyond those that were suggested in Taba and in Camp David, and also to break through terror, through cruel terror ongoing, continuous, the fortitude and the resilience of the Israel nation. But in both of these, his strategy failed totally. Number one, for what reasons. First of all, the opinions of the Bush government, and if anyone heard me about a year ago when I spoke at this conference, then they shouldn't be surprised by these different opinions voiced by George Bush. Because as you can see there was an additional reason and that was what happened on the 11th of September. But what brought about this failure - the strategic failure was the fact that the Israeli public not only did they not collapse but, for example, Faisal Hussein envisioned the Jewish public became more ... and stronger. And more together, but also more it's eyes were open more. They were more aware of what was happening. So sometimes national fortitude could be a result of a either internal or external aspects and reasons and factors. Most of the other important issues were brought up, social issues, economic issues, education and others, the solidarity of the Jewish people and other issues that were brought up in this conference. But I would like to just add one additional dimension to this issue that we have called national fortitude that has an additional importance like in our nation with our specific qualities. Is that our moods can change from the sublime to the ridiculous and the other way around, sort of from the peaks of optimism to the other way around. And a leadership must find the golden mean between not deluding the people. But, on the other hand, also not shattering one's hopes. Ladies and gentlemen, despite the fact that 33 years have elapsed since Moshe Dayan said and I think that these really hit this issue on the head if I may so, the nail on the head. And we've heard a great deal and I think they have tremendous relevance to what was said and I think it was in at a specific lecture at the intelligence school. I think in the army and Dayan said 33 years ago, but the most difficult military and Jewish question is the question is the Defense Minister, what will be the end of it? So, of course, this is more than anything a Jewish question, and that is an issue that our history will prove. Because for the last 4,000 years our nation since its inception, since its creation until this very day, and our anxiety about what will happen is an organic inborn part of us. This fear of what is going to happen to our nation. And then Dayan continued to say that I omitted the end from what I said. I just said, "What will happen?" and I didn't say, "What will happen at the end?" And I did it because I think that the emphases in this Jewish question, is not on the path and not on the final target, but it is the way we're going to achieve that. We've had sometimes unrealistic aspirations. These were only very short transits along our path. These were stepping stones in our struggle. I, therefore, think that an end is something negative when you're talking about the life of a species. I think it's better just to say what will happen in the future.

And then he continues to talk about Abraham and our ancestors and the demographic question. And Abraham asked God, "What will happen, what will be?" And God Almighty answered, "Fear not, Abraham." "And fear not," over these years Dayan said, became a martyr of the Jewish people in its entirety. Do not fear my brother Jacob. But here it is a double fear, the anxiety for the individual, the Jewish person and for the entire nation, the fear about the entire Jewish nation and its continuity of this Jewish soul and spirit. So, in any conference, this question always is brought up and it also came up in our conference today. I therefore think that the only answer, the basic most fundamental answer that we can give to that question is what will be, is that we will continue to struggle, we will continue to fight. Just as in the past, the answer to, "What will be?" must concentrate on ensuring that we will be able to grapple and cope and not to concentrate on absolute solutions to our problems. I think we have to prepare ourselves physically and emotionally to an ongoing process of struggle, rather than decide what the schedule is going to be or the timetable is going to be until we reach that moment of peace. In other words, we should concentrate on the path. So, I think that this reflects the reality no less than it did, in fact, reflect the reality 33 years ago. And it will continue reflecting our reality. And Dayan also says that there is a medicine for these issues, and that is first of all a medication for it. And that is the belief that what we are doing, that there is justification in our path and our choices of paths, because that is what will give us the fortitude in the future to our national fortitude. So, therefore, though I said I wouldn't summarize, I think that in a way these are kind of many the roots of the summary for this conference. And now I would like to present our next speakers, and our first is His Excellency Ambassador Ronald Lauder whom I'm sure you all know well. His biography is here and it details all his achievements as a statesman and a man of economics and his service in the Reagan government. And then afterwards as an Ambassador in Austria, but I would like not reading out from my piece of paper. I would like to say and stress two issues that I think are the most important, and would you forgive me, Your Excellency, Mr. Lauder, if I stress more than the others. First of all, yes, a man, an economist who exerts his effort and his services and devotes and dedicates it to public service, but not only public activity but more specifically to the Jewish people. How few of the Jewish leaders are there in the last few years have dedicated and devoted so much and so much that is efficacious and useful for the Jewish people in so many domains and spheres. Of course in the political sphere as the chairman of the President's conference in the States, I don't think there is no one. It is totally unprecedented when you're talking about someone who spurs on this Jewish awareness and Jewish education in the Diaspora in order to preserve the Jewish nation. I don't think that he has any competitor anywhere. And, therefore, I would like to wish Ron Lauder and one must not ignore the fact that he also founded in our school of governor which bears his name. So this is really definitely, this conference is under the auspices of the Lauder School. That he should find additional channels and active channels for his activity for the sake of the State of Israel. Thank you very much, and the floor is yours. He said he is learning Hebrew, so that's why I said to him, "please" in Hebrew.

