Conference Conclusions

The Ninth Herzliya Conference
February 2-4, 2009
Policy, Statecraft and Leadership for Trying Times

Institute for Policy and Strategy
Lauder School of Government, Diplomacy & Strategy
The Interdisciplinary Center (IDC) Herzliya
About the Herzliya Conference
Israel's premier global policy gathering, the Herzliya Conference exclusively draws together international and Israeli participants from the highest levels of government, business and academia to address the most pressing national, regional and global issues.

The Conference offers leaders timely and authoritative assessments and policy recommendations needed to guide their organizations through the challenging geopolitical, economic and social developments. Harnessing path-breaking methodologies, the Conference's task force reports and the commissioned studies present an accurate, coherent, continuous and comprehensive picture of the region and the world.

Strategic and political processes and events emanating from an ever-turbulent Middle East increasingly impact the global arena. Shaping the regional and international policy debates and directly influencing decision-making, the deliberations at Herzliya cover a broad span of issues, ranging from nuclear proliferation and the Middle East peace process to world finance, energy security and global warming.

Small interactive focus group discussions with officials, experts and business executives, held off-the-record and by invitation only, provide plenty of opportunity for professional networking and relationship building; the informal exchanges that occur create unique opportunities for discourse.
The Herzliya Conference, the flagship event of the Institute for Policy and Strategy at IDC Herzliya, consists of a year-long work cycle of the following consecutive phases:

- Preliminary research and analysis conducted by task forces and commissioned experts;
- The Conference, at which major policy statements and initiatives are delivered, followed by an exchange over the issues and the presentation of specially commissioned reports and studies;
- Executive reports presented to key policy-makers, summarizing the Conference’s proceedings, findings, and major policy recommendations.

Executing a policy-driven and action-oriented approach, the Herzliya Conference has led the way towards the formation of a ‘grand strategy’ for Israel by shaping decisions and influencing policy outcomes. The Conference proceedings, reports and recommendations provide real and timely input into the official policy-making process.

The Conference, held under academic auspices, in a non-partisan, informal atmosphere, facilitates and encourages an informed debate on the most pressing issues on the national and international agendas. The Conference covers not just the military and diplomatic domains, but also such increasingly important matters as economic viability, social cohesion, government performance, education, and world Jewish affairs.

While the overall theme of the Conference series is constant, each year’s agenda addresses the themes considered to be most important and urgent and those issues where an integrative approach can be expected to yield particular value and impact.

Traditionally, the Conference is launched by the President of the State of Israel and concluded by the Prime Minister of Israel, who delivers his annual “State of the Nation” speech, known as the “Herzliya Address,” from the Conference dais. The Conference provides an opportunity for leaders to launch initiatives and to deliver major public statements on the evolving policy approaches to global, regional and national affairs.
The Herzliya Conference is a center stage for policy assessment and analysis on Israeli and Middle Eastern and global affairs, and a catalyst for policy implementation. The cumulative product of the Herzliya Conference Series – the proceedings, reports, and policy recommendations – frames national discourse and policy debates and provides timely input into policy-making in Israel and abroad, at times with direct involvement of the senior team of the Conference.

Over the years, the Conference has gathered many notable participants from abroad, including: Nicolas Sarkozy, Jimmy Carter, Condoleezza Rice, José María Aznar, Peter Mackay, Margaret Spellings, Carl Bildt, William Cohen, Péter Medgyessy, Li Zhaoxing, Franco Frattini, Maxime Verhagen, Alexandr Vondra and Salam Fayyad.
Marking Israel’s 60th Anniversary, the 2008 Herzliya Conference held its first day of deliberations and the opening ceremony at the Knesset, the Parliament of Israel, Jerusalem.
The integrative assessments and concrete recommendations deliberated at Herzliya have had a demonstrable impact on Israel’s national policy, often implemented. In many areas, the Institute, through the Herzliya Conference, was the first to place items on the national agenda.

- First to identify the Iranian drive towards nuclear weapons as Israel’s primary strategic threat;
- First to map out the possibilities of Israeli-Arab territorial swaps;
- First to realize the opportunity of deepening Israel’s relations with NATO and the Euro-Atlantic community leading to the conclusion of the NATO-Israel Individual Cooperation Program;
- First to truly incorporate Diaspora Jewish input into Israeli foreign and national security policy-making;
- First to set-out proactive communication strategies for Israel’s international public diplomacy;
- First to thrust the ramifications of demography onto the national agenda, leading to disengagement;
- First to trigger a comprehensive reform of Israel’s educational system;
- First to single out the key engines for long-term economic growth in macro-economic planning in Israel.
“I have great respect for the Herzliya Conferences. The preparation and executive summaries of the Conferences are executed on a highly professional level”
H.E. Shimon Peres, President of the State of Israel

“The Herzliya Conference is the grand summit on Israel’s national security and Middle East affairs; the Davos of the Middle East”
Mortimer Zuckerman, Chairman and Editor-in-Chief, U.S. News and World Report

“In just five years, you have transformed this gathering into a major international event”
Richard N. Haass, President of the Council on Foreign Relations

“Of all the international gatherings I have attended on international security around the world over many years, I can recall none that match Herzliya’s combination of national involvement, serious commitment, openness and intellectual quality”
Sir Michael Quinlan, International Institute for Strategic Studies (London)

“Rightly considered the most important conference in Israel”
The Jerusalem Post

“Israel’s foremost venue for debate on security issues”
The Financial Times

…“the annual conference has become a mecca for Middle East specialists”
The Washington Times

“The most important symposium in Israel; the place that anybody important has to be; the place where Israel’s decision-makers meet to plan our future”
Dan Margalit, Israel’s top political journalist and columnist

“I wish we all had a public debate on issues critical to our future of the same breadth and depth as you have demonstrated here”
H.E. Carl Bildt, Minister of Foreign Affairs of Sweden
Dr. Condoleezza Rice, Former US Secretary of State, addressing the 2001 Herzliya Conference

From the Left: Prof. Uriel Reichman; Prime Minister Benjamin Netanyahu; Prof. Alan Dershowitz, Felix Frankfurter Professor of Law, Harvard Law School; H.E. Amb. Ronald S. Lauder, President of the World Jewish Congress; Lord George Weidenfeld, Chairman, Weidenfeld and Nicolson, 2006
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Preface

The Ninth Annual Herzliya Conference on the Balance of Israel's National Security and Resilience was held on the campus of the Interdisciplinary Center (IDC) Herzliya in early February 2009, on the eve of elections for the 18th Knesset. In the presence of renowned experts, dignitaries and decision-makers from Israel and abroad, the Prime Ministerial candidates presented their visions for the future of Israel.

Over the course of the three-day Conference, participants discussed the central challenges Israel faces on the national, regional and global levels and examined a series of strategies and policy alternatives. It was not easy to deflect the impression that Israel's governance capacities are insufficient for the crucial decisions to be made vis-à-vis the global, regional, and national processes, which bear significant repercussions for all the dimensions of Israel's national security and resilience.

This document presents the salient points of the discussions, as well as the recommendations that were presented. The time that has elapsed since these discussions took place does not make them any less relevant, and for a good reason. Since its inception, the Herzliya Conference has become Israel's central platform for profound and authoritative debate on national and international policy. On more than one occasion, the Government of Israel implemented policy recommendations that emerged from the Conference. This success ought to be attributed to the leadership and vision of Professor Uzi Arad, the Founding Chair of the Herzliya Conference and Director of the Institute for Policy and Strategy, who was recently appointed to the position of National Security Advisor to the Prime Minister and Chairman of the National Security Council. We are indebted for his contribution and wish him much success in serving the country.

This document applies an integrative and interdisciplinary approach and analyzes the principal challenges facing Israel within a broad national and international context, and charts possible courses of action. Co-authored by Goor Tsalalyachin, Tommy Steiner, Oded Brosh, Pazit Rabina and the research team of the Institute for Policy and Strategy, the document reflects the spirit and sense of the Conference's deliberations. It neither incorporates all that was discussed, nor does it obligate the Conference's participants. Presented to the Government of Israel on the completion of its first 100 days in office, we are confident that this summary will prove to be of interest and use.

Prof. Uriel Reichman
President
IDC Herzliya

Israel Makov
Chairman of the Board
Institute for Policy and Strategy

August 2009
Israel currently faces a wide range of security threats of varying intensity, the central one being the developing nuclear threat from Iran. However, Israel must also address pressing domestic challenges, while steering its way through an international ‘multiple-crisis arena’, which is shaped by fluctuations in the global balance of power and the worldwide economic crisis.

These matters will almost certainly reflect on the policy of Israel’s major ally, the United States. The essence of the changes during the Obama era, and their ramifications, will become increasingly clearer, but they will undoubtedly have a substantial impact on a series of core issues pertaining to Israel’s national security. Israel will have to devote considerable attention to coordinating policy with the new American Administration. Israel must also provide response to the ongoing erosion of its international standing and the legitimacy of its very existence, by deepening its relations with the Euro-Atlantic community and by strengthening the connection and partnership with the Jewish people around the world and with Israeli expatriates.

Israel’s economic policy during the past decade clearly limited its exposure to the global economic crisis. This demonstrates Israel’s ability to contend with global forces and maintain its resilience and power, through carefully crafted statesmanship based on realistic vision, a profound understanding of complex processes, and the willingness of its leaders to strategically determine essential priorities from a national perspective. This approach must guide national strategy in a long series of immediate policy challenges – domestic and international. Sweeping government reform and bolstering governance capacities would be a necessary pre-condition if the country’s leaders are to succeed in their daunting task.

1. The start of President Obama’s term seems to usher in a number of changes in key policies as they pertain to Israel’s national security, particularly with regard to the Iranian nuclear threat, the regional peace process and Israel’s foreign relations with other key players in the global arena. The Obama Administration will devote considerable attention to strengthening its standing in the Middle East, and will allocate significant resources pursuing this objective, so as to contend with the military and diplomatic challenges in the region that directly affect the interests of the US. This will create a high threshold of expectation and will reflect a clear preference for a strategy of engagement. The erosion in its global power will also influence the way the United States faces its major challenges in the region: stepping-up the military campaign in Afghanistan, terminating its presence in Iraq, and attempting to neutralize the regional ambitions and nuclearization of Iran. Those challenges will directly impact the Obama Administration’s engagement. The erosion in its global power will also influence the way the United States faces its major challenges in the region: stepping-up the military campaign in Afghanistan, terminating its presence in Iraq, and attempting to neutralize the regional ambitions and nuclearization of Iran. Those challenges will directly impact the Obama Administration’s position vis-à-vis the Israeli-Palestinian issue, which will become more central in US-Israel relations than previously. At present, this issue dominates mainly Europe-Israel relations, perhaps excessively. Israel must therefore exert sufficient effort to coordinate policy positions and expectations with the new Administration.

2. The criticality and urgency of the developing nuclear threat from Iran cannot be overstated. Iran, which aspires to regional hegemony, poses a combined challenge: in addition to its nuclear development, Iran operates and supports terrorism, both directly and via proxy organizations, and seeks to undermine the status-quo and stability of Arab regimes in the region. Its efforts to develop a nuclear capability threaten the stability of the Middle East and the endeavors of the international non-proliferation regime to prevent the spread of nuclear weapons. Despite broad global opposition to Iran’s military nuclear program, from an Israeli perspective, the international community’s efforts are insufficient because they have not achieved the desired change. The fear is that if Iran were to acquire nuclear weapons, it might not be possible to deter it from actually using them. The arguments focus on the question of the probability that Iran might be deterred and to what extent: from the perspective of the international community, what level of Iran’s nuclearization would be considered unacceptable? What is the threshold that would cause the international community to take decisive action to prevent Iran from acquiring a nuclear weapon? Quite apart, containing and/detering the consequences of Iran’s anti-Western ideology will inevitably become a monumental challenge if Iran acquires nuclear weapons’ capability.

3. The Obama Administration, since taking office, has led a sharp turnaround toward the Iranian nuclear program - while simultaneously expressing the position that the acquisition of nuclear weapons by Iran was “unacceptable”, and would be prevented. Practically speaking, the international community, led by the Obama Administration, is reconciled to the existence of an Iranian nuclear program for peaceful purposes, subject to Iran’s compliance with its non-proliferation commitments in the future, including the agreement to a regime of comprehensive monitoring and complete transparency. The distrust of Iran’s intentions, expressed in the five unanimously adopted UN Security Council resolutions has, for the meantime, been set aside. It is feared, nonetheless, that even if the regime in Tehran would refrain from mounting a nuclear attack, a nuclear Iran would undermine regional and global stability and accelerate a race for nuclear capabilities, thus also increasing the danger of nuclear weapons falling into terrorist hands. This continued threat leaves Israel no choice but to explore creative ways to mobilize the international community behind an effective and coordinated policy, which to date is lacking. At the same time, Iran’s actions create an opportunity for shared strategic interests between Israel and Arab states, including the Persian Gulf’s, which also view Iran as a strategic threat.
4. While in the South, Israel delays decisions on certain matters of home front defense, the threats in the region intensify. The civilian population in the north of Israel came under direct attack during the Second Lebanon War, while in the south people endured an increasing rocket threat. Israel lacks a suitable operational response to the threat of rockets and missiles against the home front. In addition to conventional hostilities there is fear of a shift to a nuclear, non-conventional attack, and increased terrorist attacks. For these reasons it is imperative for Israel to urgently update its position on home front defenses so that it may contend with the nuclear threat and its deterrent posture, while enhancing preparedness in both active and passive defense. Measures adopted by the government to improve coordination between emergency organizations and social services are an essential step, but the resources required in this area are still insufficient.

5. Israel must work to preserve and strengthen its qualitative military and technological advantage. In addition to the supply of advanced weaponry to Arab nations, Russia is restoring its status as a major power wielding influence in the Middle East by supplying advanced weaponry to Iran and Syria, some of which has also reached Hezbollah. Under these conditions there is a growing imperative to strengthen Israel’s qualitative advantage and increase investment in Research and Development (R&D) in both the civilian and military sectors. Strengthening the collaboration between the universities and industry in the field of R&D is especially crucial at this time; it is expected to yield mutual benefit for all sectors and to serve as a catalyst for Israeli economic growth.

6. In recent years, Israel’s international legitimacy has been undermined. Operation ‘Cast Lead’ led to a sharp increase in anti-Israel rhetoric. This constitutes a strategic threat that could seriously restrict Israel’s maneuverability, both on the international arena and the battlefield. New and creative modus operandi must be developed and adapted to target audiences in different countries. Moreover, governmental coordination in this field must be intensified, and appropriate resources must be made available.

7. The erosion of Israel’s political standing in Europe is reflected by Europe’s demand for progress in the Israeli-Palestinian peace process, as a pre-condition for closer relations between Israel and the European Union (EU). Against this backdrop, it appears that EU promise to upgrade its relations with Israel will not reach fruition in the near future. However, unlike the chill wind blowing in from the EU, NATO-Israel cooperation has recently increased. This development demonstrates the mutual desire for a partnership based on strategic interests between the Atlantic Alliance and Israel, in the face of globally shared threats of terrorism, radical Islam, and the proliferation of weapons of mass destruction.

8. Against this backdrop, the Israel’s respective relations with Jews and Israeli expatriates around the world has become increasingly important, particularly those with the Jewish community in the US. Israel should foster and develop these sets of relationships. Recent public opinion surveys revealed substantial commonalities between the Jews in Israel and the Jewish community in the US, but also pointed to gaps in each community’s knowledge about the other. Jewish identity is the foundation for affinity between the two communities, but the gaps in knowledge should be bridged, and relations between the younger generations in both communities should be nurtured.

9. After the fighting in Gaza, a new policy is needed vis-à-vis the Palestinian arena, focused on improving the economic and social welfare of the Palestinians. The fighting and its consequences have had a profound impact on the Palestinians and on the world. However, it is doubtful whether the severe blow Hamas suffered will translate into increased public support for Fatah within the internal Palestinian arena. Meanwhile, reports by the global media about heavy destruction in the Gaza Strip, and the great number of civilian casualties, severely harmed Israel’s image in international public opinion, especially in Europe. In contrast, Arab States have displayed considerable understanding for the Israeli policy and its actions against Hamas, particularly because they view Hamas as an Iranian proxy representing the forces that undermine their own stability. From an operational perspective, the extent of damage inflicted to Hamas’ offensive capability should be assessed in terms of months – beyond the immediate impact of the IDF operation. In addition to the substantial disagreements vis-à-vis the core issues, considerable uncertainty looms high over two main issues: the ability to achieve a stable accord in light of the internal struggle between Fatah and Hamas; and the ability of the Palestinian leadership to conclude a final status agreement and to provide an effective response for Israel’s security needs.

10. Israel will have to conduct talks with Syria, while clarifying the feasibility of a diplomatic accord that would satisfy Israel’s strategic needs. Broad regional questions have become increasingly important and constitute a critical component when evaluating the likelihood and desirability of reaching an enduring agreement with Syria. Progress on the Syrian track mandates an assessment as to whether the critical Israeli expectations would be met; would Syria disengage from Iran and relinquish all support for Hezbollah and terrorism? Noteworthy is that Israel has become far more conscious about the threat of Syrian rockets and missiles to its civilian and military fronts.
Israel needs to continue to successfully chart its course through the global economic crisis. Israel’s economic performance during 2008 has enabled it to cope with the 2009 economic crisis comparatively better than other countries. The Israeli economy is indeed in recession, but its prospects for contending with the crisis are considered good. The financial regulators, the government and the private sector must all strive for greater cooperation. Public interest requires that all players in the Israeli economic system will: a) enhance their sense of responsibility to ensure a stable and developing economy; b) apprehend the anticipated unemployment crisis; c) minimize risk to private pension funds, insurance companies and providence funds.

Various factors indicate an ongoing negative trend that is liable to harm Israel’s qualitative and scientific advantage, which is one of the central pillars of its national security and resilience. Israel might lose its prestigious status and endanger its international reputation with regards to its remarkable achievements in scientific R&D. From a financial perspective, most public tertiary institutions are weak and vulnerable; the allocation of governmental grants and budgets should be based on scientific excellence; the institutions’ infrastructure should be more efficiently utilized and top foreign students must be attracted to study in Israel. Failing to establish a solid financial basis for the higher education system and efficient support to basic R&D will adversely affect Israel’s national security and resilience.
Comparative international exams continue to show a steady decline in children’s scholastic achievements. Moreover, and despite its advanced technological capabilities, Israel is lagging behind most of the Western world in computerizing schools and in computer-to-pupil ratio. Maintaining past achievements and generating a significant leap forward mandate a comprehensive study and the formulation of an integrative policy which should include upgrading the quality of teaching personnel, investment in computer infrastructure, and the development of computerized teaching programs.

The updated National Master Plan and the strategic plan for developing the Negev were never implemented. Despite explicit government decisions, the resources required to develop the Negev were not allocated. A practical government commitment is required to implement the national development plan, including the upgrade of the plan to develop the Negev. The objectives of the updated plan should incorporate social planning such as internal migration, mixed populations and the development of higher education. These elements must be integrated into the planning of construction, environmental protection and development of green spaces, as well as developing sources of water and energy. This severe government failure is also prevalent beyond the Negev and on a national level in other fields of environmental planning, the most prominent of which is the worsening water crisis.

Israel’s governance is in constant decline, while the complexity and ramifications of policy challenges – at home and abroad – are growing in a way that raises questions, even doubts, about Israel’s ability to deal with these challenges: government decisions that were passed as law but never actually implemented are too numerous to count; and bureaucratic red tape that further restricts the government’s ability to govern and implement laws that have been passed, severely impacting services rendered to citizens. Even if the system of governance is not radically reformed and proposals to strengthen the executive branch and reinforce the Prime Minister’s authority do not meet with approval, it is important to accelerate the simplification of the bureaucratic processes in Israel.
The global system is characterized as a multiple-crisis arena, with rapid and dynamic developments that bear extensive repercussions, which generate changes in the relative power of some of the actors and their global policies and strategic perspectives. The familiar world order and international balance of power that were recast at the end of the Cold War are now undergoing as additional transformation. Geopolitical developments and processes contribute to these changes. Some observers conclude that these changes might lead to the evolution of a new world order.

