

# Israel: alternative regional options in a changing Middle East

By Yossi Alpher<sup>1</sup>

## ■ Executive summary

Today Israel confronts broad regional security challenges reminiscent of those it faced in the early decades of its existence. Then it responded to the threat posed by the hostile Arab states that surrounded it by developing the “periphery doctrine”. It formed strategic ties with Iran, Turkey and other non-Arab, non-Muslim or geographically distant Arab states and minorities that shared its concerns.

The original periphery doctrine ground to a halt between 1973 and 1983 and was in many ways replaced by the Arab-Israel peace process, both bilateral and multilateral. Eventually, the failure to register significant progress toward a solution of the Palestinian issue blunted this momentum.

Currently Israel sees itself increasingly ringed by hostile Islamists in Egypt, Gaza, southern Lebanon and probably Syria, as well as non-Arab Turkey and Iran. Once again it confronts the spectre of regional isolation. But it is far better equipped than in the past to deal with a hostile ring of neighbours. Its policy options include not only a “new periphery” (Azerbaijan, Cyprus, Greece and Ethiopia, among others), but also the projection of both soft (particularly economic) and hard power, a search for accommodation with political Islam beginning with Hamas in Gaza, and a partial or comprehensive two-state solution agreement with the West Bank-based PLO.

## Introduction

Today Israel confronts broad regional security challenges that in some ways are reminiscent of those it faced in the early decades of its existence. But it does so with far more military, technological and diplomatic resources than it could muster in the 1950s and 1960s. This report looks at the nature of these new challenges against the backdrop of the old and examines a mix of strategies by which Israel might deal with dynamic regional changes – strategies that reflect lessons from the past.

We begin by describing the challenges encountered in Israel’s early days and outlining the strategies – in those days, really grand strategies – initially developed by Prime Minister David Ben Gurion and a small team of aides. We cover the period when Israel was surrounded by a ring of

hostile Arab states motivated by Arab nationalism and led by Egypt’s Gamal Abdel Nasser. These neighbouring countries were smarting from a string of military defeats at Israel’s hands in 1948, 1956 and 1967. We trace the successes and failures of Israel’s strategies for combating its isolation through its first three decades, assess the rise and fall of peaceful relations and interaction with a growing number of Arab actors in the ensuing decades, then move to Israel’s current strategic situation. Today, Israel perceives itself as increasingly surrounded by varieties of political and militant Islam that extend even beyond neighbouring Arab states and territories to include Iran and Turkey.

Is Israel’s current growing regional isolation analogous to that of its early decades? Can and should the country’s

<sup>1</sup> Where information and insights provided in this essay are not credited exclusively to an alternative source, they are based on the author’s personal experience.

strategic responses to its current challenges be modelled on those of its early years? What alternative or additional strategic options can Israel fall back on? And what is the fate of the Middle East peace process in these circumstances?

## The rise and decline of the original periphery doctrine<sup>2</sup>

In the mid-1950s a young and vulnerable state of Israel responded to the threat posed by the ring of hostile Arab states that surrounded it by developing the “periphery doctrine”. It sought to leapfrog over the hostile ring, reach out to the region’s “periphery” (a term relative to an Israel-centric approach), and develop strategic ties with non-Arab, non-Muslim or geographically distant Arab states that shared its concerns regarding the Arab nationalist wave and the latter’s links with the Soviet Union. This approach merged with a search for allies among the Arab Middle East’s non-Arab or non-Muslim minorities that had begun as early as the 1920s under the leadership of the pre-state Yishuv, or Jewish community, in Palestine (Yegar, 2011).

The primary foundations of the periphery doctrine were two sets of triangular relationships. To the north, Israel linked up with Iran and Turkey in “Trident”, a clandestine intelligence alliance focusing on radical Arab states like Iraq and Syria. To the south, Ethiopia and – for two years – newly independent Sudan were linked in a southern triangle that focused on Nasserist Egypt; after Sudan withdrew, ties with Ethiopia continued.

In the course of time these relationships were supplemented by ties with Morocco and Oman – geographically peripheral Arab states – along with minority links with the Kurds of northern Iraq, the Anya Nya rebels in southern Sudan and the Maronites of Lebanon. In the mid-1960s Israel collaborated with an unofficial British effort to support the Yemeni royalists in their civil war with the republicans, who were backed by an Egyptian expeditionary force and the Soviet Union.