Ronald S. Lauder: To hear the compliments from ambassador Shoval was worth the 12 hour trip. Ambassador Shoval, Defense minister Ben Eliezer, Prof. Reichman, Uzi Arad, let me first congratulate you again on the superb conference. Honored guests, around 20 years ago I had just taken the position in the Reagan administration as the official representative for NATO at the Pentagon. At that time, Israel was just beginning to appear on the US radar screen as a potential strategic partner. We must remember that in 1981, Secretary of Defense Casper Weinberger and Defense Minister Ariel Sharon signed the first strategic cooperation agreement between the US and Israel, and in 1985 the Pentagon invited Israel as one of the major American allies to join the STI program, in order to (unclear) jointly with the threat of Ballistic missiles. In 1987, the US congress designated Israel a major non-NATO ally for Defense-Industrial cooperation. Again, people assume that Israel was always part of the American defense thinking, but up until recently, with all these achievements 20 years ago, Israel was still on the sidelines of American interest. The main threat facing us was in central Europe, particularly around Germany. For us, the United States, Israel was on the edge of NATO's southern flank. The primary concern of the United States was the Soviet Union, and in this struggle – Israel only had a small part to play. Today, Israel has moved from the sidelines to center-stage in Washington. First, the main threat that has become the focal point for president Bush, is international terrorism. Let there be no mistake, the US and Israel face identical terrorist threats. For our enemies seek to achieve nothing less than the destruction of our societies. This is what Bin Laden wants, and this is what Hamas and Islamic Jihad wants. Today, Israel's in the front line in dealing with the challenges that both our countries face. Israel has the only operational missile defense system in the world, this is an enormous achievement that is well noted in Washington and across the Western Alliance. This is the second focal point for president Bush, who just last week pulled the US out of its ABM treaty (unclear), so that he could, in fact, have a missile defense system. But after September 11th, I believe that all Americans learned what is the meaning of true allies. Allies need mutual interest, but most of all they need mutual values. Today, more than ever, American interest, Americans understand that the real allies are fellow democracies. The US and Israel are bound as strategic partners, but underneath that close relationship both countries know that it is our mutual respect for freedom and liberty – that is the secret of our true strength. I think the coming years will be extremely difficult for both countries, but if I can judge the mood in Washington, at the Pentagon, the mood has changed dramatically to a extremely, I believe, pro-Israeli point of view in the struggles against terrorism and what is happening, and I, for one, am very very proud of what I hear throughout the United States about the American people feel about Israel. Thank you very much.

Zalman Shoval: Thank you very much Ron. Fuad, who is also called the Minister Ben-Eliezer, I don't think we need to introduce here the Minister of Defense in a time that is extremely sensitive, extremely hard, and very, very unique. Different from our wars in the past. So I will just reiterate in brief what is written here in the biography. A number of commander positions in Golani and in the Sheked patrol and in the 300 and in Judean Samaria. The liaison officer in '84 and was elected for the first time in the 11th Knesset and later on he joined the Labor Party. And then later on was elected as a Minister of Construction and then the Minister of Communications. Fuad and I, 17 years ago I think it was, were partners to the establishment of a coalition government in 1984. And I believe that today as well, the Minister Ben-Eliezer understands more than others the paramount importance of this national coalition because of what we've been discussing, this issue of national fortitude. Fuad, the floor is yours.