While key traditional drivers of international relations are still relevant, the importance of new drivers and processes has increased. For example, the international community has yet to effectively address energy security, climate change and food security, which are increasingly important. Additionally, the credit crisis, extensively discussed at the 2008 Herzliya Conference, has evolved into a full-fledged and multi-dimensional global economic crisis. The American dependence on Chinese capital has increased, which is liable to have repercussions on the role of the US in Asia, and is expected to impact US strategy and policy in the Middle East.

The efficacy and stature of international institutions – including the UN and its Security Council – with regards to their ability to contend with the complex global challenges has eroded. Even the EU has been described by European observers as ‘collapsing under its own weight’, with the concern that this could lead, among other things, to decentralizing the Union. The political and military structures of NATO appear durable, and the French return to the joint military command has further reinforced the Alliance. However, the cumulative military power of Europe continues to decline, and this could affect the role of the Alliance in light of the US expectation for larger European military participation in NATO’s missions, primarily in Afghanistan.

Actions and declarations coming from Moscow demonstrate Russia’s discontent with its current international status and it now pursues the restoring of its status as a major international power. Russian policy has become more resolute, assertive and uncompromising, as Moscow declares its desire to assume a major role in the international arena, while not concealing its ambitions to somehow influence or control the former Soviet Union states.

Renewed tensions between Russia, Europe and the US, also concern India. As a rapidly growing regional economic power, India is also exposed to the fallout from the global economic crisis, the energy and food crisis, and increased international terrorism. The domestic situation in Pakistan heightens the strategic uncertainty in the Indian subcontinent, particularly as it increases the possibility of Pakistani disintegration and the growing political power of Islamic radicals, and the concern regarding the ability of Pakistan’s central government and military to effectively maintain the control and command of its nuclear arsenal, as well as the associated facilities and materials.

The ongoing global challenges from Iran and North Korea, with their flagrant defiance of the international community, underline the ineffectiveness of current international institutions to address the most pressing global security threats. Moreover, the continuation of these nuclear programs threatens the integrity and viability of the international nuclear non-proliferation regime, including its central pillar – the Nuclear Non-Proliferation Treaty (NPT).

Some regard the above trends as a challenge to the existing world order. Non-democratic economies are actually flourishing, question-marks loom over the capitalistic paradigm, and the general feeling is that “the world is not functioning.” The current economic crisis raises questions about the viability of a global economy without global governance and regulation capacities. This analysis reveals only a fragment of the complexity and uncertainty characterizing currently evolving trends that are challenging political leaders, corporate executives, captains of industry and experts around the world. From an Israeli perspective, these trends will most likely multiply the complexity of Israel’s existing, and sufficiently challenging, strategic and foreign policy dilemmas.
Key Players

The United States in the Obama Era: The Essence of Change

There are various conflicting assessments of the future role and influence of the US in the international arena. The brief time that has elapsed since Barack Obama took office makes it reflecting on the new Administration’s policies somewhat premature. Thus, any assessment of US status and actions needs to be conducted_reservedly and cautiously. The new President’s term is thus far characterized by a degree of uncertainty regarding foreign policy and potential disparities between election campaign promises and emerging policies.

In addition to the uncertainties that accompany any change in Administration, the global players and observers worldwide have high expectations from the Obama Administration. They also harbor concerns, doubts and even suspicions. Those will linger on during the President’s first year in the White House. However, the political and security challenges of the global economic crisis will force the President and his staff to make decisions and formulate strategies very soon. The economic decisions the new President was compelled to make immediately upon assuming office, and his economic policy during the coming months, will face the test of both immediate and long-term results.

There are two main approaches to assess the standing of the US in the international system:

A. Erosion of power – This approach points to a decline in US status and influence, signaling the end of the “American century”: for example, while the stature of the US is in decline, Asian players are on the rise;

B. American renewal – This approach asserts that despite many difficulties, the standing of the US as the world’s superpower prevails, and eulogizing it is premature. Some anticipate “the ascendancy of the West”, in the spirit of President Obama’s statement: “This is the American moment.”

President Obama rode sweeping waves of support during the Presidential election campaign calling for change. However, the scope, substance, and feasibility of those changes remain unclear. Both supporters and opponents of the new President wonder how the US will restore its international standing as global leader.

The US remains the world’s leading economic and military power, and analysts and commentators believe that the impact of the economic crisis is greater outside the US than within it. The American position assumes an important place in the international system, and Washington is still the dominant and leading player.

The tendency of the new Administration is to pursue rapprochement with opponents, relying on “soft power”, while at the same time strengthening international institutions. This is perceived by some actors as a sign of weakness and evidence of America’s decline, due perhaps to an underestimating perception of American stability. However, the potential impact resulting from this type of misperception of US actions cannot be underestimated.

Be this as it may, it seems that the Obama Administration will devote considerable attention to strengthening its standing in the Middle East. It will allocate significant resources to this objective, so as to address military and diplomatic challenges in the region that directly affect US interests. The erosion in US global power may also affect its strategy toward the threat of radical Islam in the Middle East, including in reference to increased US military involvement in Afghanistan; its stated withdrawal from Iraq; and attempts to neutralize the regional advance of a nuclear Iran.

Despite the difficulty in forecasting the scope, essence and results of the Obama Administration’s initial policy steps, it is clear that alongside great challenges, the new President has an extraordinary opportunity to establish his leadership and restore America’s image. This is in addition to the symbolism of his election as a historic event that bolsters the US international image as a beacon of equality, a “land of opportunity and dreams-come-true”.

As an interim assessment, perhaps the definition of “a superpower in decline” is too extreme, and “a superpower in erosion” might be more appropriate. This reflects the damaged stature of the US, but also takes into account the positive balance of its power and the trend of renewal.
Despite the difficulty in forecasting the scope, essence and results of the Obama Administration’s initial policy steps, it is clear that alongside great challenges, the new President has an extraordinary opportunity to establish his leadership and restore America’s image.
Russia: Restoring Past Glory

Russia aspires to restore its past glory and re-establish its international standing as a major world power. Russia must also contend with the global economic crisis, which exposes its vulnerability as a predominantly resource-based economy. Russia aspires to restore its past glory and re-establish its international standing as a major world power. From European and American perspectives, Moscow is conducting an aggressive and sometimes emotional policy, driven partly by a sense of offense over losing the Soviet empire. From the Russian perspective, Moscow is returning to the forefront of the international arena, as a responsible and confident actor capable and ready to wield force, if and when necessary. According to the Russian vision, the West must “wean itself off the unilateral approach” and adopt what Moscow calls “a collective approach” – i.e. instituting respect to Russian positions. Russia explicitly envisages the former Soviet bloc nations (“near abroad”) as its legitimate sphere of influence. Russia rejects their past ‘surrender to external dictates’ and seeks to strengthen relations with the EU and the US in a way that reflects newly found power and stature. At the same time, Russia is also expected to exercise whatever leverage it has in the field of energy.

Asi as Place in the World Order

The global economic crisis has strengthened assessments regarding the shift of power Eastwards. The reinforced assessment mainly stems from the US dependency on Asian-based credit (China, primarily) and the belief that key Asian nations constitute the new global economic engine. It seems that these assessments have lent additional validity to the notions heralding the evolution of a new world order, declaring the 21st century to be “the Asian century” or “the Chinese century.”

Europe faces a series of challenges and decisions that will determine its fate as a central player in the world arena. The institutional changes in the EU stipulated by the Lisbon Treaty (awaiting final ratification) are essential tools for this challenge, but there is no guarantee that they will be sufficient.

Europe at a Crossroads

Europe’s future international role will be affected by how it addresses a number of major domestic and international challenges and profound crises. Moreover, the way in which these will play out will affect the character of the European nations and their historical role. These include: (a) the failure to integrate immigrant communities in the European host countries; (b) relations between the US and Russia; (c) dealing with the economic crisis; (d) the future of NATO and relations with the US; and (e) possible institutional reforms in the EU.

The most salient and urgent challenge is the global economic crisis. The crisis necessitates the formulation of a joint policy by all the Euro bloc states, while exercising self-restraint and refraining from economic protectionism. Despite a European consensus on the severity of the crisis, there are disagreements over the extent of government involvement needed to resolve it and the scope of government involvement in financial markets. There are intense disagreements among the European states concerning economic matters, also reflected in the ideological debate and tension between the liberal economic approach and the social-democratic approach. The lack of consensus harms the EU capabilities to contend jointly with the economic crisis.

Europe must also formulate an updated policy vis-à-vis Russia, which has adopted a tougher line as part of its aspiration to strengthen its standing in the international arena. Europe’s highly criticized policy vis-à-vis Russia is characterized, figuratively, as “strategic autism,” by failing to acknowledge the strong emotional impact that losing the Soviet Empire had on Russian foreign policy. Accordingly, the EU has erred in its foreign policy toward Russia – for example, its recognition of Kosovo’s independence and the crisis surrounding the deployment of anti-missile defense systems in the Czech Republic and Poland. The EU is now examining a “positive strategy” toward Russia, as well as China, in an attempt to find common denominators with these two states, while demanding improved respect for the basic human rights of their citizens.

The European states and their North American allies must rethink the future of NATO and the role they wish to play within it. The return of France to the Alliance’s joint military command is welcome in light of the challenges of global security. However, a significant decline in the cumulative European military power continues. There is a downward trend of available and deployable European military forces and disparities in their readiness and effectiveness with regards to the missions faced by Europe and NATO. These trends raise doubts about Europe’s potential contribution of operational forces to NATO, particularly in emergencies.

Europe’s strategic dependence on North America gives it the ability to use “soft power” and not “hard power”, even when the latter is needed. In light of this analysis, two views were expressed:

(1) Europe should continue to enhance approach and exploit economic leverage for diplomatic objectives within the framework of the Alliance.

(2) NATO’s European member states should re-evaluate the extent of their military requirements, and redefine priorities for their involvement in expeditionary forces to regions of conflict throughout the world.

Despite the current erosion in the US influence, and the economic ascendency of the Asian powers, it appears that assessments about the beginning of “the Asian century” are somewhat exaggerated, or at least premature.
Major Strategic Issues on the Global Agenda

Nuclear Proliferation and New International Non-Proliferation Initiatives

Since the end of the Cold War, the concern regarding the proliferation of nuclear weapons has justifiably grown. This proliferation trend could undermine the stability of key regions, including Northeast Asia, South Asia, the Persian Gulf and the Middle East with strategic ramifications transcending the respective regional settings. The collapse of non-proliferation norms is also likely to increase the probability that terrorists will obtain nuclear weapons or their components. The international community faces a crisis: the universal non-proliferation regime, which is based on the 1968 Non-Proliferation Treaty (NPT), is in danger of collapse.

The initiative of four prominent Americans – George Shultz, William Perry, Henry Kissinger and Sam Nunn – advocating comprehensive nuclear disarmament, indicates the scope of the non-proliferation regime’s crisis. Of the five NPT nuclear weapons states, Russia and China are currently intensively engaged in modernizing their nuclear forces. With the exception of China, all have significantly reduced their arsenals. The prospects for further reductions in American and Russian arsenals were adversely affected by the crisis between the two. Hopefully, the change in Washington will lead to renewed talks. Russia, nonetheless, maintains a significant tactical nuclear weapons force as a safeguard to any potential threat from NATO, or in the context of a Chinese threat, in the Siberian theater. An agreement by the current nuclear powers on comprehensive nuclear disarmament would presumably boost the chances of preventing additional nuclear proliferation. However, it seems doubtful at this stage whether all of them are prepared for real and complete nuclear disarmament. It is even more doubtful that the non-recognized states possessing or aspiring to achieve nuclear capability would be in favor of such nuclear disarmament, let alone follow suit.

There is a broad consensus that the recognized nuclear powers’ refusal to fulfill their pledge of complete disarmament, mandated by Chapter 6 of the NPT, bodes ill for international non-proliferation. Despite eliminating the threat of covert nuclear programs in Iraq, Libya, Algeria and Syria (each in different circumstances), the nuclearization of Iran and of North Korea is expected to generate severe pressure on the non-proliferation regime. The considerable success of the past 45 years, expressed by much lower-than-expected numbers of new nuclear states, is likely to dissipate if Iran and North Korea go nuclear. The fact that five countries (North Korea, Iraq, Iran, Libya, Iran and Syria) – four of them in the Middle East - were engaged in covert, clandestine nuclear programs, is a failure of the non-proliferation regime. This occurred in violation of their commitments to the NPT and International Atomic Energy Agency (IAEA) Full-Scope Safeguards. The exposure of these programs – by parties other than the IAEA – highlights the need to formulate and implement substantially improved monitoring procedures. Israel, on its part, is prepared to join disarmament initiatives based on reciprocity in regional disarmament from Weapons of Mass Destruction, and on comprehensive Middle East peace accords.

Despite the series of non-proliferation initiatives, and the universal campaign for nuclear disarmament, it appears that there is a clear proliferation trend in areas such as East Asia, South Asia and the Middle East. Also, there is the growing danger of nuclear materials leaking to radical terrorist networks.

The international community is concerned that the nuclearization of Iran is likely to lead to regional nuclear arms race – that is, an attempt by some nations (Saudi Arabia, Egypt, Turkey and others) to redress the “imbalance” caused by the Iranian nuclear program, by obtaining their own nuclear capabilities. Another concern in the non-proliferation area pertains to the security of Pakistan’s nuclear capabilities – both operational weapons, and fissile materials that are liable to be used by others to produce nuclear weapons or devices. The Pakistani nuclear arsenal, numbering an estimated 50-60 bombs and warheads, is believed to be under strict controls, reinforced with the assistance and support of the US after the exposure of A. Q. Khan’s network. The likelihood that radical terrorist networks will acquire Pakistan’s nuclear weaponry is assessed to be relatively low. Nevertheless, the probability of fissile material’s “leakage” from Pakistan’s production and storage facilities is not negligible. In addition to reserves of Highly Enriched Uranium (HEU), Pakistan has plutonium sufficient for several bombs, and the production of plutonium continues in Pakistani reactors. There is serious concern regarding the threat posed by radical Islamic groups, which are mostly outside the official Pakistani establishment, but appear to have infiltrated the security services. This may impact the security of all Pakistan’s nuclear weapons, components or weapons-grade materials. It seems therefore that the greatest current threat of nuclear material leaking to radical terrorist organizations, for use in a terror attacks, emanates from Pakistan.

Thus, despite the series of non-proliferation initiatives, and the universal campaign for nuclear disarmament, it appears that there is a clear proliferation trend in areas such as East Asia, South Asia and the Middle East. Also, there is the growing danger of nuclear materials leaking to radical terrorist networks. The lack of a solution to the nuclear crises in North Korea and Iran, combined with the development and/or growth of nuclear capability in Russia, China and India, raises doubts about the viability of the non-proliferation regime’s normative structure. The lack of progress in formulating additional treaties and effective implementation of existing arrangements – such as the “Additional Protocol” which Iran refuses to ratify and implement – does not bode well for the chances of achieving universal nuclear disarmament.

Jihad and the World Order: The Afghanistan-Pakistan Arena

The rest of the world has yet to succeed in effectively contending with the phenomenon of global radical Islamic terrorism. There are profound disagreements about the definition of the threat, the appropriate terminology to describe it, and counteractive strategies.

The familiar and accepted working assumption is that Al-Qaeda is more an organizing and unifying idea than an established hierarchical organization. The activity of Osama bin Laden and his associates has inspired Jihad activists and radical Muslims throughout the world. The prevailing assessment is that the global Jihad movement is comprised of different groups and various factions across the globe, operating independently under the ideological inspiration of Al-Qaeda. It is therefore increasingly difficult to fall activities of terror planned by these entities. The radicalization among Muslims, particularly young Muslims, and the formation of terror cells, has drawn considerable professional and academic attention, particularly in Europe due to the acute concern over the possible spread and intensification of this phenomenon.

Another approach asserts that Global Jihad cannot be defined as a movement, and that the scope of the phenomenon is not large. According to this view, the presence of Al-Qaeda is limited to only six countries in the world and has not spread, as many believe, to dozens of them. This approach holds that the other radical groups are not part of Al-Qaeda, and that the Jihadists pose an ongoing challenge, but do not constitute an existential threat to the West, or to its democratic and liberal values.

Despite overlapping points between the two approaches, the operative conclusions derived are liable to be different, because the understanding and definition of the threat will impact the formulation of counteracting measures. The first approach, which regards radical Islam as a global movement, asserts that the effort to counter it must be global too. Accordingly, all nations...
opposed to radical Islam need to join a multi-dimensional, combined action in order to deal with this issue. On the political level, this requires a conscious and joint decision by the leaders of the Western world, preferably in coordination with non-Western countries concerned with radical Islam. The distinction between “good terrorism” and “bad terrorism” must be redefined, and many European countries must also redefine the level of tolerance they display toward organizations such as Hezbollah and Hamas. These coordinated actions must include blocking financing sources of terrorism, imposing harsh sanctions on state- and organization-sponsored terrorism, and international collaboration in the areas of intelligence and operations. Israel's experience in this area offers a good example for eliminating the traditional boundaries between intelligence and security organizations. Endeavoring to enhance the connection between intelligence, operations and counter-terrorism, this approach addresses terrorism as an integrative threat – both internal and external.

The second approach, seeking to place the phenomenon in a more proportional and limited context, emphasizes that the threat originates from “the outside”. Accordingly, the main threat is posed by Al-Qaeda Central and to a lesser degree from radical groups that are inspired by Bin Laden, without being in direct coordination with him. The supporters of this approach recognize the problematic nature and danger of radical Muslim groups in the West, but believe that they do not constitute an existential threat. One deriving conclusion is to focus the response outside the targeted country of an attack.

These approaches constitute the backdrop for the ongoing NATO campaign against the Taliban in Afghanistan, which is currently attracting attention because of the fear of its impact on the stability of neighboring nuclear Pakistan. There are three challenges and problems facing NATO in this area:

- To sever the connection between radical terrorist organizations and states providing them weapons, particularly those possessing weapons of mass destruction;
- To prevent the establishment of training camps and supply areas for terrorist organizations;
- To prevent and disrupt the connection between terrorist organizations and organized crime - a connection that facilitates the financing of terrorism.

It seems that NATO planners are conducting a review of the campaign thus far and are formulating a more effective strategy. Alliance officials publicly admit that strategic mistakes were made in Afghanistan. Many of the forces participating in this mission are confronted for the first time with asymmetrical and low-intensity warfare, in which the adversary makes extensive use of “human shields.” The mistakes and lack of experience enabled the Taliban to establish itself in regions from which NATO soldiers have withdrawn. An additional mistake was the delay in training and equipping Afghanistan’s national army, which would have helped the foreign forces to establish their control on the ground. NATO was also late in recognizing the connection between the Afghan theater and destabilizing elements in Pakistan. It seems that the Obama Administration is committed to investing substantial resources to contend with the centers of resistance in Afghanistan. This includes a significant increase in the deployment of NATO military forces. Most of the forces are slated to arrive from the US, but President Obama will undoubtedly expect the other allies to augment their forces and scope of activities.

In the political sphere, the possibility of negotiating with rival Afghan factions and promoting a conciliation process with the Pashtuns is under consideration. The objective would be to prevent the movement defined as a ‘national movement’ from falling into the grip of Global Jihad. The government of the Pakistani neighbor realizes that the Taliban equally endangers Pakistan but its Army is weak and ill-equipped. The instability of the Pakistani government is a source of profound concern among senior officials in Washington. In addition to its role as a center for Global Jihad activity, Pakistan is considered the greatest threat with regards to nuclear material ‘leakage’ to terrorist networks. The coming period is considered critical for confronting Al-Qaeda, the Taliban and radical Islamic forces in Afghanistan and Pakistan.
In addition to the constant concern about dwindling resources, the threats to energy security are varied, and include terrorist activities, geopolitical rivalry, and outbreaks of violence.
Geopolitical Trends in Energy Security

Securing energy supplies remains a central issue on the international agenda, in light of growing concern about the supply and availability of energy. In addition to the constant concern about dwindling resources, the threats to energy security are varied, and include terrorist activities, geopolitical rivalry, and outbreaks of violence.