The periphery doctrine was developed as a grand strategy in Israel’s early years by Ben Gurion and his close aides in parallel and at times in co-ordination with three additional grand strategies deemed essential for the country’s survival. One was a great-power relationship, meaning the military and strategic support of a powerful country with interests in the Middle East. In the 1950s and 1960s this meant weapons-supply and strategic links with France and Britain. Since the mid-1960s the U.S. has been the guarantor of Israel’s security. Even in the late 1950s Ben Gurion sought to “market” the periphery doctrine to Washington, and in particular the northern triangle or Trident, as a meaningful Israeli contribution to U.S.-led efforts to

combat Arab radicalism and Soviet inroads into the Middle East.

The periphery doctrine and the great-power strategy also corresponded with a biblical historical perspective that infused early Israeli strategic thinking. Leaders like Ben Gurion looked to the strategic behaviour of the ancient Israelites, who struggled for sovereign existence among more powerful neighbours by seeking and changing alliances with those neighbours.

A third grand strategy was the development of a nuclear deterrent, in which France played a key role. Undoubtedly, the perception of Israel as an emerging nuclear power made it more attractive to potential periphery partners and may ultimately have contributed to the readiness of an Arab neighbour like Egypt to make peace.

And a fourth grand strategy initiated in the 1950s was the mass “in-gathering of the exiles”: the immigration of Diaspora Jewry, which quadrupled Israel’s population within a few years and gave it a degree of critical mass in Arab eyes. In a number of cases periphery links were exploited to facilitate the movement of Jewish communities from sensitive or dangerous surroundings to Israel. For example, the Iraqi Kurds smuggled Jews from the Arab parts of Iraq to Iran and thence to Israel. The mass migration of Moroccan Jews was facilitated through the two countries’ links. And ties with Ethiopia and even Sudan were vital to the migration of Ethiopian Jewry.

The original periphery doctrine more or less exhausted itself in the period between 1973 and 1983. During the October 1973 Yom Kippur War Israel was disappointed when the Iraqi Kurds yielded to pressure from U.S. secretary of state Henry Kissinger and the shah of Iran and refused to muster forces that might have obliged Iraq to delay the transfer of its forces to the Golan front (Oren, 2008). Morocco sent a division to bolster Syria and Iraq on this front, while the shah of Iran joined the oil embargo against Israel and the West. In 1975 the shah signed the Algiers treaty with Iraq’s Saddam Hussein and cut off Israeli access to Iraqi Kurdistan. By 1979 the shah had been deposed by the Islamic Republic, which immediately became extremely hostile toward Israel, and Ethiopia’s Haile Selassie had been toppled by a radical pro-Soviet regime. And in 1982-83 Israel’s alliance with the Lebanese Maronites failed abjectly to install a pro-Israel regime in that country and left Israel exposed to years of violence in southern Lebanon.

Perhaps most important of all, in 1977 a peace process began between Israel and Egypt, aided and abetted by Iran and Morocco. Here was the ultimate positive culmination of the periphery doctrine: the Israeli leadership availed itself of the good offices of the shah and King Hassan to help

<sup>2</sup> Based on interviews with Halevy, Admoni, Arad, Oron, Shavit and Kimchi.

bring about a peace process with the most important country of the Arab core, Egypt – a peace that rendered the periphery of far less importance to Israel than in the 1950s and 1960s. Today it is interesting to note that the Israeli-Egyptian peace has lasted longer than Trident did.

With the benefit of hindsight, and in view of the opportunities available today to explore the Arab reaction to the periphery approach with a number of Arab strategic thinkers, the periphery strategy can be seen to have registered both achievements and disappointments in terms of Israel's overall security interests. Thus, the country's very capacity to break out of the Arab ring of isolation and form strategic relations on the flanks of the Arab world contributed to its deterrent profile. Of particular note is Egyptian concern lest Israel's strategic presence in Ethiopia and southern Sudan threaten the flow of the Nile waters – Egypt's existential lifeline and a source of near primeval fears (interview with Said Aly, 2012). As senior an Egyptian official as Omar Suleiman told an Israeli security colleague during the Mubarak era that Israel's ties with Ethiopia were of great concern to Egypt because of the Nile issue (interview with Shavit, 2011).