Benjamin Ben-Eliezer: Good evening, ladies and gentlemen. Every time I see these lights it reminds me of interrogations of prisoners. I'm very happy to be here this evening with you. It's right in my face, says the speaker. I'm very happy to be here among those closing this conference. This is a very interesting, fascinating time, a difficult time and we are indeed facing a reality in which in recent years in our region and throughout the world, there have been significant changes, especially in the type of threats and the power, which have an enormous effect on Israel's strategic policies. I would like in my comments to spend some time on the changes that have taken place in the world and in our region in this area, and their influence on the dynamic and continued response that we must provide to the challenges that are posed in the area of defense. Israel's defense strategy is effected, of course, by the reality which we have come to know in recent years in the Middle East. But recently there have been regional and global changes, which necessarily effect the threats posed to the State of Israel and as a result also on its defense strategy. I would like to mention the central events that have had a direct effect on our defense policy. I think the most important one is the first which happened on September 11th and the overall global change in the approach to terror following the attacks in New York and on Washington on the Pentagon, America's decision to declare all out of war on terror supporting countries has a direct influence on our region from September 11th on. It is no longer the same world we knew before. This event also effects Israel as one that is at the center of the threat and which is perceived as by the Moslem world as a full partner of the United States. The second event is the continued armed conflict with the Palestinians. The Palestinians rejected the unprecedented proposals made by previous Prime Minister Barak in the negotiations, and I know that he spoke to you today and I'm sure he spoke about then. They responded with fire violence and terror with an intensity that we had never seen before. It is not only taking place in the areas of Judea, Somaria and Gaza, but also within the Green Line. It has been going on for a year and a quarter and it is focusing attention of many of the countries of the world on us. The third event is the withdrawal from Lebanon and having to deal with new threats on the border with Lebanon. I believe the withdrawal was justified but it brings a new form of threat and I will discuss it later. We must also discuss a change in the makeup of threats on the global level. The reality that we knew before in which there were conventional threats of armies on a country's border is being gradually replaced by a reality in which there are armies which have no enemies. And there are dangerous threats which even a strong army has no absolute answer for them, and these are terrorism and guerilla fighting. Another thing is the gradual transition from conventional threat to a nonconventional threat as the central threat, and that is the biological, chemical and nuclear threats as very close and immediate threats. The third is the use of terror, which kills civilians, innocent men, women and children without distinction. Terror which an enlightened country cannot respond in the same too, because the most appropriate response to terror, would be the use of its own means. A country that has values, however, cannot respond in this way and use counter-terror. The next thing is the unconventional terror. Today it is limited to a small number of biological attacks in the United States and in other countries, but it is a weapon whose influence is destructive and it can come here to the Middle East and could pose a real and significant threat. I think it is my duty to discuss this and warn against this in spite of the unpleasant implications. Another thing is the threat of nonconventional weapons. Until now we only dealt with it as a remote unrealistic threat, but from the year 2005, more or less, Iran will have nuclear capability which will pose a threat to us, to the entire region, and perhaps to the peace of the entire world. And I view the Iranian nuclear threat an existential threat to the existence of the State of Israel for which we must prepare. The threat of nonconventional weapons, biological and chemical weapons from Syria as well as both from missiles and from bombing from the air. The question is what's happening on the Iraqi issue. What are Saddam Hussein's abilities? And it may be assumed, however, that if Saddam Hussein finds himself in a corner with his very existence being threatened, he will once again attack Israel with all the weapons at his disposal, and we have no guarantee that he will not use chemical or biological weapons or both. I may have frightened you until now, but unfortunately that is the reality we are facing as I see it. We must see it with our eyes open and the full picture of the situation is frightening and requires that we prepare for it. And I believe that the State of Israel has good answers and we will continue to do whatever is needed to improve that situation. And in addition we must say that there are also elements that increase the stability and further distance, at least some of the threats and one of them is the peace agreements with Egypt and Jordan, which improves the situation. And these countries are making sure that the conflict with the Palestinians does not get out of hand and does not accelerate regional instability. We must continue to maintain and preserve the agreements with these countries in order to safeguard what I consider an important strategic asset of the State of Israel. The United States as a supporting element of Israel, with a strong commitment to Israel's security and I would like to commend the current American administration that is demonstrating full understanding for our situation. And President Bush himself is leading this line in the administration, especially after September 11th. This is another opportunity for me to express our gratitude to the American administration for its support and understanding. The next thing is the understanding of the world, especially Europe as concerns Arafat's true face and basic lack of credibility. And at least at this stage works in our favor and, of course, a considerable contribution to stability is the ability and deterrence ability the Israeli defense forces. And we must safeguard this in order not to lose it by conducting actions that could undermine the support that we have. We must create a dynamic response that can deal with the threats both on the security level as well as on the political level, and to prepare for future developments as well. In the development of security measures and the most immediate need is the conflict with the Palestinians. The result of this conflict will have critical implications on Israel's security. Because of our understanding of the extent of the criticalness as it were of the situation and the violence from Palestinian terror organizations, we have taken the following measures. One, we have adapted our activities to fighting terror which the IDF was not prepared for in the past. The IDF was prepared for a war against an army not against terror and guerilla fighting. In light of the fact that Arafat has not done anything to do away with terror, we have begun to take actions to fight terror with the tools at our disposal. In order to protect ourselves the preferred means is to harm the terrorists and the ones said doing him and to prevent other attacks. We have had quite a number of very impressive successes thanks to good intelligence and very clean operations mainly by the Air Force and by the IDF special forces. And, indeed, the intelligence services should take full credit for these successes. These are actions that do not destroy the infrastructure of terror, but they harm the hardcore of terror and make them feel insecure, both those carrying out the attacks and the one sending them. They do not prevent attacks but they reduce by about 80 percent the number of attacks and there are those who believe that the number is even higher than that. The next thing is to prevent the entry from main cities and the arrest of terrorists and terrorist leaders. This is a system which has worked very well in the recent period and has shown good results. The security forces have arrested dozens of terrorists and those dispatching them and a large number of attacks have been prevented. And this conference is public so I will not mention