The global demand for energy (extensively reviewed in the previous Herzliya Conferences), is constantly rising. The world is still significantly dependent on oil and its products. However, one of the discussed assessments projected that in the context of the global economic crisis, no steep rise in oil prices is expected during the next three to seven years. Oil-producing nations such as Russia, Iran and Venezuela, are likely to face a crisis, stemming from considerably less revenue than the optimistic forecasts prior to the crisis. This development could affect the strategic standing of these countries, which are in confrontation or competition with the West. However, it should be recalled that energy security relates not only to oil, but also to sources of natural gas.

At least two central geopolitical factors intensify the need to seek alternative sources of energy. First, the lack of regional geopolitical stability mandates vigorous action for reducing Western dependence on Middle Eastern oil. Second, Russia's actions mandate a reduction in European dependence on Russian gas. About 25% of the gas supply to the EU depends on Russia, and some European countries depend entirely on Russian energy. The gas crisis between Russia and the Ukraine in 2006 and the winter of 2009 raised a warning flag for all of Europe.

Additional investment and government support to develop the production technology for solar energy, geo-thermal energy and electric cars - like the “Better Place” Company - could make Israel a world leader in the fields of alternative energy within a decade. A national plan is required to implement this vision. These developments fit well within the ‘green’ agenda President Obama is leading. In the new US perspective, there is an overlap between protecting the environment, and reducing the use of, and dependence on, oil while switching to alternative energy sources.

The EU is examining a strategy for storing fuel and gas, as well as investing in renewable energy sources. The plan calls for renewable sources to comprise 20% of the energy supply by the year 2020. The EU is also re-examining the possibility of building a gas pipeline bypassing Russia, from Azerbaijan to Europe via Turkey. Arguably, the “politics of pipelines” are not necessarily helpful, and are liable to stir other tensions such as strengthening the anti-Western sentiments within some of the countries concerned. Also, the closer relations between Turkey, Iran and Syria increase doubts about the feasibility and desirability of such a project.

The assessment that Western dependency on oil is primarily transportation-related implies that the solution may be found in that area. Thus, in order to reduce oil dependency, the use of renewable energies for transportation purposes should be promoted.

The search for fuel alternatives focuses on producing fuels from algae, corn or sugar cane. Future fuels are expected to be created from organic waste rather than corn and sugar cane, which would create competition over agriculture crops and could endanger food security. The projected price of this type of fuel is estimated at $40 to $75 per barrel; hybrid cars can use liquid bio-fuel and electricity.

Israel should make the best possible use of its technological advantage and unique knowledge, developed during decades of original research, to make a significant contribution to eliminating, or at least reducing, oil dependency. Proponents believe that Israel’s defense and security interests, along with its scientific advantage, should be integrated to build a dedicated battery industry that would make the use of electric cars convenient and economically feasible. Israel is a leader in alternative solar and geo-thermal energy, as well as in semi-conductors, high-tech and software development. Integrating these fields, with supportive government investment, is likely to position Israel as a pioneer in developing sources of alternative energy, reducing oil dependency, and boost its economic growth.

Moreover, the agricultural technology that exists in Israel facilitates additional developments in maritime agriculture and the production of liquid fuels from algae. Additional investment and government support to develop the production technology for solar energy, geo-thermal energy and electric cars - like the “Better Place” Company - could make Israel a world leader in the fields of alternative energy within a decade. A national plan is required to implement this vision.

The crisis and deep recession led to the collapse of the three pillars of a successful modern economy, namely risk assessment, security and confidence. Moreover, the global dominance of neo-liberal economics was questioned, without formulating an accepted alternative paradigm.

T h e  W o r l d  E c o n o m i c  C r i s i s :  T h e  P a t h  F o r w a r d

The practical expressions of the global economic crisis have impacted households worldwide. It has aroused waves of political protest and anger about the faulty performance of financial institutions and the lack of suitable supervision and regulation by governments. The governments of the developed economies, led by the US, are seeking a way out of the crisis, and are navigating between three main constraints: a tendency toward economic defense (protectionism); a need for international collaboration; and domestic political survival. The crisis is very intense and various theories and projections have been put forth on the time it will take to emerge and recover from it. It will surely be slow in comparison to the dramatic speed with which credit shrunk, and the real global recession that ensued.

The severe credit crisis in the US rapidly engendered a very deep and acute global economic crisis, second only to the Great Depression. The crisis and deep recession led to the collapse of the three pillars of a successful modern economy, namely risk assessment, security and confidence. Moreover, the global dominance of neo-liberal economics was questioned, without formulating an accepted alternative paradigm.

Although the roots of the current crisis can be found in the US, the solution clearly requires significant international cooperation. No government can overcome the crisis independently, because it also reflects the depth of globalization in general, and that of the financial systems in particular. Three central components are the core of the debate on the best way to emerge from the crisis.

The first component is the need to contend with the tendency of governments to lean toward economic protectionism. Such steps are liable to create the impression of improvement at the state level, but in fact they deepen and perpetuate the crisis. Countries taking protectionist steps would not necessarily violate existing trade agreements, but would definitely hamper recovery.

The second component pertains to the nature of the reform required in the regulatory systems: Does the situation mandate an overhaul of the regulation at the state and international levels? What should such a reform include? This leads to the third component – the extent of required government intervention. Should governments let the collapsing credit companies and banks absorb the damages they caused? Or should they intervene, finance the deficits, and pump huge amounts of money into paralyzed markets?

As the crisis continues, the discussion about the third component has become nearly superfluous since the assumption that governments have the responsibility to prevent complete economic collapse, as occurred in Iceland is now accepted; refraining from any action, or limiting it as many demanded, created a far more severe crisis. Public and governmental discussion now focuses on: (a) the targets of government investment; (b) the ability to repair serious market failures over time; and (c) establishing an effective regulatory system that would prevent, or at least greatly reduce, the likelihood of a similar crisis. The key recommended principles include increasing governmental transparency in domestic investments, particularly in the way governments handle cross-border investment.

While it appears premature to herald the appearance of a new global economic order reflecting a changing balance of power, the crisis has not led to a substantial revision of global mechanisms. There is a need for enhanced international cooperation engaging the global civil society and reinforcing global economic governance through the formation of a new international economic regime. However, world governments are primarily focusing on contending with the national ramifications of the economic crisis. It seems that the declarations of world leaders shortly after the crisis ensued in late 2008 stating their intention and commitment to improve global economic governance, have remained on paper only.
There is a need for enhanced international cooperation engaging the global civil society and reinforcing global economic governance through the formation of a new international economic regime.
The Middle East: Regional Issues and Key Players

The Iranian Strategy

The attempt to assess the regional strategy of Iran is inseparable from the religious component in Iranian politics and its utilization to expand Tehran’s influence. The Iranian leadership is exerting enormous efforts to foster its relations with the Sunni world, particularly with the non-Arab Sunni states, including the Sunni Muslim republics of the former Soviet Union in Central Asia. These efforts are a cornerstone of Iranian foreign policy, and include underplaying the regime’s Shi’ite identity and objectives, attempting to bring Islamic factions closer. This is being done without slowing efforts to convert Sunni Muslims to Shi’ite Islam, particularly in Syria and in Jordan. These measures fit in with Tehran’s pretension to create a uniform Muslim identity and to represent “the oppressed Muslims” all over the world, from Palestine to Pakistan and beyond.

In the Iranian domestic arena the struggle between the old guard and the Islamic Revolution’s second generation is expected to continue, and may even intensify. Some believe that the domestic power struggle will also increase revolutionary rhetoric and support for terrorism. At the same time, the entire Middle East is undergoing processes that will affect Iranian policy. These include developments in the scenario of a Shi’ite take-over of Iraq following the withdrawal of allied forces; the situation in Lebanon and the increased power of Hezbollah; the question of stability of the Alawite regime in Syria; and tension in the inter-Palestinian arena between Fatah and Hamas. Events occurring in these theaters are interconnected to the events occurring in the Iranian arena, and these influences are unlikely to wane in the foreseeable future. Iran continues to support proxy organizations such as Hezbollah, Hamas, Palestinian Islamic Jihad, and groups that are ideologically linked to Al-Qaeda. Assistance and guidance from Iran are multi-faceted, including operational and technical support, as well as consistent vigorous dissemination of propaganda. This involvement increases Iran’s operational and ideological impact, and expands it beyond Middle Eastern boundaries.

Interestingly, Iran’s support for subversive activity against moderate Arab regimes creates a common interest between these regimes and Israel. The strategic potential in this development is evident in Israeli-Egyptian relations, but has yet to be fully realized. The possible strategic rapprochement between moderate Arab governments and Israel could facilitate progress on the Palestinian-Israeli track, open up new regional opportunities, and most likely promote a redefinition of US interests in the region.

Simultaneously, Iran is continuing to strive vigorously toward attaining military nuclear capability. Gaps between various assessments on the time Iran needs to produce its first nuclear bomb are narrowing. These estimates now range from one year for the production of the necessary high-grade enriched uranium, to two years for the production of an operational nuclear weapon, once the Iranian leadership has decided to commence production.

Although it appears that Iran has not produced an operational nuclear bomb yet, it should already be considered a virtual nuclear power. Although it appears that Iran has not produced an operational nuclear bomb yet, it should already be considered a virtual nuclear power. Estimates indicate that Iran already possesses a significant quantity of low enriched uranium (LEU), that could be further enriched to weapons-grade highly enriched uranium (HEU). The Iranians have conducted work on nuclear warheads for their surface-to-surface missiles, and they produce ballistic missiles capable of carrying such nuclear warheads. Some believe that Iran may not actually wish to acquire nuclear weapons immediately; but rather to reach the threshold of capability. Unfortunately, current history shows that states that have reached such an advanced stage, have indeed crossed the threshold. Undeniably, the temptation would appear too great after assuming considerable risks, committing huge investments, and achieving great technological strides necessary for the realization of a nuclear weapons capability.

On the Nuclear Threshold: The Iranian Regional Strategy – Ramifications and International Counteractions

Attaining military nuclear capability would strengthen Iran as a regional power - with aspirations to achieve hegemony and dissemination of a radical Shi’ite agenda. This would consequently bolster Iran’s ability to propagate regional instability and have significant geopolitical repercussions on the entire international community. These changes are already contributing to worrisome signs of a multilateral nuclear race in the Middle East, and increase the chance for new cooperation between traditional rival players, liable to actually unite against Iran.

From the Left: MK Gen. (res.) Prof. Isaac Ben-Israel, Knesset Foreign Affairs and Defense Committee | Dr. Michael Makovky, Foreign Policy Director, Bipartisan Policy Center | Dr. Bruno Tertrais, Senior Research Fellow, Fondation pour la Recherche Strategique (FRS)
The Ramifications of the Iranian Strategy

Continued military nuclear development embodies Tehran’s regional stature, and this needs to be reckoned with by its neighbors and other international parties. While it is true that Iran’s aspiration for regional hegemony, and dissemination of the radical Shi'ite agenda, may be fulfilled without actually using nuclear weapons and by ‘merely’ possessing them, this is no consolation. It is quite probable that in response, Iran’s rivals in the broader Middle East are likely to initiate nuclear programs of their own, thus provoking a chain reaction: non-proliferation firebreaks could collapse, potentially leading to the breakdown of the international nuclear non-proliferation regime.

One country that is likely to seek nuclear capability in response to a nuclear Iran is Saudi Arabia, which was in the past involved in Pakistan’s nuclear program. Another is Egypt that has, in the past, harbored ambitions in this area, primarily for prestige reasons, and to reinforce its standing as leader of the Arab world. Egypt has the scientific, technological and industrial infrastructure that could enable it to establish an independent nuclear program. The Egyptians have reiterated their intention to build 10 nuclear power plants. Increasingly disappointed by the its benefits, Libya might cease complying with, or revoke, the 2003 agreement, which led to the dismantlement of its clandestine nuclear program. Libya’s decisions will also be affected by the international community’s approach to Iran and North Korea. Once American forces depart, Iraq too may decide to renew its nuclear program. Algeria has the potential to resume its nuclear program if the non-proliferation regime collapses. It has a heavy water reactor that it covertly purchased from China, and it has been argued that Algeria may reconsider its position in the event of a multilateral nuclear race in the Middle East. Turkey is another regional power that may be adversely affected by a nuclear armed Iran, and Turkey too has a potentially potent nuclear base

In sum, a nuclear Iran would inevitably undermine regional stability. Moreover, if current nuclear non-proliferation restraints erode, there is an increased concern about the probability that terrorist groups might gain control of nuclear weapons or weapons-grade materials. Military nuclear capability in Iran threatens not only Israel and the region, but also the stability of the entire international system. It is possible to discern a tendency by the international community to avoid adopting decisive positions vis-à-vis Iran. While it is true that adopting such positions may involve high costs, they may be vitally necessary in a context of the envisioned difficulty of contending with a nuclear Iran later.

There are currently two schools of thought in the international community when coming to address the Iranian nuclear crisis: “proliferation fatalism,” and “deterrence optimism”. The “proliferation fatalism” approach contends that Iran’s acquisition of a military nuclear capability is inevitable, and cannot be prevented. Therefore, it may be necessary to come to terms with its nuclearization, or in other words, to “learn to live” with a nuclear armed Iran. The “deterrence optimism” approach looks to the lessons of the Cold War, during which strategic stability is seen to be based on effective deterrence. This approach stipulates that a nuclear armed Iran would be deterred. It seems that these two approaches disturbingly reinforce each other – the attempt to thwart Iran’s current sensitive nuclear activities is undermined by the view that it is anyway deterministically futile; the result of a nuclear armed Iran may be tolerable, and therefore severe escalation may be unnecessary or unjustified.

When comparing the apparent success of deterrence during the Cold War era, with the chances of deterring a nuclear Iran in the future, some observers would emphasize that American deterrence faced a centralized, conservative and cautious Soviet regime. It is doubtful whether this description applies to the Iranian regime. A more correct analogy, albeit limited in its implications, may be Pakistan in the 1980’s: Pakistan was involved in terrorist activities in the Kashmir region and in India, but did not fear Indian escalation or massive conventional reaction, because of the deterrent threat of its nuclear capacity. A nuclear Iran, which supports Hamas and Hezbollah, is likely to operate in a similar way to undermine regional stability, without fearing escalation and retaliation.

Another similarity between Pakistan and a future nuclear Iran, pertains to the question of command and control as a function of political structure and distribution of power centers in the regimes of the two countries. Despite some dissimilarity between the two systems, the existing similarities do raise some questions and doubts about the ability to deter a nuclear Iran in the future. For example, in Pakistan the division of responsibility for command and control between the military and the civilian authorities, and between the military and the intelligence services, is unclear. Assuming that the Iranian Islamic Revolutionary Guards Corps (IRGC) would control nuclear weapons, the question would arise under whose directives it may operate: the Supreme Leader, the President, or might it operate independently to a significant degree? Since deterrence focuses to a large extent on the target to which messages should be addressed, the multiplicity of centers of power in Iran makes this much more complex.

The International Community’s Position toward Iran

From an Israeli perspective, efforts by the international community to contend with Iran are too hesitant, and are not achieving the desired result. The endless ongoing diplomatic negotiations enable Tehran to buy time to develop its nuclear program. From a broader Middle Eastern perspective, Iran is strengthening its conventional and non-conventional military power and deepening its use of terrorism as a strategic tool of subversion by which it seeks to realize its pan-Islamic vision, as well as an instrument of deterrence against Western countries.

At this stage, there is still room to maneuver vis-à-vis Iran. The main method was and remains increased pressure through diplomatic and economic sanctions. However, the effectiveness of the sanctions and their incremental severity is conditional upon a wide international front, including the US, the EU, Russia, India and China. The inauguration of the new US Administration creates a window of opportunity for dialogue with Iran, with the desired aim of achieving the required suspension of Iran’s sensitive nuclear activity, particularly uranium enrichment. Washington has already emphasized that it seeks dialogue, but has made clear that it would present a clear choice to the Iranians: abandon the military nuclear program and terrorism, so as to enjoy the fruits of significant incentives, or – escalation and confrontation.

The new US Administration is not inclined to use the blunt terminology of “carrots and sticks.” However, the new “carrots and sticks” will have to be far more convincing than those proposed by Bush Administration. The current carrot of the Obama Administration is a US declaration that it will not forcefully seek regime change in Iran. Another possible carrot would be allowing for the development of an Iranian civilian nuclear program. This may be subject to the condition that the nuclear fuel would be brought in from outside of Iran, with a strict regime implemented for its return to the source country after use. A comprehensive deal that would bring an end to Iran’s isolations and sanctions is also possible, in exchange for a verified suspension of uranium enrichment, the suspension of any plutonium program, and terminating support for terrorist organizations.
Be this as it may, the negotiation process must be limited in time. If Iran enters into a dialogue with the US, the prospect of a compromise should be buttressed by the threat of harsher international sanctions, focused primarily on limiting Iranian import of refined petroleum products, especially gasoline. This, in view of the fact that despite being a leading producer of crude oil, Iran is dependent to a degree on imported gasoline. Sanctions, combined with the repercussions of the global economic crisis and low fuel prices, may severely harm Iran’s revenues. If the sanctions are further tightened, the Iranian regime would have difficulty meeting its obligations toward the Iranian people, and toward external supply contracts. Without this implicit threat, the Iranian regime would have no reason to relinquish its nuclear ambitions. It is doubtful whether the incentives offered by the US, without a threat of harsher sanctions, could lead to the desired result.

Since the Ninth Herzliya Conference in February 2009, it appears that Washington is willing to allow Iran to continue developing nuclear technology for peaceful purposes, subject to strict international safeguards. President Obama clearly stated this position in his Cairo speech in June; referring to Iran, he explicitly noted that all nations have the right to acquire nuclear technology for peaceful purposes, so long as they adhere strictly to their non-proliferation commitments. Thus, the Administration may be leaning toward dropping the requirement for suspension of all sensitive nuclear activities in Iran, embodied in the five relevant unanimously adopted UN Security Council resolutions.

The effectiveness of the sanctions and their incremental severity is conditional upon a wide international front, including the US, the EU, Russia, India and China. The inauguration of the new US Administration creates a window of opportunity for dialogue with Iran, with the desired aim of achieving the required suspension of Iran’s sensitive nuclear activity, particularly uranium enrichment.
The Ninth Herzliya Conference was held just after the conclusion of Operation ‘Cast Lead’ in the Gaza Strip. The military results of the Operation, civilian casualties, and the collateral damage left a deep impression on the international system. These will obviously be the backdrop to any effort to renew the diplomatic process between Israel and the Palestinians.

The results of Operation ‘Cast Lead’ are clearly evident on the ground as the Palestinians in Gaza sustained heavy damage from the IDF. However, contrary to the severe damage caused to Hamas military capabilities, some believe that the organization’s standing was actually strengthened within the Palestinian arena. The harsh Palestinian feelings toward Hamas have not been translated into increased support for Fatah. Against this backdrop, the Chairman of the Palestinian Authority, Mahmoud Abbas, is seeking to renew the Palestinian national dialogue and form a unity government and it has been argued that Israel should not intervene in the internal Palestinian dialogue. It is, however, plausible that the inter-Palestinian process will lead to increased cooperation between members of Fatah and Hamas, based on a common struggle against Israel. Efforts are being made by Arab and Western entities to rehabilitate the Gaza Strip by circumventing the Hamas organizations and transferring funds directly to the Palestinian Authority. This might lead to recognizing Hamas as an inseparable part of the Palestinian Authority.

Despite the severe military blow, Hamas was not defeated. From a Palestinian primarily Hamas’ perspective, the organization’s ability to withstand the mighty power of the IDF was considered “a divine miracle”. In addition to the heavy hand Hamas wielded toward suspected collaborators with Israel and towards Fatah supporters, the results of Operation ‘Cast Lead’ have served to reinforce popular support for Hamas.

