



A Conversation with Israeli Prime Minister Benjamin Netanyahu

TRANSCRIPT

Discussion.....2

- Benjamin Netanyahu, *Israeli Prime Minister*
- Michael Doran, *Senior Fellow, Hudson Institute*

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A video of the event is available: <https://www.hudson.org/events/1896-video-event-a-conversation-with-israeli-prime-minister-benjamin-netanyahu122020>

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Michael Doran:

Good afternoon, Mr. Prime Minister, thank you so much for joining us.

Benjamin Netanyahu:

My pleasure, it's good to be with you.

Michael Doran:

I wonder, to start out, if I could take you back to March 2015, when you made your address to Congress about the Iran deal. Now that we've seen all of these changes that have taken place in the Middle East, and I'm referring to the Abraham Accords, it seems to me that there's actually a causal relationship between that speech and the normalization of relations that's been taking place between Israel and the Gulf countries. And by that, I mean, Israel stood up and expressed itself in a full-throated way in disagreement with the United States. And that actually sent a message of power and influence to the other allies of the United States in the region. I wonder if you would agree with that assessment?

Benjamin Netanyahu:

Yes, I would, but not really in a theoretical sense. I can tell you that there are Arab leaders in the region who express their sentiments in real time. While I was making that speech, they were impressed with the fact that I was expressing something that they themselves thought but did not say publicly. Mainly that the nuclear deal with Iran was endangering them. Obviously, it endangered our very existence, but it also endangered them. And that it was probably against American interests as well as we saw it, as we Arabs and Israelis saw it.

And I think that that caused a realignment at first against a common enemy but as things evolved also, I would say the understanding that there are vast opportunities here, in the technology, in innovation, in energy, in water management, in every kind of conceivable enterprise. I would say it's overcoming the challenge of Iranian aggression, and Iranian effort to shoot nuclear weapons on the one side and second seizing the opportunities for the present and the future on the other side. And these two, I think, came together in that speech in Congress. I think it was indeed... What do you call it in the jargon? I hate jargon. An inflection.

Michael Doran:

An inflection point.

Benjamin Netanyahu:

Tipping point. It was a tipping point, no question about it. Although a very difficult decision to do it. I didn't make that decision lightly, or matter of fact, I understood fully well how unusual that is and yet how necessary it was to do that.

Michael Doran:

I'm not Jewish, but I have a lot of friends here in the United States who are, including friends who are strong supporters of yours. But I noticed at the time of the speech, that the fact that you were making, the fact that you were disagreeing with the president of the United States so vocally made them very, very uneasy. I love the speech. I wrote an oped praising it, but my Jewish colleagues were very uneasy. And as one of them said to me, "2,000 years of history have taught us that you shouldn't clash with kings."

If you have your disagreements, you express them quietly behind the scenes. It seems to me that that's a very deeply ingrained Jewish attitude. And I wonder when you were making this decision, did you feel that you were going against the grain of the 2,000 years of Jewish teaching? And did that bother you?

Benjamin Netanyahu:

Well, for one thing, I think Jewish history is a little more complex than that. It goes back actually almost 4,000 years. Next week we're marking down one episode alone, just one example of a resistance to kings without which we wouldn't be here today. It's called the Hanukkah, it's the Maccabean Revolt against the Seleucid Empire and Antiochus. Without that revolt, there wouldn't be Judaism, there wouldn't be Christianity either. I think that that's a general rule that I wouldn't forge at all, including in modern times when we had to resist the British policy without which we would not have an independent state. That's the first.

The second thing is I wasn't there dealing with the king. I was dealing with elected president of our great valued ally, the United States, and we're a family. And within a family, you can have disagreements, that happens in every family. It happened in this one. I respected President Obama, but I disagreed with him on one or two points. This was one of them where I thought that the existence of Israel was on the line. And when the existence of Israel is on the line, then I have to do what I can to secure our future and that's what I did.

That didn't prevent by the way President Obama and me to later sign a security package for Israel, an assistance package of nearly \$40 billion over a decade. And I'm very grateful and appreciative of that. You seek compromise where you can, but you have to avoid compromise where you can't and you have to distinguish between the two and that's what I tried to do.

