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THE ART OF INFLUENCE: A STUDY OF LEVERAGE IN US-ISRAEL RELATIONS

by

Joshua Brause

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Colby College Department of Government
in Partial Fulfillment of the
Requirements for the Degree of Bachelor of Arts
With Honors**

**Colby College
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Abstract

With \$142.3 billion given to date, Israel is the largest cumulative recipient of US aid since World War II.¹ Simultaneously, the US has taken Arab-Israeli and Israel-Palestine peace seriously as a foreign policy priority and has been historically involved in efforts to establish a diplomatic settlement to the conflict. In its attempts to serve as an ‘honest broker’ for peace, the US has at times used its unique aid relationship with Israel as a source of leverage, seeking to influence Israeli policy to fall into compliance with US goals in the Israeli-Palestinian peace process. When successfully leveraged, US assistance has served as a powerful diplomatic asset which has given the US great sway over Israeli policy. Successfully translating aid into influence, and that influence effectively catalyzing change in Israeli policy, however, is a complex process that demands navigating the competing interests of a variety of actors both in the US and Israel.

These influence attempts utilizing aid have employed strategies of coercion, inducement, and combinations of both. Utilizing expert interviews and relying on case studies of US influence attempts across time, I investigate the US approach to aid-as-influence attempts on Israel within the context of the Israel-Palestine peace process and the variables which limit or enhance the efficacy of these attempts, as well as those which should be considered in the future. When US leverage has found a degree of success, it has generally arisen from a strong US president who can overcome the domestic political price incurred by pressuring Israel. Further, in Israel, the issue of settlements and the peace process is especially salient, and Israeli leaders must carefully weigh their coalitional constraints, the state of Israeli public opinion, and the

¹ Sharp, Jeremy. “US Foreign Aid to Israel.” *Congressional Research Service*, March 1, 2023. <https://sgp.fas.org/crs/mideast/RL33222.pdf>

political cost of resisting US influence attempts. I find that, over time, as US leaders have opted for influence strategies led by inducements rather than coercion, Israeli leaders have become increasingly comfortable resisting US pressure while the value of inducements has progressively diminished. Additionally, I find that US leaders face significant domestic limitations on utilizing coercive leverage due to the influence of the pro-Israel community, enhancing the Israeli ability to withstand pressure from the US.

Introduction

Can peace be bought? Aaron David Miller, a former diplomat and expert on Arab-Israeli negotiations, writes that he often wondered why “big simply couldn’t make small comply...why was it that \$3 billion didn’t seem to buy much in Jerusalem or Cairo...why not just impose a solution?”² Indeed, this line of thinking was not completely unfamiliar to the US position throughout its engagements with the Arab-Israeli conflict. One anecdote stands out as an example of the US faith in the value of aid as a political tool:

At the side talks between technical experts held in Emmitsburg, Maryland, the same US strategy was unfolding. According to one Palestinian negotiator, when discussions in the water committee became acrimonious, a US official intervened, went up to a blackboard in the room, and proceeded to draw a large dollar sign. ‘The only formula you need to worry about is this,’ said State Department official Toni Verstandig, ‘just tell us how much.’³

The side talks in question pertained to the round of final status negotiations undergone at Camp David in 2000 between Barak and Arafat where, despite offers of record aid, no permanent status

² Miller, Aaron David. “The Much Too Promised Land.” *Bantam Books*, 2008, p. 64.

³ Lasensky, Scott. “Checkbook Diplomacy: The US, the Oslo Process, and the Role of Foreign Aid.” *Chatham House*, 2005, p. 54.

agreement could be reached. Negotiations at Camp David in 2000 are not an example of the US leveraging aid against Israel, as Barak and Clinton were generally politically aligned, but the role of aid in the negotiations as viewed by US officials demonstrates its central role in US diplomatic strategy regarding the conflict.

The historic role of the United States in the Israel-Palestine peace process as both a mediator and major benefactor to Israel creates a unique dynamic that tests the limits of aid as influence and the ‘checkbook diplomacy’ aspects of peacebuilding. Throughout its relationship with Israel, the US has at times attempted to use aid as a tool of leverage, coercing and inducing Israeli compliance with US goals in the Israel-Palestine peace process; these attempts have been met with varying success. The central paradox explored in this research surrounds the question of economic dependence; though conventional wisdom suggests that the US should be able to easily influence Israeli policy through the deployment of various carrots and sticks, it has been particularly difficult both for the US to exert meaningful influence over Israeli policy and to secure Israeli compliance with US policy goals.

I will be testing four hypotheses regarding US influence on Israeli policy. The first hypothesis argues that US leverage is more influential vis-à-vis Israel’s foreign policy than it is with its domestic policy; this makes influence regarding the Palestinian issue more difficult given the fact that it has significant domestic and foreign policy (i.e., intermestic) features. The second hypothesis argues that inducement has become a progressively insufficient strategy for compelling Israeli leaders to push their coalitional constraints. The third hypothesis argues that the pro-Israel community and the Israeli government have significantly raised the political cost of deploying coercion as an influence strategy. The fourth hypothesis argues that, due to the

perceived domestic constraints within the US, Israel has become more confident in its ability to withstand US pressure.

The case studies included in this work include the 1991-1992 loan guarantee dispute, the negotiations that led to the Wye River Memorandum in 1998, the failed attempt by the Obama administration to secure an extension to a 10-month settlement freeze in 2010, and the broader US response to the Sino-Israel relationship. Each of these cases offers valuable insights into the ways the US has tried, struggled, failed, and succeeded to translate its aid relationship with Israel into meaningful political influence. These cases (all except for the Sino-Israel relationship, which is uniquely valuable in representing US influence attempts over an explicit foreign policy issue) represent political contexts whereby the US and Israel hold ideologically clashing views towards the peace process, and where the US attempted to change Israeli behavior by leveraging its influence. In all these cases, the following factors are central to the influence attempt's outcome: the important roles of Israeli domestic politics, public opinion, and coalitional constraints; the relative power of the US and its leader; the domestic political interests which determine the political cost incurred by one strategy of leverage or another in the US, or in Israel, the cost incurred by compliance or noncompliance; the relative saliency of the attempt's subject; and the nature of the exerted influence. By more deeply investigating the domestic bargaining process which occurs in the US and Israel throughout an influence attempt, I hope to elucidate the various domestic pressures that shape the US approach to leveraging influence, as well as the Israeli response to such attempts. Further, I hope to explore the complex interplay between sometimes competing pressures of bilateral bargaining and domestic politics in Israel and the US.

The US-Israel ‘Special Relationship’

The US was the first to recognize Israel as an independent state in 1948, and the US-Israel ‘special relationship’ has endured alongside the US commitment to promoting, and occasionally leading efforts to mediate, a comprehensive diplomatic settlement to the Israel-Palestine conflict. During the 1973 Yom Kippur War, President Nixon famously ordered the US Air Force to “send everything that can fly” in Operation Nickel Grass, a successful strategic airlift that delivered \$2.2 billion in emergency aid to Israel, turning the tide of war.⁴ By the end of the 1973 war, the Nixon administration had used this military assistance as a source of leverage in pressuring the Israeli government to limit the extent of their advance into Egyptian territory while also promising future assistance; producing a cease-fire which prevented a US-Soviet confrontation and culminated in the Israel-Egypt Disengagement Treaty of 1974.⁵ Through a combination of coercion and inducement, the Nixon administration successfully secured Israeli compliance by exerting political influence. In this case, US aid supported a partner in a critical moment and quickly evolved into a major tool of leverage that was successfully utilized; this dynamic would endure over time, as the aid relationship was deepened, US leverage was enhanced.

The 1973 war is a watershed moment in the history of the US-Israel relationship, as total aid increased, and its character was fundamentally transformed. Notably, it was after 1973 that

⁴ Lasensky, Scott. “Paying for Peace: The Oslo Process and the Limits of American Foreign Aid.” *Middle East Journal*, vol. 58, no. 2, 2004, pp. 210–34.

⁵ Burr, William. “The October War and U.S. Policy.” *National Security Archive at GWU*, 2003. <https://nsarchive2.gwu.edu/NSAEBB/NSAEBB98/index.htm>

the US adopted a policy of supporting Israel's capacity to maintain a qualitative military edge over its regional adversaries.⁶ A 1994 Congressional Research Service issue brief writes:

From 1949 through 1965, U.S. aid to Israel averaged about \$68 million per year, over 95% of which was economic development assistance and food aid. A modest military loan program began in 1959. From 1966 through 1970, average aid per year increased to about \$102 million, but military loans increased to about 47% of the total. From 1971 to the present [1994], U.S. aid to Israel has averaged over \$2 billion per year, two-thirds of which has been military assistance...The 1974 emergency aid for Israel, following the 1973 war, included the first military grant aid.⁷

With \$142.3 billion given to date, Israel is the largest cumulative recipient of US aid since World War II.⁸ The US-Israel 'special relationship' is embodied in this assistance, and its use as a source of leverage, whether it be through conditionality, oversight, coercion, or inducement, has been a topic of heated debate in the US. Most recently, the Biden administration has outright rejected conditioning aid as a viable option for engagement with Israel.⁹

In 2016, the Obama administration, a vocal critic of Israeli policies towards the Palestinians, made the largest single pledge of military assistance in US history with a 10-year security assistance Memorandum of Understanding (MOU) to Israel, totaling \$38 billion covering FY2019 – FY2028. The 2016 MOU includes \$33 billion in Foreign Military Financing

⁶ "A central aspect of US policy since the October 1973 war has been to ensure that Israel maintains a qualitative military edge." Secretary of State Alexander Haig, Statement for the Record submitted in response to Question from Hon. Clarence Long, House Appropriations Subcommittee on Foreign Operations Appropriations, April 28, 1981.

⁷ Mark, Clyde. "Israel: US Foreign Assistance." *Congressional Research Service*, July 23, 1994.

https://pdf.usaid.gov/pdf_docs/pcaaa469.pdf

⁸ Sharp, "US Foreign Aid to Israel."

⁹ "The reality is the administration does not support conditionality on the assistance. And as you know, we're at a \$38 billion 10-year MOU, and the position of the administration is we do not support conditionality." Senate Foreign Relations Committee, Hearing on Pending Nominations, *CQ Congressional Transcripts*, Congressional Hearings, Sept. 22, 2021.

(FMF) funds, and \$5 billion in missile defense assistance.¹⁰ The 2016 MOU did not include a previously included provision for Israeli Offshore Procurement (OSP), which allowed the Israeli government to spend a portion of its FMF grants on Israeli military equipment. Additionally, the 2016 MOU prevented the Israeli government from spending FMF funds on fuel or other consumables. These changes are partially due to the status of Israel as one of the largest arms exporters in the world and the strength of the Israeli defense sector, it also reflected an evolving dynamic in the US-Israel relationship which came at great cost to the Israeli defense industry.

For FY2022, Israel received 53% of the total requested FMF globally; a 2021 estimate by Jane's Sentinel Security Assessment found that annual US FMF grants to Israel represent 16.5% of the overall Israeli defense budget.¹¹ According to the World Bank, Israel spends 5.2% of its GDP on military expenditures (Saudi Arabia, Oman, Algeria, and Kuwait are the only other countries to spend more on defense as a percentage of GDP).¹² The Center for International Policy's Security Assistance Monitor found in 2021 that, since FY2001, Israel has received over \$64 billion in military aid, more than 90% of which is allocated through the State Department's Foreign Military Financing program providing grants for the purchase of US military equipment.¹³ Prior to the Israeli economic boom of the 1990s, the US had provided Israel with bilateral Economic Support Fund grants, but these were completely phased out by FY2008. This same economic boom has made the Israeli economy increasingly less reliant on US aid; in 1981,

¹⁰ "[Fact Sheet: Memorandum of Understanding Reached with Israel](#)," White House Office of the Press Secretary, September 2016.

¹¹ Sharp, "US Foreign Aid to Israel."

¹² Military Expenditures (% of GDP). *World Bank*.
<https://data.worldbank.org/indicator/MS.MIL.XPND.GD.ZS?locations=US>

¹³ Yousif, Elias. "Factsheet: US Arms Sales and Security Assistance to Israel." *Security Assistance Monitor*, Apr. 2021, <https://securityassistance.org/publications/factsheet-us-arms-sales-and-security-assistance-to-israel/>.

US aid made up about 10% of the Israeli economy, and by 2020, it was around 1%.¹⁴ Today, with the 12th highest nominal GDP per capita in the world of \$55,359 (USD 2022), Israel possesses a highly competitive, advanced, and free-market economy.

The US-Israel FMF relationship has taken on a somewhat unique form compared to other recipient states. Whereas most FMF recipients receive the grants in quarterly installments, since FY1991 Israel has received its FMF aid in a lump sum at the beginning of the fiscal year. Israel is also the only FMF recipient with permission to hold FMF funds in a US interest-bearing account.¹⁵ Perhaps most notably, Israel lacks the transparency mechanisms which the US maintains with all other FMF recipients to determine exactly where US military equipment is distributed within the Israeli military. Through a combination of these factors, it is uniquely difficult to track whether Israeli expenditures fall out of compliance with US laws governing military assistance. The Leahy Laws, the Arms Export Control Act (P.L. 90-629), and the Foreign Assistance Act (P.L. 87-195) are the primary legal mechanism through which the US regulates foreign assistance. Combined, these laws generally mandate that US military assistance be used for purposes of “legitimate self-defense” and not used to commit “gross violations of human rights.”

In 1987, Israel was granted Major Non-NATO ally status by the Reagan administration, formalizing the US-Israel relationship, and allowing Israeli defense manufacturers to bid on US government defense contracts. Regarding the upgraded status, Israeli Prime Minister Yitzhak Shamir was quoted as saying “The U.S. declaration is of considerable significance--in the first

¹⁴ Fisher, Max. “As Israel's Dependence on U.S. Shrinks, so Does U.S. Leverage.” *The New York Times*, The New York Times, 24 May 2021, <https://www.nytimes.com/2021/05/24/world/middleeast/Israel-American-support.html>.

¹⁵ Sharp, “US Foreign Aid to Israel.”

place, political significance...For the first time, Israel is formally considered an ally.”¹⁶

Additionally, per the Arms Export Control Act (AECA), Israel (as well as all NATO member states, Japan, Australia, South Korea, and New Zealand) also has a period of Congressional review for arms sales half as long (15 days) as other states.¹⁷ The AECA also stipulates rules for the prior notice necessary for an administration to give the Congress regarding foreign military sales; the prior-notification dollar threshold to NATO member states, Japan, Australia, South Korea, New Zealand, and Israel is higher than the other states.¹⁸

In 1982, the Reagan administration suspended for six years the sale of cluster munitions to Israel, no possible AECA violations were ever legally determined, but the decision came in response to a Congressional determination that Israel used the munitions in Lebanon in such a way that it violated its agreement with the US.¹⁹ In 2006, the George W. Bush administration informed Congress that Israel potentially violated the AECA by deploying cluster munitions during the 2006 Lebanon war, though no consequences were ever enforced.²⁰ In 2009, Representative Dennis Kucinich wrote to Secretary of State Condoleezza Rice requesting a report to Congress regarding Israel’s possible misuse of American weaponry in the 2008 Gaza war. When the president is notified of possible AECA violations, they are required to submit to Congress a report regarding the incident in question.

¹⁶ Fisher, Dan. “U.S. Is Granting Israel Non-NATO Ally Status: Move Should Bring Strategic and Economic Gains, Shamir Says; Egypt Gets Same Rating.” *Los Angeles Times*, Los Angeles Times, 16 Feb. 1987, <https://www.latimes.com/archives/la-xpm-1987-02-16-mn-2391-story.html>.

¹⁷ Arms Export Control Act, P.L. 117-263 (2022). *Government Printing Office*.
<https://www.govinfo.gov/content/pkg/COMPS-1061/pdf/COMPS-1061.pdf>

¹⁸ Kerr, Paul. "Arms Sales: Congressional Review Process." *Congressional Research Service*. June 10, 2022.
<https://sgp.fas.org/crs/weapons/RL31675.pdf>

¹⁹ Miller, Judith. “US Bars Cluster Shells for Israel Indefinitely.” *New York Times*, July 28, 1982.
<https://www.nytimes.com/1982/07/28/world/us-bars-cluster-shells-for-israel-indefinitely.html>

²⁰ Cloud, David. “Israel May Have Violated Arms Pact, US Says.” *New York Times*, January 28, 2007.
<https://www.nytimes.com/2007/01/28/world/middleeast/28cluster.html>

Unlike the Executive branch, the Congressional options for exerting foreign policy pressure are limited, and the primary influence of Congress over international politics falls within the realm of appropriations. Certain US domestic constituencies are especially influential in preventing the leveraging of US aid. First and foremost, advocacy organizations like AIPAC have historically held major influence in maintaining bipartisan and solid support for the US-Israel aid relationship; this influence has limited the capacity of Congress to exert pressure on Israel by utilizing its leverage (primarily through appropriations) and has enhanced the constraining role of Congress on executive influence attempts on Israel. Further, the historic FMF relationship has been highly beneficial to the US military-industrial complex. Regardless of the Israel-Palestine conflict, US military assistance to Israel remains important to larger US regional strategic priorities, especially regarding the shared threat of Iran. This point is an important one, as aid to Israel does undergird US strategic priorities in the Middle East; this has further disincentivized influence attempts, as leveraging against a key regional ally appears to work at cross-purposes with larger US security goals. Further, military assistance which funds shared ventures has led to the development of valuable missile defense technology like the Iron Dome system.

Simultaneously, the US has generally taken the Israel-Palestine peace process seriously as a foreign policy priority and has been historically involved in efforts to establish a diplomatic settlement to the conflict. Under the Nixon administration, mediation efforts focused on the larger Arab-Israeli conflict through state-to-state negotiations; the Palestinian issue would become centered by the 1990s. At the Camp David Accords of 1978, President Carter hosted Egyptian President Anwar Sadat and Israeli Prime Minister Menachem Begin to develop a framework for Middle East peace; an effort which culminated in an Israel-Egypt peace

agreement and an attempt to recognize Palestinian autonomy in the Occupied Territories.

Though the Oslo process began secretly in Norway without the factor of US influence, foreign aid played a key role in supporting the diplomatic process in Madrid and Wye River; valuable moments which buttressed the feasibility of Oslo and later the failed 2000 Camp David Summit. In 1991, the Madrid Conference, co-sponsored by the US and USSR, gathered to generate Arab-Israeli dialogue and advance the Israel-Palestine peace process; injecting hope into the diplomatic process and laying the symbolic foundation for future negotiations. In 1993, Israeli Prime Minister Yitzhak Rabin and Chairman of the Palestinian Liberation Organization Yasser Arafat gathered on the White House lawn with President Clinton to sign the Oslo Accords, a pair of agreements that saw the PLO's recognition of Israel's right to exist and the Israeli recognition of the PLO's role as the representative of the Palestinian people. In 2000, Israeli Prime Minister Ehud Barak and Arafat gathered at Camp David under the auspices of President Clinton; no agreement was reached, but President Clinton articulated general parameters for a future settlement. In 2003, President Bush released a 'road map to peace' in hopes of relaunching negotiations. In 2013, President Obama attempted to restart the Israel-Palestine final status negotiations, but the talks failed. From 1948 until today, to varying degrees, the US has played a role as a mediator and source of legitimacy in the Israeli-Palestinian peace process. Throughout the history of the US-Israel relationship, the US has attempted to position itself as an 'honest broker' for peace while simultaneously maintaining its position as the single largest state benefactor to Israel.

