

The White House

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White House Chief of Staff Denis McDonough Remarks As Prepared at J Street Annual Conference

As Prepared for Delivery --

Good afternoon, everybody. Thank you, Alex, for your very kind introduction. It's great to be here at J Street with so many friends who are committed to a strong alliance between the United States and Israel, to the security of the State of Israel, and to peace.

I want to thank Jeremy Ben-Ami, Mort Halperin, and everyone at J Street for the important work you do around the country, including those of you from my home state of Minnesota. President Obama actually got a letter last week—one of the ten letters from Americans he reads every night—from a couple in Minneapolis. They were just writing to thank the President for standing up for a progressive agenda, and they signed the letter, "Your Minnesota Jewish cheering squad." That was pretty great.

President Obama asked me to convey his deep appreciation to all of you for your partnership and your work on behalf of the U.S.-Israel relationship, especially building support for our efforts to advance a two-state solution.

I also want to acknowledge all the young people in the audience—more than 1,000 college students. I know sitting in a dark conference hall listening to some guy in a suit give a speech probably isn't everyone's ideal spring break. That you are here continues a tradition of young Jewish American leaders working to make our union more perfect, even if - as with the bravery of Rachel Beyda at UCLA - doing so opens you to criticism. You make us all stronger and America even better. Thank you.

Now, I started out with President Obama as part of his national security team, but as his Chief of Staff—and with appreciation for all the work J Street has done as our partner—I want to focus first on the big picture: how far our country has come these past six years. Because J Street is an organization that, in the best tradition of the American Jewish community, shares a set of values about the type of country that we are – a democracy where all of our people can access opportunity.

With typical American determination, we turned around the worst economic crisis since the Great Depression. We're at 60 months of private-sector job growth—the longest streak on record. America's businesses have created 12 million new jobs and unemployment is down from 10 percent in 2009 to 5.5 percent today. We've cut our deficit by about two-thirds. Middle-class wages are finally growing again. And, as President Obama reminded us last week, none of this happened by accident. It's in part a result of, in his words, "decisions made by [this] administration...to prevent a second depression, and to lay a new foundation for growth and prosperity."

Because of those decisions, an auto industry that was flat-lining is once again churning out great American cars, and we're negotiating new high-standard trade agreements that will make it easier to sell those cars, and other goods made in America, all over the world. Factories are now opening their doors here at home at the fastest pace in nearly two decades. As Interior Secretary Jewell reported last week, we've helped boost oil production from 5 million to 9 million barrels per day, increased solar energy production ten-fold, and tripled wind energy generation. In so doing, we're creating jobs and protecting the planet for future generations—and the United States is leading the global fight against climate change.

We're making sure more of our people have the tools they need to get ahead in the 21st century. More of our kids are graduating from high school than ever before, and more Americans are earning their degrees than ever before. Today is also the fifth anniversary of President Obama signing into law the Affordable Care

Act. Sixteen million more Americans now have the security of health insurance, cutting the ranks of the uninsured in America by about a third. Health care prices have risen at the slowest rate in 50 years. And young entrepreneurs can now compare and buy affordable plans, which frees them up to strike out on their own – making it easier for them to follow their dreams, start new businesses, and create more jobs.

We've fought for policies that make it easier for women to participate in the work force—equal pay, better maternity leave, and flexible work schedules. We've advanced historic protections for LGBT Americans. And President Obama has appointed more women, minorities, and openly gay judges—all exceptionally talented jurists—to the federal bench than any president in history, including putting two extraordinary women on the Supreme Court – Justices Sonia Sotomayor and Elena Kagan.

Last month, the President put forth a budget that will build on this progress and keep us moving forward. It's a strategy for middle-class economics—growth that benefits everyone. Unfortunately, last week, Republicans in Congress unveiled a budget that will do the opposite, undermining our progress with top-down economics that have failed the country before.

The Republican budget prioritizes tax cuts for those at the very top, while cutting investments in education and job training that benefit middle-class families. It would end initiatives that help small manufacturers grow their businesses and create jobs. It would strip health insurance from millions and gut Medicaid, doubling the ranks of the uninsured. The House even proposes to end Medicare as we know it. They call it the “path to prosperity” – but as the President said, it's only a path to prosperity for people who have already prospered.