specific cases here which would, in fact, illustrate the dimension of the success that we have had. In circumvent of areas where terrorists may be located and the ability to attack to terrorists, the danger here is in harming civilian population, but this is a necessary step on the security level in some cases. All of these activities which we have carried out and very intensely so, are just part of the highly focused demands on Arafat to stop terror in which included international pressure mainly from the United States. But also from European countries which have made it clear to Arafat what their position is on his action or rather inaction concerning his prevention of terror. And the next thing is the pressure from the IDF, which is reflected in successful action in the field and attacks on the power of the Palestinian authority. And the third thing is internal pressure. The fact that senior level Palestinians would prefer the violence to be reduced to the extent of ending the violent confrontation and conducting negotiations in contrast to the view of the chairman. Despite all these things, terrorist attacks have increased and intensified and therefore we decided to take the following steps. The first thing is our first strategic goal is to prevent the Palestinians to carry out their goals and to force the change of reality by means of violence and terrorism. We continue to impose on Arafat and on the Palestinian authority. We hold them responsible for the terrorist attacks and his inaction. Arafat's speech I see as that of a leader under pressure and who is unwilling to recognize the fact that the violence that he took has not achieved its goal. In fact, the violence and shooting continues and there is no real effort apparent on his part to stop the terrorist attacks. It is important for me to underscore the fact that as I see things, we have no interest in destroying the structure including the nonterrorist structure of the Palestinian authority and to topple it. We, as policy, will not physically harm Yassar Arafat, and we will not decide for the Palestinian people who their leader should be. We are making an absolute distinction and continue to emphasize that we have no conflict with the Palestinian people. Its suffering is the result of the behavior of its leaders. In light of this, despite the difficult security situation, we have taken a series of steps in recent days, especially allowing 6,000 Palestinian workers in to work, for example, in agriculture and other things that I will not get into now. And anytime I find it appropriate to make life easier for the Palestinian people without harming Israel security, I will not hesitate to do so. And out of the values on which our people have suffered in the past, we would like to prevent another nation from suffering and we do not hold the Palestinian people as a nation responsible for this conflict. But the continuing terror and its in grace force us to take steps because what is guiding us the need to safeguard security of the State of Israel. Before us, unfortunately, I must say, we still have a long way and a long struggle ahead and I hope and pray that Palestinian leaders will understand that they are hurting their own people and perhaps then we will be able to recoup our relationship with the Palestinians. We view the ability of the security system to withstand this long-term conflict. We believe that this is based on our national strength. I would like to commend the stamina that the Israeli people have shown, the Israeli society has shown and I am speaking not only of the people living in Judea, Somaria, and Gaza who are under constant pressure. But the people inside the Green Line as well, because the terror does not distinguish them. I hope that you have heard how far the mortar shells have gotten. Nachal Oz had dozens of shells in the recent months. I would like to say that Israeli society should be commended that it realizes that our conflict with the Palestinians is a just battle for our home for the welfare of our people. And we will do whatever it takes to prevent the killing of men, women and children of civilians which Palestinian terror seeks to kill. When I visited the wounded in hospitals, those seriously wounded and less so, I meet families and I can only salute them for the way in which they accept the results of this terrible conflict. I have no doubt that the public has full trust in the IDF and in the entire security establishment, the police and the other security forces. And this gives enormous strength to continue on this struggle, and I personally have no doubt that we will win thanks to the behavior of the Israeli population. Following the survey of the situation you will probably ask, "Where are we going and what are our goals?" Our goal as far as the Palestinians are concerned as I see the, are concerning the long term political goals. The view are divided on this issue, but it is clear and in my view this is a basic principle that we cannot advance a stable political solution when there is instability. So we must first reach quiet on security level. I would like to say that it is impossible to reach a solution however by means of military measures alone. Therefore I believe that if we can find the partner for a dialogue with the Palestinians we will aspire to reach political settlements. I cannot, however, see in the near future an ability to reach a full final settlement and therefore I believe, that we must aspire to partial agreements in the context of which, as I said if we find the right partner in which painful concessions will have to be made. Although I must say, I am pessimistic that this will happen in the near future. I do not wish to discuss my entire political philosophy here, but I believe that it would be wrong for the State not to set a political goal. It is possible and it would be the right thing. It is quite understandable that there would be arguments about it and differences on this, but we cannot in the long term concentrate only on the solution of the military conflict. I would like to discuss subjects that are related to threats on other levels, for example, with the Hizballah in the north following the withdrawal of Israel from Lebanon. It, of course, continues, they are motivated to conduct attacks, especially in the area of Mt. Dov. They present this area as a violation of the international border. The element of the threat are the abduction of the soldiers and attacks on army outposts. They are supported by the Iranians on a regular basis. The Syrians are not openly supporting the Hizballah, because they do not want to be perceived as supporters of terror. But they accept these actions and they ignore what they are doing because the Syrian policy is very clear to the Hizballah and that is, in fact, support for the Hizballah. The Hizballah today is a strategic threat in light of the fact that it has long term rockets, dozens of launchers and tens of thousands of missiles and rockets, about ten thousand, in fact. And its activities along the border can lead to escalation, the results of which could be a further deterioration in the region. This connection between the arms of the potential for deterioration which the Hizballah is leading, turns it into a strategic threat. Our response is first of all sending very clear messages to the Syrians that we view them and the government of Lebanon as responsible for Hizballah actions and they will have to bear the responsibility for the results, along with international pressure on Hizballah and Syria to restrain their actions. And, also attacks on Syrian targets as we saw in the past when we viewed the Syrians as responsible for attacks on Israel. Constant alertness and preparedness of the forces in the north serve as an overall deterrence against deterioration of the situation. And two recent examples of the attacks in Mt. Dov show this. We built a state of the art fence between Israel and Lebanon and no doubt that the civilians in the north also should be highly commended for their behavior and stamina and I'm sure that in the future too, they will courageously continue to do so if there is an attack there. On the Syrian front, at present there is no desire on the part of the Syrians to open war because they realize that they are far from a strategic balance with Israel, especially because of the fact that the Syrian air force is weak. The Syrians continue to support terror, continue to be a home for Palestinian terror organizations. And now too, they are demonstrating resolve in their desire to maintain the card of terror and the Syrians serve as an incubator for many terrorist organizations, those are that are known, and those that are not so well known. The American policy towards terror supporting states could also influence

the Syrian desire to mitigate their support for terror because they do not want to be perceived by the United States as a terror supporting state. As I noted earlier, we do not see the Syrians initiating war. The danger is in regional deterioration in case of further escalation in Palestinian terror, and especially in the activities of the Hizballah. The combination of Palestinian terror with Hizballah activities could lead to an unintentional deterioration that could lead to war, although I must say and underscore, that I do not see it happening in the near future. The quiet on the border with Syria and our assessment that the Syrians have no plans at this time to start a war, give us the time to prepare and to increase the idea of preparedness for war. And we must continue and look for ways to exhaust this track and I view it as an important and vital track to advance regional stability. Of course without compromising on Israel's vital interests as far as security is concerned. Concerning Iraq and Iran, which we determine as a threat on the third circle to Israel and the main threat is Iran's arming itself with non-conventional weapons. Iran is an extremist, fundamentalist Islamic state and it is developing weapons of mass destruction. And this fact increases the potential of threat. Iran supports terror in our region, the Hizballah and other terror organization. It will soon have nuclear capabilities and this will add to its danger to Israel. And we have also its tests with the Shihab-3 missile which covers most of the area of the State of Israel and is continuing to test missiles of the type of Shihab-4. And this should be given attention and this we must deal with the terror in the first circle without ignoring the threats posed to Israel from Iran, for example. Concerning Iraq, this is a country with a potential for threatening Israel on a closer level as I have noted. If the Americans attack Iraq and Saddam Hussein feels that his end is near, he might introduce Israel into the circle of violence and attack it with missiles. Iraq's capabilities are relatively limited especially in comparison to 1991. But it is still a threat that we must be prepared for with a variety of solutions and indeed we are preparing for every aspect and every eventuality. Saddam Hussein's aspirations to attain weapons of mass destruction, still exist. Any relaxation of international pressure on him will make it easier for him to attain these goals. And, therefore, we must continue to relate to him as a threat to regional stability. I see no reason at this point to be overly concerned and I do not believe that an American attack is around the corner. The war against terror led by America also effects us. America should be commended for its war against terror at this point in Afghanistan and its unremitting war against the Taliban and the Al-Quida war. And its efforts to apprehend Al-Quada as we heard yesterday from Condoleezza Rice, this will not be the last stage of America's activities. There is no doubt that the continuation of the United State's activities