Michael Doran:

I think this new reality that you're describing where you made the speech and in real time, the Arab leaders were praising you for it, discussing it with you. It seems to me that that's an actual... Sorry.

Benjamin Netanyahu:

Some of them.

Michael Doran:

Some of them. But I think that, that in my reading of the Middle East, that's a very new situation for Israel. You're actually now a member of a coalition and you're perhaps the most vocal and influential representative of the coalition. And I wonder if you could just give us a little bit of a sense about how this came about. Was this your goal, or did it just kind of fall into place? And whether you agree with that, that you're actually, this is a very new situation for Israel?

Benjamin Netanyahu:

Well, we had many years of discrete contacts with many countries in the Middle East, and then they accelerated during my term from my second term in office from 2009 on we've had many discreet contacts with countries. But as I said, it moved to a different level after the speech in Congress. And as we were getting more and more concerned with the prospect of Iran achieving nuclear weapons, preventing Iran from achieving nuclear weapons has obviously been a primary goal of the national policy that I've led. And I think because of our efforts, they were set back many years and yet the jury is still up. This is a challenge that we all face including in the coming years.

Was I aware that this would accelerate the contacts with the Arab states? I hoped to. I thought it probably would, but my goal was first of all to do whatever I could to prevent something that I thought could spell the danger of annihilation for the Jewish state. Remember you talked about Jews history where we've been fighting for our place under the sun for now almost four millennia. And we haven't made this extraordinary odyssey for it to end by a whim of ayatollahs who are ideologically committed to destroy us. That's not something that an Israeli leadership should sit by and allow it to happen.

Michael Doran:

So obviously, when you're sitting together with the Arab leaders, Iran is one of the things that they are concerned about. What are the other things that they're concerned about? And how do you think when they look at Israel, they see Israel today? Other than the opposition to the Iranian nuclear program, what does Israel offer them?

Benjamin Netanyahu:

I think they've come to realize over the years, and especially in the last decade that Israel far from being their enemy, was their indispensable ally in securing stability, peace and prosperity in the Middle East. Some of them say so fairly openly, most of them say so quietly. They're concerned. They're concerned with Islamic radicalism of a Shiite or a Sunni variety, they're concerned with developing their economies for the betterment of their peoples. They're concerned with countering aggression, Iran's aggression and terrorism, which is spread all over the area, they're concerned with all of that and they see Israel again as the power in the area that is willing to stand up, and often speak up for something that they all agree with.

I would in general say this, when Arabs and Israelis agree on something, I think it's worthwhile paying attention to them. We're in this region, we know it very well.

Michael Doran:

So Joe Biden reportedly wants to return to the JCPOA. I wonder if you have any thoughts on that?

Benjamin Netanyahu:

I think it was a flawed agreement and I think that far from blocking Iran's path to the bomb, it paved its way, but it paved it with gold. I mean, literally with gold, with an enormous amount of money that was put into Iran's coffers. They promptly used it not to build Iran, not to give it water and management resources, to better the lives of the Iranian people, but to fund an unbelievable campaign of conquest. And they spread out right after the JCPOA, you see them expanding into Iraq, expanding into Yemen, expanding into Iraq, seeking to establish military bases in Syria, supporting, with greater funds, Hezbollah, supporting the Islamic Jihad and Hamas, in Africa, in Asia and other places fostering their terrorism.

So if the idea was this tiger will be tamed, in fact, what the JCPOA did was to open the gates of the cage, open the door and let the tiger loose to a campaign of plunder and conquest that was threatening to overrun the Middle East in horrible ways. Plus, if Iran was able to develop, according to the JCPOA, with international approval, to develop the advanced centrifuges that multiply tenfold, many times, the capacity to enrich uranium very quickly. So they could be in a position to enrich uranium, mounds and mounds of uranium, the critical factor in making atom bombs, and then burst to the bomb in no time. And all that they needed was a change of calendar. They won't ask for any change of behavior.

This is essentially what I said in the speech: change it.. It cannot be based on a sunset clause that merely says as time passes Iran will do it. Well, time passed, Iran was working on advancing these centrifuges, violating the various commitments that they have under the NPT and the JCPOA. We brought this information to the world, to the United States and to the world after the raid we conducted on Iran's nuclear archive, secret nuclear archive. We brought it to Israel and then disseminated it worldwide.