The fighting in Gaza highlighted the legal dimension of the ongoing confrontation between Israel and Hamas, especially in the Gaza Strip. One interpretation of international law considers Israeli an occupying force, although it does not maintain a presence in Gaza, Israel controls the external security - air, sea and land. A different view holds that it is not ‘occupied territory’, but rather territory where an autonomous Palestinian regime was created as a result of talks between Israel and Fatah / PLO, and which was “abducted” by a terrorist organization through democratic process when Hamas won the elections. The divergent approaches underscore the inadequacy of current international law in addressing the unprecedented circumstances of asymmetric warfare in general, and the situation in the Gaza Strip in particular. Israel, on its part, must respond to the rehabilitation needs of the Gaza Strip, for otherwise the vacuum is likely be filled by Iranian money. Were this to happen, the influence of Hamas in Gaza would increase, and the power of the Palestinian Authority would lessen still more.

Two important developments have occurred in the Palestinian arena over the past year. The first is the creation of a civil and governmental infrastructure on the district/urban level in the West Bank. The second is improvements in Palestinian governance, led by Prime Minister Salam Fayyad.

Operation ‘Cast Lead’ occurred a year after the Annapolis Declaration in November 2007. Despite American efforts to prod Israel and the Palestinians, a diplomatic breakthrough has yet to be achieved. The two sides made a commitment at Annapolis to negotiate the so-called “core issues” (borders, settlements, Jerusalem, refugees and security arrangements), but, this negotiation process has not yielded substantial progress. The negotiation process held under the auspices of the Annapolis Declaration, and kept under a veil of secrecy, did not affect the situation on the ground, nor did it develop into any kind of tangible or viable agreement.

Despite the lack of diplomatic progress, it is possible to point to two important developments that have occurred in the Palestinian arena over the past year. The first is the creation of a civil and governmental infrastructure on the district/Urban level, benefitting the population and encouraging commercial and business activity in the West Bank. This “bottom-up” approach is attributed to the Quartet’s special envoy to the Middle East, Tony Blair, and emphasizes the need to invest in changing the political, economic and social reality on the ground, regardless of a ‘real’ progress in the diplomatic process. This approach receives positive results in increased tourism to Bethlehem and Jericho and, more dramatically, with respect to the situation in Jenin, where significant local change has occurred. Some regard the security, stability and economic prosperity in Jenin as a prototype for other cities in the West Bank. The success in Jenin was achieved by deploying American-trained Palestinian police under the command of General Dayton, and making the town the EU experimental flagship project for economic development. Additionally it is noted that the EU is leading more than 30 economic projects in the PA; it is now proposed that efforts will be made to implement and augment economic investment to promote stability, with an emphasis on investment in the private sector, promoting growth in the Palestinian economy, thus enhancing security, stability and economic welfare.

The second significant development pertains to improvements in Palestinian governance, led by Prime Minister Salam Fayyad. In addition to operating police forces under the command of General Dayton, the PA is strengthening law and order enforcement. This includes anti-terror activity, a campaign against money laundering, and the regulation of banks and financial services. The donor countries continue to channel capital to the Palestinian Authority, and the Palestinian economy is still, to a large extent, dependent on foreign contributions. However, observers express satisfaction with the steps taken so far by Prime Minister Fayyad, which have led to a reduction in the deficit.

As significant as these developments may be, they are still in initial stages, and the influence of Hamas cannot be disregarded. The success and expansion of these developments are uncertain, and their implementation and impact are still limited. Thus, more than a year after Annapolis, significant questions and doubts remain, mainly with regard to the practical possibility of advancing the diplomatic process within the inter-Palestinian arena and the relevancy of the familiar diplomatic formulas. Therefore, the central questions raised following the Annapolis Conference at the 2008 Herzliya Conference remain thus far valid and unanswered: how relevant is an accord with the Palestinian Authority in view of the inter-Palestinian rift, and the control of Gaza by Hamas? Is Chairman Abbas capable of “delivering the goods?”
The Northern Arena: Assessing Syrian Strategy

Two different assessments of the Syrian regime’s strategy were deliberated at the Herzliya Conference. The first stresses that the regime in Damascus is radical, and that therefore there is a remote chance at best that Syria might disengage from the radical axis with its partner Iran. It was argued that, as with other regimes in the Arab world, the Syrian regime is obliged to satisfy the demands of the intellectual elite. The intellectuals harbor extreme views, and thus propagate radical policy. This approach describes most of the regimes in the Arab world as being dependent on the favor of the elites. This sector has particularly radical worldviews that appear to be too often disconnected from regional realities and power balances, and they judge their leaders severely. Syria is believed to be satisfied with the weakening of the US, the malaise in Israel, and the nuclearization of Iran. This approach emphasizes regional analysis as the reference point for assessing Syria’s intentions.

The second approach asserts that Syrian radicalism is not an identity, but rather a policy to preserve the stability of the regime. As it is controlled by the Alawite minority, the Syrian government’s primary objective is survival, and its radical policies and relations with radical Shi’ite forces are considered the optimal alternative to that end. It was argued that if a better alternative should present itself, in the form of a partnership with the US and a settlement with Israel satisfying Syrian aspirations, then the Syrian regime would consider it. This approach underscores the regime’s stability as the reference point for assessing Syria’s intentions.

In recent years, the threat posed by Syria has developed into a combined multi-system threat that includes a variety of targets and diverse weapon systems-conventional and non-conventional. Syria constitutes a military threat to the IDF’s land and air forces, as well as a growing and extensive threat against Israel’s civilian population. There is considerable concern that Syria could replicate Hezbollah’s strategy of the 2006 Second Lebanon War, by maintaining an even more extensive rocket and missile offensive against Israel’s civilian population, and also target infrastructure and military installations. Israel does not seem to possess the capability to neutralize the Syrian rocket and missile threat; just as it lacks a suitable operational response to the Qassam and Katyusha rockets. In addition to building-up its conventional arms capabilities, Syria has in recent years embarked on the path of nuclear armament, which is demonstrative of the increased Syrian threat. This has implications for operational planning, and perhaps for Israel’s perception of war, should a future confrontation with Syria occur. The desire to quickly destroy the adversary’s strategic ability and achieve a rapid victory is challenged by the adversary’s ability to inflict prolonged damage to the Israeli military and home front.
The Need to Update Israel's Security Doctrine

It is possible to discern profound processes of change regarding Israel's strategic environment, and the threats it faces. Some of these changes have already found practical expression. Together with the potential for conventional conflict, there is growing concern about a transition to a nuclear, non-conventional conflict combined with the intensified use of terrorism. These changes necessitate updating the Israeli national security doctrine, and the acceleration of projects relating to home defense, both active and passive.

Several years have passed since the Meridor Committee submitted its conclusions concerning the formulation of a new national security doctrine. These conclusions were discussed by the Ministerial Committee for National Security Affairs (the “Cabinet”), but no decision was made about whether or not to adopt them. The main conclusion was the need to add a fourth foundation to the traditional “three legs” of Israeli security doctrine. In addition to deterrence, sufficient warning, and decisive victory, "defense" ("denial") is to be added as a fundamental component of the security doctrine. However, while Israel is delaying decisions on matters of defense capabilities, regional threats are becoming more acute. Israel was already forced to contend with a direct and wide-ranging threat to its home front during the Second Lebanon War, and with rockets fired from the Gaza Strip. Israel also faces potentially more serious rocket and missile threats from Syria.
Israel is not acting with the sufficient sense of urgency required by these developments, and which is necessary to preserve its regional military superiority and qualitative advantage. It is true that there was a noticeable improvement in the IDF’s readiness and performance during Operation ‘Cast Lead’, compared to its performance during the Second Lebanon War. However, Israel lacks suitable response to the threats posed to the home front by Syria and Hezbollah long-range rockets, which could also get into the hands of Hamas in the Gaza Strip.

With regard to the balance of power in the region and beyond, it is disconcerting to discern that the camp of radical countries is evidently demonstrating a greater overall resolve than the camp of democratic countries, to which Israel belongs. Apart from worrying developments in Iraq, Afghanistan and Pakistan, the democratic camp has already accepted the presence of Hezbollah in Lebanon, and the takeover of the Gaza Strip by Hamas. Some believe that the West is also ready to accept the eventual and gradual takeover of Iraq by Iran. At the same time, the arsenal of weapons in the hands of the radical states is growing. Russia is restating its position as a superpower, wielding influence in the Middle East by supplying high-quality weapons to Iran and Syria - some of which have already ‘leaked’ to Hezbollah. On the other hand, the US supply sophisticated weapons to Egypt and the Saudi Air Force. Nevertheless, the Israeli Foreign Ministry’s assessment is that the camp of moderate nations has recently been reinforced at the expense of the radical camp.

Retrospectively over the last decade, it may be evident that Israel has accumulated a “deterrence deficit.” Israel’s enemies did not hesitate to attack, challenging its credibility and commitment to respond with harsh retaliation.

Even in the event of a wide-ranging conventional or non-conventional missile attack, Israel must ensure the survival of its population. Moreover, it must ensure the minimum preservation of state institutions that will enable a rapid reconstruction and rehabilitation. The increased importance of the missile threat requires a reassessment of existing responses. Some observers propose that Israel equip itself with defense systems additional to those it currently has, or is already developing.

Steps taken by the government include the establishment of a National Emergency Authority within the Ministry of Defense, and “resilience centers” in southern Israel. These are important to enhance services provided to citizens, to strengthen the population’s resilience, and to boost confidence in government institutions. The “resilience centers” established in Sderot and other communities bordering Gaza, provide an essential service to a population that has been subject to an ongoing security crisis. The positive results achieved by the ‘resilience centers’ demonstrate the need to improve governmental systems. Moreover, the efforts to coordinate and improve the home front readiness should be accelerated. The government would be well-advised to promote cooperation between the government, local authorities and NGOs. Experience accumulated in this area during Operation ‘Cast Lead’ may contribute to developing a better response capability, should future threats materialize. It seems that much more work is required in this area, including allocation of appropriate resources. A main conclusion from the experience accumulated so far, and in view of existing threats, is that the social-behavioral aspect is a fundamental component in the home front’s endurance and national strength. Therefore, a serious effort should be made to fortify the home front’s resilience with respect to diverse threat scenarios.
Regional Influences on Israel’s Relations with Key Players in the Global Arena

2009 is a year of change in the Israeli administration and amongst its close allies. In addition to the new US Administration, national elections are to take place in Germany. The newly elected European Parliament will confirm a new European Commission, which might be overhauled should the last remaining EU member states ratify the Lisbon Treaty.

It is only natural that these changes in government will be accompanied by a period of reciprocal adjustment and uncertainty, and the need to evaluate policy. The strategic importance of US policy to Israel’s national security cannot be exaggerated, particularly with respect to the Iranian nuclear threat, the regional peace process, and Israel’s foreign relations with other key players in the global arena.

It is still too early to accurately assess the scope and repercussions of changes in American policy. The coming year will likely to be marked by US, European and Israeli efforts to reassess and coordinate regional policy vis-à-vis the peace process and the Iranian nuclear threat. In any event, it appears that, the peace process between Israel and the Palestinians will be more central to Israeli-American relations than in the past. This issue is already dominant in European-Israeli relations, perhaps to an excessive degree. The impressive developments during the past year in Israel-NATO relations reflect the continued trend of strengthening strategic ties between Israel, North America and Europe. It is also a tell-tale sign of a profound understanding that Israel and the Atlantic community face shared threats.

US – Israel Relations

Although it is early to comprehensively assess the change in regional American strategy, it is possible to note two significant diplomatic trends. First, the new US Administration prefers a strategy of engagement in the Middle East in order to generate a behavioral change of central players, such as Iran. It may therefore be expected that the Obama Administration will try to reach out to the moderate Muslim public in an effort to reduce hostility toward the US. Second, during the presidential election campaign, President Obama declared his intention to carry out a “responsible” withdrawal from Iraq, along with his intention to increase US military involvement in Afghanistan so as to achieve victory over the Taliban and Al-Qaeda. The combination of these two trends clearly indicates that, despite the impact of the economic crisis on the US, regional players would be mistaken to regard America’s engagement strategy as weakness. This type of misconception could incite regional players to strategic errors, and is likely to directly impact Israel’s national security, and the relationship between the US and Israel.

The basic and profound US commitment to Israel’s security will be preserved. However, change in regional policy during the Obama era will also include a change in US policy toward the Israeli-Palestinian conflict. The Obama Administration is expected to exert pressure on Israel to achieve diplomatic progress. The appointment of former Senator Mitchell as the Administration’s envoy to the Middle East – one of the first moves of the Obama Administration – indicates the Administration’s intention to vigorously pursue the peace process between Israel and the Palestinians.

Europe-Israel Relations

There is a growing and predominant tendency in Europe to tie the development of Israel-EU relations to progress in the peace process between Israel and the Palestinians.

Relations between Israel and Europe are based on historical, commercial and cultural ties, as well as shared interests and values. There is, however, a growing and predominant tendency in Europe to tie the development of Israel-EU relations to progress in the peace process with the Palestinians.

Israel and the EU agree that Israel and the Palestinians should be allowed to conduct direct negotiations, and there is a consensus on European non-engagement with Hamas. Nonetheless, there is a dominant viewpoint that demands the conditioning of enhanced Israel-EU relations on diplomatic progress, or on Israel’s compliance with European demands on Palestinian issues. This stipulation appeared initially, verbally yet vaguely, in the 2008 declaration of the EU on the upgrade of Israel-EU relations. Since then, it seems to have gained an increasingly strong foothold. Israeli pundits also believe that in light of the scope of commerce between Israel and Europe, Israel cannot disregard the European stance on diplomatic issues. There is yet another view prevalent among Europeans, which regards Israel as the country in the forefront of the democratic countries, leading the battle against terrorism, and considers Israel a partner entitled to backing and support. Contending with European attitudes, and the ongoing struggle regarding Israel’s right to exist, is a complex and urgent challenge for Israel.

With the inauguration of the Obama Administration there appears to be unanimity between Europe and the US regarding the need to energetically push forward the Israeli-Palestinian peace process, including exerting pressure on Israel if necessary. However, there is a significant gap between the Europeans who advocate conditioning relations with Israel, and the Obama Administration. The European approach – which does not reflect a general consensus, but dominates many institutions within the EU – views the relationship between Europe and Israel primarily through the lens of the Israeli-Palestinian issue, and does not perceive Israel as a strategic asset. It is unlikely that the Obama Administration, which is committed to the special relationship with Israel, will share this view.
NATO-Israel Relations

The Individual Cooperation Program (ICP) between Israel and NATO was concluded in 2006, and recently updated in late 2008. Since the inception of the ICP, there has been a very clear and significant trend of enhancing the relations and military cooperation between Israel and NATO. The practical progress relating to strategic cooperation between Israel and the Euro-Atlantic community is significant, and encompasses a broad range of fields. However, the pace remains unsatisfactory, and is subject to institutional limitations. The most salient of these is the lack of a joint status-of-forces agreement (SOFA) that would provide immunity for soldiers and commanders participating in international military operations. Lacking such an agreement, any significant expansion in the scope of military cooperation between Israel and NATO will remain limited, as is the participation of Israel in NATO activities.

There seems to be a consensus within NATO regarding the need to strengthen and upgrade its ties with Israel. However, a formal partnership - let alone membership - between Israel and NATO is currently impossible, from an institutional perspective. Israel also seeks to strengthen those relations, but has not developed a formal position regarding its ultimate objectives where the Alliance is concerned. The Israeli establishment has reservations about full membership in NATO, due to the concern that Israel’s space for maneuver in times of need might be restricted. There is also a European concern that Israel’s membership in the Alliance would drag NATO, in its entirety, into the very confrontations that it is seeking to prevent.

Israel has an interest in upgrading its relations with NATO, but there are a number of factors setting back the realization of this goal. These include linking the relation with Israel to the Alliance’s relations with other states in the region, which are not necessarily interested in an upgrade. While NATO-Israel relations have not been directly affected by the Middle East conflict and the Israeli-Palestinian issue, a possible upgrading in those relations might bring forward the traditional stance regarding the Israeli-Palestinian issue by some of the European members of the Alliance.

Despite these difficulties, a window of opportunity has recently developed that is likely to facilitate the expansion of Israel’s relations with NATO. During the past two years, NATO has increasingly realized that Israel’s experience can make a significant contribution to the Alliance’s primary military campaign in Afghanistan. Therefore, the pace of cooperation has been considerably enhanced. Additionally, the Iranian threat is an important unifying factor between NATO and Israel. These developments provide a framework for real “on the ground” cooperation between Israel and NATO. This might be reinforced by the process of formulating a new Strategic Concept for NATO, which is currently underway.

Key officials at NATO regard closer cooperation with Israel as essential, based on an understanding that global security challenges require global responses. Therefore, they see Israel as a de facto strategic partner. Israel should attempt to exploit the window of opportunity to promote relations, operational cooperation and interoperability with NATO. This should be conducted in the framework of a new strategic partnership, based on shared interests and potential reciprocal benefits for both sides.
Approaches and Issues in the Regional Peace Process

The Israeli-Palestinian Channel

The discussion on promoting the Israeli-Palestinian peace process included an extensive debate about the creation of civil/governmental infrastructure on the district/urban level, which would benefit the Palestinian population, and encourage economic and commercial activity. Jenin was cited, particularly, as a successful prototype for local change which brought about security change. It was suggested during the discussion that Israel should promote this approach, and that it should be extended to additional cities in the West Bank.

Beyond this, the 2009 Herzliya Conference discussed at length two core issues that are on the negotiations’ agenda for a permanent accord: (1) Jerusalem; and (2) the status of Jewish refugees from Arab countries.

Regarding Jerusalem, it was proposed that the struggle over sovereignty in the city is not being conducted only in negotiation rooms but, primarily, by attempting to establish facts on the ground. The most salient example is the struggle for sovereignty over the Temple Mount. The Waqf’s excavations on Temple Mount intentionally aim to change the status quo in what is considered to be the very heart of the conflict. In recent years, two underground mosques have been added to the Dome of the Rock and the Al-Aqsa mosques. One mosque was built within the ancient structure of Solomon’s Stables; the second was built under the Al-Aqsa mosque and is called Al-Aqsa Al-Qadima. These measures are being advanced along with an ideological propaganda claiming that the Jews never had a Temple on the Temple Mount. This claim is designed to substantiate the argument that the Jews have no historical or religious basis for asserting sovereignty over the Temple Mount, while the idea is to undermine the legitimacy of the Jewish connection to Jerusalem. The idea of denying the Temple has been readily accepted among various political, intellectual and ideological Western circles. However, the overwhelming majority of Christian communities worldwide completely reject such notions, since they also undermine the foundations of their faith.

The Holy See is following the Israeli-Palestinian struggle over Jerusalem with much concern. Over the years, the conflict has resulted in a dwindling of the Christian community in the Holy Land. In the wake of massive emigration, the Christian community in Israel today numbers approximately 2% of the population; only about 12,000 Christians live in Jerusalem today. The Vatican argues that it will be impossible to maintain the religious identity of Christian holy sites without upholding the Christian population’s rights to maintain their traditions and freedom of expression.

As a result of allegedly blatant Palestinian attempts to ‘establish facts’ on the Temple Mount, a complex legal and partially academic discourse is being conducted regarding the essence of sovereignty. This discourse seeks creative ways to apply the concept of sovereignty to Jerusalem. Israel’s traditional position is that Jerusalem must be united under Israel’s sovereignty. The official Palestinian position recognizes Jerusalem as the capital of the State of Israel, but claims Palestinian sovereignty in the eastern part of the city as the capital of the future Palestinian state.

Recent developments in international law have greatly expanded the concept of sovereignty. They have created a series of interim definitions that break sovereignty down into its components. These include concepts such as: interim sovereignty, acquired sovereignty, temporary sovereignty, conditional sovereignty, and shared sovereignty. The current Palestinian struggle in Jerusalem is based on practical attempts to strengthen Palestinian sovereignty, through a series of steps, such as activities by the Palestinian Authority’s ministries and Palestinian organizations in Jerusalem, as well as efforts to appropriate the Temple Mount through excavations, and the building of underground mosques. These actions can be seen as an attempt to establish a de facto Palestinian sovereignty in those areas. It is postulated that this is a struggle for acquired sovereignty and it is intended to strengthen the standing of the Palestinians and establish facts ‘on the ground’ prior to negotiations over the final status of Jerusalem in any future permanent accord.