There is an important distinction to be made between instances where US aid bolstered the political feasibility of Israeli policy which ideologically aligned with US goals (as was the case during the Oslo process and the 2000 Camp David Summit) and moments where US and

Israeli policy goals diverged, and US aid was utilized as a tool of leverage to bring Israeli policy into compliance with US goals. The latter cases represent more compelling case studies of the influence of US aid as a means of exerting influence. The Shamir and Netanyahu governments pursued policies that ideologically contravened US goals at the time regarding the peace process; because of this discrepancy in US and Israeli policy goals, the influence of US aid was more effectively put to the test as a pressure tool. Of the cases examined in this work, each represents a political moment where the interests of US and Israeli leaders were at odds, and either inducements, coercion, or a mix of both were deployed to secure Israeli compliance.

By closely examining the limits of the US-Israel aid relationship, I hope to better understand the ways the US can leverage this influence (positively or negatively) in the context of Israeli-Palestinian peace. Some will criticize my focus on the US-Israeli relationship alone, and it is correct to point out that US-Palestinian aid was another major tool utilized by the US to drive progress in negotiations; indeed, Clinton's \$15 billion offer made to the Israelis during the Oslo process was also made to the Palestinians. Additionally, US influence, or the lack thereof, over the Palestinian Authority was a factor in whether Israel was willing to compromise within negotiations, and more stable PA institutions financed by the US (and international donors) helped sooth Israeli concerns over the collapse of a negotiated Palestinian state. Yet, the special relationship often touted between the US and Israel uniquely positions this relationship in the history of US aid, and in the mediating role of the US in Israeli-Palestinian negotiations.

Theoretical Framework

As Scott Lasensky points out, despite the ample literature focusing on the Israeli-Palestinian conflict, foreign aid's role in the peace process is an under-studied subject in

academic and policy literature.²¹ The literature surrounding the topic of US aid to Israel as a tool of leverage in the Israeli-Palestinian peace process is generally composed of those studying aid-as-influence as a theoretical framework, such as John Sislin; those analyzing the theory of coercive diplomacy, such as Alexander George; and a variety of authors focusing on the US-Israel relationship and the Israeli-Palestinian negotiations more broadly, some of these authors have participated in the negotiating process in an official capacity or have other direct experience with the intricacies of the US-Israel aid relationship.

Focusing on aid-as-influence literature generally, Sislin's work explores the conditions under which the US successfully manipulates its arms exports and military assistance to secure recipient compliance with its policy goals. Using logit analysis, Sislin uses a dataset of 191 American arms influence attempts from 1950 to 1992 to test 16 variables, organized into 5 different categories, against the outcome of attempts. Sislin's research, though focused exclusively on influence attempts relating to military assistance, provides a helpful framework for evaluating the relevant political mechanisms involved in an influence attempt. Attempting to identify the determinants of successful influence attempts, Sislin's work identifies five primary categories of interest: the characteristics of the technique (sanction type, deterrence, and policy type), the characteristics of the recipient (regime type, existing international conflict, security threats, civil strife, resources, indigenous arms production), characteristics of the recipient-supplier interaction (supplier arms dependence, trade dependence, precedent), the characteristics of the supplier (supplier utility, presidential style), and systemic variables (hegemony, superpower relations).²² Sislin identifies five key variables that appeared to affect the outcome of

²¹ Lasensky, "Paying for Peace." pp. 210–34.

²² Sislin, John. "Arms as Influence: The Determinants of Successful Influence." *The Journal of Conflict Resolution*, vol. 38, no. 4, 1994, pp. 665–89.

an influence attempt: positive sanctions were found to have a higher probability of success; attempts to change foreign policy were more successful than affecting change in domestic policy; civilian regimes were more susceptible to influence attempts; as nations received more arms, they became more vulnerable to influence attempts; and American hegemonic status had a positive relationship with the success of influence attempts.²³

For example, the worst case for the US is when the sanction is negative, the policy issue is domestic, the regime type is military, the US sells no arms to the supplier, and the US is in a period of decline. Under these conditions, the probability of a successful influence attempt occurring in such a situation is 0.4%. At the opposite extreme, where the sanction is positive, the policy issue focuses on changing foreign policy, the regime type is civilian, the US is the sole supplier to the recipient, and the US is the clear hegemon. The probability that an arms influence attempt will succeed is 99%.²⁴

Sislin concludes that influence attempts were more likely to succeed when the US “used promises or rewards, focused on altering the recipient’s foreign policy [rather than domestic], made the attempt on civilian regimes, supplied more of the recipient’s arms, and made attempts in the first half of the cold war era, when the United States was generally more powerful.”²⁵

Within Sislin’s dataset of US arms influence attempts, 24 of the total 191 identified attempts occur between the US and Israel ranging from 1956 to 1987.²⁶ Of these 24 influence attempts, 13 can be considered ‘positive’ sanctions or inducement, and 11 can be considered ‘negative’ sanctions or coercion.

Importantly, Sislin’s dataset excludes leverage attempts that utilize non-military aid, as was the case in 1992 through Shamir’s rejection of US assistance for Soviet refugees.

Additionally, Sislin’s data on Israel focuses on influence attempts made prior to 1987, before the

²³ Ibid.

²⁴ Ibid., 679.

²⁵ Ibid., 665.

²⁶ Ibid., 683.

key cases which are most relevant to my research such as the 1991-1992 loan guarantee dispute, Wye River in 1998, and the 2010 settlement freeze. Further, policy on the Palestinian issue was a less prominent subject of US influence attempts on Israel prior to the 1990s. I hope to investigate whether Sislin's model applies to the more contemporary US-Israel relationship, and whether those influence attempts broadly involving the peace process face more domestic political repercussions inside Israel than more explicit foreign policy issues.

Though Sislin's work provides an exceptional theoretical framework for understanding the nature of US influence efforts and the multitude of variables that impact their efficacy, I remain primarily interested in US influence efforts which relate to the Israel-Palestine peace process in particular, an issue of unique and existential importance to Israel. Do more recent US influence attempts on Israeli policy towards the territories and the peace process conform with Sislin's findings? Sislin's work generates conclusions from influence attempts on Israeli foreign policy (generally state-to-state relations), and I am interested in testing Sislin's theory's relevance to Israeli settlement policy, as well as Israeli participation in the peace process. The Israel-Palestine conflict also holds a unique role in Israeli politics, being both a foreign policy issue, as well as a domestic one. Sislin submits that foreign policy is easier to influence through aid, but the 'intermestic' nature of the Israel-Palestine conflict involves more domestic constituencies with vested interests than issues that fit more comfortably into foreign policy.

The intermestic status of the settlement issue is worth investigating briefly, as the occupied territories present a unique and interesting dilemma to Sislin's work. Past US influence attempts on Israel prior to the 1990s were generally focused on inter-state peace negotiations, where security concerns dominated the Israeli negotiating position and public fears. Regarding negotiations over the West Bank, security remains a core concern, as the narrow waist of Israel

presents an excellent opportunity for those hoping to launch attacks on Israel from the West Bank. However, many Israelis are more deeply connected to the West Bank than, say, Egypt. Israeli claims over the West Bank, expressed through historical and religious rights to the land as the ancestral homeland of the Jewish people, place the debate over what to do with the territory within Israeli domestic politics. Indeed, should Israel annex the territory, it would quickly become a formal domestic political issue (as opposed to its de-facto status today). However, so long as it remains simply ‘occupied’ land, it sits somewhat ambiguously between the status of a domestic or foreign policy issue.

Sislin’s logic as to why foreign policy is more susceptible to influence attempts than domestic operates under the assumption that “nations seem to be more resistant toward coercive efforts the more vital they find the interests at stake. The domestic policies that America has attempted to alter, such as attempting to force leaders of coups to return power to the preceding government or attempting to coerce democratic reforms, seem more vital and thus harder to accomplish.”²⁷ Despite the West Bank’s geographic status outside the internationally recognized borders of pre-1967 Israel, much of the Israeli citizenry finds its disputed status a subject of immense importance. The Israeli demographics most devoted to the incorporation of the West Bank into Israel-proper include religious, right-wing, and settler groups who have played a major role in shaping the on-the-ground realities of the territory.

Perhaps the most important factor distinguishing between domestic and foreign policy relative to the efficacy of influence attempts is the value governments and populations place on **agency over internal affairs**. While foreign affairs are often shaped by international bargaining and geopolitical pressures outside of a nation’s exclusive sovereign control, domestic politics are

²⁷ Sislin, John. “Arms as Influence: The Determinants of Successful Influence.” *The Journal of Conflict Resolution*, vol. 38, no. 4, 1994, p. 670.

a different case. US pressure on Israeli settlement policy is taken by some of the Israeli public as a challenge to Israeli political sovereignty.

The fate of the West Bank's legal status presents an existential issue to Israel and its identity as a Jewish and democratic state. The Israeli right and left agree about the existential nature of the West Bank's future, but for different reasons (the support or opposition, respectively, for a ('Greater Israel')). Perhaps the most pressing implication of the West Bank's incorporation into Israeli territory is demographic, a factor that played a significant role in motivating Ariel "the Bulldozer" Sharon's 2005 disengagement from the Gaza Strip.²⁸ Adopting the Palestinian population in the West Bank into Israel proper would challenge the state's Jewish demographic majority. Should Jews lose their demographic majority within Israel, the state would either surrender its Jewish identity at the sake of its democratic one, or vice versa. Settlements, illegal under international law, have accelerated a de-facto annexation of the West Bank and have served as a central sticking point throughout peace negotiations.

There is also a useful body of literature focusing on the blurred line between positive and negative leverage, as Wheelock submits, "whereas coercive measures may be used without accompanying inducements, rarely are inducements offered without being preceded or accompanied by coercive measures or threats. Such leverage combines pressures and assurances- for instance, withholding some aid while promising future increases contingent upon specified behavior of the recipient."²⁹ This blurred line between coercion and inducement is evident in Sislin's data where inducement efforts are often accompanied by coercion (for example, US efforts to motivate Israel's acceptance of a cease-fire in 1973 which include both a delay of arms

²⁸ Rynhold, Jonathan, and Dov Waxman. "Ideological Change and Israel's Disengagement from Gaza." *Political Science Quarterly*, vol. 123, no. 1, 2008, pp. 11-37.

²⁹ Wheelock, Thomas R. "Arms for Israel: The Limit of Leverage." *International Security*, vol. 3, no. 2, 1978, p. 124.

to force Israeli acceptance and a promise of future military aid if they comply). This raises an epistemological challenge whereby the efficacy of one leverage strategy can be difficult to distinguish from another.

The work of Yarhi-Milo et al., is another helpful theoretical analysis of aid-as-influence. In their piece, “To Arm or to Ally? The Patron’s Dilemma and the Strategic Logic of Arms Transfers and Alliances,” Yarhi-Milo et al. examine the conditions under which patron-client arms transfers occur and the strategic calculations of the United States when providing military assistance. Rejecting arguments that domestic politics and commercial interests primarily dictate arms transfer policies by patron states, Yarhi-Milo et al. submit that US decision-makers focus “primarily on the commonality of security interests and the local military balance in determining which bundles of military assistance to give to client states.”³⁰ Yarhi-Milo et al.’s work contributes to a larger body of literature regarding how patron states attempt to manage the behavior of client states through the strategic use of arms transfers while advancing their own interests. If the interests of the patron and client states are common, unconditional transfers would be expected; thus, this body of work focuses primarily on those instances where the patron disagrees with the position of the client and seeks to alter it through leveraged assistance. Yarhi-Milo et al. conduct a case study of the US commitments to Israel within their theoretical framework during the Kennedy, Johnson, and Nixon administrations. In the timeframe in which the authors limit their focus, they address the US strategy of withholding aid to Israel and submit that doing so would have made Israel “anxious and aggressive while emboldening the Soviet Union and its Middle Eastern clients” while simultaneously worrying that “giving military aid to

³⁰ Yarhi-Milo, Keren, et al. “To Arm or to Ally? The Patron’s Dilemma and the Strategic Logic of Arms Transfers and Alliances.” *International Security*, vol. 41, no. 2, 2016, p.93.

Israel would antagonize Arab countries and invite further Soviet involvement.”³¹ Importantly, the literature focusing on this timeframe generally pertains to Israel’s state-to-state negotiations with its Arab neighbors, rather than with the Palestinians. The work of Yarhi-Milo et al. in particular is also conducted within the political context of the Cold War. This piece does not directly address the US role in the Israel-Palestine peace process, but it does provide an analysis of the conditions which have historically shaped the US-Israel arms relationship and the US calculus guiding decisions to provide arms transfers to Israel. This research valuably provides an examination of the extent to which changing political conditions and objectives shift the pattern of US influence over time. This piece provides a helpful theoretical background for the US use of military assistance as a tool of leverage against an ally with diverging policy goals. Today, similarly to the Cold War, the US must weigh the political cost of leveraging its influence on Israel against other regional priorities, like the mutual adversary to be found in Iran. This work is particularly relevant to my hypotheses regarding the impact of domestic political considerations within the US and their impact on how the US goes about deploying influence attempts.

The literature on coercive diplomacy, while helpful for understanding the theory outlining US influence attempts on Israel which embody a coercive form, excludes most of the more recent influence attempts made by the US on Israel that take on an inducive character. The strategy of positive leverage is not included in the work of coercive diplomacy scholars like Alexander George, and it is a fundamentally important aspect of the US-Israel aid relationship. However, coercive diplomacy often combines both the threat of penalties and the promise of future inducements to compel compliance; coercion is an ever-present looming threat so long as aid levels remain high, that which is given can always be taken away. One reason why coercion

³¹ Ibid., p. 135.

is less frequently deployed by the US against Israel is the political reality of domestic pressures such as the organized right-wing American Jewish and Evangelical communities which can more powerfully actively advocate against a coercive stance towards Israel (though inducive pressure is also often rejected by these groups). Additionally, the legitimate mutual security interests of the US and Israel in the Middle East have made strategic cooperation a cornerstone of US policy in the region. These mutual interests have set limits on how far administrations are willing to go in use of coercive leverage, even if the domestic political cost is low.

I am interested in both the efficacy of coercive strategy towards Israel, as well as the domestic pressures which shape the political feasibility of its deployment. Therefore, literature on coercive diplomacy such as that of George (1991) or Ben-Zvi (1984) remains relevant and useful for my research in developing a theoretical framework for a coercive approach to leveraging US aid to Israel. The work of Abraham Ben-Zvi, analyzing the US-Israel aid relationship from 1975-1983, though perhaps irrelevant to the Palestinian issue, provides a helpful theoretical analysis of two cases in particular regarding the efficiency of a coercive US stance towards Israel: the delayed shipment of F-16's to Israel during the Reagan administration, and the US stance towards Israel's Operation Peace for Galilee from 1982-1983. Though these two cases do not directly relate to the Israeli-Palestinian conflict or other peace negotiations, they do examine the US-Israel aid relationship, and Ben-Zvi's analysis is helpful in testing the limits of coercive aid strategy towards Israel, as well as Israel's receptiveness to such an approach. Ben-Zvi argues that, on "long-standing cardinal matters," Israel has the capacity to resist American pressure and could succeed in thwarting American influence attempts through coercive diplomacy if Israel believes the cost of compliance is high enough.³² Ben-Zvi's work

³² Ben-Zvi, Abraham. "Alliance Politics and the Limits of Influence: The Case Study of the US and Israel, 1975-1983." *Tel Aviv University Jaffee Center for Strategic Studies*, 1984, p. 60.

focuses on the reality that, so long as domestic politics and its constraints on executive action through pro-Israel advocacy remain unified, organized, and powerful, American leaders will not have sufficient domestic support to undergo an aggressive campaign of coercive diplomacy through negative leverage on Israel.

The body of literature focusing more broadly on the details of Israeli-Palestinian negotiations is especially valuable and provides ample examples of US attempts to leverage aid in the peace process. Importantly, this literature reveals the perspectives of those officials with direct experience in Israeli-Palestinian negotiations and can provide anecdotal evidence of successful and unsuccessful US attempts to leverage aid. This qualitative literature overcomes the difficulties of quantitative large-N studies like Sislin's, describing instead the details of specific strategies in the US approach to the negotiating process, though this comes at the risk of exposure to selection bias in the selection of case studies. The work of Scott Lasensky is particularly helpful; the interviews he conducted with officials involved in negotiations provide relevant details of the negotiation process. Additionally, Lasensky's research focus on the role of US aid in Israeli-Palestinian negotiations gives his work particular relevance to my research. Lasensky argues that aid is a limited tool that cannot alone substitute for a lack of political will or fundamental sources of contention in negotiations.³³ However, he also argues that US aid can be an effective instrument of foreign policy by "underwriting the practical costs of peacemaking" and providing political cover for politicians who take on the cost of peace.³⁴ Lasensky's work focuses primarily on the US role in the Oslo process and the various strategies which the US employed throughout negotiations.

³³ Lasensky, "Checkbook Diplomacy." p. 42.

³⁴ *Ibid.*, p. 43.

In discussions about the efficacy of leverage, often we think of the relationship between states, the leveraging and the leveraged; but both the leveraging and the leveraged must sustain their decisions on the state-to-state level (Putnam's Level I) with their domestic constituencies (Putnam's Level II). The work of Robert Putnam (1988) exploring the entanglement of domestic and international politics through 'two-level games' which describe the national and international pressures that shape foreign policy bargaining is useful in explaining the dynamics of US aid's efficacy and limits as a tool of leverage. Putnam's work is especially helpful for understanding the important role of Israeli domestic politics in shaping the Israeli reception to US influence attempts, as well as the domestic bargaining that shapes American strategy. At the domestic level, Putnam argues that "domestic groups pursue their interests by pressuring the government to adopt favorable policies, and politicians seek power by constructing coalitions among those groups;" whereas at the second international level "national governments seek to maximize their own ability to satisfy domestic pressures while minimizing the adverse consequences of foreign developments."³⁵ Decisionmakers engaging with both domestic and international players are responsible for negotiating the pressures of each level, attempting to find an outcome that is acceptable to both demographics. The 'two-level game' incorporates the important considerations of internal bargaining into international negotiations. In the context of Sislin's work, the unique classification of the Israel-Palestine negotiations within Israeli politics as both a domestic and foreign policy issue complicates the classification measuring Israeli responsiveness to US influence attempts. In Putnam's model, the domestic Level II constraints facing the Israeli government are more significant in bargaining regarding the occupied territories and the Palestinian issue than in state-to-state negotiations.

³⁵ Putnam, Robert D. "Diplomacy and Domestic Politics: The Logic of Two-Level Games." *International Organization*, vol. 42, no. 3, 1988, p. 434.

The importance of US aid as a ‘sweetener’ which provides political cover for Israeli politicians taking risks for peace and builds support from the Israeli public and the governing coalition is a major factor when considering the role of US aid in Israeli negotiations. In the US, the domestic pressures which shape the political feasibility of deploying aid to Israel as a tool of leverage are immense and a primary factor when evaluating the political calculus which shapes US influence attempts.