So you see Iran is both an aggressor in terms of developing nuclear weapons and an aggressor by virtue of the money that was given by the rescinding of the various constraints, on the various sanctions on Iran. So we got the worst of both worlds. And Iran with a nuclear umbrella, Iran with nuclear weapons is a very dangerous thing for the United States. Its developing ICBMs which it wants to tip with the nuclear payload (because you don't use ICBMs for anything else) to reach America, any American city.

Now you say, "Wow, that's not a real problem. It's not, is it?" Well, take a country that has a fraction of Iran's GDP. It's a smaller country. That's North Korea. And understand what the arming of North Korea with ballistic missiles and ICBMs and nuclear weapons means to the United States. But Iran is infinitely – not infinitely, but many times – more dangerous than North Korea, because (A) it has a radical ideology, it chants death to America, death to Israel. They mean it.

If they have the capacity to threaten mass death, that puts America in a different place, automatically. There's a global player, that all at once enters the global arena with the ability to destroy your cities. And having that capacity allows that Iranian regime not only to threaten you with nuclear weapons but to threaten you with conventional weapons – you and your allies. Because they have a nuclear umbrella. So you both increase the conventional threat and the nuclear threat.

One has to understand that such weapons in the hands of the ayatollahs is not such weapons in the hands of the Netherlands. It's fundamentally different. So you have to.... I think the JCPOA was actually paving the way for both types of threats as they emerged and were realized, and I think it's a mistake to go back to this. So if you want my.... That's the long answer. The short answer? It's a mistake to go back to the JCPOA. You shouldn't go back to that flawed agreement.

Michael Doran:

Well, I couldn't agree with you more. Now, according to recent press reports – or as you guys say, according to the foreign press reports, also actually domestic press reports – you were recently in Saudi Arabia. I wonder if you could share anything with us about that?

Benjamin Netanyahu:

No, you shouldn't read – or, believe everything you read in the media.

Michael Doran:

Also, according to press reports, well, the Iranians are accusing Israel of playing a role in the elimination of Dr. Fakhrizadeh. Do you have anything to share with us about that?

Benjamin Netanyahu:

Well, they always accuse us, rightly or wrongly, on anything that happens in Iran, and our long standing policy is not to comment on such things. So I'm not going to do that now.

Michael Doran:

Okay. Before we go, I wonder if I could just ask you a few personal questions. You have a reputation for being an avid reader, and I thought it might be interesting to talk to you a little bit, first of all, about the role that your father, the historian, might've had in your intellectual makeup. You're now the longest serving prime minister in the history of Israel. That's an amazing distinction. Nobody's ever accused Israel of being an easy country to govern. When you-

Benjamin Netanyahu:

Who told you that lie, Michael?

Michael Doran:

When you think of the attributes that have allowed you to garner this achievement, does it strike you that being the son of an historian, and of a maverick historian at that, has helped you, has shaped you in some way?

Benjamin Netanyahu:

I wouldn't call my father a maverick historian, I think he is widely regarded as one of the great scholars of the Spanish Inquisition, and one of the greatest historians that our people have produced in recent decades. But I will say this. There was a famous unnamed American journalist who was sitting in the office where I'm talking to you now – and he came here with his grandson. His grandson was in one of the Ivy league colleges. And he said, "I want to go into politics. What should I study? What should study?" I thought he'd say law. Everyone's a lawyer. I said, "Well, there are three subjects you should study: history, history and more history."

Because if you study history, you understand the broader forces that are working in the world. My father said to me that the prerequisite for leading Israel is a broad education, a broad and deep education. When he said that, I thought, "What is he talking about?" Because I said, "You need vision, you need both the goal that you want to set, and the ability to navigate so as to achieve that goal." And he said, "Well, you need that for anything. You need that to be a business leader, a university president. But to lead a country you need to have a broad and deep education. Otherwise," he said, "you are at the mercy of the bureaucracy and the media. You're like a wind-tossed leaf. But when you understand the forces of history, when you understand how they work, then you can shape history. You might have a chance in shaping history. But if you don't understand history, you're lost."