in the future against terror supporting countries and terror organizations, can also effect our region. And the activities vis-~~N~~-vis Iraq have been mentioned, but Syria and Lebanon which also support terror and, of course, the Hizballah organization can also be in this circle. Therefore, there can be implications for us and therefore we must be prepared. We are in constant contact with the Americans and they keep us up to date, and I see no reason at this point for any special activity or preparedness on the part of civilians. I'd like to speak briefly about the changing security reality. This has budget implications on a number of levels. The defense budget in the last decade, as you know, since 1993, has been adapted to a situation of what we called "the window of opportunity". While we were moving on a track of political settlements which enabled us to cutback the security budget. However, to provide responses to the changing reality as I presented them to you, these have far reaching implications for the defense budgets. And these facts have led to the government decision this year in the budget discussions to give priority to defense because of the understanding that life itself takes priority over quality of life. In order to increase the preparedness of the IDF in the following areas preparing for war against terror in case there is regional escalation, and of course the continuing war against terror and the new makeup of threats. And this has required the budget and the economy to mobilize for all these things and we have done so in the 2002 budget. The addition to the defense budget is about 3 billion shekels in 2002, was relatively lower than the needs that were presented by the IDF, which involved about 4 billion shekels. I supported that decision then among other reasons because I saw the overall economic picture. And this budget addresses these problems reasonably, but no more than that. And there is another issue and it may be necessary to cutback on the defense budget, which would be required to mobilize in the overall effort and I view this positively. Of course, some of the social needs of the State of Israel are also in security. Education, for example, is security. Support for the Israeli-Arab population who I believe that if we don't do so we will find ourselves in a problem which we can already see developing before our eyes. Strengthening the weaker levels of society, the social strength that we're speaking about, and we do not have unlimited credit. For example, the population of new immigrants, the growing unemployment and other activities to strengthen the weaker elements of society. Therefore, I must say that I understand the overall needs, but it would not be right to undermine our ability to provide security and to prepare properly for the threats and to harm future projects by cutting back deeply in the defense budget. I would like to say that undermining defense means direct damage to Israel's economic activity as well. To sum up I would like to say that the dynamics of the development of threats in the closer and more remote circle, require us to adapt ourselves consistently in our defense budget and provide responses to these threats. Unfortunately, I must say that we can expect the conflict to continue in a similar manner as it has and we must find constant creative responses. We must aspire to reach negotiations on settlements with the Palestinians. Although at present it seems an overly optimistic aspiration. Until then we will not allow terror to defeat us and we will do whatever is needed to defeat terror and to achieve security for Israeli citizens. In the further circle of threats we will be constantly alert and the IDF will deal with the challenges posed to it. We will continue to strengthen the IDF's deterrence ability which is a guarantee that these threats will remain only that, threats. And therefore I would like in conclusion to say that as far as I'm concerned, we will fight on every level to leave open the possibility for a political solution on all fronts, vis-~~N~~-vis the Palestinians and the Syrians. I believe that we must give a chance to the political solution because we will not solve the conflict only using military measures. Thank you very much.

Zalman Shoval: Thank you very much the Minister of Defense. And I would like to take this opportunity to welcome the representatives of the diplomatic cord that are here amongst us. We are delighted to welcome you here and to have you amongst us. Amongst other things that Benjamin Ben-Eliezer said and remarked on, was appreciation to the American government. Not only because of its leadership against international terror, in its fight against international terror, but also and not less, because of its positive attitude that the government and the United States, in general, are relating the relations that ties with Israel. But please may I just sort of on a personal level add something, but it isn't necessarily always thus. And, therefore, whatever way we relate to the States or any other country, we must always remember that we must continually deal with this in the most comprehensive and wise manner. Nothing should be taken for granted as I said before. In other words,

there can always be changes from one day to the next, and therefore one should take that into consideration. We are now bidding farewell to Minister Ben-Eliezer. Thank you for joining us, thank you for participating. Our next speaker this evening is Professor Uriel Reichman. He is the President of the Interdisciplinary Center in Herzlyia at the IDC. He is, in fact, the in of the in, who is really hosting and under whose auspices we are here today in the conference. He has an interesting record in different universities, Tel-Aviv University before he established the Interdisciplinary Center in Herzlyia. But I think one ought to mention here and show how he proved that you can do things differently in the academic field as well. In other words, you can establish academic institutions that are non-sponsored, that are non-affiliated, that are non-supported. In other words, the struggle of course has not come to a close. But this has very positive implications about the whole issue of bureaucracy on one side and privatization on the other. And I think that that this is a very important issue and therefore he sure deserves praise for that. So, therefore, a round of applause. He had additional initiatives as well as we know in the constitution, the

election methods and other initiatives but, vis-à-vis this as well. The way the man of the academe, of the Ivory Tower is not going to suffice sitting there sort the zenith of the Olympus, but to know that he has tried to do many another task, taken it upon himself. The floor is yours.