Across this varied literature, rarely is the nature of influence attempts and the logic behind their success or failure examined relative to the peace process or the occupied territories; existential issues to Israelis that test the limits of aid-as-influence. Scholarship focusing on US leverage prior to the 1990s suggests that the US’s substantial leverage over Israel has been wielded successfully and generally encouraged Israeli compliance; it also suggests that the use of inducements, as opposed to coercion, enhances the odds of an influence attempt’s success.

For this research, my independent variables include the type of influence attempt strategy deployed by the US (coercion, inducement, or a combination of both); the specific policy issue that the US attempts to manipulate, as well as the anticipated US goal; the strength of pro-Israel advocates in the US and their ability to limit the US capacity for translating aid to leverage political influence; the relative strength of an Israeli governing coalition; the relative strength of a US president at the time of an influence attempt. My dependent variable is the extent to which the US secures Israeli compliance with its policy goals, as measured by the unique outcome of each case study; there exist various degrees of compliance, including partial compliance or Israeli reneging.

For this research, I am testing the following hypotheses: 1. Israeli foreign policy issues are more likely to be influenced by US leverage than Israeli domestic issues; because settlements

and the Israel-Palestine conflict are salient issues in Israeli domestic politics, they are less amenable to US influence attempts. 2. Though it can provide political cover to an Israeli government that is resistant to US goals, inducement has developed into a far less effective strategy to influence an Israeli Prime Minister to push their coalitional constraints, contravening findings that inducements improve an influence attempts odds at success. 3. The uniquely strong ability of the Israeli government and pro-Israel community in the US to advocate against US pressure on Israel has placed a significant domestic limitation on the US ability to influence Israel using coercive leverage. 4. Israeli confidence in the inability of the US to exert negative leverage due to domestic political constraints has increased the ability of Israeli leaders to withstand pressure from the US. - which means that it will either fail, not be used, or be viewed as an empty threat. Though hypothesis 4 operates somewhat as a function of hypothesis 2, the changing Israeli reception to US influence attempts is a central focus of this research.

Methods

Analyzing negotiation strategies and leverage is a difficult undertaking, data and statistical analysis can play only a limited role in researching various influence strategies. Therefore, expert interviews and case studies are among my primary points of analysis. Because my research focuses on the US-Israel aid relationship in the context of US goals towards the Israel-Palestine peace process, I conducted interviews with Israeli and American diplomats, experts, and policy advisors involved in the Israel-Palestine peace process and the US-Israel relationship. The majority of experts whom I interviewed held positions during and after the

Oslo process in the early 1990s. Their perspectives, while somewhat limited relative to the larger US-Israel relationship, are highly relevant to my key case studies.

Measuring Israeli compliance with US political goals presents another methodological challenge, as the extent and cost of various forms of compliance vary across time. Throughout the US-Israel relationship, certain trends in divergences of US and Israeli policy goals have emerged; settlement expansion, for example, demonstrates one recurring example of noncompliance with stated US goals. In some moments, US disapproval of Israeli policy has been vocal and obvious, making it easier to analyze the tangible goals of influence attempts that seek to bring Israeli policy into compliance with US policy. In other moments, US resistance to Israeli moves has been muted due to domestic political constraints (or because an administration may not view certain Israeli decisions regarding the Palestinians as sufficiently contrary to US goals at the time), as well as larger alliance politics which disincentivizes open disagreement amongst close allies. When Yitzhak Shamir went to Madrid, he still didn't go as far in negotiations as Bush and Baker wanted him to go; yet it was still a success to bring him to the table at all. US influence attempts have sometimes failed altogether, sometimes have failed with superficial success, and have sometimes secured a degree of compliance from Israel. The success or failure of various influence attempts is closely tied to the goals of the US; a settlement freeze, for example, is a very different policy goal than a fully negotiated diplomatic settlement to the Israel-Palestine conflict, and the Israeli political calculus will therefore be unique to the appeal for compliance. Additionally, compliance is not a binary choice, and quasi-compliance can emerge from partial compliance or renegeing. Interviews and the first-hand experiences of negotiators will be especially helpful in this regard and can more effectively outline the primary behaviors which various US administrations sought to change through influence attempts.

The case study approach adopted in this paper is particularly useful for addressing the complex social and political phenomena that shape US influence attempts and their reception in Israel. As to the importance of case study methods in international relations research, Andrew Bennett and Colin Elman write that the sui generis of phenomena within the realm of international relations make a strictly quantitative analysis of limited use and that the unique subjects of analysis “often involve interaction effects among many structural and agent-based variables, path dependencies, and strategic interaction among large numbers of actors across multiple levels of analysis with private information and strong incentives to bluff or deceive other actors.”³⁶ Through case study analysis, I aim to thoroughly explore the nuanced and multifaceted aspects of US influence attempts, using Putnam’s work as a framework for the analysis of two-level bargaining that takes place during an influence attempt.

The following cases are the central subjects of analysis in this research and will be used to confirm, refute, or qualify my hypotheses. In 1991, the George H.W. Bush administration’s withholding of \$10 billion in loan guarantees for the settlement of Soviet Jewish immigrants in Israel played a significant role in bringing conservative Israeli Prime Minister Yitzhak Shamir to the table at the Madrid peace conference. Shamir’s unenthusiastic embrace of the peace process cost him his majority coalition; his public dispute with the US cost him his job as prime minister after the 1992 elections. This dispute marks one of the most public and coercive attempts by an American president to pressure Israel into halting settlement activity by linking settlement construction to the loan guarantees. This case is especially worthwhile for analysis because of the way President Bush overcame domestic political pressures and asserted US diplomatic priorities by coercive means; additionally, the impact of the public dispute between Shamir and

³⁶ Bennett, Andrew; Elman, Colin. “Case Study Methods in the International Relations Subfield.” *Comparative Political Studies*, vol. 40, no. 2, February, 2007, pp. 171.

Bush on Israeli public opinion offers insights into the role of domestic politics within Israel during an influence attempt. At Wye River in 1998, the Clinton administration successfully used aid inducements, as well as a failed attempt to publicly pressure Israel with ultimatums, as a strategic tool to secure a bridging agreement from a reluctant Netanyahu government. This case was chosen because of the failure of the US to overcome domestic political pressure in its efforts to employ coercive leverage, as well as the way Netanyahu balanced the threat of coalitional collapse against Israeli public opinion and US pressure. In 2010, the inability of a \$3 billion US inducement to secure Israeli compliance with a 90-day settlement freeze extension demonstrated a major shift in the US/Israel relationship. This case was chosen because, while coercion was largely off the table for the Obama administration, the upper limits of inducement as an influence strategy were tested and proved insufficient to compel Israeli compliance. Within Israel, the 2010 settlement freeze extension negotiations exhibit the consequences of a US influence strategy based solely around inducements, whereby the bar is raised for each subsequent effort. The US pressure applied to Israel over its relationship with China, primarily regarding advanced weapons technology, is unlike the other three case studies and demonstrates the power of US influence when unbounded by domestic politics. Further, it represents an influence attempt regarding a clear foreign policy issue with few domestic constituencies, rather than Israeli policy towards the settlements or the peace process.

While negotiations and US influence attempts surrounding Oslo are relevant to my research, it should be acknowledged that Yitzhak Rabin, Israel's Prime Minister during Oslo, was a member of the social democratic Israeli Labor party. President Bill Clinton's status as a Democrat generally placed the two leaders in ideological alignment throughout negotiations. The prerequisite for an influence attempt is an Israeli policy that is out of alignment with US goals;

each of my case studies was chosen due to the significantly diverging views of US and Israeli leaders on the key, polarizing, issues of the settlements and negotiations with the Palestinians. Without disharmony in the ideological interests of the US and Israeli leaders, influence does not need to be leveraged

One important factor of consideration in selecting my case studies and analyzing various influence attempts was the ideological compatibility between US and Israeli leaders regarding attitudes towards the peace process. US leverage is significantly less relevant when US and Israeli leaders are ideologically aligned, and influence attempts are merited only when there is a discrepancy in Israeli and US policy towards the peace process (opposite US interests, that is). While a centrist Israeli government would likely be less apprehensive of US goals in the Israel-Palestine peace process, a right-wing Israeli government would likely be less eager to comply with US strategy and would place a higher price on withholding policies that would aggravate US goals. Shamir's 1992 refusal to freeze settlement expansion in exchange for a \$10 billion loan guarantee from the US, and the subsequent pledge to halt Shamir's settlement policy by the Rabin Labor government, is one such example of the difference which the ideology of Israeli domestic leadership can make regarding receptiveness to US influence attempts.

The standard interview I conducted with subjects included questions such as: "What role has US aid played in motivating Israeli openness to the peace process?" "What leveraging strategies employed by the US have Israeli leaders been the most receptive to when determining their approach to the peace process?" "Which forms of American aid are Israelis especially sensitive to when evaluating the costs of decisions opposite American stated goals?" Questions in each interview were also dependent on the relevant professional experience of the subject, and often related to particular case studies.

The Israelis I interviewed for this work included: Nimrod Novik, former senior foreign policy advisor to Shimon Peres (1984-1990); Eran Etzion, former head of Policy Planning at the Israeli Foreign Ministry (2008-2013); Eran Lerman, former Deputy Director for Foreign Policy and International Affairs at the National Security Council in the Israeli Prime Minister's office; Nadav Tamir, former Israeli Consul General to New England (2006-2010) and former foreign policy advisor to Shimon Peres (2010-2014); Dov Weissglas, Prime Minister's Head of Bureau and special advisor to Ariel Sharon (2002-2006); Alon Pinkas, former foreign policy advisor to Shimon Peres and Ehud Barak (1992-1999), former Chief of Staff at the Israeli Foreign Ministry (1999-2000), former Israeli Consul General to New York (2000-2005); and Michael Oren, former Israeli Ambassador to the US (2009-2013). The American interview subjects included: Aaron David Miller, former advisor to Secretaries of State Shultz and Baker on Arab-Israeli peace and former US Deputy Special Middle East Coordinator (1993-2003); Daniel Kurtzer, former US Ambassador to Egypt (1997-2001) and Israel (2001-2005).

I utilize case studies where the limits of US aid-as-influence are tested; with a focus on those cases pertaining directly to the Israel-Palestine conflict, including the settlement issue and the occupied territories. These interviews were incredibly helpful in developing my understanding of the various factors that impact an influence attempt's efficacy and were especially helpful due to the relevant roles of interview subjects to these critical historical moments.

Through case study analysis, I use the cases to confirm, refute, or qualify each of my hypotheses. To test the hypothesis that settlements and the Israel-Palestine conflict are less amenable subjects for US influence attempts than foreign policy issues, I will be examining the domestic bargaining within Israel regarding each of these issues in the context of an influence

attempt. My fourth case study on the Sino-Israel relationship is especially helpful in that it provides a useful frame of reference for how Israel reacts to a US influence attempt focused on an explicitly foreign policy issue. To test the hypothesis that inducement has been weakened as an influence strategy on Israel, I will be critically analyzing the two cases where inductive influence strategies were employed (the Wye River negotiations and the 2010 settlement freeze extension negotiations) and evaluating the relative leverage of US inducements over time. To test the hypothesis that domestic political pressures in the US has significantly limited the political feasibility of employing coercion as an influence strategy against Israel, I will be examining the domestic pressures felt by US leaders in all of the cases and evaluating the political consequences of taking a more coercive line on Israel. To test the hypothesis that Israel has become more confident in its ability to withstand US pressure, I critically compare the Israeli compliance with and response to US influence attempts across time in each of my case studies.

This research is not without limitations. Though all my Israeli interview subjects were preeminent Israeli foreign policy experts, they tended to have served with center-left governments, with the notable exception of Michael Oren. I was unable to arrange meetings with more right-wing foreign policy experts with relevant professional experience in the Israeli government, partially because of my own professional network and previous work experience with left-wing organizations in Israel and the US. Without a doubt, incorporating more of these voices into my case studies would have strengthened my understanding of those who support Israeli policy that contravenes US goals, their attitudes towards US influence attempts, and would provide insider evidence on why center-right or ring-wing governments complied or resisted US pressure. Additionally, incorporating more perspectives of US actors involved in

these influence attempts would help me better understand the Level II considerations they weighed when trying to influence Israel.

Additionally, the selected case studies, perhaps with the exception of the Sino-Israel relationship, do not reflect the modern state of the US-Israel relationship as of 2023, nor the state of the Israeli-Palestinian conflict. For example, the fundamental facts on the ground regarding the settlements have shifted a great deal from the 2010 settlement moratorium. As of 2023, the settler population has risen to over 500,000 people, growing nearly 16% from 2018-2023.³⁷ As the presence of settlements deepens in the West Bank, the issue becomes even more intractable, and the new realities on the ground must be accounted for in any future negotiations. Israeli public opinion is divided on the issue of settlements, a May 2017 poll by the Israel Democracy Institute's Peace Index found that of Israeli Jews polled, 27.2% found the Israeli settlement policy very wise in terms of Israel's national interest (23.6% moderately wise; 22.5% moderately unwise; 18.6% not wise at all).³⁸

Israeli Level II Considerations in the 'Two-Level Game'

Israeli Level II considerations are a considerable factor in determining whether to comply with a US influence attempt. Israeli public opinion, the coalitional constraints facing Israeli leaders, the impact of influence groups, and other domestic considerations of the Israeli government play a major role in dictating Israeli leadership's ability to reject, comply with, or

³⁷ Goldenberg, Tia. "Israeli Settler Population in West Bank Surpasses 500k." *AP News*, February 2, 2023. <https://apnews.com/article/politics-israel-government-palestinian-territories-west-bank-e5660155117bf5d3a713efe45888b4d5>

³⁸ "Israeli Public Opinion Polls: Opinion on Settlements and Outposts." *Jewish Virtual Library*. <https://www.jewishvirtuallibrary.org/israeli-opinion-on-settlements-and-outposts-2009-present>

ignore the influence of US aid. By more closely examining Level II considerations in Israel during an influence attempt, it becomes easier to observe the key factors which have helped or hindered a US attempt

Historically, US aid inducements have been offered as sweeteners for Israeli leaders to bring back to their coalition and to the Israeli public on deals that would invite political risk inherent in negotiations over the Palestinian issue. One such example is the 1987 London Agreement reached between then Israeli Minister of Foreign Affairs, Shimon Peres, and King Hussein of Jordan. The agreement was rejected by Israeli Prime Minister Yitzhak Shamir, but the proposed framework of an international conference ultimately culminated in the Madrid Conference of 1991. The negotiations for the London Agreement, and the simultaneous negotiations with the US over a 1987 Memorandum of Understanding, demonstrate the utility of US military assistance as a political tool that could enhance the marketability of potential peace deals to the Israeli, and sometimes American, public. Nimrod Novik, an advisor to Shimon Peres and a key figure in the London Agreement's negotiations, described the US role as such:

Whenever an Israeli Prime Minister needed to market to the Israeli public difficult steps to swallow, we asked the US for a sweetener. It was a marketing instrument... when we negotiated the London agreement with Hussein over months...when the thing was maturing, and it was a surprise that it matured, London April 11, 1987, I sat down with Pickering [then US Ambassador to Israel] to draft an MOU that upgraded US-Israel cooperation. A document 2 or 3 pages of upgrading and upgrading and upgrading, and we both knew that we were codifying things that existed, adding a little bit in the margins that is not too costly for the US, but preparing a document that was meant, primarily, for marketing the London Agreement to the Israeli public and maybe to the American Jewish community. Because when Peres sent me to market it to the American Jewish community, and I sat down with the hardest of hardliners like Malcolm Hoenlein of the Conference of Presidents, when he saw the MOU, his eyes lit, the value of it for Israeli strategic security!...So, the incentive sometime is not meant to incentivize the Israeli government, but to help the Israeli government market it to the Israeli public.³⁹

³⁹ Author interview with Nimrod Novik

The London Agreement was rejected by PM Shamir for a variety of reasons. The national unity government at the time between the Peres-led Labor and Shamir-led Likud parties held no shortage of hostility between the two leaders, and Shamir was especially sensitive to the international pressure inherent in the agreement. Shamir has argued that he was left in the dark regarding the negotiations; in response, Nimrod Novik stated that “When Shamir says that he didn’t know about it, and that’s why he objected to it, he was lying because Yossi Beilin or I would report to him on a regular basis on progress...” Regardless, the US played a vital role in building support for the agreement both from the Israeli public and the Shamir-led government. In 1987, Peres sent another key advisor, Yossi Beilin, to deepen American support for the agreement with US Secretary of State George Shultz. Shultz would later write of the meeting as such: “The foreign minister of Israel’s government of national unity was asking me to sell to Israel’s prime minister, the head of a rival party, the substance of an agreement made with a foreign head of state — an agreement revealed to me before it had been revealed to the Israeli government itself!”⁴⁰ The US approval of the agreement, in addition to the upgraded 1987 MOU, served to bolster the initiative and empower the Israeli government with the means to effectively sell the agreement to the Israeli public.

The ability of the United States to enhance domestic political support for Israeli leaders is not limited to financial aid. The 2004 Bush-Sharon letter which resulted from negotiations over the Israeli unilateral withdraw from Gaza, for example, demonstrates both the quid-pro-quo transactional nature of US inducements, as well as the unique and important role of the US in shoring support for Israeli leaders.

⁴⁰ Schultz, George. “Turmoil and Triumph: My Years as Secretary of State.” *Macmillan Publishing Company*, 1993, p. 939.

Though the Israeli public has generally supported a Prime Minister who maintains a healthy relationship with the US, some Israeli leaders have attempted to inspire a ‘rally around the flag’ effect amongst the Israeli public by defying US influence attempts. Amid the 1992 loan dispute, PM Shamir entered Israeli elections and touted himself to the Israeli public as the man who defied Bush, rather than capitulate to the American demands; “there was an unprecedentedly sour taste in relations with the United States. And for the Likud, there was disgrace in the election.”⁴¹ Shamir was ultimately punished by the Israeli public for mismanaging the US-Israel relationship; the public dispute between Shamir and Bush, as well as the coercive measures taken by the Bush administration over the loan guarantees, demonstrated how sensitive the Israeli public can be to the maintenance of the relationship.

The Knesset and coalitional politics are another significant factor shaping Israeli Level II considerations. Ruling Israeli governments have at times been composed of competing ideological agendas; keeping enough members of a coalition satisfied is a difficult job, and inducements have generally played a major role in preventing the defection of coalition members. When coalitions maintain slim majorities, balancing the interests of a massive set of veto-actors can get contentious, and Israeli leaders who have attempt to simultaneously comply with US pressures and maintain their coalition have risked losing their majority.

Israel, like the US, contains powerful interest groups which can impact the political calculus of Israeli leaders in deciding whether to comply with US pressure. The settler population in the West Bank, for example, has played a major role as a political constituency that opposes the peace process and can actively challenge an Israeli government to enforce measures like settlement moratoriums. The Israeli military, as well, represents a major interest group

⁴¹ Melman, Yossi; Raviv, Dan. “Friends in Deed: Inside the US-Israel Alliance.” *Hyperion*, 1994, p. 436.

which favors US military assistance that enables the military to allocate more resources to other areas of their fungible budget.