So yes, my father gave me that. Plus he told me at a very early age, when I wanted to... I found some notebooks in our old house. When I was in fifth grade, and they were giving us homework in history. And I see these wonderful essays, wonderful essays. And clearly I didn't write a word of that. He wrote that, But I remember, after a while he said, "Well, now you write it." I said, "Well, then you edit it." And he would say, "No, no. You write it and you edit it. Now, the first thing you have to say is, what is it that you want to say?" And then he said, "Say it."

The clarity of thinking and clarity of expression – clarity, clarity, clarity – I think is the most important technique that he gave to the broader understanding of the history, which I do not as a theoretical practice, but as a day-to-day necessity.

Michael Doran:

That's fascinating. In preparation for this discussion with you, I listened to an interview that David Rubenstein did with you a couple of years ago. And you really surprised me in there with something. He asked you how you wanted to be remembered. And one of the things you said was, "The liberator of Israel's economy." And after you said it, and I thought about it, of course, I thought, well, that is exactly what you did, and that's no surprise, but it surprised me to hear you say that you were so focused on economics and on the economic dimension of Israeli power. How did you come about that view?

Benjamin Netanyahu:

Well, I didn't exactly grow up in a socialist tradition, but that was one thing that obviously paved my thinking on this thing, but it was actually a lot more empirical. I worked in a consulting firm in the 1970s, and I looked at which countries had a chance to grow. I was specifically looking at Europe for some business case that I was working on, and I thought they were all in pretty horrible shape. But there was one country where I thought there was potential, because there was this think tank which was in any way spearheaded by a woman called Margaret Thatcher, who believed that you can radically transform economies, including semi-socialist statist economies like Israel, which Britain was to a certain extent at the time.

And I thought these ideas were great and then she came and she actually did it. So I believe that we could do the same in Israel but it was politically very, very difficult to do. But I had a very clear understanding of what drives competitive advantage of countries. And what drives the competitive advantage of countries is the competitive advantage of firms in the private sector of those countries, largely. So the question was, Can you fashion a national policy to foster competition, to foster the achievement of competitive advantage? Can you take national policy and national resources and actually direct them in such a way that you will have burgeoning private enterprises that give you more and more resources than you could use for social benefits? With lower tax rates, you get a much bigger tax returns in certain conditions. And at the same time.... So you can both help the country – those who are outside of the marketplace, those who are in the marketplace – with competitive advantage.

This is something that was utterly different from the prevalent thinking in Israel and I came to that with a clear understanding that we have to do this. And so when I had a chance both as prime minister, and later as finance minister, I put forward dozens and dozens of free market reforms that catapulted Israel forward. Now here's an example of what I mean. Normally people will say, "Well, if you have education, then you have the advantage." Well, that's not true. The Soviet Union had brilliant scientists and physicists and metallurgists, and it didn't do a damn thing. But if you take such education and the capacities that we have, and you couple it with a free market economy, then the things take off.

Here's an example of what we had in Israel. We had a sunk cost, because to keep our military, we had to develop a lot of technology and a lot of intelligence—[we had] a lot of people at a very young age coasting the internet highways for intelligence gathering. An enormous amount of money, an enormous amount. But when these people left the army, where would they go? Well, they'd go to Palo Alto, they'd go to Houston. They wouldn't go to Israel because there was no Silicon Valley. So we had to create a Silicon Wadi. How? By lowering tax rates from 65% marginal tax – insane, OK. [We had] to break all sorts of regulations and so on.

And that created this tremendous eruption of thousands and thousands of startup companies in many, many areas. So that's the first phase. The first phase was liberating the economy so that we could use the investments that we put in defense into free market companies. But equally, it's important to understand that we couldn't sustain our defense spending unless we opened up the economy. So I came

to the idea of liberating Israel's economy, not merely because I thought it's a better life for our people, it produces the wherewithal, the tax revenues on the lower tax base to be able to fund all the social needs that we have – education, infrastructure, you name it. Which we've done.