Despite the disappointments of 1973, extremely cost-effective Israeli investments in Kurdistan and southern Sudan did tie down hostile Arab forces and signal an Israeli quasi-military presence "behind enemy lines". The operation in Yemen, which "cost" Israel a total of 14 airdrops of ordnance into Yemeni mountain passes during the mid-1960s – mostly booty from earlier wars with Egypt – constituted a significant contribution toward the demoralisation of Egyptian forces in the countdown to the June 1967 Six-Day War, which began with 30,000 Egyptian troops still pinned down in Yemen (Hart-Davis, 2012).

There were economic benefits, too, particularly oil deals with Iran. And the CIA duly noted Israel's periphery successes and even helped finance some of them, e.g. Trident and the Kurdish operation.

On the other hand, the intelligence gleaned from alliances like Trident was never of consistently high quality: the relationship's value was little more than the fact of its existence. The fiasco with the Maronites was so traumatic for the Israeli security community, which felt betrayed by Maronite pledges of a partnership against Syria and the Palestine Liberation Organisation (PLO), that it has avoided such relationships with minorities ever since. There is also a school of thought in Israel that argues that the periphery strategy, precisely because it gave Israel a much-needed sense of security, prevailed at the expense of a strategy for seeking peace with Israel's Arab enemies and at a minimum distracted the leadership from pursuing opportunities for dialogue and coexistence. As Professor Shimon Shamir, a former Israeli ambassador to Cairo and Amman, argues, "all our activity in the non-Arab sphere was seen [by the Arabs] as subversion and as proof of [Israel's hostile] historical mission" (interview with Shamir, 2011).

Certainly it is fair to assess that Israel's periphery alliances were based solely on the self-interest – even cynical self-interest – of all sides. The sole exceptions are some of the links with minorities, where Israel's support reflected a genuine degree of both sympathy for and empathy with those suffering at Arab hands. For their part, the southern Sudanese and Kurds – both now independent or quasi-independent – maintain genuine affection for Israel and gratitude for Israeli help tendered decades ago. Perhaps this was because Israel's clandestine support included extensive civilian medical aid as well as meetings with a charismatic and genuinely caring Israeli leader like Prime Minister Golda Meir. Incidentally, not all the minorities that Israel aided responded in this way. In Israel's eyes few could outdo the Lebanese Maronites for cynical exploitation of its good will in 1982-83.

Trident was never a serious alliance of NATO calibre. The shah of Iran could tell distinguished Egyptian journalist Hassanein Heikal in 1975, after signing an historic peace agreement with Saddam Hussein of Iraq, that "We behaved according to the principle 'your enemy's enemy is your friend' and our relations with Israel began to develop. Now the situation has changed" (Heikal, 1975). And Israeli intelligence and foreign policy officials could joke among themselves at the height of Trident's success that the Iranians and Turks had "read the Protocols [of the Elders of Zion]", meaning a portion of their adherence to the alliance with Israel derived from the exaggerated belief of periphery partners that Israel, through the U.S. Jewish lobby, could petition Washington successfully on their behalf whenever the need arose.

### **Israel and the Middle East after the original periphery doctrine ended**

As the original periphery doctrine ground to a halt, Israel expanded its regional horizons – at least until the rise of Arab and Turkish political Islam in recent years. The peace process that began in 1977 peaked during the first half of the 1990s with the Madrid Conference of late 1991, the Oslo breakthrough of 1993 and the multilateral process. At one point no fewer than seven Arab countries had some level of diplomatic representation in Israel. Israel was a regional "player", maintaining links with Arabs and non-Arabs in the region alike. Despite – or alongside – the various multilateral forums that operated and the intermittent Israeli-Syrian peace track, the Palestinian issue was central to the peace concept of most Arab states and the international community. Eventually the failure to register significant progress toward a solution beyond the Oslo agreements became instrumental in radically slowing down the Israel-Arab multilateral relationship.