Regarding modern public opinion in Israel and the United States on the peace process, there is a clear divergence in voter choice. In Israel, a 2021 poll by the Israel Democracy Institute found that, between a one or two-state solution and the status quo, 34% of Israelis thought that a two-state solution was acceptable.⁴² It is important to note that Israeli attitudes in favor of a two-state solution and the peace process have shifted in line with the feasibility of a negotiated settlement. During moments that inspire political optimism, such as the Oslo process throughout the 1990s, a majority of the Israeli public expressed support for a negotiated two-state solution; the reverse phenomenon is observed following particularly major setbacks to the peace process, like the Second Intifada. With the current far-right government in particular, Israeli leaders are under electoral pressure to support policies that contravene US interests and place Israeli policy on a collision course with US red lines.

Interest groups, Israeli public opinion, and coalitional constraints present major factors which shape the Israeli reception to a US influence attempt; they also can present political threats for Israeli leaders who resist US pressure. Without paying close attention to how Level II operates within Israel throughout an influence attempt, one cannot fully understand the political mechanisms which shape the Israeli bargaining position. There are major domestic political considerations an Israeli Prime Minister must weigh when deciding whether to comply or not with a US influence attempt, and the exact Level II pressures weighing on a Prime Minister vary relative to the style and subject of a US influence attempt.

⁴² Hermann, Tamar; Anabi, Or. “What Solutions to the Conflict with the Palestinians are Acceptable to Israelis?” *Israel Democracy Institute*, August 3, 2021. <https://en.idi.org.il/articles/36108>

US Level II Considerations in the ‘Two-Level Game’

When choosing whether to pressure Israel over a policy that contravenes US diplomatic goals, there exists a range of Level II considerations that can strengthen, or weaken, an influence attempt’s odds of success. Due to a variety of structural and political forces, US leaders are responding to Level II pressures when deciding how, when, or whether to exert pressure over Israel. Even translating the substantial US aid into political influence over Israel is subject to Level II limitations which leaders must seriously consider, due to potentially major domestic political implications.

US influence attempts on Israeli policy face two significant structural limitations which are deeply intertwined. Legal scholar Edward Corwin described the divided nature of American foreign policymaking as such:

...actual *practice* under the Constitution has shown that, while the President is usually in a position to *propose*, the Senate and the Congress are often in a technical position at least to *dispose*. The verdict of history, in short, is that the power to determine the substantive content of American foreign policy is a *divided* power, with the lion’s share falling usually, though by no means always, to the President.⁴³

The divided nature of American foreign policy is especially true in regard to the dispensation of foreign assistance, broadly defined. Congress’s explicit authority over appropriations subjects foreign assistance, and its use as a tool of influence, to Congressional approval. The president’s veto power, granted by Article 1, Section 7 of the Constitution, remains a key factor for resisting

⁴³ Corwin, Edwin. “The President, Office and Powers 1787-1957.” *New York University Press*, 1957. p. 171.

congressional pressure; from 1776 to 2016, Presidents have vetoed 83 appropriations bills, 12 of which have been overridden by Congress.⁴⁴

On the issue of US assistance to Israel, Congress has played a significant role in limiting presidential attempts to pressure Israel through positive and negative influence, constraining an administration from translating aid dependence into leverageable political influence. Pro-Israel advocacy groups have been a critical limiting factor at Level II, raising the political cost of pressuring the Israeli government by building major influence at the Congressional level. Generally, Congress is more susceptible to lobbying than the Executive branch; particularly during a President's second term when they are immune from the pressures of reelection. Pro-Israel advocacy in the US has been a central factor at Level II, shaping the US approach to Israel since 1948.

Well-organized and influential pro-Israel advocacy groups in the US have historically constrained administrations from translating aid into political influence and opposed efforts to pressure Israel. Minutes after the Provisional Government of Israel led by David Ben-Gurion proclaimed Israel's statehood on May 14th, 1948, US President Harry Truman recognized the provisional government as the de-facto authority of the state of Israel.⁴⁵ The decision to recognize, opposed by Secretary of State Marshall, came about as a result of domestic politics, Truman's support for the Jewish cause, and his support for a peaceful settlement to Arab-Jewish relations in Palestine and the UN partition plan.⁴⁶ On the domestic front, the American Jewish community exerted pressure on the White House to recognize the young state, and upcoming

⁴⁴ Stuessy, Meghan. "Regular Vetoes and Pocket Vetoes: In Brief." *Congressional Research Service*, August 2, 2016. <https://crsreports.congress.gov/product/pdf/RS/RS22188/30>

⁴⁵ "Press Release Announcing US De Facto Recognition of the State of Israel." *National Archives*, May 14, 1948. <https://www.docsteach.org/documents/document/united-states-de-facto-recognition-state-israel>

⁴⁶ Bickerton, Ian J. "President Truman's Recognition of Israel." *American Jewish Historical Quarterly*, vol. 58, no. 2, 1968, pp. 173–240.

midterm elections made the decision electorally sensitive. Writing about the pressure faced by the administration from 1947-1948, President Truman wrote:

The facts were that not only were there pressure movements around the United Nations unlike anything that had been seen there before, but that the White House, too, was subjected to a constant barrage. I do not think I ever had as much pressure and propaganda aimed at the White House as I had in this instance. The persistence of a few of the extreme Zionist leaders—actuated by political motives and engaging in political threats—disturbed and annoyed me.⁴⁷

The political influence of American Jewish and Evangelical organizations which advocate for a “pro-Israel” policy embodied in the support for US aid to Israel limits the political feasibility of leveraging aid as a viable policy option. This influence presents a significant Level II constraint to US influence attempts and raises the political cost for US leaders who might attempt to apply pressure on Israel. A central pillar of the American Israel Public Affairs Committee (AIPAC), a leading organization advocating for pro-Israel policies, has been the deepening and enlargement of a strong US aid relationship with Israel. Evangelical Christians have been another principal actor in pro-Israel advocacy. The largest pro-Israel lobbying group in the US is Christians United for Israel (CUFI), an evangelical Zionist organization with over 10 million members.

Organizations like AIPAC or the Conference of Presidents of Major American Jewish Organizations, often advocating (and fundraising) for unconditional US support of Israel, have historically held a rightward ideological bent that aligns closely with the Likud in Israel.

In addition to the American Jewish and Evangelical pro-Israel lobbies, the military-industrial complex is another major force advocating for increased levels of FMF grants for Israel. Indeed, since the cutting of OSP, US defense contractors have received billions more in

⁴⁷ Truman, Harry. “The Memoirs of Harry S. Truman. Volume 2. Years of Trial and Hope, 1946-53.” *Hodder and Stoughton*, 1956. p. 158.

military sales for Israel. Today, one can look to Fort Worth, where US Air Force Plant 4 employs a staff of 17,000 and had produced a bulk of F-16s and F-35s; one of Israel's largest arms deals in history was the purchase of 102 F-16s in the early 2000s, which made Israel the owner of the largest fleet of F-16's outside the US.⁴⁸ Representative Kay Granger, the current chair of the US House Appropriations Committee, represents Texas's 12th congressional district, encompassing Naval Air Station Joint Reserve Base Fort Worth, where the new fleet of F-35s will be based as of 2021.⁴⁹

US public opinion on Israel and the peace process is another important factor in examining the 'two-level game' of US-Israel relations. A 2022 poll by the University of Maryland found that 58% of all Americans polled on the question "In general, what role do you want the United States to play in mediating the Israeli Palestinian conflict" answered that the US should lean towards neither side. 62% of Republicans and 11% of Democrats answered that the US should lean towards Israel (1% and 16% regarding leaning towards Palestine, respectively).⁵⁰ The partisan rift regarding Israel has been widening. That same poll, conducted in 2014, found that, among Democrats, 77% say the US should lean towards neither side, 17% say Israel, and 6% say Palestinians; among Republicans, 51% say Israel, 46% say neither, and 2% say Palestinians.⁵¹

A 2022 poll conducted by the Pew Research Center found that 55% of Americans have favorable views of Israel (41% hold unfavorable views). Republicans and Democrats diverge in

⁴⁸ "Lockheed Martin Israel." *Lockheed Martin* .<https://www.lockheedmartin.com/en-il/index.html>

⁴⁹ "Granger Praises Air Force Decision to Base F-35s in Fort Worth." *Congresswoman Kay Granger*, January 19, 2021. <https://kaygranger.house.gov/2021/1/granger-praises-air-force-decision-to-base-f-35s-in-fort-worth>

⁵⁰ Telhami, Shibley; Rouse, Stella. "American Attitudes Towards the Israeli-Palestinian Conflict: Part 1." *University of Maryland Critical Issues Poll*, May 2022.

https://criticalissues.umd.edu/sites/criticalissues.umd.edu/files/May_BDS_Questionnaire%20with%20results.pdf

⁵¹ Telhami, Shibley. "American Public Attitudes Towards the Israeli-Palestinian Conflict." *Brookings*, December 5, 2014. https://www.brookings.edu/wp-content/uploads/2016/06/israel_palestine_key_findings_telhami_FINAL.pdf

their views of Israel; 71% of Republicans and Republican-leaning independents hold a positive view of Israel compared with only 44% of Democrats and Democrat-leaning independents. A large majority of Americans polled by Pew in 2022 (62%) say that they are not sure whether the Biden administration is favoring one side too much.⁵² According to polling by the American Jewish Committee, 55% of American and 22% of Israeli Jews ages 25-40 say it is appropriate for American Jews to try to influence Israeli policy, 36% of Americans and 69% of Israelis say it is not appropriate.⁵³

This polling raises an interesting and recent change in the US-Israel relationship. Since the relatively hostile relationship of the Obama and Netanyahu governments starting in 2008, the Israeli government has increasingly diverged from its traditional policy of engaging with the US on a bipartisan basis. Instead, under the auspices of Benjamin Netanyahu as Prime Minister, Israel has attempted to double-down on its relationship with American Republicans and Evangelicals, who it sees as more reliable and uncritical supports of the Israeli state and the Likud.

This Israeli realignment was primarily motivated by the Obama administration's efforts to negotiate the Joint Comprehensive Plan of Action with Iran, an initiative opposed by the Netanyahu government and a top policy priority of the Obama administration. This opposition culminated in a controversial 2015 address by Prime Minister Netanyahu to a joint session of the then Republican-controlled Congress. The 2015 joint session was organized by then House Speaker John Boehner and Senate Majority Leader Mitch McConnell, who contacted the Israeli ambassador and intentionally avoided notifying the White House to "make sure that there was no

⁵² Telhami; Rouse, "American Attitudes Towards the Israeli-Palestinian Conflict: Part 1." https://criticalissues.umd.edu/sites/criticalissues.umd.edu/files/May_BDS_Questionnaire%20with%20results.pdf

⁵³ "American Jewish Committee Surveys of US and Israeli Jewish Millennials." *American Jewish Committee*, April 25, 2022. <https://www.ajc.org/news/american-jewish-committee-surveys-of-us-and-israeli-jewish-millennials>

interference,” according to Boehner.⁵⁴ The diplomatic protocol breach, as well as the contents of the speech, sought to undermine and ultimately terminate the prospects of a nuclear deal with Iran. The 2015 speech was a high watermark in the politicization of pro-Israel sentiment which previously had enjoyed strong bipartisan support in the US. According to Michael Oren, former Israeli Ambassador to the United States (2009-2013) and member of Knesset (2015-2019), “there were two schools of thought that related to American Jewry; one was that bipartisan support is in the strategic national interest of Israel, and we have to maintain it; the other school said it’s too late, it’s gone, and we need to invest in our base, at the end of the day Democrats won’t be with us. You can guess which is the prominent school.”⁵⁵ Former Israeli Ambassador to the United States, Ron Dermer, was also quoted in a 2021 interview as saying that American Jews are disproportionately among Israel’s critics, and that:

People have to understand that the backbone of Israel’s support in the United States is the evangelical Christians. It’s true because of numbers and also because of their passionate and unequivocal support for Israel...So, if you look just at numbers, you should be spending a lot more time doing outreach to evangelical Christians than you would do to Jews. But also look at the passionate support. For most evangelicals in the United States, certainly for many of them, Israel is one of the most important issues to them. For some it’s number one. For others, it’s maybe number two or number three.⁵⁶

Dermer’s comments were controversial but do seem to reflect the changing partisan attitude with which Israel’s leaders have approached relations with the US. This politicization has weakened bipartisan support for Israel and is partially responsible for the recent increase in congress

⁵⁴ Neal, Caitlin. “Boehner: I Don’t Want ‘Interference’ From Obama in Netanyahu Speech.” *Talking Points Memo*, February 15, 2015. <https://talkingpointsmemo.com/livewire/boehner-netanyahu-speech-white-house>

⁵⁵ Author interview with Michael Oren.

⁵⁶ Sokol, Sam. “Israel Should Focus Outreach on Evangelicals, Not US Jews Who are More Critical, Dermer Says.” *Haaretz*, May 10, 2021. <https://www.haaretz.com/us-news/2021-05-10/ty-article/.premium/israel-should-focus-outreach-on-evangelicals-not-u-s-jews-former-envoy-says/0000017f-e0b9-df7c-a5ff-e2fbcc410000>

members' willingness to consider conditioning Israeli aid and vocally criticizing Israeli policy which diverges from US goals in the peace process. As Democrats drift from unconditional support for Israel, aid may return to the table as a potential tool of influence, especially in the more politically sensitive realm of coercion and increased oversight.

Despite the widening partisan rift, it is true that the Democratic Obama administration granted the single largest commitment of US aid with Israel's 2016 MOU. But despite its massive size, some have viewed the aid package as a reflection of the harsh Obama-Netanyahu relationship, pointing in particular to the phasing-out of OSP, as well as the administration's rejection of Netanyahu's original ask of \$45 billion.⁵⁷

When the 10-year MOU aid package to Israel was released by the Obama administration in 2016, it notably implemented an incremental phase-out of Israel's Off-Shore Procurement (OSP) program. Under the OSP mechanism, first created in the mid-1980s, Israel was permitted to spend around 26.3% of its total FMF grant funds on the Israeli defense industry.⁵⁸ In response to the phase-out of OSP, Shraga Brosh, then President of the Manufacturers Association, Israel's largest employer's organization, cautioned in 2016 that "dozens of production lines and even whole defense plants will shut down, thousands of workers will be fired and the State of Israel will lose its security independence."⁵⁹ The Obama-negotiated 2016 MOU may have granted the largest total aid package in US history, but the phase-out of OSP caused significant outcry from those in the Israeli defense industry who lacked US-based subsidiaries. Though this phase-out

⁵⁷ Baker, Peter; Davis, Julie. "US Finalizes Deal to Give Israel \$38 Billion in Military Aid." *New York Times*, September 13, 2016. <https://www.nytimes.com/2016/09/14/world/middleeast/israel-benjamin-netanyahu-military-aid.html>

⁵⁸ Sharp, Jeremy. "US Foreign Aid to Israel." *Congressional Research Service*, November 16, 2020. <https://crsreports.congress.gov/product/pdf/RL/RL33222/40>

⁵⁹ Cohen, Gili. "Israeli Defense Industry Warns of Layoffs if US Changes Aid Rules." *Haaretz*, July 4, 2016. <https://www.haaretz.com/israel-news/2016-07-04/ty-article/.premium/israeli-defense-industry-warn-of-layoffs-if-u-s-changes-aid-rules/0000017f-e4a7-d804-ad7f-f5ff0cab0000>

was frequently articulated by the Obama administration as a move that would put the American defense industry before Israel's and accommodate a new reality of Israel's economic success, many saw the rollback as a politically deliberate one by the Obama administration after 8 years of tense relations with the Netanyahu government.

Influence Attempts Across Time

Further analysis of the history of US influence attempts over time offers various instances which demonstrate evidence of aid's usefulness as a tool of leverage to bring Israeli policy into alignment with US goals. Although US pressure was exerted on Israel prior to 1973, as was the case in the 1956 Suez crisis or during the process of Israeli nuclear weapons development at Dimona throughout the 1960s (the former being more successful than the latter), for this section, I am primarily interested in influence attempts that occurred after the US asserted itself as the singular largest benefactor to Israel after 1973's substantial rise in aid. Though not included in my case studies, influence attempts from 1973 through the 1980s provide important background on the precedent and the historical political forces which shaped more contemporary approaches to US influence attempts on Israel. Additionally, aid-as-influence literature which includes the US-Israel relationship, such as Sislin's work, generally incorporates this era of influence attempts into their research, and it is helpful to establish this context for a more comprehensive understanding of the evolution of US-Israel relations with regards to the use of leverage.

During the 1973 Yom Kippur War, as Israel encircled the Third Egyptian army, the US applied pressure on Israel to accept a cease-fire and end the war before it could inflict a devastating defeat on Egypt. The US employed a mixed leverage strategy that promised to

continue military assistance to Israel, combined with threats to cut aid without the acceptance of a cease-fire. This attempt saw partial success, as the Israelis accepted a ceasefire but continued their advance for 3 more days. When the US clarified that all future aid would be dependent on adherence to the cease-fire, Israel halted its advance.⁶⁰

During negotiations over the Sinai II disengagement agreement of 1975, the US first submitted that if no agreement was reached, it would ‘reassess’ its Middle East policy. The Ford administration’s willingness to threaten reassessment arose out of what it saw as uncompromising Israeli behavior.⁶¹ This was a mostly limited coercive influence attempt, as “the Administration did not attack Israel openly and did not try to halt aid in Congress. However, the embassy in Washington reported that press attacks on Israel’s intransigence were inspired by Kissinger and the State Department.”⁶² The ‘almost total’ Israeli dependence on US economic and military aid (which by the agreements signing would rise to \$2.3 billion annually), helped pressure the Israelis to reach an agreement with Egypt in which Israel partially withdrew from Sinai, Egypt opened the Suez Canal to Israeli non-military cargo ships, and American early warning stations were established in Sinai.⁶³⁶⁴

The South Lebanon conflict of 1978 saw oversight utilized as a means of leveraging aid against Israel’s Begin government by the Carter administration. By the end of Operation Litani, in which Israel sought to push north the PLO forces operating in southern Lebanon, Palestinian

⁶⁰ Burr, William. “The October War and US Policy.” *National Security Archive*, October 7, 2003.

<https://nsarchive2.gwu.edu/NSAEBB/NSAEBB98/index.htm>

⁶¹ “Shuttle Diplomacy and the Arab-Israeli Dispute, 1974-1975.” *US Department of State Office of the Historian*.

<https://history.state.gov/milestones/1969-1976/shuttle-diplomacy>

⁶² Fischer, Louise. “Turning Point on the Road to Peace: The Government of Yitzhak Rabin and the Interim Agreement with Egypt (Sinai II).” *Israel Studies*, vol. 19, no. 3, 2014, p. 69.

⁶³ Sam’O, Elias. “THE SINAI AGREEMENT AND BEYOND.” *World Affairs*, vol. 139, no. 1, 1976, pp. 40–52.