Some argue that Israel should prevent or restrict unilateral Palestinian actions in Jerusalem and study innovative and creative sovereignty models to deal with the issue. Such a study could facilitate an agreed solution regarding Jerusalem. It could also help formulate a creative solution to the future sovereign status of a Palestinian state within the framework of the “two-state solution” formula.
The discussion about Jewish refugees from Arab countries, suggested that the Government of Israel has, in fact, somewhat increased attention to this matter on the diplomatic agenda. The message needs to be honed, both for the sake of historical justice, and to attribute appropriate weight to this matter in future diplomatic developments.

The historical background of the Jewish refugees is relevant to any future negotiation on a permanent accord between Israel and the Palestinians, and between Israel and the Arab countries. Indeed, while the problem of the Palestinian refugees is well-known and has won great sympathy and legitimacy throughout the world, there is no parallel awareness of the problem of Jewish refugees from Arab countries. These Jews - forced out of Arab lands following the UN partition of mandatory Palestine in 1947 and the establishment of the State of Israel in 1948 - are the descendants of ancient Jewish communities. In 1947-48, the Middle East became a region flooded with refugees. Some estimate at 762,000 the number of Arabs from the area of mandatory Palestine that became refugees and were placed in camps in Arab countries. Correspondingly, since 1948, some 860,000 Jews were uprooted from their countries of origin in the Arab world. Most of their property was expropriated without compensation; some of them came to Israel; some moved to Europe or the US.

International definitions of the term “refugee” also apply to the Jewish refugees, compelled to leave Arab countries (see for example: the UN Convention Relating to the Status of Refugees, 1951). Moreover, in 1957 and 1967, the UN High Commissioner for Refugees determined that the Jews who fled from the Arab world were refugees under the Commissioner's mandate. UN Security Resolution 242 (1967) stipulates that a Peace Agreement in the Middle East must include the resolution of the overall problem of refugees, not only the problem of the Palestinian refugees.

Steps taken by the governments of Israel on this subject over the years are described by critics as ‘partial and insufficient’. The Israeli Ministry of Justice has collected data and documents, and Ministerial Committees have been formed. But most of the dedicated activity actually takes place in the US and Europe. This was made evident in the lobbying effort that led to the passage of an historic resolution in the House of Representatives (Resolution 185, April 2008) that recognizes the rights of two refugee populations in the Middle East. Thus, it is proposed that Israel:

- Adopt and put into practice the principle that was already stipulated in a government decision, according to which, any future negotiations - bilateral or multilateral - will be symmetrical in addressing the matters of Jewish and Palestinian refugees;
- Work for recognition of the issue and demand compensation on a national level;
- Develop programs of study on this topic and include it in the school curriculum in Israel.

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The Israeli-Syrian Channel

Within the coming year - during the initial months of the new government’s term - Israel will have to decide whether to initiate peace talks with Syria and the diplomatic path it will pursue. The common denominator of the various alternatives is the need to assess the chances of reaching an accord with Syria, the advantages and disadvantages of such a process, and the implications should Israel decide not to pursue talks with Syria.

Until several years ago, conventional wisdom held that a peace accord with Syria, as compared with the Palestinian track, was relatively simple and attainable primarily because it was considered a territorial and security issue. However, regional developments mandate considering broader regional issues in any assessment of the prospects for an accord with Syria, its stability, feasibility, and added value.

Three approaches may be identified regarding the feasibility of an accord between Israel and Syria in the regional context:

- One attributes significance and broad regional implications to an accord with Syria. Thus, a peace treaty with Syria would sever its ties to the radical axis. It would also help the spread of Iranian influence in the Middle East and contribute to the isolation of Tehran. An Israeli-Syrian accord would undoubtedly have a positive impact on the negotiations between Israel and the Palestinians, and would increase the chances of reaching a stable, permanent agreement in this arena too.
- A second and middle approach attributes more modest regional implications to such an accord. Proponents argue that an agreement with Syria would drive a wedge between it and the radical axis. It may completely sever Syria’s relations with Iran - or in the least blunt and weaken the intensity of regional threats to Israel, while not completely eliminating them.
- A third and negative view attributes marginal and even negative regional implications to an accord with Syria. An agreement with Syria would not bring about Syria’s severing its connections to Iran, and with radical terrorist organizations. However, progress on the Syrian track at the expense of the Palestinian track would be likely to spark an eruption of violence in the Palestinian arena, even potentially leading to the outbreak of a “third Intifada.”

Regional developments mandate considering broader regional issues in any assessment of the prospects for an accord with Syria, its stability, feasibility, and added value.

An analysis of regional forces, especially on the northern front, raises doubts about the ability of an accord with Syria to diminish Hezbollah’s strength, in view of the increased Iranian directive in the organization after Syria withdrew from Lebanon in 2005.

Another approach suggests examining the repercussions of an accord, versus no accord, over a long-term perspective. In this view, the lack of a diplomatic process, or its failure, could place Israel and Syria on a collision course. In the event of an outbreak of hostilities, a severe response by Israel would probably topple the current regime in Syria. This could contribute to the rise of more extreme forces, and intensify the threat to Israel’s security and stability.

In any case, it is believed that an accord with Syria should be concluded within the regional framework of the “Arab Initiative”, which would entail the recognition of Israel by the Arab League’s members and the establishment of diplomatic relations.

Israel’s Legitimacy under Attack

Israel is increasingly under attacks designed to undermine the very legitimacy of its existence. Israel must urgently confront the problem, since it is obvious that the tools used by the government, and the resources available, are insufficient.

Israel is increasingly under attacks designed to undermine the very legitimacy of its existence. Operation ‘Cast Lead’ apparently triggered the current wave, but it seemingly reflects more deeply-rooted anti-Israeli feelings, particularly in Europe. Similar positions exist in the US, but with a slightly different nuance and at lower levels. Israel must respond to these attacks and fight for the legitimacy of its very existence in a struggle that is more multi-dimensional, complex and complicated than in the past. The arena in which the political discourse is conducted has changed. Alongside traditional arenas, it includes new ones that are more sophisticated and dynamic, such as universitaries, conventional modes of communication (TV, radio, print media) as well as the Internet. Israel must urgently confront the problem, since it is obvious that the tools used by the government, and the resources available, are insufficient.

Operation ‘Cast Lead’ and consequent events brought the public offensive against Israel to new peaks. Mass demonstrations worldwide - particularly in Europe and North America - express what appears to be a deep-seated anti-Israeli tendency firmly rooted in some intellectual circles, academia, in the arts and in journalism. It is possible to identify a disturbing link between extreme Islamic rhetoric, not necessarily Palestinian, and elements of the radical left (anarchists/communists, with revolutionary tones). In addition, some identify a link between the anti-Israeli wave and extreme right-wing elements inside and outside Europe, where anti-Semitic feelings are resurfacing.

Several salient characteristics can be identified in the anti-Israel rhetoric, and common to all of them is the attempt to undermine the legitimacy of the State of Israel. A consistent effort is made to portray Israel as a racist state, “an apartheid state”. Israel is accused of violating the rights of the Palestinians, including the Arab citizens of Israel, and brutally robbing them of their lands. A prominent characteristic pertains to the circumstances in which the state was created. The assertion made is that the migration of European Jews to Israel was a colonialist act, while the Holocaust, and the long history of persecution of the Jews, is completely disregarded. This approach infers that Israel was born and exists in “sin”, and that all of its actions are a crime against humanity. These viewpoints foster the de-legitimization of Israel, reject the principle of two nations for two peoples, namely the two-state solution, and endorse the one-state solution excluding the Zionist claim to Israel, which predates the Holocaust.

The UN serves as an important arena and a central instrument for the Palestinians in their struggle against Israel. Through UN institutions and Non-Governmental Organizations (NGOs) dealing with human rights, the Palestinians are expanding the theater of the contest. The use of legal steps against Israel is increasing – for example, petitioning the International Court in The Hague. While the Palestinians regard such petitions as legitimate, Israel perceives them to be a cynical exploitation of the institutions established by Western countries to promote human rights, exploited against a sovereign state fighting terrorist organizations that attack and murder its citizens.

It seems that Israel has yet to fully recognize the severity of the problem and its potential ramifications. Some warn of the danger of a conceptual change in traditional positions of governments and leaders in the world vis-à-vis Israel, as well as widespread changes in public opinion in Europe and the US. A long-term plan of action is required that encompasses the broad range of actions necessary. Proposed actions include:

- focusing attention on academic institutions abroad;
- channeling funds from Jewish sources to counterbalance Islamic investments in top international universities;
- inviting guests to Israel (students, academicians, journalists and opinion makers);
- formulating a strategy of information for times of routine and of crisis, while improving governmental coordination in Israel and with Israel’s representatives around the world;
- making the best possible use of existing media platforms and developing new platforms adapted to habits of consumption, and technological changes in mass media (new media).

It was proposed to identify countries that pose a special challenge, such as the United Kingdom, and to focus a special effort toward them.
The level of solidarity between the Jewish people in Israel and around the world, and the level of solidarity with Israel by Israelis living abroad, is an increasingly important issue, against the backdrop of the struggle against the de-legitimization of Israel. This conclusion derives partly from analyzing the findings of a public opinion survey conducted in Israel and the US, specially commissioned for the Herzliya Conference. It is important to clarify some fundamental questions, such as the voting patterns of Israelis overseas in order to obtain a full picture. It is also important to develop new and additional plans to reinforce the connection between the Israeli public and Jewish communities worldwide, thus deepening each community’s knowledge of its counterpart, and strengthening solidarity.

Patriotism in Israel

Each year, the Herzliya Conference examines the patriotism level in Israel as one of the components of its national resilience. The database collected over the years facilitates studying changes in public opinion, prevalent attitudes toward symbols of the State of Israel, and the connection of both Jewish and Arab communities to the country.

The data of the latest survey indicates that there is a diminishing sense of patriotism among young people aged 18-24. Patriotism has remained constant among young people and adults over the age of 45; and patriotism has increased among the middle-aged group of 25-44. The survey also indicates a significant disparity between Jews and Arabs in their self-perception as Israeli patriots: 71% of the Jews regard themselves as Israeli patriots, compared to 21% among the Arabs. This is the second consecutive decline in Jewish patriotism among Arab citizens since 2007 (39% in 2007, 28% in 2008; and 21% in 2009). On the other hand, the sense of Israeli patriotism among Jews rose this year (65% in 2007 and in 2008; 71% in 2009). At the same time, the sense of Palestinian-Arab patriotism has strengthened significantly among the Arabs (74% in 2009, versus 67% in 2008). It is reasonable to assume that the data was influenced by events in southern Israel, and fighting in the Gaza Strip, which took place approximately when the annual survey was conducted.

The Israeli public demonstrates a high level of fortitude relative to the severity of the developing nuclear threat. It remains highly rooted, as expressed in answers to the question: ‘If one of the hostile nations in the region threatens Israel with nuclear weapons, would you continue to live in Israel or relocate to another country?’ 81% of the Jewish respondents replied that they would remain in Israel, or that they would ‘most probably’ remain, compared to 74% of the Arab respondents. The Jewish population recorded the same level (81%) in 2008, while the percentage rose amongst the Arab population (from 50% in 2008).

This finding is consistent with another finding showing a higher level of rootedness among the Arab population when compared to the Jewish population, which demonstrates greater willingness to leave Israel and live elsewhere.

The survey indicates no correlation between the level of fear and the impulse to wage war, and that the level of fear is not a factor in patriotic solidarity. This finding deserves special attention and demonstrates a certain level of public maturity. In a multi-year cross-section, it appears that the level of patriotism in Israel remains stable, while the levels of fear are changing. Nevertheless, even when the level of fear rises, it does not translate into an urge for military action.

The trend of a declining sense of patriotism among the Druze community continues. It was explained that the Druze display a level of patriotism that is close to that of the Jews, and certainly significantly higher than other minority populations. However, in recent years, patriotic feelings among the Druze are declining. This trend should be taken into consideration and translated into recommendations for immediate action to be taken by the government. Efforts should be made to strengthen the connection with the Druze population and enhance reciprocal relations.

Solidarity and Closeness: The Jewish Peoplehood Index

The Jewish Peoplehood Index for the first time measures mutual familiarity and connection between Jewish communities in the US and Israel. This database, as well as future surveys which will include other worldwide Jewish communities, is an essential tool to formulate a national and non-governmental policy that will strengthen the connection between Israel and worldwide Jewry. The emphasis was placed on studying and comparing the populations in the two largest Jewish communities in the world: Israel and the US. According to the survey’s authors, the comparison reveals a complex picture of closeness and similarity, and the overall pattern tends more toward closeness and similarity than to distance and dissimilarity. The Jewish identity is a basis for shared closeness between the two communities, and Israel is seen as an important spiritual center.

An interim analysis indicates the great importance the two communities attribute to their Jewish identity, their positive mutual assessment, and the general sense of belonging to the Jewish people. The challenge, however, appeared to be both communities’ little motivation to join forces and reinforce the bonds between them. The conclusion is that the factors for the disparities must be understood in order to contend with them. A study of the survey findings indicates differences between the views of religious and secular Jews. Contrary to early expectations, it appears that among US Jewry there is a stronger connection to Israel among the younger groups who tend more toward strengthening ties with Israel.
Strengthening the Connection with the Israeli Diaspora

In recent years, Israel’s establishment has changed its attitude toward Israeli citizens living abroad. The Ministry of Immigrant Absorption is now working to strengthen the connection with these Israelis, and even sees them as a substitute to the diminishing waves of aliya [Jewish immigration]. According to the Ministry’s assessments, there are today about 750,000 Israelis living abroad: 50% in North America, 25% in Europe and the others elsewhere. In light of this data, bringing Israelis back from abroad should be defined as a national necessity: their return is a primary Israeli interest, which would impact positively in many fields in addition to the economic and demographic contribution.

It was reported at the Herzliya Conference that the special government plan on this issue has succeeded beyond expectations. The country has taken practical steps to encourage Israelis to return to Israel, including tax exemptions on overseas businesses, with the intention to encourage business activity and the flow of capital into Israel. This plan is a welcomed change, and its expansion should be considered, along with creating unique incentives for members of the professions needed in Israel. Conditions should be created to attract Israeli academics who are excelling abroad, and could contribute greatly to Israeli national research and development.

The large number of Israeli citizens living abroad also mandates a fundamental discussion regarding the possibility of absentee voting in the Knesset general elections for these citizens. This question can be examined from practical, philosophical and theoretical aspects, and raises fundamental questions underlying the rationale of a democratic state. Two main views are expressed in response to the basic question: Who is entitled to participate in the decision-making that obligates the collective in a democratic nation?

A. The entitlement includes all those who are obligated by the decisions.

B. The entitlement includes all those whose interests are affected by the decisions.

The first approach limits the right of voting to citizens who are residents of the country, as opposed to the second approach, which extends this right to non-resident citizens. A special survey prepared for the Ninth Herzliya Conference analyzes the development of the global trend to grant voting rights to citizens residing outside their country. It should be emphasized that this trend is not a result of an ideological principle, but rather a consequence of historical, political and demographic developments. Consequently, the derived conclusion is that the boundaries of citizenship do not necessarily overlap territorial boundaries. This view supports granting the right to vote to Israelis living abroad as an instrument to maintain their connection with the country.

The other approach opposes extending the right to vote to Israeli citizens abroad who are not serving as official emissaries. This opposing view is due to concern that certain elements within the Jewish communities worldwide will seek to increase their influence on Israeli political affairs. This process, they claim, invokes the possibility that Jews worldwide will be accused of dual loyalty. It could even encourage conspiracy theories, such as the “Protocols of the Elders of Zion.” This approach asserts that the State of Israel must be open to any Jew who wishes to make it his home. However, Jews who live outside Israel must not be allowed to intervene in its way of life, or determine the policy of its parliament and government.

The discussion to date primarily addresses the extreme views: full extension, or complete differentiation. There appears to be an option for an intermediate approach, preserving the principle stipulating that only citizens residing in Israel should determine their fate. This intermediate approach would also make allowance for modern reality: In a global world, more citizens reside abroad for limited periods, to study, work or for other purposes. Their connection to Israel and their involvement remain strong. It is essential to continue this debate publicly and academically, prior to bringing it before the Knesset for a decision.
The governability of Israel is in permanent decline. The public is increasingly concerned with the problem, and is increasingly dissatisfied with the level of services provided by the government. At the same time, state employees, as well as elected officials, are clearly frustrated by the system’s deficiencies. The situation was described by one of the senior participants as “a public market failure”: the governmental system is non-functional precisely because the system’s officials are performing their jobs. Data from the 2009 Herzliya Indexes Project, examining the balance of power and national security, ranks Israel 20th out of 31 countries as to following the rule of law and the quality of regulation. Israel ranks 25th out of 31 countries regarding the ability of its citizens to influence and/or criticize the regime.

The low level of governability is related to the lack of political stability. Governments in Israel are frequently replaced, which leaves insufficient time to plan or implement policies and government ministers spend much of their time concerned with their political survival. The relatively low percentage threshold needed to be elected at the Knesset allows too many political parties into the parliament, resulting in the formation of unstable coalitions, subject to constant extortion; Government officials amass excessive power because they remain in their post while governments form and collapse; they feel no urge to execute reforms or implement new policies declared by a new minister every 18 months on average.

There are numerous proposals for solving the ongoing crisis of governability. They generally entail changing the system of government. Several common denominators can be identified in these proposals:

- **Restoring the authority and status of the Prime Minister**: there is an urgent need to strengthen the government’s stability. The current situation, in which the Prime Minister is engaged in an unending struggle for survival, preventing him from dealing with strategic issues, must end. This recommendation appears in proposals seeking to retain the Israeli government system as a representative parliamentary democracy, with additional amendments and balances, as well as proposals calling to establish a presidential democratic regime.

- **Removing bureaucratic obstacles and establishing a regime that is citizen-friendly**: the government ministries are bureaucratically cumbersome, and all proposals declare this factor must be accorded high priority. Citizens from all walks of life - households, commercial companies and public entities - suffer from a growing bureaucratic burden. The Lack of collaboration between government ministries hinders the initiation of projects or the implementation of policies. A gap was also identified between the responsibility of those assigned to implement policies, and those authorized to approve it. It was argued that excessive bureaucracy, originally designed to protect public interest, is undesirable and often harmful to the public.

- **Enhancing the quality of personnel**: personnel in the public service are an essential component that must be fostered and improved. Public service must attract high-quality, educated staff and, alternatively, facilitate the dismissal of workers who are not suitable. Additionally, the public is dissatisfied with the quality and level of its politicians.

Although partial, it has been proposed that one effective solution to the governability problem is legislation reforms. Such reforms must adhere to basic guidelines - being submitted for government approval and subsequently for Knesset approval - during the initial months of the government’s term.
The Challenges of the Economy

The performance and character of the Israeli economy helps the country to better cope with the global economic crisis. However, local economy is not immune to blows from the global recession.

The Bank of Israel has updated its forecasts and expects a decline in business output and GNP. This is consistent with the global trend projected by the International Monetary Fund. They anticipate a decline in the global growth rate, and contraction of economies in both the European bloc and the US. A more moderate growth rate is expected in the emerging markets. This compares with previous forecasts predicting that growth would continue and be less affected by the global crisis (the updated forecast predicts a four-percent growth in 2009, down from an earlier eight-percent forecast).

Economic Performance and Coping with the Global Crisis

Israel’s economic performance in 2008 directly reflects on its ability to cope with the crisis in 2009 and beyond. The surveyed indices indicate that the Israeli economy is in recession, but it is in a good position to cope with the global crisis. A survey conducted by the Bank of Israel’s Research Department, intended to assess the net weighted balance of total business activity, and indicated a decline during the first three quarters of 2008. The decline rate is similar to that experienced during previous recessions in the Israeli economy (1997, 2001, and 2003). A cross-section review of the net weighted balance indicates that industry, transportation, communications and trade are the branches that have been hit the hardest so far, followed by construction and hotels.