Two serious exceptions to this dynamic were Iran's ongoing hostility after 1979 and the emergence in territories under Israel's control, and eventually on its borders, of militant Islamist movements, Hizbullah and Hamas, with strong links to Iran. If "classic" state-vs.-state Israel-Arab warfare

– Second World War-style tank and air battles – ended with the 1973 war, its successor was asymmetric warfare waged by non-state actors and featuring attacks on Israel's civilian population by suicide bombers and rockets, coupled with the threat posed by Iran's nuclear programme and Tehran's regional hegemonic ambitions. The Israeli rear became vulnerable for the first time since the 1948 War of Independence. Fences began to go up around Israel's borders; in one case, inside the West Bank, in some ways creating a new "virtual" border.

Vestiges of the periphery doctrine lived on during the 1980s and 1990s and into the new millennium in the form of generally close and militarily productive strategic relations with Turkey. Occasionally there has been a phenomenon of Israeli "periphery nostalgia", wherein Israel's original periphery partners are deemed innately prone to ally themselves with Israel against the Arab world even if they have fallen temporarily under hostile rule. This approach has, for example, taken the form intermittently of bizarre policies toward Iran. The 1985 Iran-Contra scandal, for example, was from Israel's standpoint an attempt to restore an Iranian-Israeli relationship through the supply of weapons, based on the unfounded conviction that a clique of moderates in the Khomeini regime sought to renew the Israeli-Iranian alliance. In contrast, the U.S. protagonists of the Iran-Contra plan primarily sought to trade weapons for the release of hostages in Lebanon and for funds to purchase arms for pro-American Nicaraguan guerrillas.

Even planning for an attack on Iran's nuclear infrastructure in recent years has been affected by periphery nostalgia, as some Israelis argue that it is possible by attacking Iran to remove the "artificial" current regime in Tehran and witness the rise of a more friendly and "authentic" one. Lately, some Israeli commentary regarding Justice and Development Party rule in Turkey under Prime Minister Tayyip Erdogan appears to reflect similar sentiments: Erdogan, it is argued, is an aberration, and secular moderation is bound to return to Turkey's leadership. There appears to be no basis in reality for these assessments; nor, seemingly, do they determine Israel's policies. Prime Minister Netanyahu's March apology to Turkey over the *Mavi Marmara* incident is understood as an act of realpolitik designed to restore a modicum of Turkish-Israeli intelligence co-operation regarding Syria, but probably little more (Dombey & Reed, 2013).

Throughout the latter part of the periphery period and the entire time since then and to date the Israeli-U.S. strategic relationship has remained a key foundation of Israel's strategic approach to the region. In examining American public opinion, the attitude of powerful pro-Israel sectors of the U.S. population like the Jewish and Evangelical communities, and the readiness of the American security community to work in close concert with Israel, there is every indication that this foundation will remain solid – barring some extreme act on Israel's part or a game-

changing cataclysmic event in the Middle East. The dramatic visit to Israel by President Barack Obama in March 2013 appeared to reaffirm this assessment.

Certainly, the Israel-U.S. alliance has held firm in recent years as a succession of Arab regimes – including two, Egypt and Tunisia, considered moderate and close to the U.S. – have undergone radical revolutionary change that has brought to the fore diverse expressions of political Islam: primarily the Muslim Brotherhood and Salafist movements. The upshot of these developments is that Israel today increasingly sees itself ringed by Islamists who are more hostile to it and its very existence than the secular regimes they displaced.

## A new ring of hostility?

To be sure, under pressure from the West and its own military, Islamist Egypt has maintained its peace agreement with Israel. But it has at least temporarily ceded partial control of the Sinai Peninsula bordering Israel to Salafist elements. While Israel and Egypt hold security consultations concerning the situation in Sinai, the Egyptian army is nevertheless constrained by Cairo in its freedom to confront the Salafists with force. The Gaza Strip has been under the rule of Hamas – effectively, the Palestinian branch of the Muslim Brotherhood – since 2007. With active Iranian and Syrian support, Hizbullah, representing extreme Shia Islam, has confronted Israel from southern Lebanon since 1983. The chaos in Syria has already begun to generate a Sunni Salafi threat on Israel's Golan border; in the best case Syria may be ruled, like Egypt, by the Brotherhood. And Islamists are mounting a growing challenge to the moderate rule of King Abdullah II in Jordan. In these circumstances – and completing the circle of its borders – Israel has understandable doubts about the capacity of the secular PLO to maintain its rule over the West Bank, particularly if Israeli forces withdraw under the terms of some sort of Israeli-Palestinian peace process.