⁶⁴ “Interim Agreement Between Israel and Egypt.” *United Nations*, September 4, 1975.

https://peacemaker.un.org/sites/peacemaker.un.org/files/EG%20IL_750904_Interim%20Agreement%20between%20Israel%20and%20Egypt.pdf

forces retreated north of the Litani River (maintaining their fire on Israeli positions) and came under fire by US-provided cluster bombs from the Israelis. In addition to the passing of UN Security Council Resolution 425 which called for the Israeli troops to withdraw from Lebanon, The Carter administration threatened a more severe punishment in the enforcement of the 1976 US Arms Export Control Act which could strip Israel of its aid package because of its deployment of US weapons for purposes other than Israel's "legitimate self-defense." Carter writes how

...I decided that we could not permit the Israeli occupation of southern Lebanon to continue. In the event that Begin would not accede to our wishes, we prepared to notify Congress, as required by law, that US weapons were being used illegally in Lebanon, which would have automatically cut off all military aid to Israel...the American consul general in Jerusalem was instructed to deliver a message to Prime Minister Begin that explained these plans and urged that he withdraw his forces. The report came back from Jerusalem that Begin read the message, stood quietly for a few moments, and then said, 'It's over.'⁶⁵

By utilizing the threat of oversight which would have cut all aid to Israel, Carter quickly shut down Operation Litani and forced Begin's hand. This would not be the first time an American president utilized the text of American law to coerce Israeli action, and it would prove to be a less politically sensitive approach to coercion than an altogether suspension in the context of a more clear-cut quid-pro-quo for Israeli compliance. In Israeli conflicts with other states like Egypt or Lebanon, negative linkage was successfully wielded to change the direction of Israeli foreign policy.

During negotiations for the 1979 Egyptian-Israeli peace, the US avoided applying negative pressure and did not necessarily have to leverage aid to secure Israel's favor over the

⁶⁵ Carter, Jimmy. "The Blood of Abraham; Insights into the Middle East." *The University of Arkansas Press*, 2007, p. 93.

question of peace with Egypt, a mutual goal of both the US and Israel. Instead, the US helped to “change the calculus of benefit and risk for the parties to the conflict by making bilateral commitments to them.”⁶⁶ Ultimately, the US would pass the "Special International Security Assistance Act of 1979" (P.L. 96-35), providing \$7.5 billion in 1979 to Israel and Egypt, at a ratio of 3:2, respectively.⁶⁷ The successful treaty culminated in an Israeli withdrawal from Sinai, the establishment of normal diplomatic relations between Egypt and Israel, and ultimately Egypt’s expulsion from the Arab League.

In August of 1981, the Reagan administration ended a 10-week suspension of a shipment of F-15 and F-16 jets to Israel after investigating whether it had violated its weapons agreement with the US when it used US F-16s in June 1981 to bomb the Iraqi Osirak nuclear reactor. This is not necessarily an instance of attempting to utilize influence to change ongoing Israeli policy, but it does demonstrate a rare punitive measure taken by the US through the tool of aid oversight, a tactic that is completely at the discretion of the president. Rather than seeking to bring Israel into compliance with US policy, these measures signaled US opposition to the strike. The jets were original to be released in July of 1981, but this was postponed after Israeli jets bombed Palestinian targets in Beirut with high civilian casualties.⁶⁸ Interestingly, the suspension’s extension does indicate an attempt to change Israeli behavior in Lebanon through coercion. The August 1981 termination came about after a new cease-fire was agreed upon in Lebanon, suggesting the influence of the suspension. In December of 1981, the Begin government extended Israel’s sovereign law over the contested Golan Heights, much to the chagrin of the Reagan administration. In retaliation, the Reagan administration suspended a strategic

⁶⁶ Quandt, William. “Camp David; Peacemaking and Politics.” *Brookings Institution Press*, 1996, p. 4.

⁶⁷ Sharp, “US Foreign Aid to Israel.”

⁶⁸ Weisman, Steven. “Reagan Ends Ban on Sending Israel 16 Jet Warplane.” *New York Times*, August 18, 1981. <https://www.nytimes.com/1981/08/18/world/reagan-ends-ban-on-sending-israel-16-jet-warplane.html>

cooperation agreement and arms deal which had been signed less than three weeks prior.⁶⁹ This move communicated to the Begin government the importance of prior consultations with the US and the avoidance of future surprises.⁷⁰ In response, the Begin government publicly accused the Reagan administration of treating it like a “vassal state.”⁷¹

From 1991-1992, the Israel-US relationship entered a tense standoff when the Shamir government of Israel requested \$10 billion in loan guarantees to finance the Israeli absorption of Soviet Jews after the fall of the USSR. This was not a case of standard bilateral aid, as the arrangement entailed Israel borrowing “\$10 billion from US commercial banks, pension funds, corporations, and other sources, and the US government will guarantee repayment of the loans.”⁷² The request was submitted in September 1991 and delayed for more than a year as the Bush administration negotiated conditions for the loans related to Israeli settlement construction, notably adding a key provision to the guarantees that the President could reduce the loans due to continued Israeli settlement construction in the West Bank and Gaza. The loan guarantee dispute stands as a major case of the US exerting leverage on Israel and demands further examination of the relevant domestic and international factors which shaped the negotiation and their outcome.

In 2000, the US and Israel clashed over the Israeli sale of several Phalcon radar systems to China, which the US feared would alter the balance of power in East Asia. The spat placed Israel’s interest in what likely would have been a more than \$1 billion sale to China against the

⁶⁹ Gwertzman, Bernard. “US Suspends Strategic Pact and Arms Deal with Israel Over Annexation of Golan.” *New York Times*, December 19, 1981. <https://www.nytimes.com/1981/12/19/world/us-suspends-strategic-pact-and-arms-deal-with-israel-over-annexation-of-golan.html>

⁷⁰ Avenir, Yehuda. “When Washington Bridled and Begin Fumed.” *Jerusalem Post*, October 6, 2008. <https://www.jpost.com/opinion/op-ed-contributors/when-washington-bridled-and-begin-fumed>

⁷¹ Shipler, David. “Begin Contends US Policies Treat Israel Like a ‘Vassal’; Haig Retains High Hopes for Pact.” *New York Times*, December 21, 1981. <https://www.nytimes.com/1981/12/21/world/begin-contends-us-policies-treat-israel-like-vassal-haig-retains-high-hopes-for.html>

⁷² Nowles, Larry; Clyde, Mark. “Israel’s Request for US Loan Guarantees.” *Congressional Research Service*, July 26, 1994. https://pdf.usaid.gov/pdf_docs/pcaaaa472.pdf

US. When Israel demurred despite clear US objections, the dispute escalated until Israel's total aid package began to face threats. Israel would ultimately cancel the sale, but the intensity of the dispute offers a valuable case study in how the US asserts influence over issues of national security and China. A somewhat similar conflict arose in 2005 over Israeli maintenance (or upgrading, according to US officials) of Chinese Harpy Killer drones purchases decades prior. I will be exploring both cases, which offer interesting points of comparison to US influence attempts on Israel over the settlement issue, in greater detail later in this work.

Also in 2000 at Camp David, the Israeli government led by Prime Minister Ehud Barak sought to negotiate final status issues with Yasser Arafat. At the negotiations, Clinton offered major aid inducements to both Israelis and Palestinians. "At one point, Clinton put a \$35 billion pledge on the table, some of which would come from other donors. About \$10 billion would go to compensate Palestinian refugees, another \$10 billion toward Israeli-Palestinian-Jordanian water desalination projects, and an additional \$15 billion would go to Israel - for upgrading the Israeli Defense Force (IDF), deploying out of the territories, and moving settlers."⁷³ This \$35 billion number was a record offer in both US aid and the peace process, still, it was unsuccessful in bridging the gap between the Israeli and Palestinian negotiating positions.

In November 2003, the Department of State reduced the \$3 billion in FY2003 loan guarantees to Israel by \$289.5 million because of continued Israeli settlement construction and the development of the West Bank security barrier.⁷⁴ This amount was a small portion of the total \$9 billion allocated to Israel in loan guarantees over 3 years in 2003, but it represented a meaningful and rare break from the uniformly inductive efforts of the 1990s.

⁷³ Lasensky, "Checkbook Diplomacy." p. 53.

⁷⁴ Sharp, Jeremy. "US Foreign Assistance to the Middle East: Historical Background, Recent Trends, and the FY2008 Request." *Congressional Research Service*, July 3, 2007. https://pdf.usaid.gov/pdf_docs/pcaab620.pdf

In November 2010, the Obama administration attempted to induce the Israelis to extend a 10-month settlement freeze in the West Bank. In exchange for the extension, the Obama administration offered to fill out Israel's fleet of F-35s, but the offer was insufficient, and the freeze ended. The deal in question included 20 Lockheed Martin F-35 stealth fighters, priced at about \$144 million apiece, totaling \$3 billion. Despite the large sticker price, the offer was rejected, and the freeze ended. This dispute is often overlooked, but it presents an important moment where Israeli rejected US inducements in favor of settlement construction.

In the August of 2014, after Israel's Operation Protective Edge in the Gaza Strip which killed more than 1,900, around 75% of whom were civilians, the Obama administration put a hold on the transfer of Hellfire missiles which were requested by Israel.⁷⁵ The administration rerouted and slowed the review process for arms transfers, running them through the White House and State Department for review, rather than directly from the Pentagon. By September, the Hellfire missiles were supplied, but the new review procedures stayed in place.⁷⁷ The Hellfire hold both demonstrated the administration's disapproval of the high civilian casualties in Gaza and reflected the hostility between Obama and Netanyahu.

As this short history demonstrates, the concept of leveraging assistance to Israel to achieve US diplomatic goals is not a new one, and the US has historically used a variety of approaches to influencing Israeli policy. The endurance of Israeli sentiment against being treated like a 'vassal state' is noteworthy, and these views contribute to the domestic bargaining that

⁷⁵ Ravid, Barak. "US Halts Missile Transfer Requested by Israel." *Haaretz*. August 14, 2014. <https://www.haaretz.com/2014-08-14/ty-article/white-house-ordered-halt-to-missile-transfer-requested-by-israel/0000017f-e619-dc7e-adff-f6bdc7c20000>

⁷⁶ Raghavan, Sudarsan; Eglash, Ruth. "In Deaths of Civilians in Gaza, US Weapons Sales to Israel Come Under Scrutiny." *Washington Post*, August 23, 2014. https://www.washingtonpost.com/world/middle-east/in-deaths-of-civilians-in-gaza-us-weapons-sales-to-israel-come-under-scrutiny/2014/08/23/4f6565e7-da0f-4ecb-b005-5b2202463d1f_story.html

⁷⁷ Times of Israel Staff. "US Resumes Supply of Hellfire Missiles to Israel." *Times of Israel*, September 28, 2014. <https://www.timesofisrael.com/us-resumes-supply-of-hellfire-missiles-to-israel/>

occurs within Israel throughout my selected case studies. Though Israeli leaders subjected to US influence attempts have raised concerns about the undermining of Israeli sovereignty, they have also complied with US pressure in certain instances; through detailed case study analysis, I examine the domestic and international bargaining processes that dictate both the nature of US influence attempts and Israeli compliance.

Case Study 1: The 1991-1992 Loan Guarantee Dispute

Introduction

The 1991-1992 dispute over US loan guarantees to Israel is a notable example of the US utilizing coercive influence to secure Israeli compliance with US goals in the Middle East peace process. In particular, the US leveraged the loan guarantees to bring Shamir to the table at Madrid, and to prevent further settlement construction from impeding US-led regional peacemaking attempts. US goals were ultimately achieved; Shamir went reluctantly to Madrid, and Israeli settlement policy changed when the differences between Bush and Shamir contributed to the election of an Israeli government that was more aligned with US goals in the peace process. This represented a partial success for the influence attempt under the Shamir government, though the goal of the attempt was achieved under a new government. The outcome of the attempt is partially at odds with Sislin's model, which focuses on the difficulties of changing domestic (or, in the case of settlements, intermestic) policy and inducement as a more effective approach to influencing Israeli policy.

Sislin's model suggests that issues like settlements would be less amenable to influence attempts, but the 1991-1992 loan dispute demonstrates a degree of compliance with US goals. The negative pressure applied by the US undercut Shamir's position domestically (both from within his coalition from those who rejected Shamir's partial compliance by attending Madrid, and from those who were concerned that he had mismanaged the US-Israel relationship) and led to the election of a new Israeli government with an agenda that was more compatible with US goals. The ultimate outcome of the dispute came about because of a global political context that amplified the need for the loans and strengthened US relative influence, Israeli public opinion, and the domestic strength of President Bush following the Persian Gulf War; factors which, for the most part (save for the style of the influence attempt and the issue in question), are in agreement with Sislin's findings for successful influence attempts.

At Level II in Israel, Shamir was severely constrained due to the far-right of his coalition, who were particularly attached to the settlements and strongly rejected a peace process with the Palestinians; in theory, this would have decreased Shamir's willingness to comply with US goals, since accepting the US position could collapse his coalition. The dispute reflects the importance of Israeli public opinion as a critical factor contributing to the success or failure of an influence attempt. Shamir suffered electorally as a cost of the dispute itself, a sign of the US-Israel relationship's mismanagement. On the US front, the immense relative strength of the US and President Bush from 1991-1992 allowed the president to overcome domestic political resistance from a well-funded, well-organized opposition and assert US policy priorities at Level I without internal interference. President Bush's steadfastness in his opposition to settlement expansion, the democratic nature of Israel which supported the Level II pressures contributing to Shamir's electoral loss in 1992, the deepened US-Israel aid relationship by 1992, the hegemonic

nature of the US after the Persian Gulf War, and the ultimate success of the influence attempt partially affirms Sislin's model, with notable exceptions in the use of negative leverage and the intermestic nature of the settlement issue.

Case Overview

When USSR General Secretary Mikhail Gorbachev lifted the tight restrictions on soviet emigration in 1989, Soviet Jews emigrated primarily to Israel and the US. Israel received 199,516 total immigrants in 1990, 185,227 of whom came from the former Soviet Union (93%).⁷⁸ Until 2000, former Soviet immigrants would make up more than 80% of the total share of Israel's annual immigrants.⁷⁹ This rapid arrival of immigrants, coupled with a series of liberalizing economic measures, accelerated Israel's GDP growth through the 1990s.⁸⁰

This immigrant population was educated and skilled, but the influx of citizens was logistically challenging. The sitting Shamir-led Likud government needed help finding adequate financing to settle the new immigrants. On September 6th, 1991, Israel requested \$10 billion in loan guarantees over five years to fund housing, infrastructure, and job creation for the immigrants; Israel would borrow from US sources, and the US government would guarantee repayment.⁸¹

⁷⁸ "Total Immigration to Israel from the Former Soviet Union." *Jewish Virtual Library*. <https://www.jewishvirtuallibrary.org/total-immigration-to-israel-from-former-soviet-union>

⁷⁹ Ibid.

⁸⁰ Klein, David. "Israel Economy Statistics: The Israeli Economy 1990-2000." *Jewish Virtual Library*, December 7, 2000. <https://www.jewishvirtuallibrary.org/the-israeli-economy-1990-2000>

⁸¹ Nowels, Larry; Mark, Clyde. "Israel's Request for US Loan Guarantees." *Congressional Research Service*, July 26, 1994. https://pdf.usaid.gov/pdf_docs/pcaaa472.pdf

By 1991, President George H.W. Bush and his Secretary of State, Jim Baker, were already hard at work setting the scene for a revival of the Arab-Israeli peace process. The Israelis, squeezed by the financial pressure of absorbing the refugees, were in a sensitive position. On May 22, 1989, Secretary of State Jim Baker gave a speech to AIPAC in which he advocated for Israel to “lay aside once and for all the unrealistic vision of Greater Israel” and to “reach out to Palestinians as neighbors who deserve political rights.”⁸² Just before President Bush’s overwhelming victory in the Gulf War, he publicly promised to “bring peace to the rest of the Middle East.”⁸³ Bush would handily defeat Saddam. By October 19th, 1991, the US and the Soviet Union had extended invitations to Israel and its Arab neighbors (the Palestinians represented by a Jordanian-Palestinian delegation) for a peace conference later that month in Madrid. The Bush administration sought to secure the multilateral conference from the end of the Gulf War and hoped it would clarify the status of the Palestinians and the occupied territories.

Bush’s aspirations did not conform to Shamir’s designs for the territories. According to Aaron David-Miller, who accompanied Secretary Baker on his eight trips to the Middle East from the end of the Gulf War, “every time he [Baker] showed up, then Prime Minister Shamir would announce or make it known that there was more housing for settlements or a new settlement.” In June of 1990, Secretary Baker famously read aloud the White House switchboard’s phone number in testimony to the House Foreign Affairs Committee for Shamir to

⁸² Baker, Jim. “Statement to AIPAC by Secretary of State Baker.” *Jewish Virtual Library*, May 22, 1989. <https://www.jewishvirtuallibrary.org/statement-to-aipac-by-secretary-of-state-baker>

⁸³ Rosenthal, Andrew. “War in the Gulf: The President; Bush Vows to Tackle Middle East Issues.” *New York Times*, January 29, 1991. <https://www.nytimes.com/1991/01/29/world/war-in-the-gulf-the-president-bush-vows-to-tackle-middle-east-issues.html>

call when he was ‘serious about peace,’ a blunt condemnation of Israeli foot-dragging after months of talks to establish a viable Palestinian negotiating delegation on Israel’s terms.⁸⁴

As US and Israeli officials negotiated the terms of the then-delayed loan guarantees in February of 1991, Shamir dug in as the Americans sought to tie the loans to the settlement issue, saying, “we will not stop settling even for one day.”⁸⁵ By March 1991, Israeli Defense Minister Moshe Arens said, “we will not get down on our knees and beg for help. If the Americans attach intolerable conditions to the loan guarantees, we will raise the money by ourselves.”⁸⁶ American-Israel relations reached a low point during the scrap, and it is from this point where the infamous alleged “Fuck the Jews, they don’t vote for us anyway” quote of Secretary Baker emerged that March.⁸⁷ It was also around this period that a young star of Likud, Benjamin Netanyahu, was declared persona-non-grata and barred from entering the State Department on Baker’s orders for his statement that the US was building its Middle East policy on a “foundation of distortion and lies.”

Shamir was under domestic pressure from his coalition partners to resist the peace process. Israel's 23rd national unity government, delicately balanced between Likud and the Alignment [a political alliance led by Shimon Peres], had ultimately collapsed in March 1990 after Israel held its first successful vote of no-confidence against Prime Minister Shamir, who would eventually form the subsequent government. Shamir faced his no-confidence vote because he rejected a 1990 US proposal for the initiation of peace talks with Palestinians (Shamir’s

⁸⁴ Friedman, Thomas. “Baker Rebukes Israel on Peace Terms.” *New York Times*, June 14, 1990. <https://www.nytimes.com/1990/06/14/world/baker-rebukes-israel-on-peace-terms.html>

⁸⁵ Shalev, Menachem. “Israel.” *The American Jewish Year Book*, vol. 94, 1994, pp. 411.

⁸⁶ *Ibid.*, 412.

⁸⁷ Tibon, Amir. “Did James Baker really say ‘Fuck the Jews’? New Book Clarifies US Diplomat’s Infamous Quote.” *Haaretz*, September 29, 2020. <https://www.haaretz.com/us-news/2020-09-29/ty-article/.premium/did-james-baker-really-say-f-the-jews-new-book-clarifies-infamous-quote/0000017f-e04d-d568-ad7f-f36f76840000>

particular sticking point was over one proposed Palestinian negotiator with a second address in East Jerusalem); the 24th government of Israel, lasting from June 1990 to June 1992, was a right-wing one, holding a thin 62-seat majority in the Knesset.⁸⁸

That thin majority would falter as Shamir drifted towards acceptance of the peace process's initiation on terms that were highly favorable to the Israeli position (namely, that the Palestinian delegation would not include residents of East Jerusalem and that they would be represented by a joint Palestinian-Jordanian delegation). This compromise indicated a partial success for the US pressure campaign, though it also represented the difficult nature of Shamir's balancing act at Level II.