Uriel Reichman: Good evening. I have heard something rather negative and that arouses anxiety that the next course will be served only after the lectures. And the positive bit of news is that I will try and keep it short. First of all I would like to congratulate Dr. Uzi Arad for the organization of this conference. That we have been watching and observing from the side an organization that was so much invested in, so much thinking teams, partnerships, organization, finances, everything that went into this. And all this was concentrated by Dr. Uzi Arad, and I think that the achievement is extremely pleasing. I would also like to thank the Ambassador Ronald Lauder who came specially for this evening in order to express his support for the Interdisciplinary Center Herzlyia and this conference. And, he is going back right away tomorrow, so thank you very much. And now ladies and gentlemen, this period is an extremely difficult one. The Israel citizen is being threatened nonstop. His own personal and personal threat we are at the peak of an economic crisis. People are losing their places of work, being made redundant and really fighting for survival. And at the same time he must serve in the reserves and in other services. And in this situation it is very important for the citizen, for the civilian that the government should work as it ought to. And that kind of governance creates problems in two different domains. A government that cannot grapple and cope with the basic foundation problems and give solutions and responses to its citizens creates a kind of lack of trust in the government, and also a lack of efficiency in dealing with the basic issues. And then on a personal level when the citizen suddenly has to grapple with the situation that he, the individual has immediate problems. And he suddenly finds a lack of justice, inequality, lack of streamlining and inefficiency. Or maybe even sort of contempt from other sources and he just loses total confidence and trust in the government. And this can bring about situations that could be even harder where an individual is not willing to contribute, is not willing to take part, not willing to serve. An individual finds itself that he has lost total trust in the system and he's willing to violate rules because of that. And it could even encourage fantasies of radical changes in government. And these are dangerous situations even more so on an immediate level than even the situation of the Iranian nuclear weapons or the situation with Iraq. In other words these are current problems that must be coped, must be contended with. If anyone should look at what is happening around us we can see that we are not functioning. Dr. Uzi Arad, he had a conference about the water crisis in Israel and here, please forgive me, over there the young lady [someone was disturbing the speaker]. And then we find that the water crisis was totally, it was flagrant beforehand, it was obvious and nothing was actually done about it because there were 11 different entities and authorities that were dealing with it. And there were problems and things were just sort of falling between the cracks. And now it is the most severe crisis, the situation is very ... now. You look at the public health services. Many of time you heard that the health services is only good enough for foreign workers, because if you want an operation you need to pay enormous sums in order to get satisfactory treatment. Yaakov Kedmy, for example, spoke about the level of education, which is lower than all the other Jewish countries in the Diaspora. How many years have we been speaking about underground, metros and other transport solutions? There are so many failures in the welfare society, the welfare entities to deal with the problems. So people say, "Hey, where is that public relation machine? Why haven't we got a well oiled machine?" I mean, and all the other situations, for example, the economic situation can also be accentuated and deepen. There are entire branches of domains in Israel's economy that have not been treated, for example, the construction branch. What happens when they have to deal with the land administration? If we were to compliment it we would say it was a Byzantine administration. So, I mean, how does this influence what is happening in our economy? I don't know if all of you who can hear this outcry, the outcry of the small and medium size enterprises who are really totally sort of feel at the moment over powered by the income tax on one side and other bureaucratic sort of bulldozing. There is a widespread sensation in the Israeli public that the public sector, those who are in direct contact and give direct services to the public. They do not feel that sense of vocation and instead of that they try and cover their tracks and sort of white washing things and they don't really want to serve the civilian, the citizen. But in many other cases the entrepreneurs suddenly find themselves under a legal threat because of certain things that they have undertaken and because they don't understand what they should be doing and there is such red tape that they're faced by. So, there was a period, yes, I think from '48 until '67 there was a period of what was Mapai was in government and, yes, we were functioning. But the liberties were basically limited and restricted. There was sort of institutionalized maybe corruption we can call it. I mean things weren't really working. But from '67 it was a turning point with changes in the political situation as well. And after the Six Day War there was a coalition government and then the Yom Kippur War, '77 there was a complete turnover and here there are parties. They're fighting amongst themselves as sort of strife amongst the different factions in the parties, and suddenly you do find that there's corruption. And suddenly the media becomes much more open, it is not affiliated anymore and the legislative processes also play an important role and the public is more aware of what is happening. And then after the Yom Kippur and after ... and after the Lebanese war the civilian society, the citizen society and the public suddenly as if have opened their eyes and are becoming much more involved and intervening more. And then a new phenomenon takes place. There is an entire network, let's call it maybe the normative system that comes to try and amend and heal maybe the disease the malaise that is actually in government. And this whole network, or we shall call it the system let's talk about Miriam Ben-Porat, the head of the State Controller's office and the intervention of the judicial process, Dorit Banish at the head of the prosecution and who is working much more aggressively. And journalists who are also working