Add to this "Islamist ring" the hostility of Turkey and Iran – Israel's periphery partners against Arab extremism in the past – and the perception of a new ring of hostility looms large. It is no longer nourished by Nasserism and Arab nationalism, but by Islam. The threats it presents are, at least for the near future, not conventional warfare, but nuclear blackmail and asymmetric terrorism. It projects the spectre of serious regional isolation for Israel.

On the other hand, Israel today is not the country that faced a hostile Arab world in the 1950s and responded with the periphery doctrine. It is a medium-sized country of nearly eight million inhabitants with a hi-tech, post-industrial economy that functions at the global level. It is a military powerhouse that no longer faces the threat of massive conventional warfare. Its economic interaction with the European Union and military interaction with NATO and, of course, the U.S. are highly developed. Internationally, as

opposed to regionally, it is not isolated, maintaining extensive relations, in some cases of a strategic nature, with most of the world's medium and large powers.

Politically, Israel's citizens are today far more concerned with domestic social and economic issues than with external threats – a dramatic reversal of the reality of past decades. Israel's politics are increasingly dominated by elements that are not oriented toward peace based on territorial compromise, as well as by otherwise-moderate actors who are convinced that Israel has few if any partners for genuine coexistence in the region. In particular, the settler lobby has established a strong presence within dominant political and even security circles. The obvious fact that Israel's politics and its negative interaction with the Palestinians have lost it considerable popular support in many countries has not – or at least, not yet – significantly affected its political and regional behaviour.

Assuming the U.S. alliance remains stable, what are Israel's regional strategic options under these circumstances?

## Strategic policy directions

A number of strategic directions can be identified. Conceivably they are not mutually exclusive and can be acted on in tandem. Some of these directions have been clearly studied by Israeli policy planners and either adopted or rejected. It is only by describing and understanding the options that we can appreciate where Israel may be headed in the years to come.

### Policy direction 1: a new periphery

Political Islam has taken root in Iran, Turkey and Egypt. Israel is already actively implementing a new periphery policy in an attempt to outflank political Islam in the region while taking into account the sensitive nature of its existing relations. Strategic policy planners in the Prime Minister's Office call the strategy "spheres of containment" – a valid definition of its objective. In the Foreign Ministry the concept is known as "crescents". Essentially it involves developing or expanding a security relationship in three arenas abutting the Greater Middle East (here understood as comprising the Arab world, Iran and Turkey).

Toward Iran, the policy focuses on cultivating close strategic ties with Azerbaijan, a country with growing oil resources that shares Israel's concerns over Iranian subversion and Islamist-inspired terrorism. An initial, post-Soviet concept of a new northern triangle featuring Israel, Azerbaijan and Turkey was discarded years ago as Turkish politics became increasingly dominated by Islam and Ankara adopted an anti-Israel attitude. A number of senior Israelis have since then visited Azerbaijan. An April 2013 visit to Israel by Azeri prime minister Elmar Mamudiyarov was described by one Israeli security commentator as "tightening ties between Jerusalem and Baku, both of which view Iran as a threat" (Segall, 2013).

In the Red Sea region Israel has reportedly taken military action when Iran and Sudan have actively transported ordnance in support of militant Islamist elements.

*A propos* Turkey, both Cyprus and Greece share Israel's concerns regarding Ankara's Islamist tilt. Israel's security co-ordination with Nicosia and Athens focuses on securing a growing shared natural gas exploration and production infrastructure in the eastern Mediterranean against Turkish territorial claims. In this context Israel's dramatic rapprochement with Turkey in March 2013 is understood in Jerusalem as, at best, a return to nervous coexistence with a prickly but powerful Islamist neighbour. Yet insofar as Turkey is by far the most convenient consumer for and transporter of Israel's gas finds, the rapprochement could affect the economic calculations behind the Israeli-Cypriot-Greek partnership (Kantor, 2013). Lately, the severe financial crises that have visited both Greece and Cyprus have threatened to further complicate their economic co-operation with Israel. The Israeli-Cypriot security relationship is also directed against possible terrorism targeting joint gas infrastructure.

In Africa, Israel is falling back on its existing ties with Ethiopia and Kenya and is developing new ties with South Sudan.