In October 1991, Shamir said, "Without negotiations, it [Israel] can never attain peace. This is the first time that we have an opportunity to negotiate as we have wanted to -- direct negotiations, without a mediator, face-to-face, without preconditions -- with our Arab neighbors. I don't know what the results will be. In any case, I think I will recommend to the Government to choose this way because I don't see a better alternative."⁸⁹ Shamir attended Madrid and participated in its subsequent bilateral talks, though these were ultimately unsuccessful. Although getting Shamir to Madrid was a victory for US policy goals, the importance of his attendance would soon be dwarfed by incoming electoral change.

By January 1992, in protest of the peace process, the right-wing Tehiya, Tzomet, and Moledet parties left the coalition, leaving Shamir with 59 seats; a new election was set for June 1992, and Likud, for the first time in 15 years, was out of power. By June 1992, new elections

⁸⁸ Brinkley, Joel. "Israeli Coalition Dissolves in Fight Over Peace Plan." *New York Times*, March 14, 1990. <https://www.nytimes.com/1990/03/14/world/israeli-coalition-dissolves-in-fight-over-peace-plan.html?scp=166&sq=peres+shamir&st=nyt>

⁸⁹ Friedman, Thomas. "Arabs and Israelis Invited to Begin Peace Talks October 30 with Bush and Gorbachev." *New York Times*, October 19, 1991. <https://www.nytimes.com/1991/10/19/world/arabs-and-israelis-invited-to-begin-peace-talks-oct-30-with-bush-and-gorbachev.html>

resulted in the formation of a Labor government led by Prime Minister Yitzhak Rabin. Rabin quickly rejected continued settlement construction and halted more than 6,000 settlement construction contracts in a bid to appease the Bush government in exchange for the guarantees. Shamir had partially complied with US preferences, but electoral change would bring about a new settlement policy. This change can itself be considered an outcome of US pressure which pushed Shamir beyond his ability to manage his coalition.

In September 1992, a year after the Israeli loan guarantee request was first made, the Bush administration offered their counterproposal, closely linking the guarantees with Israeli settlement expenditures and conditioning their use within pre-June 1967 borders. Further, the President could reduce the loans relative to Israeli spending on settlement construction (President Clinton followed through by reducing the loan amount in FY1994 by \$437 million to reflect Israeli settlement expenditures in FY 1993).⁹⁰ By October 1992, the loan guarantee proposal was adopted by the US Senate in the Foreign Operations Appropriations Bill, H.R. 5368, and signed by President Bush.⁹¹

American Position

The initial 120-day delay of the loan request's consideration was partly a leverage attempt to bring Israel to the table in October 1991 for the Madrid peace conference. It also prevented the US from undermining its diplomatic efforts in the run-up to Madrid; to the various Arab states involved in the future negotiations for Madrid, the US position on Israeli settlements had been a critical litmus test to determine the US commitment to even-handed mediation. As for

⁹⁰ Nowels; Mark, "Israel's Request for US Loan Guarantees."

⁹¹ Ibid.

President Bush's goal, this was stated plainly in September 1991 as he first presented the delay request:

I want the Israelis to do that which they wanted all along, have a chance to sit down one on one with historic adversaries, and I want the Arabs to have a chance to get this question settled once and for all, and I really believe the whole world wants that, and it is my best judgment that an rancorous debate now is literally minuscule in importance compared to the objective of peace and that's -- we ought to set it back 120 days only, who is going to get hurt? What possibly could work against -- against that reasonable request from an administration that's brought this thing from square one right up to a peak that nobody really believed we could achieve, getting these countries together, and the work that's gone into it.⁹²

After the Persian Gulf War, the Bush administration adopted the Middle East Peace Process as a serious policy goal; though motivated by a litany of factors, President Bush partially sought to counter Saddam Hussein's narrative (a view that was adopted by many in the Arab world) that the Persian Gulf War was fought for the Palestinians. President Bush himself was deeply committed to linking the loan guarantees with Israeli settlement activity. The administration rallied the strength to effectively challenge Shamir, despite the domestic pushback he received from pro-Israel advocacy groups. Prior to Madrid, these groups sought to reject the delay of the loan guarantee's congressional consideration; throughout the loan dispute, they would combat linking the guarantees with settlement construction. As pressure was exerted from the presidential level, advocacy groups attempted to organize a veto-proof majority in Congress.

In March 1991, following an overwhelming US victory in the Persian Gulf War, President Bush's approval ranking reached 89%.⁹³ When President Bush requested in September

⁹² The Associated Press. "Excerpts from President Bush's News Session on Israeli Loan Guarantees." *New York Times*, September 13, 1991. <https://www.nytimes.com/1991/09/13/world/excerpts-from-president-bush-s-news-session-on-israeli-loan-guarantees.html>

⁹³ Reinhart, R.J. "George H.W. Bush Retrospective." *Gallup*, December 1, 2018. <https://news.gallup.com/opinion/gallup/234971/george-bush-retrospective.aspx>

of 1991 that consideration of the loan guarantees be delayed until 1992, after the Madrid conference, he made clear that any loan guarantee legislation passed in the 1991 session would be vetoed. Regarding the road to Madrid and Secretary Baker's appeal to Congress for a delay of the request's consideration, Aaron David Miller says that Baker "could go to Congress and say 'look, they are screwing me, and we just made a peace conference in heaven for the Israelis, Madrid could have been manufactured by an Israeli government, and yet, please do not give Shamir these loan guarantees, it is going to undermine what we are trying to do.'"⁹⁴

From 1991 to 1993, both chambers of the US Congress held a Democratic majority. In the Senate, Senator Leahy, Chairman of the Senate Appropriations Foreign Operations Subcommittee, supported the President's 1991 delay request; Representative Obey, Chairman of the House Appropriations Foreign Operations Subcommittee, agreed. By 1992, President Bush had rejected a compromise by Senators Leahy and Kasten which did not unconditionally link the loan guarantees to settlement activity.⁹⁵

When first requested in 1991, withholding the loans represented a larger strategic meaning for the US as a means of demonstrating to Israel's Arab neighbors their sincere intentions at even-handed mediation; after Madrid, the continued delay of the loans demonstrated a larger commitment to the peace process, while sending a clear message to Israel that settlement expansion was not compatible with US diplomatic goals.

The Bush administration certainly faced domestic pushback for its move to delay the loan guarantees. In September 1991, Bush referred to himself as "one lonely little guy" facing "powerful political forces" in those who opposed the delay.⁹⁶ In his own words, Bush had picked

⁹⁴ Author interview with Aaron David Miller.

⁹⁵ Nowels; Mark, "Israel's Request for US Loan Guarantees."

⁹⁶ Clymer, Adam. "Pro-Israel Lobby Readies for Fight." *New York Times*, September 15, 1991. <https://www.nytimes.com/1991/09/15/world/pro-israel-lobby-readies-for-fight.html>

a fight with “very strong and effective groups that go up to Capitol Hill. I hear today there were something like a thousand lobbyists on the Hill working on the other side of this question.”⁹⁷

During the 1989-1990 campaign cycle, pro-Israel political action committees gave House and Senate candidates around \$4 million, spending which was on par with supporters of oil and gas interests.⁹⁸

In September 1991, AIPAC Executive Director Tom Dine called for an “all-out campaign” by the pro-Israel community against linkage, telling American Jews who disliked settlements to “swallow hard, roll up your sleeves, and get to work to fight linkage.”⁹⁹ Dine would later go on to call September 12, when the delay request was announced, a “day of infamy.”¹⁰⁰ Ultimately, well organized pro-Israel advocacy groups failed to rally the sufficient power necessary for an override of a presidential veto, and the Senate granted Bush’s request for a delay of the loans in October of 1991; “as a way of softening AIPAC’s defeat, seventy Senators expressed a general support for the loan guarantee (knowing that they would not have to vote on the issue now).”¹⁰¹ The decisive stand made by President Bush at the peak of his power marked perhaps the first serious defeat for pro-Israel advocacy groups in the US.

By the time H.R. 5368 had been signed by President Bush in October 1992, a new Labor government had taken power in Israel, led by a Prime Minister far more aligned with US policy goals than his predecessor. Further, the Madrid conference (in 1992) was considered a success,

⁹⁷ Tibon, Amir. “From Bush to Trump: How the GOP evolved on Israel.” *Haaretz*, December 1, 2018. <https://www.haaretz.com/us-news/2018-12-01/ty-article/from-bush-to-trump-how-the-gop-evolved-on-israel/0000017f-f8d6-d044-adff-fbfff720000>

⁹⁸ Clymer, “Pro-Israel Lobby Readies for Fight.”

⁹⁹ Melman; Raviv, “Friends in Deed.” p. 419.

¹⁰⁰ *Ibid.*, p. 420.

¹⁰¹ Hadar, Leon T. “High Noon in Washington: The Shootout over the Loan Guarantees.” *Journal of Palestine Studies*, vol. 21, no. 2, 1992, p. 86.

leading to subsequent bilateral dialogue between Israel and Lebanon, Syria, and the joint Jordanian-Palestinian delegation. Most importantly, Madrid played a role in developing the political will necessary for the success of the Oslo track negotiations, which would begin in 1993.

Israeli Position

The Shamir government had a strong position in support of settlements and resisted the American linkage of the loan guarantees and settlement construction with force. The settlement of new Soviet immigrants, however, was expensive and offered major benefits to the Israeli economy. In January of 1992, during an election campaign, Shamir, answering whether he'd be willing to sacrifice the loan guarantees for continued settlement construction, said: "I hope I will not have to sacrifice anything, because [immigrant] absorption is a sacred duty for our people, and all our other duties, our national duties, are sacred at the same time."¹⁰² Having imbued settlement construction with the divine, Shamir attempted to balance the competing interests of funding immigrant absorption with the loan guarantees and continued settlement building. Finance Minister Yitzhak Modai, regarding linkage, said that he would "recommend to the prime minister -- and he won't need any recommendation because that's his opinion also -- to reject the condition."¹⁰³ Israeli public opinion, however, had started to shift away from Shamir and towards the US. In September of 1991, the Washington Post cited surveys that found that "80 percent [of

¹⁰² Diehl, Jackson. "Shamir Tells 'Gentiles of the World' Israel Will Keep Building Settlements." *The Washington Post*, 21 Jan. 1992, <https://www.washingtonpost.com/archive/politics/1992/01/21/shamir-tells-gentiles-of-the-world-israel-will-keep-building-settlements/9f42da7c-55c8-4dd0-80d2-7771571cb13d/>

¹⁰³ Ibid.

Israelis] favor attending a Middle East peace conference, and 67 percent would favor freezing settlement construction to get the peace negotiations going.”¹⁰⁴

The period from September 1991 to the Madrid conference offers an interesting view into the Israeli position when confronting the uncertainty of the loan guarantees future. Nimrod Novik, former senior foreign policy advisor to Shimon Peres, chairman of the board of the Economic Cooperation Foundation, and Special Ambassador of Israel, submits that:

Shamir got to Madrid because of circumstances. He hadn't changed his mind on anything, but circumstances changed. The US was the sole superpower of the moment, because after the first Gulf War, after the collapse of the USSR, Jim Baker knew how to play his cards...I don't think Shamir looked at it in a sort of carved way (this piece and that piece, etc.). I think overall, after the first Intifada, I think that he felt that the Israeli public in the wake of the Intifada and the relevant international community (primarily the US) were sliding, that he was swimming against the tide...For 20 years, it was a cost-free occupation, and suddenly there is a price tag, what's going on here, and they're looking for an alternative. The world is ganging up on him, Washington is so overwhelmingly powerful, so what is the minimum that I have to do to get them off my back, and that was Madrid. And he realized that in the wake of Madrid, there is plenty that he can do to torpedo the process.¹⁰⁵

The global political context amplified the strength of the US at the time of the loan dispute, and domestically, Shamir began to look out of touch with a changing Israeli public. By 1992, public attitudes in Israel had begun to shift in favor of the peace process. According to a Jerusalem Post Gallup poll from March 1992, 39% of voters ranked security the most important issue in the election, 22% considered the peace talks as the primary issue; amongst Labor voters, both issues polled at 39%; amongst Likudniks, 58% security 20% peace talks; 51% of Meretz voters ranked

¹⁰⁴ Diehl, Jackson. "U.S., Israel on Collision Course." *The Washington Post*, 16 Sept. 1991, <https://www.washingtonpost.com/archive/politics/1991/09/16/us-israel-on-collision-course/9eccf453-e8ef-4318-a11f-ce32f1078358/>

¹⁰⁵ Author interview with Nimrod Novik.

negotiations as the key issue.¹⁰⁶ Shamir's perceived mismanagement over the US-Israel relationship, embodied in the loan dispute, became a focal point of the election, "In April and May, election campaigns in both countries were heating up. The Likud, for its part, tried to ignore the crisis that had developed with the United States, although some of its spokespersons accused President Bush of intervening on behalf of Rabin, thus seeking to enlist votes of protest against "outside interference" the election. Labor utilized the campaign to accuse the Likud of "wrecking" relations between the two countries."¹⁰⁷ Shamir went begrudgingly to Madrid, but the Israeli psyche (and the international community) did not associate him with the peace process. Writing on the 1992 Knesset elections, Sammy Smootha and Don Peretz conclude that the loan dispute compelled the Israeli public to choose between prolonging settlement, the intifada, and the failed absorption of Soviet immigrants against a meaningful effort at peace with US financial and diplomatic backing.¹⁰⁸ Though many actors in the international community had already opposed the Shamir government's policies, it was only the US that had "sufficient leverage to effect change because of Israel's heavy dependence on US economic and other assistance."¹⁰⁹

The mere fact of US pressure pushed Israeli public opinion away from Shamir. Moshe Arens, the Israeli Minister of Defense from 1990-1992, commented on the political impact of the loan dispute that "US-Israel relations are close to the heart of the Israeli electorate. If one party is perceived to be the source of friction in that relationship, then it may pay a price at the ballot

¹⁰⁶ Steinberg, Gerald M. "Foreign Policy in the 1992 Election." *Israel at the Polls, 1992*, Rowman & Littlefield, 1995. <https://nebula.wsimg.com/c5798f28429c2b2000b7b4f89dd39d13?AccessKeyId=819C4344531C36A020F2&disposition=0&alloworigin=1>

¹⁰⁷ Shalev, "Israel." p. 413.

¹⁰⁸ Smootha, Sammy, and Don Peretz. "Israel's 1992 Knesset Elections: Are They Critical?" *Middle East Journal*, vol. 47, no. 3, 1993, pp. 444-63.

¹⁰⁹ *Ibid.*, p. 461.

box”¹¹⁰ Though Shamir would ultimately attend the Madrid conference, he was motivated by a larger political context that contravened the ideological position of his domestic base; he would pay the political price for pushing the limits of his own Level II constraints with the collapse of his majority in early 1992.

Theoretical Implications

The 1991-1992 loan dispute incorporates several key factors Sislin identifies as favorable to influence attempts. The overwhelming hegemonic status of the US after the collapse of the Soviet Union enhanced US relative influence on the world stage. From 1978-1990, Israel had grown reliant on US assistance, engaging in a cycle of assistance that deepened the US-Israel relationship and enhanced US leverage over Israel. Both the hegemonic status of the US and the deepening of the US-Israel aid relationship served as Level I factors shaping Israeli dependence on the US, but this translated into significant, actionable leverage due to the critical factors present in both the US and Israel at Level II. Israel’s democratic identity certainly influenced the efficacy of the US’s influence attempt (in the sense that Shamir was ultimately held accountable to public opinion) and ultimately cost Likud its Knesset majority; additionally, the gradual turn of Israeli public opinion towards the peace process helped secure the success of the influence attempt, as the Israeli position ultimately shifted by way of electoral change within Israel.¹¹¹ This shift in public opinion punished Israeli noncompliance from within rather than reinforcing it. As previously mentioned, the issue of settlements is an intermestic one that does not fit neatly into

¹¹⁰ Lasensky, Scott. “Underwriting Peace in the Middle East: US Foreign Policy and the Limits of Economic Inducements.” *Middle East Policy Review*, volume 6, no. 1, March 2002. -

¹¹¹ FRANKEL, MATTHEW. “THE \$10 BILLION QUESTION: AIPAC AND LOAN GUARANTEES TO ISRAEL.” *The Fletcher Forum of World Affairs*, vol. 19, no. 1, 1995, pp. 153–170.

Sislin's classifications. Finally, the loan dispute was not necessarily accompanied by positive sanctions, though the loan guarantees were ultimately linked to compliance.

The loan dispute demonstrated a quasi-coercive attempt by the Bush administration to limit Israeli settlement expansion by linking it directly to a US loan guarantee. Though withholding the guarantees (which Israel had assumed it would receive) can be considered a coercive action, the linkage served both a punitive and inducive purpose. Scott Lasensky, writing on the loan guarantee dispute as a clear attempt to leverage policy compliance from Israel through economic aid, writes that "the Israelis initiated the request, but the administration transformed it into an opportunity to seek a settlement freeze. This result did happen, though through the Israeli electoral process rather than a direct negotiation regarding the aid issue."¹¹² Rather than 'rallying around the flag' and defying US pressure, the Israeli public saw Shamir as a serious liability to the US-Israel relationship, and he was punished electorally.

As a loan guarantee, the leverage in question falls outside the traditional FMF aid budget allocated to Israel, but it did have a significant meaning to the Israelis at a time when they were particularly in need of funds to absorb the Soviet immigrants. The ideological incompatibility of the US and Israeli governments throughout the bulk of the dispute also supports this case study as an effective one for critical analysis. This stems from the concept that influence attempts don't necessarily incorporate leverage if there is ideological alignment between governments.

The loan dispute also represents an attempt to pressure Shamir to come to the table on negotiations at Madrid in October 1991, but the guarantee was withheld until September 1992, when H.R. 5368 included language conditioning the use of the loan guarantee funds within the 1967 borders. Scott Lasensky points out that, as a signaling tool, conditioning of the loan

¹¹² Lasensky, "Underwriting Peace in the Middle East."

guarantees allowed the US to clearly express displeasure with Israeli policy without proactively punishing Israeli behavior through harsher negative sanctions.¹¹³ The loan guarantees represented an expression of effective displeasure to “signal to the Israeli voter in the midst of a massive social transformation project (the absorption of Russian immigrants) that Shamir is the wrong interlocutor from the point of view of Washington.”¹¹⁴ Israel’s 1992 electoral change suggests that the Israeli public was responsive to these signals; instead of arousing nationalist defiance, the Israeli public rejected Shamir’s confrontational approach to the US.