Nor is it a path to security. At a time when we're facing global challenges that require America to lead in new ways, the Republican budget would cut our core national security funding. That's right. Let me say it again—the Republican budget would cut our core national security funding. Now, since we go through the budget process each year, this sometimes feels like theatre without consequences. The consequences, however, are very real. The consequences of the Republican budget are a smaller military force and less funding for training and equipment, leaving our troops exposed to greater risks.

Or, take another issue we all feel so strongly about: assistance to Israel and funding to promote peace. Our military assistance to Israel – which, among other things, includes Iron Dome – comes from the defense side of the national security budget. On the other side is our non-defense funding for the entire world, including critical areas in the Middle East. The problem is, adjusting for inflation, the Republican budget holds both sides of that core budget – defense and non-defense – at the lowest point in a decade. That means we would be investing in our national security – in 2016– at 2006 levels. That's a decade ago. Well, the threats we face in 2016 won't be 2006 threats. And the threats Israel faces won't be 2006 threats. We have to do better.

So as they debate their budget this week, Republicans need to answer a simple question: why does a budget at 2006 levels not put at risk the critical investments we need to make, including in Israel's defense?

The President's budget, on the other hand, provides the resources necessary to sustain our National Security Strategy and protect America's vital interests. President Obama has proposed an increase in defense spending—and non-defense spending—and ways to pay for it. For Israel alone, we've requested more than \$3 billion in foreign military financing and more than \$100 million to improve Israel's capability to defend against ballistic and cruise missile threats. And we've asked for an additional \$55 million for Iron Dome.

Of course, our relationship with Israel isn't defined by numbers in a budget. Ours is a deep and abiding partnership between two vibrant democracies. We saw that democracy in action when Israelis of all backgrounds—Jewish and Arab, religious and secular—cast their ballots last week. At the heart of any democracy is the right of all citizens to participate equally.

In his call to congratulate Prime Minister Netanyahu last Thursday, President Obama committed to continuing consultations on a range of regional issues, including resolving the Israeli-Palestinian conflict. The process of forming a new Israeli government is now underway, and in the coming days and weeks, we'll see what that looks like. So, with the remainder of my time with you today, I'd like to share with you how President Obama sees the road ahead.

First, no matter who leads Israel, America's commitment to Israel's security will never waver. As we all know, Israel faces real dangers in a tough neighborhood. I traveled with then-Senator Obama to Israel in 2008. I will never forget our time in the holy city of Jerusalem and following behind him as he approached the Western Wall—and even in the dark hours of that very early morning, it was a place bustling with energy afforded by one's faith. On that trip, the President toured Sderot and saw the devastation wrought by Hamas-launched rockets. He met with Israelis living under the threat of rocket attacks. And, since then, I've seen President Obama's personal commitment to increasing our security cooperation with Israel to unprecedented levels.

Today, our security, military, and intelligence cooperation is stronger than it's ever been, and that's not going to change. The U.S.-Israel consultative group will continue to ensure cooperation at the highest levels of our governments. Under President Obama, we've spent hundreds of millions helping to develop David's Sling and the Arrow missile defense systems. I recall very clearly a call with the Israeli Ambassador at 5:00 PM on a Friday evening last July, when he requested – and shortly thereafter the President and Congress delivered – an additional \$225 million for Iron Dome missiles and batteries. That on top of the nearly \$1 billion we had invested in Iron Dome already, which saved so many Israeli lives during the conflict with Hamas last summer. And, next year, when we deliver the F-35 Joint Strike Fighter, Israel will be the only country in the Middle East with a fifth-generation aircraft. In other words, we will continue to ensure Israel's qualitative military edge. As the President has said so many times, we have Israel's back.

Second, we continue to believe that the best way to safeguard Israel's long-term security is to bring about a comprehensive peace between Israelis and Palestinians—two states for two peoples, living side-by-side in security and peace.