Depending on the outcome of the Syrian civil war, Israel could conceivably renew some sort of "minorities policy" with regard to Levant ethnic groups. Israeli Druze activists are already expressing acute anxiety over the fate of Syrian Druze concentrated at Jebel Druze, some 80 km east of the Golan. The Druze have an influential presence in Israeli political and military life.

This, then, is the "new periphery". Additional, even more distant and somewhat less relevant countries are also occasionally mentioned by policy planners. Concerning Turkey, Israel has tightened military ties with Bulgaria and Romania. In Africa, Uganda abuts neither the Arab world nor the Red Sea region, and Eritrea is isolated internationally due to the extreme nature of its regime and frictions with Israel over the disposition of Eritrean labour and/or asylum seekers. In Central Asia several former Soviet republics or Turkic "-stans" are occasionally cited. In the Persian Gulf region the emirates are partners in clandestine ties. All these links are acknowledged to be secondary.

A key issue in evaluating this new periphery strategy is the strategic planning concept behind it. Clearly, Azerbaijan does not measure up to Iran strategically, just as Turkey dwarfs Cyprus and Greece in terms of strategic clout. While the southern periphery shares Israel's concerns about Arab and Islamist encroachment, because of the Nile it also constitutes a strategic backdrop to Israeli-Egyptian relations.

In some ways Israeli political leaders and security officials seem to be compensating for the lacklustre substance of

the new periphery through pure bluster. For example, there seems to be a measure of unjustified bravado in off-the-record comments made by senior Israeli security officials in interviews for this report to the effect that Israel's presence in Azerbaijan adds a measure of deterrence to Israel's stance vis-à-vis Tehran by signalling to Iran that its own Azeri population can be targeted for incitement. Note, in parallel, the admonition by influential Greek journalist Alexis Papachelas that "there are those in Tel Aviv who are pushing for unrealistic and dangerous things" in their relationship with Greece (Papachelas, 2013). Of even greater concern is the perception that some of the architects of the spheres of containment view the new periphery as a way for Israel to, in effect, turn its back on the entire Middle East – an idea satirised recently by an Israeli columnist describing a new, presidentially sponsored hi-tech project that would enable Israel to detach itself physically from the eastern Mediterranean coast and sail westward toward Europe (Friedman, 2013).

If political Islam with its rejection of Israel's right to exist is taking over; if the Palestinians are hopelessly split and dysfunctional; and if – as some in the Israeli political right sincerely believe – the international community ultimately will stomach Israeli settlement expansion and acquiesce in a West Bank Palestinian autonomy-apartheid hybrid, then Israel could manage with a "Mediterranean" orientation. Yet, to the extent that the new periphery strategy is based on this perception, it offers Israel a bleak outlook indeed: near-total regional isolation and abandonment of any peace or even coexistence pretensions.

### **Policy direction 2: projection of military, technological and economic power**

Israel is also seeking to avoid strategic isolation by projecting power, both hard and soft, in several directions. Arms sales and military co-operation with the new periphery have already been noted. A kind of security umbrella has been extended to Cyprus. Several new periphery partners are also the focus of close co-operation in the energy field; indeed, the Eastern Mediterranean gas discoveries shared with Cyprus bear the potential for rendering Israel virtually energy independent.

Another area of both hard and soft power projection is the Gulf emirates, which quietly look to Israel both for deterrence vis-à-vis Iran and for a broad range of technology exports, although the absence of progress toward resolution of the Palestinian issue seemingly prohibits any truly open relationship. Neighbouring Jordan, too, has been drawn closer to Israel strategically due to its concerns over developments in Syria, Salafist terrorism and the "Shiite arc" (Goldberg, 2013). Although they too understandably profess to reject infrastructure co-operation unless and until prospects improve for a two-state solution, both Jordan and the West Bank are potential consumers of Israeli gas and desalinated water – the latter being a field in which Israel leads the region.

Finally, Israel's overall economic potential, particularly in the hi-tech and military fields, appears thus far to be relatively immune to the kind of economic boycott that the country's international critics are increasingly advocating. Taken together, these dimensions of power-projection potential give Israel an enhanced degree of strategic manoeuvrability. In this spirit, one conservative Israeli think-tank head argues optimistically that "A closer look at Israel's interaction with countries near and far ... belies the claim that it is isolated. In fact, Israel is increasingly acknowledged as a world player in view of its social, economic, technological, financial and diplomatic achievements" (Inbar, 2013).