Throughout the loan guarantees dispute, Level II factors limited Shamir’s ability to resist US pressure. To reiterate, the 24th government of Israel, lasting from June 1990 to June 1992, held a 62-seat majority in Israel’s 120-seat Knesset. When the right-wing Tehiya (3 seats), Tzomet (2 seats), and Moledet (2 seats) parties left the coalition in protest of the peace process following Madrid, the coalition was crippled with 55 seats. The 1992 election demonstrated a strong reaction from the Israeli public against Shamir’s management of the Israel-US relationship and reflected a changing public openness toward negotiations after Madrid. From 1991-1992, Shamir’s coalition held a slim majority in the Knesset, which would ultimately collapse as parties to Shamir’s right rejected the peace process altogether. Shamir’s right-wing coalition members made compliance with US preferences difficult, and even partial compliance (attending Madrid but holding on to settlements), led to the dissolution of his coalition. Why, then, did Shamir not resist entirely? The confluence of Israeli public opinion regarding the importance of a smooth US-Israel relationship and Level I concerns (namely the enormous relative strength of the US after the Persian Gulf War, as well as the power of President Bush unbounded by domestic constraints) ultimately overpowered Shamir’s capacity to resist US pressure.

¹¹³ Ibid.

¹¹⁴ Author interview with Eran Lerman.

In January of 1991, then Prime Minister Shamir referred to settlement construction as follows: “No force in the world will stop this construction. . . . We say to ourselves, and to the Gentiles of the world and to the next generations, here will be our homeland, here will be our home, forever and ever.”¹¹⁵ This speech came in response to the opening shot between Shamir and Bush over settlements. In October of 1990, Israel had received a \$400 million loan guarantee from the Bush administration for Soviet immigrants on the grounds that, as promised by Israeli Foreign Minister David Levy, Israel would not use the funds to settle Soviet Jews in the occupied territories; it did, directly contravening its promise.¹¹⁶ Shamir’s public and combative relationship with the US, embodied in settlement construction, had developed a significant rift between the two countries. From the right, Shamir had lost critical allies for his support of the peace process; support which was partly motivated by US pressure. By 1992, the Israeli public had become well aware of the importance of US support, made more pronounced by both the need to settle Soviet Jews, as well as the peak of US global strength following the Persian Gulf War. By taking a stand on the settlements and delaying much-needed loan guarantees, Shamir had put the Israeli public on alert and made a tremendous miscalculation about the public appetite for defying the US.

Case Study 2: The Wye River Memorandum

Introduction

¹¹⁵ Diehl, Jackson. “Shamir Tells ‘Gentiles of the World’ Israel Will Keep Building Settlements.” *The Washington Post*, 21 Jan. 1992, <https://www.washingtonpost.com/archive/politics/1992/01/21/shamir-tells-gentiles-of-the-world-israel-will-keep-building-settlements/9f42da7c-55c8-4dd0-80d2-7771571cb13d/>

¹¹⁶ FRANKEL, MATTHEW. “THE \$10 BILLION QUESTION: AIPAC AND LOAN GUARANTEES TO ISRAEL.” *The Fletcher Forum of World Affairs*, vol. 19, no. 1, 1995, pp. 153–170.

By 1997, optimism had faded around the peace process, and the progress of Oslo's implementation had stalled. To revive the talks, the Clinton administration sought to establish a bridging agreement to initiate final status negotiations between the Israeli government and the PLO. At Wye River in 1998, the power of US aid to secure Israeli compliance in the context of an agreement with the Palestinians was put on full display as generous aid guarantees helped secure commitments from the Netanyahu government. US Level II constraints, as well as the broader attitude of the Clinton administration toward the peace process, largely limited the US use of negative pressure.

Netanyahu would ultimately freeze the implementation of Wye. Still, the US role in the negotiations offers valuable lessons about the usefulness of aid as a tool of leverage and the Level II limitations confronting US influence and Israeli compliance. The Wye River Memorandum of 1998, and the road to the agreement's signing, present an optimal case study in the efficacy of deploying inducive leverage against a right-wing government that was resistant to US diplomatic priorities and the Oslo process, as well as the Israeli ability to exert pressure on the US at Level II.

Unlike the other case studies, the road to and ultimate signing of the Wye agreement is framed in ongoing (though stagnating) peace negotiations. President Clinton had strongly supported Prime Minister Rabin, whom he viewed as an effective partner for peace, as well as his successor, Shimon Peres.¹¹⁷ Netanyahu, however, had opposed the Oslo agreements and resented what he viewed as an overreach of the US into Israeli politics; perhaps most importantly, he believed that he could influence Level II politics in the US to limit Clinton's

¹¹⁷ Author interview with Aaron David Miller.

ability to wield leverage effectively.¹¹⁸ This would ring especially true when Netanyahu and the pro-Israel community in the US launched a successful campaign against Secretary Clinton's threat to "reexamine" its approach to the peace process in May 1998, forcing a retreat from the Clinton administration.

This influence attempt was a partial success, as the agreement was ultimately signed by Netanyahu and confirmed by the Israeli cabinet; the subsequent Israeli defection from the agreement represented a failure for the attempt, but this was overcome when Netanyahu's coalition collapsed, partially because of his assent to the agreement. As was the case after Shamir, a new government would take power following Netanyahu led by Ehud Barak, who favored the peace process and was more aligned with US goals. The deployment of significant inducements throughout negotiations to 'sweeten' the agreement provides valuable insight into the ways US inducements have played a central role in improving the odds of an influence attempt's success at Level II within Israel. Additionally, the domestic political landscape confronting Netanyahu in the latter half of his first term as Prime Minister presents, like the 1991-1992 loan dispute, a meaningful instance of Level II constraints shaping Israel's Level I response to US pressure. The agreement's ultimate freezing by Netanyahu indicates that, though pressures from the US, the Israeli public, and members of his coalition played a significant role in gaining Netanyahu's signature, he was stretched too thin to sustain the agreement and his majority coalition simultaneously.

Case Overview

¹¹⁸ Telhami, Shibley. "From Camp David to Wye: Changing Assumptions in Arab-Israeli Negotiations." *Middle East Journal*, vol. 53, no. 3, 1999, pp. 379-92. Benn, Aluf. "The End of the Old Israel: How Netanyahu Has Transformed the Nation." *Foreign Affairs*, vol. 95, no. 4, 2016, pp. 16-27.

Netanyahu had come to power after Yitzhak Rabin's assassination, a subsequent campaign of Palestinian terrorism, and a failed operation in Lebanon under Peres's leadership. Like Shamir after Madrid, Netanyahu's domestic political constraints put him in a delicate position; already an enemy of the Israeli left, his tepid engagement with the peace process cost him vital coalition partners. Personally, Netanyahu had historically opposed the Oslo philosophy whereby "peace would bring security. He would always insist that only security could eventually, one day, bring peace."¹¹⁹ President Clinton, for his part, had secured reelection in November 1996 and remained invested in the peace process. In his first term, significant advances were seen in Oslo I and II, though "at no time did Clinton allow himself to get out in front of Israeli Prime Minister Yitzhak Rabin, who led the peace efforts."¹²⁰ Rabin, however, had been killed in November 1995, and Clinton's efforts were refocused from supporting Rabin's initiative to holding a resistant Netanyahu to account for the implementation of the peace process.

Netanyahu began his first term as Prime Minister in June of 1996 and would quickly face a crisis that September as riots in Jerusalem over the opening of the Western Wall tunnel nearly collapsed the Oslo process. 16 Israeli soldiers and 74 Palestinians died in four days of riots, and the Clinton administration, which had previously held roles as an advocate and benefactor for the peace process, rather than managing negotiations, was compelled to "take to the field."¹²¹ In an attempt to save Oslo's progress, the administration oversaw negotiations in 1997 for a series of partial agreements composing the Hebron Protocol which were "designed to save the process in

¹¹⁹ Pfeiffer, 255.

¹²⁰ Quandt, William B. "Clinton and the Arab-Israeli Conflict: The Limits of Incrementalism." *Journal of Palestine Studies*, vol. 30, no. 2, 2001, p. 26.

¹²¹ Pfeiffer, p. 246.

the wake of Rabin's murder."¹²² The Hebron Protocol included a troop withdrawal from around 80% of Hebron, the division of the city into two zones (one under Palestinian control), and commitments to roll back the Israeli presence in the West Bank across several stages.¹²³ The Hebron Protocol, signed in January 1997, kept the Oslo process on track and committed Israel to further redeployments, "but Netanyahu constantly found reasons to delay, and the deadlines lapsed."¹²⁴

The exact extent of Israel's continued withdrawal from the West Bank was the central subject of negotiations over the next year. The US diplomatic effort was arduous; Aaron David Miller recalls that it took thirteen months to reach an agreement with Netanyahu over the percentage of territory Israel would redeploy its troops from to fulfill the Hebron Protocol, as well as half-a-dozen Secretarial trips, a secret mission to convey Clinton's offer, and ultimately a presidential summit.¹²⁵ On May 5, 1998, Secretary of State Albright gave Netanyahu a May 11, 1998 deadline to accept the US proposal for a 13% troop withdrawal from the West Bank under threat of "reexamining" the US approach to the peace process, reminiscent of the 1975 "reassessment crisis" between the US and Israel.¹²⁶ Then National Security Advisor Sandy Berger said that this confrontation "broke the logjam and created a different dynamic;" as to Netanyahu's balancing act between participating in the peace process and sustaining the political

¹²² Author interview with Aaron David Miller.

¹²³ Rodgers, Walter; Kessel, Jerrold. "Netanyahu, Arafat Shake Hands on Hebron Accord." *CNN*, January 14, 1997. <http://www.cnn.com/WORLD/9701/14/hebron.late/>

¹²⁴ Pfeiffer, p. 260.

¹²⁵ Author interview with Aaron David Miller.

¹²⁶ Albright, Madeleine. "Press Conference on Middle East Peace Process Meetings." *Office of the Spokesman US Department of State*, May 5, 1998. <https://1997-2001.state.gov/www/statements/1998/980505a.html>

support of his right-wing allies, Berger told the Washington Post that "If he hasn't crossed the Rubicon, he certainly jumped into it."¹²⁷

As Netanyahu considered the "reexamination" threat, he requested Ambassador Ross's presence to consult on a path forward that would find a "face-saving way to redefine a part of the 13.1%," and that would allow Israel to, as Netanyahu advisor David Bar-Ilan put it, "vent our fury" at "US arm-twisting."¹²⁸ Netanyahu himself warned Ross that Israel would not "accept dictates – we are a sovereign country."¹²⁹ By May 23 of, 1998, State Department Spokesman James Rubin appeared to further threaten the Israelis with the possibility of publicly blaming them for the failure of the talks; "If we find that we are not capable to resolve the disagreements and reach quickly to a point where the parties accept the U.S. ideas, we will be forced to announce frankly our position and explain the reasons for this situation."¹³⁰ In retaliation to the threats, Netanyahu went to Congress and launched an intense advocacy campaign, successfully gathering the signatures of 82 senators on a bipartisan letter condemning US pressure on Israel as a "serious mistake."¹³¹ The administration quickly retreated, and the 5/11 deadline was postponed in a significant victory for pro-Israel advocates. Netanyahu and pro-Israel advocates had successfully taken coercive bargaining off the table for the Clinton administration.

¹²⁷ Gellman, Barton. "Ultimatums Were a US Tool in Middle East Talks." *The Washington Post*, November 4, 1998. <https://www.washingtonpost.com/archive/politics/1998/11/04/ultimatums-were-a-us-tool-in-middle-east-talks/a757dcb5-3827-4525-83fd-5fdb63f9f544/>

¹²⁸ "Peace Monitor: 16 February 1998-15 May 1998." *Journal of Palestine Studies*, vol. 27, no. 4, 1998, p. 123.

¹²⁹ *Ibid.*, p. 124.

¹³⁰ Drozdiak, William. "Netanyahu's Backers on Capitol Hill Foment Split with White House." *The Washington Post*, May 23, 1998. <https://www.washingtonpost.com/archive/politics/1998/05/23/netanyahus-backers-on-capitol-hill-foment-split-with-white-house/ae77267c-413f-46e2-b6d3-e3722f73de50/>

¹³¹ Gellman, Barton. "Ultimatums Were a US Tool in Middle East Talks." *The Washington Post*, November 4, 1998. <https://www.washingtonpost.com/archive/politics/1998/11/04/ultimatums-were-a-us-tool-in-middle-east-talks/a757dcb5-3827-4525-83fd-5fdb63f9f544/>

By Summer, a new formula had emerged whereby Israeli redeployments would be linked to a Palestinian commitment to Israeli security and counterterrorism.¹³² In September 1998, Netanyahu finally accepted the 13% figure (3% of which would be considered a ‘nature reserve’ to prevent Palestinian construction without Israeli approval). Although intimidating final status issues remained, an eight-day presidential summit convened at the Conference Center of the Wye Plantation in Maryland in October 1998 culminated in an agreement between Netanyahu and Arafat. At the summit, US pressure on Netanyahu, while not public like the May “reexamination” dispute, included an additional private ultimatum from Secretary Albright and a last-minute abortive threat from Netanyahu over the Pollard issue.¹³³¹³⁴

The agreement's implementation would slow in the months following Netanyahu’s return from Wye. By December 1999, Netanyahu would freeze the implementation of the Wye agreement in a failed attempt to appease his coalition. President Clinton requested that the accompanying aid package be put on hold. Ehud Barak of the Labor party would replace Netanyahu as Prime Minister in the 1999 elections with a renewed interest in the peace process. Clinton would view Barak as a “huge breath of fresh air after his experiences with Netanyahu,” and the aid package was delivered by Congress in FY2000.¹³⁵

¹³² Freedman, Robert. “US Policy Towards the Middle East in Clinton’s Second Term.” *Middle East Review of International Affairs*, vol. 3, no. 1, March 1999.

https://ciaotest.cc.columbia.edu/olj/meria/meria99_freedman01.html#note6

¹³³ Gellman, Barton. “Ultimatums Were a US Tool in Middle East Talks.” *The Washington Post*, November 4, 1998. <https://www.washingtonpost.com/archive/politics/1998/11/04/ultimatums-were-a-us-tool-in-middle-east-talks/a757dcb5-3827-4525-83fd-5fdb63f9f544/>

¹³⁴ Secretary Albright allegedly called Netanyahu at 2:30am on October 21st (his birthday) and said: "We want to get your comments by the morning, and if you don't think this does it we don't know what else we can do." From: Gellman, Barton. “Ultimatums Were a US Tool in Middle East Talks.” *The Washington Post*, November 4, 1998. <https://www.washingtonpost.com/archive/politics/1998/11/04/ultimatums-were-a-us-tool-in-middle-east-talks/a757dcb5-3827-4525-83fd-5fdb63f9f544/>

¹³⁵ Lasensky, “Checkbook Diplomacy.” pp. 210–34. Author interview with Aaron David Miller.

American Position

The US-Israel relationship had entered a different era by 1998 from the Bush-Baker years, with a markedly different attitude towards the use of coercive leverage; Aaron David Miller recalls that “there was none of this ‘I’ll give you my phone number’ or Baker’s alleged comment about ‘fuck the Jews,’ there’s none of that, and it was a conscious decision on the part of the new administration to treat Israel much more gently.”¹³⁶ The US approach to negotiations had also shifted since the 1991-1992 loan dispute; the Oslo Accords had reserved the resolution of the settlement issue for permanent status talks following a transitional period (the question of Israeli troop presence in the West Bank, however, remained a core component of interim negotiations at Wye). President Clinton had personally overseen the entirety of the Oslo process and by 1998 was committed to securing a final status deal. Netanyahu, however, was a very different partner for peace than Rabin. Secretary Albright’s ultimatums and ‘reexamining’ threat would represent one of the toughest lines taken by the Clinton administration against the Israeli government on the road to Wye, though it was quickly abandoned.

Though negotiations over the implementation of the Hebron Protocol represented an existential mission to save the progress of Oslo, another factor that motivated the US investment in working with Netanyahu was the impending bombing of Iraq over its failure to comply with UN inspection requirements. By gaining a victory in Israeli-Palestinian peace, the Clinton administration could strengthen relations with Arab states and more effectively isolate Iraq.¹³⁷

¹³⁶ Author Interview with Aaron David Miller.

¹³⁷ Freedman, Robert. “US Policy Towards the Middle East in Clinton’s Second Term.” *Middle East Review of International Affairs*, vol. 3, no. 1, March 1999.
https://ciaotest.cc.columbia.edu/olj/meria/meria99_freedman01.html#note6

Netanyahu responded to the May 1998 arm-twisting with a counterattack on President Clinton at Level II. *The Journal of Palestine Studies'* Peace Monitor describes the pro-Israel advocacy campaign to resist US pressure on Israeli redeployment details as follows:

Immediately after the Iraq crisis dissipated, Netanyahu initiated a campaign to pressure the U.S. not to publicly release or push Israel to accept its FRD plan. To this end, he sent media adviser Bar-Ilan to meet with Jewish-American leaders, representatives of the Christian Right, and allies in Congress (2/28); ordered his Amb. to the UN, Dore Gold, to head to Washington with a senior American Israel Public Affairs Committee (AIPAC) official to meet with Republican members of Congress (3/2); hosted a delegation of the Conference of Presidents of Major American Jewish Organizations (CPMAJO; 3/2);¹³⁸ enlisted World Likud Chmn. Zalman Shoval to start an "information campaign" targeting U.S. public opinion; sent Trade M Sharansky and adviser Arad to Washington to meet with VP Gore and Asst. Secy. Indyk, respectively (3/18); sent Finance Minister Yaakov Neeman to New York to meet with American Jewish leaders; and dispatched Communications Minister Limor Livnat to meet with congressmen (3/24)...On 5/6, 221 of 435 House members sent Clinton a similar letter [to the Senate letter] urging him to change course...Immediately after Albright made her 5/5 call in London for a Washington summit on 5/11, CPMAJO demanded (5/5) a conference call with her. During the 3.5 hour accounting (5/6), CPMAJO censured Albright for issuing an "ultimatum" to Israel, "micromanaging" the peace process, and breaking fmr. Secy. of State Christopher's pledge to let Israel alone decide the FRDs [redeployments].¹³⁹

During AIPAC's May 22, 1998 conference, AIPAC Executive Director Howard Kohr articulated the organization's stance on the US pressure, telling delegates that "public pressure on Israel is counterproductive because it doesn't work, it hurts the cause of peace and it undermines the essential pillars of the peace process...Israel cannot be seen as yielding to pressure..."¹⁴⁰ On May 12th, Speaker of the House Newt Gingrich announced a bipartisan House delegation to Israel which would include House Democratic leader Richard Gephardt.¹⁴¹ Netanyahu had

¹³⁸ CPMAJO: Conference of Presidents of Major American Jewish Organizations

¹³⁹ "Peace Monitor: 16 February 1998-15 May 1998." *Journal of Palestine Studies*, vol. 27, no. 4, 1998, p. 132.

¹⁴⁰ "Delegates to AIPAC Confab Back Israel in Peace Talks." *The Jewish News of Northern California*, May 22, 1998. <https://jweekly.com/1998/05/22/delegates-to-aipac-confab-back-israel-in-peace-talks/>

¹⁴¹ Schmitt, Eric. "Albright Gets New Mission: Patch Rift with Israel." *New York Times*, May 12, 1998. <https://www.nytimes.com/1998/05/12/world/albright-gets-new-mission-patch-rift-with-israel.html>

aggressively tested the Level II limits of President Clinton, and the public May “reexamination” comment would remain the peak of US pressure for the remainder of negotiations.