The data from the Bank of Israel’s Research Department presented at the Herzliya Conference shows that in 2008 the unemployment rate was 6.1%. This rate is expected to increase to 7.6% in 2009. In 2008, the GDP growth rate was 4.1%. The growth rate forecast for 2009 is negative and is predicted to be -0.2%, with a recovery in 2010 up to a growth rate of 2.7%. One positive effect of the crisis on Israeli economy is the sharp downturn in prices of goods and oil. Israel, as an importer, benefits from the low prices, which improve the terms of trade.

The conservative policy of Bank of Israel, and the conservative tendency of the banking system in general, enhance Israel’s ability to cope with the challenges of a global recession. A relatively high capital ratio, and a low rate of problematic debts, placed Israel in a relatively good position when the crisis started, compared to other countries. Unlike the US, the absence of an Israeli real estate bubble also contributed to the resilience of the Israeli system. Moreover, in contrast with the American market, there is a high level of household savings which reduces private consumption’s dependency on credit availability. On the national level, there is a surplus in the current account and a positive balance of assets-to-debts in the external account. The Bank of Israel maintains a high level of foreign currency reserves, which have increased recently. However, local economy is not disconnected from the global one, and the Israeli economy is exposed to external influences.

The Israeli economy is small and open, and its growth depends on the growth of exports, particularly in the high-tech sector. Much importance is attributed to Israeli exports to the US, which is now the center of the economic crisis. In addition, the non-banking credit market has undergone an accelerated development and, due to the global financial crisis, this market contracted as a source of financing. Israel’s relatively high debt-to-GDP ratio increases its vulnerability and narrows the freedom of maneuver in an anti-cyclical fiscal policy.
The Ministry of Finance publicly expressed his expectation from the private banking system to enhance its responsibility and take its action broader considerations into account.

The Ministry of Finance publicly expressed his expectation from the private banking system to enhance its responsibility and take its action broader considerations into account. It was argued that, due to the size of the commercial banks, the considerations of the private banking system and the Central Bank / Ministry of Finance overlap and is interchangeable.
The Challenges of Education, Higher Education and Science

A New Technological Environment for the School System, and Improving the Achievements of Israel’s Pupils

The decline in the achievements of Israeli pupils, relative to other countries, was discussed extensively within the framework of previous Herzliya Conferences. This year, attention focused on the severe crisis in the education and the higher education systems in Israel. The Israeli education system received low grades in comparative exams administered in recent years, including exams conducted by the OECD (Organization for Economic Cooperation and Development) and the IEA (International Association for the Evaluation of Educational Achievement).

This year, the Herzliya Conference studied the use of computers and the Internet in Israeli schools as one of the tools to be used to improve pupils’ scholastic achievements. This study is especially important in light of two significant findings:

- The lowered achievements by Israel’s pupils do not result from the lack of resources, as government expenditure per pupil is similar to median expenditure worldwide, according to OECD surveys;
- It was demonstrated that achievements are higher in countries where computers and the Internet are extensively incorporated into schools and in the pupils’ homes.

Together with other reforms, such as ensuring a high level of trained teachers, investment is needed in computer infrastructure and development of updated computerized study programs.

A survey conducted for the Ninth Herzliya Conference examined parents’ views towards their children’s learning environment and, in particular, the use of computers and the Internet at home and at school. The main findings of the survey indicate that most Israeli families - in central Israel and the periphery - have a computer at home, in both the Jewish sector (88%) and the Arab sector (85%). The rate of Internet connection is very high in both sectors: 97% in the Jewish sector and 90% in the Arab sector. Among the computerized families, 44% have more than one computer (43% in the Jewish sector and 21% in the Arab sector). Homes in the Jewish sector lacking a computer (12%) mainly consist of ultra-Orthodox (6%), religious and traditional families (4%), and include only a marginal percentage of secular families (2%). Survey underlines conclusion that Israel is amongst world leaders in the number of computers linked to the Internet, per household.

However, the survey indicates that parents are clearly critical of the insufficiency of the computerized and Internet environment in the schools, as compared with the domestic computerized environment. Thus, more than half of the parents (51%) believe that the school is not preparing their children for life in the 21st century, and 43% believe that their home is more advanced than school regarding the use of computers and the Internet. 46% of the parents believe that their children are not getting enough hours of computer-aided instruction at school. These figures are higher amongst parents who use computers in their daily professional and personal routines, and even higher amongst parents with university education and secular families.

These findings, and the range of other data appearing in the survey, reflect a disturbing trend about to the computerized environment in the schools. They are consistent with other studies that examined computer infrastructure in Israeli schools, and indicate that schools in Israel lag behind leading countries in computer-to-pupil ratio. The problem requires fundamental and urgent attention in order to comprehensively correct shortcomings in the Israeli education system. Together with other reforms, such as ensuring a high level of trained teachers, investment is needed in computer infrastructure and development of updated computerized study programs.

Dissatisfaction with the system of education, particularly parents’ opinion that the schools are not properly preparing their children for the future, comprises another red flag, signaling the sad state of the Israeli education. The situation in the junior-high schools is particularly severe, and there is an urgent need to refresh the curriculum and improve the instruction for this age group as soon as viably possible.

It was alternatively suggested that pupils and students are ready for the 21st century, but the education system is not. Exploiting VOD capabilities to enhance the quality of instruction for pupils throughout the country is an important and basic method that would instruct each pupil at his/her personally matched level. Learning via social networks - very prevalent today - is relevant, readily available, and studies have proven it to be effective. Pupils today spend a great amount of time in front of the computer, more so than television. This offers an opportunity to mobilize the computer for an effective and quality objective – learning. The “free time” deriving from the easy and available access of information should be exploited by the education system. Ways must be studied to process and integrate information as required.

The combination of all of the data, and the series of failures in recent years, indicates that reforms and improvements are urgently needed. These reforms can no longer be deferred if Israel wishes to continue to lead in the development of human resources in the global era.

New Models for the Higher Education System

In recent decades, the economy of Israel has strengthened thanks to the achievements of academic research. The universities in Israel are highly ranked in the world, and higher education in Israel has demonstrated its advantages. However, the Israeli economy has not done well in exploiting these advantages. Moreover, in recent years, most of the universities have suffered from economic distress and a lack of financial strength.

Higher education is, on the one hand, a market for training human capital. On the other hand, it is a market for research, innovation and creativity. Two fundamental questions arise in this regard:

- How to balance the aspiration for excellence and quality, with the need to make higher education accessible to broader communities?
- Does the government have the right to steer higher education (primarily by making funding available) toward fields required by the national economy?

A model examined at the 2009 Herzliya Conference was of leveraging higher education in Israel - considered among the best in the world - to export services and enhancing the system in the field of exact sciences. Australia offers one of the principal models for transforming higher education into an export branch, by opening its institutions to foreign students. 20% of the students in Australia are foreigners, mostly from East Asian countries. During the discussion, the population of Jewish students in the world was identified as one of the targets for recruiting foreign students for Israeli universities. According to the model, the recruitment of foreign students would transform higher education into an export branch. In 2030, with foreign students expected to account for 10% of the student population, this could inject over $200 million into the higher education system.

Another approach for boosting the financial situation of the higher education institutions in Israel would be to reduce the government subsidies for the institutions themselves, while these resources could then be channeled to assisting students (or potential students). In this context it was proposed that real wages be paid to those serving in the IDF and Sherut Leumi (National Service), enabling them to subsequently finance university tuition. A model has been created combining actual tuition fees with a 10% foreign student body, while retaining government support in the field of exact sciences (based on 2007 figures). This demonstrates that, despite reduction in the government share of the higher education budget (from NIS 2.5 billion to NIS 1 billion), the budget for higher education would grow by NIS 1.5 billion (from NIS 7.7 to NIS 9.2 billion). During the debate, a proposal was raised to directly subsidize students through a method similar to the funds made available to assist demobilized soldiers to study anywhere, at their choice.

It was also argued that the financial structure of the higher education institutions should be urgently revised. The current condition of these institutions raises questions regarding Israel’s ability to continue preserving its relative advantages, based upon developing the finest of human capital.
Greater investment is needed in scientific development and the technological industry. Such investment would be a central component amongst factors helping Israel to better cope with the global economic crisis, thus extracting itself from recession. Exploiting scientific potential and reinforcing Israeli advantage in the fields of Science and Technology depends on several factors: developing human capital in education and in an advanced education system; government allocation of appropriate resources; and upgrading Israel’s international scientific connections.

Basic research in the universities is defined as the principal link between higher education, Research & Development (R&D), and the development of start-up companies. Economists believe that each dollar invested in science produces a return of up to $17. This equation is being further strengthened during recession. The importance of university research in Israel is increasing, primarily because the local industry relies on it. Unlike Western countries such as Holland, Germany and the US, Israel is unable to maintain large laboratories for applied research. A key method for contending with the economic crisis is to promote R&D through academia and industry cooperation.

The forecast for 2025 anticipates that Israel’s high-tech exports will increase to approximately 70% of total exports. To facilitate this forecast and its economic growth objectives, Israel should expand its investments in the fields of information, in which it enjoys a relative advantage. A high level of investment is required for high-tech industries and research, and it was argued that only broad government investment could generate a significant change. Israel must not lag behind the rest of the world, where key advancements in technological developments are being achieved.

Recommendations for policy in the field of R&D include an increased collaboration between Israeli universities and industry branches. Improving the discourse would facilitate a reciprocal flow of ideas between industry and research institutions, thus encouraging and reinforcing practical cooperation. The government must also do more to contend with the phenomenon of the “brain drain.” In addition, Israeli scientists should be encouraged to contribute to and work with Israeli industry during their sabbatical years. A suitable allocation of resources will be required in order to attract Israeli scientists and researchers to return home.
Developing the Negev – A National Objective

The government set four quantitative goals to be achieved by 2015 within the framework of the plan to develop the Negev:

- Increasing the population from about 535,000 (data from the end of 2003) to about 900,000 in 2015;
- Raising the number of employed people from 164,000 to 300,000;
- Narrowing the gap in average per capita income by 60% (from 10.7% to 4.2%);
- Equalizing the students percentage among the Negev residents to the national percentage (15.6%) amongst the Jewish population aged 20-29 and, in particular, increasing the percentage of students in this age group among the Bedouin population (from 2.2% to 5%).

The strategic plan for the Negev, approved by the government in November 2005, remains unimplemented. The dramatic statements about ‘promoting the national objective’ remain void of any real content. An intensive and comprehensive report, conducted especially for the Ninth Herzliya Conference, exposes a series of challenges encountered in the implementation of this government decision, which can be perceived as a severe systemic, political and public failure.

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The strategic plan for the Negev, intended to significantly develop the southern region, was put together over an eight-month period by five separate teams. The plans were formulated with the objectives of narrowing social disparities; making optimal use of all the available land within the country; and taking full advantage of leading economic branches. The development of the Negev, according to its proponents and with the subsequent approval of the government, has been defined as a ‘national objective’. This is not only due to its strategic importance, but also to the complexity of the challenge, which requires coordinated, planned and continued initiatives, backed by both the authorities and the business sector.

According to the report, the government’s decision to adopt the strategic plan for the Negev was mainly declarative. It calls for setting clear goals, the formation of a steering committee, and an implementation mechanism. The authors reiterate that achieving a national objective to develop the Negev requires a well-planned project within the framework of a large and well-coordinated program. This cannot be achieved on the basis of isolated projects.

Today, three years after its approval, the government decision to develop the Negev has not been implemented. The report’s authors identified a number of problems delaying the process; they reject, however, the argument that the Second Lebanon War caused the delay. First and foremost, project was not budgeted, despite the government decision to do so. The cumbersome bureaucracy between the government ministries and various authorities is one of the salient reasons. In addition, there is a tendency to approve and budget isolated projects – rather than to invest the necessary resources in developing projects as part of a strategic, government-backed plan. This contradicts the rationale of the plan, creating mutual dependency between one project and another; and between the success of one project and the establishment and success of another project. In practice, parts of the overall plan are being implemented at various levels, but in ways that are inconsistent with the integrative spirit of the original proposal.

The report presents a series of practical recommendations for the government, while taking into account the global crisis and its impact on the Israeli economy. The authors propose a new approach that would enable the implementation of the plan in an intermediate format. They would concurrently continue lobbying the government to implement the full format of the strategic plan for the Negev. The proposed alternative would enable the government to partly implement the plan. For this purpose, the authors suggest that, due to the economic situation, priorities should be set for projects to be included in the plan. It is doubtful whether implementing all 50 projects cited in the plan would be feasible at this time. Nonetheless, following the priorities, implementing some of the projects in the Negev would generate positive momentum. The authors also recommend establishing an implementation and coordination unit as soon as possible. It is important to ensure that it includes an array of professionals and political activists who need to work with entities with implementation capabilities (the Ministry of Defense/IDF). Without political input, the plan will remain theoretical only.

Urgent and particular attention should be devoted to the Bedouin population, and unaffiliated communities, in the Negev. The subject is partly addressed in the strategic plan, but a comprehensive, effective and rapid government response is needed to deal with this complex issue. It has been suggested that the public mood created after the fighting in the Gaza Strip during Operation ‘Cast Lead’, will help mobilize the assistance required to progress with the plan. The authors describe the strategic plan as being incomplete, because the Dead Sea and Arava regions adjacent to the Negev are excluded from it.

Failure by consecutive governments to develop the Negev has aroused animosity among the inhabitants of the region, no matter what type of settlement they live in. They continue to struggle with economic hardships, crime and security threats, all of which was expressed clearly during the Conference by participants from southern Israel.
Meeting the Challenge of Mixed Cities

The extent of integration of Jewish and Arab populations in Israeli cities requires new government planning. A review of the data presented at the Herzliya Conference indicates that 2.2 million people in Israel (1.33 million Jews and 885,000 Arabs) - about a third of the population - live in a ‘mixed space’. The concept of “mixed cities” applies to the cities in which a significant Arab minority lives alongside a Jewish majority. Today, seven cities in Israel are defined as mixed: Acre, Haifa, Tel Aviv-Jaffa, Ramla, Lod, Ma’alot-Tarshiha and Upper Nazareth. In some of the cities, the Arab population is indigenous, and in others it is a result of internal migration. This is usually due to a shortage of housing, like the subsequent creation of a new mixed city such as Upper Nazareth. In addition to the mixed cities, there are many other communities located in close geographic proximity that create more integration than is commonly thought. The severe socio-economic disparities between the Jewish population and the Arab population in Israel, in addition to the scars of the Arab-Jewish conflict, constitute fertile ground for tensions and negative emotions.

This large extent of mixed life demands greater attention from the government as well as the public. The traditional Israeli approach attempts to preserve the segregation, cutting-off the Jewish population from the Arab one. Meanwhile, resources are allocated to the Arab sector in order to enable it to develop equally. This approach is met with distrust from the Arab population, which perceives it as reflecting discrimination and racism. An in-depth look at the issue of mixed cities and the phenomena that accompanies them indicates the strength of emotions simmering in the social pressure’s cooker of these areas. In some of these areas, a migration of both Arabs and ultra-Orthodox Jews counteract with a negative secular Jewish migration. Furthermore, inflammatory public statements, made during the past year, have intensified the situation and led to violent outbursts, such as those in Acre. These disparities require urgent government attention. Important changes in the policy of resource allocation are needed in order to reduce the intensity of tensions, and to generate social rehabilitation.

The practical recommendations focus on four areas:

- Government and administration: developing a new administrative outlook toward a mixed region; promoting equal access to services and resources; promoting suitable representation in the systems of administration and politics;
- The public realm: discussing the public aspects of a mixed area, including the cultural and linguistic perspective;
- Education: the role of the education system in a mixed areas; bilingual education;
- Consciousness: instilling the values of equality, partnership and neighborliness; a Jewish-Arab regional identity; catalysts for Jewish-Arab cooperation based on equality.

The public discourse, and even the academic discourse on this issue, are replete with tension and based on worldviews. However, the data, the prevalent trends and the practical expressions cannot be denied, and require a different approach at a national level.
A “Green Security Belt” and the Water Crisis

The global and climatic changes and their local impact pose a series of immediate challenges for Israel. The main problem is the water economy, which has suffered cumulative damage. During the past 16 years, the water supply in Israel has dropped from an average of 1,350 million cubic meters to only about 1,175 million cubic meters. Last year, the supply stood at 725 million cubic meters and the supply is expected to be even lower this year. The gap between the supply and demand for water in Israel is growing and experts in the field expect this trend to continue. It was emphasized that even if all pumping from the Sea of Galilee were discontinued, the water level would continue to decline due to the high rate of evaporation. The water level is low in all of Israel’s sources of water.

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Due to the scope of water pumping in the past and in light of the growing gap, the sources of water in the coastal aquifer are in severe condition and in danger of irreparable damage. It is imperative to avoid the excessive use of the groundwater reservoirs, which are all at a low and dangerous level. It is possible to compensate for stopping the pumping from groundwater reservoirs by desalinating water, but the scope of desalination today is insufficient and there is an urgent need to increase the desalination capacity in Israel. The large government investments planned for addressing the water crisis via desalination are expected to only yield real results around the year 2012. A policy is needed for this interim period until the alternative solutions are in place.
**Monday, February 2, 2009**

### The Security Dimension

**08:15-09:30**
- **Chair:** MK Tzachi Hanegbi, Chairman, Knesset Foreign Affairs & Defense Committee
- **Mr. Dan Meridor**, Former Member of the Cabinet; Chairman of the National Security Doctrine Commission
- **Brig. Gen. (res.) Dr. Ephraim Sneh**, Former Deputy Minister of Defense
- **Prof. Uzi Arad**, Chairman, Herzliya Conference
- **open discussion**

### The Societal Dimension

**08:15-09:45**
- **Chair:** Col. (res.) Ahuva Yanai, CEO, Matan
- **Mr. Isaac (Buji) Herzog**, Minister of Welfare & Social Services; Minister of the Diaspora, Society, and Fight Against Antisemitism
- **Mr. Nahum Itzkovich**, Director General, Ministry of Welfare and Social Services
- **Prof. Mooli Lahad**, School of Social Sciences and Humanities, Tel-Hai Academic College
- **open discussion**

**09:45-10:00**
- **Mr. Eliyahu Yishai**, Deputy Prime Minister and Minister of Industry, Trade and Labor

### The Foreign Relations Dimension

**09:30-11:00**
- **Chair:** Mr. Aaron Abramovich, Director General, Ministry of Foreign Affairs
- **Amb. Yossi Gal**, Senior Deputy Director General, Ministry of Foreign Affairs
- **Mr. Naor Gilon**, Director, Bureau for International Affairs, Center for Policy Research, Ministry of Foreign Affairs
- **Mr. Eran Etzion**, Director, Policy Planning Bureau, Ministry of Foreign Affairs
- **open discussion**

### The Economic Dimension

**10:00-11:00**
- **Chair:** Mr. Eli Hurvitz, Chairman, Board of Directors, Teva Pharmaceutical Industries
- **Prof. Rafi Melnick**, Provost, IDC Herzliya
- **Dr. Karnit Flug**, Director, Research Department, Bank of Israel
- **Mr. Roni Bar-On**, Minister of Finance
- **open discussion**

### Formal Opening

**11:15-12:45**
- **Chair:** Prof. Uzi Arad, Chairman, Herzliya Conference
- **Greetings:** Prof. Uriel Reichman, President, IDC Herzliya
- Ms. Yaël German, Mayor of Herzliya
- **Mr. Shimon Peres**, President of the State of Israel
- **The Balance of Israel’s National Security and the 2009 “Herzliya Indices”**
  - Prof. Rafi Melnick, Provost, IDC Herzliya
  - Prof. Gabriel Chellaney, Center for Policy Research, New Delhi, India
  - Maj. Gen. (res.) Uzi Dayan, President, Israel-Sderot Conference for Society