really diligently to find and expose this corruption and delving into what is happening in the police force and otherwise. So the wider public is praising and applauding this kind of phenomenon of the normative processes that are dealing with the political system and everything else that is happening around them and very often even stop certain decisions that were to be taken by the political echelons of power. And then this political reform was only partially substantiated and fulfilled. There is a certain step that has been taken and that is direct election to Prime Minister. But it was sort of got stuck halfway and we find ourselves in a situation where on one hand this reform is not improving things realistically. And on the same hand, the normative system that I described is intervening and becoming involved more and more in government itself and governance. The normative system does not only criticize, it's not only sort of cleaning the stables but it is taking more and more in getting involved more in the decisions that are being taken. And even bringing about a situation where it is narrowing down maybe and by so doing the democratic process in bringing about, because its struggle with the political system, it is restricting the liberties of the private individual. The citizen recently has come up with, and I'm sure there are plenty of entrepreneurs who have found that recently have faced it. When they go and actually speak to a specific authority and there is some kind of decision that is being taken. This citizen finds that the political echelons hasn't come to a decision, so they then have to go to the legal advisor to the government and when a judicial decision is taken, then it isn't totally clear. It sometimes can be somewhat vague because there are questions of interpretation, questions of statesmanship behind it and the legal advisor to the government, he is basically a subordinate to the government. And the Minister then tries to change things and very often you find that there's objection that is voiced, but the Minister therefore doesn't dare voice against something that has been said, because he is frightened that it will immediately get to the media. It will be leaked and this publication in the media he won't be defended afterwards by the legal advisors of the government. So, I mean, it's a whole kind of vicious circle. So, these phenomenon that you hear about, these threats that are voiced against citizens who are in a state of confrontation with civil servants or with clerks and things are totally nonanchored in our laws. They're left somewhat up for grabs in this civil servant's domain. Now what we ought to find out is whether the issue of filing suits against people and the police investigative system, whether this works exactly as it ought to be working. All of these issues basically is telling us that, yes, we have all these institutions that help us preserve and guarantee democracy. But are we using all these institutions properly. I think we should add certain kinds of balances to really use them properly. We are now in a situation, we find ourselves in the police investigative institution and the system of filing suits against political figures is being done too easily. We suddenly find ourselves where the last three prime ministers have been investigated, nothing came out of it, and they were public and no suit has been filed against them. Or in other situations they came out, they were acquitted of the charges against them. So we have to really see what is exactly going on really here and it needs to be delved in a little more deeply. It doesn't seem possible that legal advisors and attorneys as if they're too trigger happy and they are filing charges against people and those people are then acquitted. I think this really needs to be scrutinized a little more. Because even if that person is acquitted I still think that this a very extreme violation of a person's dignity, and therefore not only that person for many years is exposed to such negative criticism in the media and in the public and very often loses a lot of his own personal capital in order to defend himself. I'm talking about the same when we talk about political people and figures, but also about private citizens. I think that some of these decisions are a little bit too swiftly taken, and I would like that also to be examined and scrutinized. But I'm not going to go into the whole analysis here. But I would like to add and that's why I came only in this winding up session, the Interdisciplinary Center through the Lauder School of Government. In the next year they're going to deal with a new kind of scrutiny of the public systems in Israel. And I sincerely hope that next year we will be able to bring our conclusions that we've drawn and present them to you. But, there are three main domains that we feel we must deal with. The first, that is the topic of the election processes and the reform that needs to be made to them. I'm not going to reiterate what proposals were made in the past, but I think we must go back to that system that Ehud Barak and others mentioned, we must go back to that system that enables the executive arm to actually act and operate. No way should they be in a situation as if it's a kind of sort of puppet government, you know like Rabbi Melchior complained that the government, that the someone is dictating to the ministers what the budget should be, rather than actually letting them participate in the decisions that are taken. The same time, this is a national confrontation in the government without being able to act in any direction and this is an impossible situation. We must attain a situation where in the executive arm be enabled to act. At the same time we must find some kind of reform in that election process whether it's personal elections, because we want a proliferation of this election process and we wanted to really be able to run smoothly. And so that we could elect those people that could represent us well. And now if you're talking about public government that the Israeli public government has about a third of all of the workers in the Israeli economy in the States, is 12 percent and in Europe up to maybe 21 percent. I mean all in all as you heard today from the data, the weight of the security forces in all their system is relatively low, may be 11 percent of all this, we're talking about the expenditure as well. What we really need in the framework of this public sector is we need a kind of coordination between what is happening in the headquarters and everything that is happening on all the different plans. How is the public budget decided upon transparency in it. It must be a more aligned government and the running, adding entrepreneurship to the administration and, of course, great equality in personnel, et cetera. We have to create a situation where in the cycle of services that the citizen receives can change. And, my last comment about the normative cycle that I was discussing beforehand. I would like to come and say that in many situations, numerous ones, we find ourselves in a situation where the media has immense clout, immense power about over whatever is happening to us. I mean today you heard that only 37 percent of the people in the survey claim that the media is credible and reliable. I think that the media ought to try and change things and improve them. We now find ourselves in a situation wherein the media, the communications is, in fact, asking for police investigations and activities by the government. And at the end of the tunnel the person is actually acquitted of something that he was charged with. And a person as if not enough true respect is shown for the political echelons and the echelons of the government. And therefore I think that media is often suspected of situations we're in journalists are willing to serve sort of foreign interests and phenomenon wherein there are even benefits, special perks given to journalists. I mean this is the gossip that one hears. This is a frightening thought. So, there must be new balances found and their immense clout, their immense power could even prevent maybe the right of expression from people who disagree with what they feel. The ethical attitude or the approach to this individual journalist, one should second the Supreme Court judge. The President of the Supreme Court who said that, for example, in issues of corruption and other issues, we should try and prevent certain parts of the intervention of the media and even enlarge the rumination and compensation in case of liable. I mean we have to anchor into the law and I definitely agree with the President