### **Policy direction 3: seeking accommodation with political Islam, beginning with Hamas**

A surprising number of retired senior security officials, like former Mossad head Ephraim Halevy, along with around one-third of the Israeli public, have long expressed support for an Israeli initiative to hold dialogue with Gaza-based Hamas. In 2012-13, under the second Netanyahu government, an indirect dialogue did indeed begin between the Israeli security services and Hamas through the good offices of the Egyptian military, which was empowered to mediate by the new Islamist leadership in Cairo. In the aftermath of the brief November 2012 conflagration between Israel and Hamas this dialogue registered progress toward relaxing Israeli economic and military constraints on Gaza in return for strict observance by Hamas of a ceasefire. If movement toward Israeli-Turkish reconciliation proceeds, Ankara could conceivably facilitate further dialogue.

Thus far the new Egyptian Islamist political leadership itself has rebuffed Israeli efforts at direct, civilian dialogue with it, although it has not repudiated the Israeli-Egyptian peace agreement. It may not be accidental that a right-wing Israeli government has proved more interested in and adept at dialogue with political Islam than Israeli centrists and leftists: the latter are much more interested in advancing a two-state solution with the West Bank-based PLO, whereas neither the Israeli right nor Hamas is committed to such an outcome, both in some ways preferring aspects of the political status quo.

This requires one to ask whether accommodation of some sort with political Islam a viable strategic option for Israel. As noted above, one of the rationales presented by some advocates of the new periphery policy is the seeming hopelessness of such an effort or of any related peace initiative. Earlier, we noted the internal Israeli discussion as to whether the original periphery doctrine obstructed peace or ultimately facilitated it. Certainly it is important that the door to accommodation not be slammed shut by Israel. Already, the Muslim Brothers in Egypt are in dire need of economic support from Washington; eventually, they may recognise just how helpful Israel can be in this regard, particularly with a recalcitrant U.S. Congress.

#### Policy direction 4: A West Bank deal with the PLO in exchange for other Arab support

A partial or comprehensive two-state solution agreement between Israel and its Oslo partner, the PLO, is the preferred option of the international community and the Israeli peace camp, not to mention the PLO itself. The Arab world has traditionally supported this approach, most concretely through the March 2002 Arab Peace Initiative, although it is not clear to what extent the new Muslim Brotherhood government in Egypt remains committed.

While the Netanyahu government is at least formally pledged to a two-state solution, its behaviour in recent years and its current composition point to a strong inclination to pay lip service to a Palestinian-state arrangement while proceeding with settlement expansion that renders such an outcome increasingly unlikely. In this regard, the dominant Israeli political right with its heavy settler and religious presence is apparently encouraged by the unpredictable and at times violent processes, with their dominant Islamist component, that have characterised much of the Arab world for more than two years. The settlers now handily cite this reality as an excuse for avoiding any serious attempt at a political process.

Conceivably, Europe and the U.S. will seek in 2013 and beyond to pursue the two-state solution track with greater zeal and resolve. In the aftermath of the March 2013 Obama visit to Israel, there are indications that U.S. secretary of state John Kerry is considering trying to harness the two-state solution to some sort of renewed and revitalised Arab Peace Initiative. The Netanyahu government in Israel might be prepared to discuss such a track if it is offered sufficient incentives and rewards in terms of strategic co-operation with Saudi Arabia and the emirates – its natural regional partners in opposing Iran. One example of how this might work is an intelligence exchange regarding Iran that is reportedly being spear-headed by Washington and that would involve Israel, Turkey, Saudi Arabia, the United Arab Emirates, Jordan and the Palestinian Authority (Fishman, 2013).

The backdrop to such initiatives is the fact that the Israeli public still prefers a two-state solution, if only to end an occupation that bespeaks disastrous demographic consequences for the future of the Zionist vision of a Jewish state. No one in Israel wants a new intifada and virtually no one wants to see Jordan weakened internally – both near-inevitable results of a prolonged Israeli-Palestinian stalemate.

Yet Israel under Netanyahu will almost certainly not respond with a sufficiently realistic territorial offer for a Palestinian state as to constitute an acceptable quid pro quo for the Gulf Arabs and Jordan and to give Washington something substantive to work with. As we saw in Israel's January elections, the Israeli public is primarily preoccupied with domestic social and economic issues; genuine peace advocates constitute only 10% of the new Knesset

(parliament) elected in 2013, and a settler and pro-settler contingent dominates the new Netanyahu government.