### The Negev as the New Frontier: Re-prioritizing its Development

**13:30-15:00**
- **Chair:** Prof. Alex Mintz, Dean, Lauder School of Government, Diplomacy & Strategy, IDC Herzliya
- **Prof. Avishay Braverman**, Chairman of the Knesset Finance Committee
- **Mr. Elian Wertheimer**, Chairman of the Board, “Daroma”
- **Mr. Zeev Biekski**, Chairman of the Executive, Jewish Agency for Israel and the WZO
- **Mr. Ofir Isseroff**, Director, “Daroma”; Regional Director, Jewish Agency for Israel
- **open discussion**

### Perspectives on the Changing Global Landscape

**15:15-17:00**
- **Chair:** Sir Michael Pakenham, Former Chairman of the UK Joint Intelligence Committee
- **Amb. Igor S. Neverov**, Director, North American Department, Ministry of Foreign Affairs of Russia
- **Prof. Brahma Chellaney**, Centre for Policy Research, New Delhi, India
- **Mr. Thomas Kleine-Brockhoff**, Senior Director for Policy Programs, German Marshall Fund of the United States
- **Amb. Zalman Shoval**, Chairman, Friends of the Institute for Policy and Strategy, IDC Herzliya, Former Ambassador of Israel to the US
- **open discussion**

### Are Mixed Cities the Face of the Future for Israel?

**15:00-16:30**
- **Chair:** Prof. Aliza Shenhar, President, Emek Yezreel College
- **Mr. Amnon Be’eri-Sulitzeanu**, Co-Executive Director, Abraham Fund
- **Prof. Rassem Khamaisi**, Department of Geography and Environmental Studies, Haifa University
- **Mr. Kamel Aghbari**, Chairman, Neighborhood Committee, Jaffa Arab Quarter
- **Mr. Shimon Gafni**, Mayor of Nazareth-Ilit
- **Prof. Amnon Rubinstein**, IDC Herzliya
- **open discussion**

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*The titles and associations of individuals reflect their positions at the time of the Conference (February 2009)*
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<th>Time</th>
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| 17:15-18:00  | Prime Ministerial Candidate’s “Herzliya Address”                                                | Chair: Mr. Israel Makov, Chairman of the Board of Directors, Institute for Policy and Strategy, IDC Herzliya  
Mr. Tzipi Livni, Vice Prime Minister and Minister of Foreign Affairs  |
| 18:00-19:30  | Can European-Israeli Relations be Decoupled from the Palestinian Issue?                         | Chair: Amb. Raphael Barak, Deputy Director General for Western Europe, Ministry of Foreign Affairs  
Mr. Tomáš Pojar, Deputy Minister of Foreign Affairs, Czech Republic  
Mr. Thomas Oppermann, MdB, Deputy Chairman, SPD Parliamentary Group, Germany  
Dr. Liam Fox, MP, UK Shadow Defense Secretary  
Amb. Avi Primor, Director, Center for European Studies, IDC, Herzliya  |
| 20:30-22:30  | Change of Guard and the Future of US World Leadership                                          | Chair: Prof. Herbert London, President, Hudson Institute  
Mr. R. James Woolsey, Venture Partner with VantagePoint; Former US Director of Central Intelligence  
Mr. Richard Gordon, President, American Jewish Congress  
Amb. Alfred H. Moses, Chair, UN Watch; Partner & Senior Counsel, Covington & Burling LLP; Honorary President, American Jewish Committee  |
| 22:30-23:45  | Prime Ministerial Candidate’s “Herzliya Address”                                                | Chair: Mr. Israel Makov, Chairman of the Board of Directors, Institute for Policy and Strategy, IDC Herzliya  
Ms. Tzipi Livni, Vice Prime Minister and Minister of Foreign Affairs  |
| 11:20-12:35  | Israel’s Legitimacy under Attack – New Tools for Advocacy                                       | Chair: Mr. Gidi Mark, CEO, Taglit-Birthright Israel  
Mr. Isaac (Bujji) Herzog, Minister of Welfare & Social Services; Minister of the Diaspora, Society, and Fight Against Antisemitism  
Mr. Ben-Dror Yemini, Maariv  
Dr. Boaz Mourad, Insight Research Group  
Prof. Leonard Saxe, Director of the Cohen Center for Modern Jewish Studies, Brandeis University  
Amb. Ron Prosor, Ambassador of Israel to the UK  
Mr. David Horovitz, Editor-in-Chief, The Jerusalem Post  |
| 11:45-13:15  | Coping with Hamas: Lessons from Operation “Cast Lead”                                            | Chair: Prof. Martin Kramer, Senior Fellow, Adelson Institute for Strategic Studies, Shalem Center  
Prof. Avraham Sela, Department of International Relations, Hebrew University  
MK Brig. Gen. (res.) Effie Eitam, Knesset Foreign Affairs and Defense Committee  
Dr. Anat Kurtz, Senior Research Associate, Institute for National Security Studies  
Col. (Res.) Daniel Reizner, Former Head of the IDF International Law Department  
MK Dr. Yuval Steinitz, Knesset Foreign Affairs and Defense Committee open discussion  |
| 08:15-10:00  | Dealing with Asymmetric Islamic Terrorism                                                         | Chair: Dr. John Chipman, Director General and Chief Executive, International Institute for Strategic Studies (IISS)  
Prof. Brahma Chellaney, Centre for Policy Research, New Delhi, India  
Dr. Jamie Patrick Shea, Director, Policy Planning, Office of the Secretary General of NATO  
Lt. Gen. (res.) Moshe (Bogie) Yaalon, Former IDF Chief of Staff  
Mr. Glenn Carle, Former US Deputy National Intelligence Officer for Transnational Threats  
Mr. Matthew Mark Horn, Co-Executive Director, American Jewish Congress open discussion  |
| 08:15-09:45  | Why Do Israeli Students Fail? Can the Digital Revolution Change the Educational Reality?         | Chair: Dr. Shimshon Shoshani, Former Director General of the Ministry of Education  
Ms. Gila Ben-Har, Director, Center for Educational Technology  
Mr. Yoram Yaacovi, CTO, Microsoft Israel Development Center  
Mr. Meir Brand, Google Israel Country Director  
Prof. Michal Yerushalmi, Faculty of Education, Haifa University  
Prof. Yuli Tamir, Minister of Education open discussion  |
| 09:45-11:30  | Economic Concepts for Higher Education                                                            | Chair: Mr. Dror Strum, President, The Israeli Institute for Economic Planning  
Dr. Yaacov Sheinin, CEO, Economic Models  
Mr. Avraham Shochat, Former Minister of Finance; Chairman of the Shochat Commission on Higher Education  
Prof. Hagit Messer-Yaron, President, The Open University  
Prof. Avi Zamir, Head of IDF Personnel Directorate  
Prof. Yuval Tamir, Minister of Education open discussion  |
| 10:00-11:30  | Coping with Hamas: Lessons from Operation “Cast Lead”                                            | Chair: Prof. Martin Kramer, Senior Fellow, Adelson Institute for Strategic Studies, Shalem Center  
Prof. Avraham Sela, Department of International Relations, Hebrew University  
MK Brig. Gen. (res.) Effie Eitam, Knesset Foreign Affairs and Defense Committee  
Dr. Anat Kurtz, Senior Research Associate, Institute for National Security Studies  
Col. (Res.) Daniel Reizner, Former Head of the IDF International Law Department  
MK Dr. Yuval Steinitz, Knesset Foreign Affairs and Defense Committee open discussion  |
Prof. Menahem Yaari, President, Israel Academy of Sciences and Humanities  
Moderator: Prof. Rivka Carmi, President, Ben-Gurion University  
Mr. Guri Zilka, Advisor, National Council for Research and Civilian Development; Former Director of the Council for Higher Education  
Prof. Mina Teicher, Chair, National Committee for International R&D Relations, National Council for Civilian Research and Development  
Dr. Lea Nass, Former Chair of the Knesset Science and Technology Committee open discussion  |
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<td>14:00-15:15</td>
<td>Jumpstarting the Israeli-Palestinian Process: Economic Initiatives and</td>
<td>Chair: Sir Ronald Cohen, Chairman, The Portland Trust</td>
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<td>Political Derivatives</td>
<td>Dr. Robert Danin, Head of Mission, Quartet Representative to the Middle East</td>
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<td>Dr. Maher S. El-Kurd, Chairman of the PLO Economic Committee</td>
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<td>Maj. Gen. (res.) Danny Rothschild, President, Council for Peace and Security</td>
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<td>Amb. Irit Ben-Abba, Deputy Director General for Economic Affairs, Ministry of</td>
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<td>Dr. Shavit Mattias, Deputy Attorney General for International Affairs</td>
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<td>13:20-14:45</td>
<td>From R&amp;D to Commercial and Economic Application as Part of National</td>
<td>Chair: Sir Ronald Cohen, Chairman, The Portland Trust</td>
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<td>Policy</td>
<td>Dr. Robert Danin, Head of Mission, Quartet Representative to the Middle East</td>
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<td>Prof. Menahem Yaari, President, Israel Academy of Sciences and Humanities</td>
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<td>Moderator: Prof. Leah Boehm, Member, National Council for Research</td>
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<td>and Development; Chief Scientist, Israel Aerospace Industries</td>
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<td>Prof. Moshe Oron, Chief Scientist, KfirLambda; National Council for Research</td>
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<td>and Civilian Development</td>
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<td>Dr. Eli Opper, Chief Scientist, Ministry of Industry, Trade and Labor</td>
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<td>Prof. Zvi Eckstein, Deputy Governor, Bank of Israel</td>
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<td>Mr. Yigal Erlich, Deputy Chairman, National Council for Research and Civilian</td>
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<td>Development; President, Yozma</td>
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<td>Mr. Ghaleb Majadle, Minister of Science, Culture and Sports</td>
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<td>15:30-17:00</td>
<td>A Matter of Historic Justice: Jewish Refugees from Arab Countries</td>
<td>Chair: Dr. Avi Bitzur, Director General, Ministry for Pensioners' Affairs</td>
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<td>Mr. Raffi Eitan, Minister for Pensioners' Affairs, also in charge of Restitution</td>
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<td>Ms. Rachel Machtiger, Senior Research Fellow, Institute for Policy and Strategy</td>
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<td>IDC Herzliya, Atlantic Forum of Israel</td>
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<td>Dr. Zvi Zameret, Director, Ben Zvi Institute</td>
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<td>Mr. Edwin Shuker, President, Justice for Jews from Arab Countries</td>
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<td>15:00-16:30</td>
<td>Global Jewish Peoplehood: Metrics and Policies</td>
<td>Chair: Mr. Leonid Nevzlin, Chairman, Nadav Fund</td>
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<td>Prof. Yoav Shoham, Stanford University</td>
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<td>Prof. Ephraim Ya’ar, Head of the Program on Mediation and Conflict Resolution</td>
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<td>Prof. Steven M. Cohen, Jewish Institute of Religion, Hebrew Union College</td>
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<td>Dr. Shlomi Ravid, Director, International School for Jewish Peoplehood Studies</td>
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<td>Prof. Yehezkel Dror, Former Founding President, Jewish People Policy Planning Institute</td>
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<td>Dr. Misha Galperin, Executive Vice President and CEO, The Jewish Federation of</td>
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<td>Prof. Na’ama Sabar Ben-Yehoshua, Head of the Unit for Jewish Peoplehood Studies,</td>
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<td>School of Education, Tel Aviv University</td>
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<td>17:15-18:00</td>
<td>Prime Ministerial Candidate’s “Herzliya Address”</td>
<td>Chair: Prof. Alex Mintz, Dean, Lauder School of Government, Diplomacy and Strategy,</td>
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<td>Lt. Gen. (res.) Ehud Barak, Minister of Defense and Former Prime Minister</td>
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<td>18:00-19:30</td>
<td>The Syrian Tier and Regional Statecraft</td>
<td>Chair: Dr. Israel Elad-Altman, Institute for Policy and Strategy, IDC Herzliya</td>
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<td>Maj. Gen. (res.) Danny Yatom, Former Head of the Mossad</td>
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<td>Maj. Gen. (res.) Gloria Eiland, Former Head of the National Security Council</td>
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<td>Maj. Gen. (res.) Yakov Amidror, Deputy President, Lander Institute</td>
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<td>Dr. Shmuel Bar, Director of Studies, Institute for Policy and Strategy, IDC</td>
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<td>Dr. Dan Schueftan, Deputy Director, National Security Studies Centre, Haifa</td>
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<td>18:00-19:30</td>
<td>National Sustainability and Israel’s Green Safety Net</td>
<td>Chair: Mr. Effi Stenzler, Chairman of the Board, Jewish National Fund</td>
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<td>Prof. Uri Shani, Director, Water Authority</td>
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<td>Prof. Yakov Karni, CTO, HelioFocus Ltd.</td>
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<td>Prof. Yael Moriah, Faculty of Architecture, The Technion Institute</td>
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<td>Mr. Shamai Assaf, Head of the Planning Administration, Ministry of Interior</td>
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<td>20:30-22:00</td>
<td>Europe on the World Stage</td>
<td>Chair: Amb. Michael Zantovsky, Ambassador of the Czech Republic to Israel</td>
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<td>President José María Aznar, Former Prime Minister of Spain</td>
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<td>Dr. John Chipman, Director General and Chief Executive, International Institute for</td>
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<td>Strategic Studies (IISS)</td>
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<td>Dr. Josef Joffe, Editor-Publisher, Die Zeit</td>
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| 8:15-10:15   | Iran on the Nuclear Threshold – Feasibility of Prevention and of Deterrence                                       | Chair: Maj. Gen. (res.) David Irvy, President, Boeing Israel; Former Head of the National Security Council  
Prof. Scott Sagan, Co-Director, Center for International Security and Cooperation (CISAC), Stanford University  
Amb. Yossi Gal, Senior Deputy Director General, Ministry of Foreign Affairs  
Dr. Bruno Tertrais, Senior Research Fellow, Fondation pour la Recherche Strategique (FRS)  
Dr. Michael Makovsky, Foreign Policy Director, Bipartisan Policy Center  
MK Gen. (res.) Prof. Isaac Ben-Israel, Knesset Foreign Affairs and Defense Committee |
| 10:30-12:15  | Nuclear Proliferation and Arms Control Initiatives                                                                  | Chair: Dr. Ariel Levine, Senior Associate, Carnegie Endowment for International Peace  
Mr. Jonathan S. Paris, Adjunct Fellow, Hudson Institute  
Dr. Oded Brosh, Senior Research Fellow, The Institute for Policy and Strategy, IDC, Herzliya  
Mr. Sverre Lodgaard, Senior Research Fellow, NUPI and former Director of the United Nations Institute for Disarmament Research  
Gen. Vladimir Dvorkin, Principal Researcher, IMEMO, Russian Academy of Sciences  
Mr. Alon Bar, Deputy Director General for Strategic Affairs and Chief of the Minister’s Diplomatic Staff, Ministry of Foreign Affairs  
Amb. David Danieli, Deputy Director General for Policy, Israeli Atomic Energy Commission |
| 13:00-14:45  | Israel’s Financial Governance: Recalibrating Financial Risk Management and Regulation                                | Chair: Mr. Shlomo Zohar, Chairman of the Board of Directors, Discount Bank  
Prof. Amir Barnea, Arison School of Business, IDC Herzliya  
Mr. Zvi Ziv, CEO, Bank Hapoalim  
Mr. Roni Hizkiah, Supervisor of the Banks, Bank of Israel  
Mr. Yadin Antebi, Commissioner of Capital Markets, Insurance and Savings, Ministry of Finance  
Mr. Zvi Lubetzky, Chairman, IBI Investments House |
| 14:45-17:00  | Weathering the Storm: Israel and the World Economic Crisis                                                        | Chair: Mr. Yossi Hollander, Chairman, The Institute for Israeli Economic Planning  
Dr. Yaacov Sheinin, CEO, Economic Models  
Mr. Yoram Arian, Director General, Ministry of Finance  
Prof. Manuel Trajtenberg, Head of the National Economic Council, Prime Minister’s Office  
MK Prof. Avishay Braverman, Chairman of the Knesset Finance Committee  
Mr. Israel Makov, Chairman of the Board of Directors, Institute for Policy and Strategy, IDC Herzliya  
Mr. Gidi Grinstein, President, Reut Institute |
| 8:15-10:00   | Energy, Security and Global Geopolitics                                                                            | Chair: Dr. Sass Somehk, Founder, Musea Ventures  
Dr. Ed Morse, Managing Director and Chief Economist, LCM Commodities  
Mr. R. James Woolsey, Venture Partner with VantagePoint; Former US Director of Central Intelligence  
Dr. Jamie Patrick Shea, Director, Policy Planning, Office of the Secretary General, NATO  
Dr. Brenda Shaffer, Energy Management and Policy Program, University of Haifa  
Dr. David Wurmser, Director, Delphi Global Analysis; Former Senior Advisor on National Security Affairs to the US Vice President  
Mr. Yossi Hollander, Chairman, The Institute for Israeli Economic Planning |
| 10:30-2:15   | The World Economic Crisis: Recalibrating Financial Risk Management and Regulation                                      | Chair: Mr. L. Jack Staley, President, Stanford Group (Suisse)  
Prof. Jacob Frenkel, Former Governor of the Bank of Israel; Chairman, Group of Thirty (G-30); Vice Chairman, American International Group (AIG)  
Mr. Michael G. O’Leary, Vice Chairman, NASDAQ Stock Market; Former Chairman of the US House of Representatives’ Financial Services Committee  
Ms. Joanne Thornton, Senior Vice President, Policy Research, Stanford Group Company  
Dr. Stephen J. Canner, Vice President, Investment and Financial Services, US Council for International Business |
| 13:00-14:45  | Risk Sharing: Bolstering Israel’s Strategic Partnerships                                                          | Chair: Amb. Dr. Oded Eran, Director, Institute for National Security Studies; Atlantic Forum of Israel  
Dr. Bruno Tertrais, Senior Research Fellow, Fondation pour la Recherche Strategique, (FRS)  
Mr. Christian Schmidt, MdB, Parliamentary State Secretary Federal Ministry for Defense, Germany  
Mr. Ralf Fucks, President, Heinrich Böll Foundation  
Mr. Rafael Barjaji, Director of International Policy, FAES  
Mr. Tommy Steiner, Senior Research Fellow, Institute for Policy and Strategy, IDC Herzliya; Atlantic Forum of Israel |
| 15:00-16:30  | Passive and Active Defense Options to Cope with Strategic Threats                                                  | Chair: Maj. Gen. (res.) Herzl Bodinger, Chairman of the Board, IMDA; Former Commander of the Israeli Air Force  
Maj. Gen. (res.) Matan Vilnai, Deputy Minister of Defense  
Mr. Uzi Rubin, CEO, Rubikin  
Brig. Gen. (res.) Yair Dori, Former Commander, Anti-Aircraft Warfare  
Dr. Avi Blitzer, Director General, Ministry for Pensioners’ Affairs; Specialist for Home Front Defense, Bar-Ilan University  
Dr. Max Singer, Senior Research Fellow, BESA Center for Strategic Studies, Bar-Ilan University |

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*Note: The above table represents the schedule of events for Wednesday, February 4, 2009.*
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<td>17:00-17:45</td>
<td>Prime Ministerial Candidate’s “Herzliya Address”</td>
<td>Amb. Zalman Shoval, Chairman, Friends of the Institute for Policy and Strategy, IDC Herzliya; Former Ambassador of Israel to the US</td>
<td>Mr. Benjamin Netanyahu, Head of the Opposition and Former Prime Minister</td>
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<td>18:00-19:30</td>
<td>Reconnecting Israel with its Expatriates</td>
<td>MK Brig. Gen. (Res.) Amira Dotan, Chairperson, Subcommittee for Foreign Affairs and Public Diplomacy</td>
<td>Mr. Erez Halfon, Director General, Ministry of Immigrant Absorption&lt;br&gt;Prof. Zaki Shalom, The Zionist Council In Israel&lt;br&gt;Ms. Shulamit Aloni, Former Minister of Education and Culture&lt;br&gt;Prof. Moshe Oron, Chief Scientist, KiloLambd; National Council for Research and Civilian Development&lt;br&gt;MK Avshalom (Abu) Vilan, Knesset Internal Affairs and Environment Committee&lt;br&gt;Mr. Mano Geva, CEO, Midgam Research and Consulting; Chairman of Israel Research Institutes Association&lt;br&gt;open discussion</td>
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<td>17:45-19:15</td>
<td>The Imperative for Government Reform</td>
<td>Gad Zeevi, CEO, Japan Auto&lt;br&gt;Prof. Uriel Reichman, Founder and President, IDC Herzliya&lt;br&gt;Mr. Dror Strum, President, The Israeli Institute for Economic Planning&lt;br&gt;Mr. Haim Ramon, Vice Premier and Minister in the Prime Minister’s Office&lt;br&gt;Mr. Raanan Dinur, Director General, Prime Minister’s Office&lt;br&gt;Mr. Sami Friedrich, Chairman, Shaldor Inc.&lt;br&gt;MK Gideon Sa’ar, Chairman, Likud Parliamentary Group&lt;br&gt;open discussion</td>
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<td>20:15-22:00</td>
<td>Concluding Session</td>
<td>Prof. Uriel Reichman, Founder and President, IDC Herzliya&lt;br&gt;Amb. Ronald Lauder, President, World Jewish Congress&lt;br&gt;Prof. Uzi Arad, Chairman, Herzliya Conference&lt;br&gt;Prof. Shlomo Ben-Ami, IDC Herzliya, Former Ministry of Foreign Affairs&lt;br&gt;Prof. Ruth Gavison, Founding President, Metzilah Center</td>
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Interdisciplinary Center (IDC) Herzliya

Who We Are

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

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

What We Stand For

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

Schools & Institutes

Since its inception, IDC Herzliya has expanded to seven schools and numerous research institutes which include:

Schools
- Radzyner School of Law
- Arison School of Business
- Elr Azari School of Computer Science
- Lauder School of Government, Diplomacy & Strategy
- Sammy Ofer School of Communications
- The New School of Psychology
- Raphael Recanati International School

Research Institutes
- International Institute for Counter-Terrorism (ICT)
- Institute for Policy & Strategy (IPS, Herzliya Conference)
- Institute for Renewable Energy Policy (IREP)
- Caesarea Edmond Benjamin de Rothschild Center for Capital Markets & Financial Risk Management
- Global Research Center in International Affairs (GLORIA)
- Institute for Eurasian Studies (IES)
- Bezeq International Research Center of the Psychology of Internet Use
- Asper Institute for New Media Diplomacy

Lauder School of Government, Diplomacy and Strategy

The Lauder School of Government, Diplomacy and Strategy was established in 1999 thanks to a contribution by Ambassador Ronald S. Lauder.