To achieve this, the United States has long advocated direct negotiations between Israelis and Palestinians. In 2009, Prime Minister Netanyahu publicly endorsed a two-state solution. Over the course of President Obama's administration, most recently with the tireless efforts of Secretary Kerry, the United States has expended tremendous energy in pursuit of this goal. That is why the Prime Minister's comments on the eve of the election—in which he first intimated and then made very clear in response to a follow up question that a Palestinian state will not be established while he is prime minister—were so troubling.

After the election, the Prime Minister said that he had not changed his position, but for many in Israel and in the international community, such contradictory comments call into question his commitment to a two-state solution, as did his suggestion that the construction of settlements has a strategic purpose of dividing Palestinian communities and his claim that conditions in the larger Middle East must be more stable before a Palestinian state can be established. We cannot simply pretend that those comments were never made, or that they don't raise questions about the Prime Minister's commitment to achieving peace through direct negotiations.

In recent days, some have suggested our reaction to this issue is a matter of personal pique. Nothing could be further from the truth. America's commitment to a two-state solution is fundamental to U.S. foreign policy. It's been the goal of both Republican and Democratic presidents, and it remains our goal today. Because it is the only way to secure Israel's future as a Jewish and democratic state.

That is why President Obama has said that we need to re-evaluate our approach to the peace process and how we pursue the cause of peace – because, like all of you, we care deeply about Israel and its future. We will look to the next Israeli government to match words with actions and policies that demonstrate a genuine commitment to a two-state solution. And, like every administration since President Johnson, we will continue to oppose Israeli settlement activity since it undermines the prospects for peace. Meanwhile, we share Israel's concern about the security environment in the region – which is why, as part of the last round of talks – the President and Secretary Kerry had General John Allen prepare a detailed plan to provide for security in the West Bank over the long-term.

In the end, we know what a peace agreement should look like. The borders of Israel and an independent Palestine should be based on the 1967 lines with mutually agreed swaps. Each state needs secure and recognized borders, and there must be robust provisions that safeguard Israel's security. An occupation that has lasted for almost 50 years must end, and the Palestinian people must have the right to live in and govern themselves in their own sovereign state.

President Obama still firmly believes what he said in Jerusalem two years ago—that peace is necessary, just, and possible. Peace is necessary because it is the only way to ensure that a secure State of Israel is both Jewish and democratic. Israel cannot maintain military control of another people indefinitely. That's the truth. And as President Obama has said, neither occupation nor expulsion of Palestinians is the answer. Anything less than true peace will only worsen the situation. A “one-state solution” would effectively end Israel's nature as a Jewish and democratic state. Unilateral annexation of the West Bank territories would be both wrong and illegal. The United States would never support it, and it's unlikely Israel's other friends would either. It would only contribute to Israel's isolation.

Peace is also undeniably just. Palestinian children deserve the same right to be free in their own land as Israeli children in their land. A two-state solution will finally bring Israelis the security and normalcy to which they are entitled, and Palestinians the sovereignty and dignity they deserve.

And we cannot give up on the idea that peace is possible, because peace will make Israel stronger. It would provide clear, secure borders that would increase Israel's security. It would deal a knock-out blow to calls for boycotts, divestment, and sanctions, which many of you have fought hard and courageously to oppose. It would undercut efforts to isolate Israel in the international community and roll back de-legitimization efforts.

Achieving peace won't be easy. It will require political courage. But nothing would do more to improve Israel's security or its relations with its neighbors than to bring about a sovereign and contiguous Palestinian state alongside a secure, democratic, Jewish Israel. No nation has done more to stand with Israel in the world, including at the United Nations, than the United States. And so, as difficult as it is, the United States will never stop working for a two-state solution and the lasting peace that Israelis and Palestinians so richly deserve.

I know that you are here because you care deeply about the cause of peace. And your voices are important too – you can help remind people that there is a great constituency for peace; that there are people who believe, as President Obama does, that peace is necessary, peace is just, and – yes – peace is possible.

Third, and finally, the United States will continue to do everything in our power to prevent Iran from obtaining a nuclear weapon. In the coming days, our P5+1 negotiators will continue to meet with Iran's representatives to see if we can bridge the remaining gaps and come to an understanding that will peacefully and verifiably resolve the international community's concerns with Iran's nuclear program. And, as we have said all along, we will not accept a bad deal.