of the Supreme Court on that. But I would like to just make one final wish. There is men's criticism that is voiced against the Supreme Court. They want a whole court for the constitution and that there should be such. And I feel that, yes, that there is certain place for criticism against the Supreme Court or maybe to change even those people sitting on the panel for the appointment of judges. And maybe add instead of two or three of the judge, maybe the Speaker of the House should be included or maybe a little more of political involvement in this panel of appointments. But I think the one thing that I would suggest to everyone is the Supreme Court of Justice has guarded a democracy and us for so long, and therefore we must also guard and defend it on this day.

Zalman Shoval: Thank you to Professor Reichman. You may be surprised but we are on schedule, we're late just by a few moments. Ladies and gentlemen we are reaching the end of the speeches. Dr. Uzi Arad, 25 years he served in the Mossad in senior positions in Israel and abroad. And advisor to the Knesset, Defense and Foreign Relation committee, political advisor to Prime Minister Netanyahu, that was when we got to know one another. And not only an advisor as an advisor but also an advisor as someone who executed policy as well. And you know that the history of Zionism is to a large extent the history of a few madmen as it were. People who are very much caught up in a particular issue and that may be the history of the entire Jewish people. This conference would not have taken place without Uzi at all and that is without disparaging Ehud Sprinzak in any way. And that is to a large extent it is a one-man show with a number of assistance with, of course, this very broad support of the center and of Ehud Sprinzak and, of course of Professor Reichman, and a number of the people sitting here at the tables. So it is only fitting and suitable that Uzi be not only the final speaker, but also the first speaker in events of the next conference next year.

Uzi Arad: Thank you very much. Throughout this conference I behaved like a model participant and that I was kind of a Marxist. I have to tell you that in my office in the Mossad there was a picture in which you could see Groucho Marx and it said, "One Marxist to a fellow Marxist." The inscription was of course phony, but I was always amused to see the responses of people who couldn't believe what they were seeing. But there are different kinds of Marxist, there is Groucho Marx, there's Chico and there's Harpo. Harpo was my model in this conference because I don't know if you noticed but on no subject, no matter how important did I respond or did I comment. And for a moment I thought that I would this evening do something that is not simple and that is to share with you the things that I am taking home with me from this conference and from the discussions and the work, my impressions because a conclusion, a summation is more difficult. But impressions I have and I even noted things down. But I decided that because of the lack of time I would adhere to the principle in this subject as well. I will not deviate from my previous principle and I would not say the things that I noted to myself in order to save time. And so we could end on a festive and more relaxed note. But I promise you, that within four to six weeks a summation of this conference written by a number of us here will be commended and we will try to sum up the proposals and recommendations and lessons that came out of what we heard here, and all the participants will receive a copy. And, of course, as we did last year the entire procedure of the conference will be published on Independence Day. That is what we will always do. The conference will take place on Hanukah and the book will be published on Independence Day. Consequently I have only the pleasant duty to give broader thanks than have been delivered until now to all those who took part in preparing this conference. We have already thanked all the organizations that have supported us. We would like now to offer our thanks to individuals who contributed generously, Ambassador Lauder to Dalia and Modi Segal. They took are behind this important endeavor. The conference itself, was lead by the presidium and the steering committee, almost all of whom participated whether on panels or in the debates and, therefore, I will not repeat their names because they were with us throughout most of the conference. But I would like to mention the following names because to a certain extent they were behind the scenes and that is the organizing team which includes Mickey Altar, Eitan Glazer, Nancy Greenberg, Bella Hauchman, Miron Manor, Martin Sherman, Yoav Porat, Avi Ifergan, Barry Bristman, Sam Schwartz, Tommy Steiner, Ayala Garin, Rachel Doron, Yonit Buxe, Ilana Tal, Tami Tzadok, Ela Doron, Boaz Fyler, Dor Shapiro. In short you can see that there is a wonderful team here from students in the Lauder School who mobilized for this conference and veterans of the defense establishment who without a certain sense of belonging from the past we could not achieve the spirit that characterizes this conference. As well as groups or organization that supported Arad Communications, Yerid and Eliezer, Uni-Tours and the Dan Hotels which are hosting us. And that's it for those who helped make this conference happen. As for next year I hope that in a few years after we publish the reports which will quickly find their ways to who should respond we will start to prepare the agenda for the next conference. And we have already seen here among the participants those who have mentioned subjects which it would be advisable to discuss, debate. And this is indicative of the enormous abundance of Israel's political and economic agenda and the optimism and security that accompanied this conference. And I think that under this feeling there is still a feeling that there are very heavy burdens on all of us in these areas and we will try to deal with them as well. But, if I could note one thing, and that is something I hinted at in my opening remarks of the conference itself, I think we should have a point to relate from. We talked about strategic depth, the depth of the Jewish people as part of Israel's strategic depth. And there is something called historical depth and that's a good thing. And next year and we should note this as well, next year Zionist endeavor will be commemorating 120 years since its existence, since the immigration of the Beluim, of the establishment of Zichron Yaakov and Rishon Le Zion and other towns, 120 years. And when we see where we were then those who were there, and where we are today, when I ask myself where are the real roots of the strength which was discussed here in such depth and whose roots are indeed very deep. See you next year.