The real clincher that requires you to do this was if you could not fund Israel's growing defense needs without a free market economy. So you needed free markets both for the benefit of the economy of the people, but also to fund defense spending. And as it turned out, now we're doing both. So I said in that interview, what would I like to be remembered as, and say the protector of Israel and the liberator of its economy. And the thing is they go together, you can't have one.

Michael Doran:

They go together. You mentioned comparative advantage. Now, Israel is clearly a unique country. It's impossible I think to think of another country of Israel's size that has its power and influence in the world. And this combination that you just discussed – the military ability combined with the economic know-how – has really turned Israel into a power in the world. If you were to talk to a young person in Israel who you thought might one day be prime minister, and you wanted him or her to understand precisely what the competitive advantage of Israel is: what makes it unique, what needs to be nurtured, what needs to be suppressed. What are the three or four attributes that you would emphasize?

Benjamin Netanyahu:

I'd say study history but specifically, foster the study of the Bible and history. And the Bible as history. And mathematics. A lot of mathematics. And to say the two are very, very important. The queen of sciences.

Michael Doran:

Why the Bible?

Benjamin Netanyahu:

Well, the Bible is the reason we're here. That's why we're not in Denmark or wherever. Or somewhere else. Obviously, it's an important foundation of our own traditions and *raison d'être*. And I think it's also part of the tradition of the Western world and the emergence of our modern world – the emergence of freedom. I think that these are anchored in two founts really, and two cities, one right here, Jerusalem, and the other is in Athens. These are the foundations of Western civilization that helped change the world. I think, too, that that's important for the United States as well, not in a religious sense, but in the sense of values.

I think the greatest, the great thing that happened to... The horrible thing that happened to the Jewish people was that the United States was not the preeminent power in the first half of the 20th century, when horrible catastrophes occurred there, including the Holocaust. And the fortunate thing that happened to us was that United States was the preeminent world power in the second half of the 20th century. That coincided with the rise of Israel and it was very fortunate for us. And if I had to say, What about the first half of the 21st century? Well, I'd say I'd go for the whole thing, for the whole century. I'd like to see the United States her sister, democracy, our great elder sister, in modern times, maintain its role as the predominant power in the world, because we stand for these common values.

You asked, Why the Bible? Why our heritage? Because that's the source, that's the wellspring of our values, which I think define our society and define our future.

Michael Doran:

Are you worried that the United States might leave the Middle East?

Benjamin Netanyahu:

Yes, of course. I think it would be a great misfortune for us but also for the United States. For us and our newfound Arab allies. We have peace breaking out now. And I think the United States has a vested interest to expand that peace and prevent – or, essentially, to support those countries that seek to broaden the circle of peace, and to constrain and hold back, or roll back Iran and its proxies that seek to bring us back to an early and violent medievalism. We have an alliance of the moderates who seek to move our region into the future, and they have an alliance of those who seek to bring them into a dark past. I think the United States should support Israel and its Arab allies and support the expansion of peace.

But equally I think that... And that's important for us. Obviously, we all want to see United States take an active part of the Middle East. But let me say this. What happens if you lose the Middle East? What happens if you disengage and just get out of the Middle East? Well, this is the nexus of three continents. It's not merely the question of energy, which has obviously shifted, it's question of maritime routes, the supply lines of Europe, the connection of the three continents and the potential emergence of regimes, especially Iran, that would threaten the United States directly.

And I would say that if Israel wasn't here, then I think the Middle East would clearly, would be in danger of collapse. And the fact that we are here, the fact that we are the forward position of our common civilization, the fact that we're willing to stand up and protect ourselves but thereby also protect the neighborhood, our allies, our allies in peace – I think this is a vital interest of the United States. Of course, America determines its own interests, but I think many, many Americans understand this partnership of values and interests. Israel is the guardian of common interest and common values in the Middle East. And without it, the world will change for worse, in unimaginable ways.

Michael Doran:

Well, I couldn't agree with you more. I really want to thank you for the time you've given us. And I want to thank you for being such a powerful and persuasive voice in sending those messages, which I think are the key messages of this time that we're living through. Once again, I thank you personally and I thank you on behalf of Hudson Institute for this time.

Benjamin Netanyahu:

Thank you, thank you all. Bye-bye.

Michael Doran:

Bye.