Our diplomatic engagement with Iran has already delivered concrete results. Through the Joint Plan of Action, we've succeeded in stopping the advance of Iran's nuclear program and even rolling it back in key areas. Iran is getting rid of its existing stockpile of its most highly enriched uranium. It has capped its stockpiles of low-enriched uranium and frozen its enrichment activities—that means no new enrichment facilities and no new centrifuges, including its next-generation models. Iran has also ceased construction on its plutonium reactor at Arak.

We know Iran is living up to its commitments so far because, through the Joint Plan, we have gained unprecedented access to Iran's nuclear program. For the first time, inspectors with the International Atomic Energy Agency are allowed daily access to Iran's key nuclear sites at Natanz and Fordow. Along with our international partners, we have provided Iran with extremely limited sanctions relief. But make no mistake, Iran's economy is still under enormous pressure, and Iran remains cut off from the vast majority of its foreign currency reserves.

The question now is whether we can reach a long-term deal—one that provides verifiable assurances that Iran cannot pursue a nuclear weapon. Two weeks ago, my friend and colleague Susan Rice, the President's national security advisor, laid out exactly what we are trying to accomplish with these negotiations. As she said, “a good deal is one that would cut off every pathway for Iran to produce enough fissile material for a nuclear weapon. Every single one.”

That means Iran would not be able to develop weapons-grade plutonium at Arak, or anywhere else, nor would it be allowed to use its underground site at Fordow to enrich uranium. A deal would also extend the amount of time it would take Iran to produce a single bomb's worth of weapons-grade uranium—to reach

breakout capacity. According to experts, Iran is only two or three months away from breakout, but under a deal, that window would have to be at least a year.

To prevent Iran from pursuing a nuclear weapon through covert channels, any deal would include frequent and intrusive inspections at Iran's nuclear sites. The only deal we'll accept is one that assures us that Iran's nuclear program is entirely peaceful. And, if we detect any failure to comply on Iran's part, the extended breakout window would give us plenty of time to respond. In other words, we'd make it harder for Iran to reach breakout and rush for a nuclear bomb.

Any deal would last for more than a decade—setting back Iran's program for far longer than would military strikes. And, at the expiration of any deal, Iran would still be obliged under international agreements to provide comprehensive access to its nuclear facilities and to continue providing assurances that it is not pursuing nuclear weapons.

Let me make one final, critical point about these negotiations. The deal we are pursuing is both realistic and achievable. A scenario where Iran forgoes domestic enrichment capacity for all time would surely be ideal, but it's not grounded in reality. Not even our closest partners support denying Iran the ability to pursue peaceful nuclear energy forever, and Iran already knows how to enrich uranium. We can't turn back the clock on that. An absolutist position makes for good rhetoric, but as Ambassador Rice said, "sound bites won't stop Iran from getting a nuclear weapon."

The bottom line is this—compared to the alternatives, diplomacy offers the best and most effective way to prevent Iran from obtaining a nuclear weapon, and this is our best shot at diplomacy. We have to give diplomacy a chance to succeed.

Let me also say that the Obama Administration welcomes and appreciates the important role Congress plays in U.S. policy toward Iran. Congress helped put in place the strongest sanctions regime ever against Iran, which helped bring Iran to the negotiating table. Now that we're at the table, Congress should not seek to undermine negotiations before a deal is reached.

I'm sure you heard about the letter some Republican senators addressed directly to Iran's leaders. It was a blatant political move—as the President said, that is not how America does its business. Moreover, some of the same Senators who signed that letter criticize the President's proposed Authorization for the Use of Military Force against ISIL because it imposes limits on the Commander-in-Chief. So they want to give the President open-ended authorities to wage war in the Middle East, while imposing strict limits on his ability to reach an agreement that could help prevent Iran from obtaining a nuclear weapon without waging another war in the Middle East. Open-ended authority for war but limits on diplomacy? That just doesn't make sense. We cannot remove diplomacy from America's toolbox – that's not how we've come to lead the world.