Originally led by the late Prof. Ehud Sprinzak, the Lauder School of Government is modeled on the world’s leading government schools and aims to educate Israel’s future leaders. The school’s curriculum is designed to provide students with the necessary tools to develop effective governmental, administrative and social systems and to prepare them to fulfill senior positions in national and local government, the public sector and non-profit organizations.

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

In addition to the research conducted by individual faculty members, four research institutes operate at the school: the International Institute for Counter-Terrorism (ICT); Institute for Policy and Strategy (IPS); Institute for Renewable Energy Policy (IREP); and the Global Research Center in International Affairs (GLORIA).
The Institute for Policy and Strategy was founded in 2000 by Professor Uzi Arad. The Institute operates as part of the IDC Herzliya’s Lauder School of Government, Diplomacy & Strategy. Its primary objective is to engage in research activities which contribute to Israel’s national policy and to the upgrading of its strategic decision-making process. The range of IPS projects encompasses a variety of issues crucial to Israel including national security and strategy; foreign policy; intelligence; the Jewish people; economics; science and technology; welfare; social policy and education.

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

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

The Institute’s Board of Directors is chaired by Mr. Israel Makov and its members are: Prof. Amir Barnea, Prof. Moshe Barniv, Maj. Gen. (res.) Ilan Biran, Mr. Yossie Hollander, Prof. Rafi Melnick, Prof. Alex Mintz, Prof. Uriel Reichman, Ms. Dalia Segal, Ambassador Zalman Shoval, and Maj. Gen. (res.) Shlomo Yanai.
Herzliya Conference Team

Conference Chair: Prof. Uzi Arad

Conference Team:

- Michael Altar
- Ran Amir
- Shlomi Akons
- Shiri Avtzuk
- Michael Avni
- Shmuel Bachar
- Shmuel Bar
- Shlomi Behari
- Ayelet Ben-Ezer
- Alex Birger
- Oded Brosh
- Moria Cohen
- Eilya Cornblit
- Danny Dashti
- Rachel Doron
- Anat Dotan
- Nirit Gil
- Achia Golan
- Lilli Greenfeld
- Ruthie Gross
- Shlomit Gur
- Bilhah Hochman
- Ran Ishay
- Nili Kariv
- Doron Karni
- Lena Kostina
- Lea Landman
- Lior Lev-Ari
- Idan Levi
- David Lustig
- Naama Machtiger
- Nery Machtiger
- Rachel Machtiger
- Miron Manor
- Alice Mazkereth
- Vera Michlin
- Dana Navot
- Gloria Nevo
- Avi Nissim
- Ahuva Oren-Pines
- Shahar Peleg
- Nancy Pomagrin
- Yoav Porat
- Ariel Rodal
- Jeremy Ruden
- Chen Rosenbaum
- Assa Sharabi
- Asher Siboni
- Ori Slonim
- Tommy Steiner
- Naomi Steinitz
- Ilana Tal
- Eden Torem
- Guy Trutik
- Ronen Tsahor
- Maaike van der Brughen
- Micha Wiener
- Yael Zabar

Interns:

- Reut Amit
- Lili Aram
- Ariela Belzer
- Shirley Ben-Dak
- Moshe Bocharon
- Sara Brown
- Einyan Dahari
- Darren Dall
- Gill Dekel
- Shiri Fein
- Tal Gavish
- Taly Gerber
- Daniel Gindis
- Lili Gindis
- Shane Goodson
- Noa Guy
- Shoham Harush
- Ian Hashimshony
- Gilli Kahn
- David Kashi
- Alon Kedem
- Samuel Kemper
- Jonathan Korenblum
- Ely Leibovitz
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Principal Supporters

Amb. Ronald S. Lauder  
President of the World Jewish Congress,  
International businessman and Former  
President of the Jewish National Fund.  
Additionally serves as Chairman of the  
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Yossie Hollander is a successful serial  
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of the Weizmann institute and is involved  
with energy research, policy and investment  
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committee of the Weizmann Institute.

Czech Presidency of  
the European Union  

The Czech Presidency of the European Union (Czech Presidency) is a non-profit organization with its roots in the Czech Republic. The Czech Presidency contributes to enhancing German-European co-operation and promoting peace and stability in Europe. The Czech Presidency is headquartered in Prague, Czech Republic. For more information, please visit www.czechpresidency.eu.

The Friedrich-Ebert-Stiftung (FES)  

The Friedrich-Ebert-Stiftung (FES) is a non-profit organization with its roots in the German and International Social Democracy. The FES office in Israel contributes to enhancing German-European-Israeli relations, promoting peaceful coexistence between Israel and its neighbors, and strengthening Israeli civil society. For additional information, please visit www.fes.org.il.

Nadav Fund  

For the Advancement of Jewish Heritage  
The Nadav Fund, founded in 2003 by Leonid Nevzlin and his partners with the vision of strengthening Jewish Peoplehood and fostering Jewish continuity, supports initiatives designed to advance understanding of Jewish Peoplehood and strengthen pride in being part of the Jewish People. The Fund’s activities are centered on building meaningful and pluralistic Jewish identity and creating lasting connections among Jews in Israel and the world over, with an emphasis on the young generation. Through its grants the Nadav Fund seeks to ensure that Jewish Peoplehood in the 21st century is rooted in thoughtful engagement with and profound understanding of the rich cultural, religious and historical legacy of the Jewish People.

Government Ministries and Authorities

Ministry of Defense  
Ministry of Pensioner’s Affairs  
Ministry of Immigrant Absorption

Ministry of Foreign Affairs  
Ministry of Social Affairs and Social Services

The National Security Council (NSC)

The Alan B. Slifka Foundation & The Abraham Fund Initiatives  

The Abraham Fund Initiatives is a non-profit organization working since 1989 to advance equality and coexistence between the Jewish and Arab citizens of Israel and to create a prosperous, secure and just society. Named after Abraham/Abraham, the common ancestor of both Jews and Arabs, The Abraham Fund Initiatives advances its vision by promoting policies based on innovative social models, conducting large-scale initiatives, and public education campaigns. For additional information, please visit www.abrahamfund.org.

The Alan B. Slifka Foundation supports organizations and projects that work to advance shared society between Jews and Arabs in Israel, and initiatives that promote pluralistic Jewish identity.

The Benaroya Charitable Foundation

The Russell Berrie Foundation

The Russell Berrie Foundation carries on the values and passions of the late Russell Berrie through promoting the continuity of Jewish communal life, fostering religious understanding and pluralism, supporting advances in diabetes and humanistic medical care, recognizing unsung heroes and elevating the profession of sales.

For additional information: www.russellberriefoundation.org
challenges the State of Israel faces as the 21st century begins. The vision, according to which we act, is the “development, advancement and establishment of the Negev, its placement on the center on the map of national interests, its transformation as a place that attracts new residents, while improving the overall quality of life, and developing an active, quality and contributing community.” The events of the last years, including the war in the North, have changed the government’s order of priorities. This change has been manifested in a reduction of the budget that was intended for the Negev. The implications of these developments in the long run are still unknown.

**Keren Kayemeth LeIsrael Jewish National Fund**

Keren Kayemeth LeIsrael – Jewish National Fund, was established by Theodore Herzl 107 years ago, at the 5th Zionist Congress. The purpose was to create a National Fund that would fulfill the Zionist vision of bringing the Jewish People to their Homeland by purchasing and developing land in Eretz Yisrael. Today, at the beginning of the 21st century, this goal still serves as the ideological and practical platform on which the principles of KKL-JNF are based. The achievements of KKL-JNF, as the caretaker of the land of Israel on behalf of the Jewish People and as the biggest environmental movement in Israel, are evident throughout the country. These include more than 650,000 acres of land purchased, 1,000 towns and villages established on KKL-JNF land, 230 million trees planted, 200 water reservoirs built, tens of polluted rivers rehabilitated, hundreds of parks and recreational areas developed, endowment of heritage and education for the love of Israel, vigorous actions taken for rolling back the desert, and the significant impact of tree planting and forestry research in the Negev region on the prevention of global warming. Our actions demonstrate the enormous impact of KKL-JNF on the development of the modern State of Israel, as partners of the People of Israel and the Jewish People. KKL-JNF will continue to fulfill its mission to develop, settle, build, protect and create - as the caretaker and guardian of the Land of Israel for Jewish People everywhere. For additional information: kkl.org/ikki/kkimain_blu.aspx
Bank Hapoalim

Bank Hapoalim is Israel’s leading bank and was recently ranked by ‘Dun & Bradstreet’ as the most financially sound financial institution in Israel for the year 2008. Bank Hapoalim has the widest geographical footprint among Israeli banks, with over 250 branches spread throughout the country. The bank also leads the corporate banking sector in Israel. Bank Hapoalim offers its clients a wide range of financial products and services with the utmost level of service. The bank is highly active in the international arena as well. Its worldwide operations include more than 40 branches, subsidiaries and representative offices in financial centers around the globe, including New York, London, Zurich, Hong Kong, Singapore and others. The Bank Hapoalim group also includes banks in Switzerland, Turkey and Kazakhstan, as well as subsidiaries specializing in various financial activities, including Isracard, Israel’s largest credit card operator, and Poalim Capital Markets, which specializes in investment banking. For further details: www.bankhapoalim.co.il

Israel Discount Bank

The Israel Discount Bank Group is the third largest banking group in Israel. It operates mainly through 140 branches providing a wide range of banking services offered to its customers. Israel Discount Bank, established in 1935, is involved in a variety of banking, trade and commercial activities, aspiring to be the leader in retail banking in Israel. The Bank has two banking subsidiaries in Israel, Mercantile Discount Bank and Discount Mortgage Bank, and also an affiliated bank, the First International Bank of Israel. The Bank operates overseas mainly through Israel Discount Bank of New York, Discount Bank Latin America (Uruguay), Israel Discount Bank (Switzerland), and the Bank’s branch in London. The Bank has representative offices in Paris, Buenos Aires and Santiago.

JapanAuto

Japanauto has been the sole importer and distributor of Subaru vehicles since 1968. Subaru was the first manufacturer to ignore the Arab embargo and broke the Israeli record by selling over 375,000 vehicles in 40 years of activity in Israel. Fuji Heavy Industries, the manufacturer of Subaru vehicles, is a leading company in Japan, leveraging technology developed in the world of aviation. The brand values focus on manufacturing intelligent symmetrical chassis, All-Wheel-Drive systems, and Boxer engines unique to Subaru. Japanauto distributes vehicles for any cause: The B3 targets the family; The B4 targets the executive; The Outback, Forester and B9 Tribeca target the 4X4 segment; The STI targets the sport rally driver. In 2008, Japanauto won two important prizes from the Israel-Japanese Chamber of Commerce as leading distributor and leading market share among all Subaru distributors worldwide. Japanauto includes 4 fully-owned distributors, 15 authorized agencies and over 40 service points across Israel. Subaru’s slogan, THINK. FEEL. DRIVE., represents its values of ambition and excellence, safety and superior technology.

Boeing

Boeing With a heritage that mirrors the first 100 years of flight, the Boeing Company provides products and services to customers in 145 countries. Boeing has been the premier manufacturer of commercial jetliners for more than 40 years and is a global market leader in military aircraft, satellites, missile defense, human space flight, and launch systems and services. Total company revenues for 2007 were $66 billion.

Dan Hotels

The Dan Hotels are Israel’s oldest and most prestigious hotel chain. Thirteen properties owned and operated by the chain, are centrally located in Israel’s most desirable settings. The Dan Hotels are noted for superior design blending contemporary flair with cosmopolitan elegance. By combining tradition with Israeli expertise and international standards, King David Jerusalem and Dan Tel Aviv were admitted as members of the globally respected “Leading Hotels of the World”. The Dan Hotels excels in merging the worlds of business and leisure. In addition to superlative service and vacation opportunities, the chain provides corporate travelers with highly personalized service in tune with financial and corporate developments in Israel and abroad. The business lounges and state-of-the-art business communications in guest rooms and public areas are just some of the features.

Lockheed Martin

Headquartered in Bethesda, MD, Lockheed Martin employs about 140,000 people worldwide and is principally engaged in the research, design, development, manufacturing, integration and sustainment of advanced technology systems, products and services. The corporation reported 2008 sales of $42.7 billion. For additional information: www.lockheedmartin.com

Teva

Teva Pharmaceutical Industries Ltd. is a global pharmaceutical company specializing in the development, production and marketing of generic and proprietary branded pharmaceuticals as well as active pharmaceutical ingredients. Teva is among the top 20 pharmaceutical companies and among the largest generic pharmaceutical companies in the world.

Dor Alon

Alon started off as a young and dynamic fuel company. Today, 15 years later, Alon is a leading brand name in Israel and operates in the energy and retail sectors. In these sectors, Alon is leading a green vision and invests great deal of sources for the community and for the quality of the environment.

Shlomo Sixt Group

The Shlomo Sixt Group is the leading vehicle group in its field in the Israeli market. The group provides a wide range of vehicle services, including car rental, leasing, car sales, maintenance, repairs and roadside service and general insurance. Shlomo Sixt represents the international Sixt Group, one of the world’s largest rental companies. The Group has a combined fleet of 65,000 vehicles and includes several companies providing a large number of services in the automotive field: Shlomo Sixt holdings, a public company traded in Tel Aviv Stock Exchange includes the following companies: Shlomo Sixt Leasing, Shlomo Sixt Car Rental, Shlomo Sixt Vehicle Sales, Shlomo CAL and Shlomo Sixt Road Services and Garages. For additional information: www.shlomo.co.il.

Tamares

Tamares Hotels, Resorts and Spas is part of the Tamares group which was founded nearly 60 years ago, and currently owned solely by Peju Zabludowicz. Tamares is a private investment group with significant interest in real estate, technology, manufacturing, leisure and media in many parts of the world. For additional information: www.tamareshotels.co.il.

Microsoft Israel Research & Development Center

Chosen as one of Microsoft’s three strategic Global Development Centers, the Microsoft Israel Research & Development Center is home to some of the Company’s most exciting and innovative technologies. Led by industry leaders, like Corporate VP and President of the center Moshe Lichtman, the center is comprised of incubations and mature, next generation product development activities designed for new business segments and key growth areas in the fields of Telecom, Security and Online Services. Our vision is to leverage our ideal location at the heart of Israel’s high-tech community to attract the best of Israel’s pool of globally acclaimed technological talent, inventiveness, creative imagination, and entrepreneurial spirit. With its inauguration in April 2006, the Israel R&D Center marked a significant expansion of Microsoft’s technological activities in Israel dated to 1991. Alongside its core R&D and incubation activities, the Center also serves as a platform for business and technological cooperation with the local, thriving high-tech community and venture capital industry.

Mikal

An International defence group, established in 1998, focused in ground systems and products. The group is composed of 20 companies located in Israel, USA, Europe, India and Africa, organized in 4 divisions – Soltam, ITL Optronics & Saymar. Ranges of technologies include electro-optics, laser, ordnance, protection, 3D, weapon systems and C1-I, and A strategic consulting.

Google

Google
Cooperating Organizations

The Municipality of Herzliya

IDF Radio

93.9 FM Northern Galilee
96.6 FM Jerusalem and environs
100.7 FM Mitzpe Ramon
102.3 FM Haifa and Beer Sheba and environs
104 FM Central Israel and Elat

IFAT Group

IFAT Group is the leading company in Israel for analyzed and processed information, delivering it to thousands of clients in the business, institutional and private sectors. IFAT Group is a member of FIBEP (Federation of Press Clipping Services), the international association of media information providers. This enables us to also provide our clients with media and business information from overseas in real time. Over 300 employees in the Group’s four companies work hard locating, monitoring, processing and analyzing information from various sources to enable you to benefit from a wide range of the most reliable, high quality information services. Ifat Media Information: locating and monitoring of media information, media image analysis and Infor database. Ifat Advertising Monitoring: evaluation and delivery of information from the advertising world. Ifat Business Opportunities: tracking and processing of business tenders and information. Ifat Ondisc: delivery of information on public companies in Israel.

Dan Accadia Hotel

The Dan Accadia is a luxurious hotel in a beautiful Mediterranean resort setting. Overlooking the blue sea and white sands of Herzliya’s beaches, the hotel makes the perfect destination for an especially relaxing vacation. The hotel’s unique blend of casual elegance and its excellent facilities, combined with its proximity to the heart of Israel’s hi-tech industry and to the exciting city of Tel Aviv, make it the venue of choice for vacationers, for business guests, or for special occasions.

The Daniel Hotel

The Daniel Hotel is numbered among Israel’s leading hotels in the corporate sector, with a wealth of experience in organizing conferences and seminars. The Daniel Hotel complex includes the Shizen Lifestyle Spa Resort, designed in the spirit of the Far East. Tamares Hotel Group operates an additional hotel in the Dead Sea resort area: the Daniel Dead Sea. For additional information: www.tamareshotels.co.il

Federman & Sons (Holdings) Ltd.

The group is fully owned by Mr. Shali Federman (ex-“Elite” partner) and deals in agricultural inputs (fertilizers) and food products (roasted coffee). In the food business, the group controls “Landwer Coffee Ltd.”, the oldest local coffee roaster. In recent years, the company upgraded its production facilities and deepened its involvement not only in the retail sector but also in Horeca (hotels, restaurants, cafes). The group manages and distributes high quality international brands such as “Illy” Espresso, “Rombouts” Filter coffee, and “Landwer” Espresso and Turkish coffee.