There are additional serious obstacles to success. Europe is still in the throes of economic crisis. The U.S. is withdrawing from hands-on involvement in the Middle East, focusing strategically on the Far East and concentrating on putting its own economic house in order. And between Jerusalem and Ramallah a huge ideological and substantive gap touching on territorial and "narrative" issues like the right of return and a Jewish state continues to bode ill for progress. Unless either major cataclysmic events visit the region or Washington surprises the world by exercising unprecedented pressure, the very most anyone can hope for in regard to this sort of regional option is probably a limited Israeli unilateral measure that serves the function of propping up the peace process and keeping it alive.

#### Conclusion: Israel's options and the international community

In an interconnected world and an extremely unstable Middle East, Israel's decisions regarding which of these options or which combination of options to adopt could have far-reaching ramifications. International actors interested in furthering the cause of Middle East peace and stability should therefore be aware of both the options at stake and the constraints and opportunities affecting Israel's behaviour. To the extent that the Obama visit to Israel, Palestine and Jordan in March 2013 signals U.S. readiness to play an enhanced role in exploring the options, this is a welcome development. But beware of over-optimistic assessments. When influential *Haaretz* columnist Ari Shavit euphorically describes an integrative "new peace" – comprising everything from an Israeli-Turkish gas deal, via a Saudi-Israeli-Palestinian programme to channel Persian Gulf riches to Palestine, to a "secret" Israeli-Hamas deal (Shavit, 2013) – he is clearly ignoring the many dangers of regional collapse, not to mention the danger of Israel sinking into a pattern of apartheid and isolation.

A "new periphery", to the extent that it is substantive and viable, can be beneficial to regional stability if it helps Israel leverage influence on the Islamist states and movements surrounding it; in other words, if it leaves open a window for Israel to improve relations with countries like Egypt and Turkey and dialogue with Hamas. On the other hand, to the extent that the new periphery reflects a "villa in the jungle" (Ehud Barak's term for Israel and the region some years ago) approach of turning Israel's back on even the prospect of finding a modus vivendi with its new Islamist neighbours, it can be harmful to Israel's relations with its nearer neighbours even as it strengthens Israel in economic and intelligence terms.

Two of the policy directions mentioned above – a two-state solution with the PLO in the West Bank and dialogue and coexistence with Hamas in Gaza – are ostensibly contradictory. They imply a "three-state solution" that negates the

conventional wisdom, together with a weakening of the PLO's regional position. Yet they also appear potentially to reflect an option for making the best of the current situation. This requires not only offering Israel security incentives and regional (meaning, Gulf-related) payoffs for adopting a more accommodating approach to the emergence of a Palestinian state in the West Bank, but also softening international opposition to the possible emergence of a peaceful Islamist-ruled, Egypt-linked statelet in the Gaza Strip, while reassuring Palestinians through formal provisions that a united Palestinian state embodying the West Bank, Gaza Strip and East Jerusalem remains the ultimate goal.

Then too, the Israeli power-projection option – both soft and hard power – could be particularly useful in maintaining the integrity of both the West Bank and the Hashemite Kingdom of Jordan in the event that Syria implodes and disintegrates. Here in particular there is room for an international role that integrates opposition to extremist Islamist actors – from Iran via Hizbullah to Sunni jihadists – with pressure for a productive process aimed eventually at creating a Palestinian state in the West Bank.

Finally, and certainly not least, none of these Israeli options, nor any combination thereof, seems designed to deal conclusively with one regional development that threatens Israel at the existential level: a nuclear-armed Iran. And only one option, policy direction 4, can thwart a second existential threat: an Israeli territorial embrace of the West Bank and East Jerusalem that prevents the emergence of a Palestinian state, thereby driving Israel willy-nilly into a mode of apartheid that threatens its very substance as a Jewish and democratic state.

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## ■ THE AUTHOR

**Yossi Alpher** is a former Mossad official and former director of the Jaffee Centre for Strategic Studies at Tel Aviv University. Until recently he co-edited bitterlemons.net. He is currently writing a book on Israel's periphery doctrine.

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