The letter was also critically flawed in its legal reasoning. We are pursuing a political arrangement with Iran that does not require congressional approval. Such deals are an essential, long-standing element of international diplomacy. Republican and Democratic presidents alike have relied on them. It's how President Roosevelt negotiated the Atlantic Charter. It's how President Nixon, with the Shanghai Communique, helped open our relationship with China. It's how we—peacefully—removed Syria's entire declared stockpile of chemical weapons. Those are just a few examples of many.

Some senators have also proposed legislation that would torpedo diplomacy by suggesting Congress must vote on any deal and by stripping the President of his existing authorities to waive sanctions. Let's be very clear about what this would do. It would embolden hard-liners in Iran. It would separate the United States from our allies. And it would potentially fracture the international unity that has been essential to keeping the pressure on Iran. In other words, this legislation could cause the United States to be blamed if diplomacy fails. Additionally, it would set a damaging precedent by limiting the ability of future presidents to conduct essential diplomatic negotiations. That's why President Obama has said: should this legislation pass Congress—he will veto it.

If a deal is reached, we will share the details and technical documents with Congress, at which point we welcome a full debate—after all, only Congress could terminate U.S. statutory sanctions on Iran during the duration of the agreement. And everyone from the President on down will aggressively seek congressional

and public support for any deal. There will surely be voices on all sides—I hope that yours will be among them. Because a good deal is the best way to reach our shared goal—preventing Iran from gaining a nuclear weapon.

Even if a nuclear deal is reached, our concerns about Iran's behavior in the region and around the world will endure. Iran remains a state sponsor of terrorism, a proliferator and a gross violator of human rights. It actively seeks to destabilize its neighbors, props up the Assad regime in Syria, and supports groups devoted to violence such as Hezbollah and Hamas. Iranian leaders have threatened Israel's very existence, behavior and rhetoric that have no place in the 21st Century.

Yet to walk away from the opportunity to diplomatically and peacefully resolve one of the greatest threats to international security would not strengthen our hand to stop Iran's destabilizing actions. Imagine for a moment how an Iran armed with a nuclear weapon, secure in its ability to deter its neighbors, would use that nuclear overhang to even more aggressively destabilize the region and transfer nefarious technology. It will therefore be far better for everyone—including Israel—to counter other challenges from Tehran while having verifiably addressed the international community's concerns over its nuclear program. And that is what President Obama intends to do.

Last week, President Obama released his annual message for Nowruz—the Persian new year. As he has every year, he spoke directly to the people and leaders of Iran. He made it clear that Iran's leaders face a choice between two paths. The first is the path Iran is on today—one that has cut off Iran from the world and caused needless hardship for the Iranian people. If Iran's leaders cannot accept a reasonable deal, that is the path Iran will remain on. But if Iran's leaders agree to a deal, there can be a better path—one that opens up opportunities for the Iranian people to participate in the global economy, creates jobs, and builds a brighter future.

The challenges I've described today aren't easy—but they aren't impossible either. As Jewish congregations across the country prayed on Saturday—and I won't attempt the Hebrew here—He who makes peace in His high places, He shall make peace upon us, and upon all of Israel. But it's not enough for us to just hope for peace in our world; it's up to us to make it happen. In my Catholic tradition, when I think about the work ahead of us, I remember the words of St. Augustine. "Pray as though everything depended on God," he said, "work as though everything depended on you."

St. Augustine was speaking about the same responsibility that Jewish people know as tikkun olam – our shared duty to heal the world. The problems we face may seem overwhelming, but we push forward. Smart choices, a relentless determination—they can add up to progress. They add up to a world that's more peaceful and more secure than it was before.

That's why we're never going to give up on peace between Israelis and Palestinians. That's why we're going to give everything we've got to see if we can get a good nuclear deal with Iran. And that's why our commitment to the security of the Israeli people will never waver.

Like so many of you, I'm a parent. My wife Kari and I have three incredible kids. And like parents everywhere, we want our children to grow up in a country and a world that is peaceful and where, if they work hard, they can reach their God-given potential. I want you to know that President Obama is working every day to make that future possible. And he firmly believes that, if we work together, if we work—as St. Augustine said—as though everything depended on us, we will succeed in leaving our children a better world. Thank you so much. And thank you for being our partners in this work.