The administration quickly retreated from Secretary Albright’s public diplomatic pressure, holding a meeting between Secretary Albright and Netanyahu that May just days after the proposed May 11 deadline. President Clinton, in a letter to the Conference of Presidents of Major Jewish Organizations, clarified that “at no time have I given an ultimatum to either party.”¹⁴² National Security Advisor Sandy Berger would say that “we have no intention of pressuring Israel. Israel is a close and cherished ally.”¹⁴³

On January 22, 1998, President Clinton was accused of sexual relations with a White House intern, and GOP leaders called for impeachment. It is to be noted that his job approval ratings, paradoxically, rose to the highest levels of his administration during the controversy.¹⁴⁴ Regardless, there was a perception within the Israeli government during the scandal, articulated in September 1998 by Minister of Industry and Trade Natan Sharansky, that “America is weak, so Arafat must wonder whether they can deliver, and that affects their role here.”¹⁴⁵ Though no reelection loomed for the President, the November 1998 mid-term elections did, along with an expanding probe into the Lewinsky scandal, and an expected presidential run by then Vice President Al Gore; picking a fight with pro-Israel advocates did not appear to be a winning formula.¹⁴⁶

¹⁴² Hadar, Leon T. “The Mouse That Roared.” *Journal of Palestine Studies*, vol. 28, no. 1, 1998, p. 84.

¹⁴³ Schmitt, Eric. “Albright Gets New Mission: Patch Rift with Israel.” *New York Times*, May 12, 1998. <https://www.nytimes.com/1998/05/12/world/albright-gets-new-mission-patch-rift-with-israel.html>

¹⁴⁴ Newport, Frank. “Presidential Job approval: Bill Clinton’s Highest Ratings in the Midst of Crisis, 1998.” *Gallup*. June 4, 1999. <https://news.gallup.com/poll/4609/presidential-job-approval-bill-clintons-high-ratings-midst.aspx>

¹⁴⁵ Sontag, Deborah. “Patch of Desert is Key to Mideast Talks’ Next Step.” *New York Times*, September 9, 1998. <https://www.nytimes.com/1998/09/09/world/patch-of-desert-is-key-to-mideast-talks-next-step.html>

¹⁴⁶ Hadar, Leon T. “The Mouse That Roared.” *Journal of Palestine Studies*, vol. 28, no. 1, 1998, pp. 78–85.

A significant inducement was offered to the Israelis in the \$1.2 billion package to support the implementation of Wye. By the latter half of 1998, “the Oslo process had slowed down to a crawl, but it had not been derailed. The Knesset was preparing to vote for early elections. Clinton had reason to hope that Oslo would outlast Bibi.”¹⁴⁷ This proved to be correct, and the overwhelming diplomatic efforts of the US to keep Oslo’s progress alive, despite Netanyahu’s intransigence, ultimately paid off when Netanyahu’s allies on the right turned against him for participating in the peace process, and President Clinton gained a far more willing partner for peace in Ehud Barak.

As the second Intifada would eventually prove, failed peace negotiations do not come without costs. By sustaining the prospect of peace, despite Netanyahu’s resistance, the US was able to, as Aaron David Miller described it, “prevent an explosion...I do believe, during that period, we were inclined to work with Netanyahu because everyone believed, from the President on down, that we were actually saving lives from conflict.”¹⁴⁸

Israeli Position

Throughout discussions on troop redeployment, security concerns emerged as the fundamental concern of the Israeli position. In addition to Palestinian security cooperation and counterterrorism efforts, it was US inducements which would cover the cost of the Israeli redeployment and reassure Israeli security concerns through aid. The US had agreed to pay this bill, but the exact figure remained a point of negotiation. Netanyahu had reportedly made a request in May 1998 for \$1.2 billion in new aid to cover the cost of redeployment following

¹⁴⁷ Pfeiffer, p. 268.

¹⁴⁸ Author interview with Aaron David Miller.

Secretary Albright's ultimatum. Initially "dead in the water," the offer would be revived at Wye and conditioned on Israeli compliance with the final Wye agreement.¹⁴⁹ According to Scott Lasensky, Netanyahu wanted the money to "pacify a growing number of elements in his coalition who opposed a deal."¹⁵⁰ The urgency of appeasing coalition partners had been magnified by 1998; due to internal disputes over funding allocations and power-sharing in the management of Israeli foreign affairs, Israeli Foreign Minister David Levy resigned his ministerial post in January 1998, withdrawing his faction of five MKs, Gesher, from the coalition. Without, Gesher, Netanyahu's majority was effectively lowered to sixty-one seats.¹⁵¹ With this slim majority, Netanyahu chose the path of least resistance by foot-dragging throughout negotiations, a strategy that was undoubtedly linked to the prospect of President Clinton's impeachment.¹⁵²

This same appeal for further inducements to satisfy Level II concerns in Israel was made over the particularly sensitive issue of Jonathan Pollard, an American Jewish spy who had been caught in 1985. Netanyahu "had been the first Israeli prime minister to publicly acknowledge that Pollard had been in Israel's service. Pollard's release, he told Clinton, would help him sell the Wye agreement to his supporters in Israel."¹⁵³ Clinton would deny the request (facing internal pressure from CIA Director George Tenet, who threatened his resignation), and Netanyahu ultimately accepted the 13%.

¹⁴⁹ Lasensky, Scott. "Underwriting Peace in the Middle East: US Foreign Policy and the Limits of Economic Inducements." *Middle East Review of International Affairs*, Vol. 6, No. 1, Mar. 2002, p. 98. *Columbia International Affairs Online*, https://ciaotest.cc.columbia.edu/olj/meria/las02_01.pdf.

¹⁵⁰ Ibid., p. 98.

¹⁵¹ "Background Notes: Israel, December 1988." *US Department of State*. https://1997-2001.state.gov/background_notes/israel_1298_bgn.html

¹⁵² Pfeiffer, p. 261.

¹⁵³ Ibid., p. 265.

The Wye agreement was broadly popular within Israel, with polling showing 74% of Israelis supporting the agreement.¹⁵⁴ This popularity, however, was not reflected within Netanyahu's coalition. For Netanyahu, "the signing of the agreement contained none of the jubilations of the previous Oslo signing ceremonies with Rabin and Peres...there remained the grim job back home of trying to get his crumbling coalition to sign off on the agreement as well. He knew his government might not survive Wye."¹⁵⁵ As had been his strategy throughout negotiations when placed between competing interests, Netanyahu chose inaction.

After returning from Wye, Netanyahu waited three weeks to present the agreement to his cabinet and the Knesset (it passed both). Netanyahu "tried to hang on, but he had fallen out with the right wing in his coalition for signing Wye, with the moderates for not implementing it, and with pretty much everyone else over his own conduct."¹⁵⁶ The Israeli political landscape upon his return was not encouraging; a more well-organized center-left opposition had formed in One Israel, led by Prime Minister-to-be Ehud Barak; a war with Lebanon that had dragged on for more than 17 years; and Netanyahu had been confronting fraud charges.¹⁵⁷ Complying with US pressure had left Netanyahu with few options; somewhat ironically, Yitzhak Shamir, who had once faced similar circumstances, criticized Netanyahu as "an angel of destruction."¹⁵⁸

President Clinton arrived in Israel on December 12, 1998 and was quickly warned by Netanyahu that Wye was collapsing; Netanyahu presented the President with a list of 12 alleged violations or unmet preconditions by the PA, insisting that Wye could not move forward until the

¹⁵⁴ Levitt, Matthew. "Human Rights in the Wye River Memorandum." *Washington Institute*, November 4, 1998. <https://www.washingtoninstitute.org/policy-analysis/human-rights-wye-river-memorandum>

¹⁵⁵ Pfeiffer, p. 266.

¹⁵⁶ *Ibid.*, p. 269.

¹⁵⁷ Kessel, Jerrold. "Netanyahu Says He'll be Cleared in Fraud Investigation." *CNN*, September 16, 1999. <http://www.cnn.com/WORLD/meast/9909/16/netanyahu.investigation/>

¹⁵⁸ Peretz, Don, and Gideon Doron. "Sectarian Politics and the Peace Process: The 1999 Israel Elections." *Middle East Journal*, vol. 54, no. 2, 2000, p. 261.

PA satisfied its obligations under the agreement (Arafat argued that Israel, as well, had not met its obligations under Wye).¹⁵⁹ On December 20, 1998, the Israeli cabinet voted unanimously to freeze the implementation of Wye until the PA met the 12 conditions proposed by Netanyahu; Netanyahu would preempt a no-confidence vote the next day by calling for new elections.¹⁶⁰

Theoretical Implications

The US effort to secure Israeli compliance throughout negotiations and keep the peace process alive in 1998 presents an interesting case of Israel and its allies in the US successfully parrying Level I pressure by raising the political cost for the Clinton administration at Level II. Further, the administration's retreat from negative leverage and recalibration towards inducement offers valuable insights into the effective use of inducements, as well as how Netanyahu navigated competing pressures within Israel.

Throughout negotiations, Netanyahu's position at Level II is comparable, but not identical, to Shamir's in 1991-1992. Netanyahu, however, undertook a more intentional effort to secure benefits which, as Scott Lasensky writes, "provide domestic cover for leaders who take risks for peace."¹⁶¹ The two primary known attempts by Netanyahu to secure inducements that would placate members of his coalition who objected to the peace process demonstrate, the \$1.2 billion and Pollard, offer insight into how Netanyahu went about attempting to balance the

¹⁵⁹ "Peace Monitor: 16 November 1998-15 February 1999." *Journal of Palestine Studies*, vol. 28, no. 3, 1999, pp. 112-127.

¹⁶⁰ Ibid.

¹⁶¹ Lasensky, "Underwriting Peace in the Middle East." p. 89.

competing interests of his coalition. Lasensky also acknowledges the “shelf life” problem of inducements, whereby US inducements raise the baseline expectations for future negotiations.¹⁶²

Comparing the political context of Shamir’s loan guarantee dispute with Netanyahu at Wye, Shamir found himself at the potential beginning of a peace process, while Netanyahu confronted the momentum of Oslo. Though President Clinton had gained political strength from the prior success of negotiations throughout the 1990s, he was not as immune to Level II pressures as President Bush in 1991-1992, and quickly succumbed to pressure from pro-Israel advocates who rejected coercion as an influence strategy. The threat of impeachment which hung overhead Clinton throughout 1998 placed him in a significantly different position than Bush, who enjoyed immense support following the Persian Gulf War. Further, Netanyahu, who was raised and educated in the US, was far more capable than Shamir of navigating the US political climate; a factor which helped Netanyahu influence the Level II pressures confronting Clinton. Within Israel, the peace process enjoyed stronger popular support in 1998 than in 1991, and the concern over mismanagement of the US-Israel relationship was not a central concern in 1998 due to the Clinton administration’s retreat from negative leverage and public rebukes of Netanyahu’s obfuscation. Also unlike Shamir in 1991, the internal diversity of Netanyahu’s coalition pulled him in competing directions (whereas Shamir’s coalition was more ideologically cohesive). After the defection of Gesher in 1998 and the lowering of Netanyahu’s majority to 61, veto players supporting the peace process became more outspoken, and Netanyahu was compelled to appease them for fear of losing the majority altogether. One example of this is Defense Minister Yitzhak

¹⁶² Ibid.

Mordecai, a moderate Likudnik who threatened in January 1998 to quit the coalition if Israeli troops were not withdrawn from the West Bank in accordance with the Hebron Protocol.¹⁶³

Rebecca Farley offers a compelling examination of the Level II factors in Israel which shaped Netanyahu's inability to maintain his coalition following the Wye agreement; arguing that Netanyahu was able to balance the competing interests of his coalition following the Hebron Protocols by "refusing to implement many of its provision."¹⁶⁴ With Wye, Netanyahu had crossed the Rubicon. Netanyahu's coalition overwhelmingly consisted of right-wing parties, with the exception of the center-left Third Way which held four seats and supported territorial concessions on the West Bank (but not the Golan). Farley submits that, due to the high number of veto players following the loss of Geshet, stability was Netanyahu's only policy option to avoid further defection.¹⁶⁵ Farley also attributes the weakness of Netanyahu's coalition to the decrease in Likud's party cohesion which came about due to the adoption of primary elections for party offices.¹⁶⁶

The Wye River Memorandum saw the first Likud-led government to negotiate and sign an agreement redeploying Israeli troops from the West Bank and transferring land to the Palestinians.¹⁶⁷ The ideological foundation of the agreement, and the Oslo process broadly, was a land-for-peace arrangement that had been rejected by traditional Likud support for Greater Israel and "security through land rather than through a peace accord."¹⁶⁸ This contradiction ruptured

¹⁶³ Horowitz, David. "Moderate Ex-General May Hold Key on Getting Israel to Peace Track." *The Irish Times*, January 10, 1998. <https://www.irishtimes.com/news/moderate-ex-general-may-hold-key-to-getting-israel-on-a-peace-track-1.122787>

¹⁶⁴ Farley, Rebecca. Spring 2005. "Parties, Coalitions, and Peace: Applying the Veto Player Theory to the Arab Israeli-Palestinian Peace Process, 1992-2001." *Critique*, Spring 2005, p. 105.

¹⁶⁵ Ibid.

¹⁶⁶ Ibid.

¹⁶⁷ Weiner, Justus. "Wye River Memorandum: A Transition to Final Peace." *Hastings International and Comparative Law Review*, vol. 24, article 1, Fall 2000.

¹⁶⁸ Peretz, Don, and Gideon Doron. "Sectarian Politics and the Peace Process: The 1999 Israel Elections." *Middle East Journal*, vol. 54, no. 2, 2000, p. 261.

the core identity of the Likud between those who supported the peace process and more conservative hawks.¹⁶⁹ Amongst the Israeli public, peace (as well as a strong US-Israel relationship) was popular; one US official interviewed by the Washington Post put Netanyahu's position during 1998 as follows: As long as he could announce there would be another meeting, he was fine...If Washington declared an impasse, Netanyahu would be left with "no peace, no security, and a break in the relationship with the U.S. administration that would not go down well with the bulk of Israeli voters."¹⁷⁰ Netanyahu had done his best to satisfy no one through obfuscation and inaction, but he could not escape the competing pressures of his coalition, the Israeli public, and the US.

Case Study 3: 2010 Settlement Freeze Extension

Introduction

In 2009, the Obama administration sought to create “daylight” between the US and Israel while restarting negotiations in the peace process. Believing that a settlement moratorium would remove a significant roadblock to talks, the administration disregarded President Bush's prior US commitments, which relegated the resolution of the settlement issue to final status talks and demanded a total settlement freeze from the Netanyahu government.

After securing a 10-month settlement moratorium from Netanyahu, which excluded East Jerusalem and ongoing construction, the parties would only enter direct talks in the final month

¹⁶⁹ Ibid.

¹⁷⁰ Gellman, Barton. “Ultimatums were a US Tool in Middle East Talks.” *The Washington Post*, November 4, 1998. <https://www.washingtonpost.com/archive/politics/1998/11/04/ultimatums-were-a-us-tool-in-middle-east-talks/a757deb5-3827-4525-83fd-5fdb63f9f544/>

of the partial freeze, and the negotiations would quickly falter.¹⁷¹ Attempting to secure an extension to the moratorium, the Obama administration reportedly offered Israel over \$3 billion in F-35s and a commitment to veto any UN Security Council resolution critical of Israel that year. A split Israeli cabinet requested that the US commit to the package in writing, including the exclusion of East Jerusalem from the freeze. The Obama administration never returned the requested letter, effectively withdrawing the offer. This outcome arose both because the administration appeared to realize that a continuation of the extension might not have been a sufficient Palestinian precondition for continuing negotiations and that the immense size of the inducement created a major discrepancy between the total offer and the requested Israeli extension. The conditions on the 10-month moratorium, though not what the Obama administration requested, did not involve an initial generous US inducement and appears to have been made as a diplomatic gesture by Netanyahu.

The most compelling features of this case include the inability of Netanyahu to secure his cabinet's support despite the sheer size of the inducement, the extremely high evaluation which the Obama administration placed on a 90-day extension of a partial freeze, and the Level II limitations in both the US and Israel which shaped US options for leveraging influence and Israeli compliance. Unlike Shamir in 1992 and Netanyahu at Wye River, this case demonstrates a successful instance of Israel effectively fending off a US influence attempt without suffering coalitional collapse. By resisting US pressure, Netanyahu affirmed Sislin's findings in the sense that the sensitive issue of settlements raised the cost of compliance with an extension of the

¹⁷¹ "Behind the Headlines: The Resumption of Direct Talks Between Israel and the Palestinians." *Israeli Ministry of Foreign Affairs*, https://embassies.gov.il/MFA/FOREIGNPOLICY/Issues/Pages/BTH_Resumption_direct_talks_Israel_Palestinians_1-Sep-2010.aspx

freeze, damaging the odds of an influence attempt's success. Contravening Sislin's conclusion, the Obama administration's generous deployment of inducements (even including F-35s which Israel could not have secured from other sources), was insufficient for compelling an Israeli extension of the freeze. The theoretical implications of this case on the modern US-Israel aid relationship are major and demonstrate the emergence of a new period in US-Israel relations where Israel can more easily resist US pressure, partially due to Netanyahu's confidence in his ability to limit the US willingness to deploy coercive leverage.

Case Overview

In 2004, correspondence between Israeli Prime Minister Ariel Sharon and US President George W. Bush regarding the Israeli withdrawal from Gaza contained a significant and disputed inducement. In an April 14, 2004 letter commending the Gaza withdrawal, President Bush conveyed the US willingness to recognize the Israeli claim over large settlement blocks in the West Bank and relegated the issue's resolution to final status talks.¹⁷² The letter also rejected Palestinian refugee resettlement within Israel, advocating instead for resettlement in a new Palestinian state.

Sharon interpreted the letter as a tremendous victory and a US recognition of Israel's claim over major settlement blocks. Dov Weissglas, then Director-General of the Prime Minister's Office under Ariel Sharon, submits that due to the unilateral nature of the withdrawal

¹⁷² The exact text reads: "In light of new realities on the ground, including already existing major Israeli population centers, it is unrealistic to expect that the outcome of final status negotiations will be a full and complete return to the armistice lines of 1949, and all previous efforts to negotiate a two-state solution have reached the same conclusion."

from Gaza, Israel requested a US comment on the settlement issue to help the Sharon government vis-à-vis Israeli public opinion. Weissglas says the letter “made a big noise here...that was the first time the US was willing to recognize Israel’s claim over settlements... it was perceived as a dramatic accomplishment.”¹⁷³ Former US Ambassador to Israel, Dan Kurtzer (Amb. 2001-2005), however, contends that the letter indicated that “if the Israeli and Palestinians agree, the US will agree that...basically the settlements that are agreed upon can remain, so the Israelis interpret that as we agreed to the settlement blocks, which we didn’t, but the language was ambiguous enough that Sharon was able to take it back to the cabinet and say he accomplished something.”¹⁷⁴ The status of the settlements as a final status issue was another core component of the letter which solidified the idea that a settlement freeze would not be a precondition to negotiations. This reflected the Bush administration's approach to the US-Israel relationship whereby the administration was unwilling to initiate a pressure campaign over the issues of settlements (the Gaza withdrawal was not a result of US pressure, though the Israelis sought US diplomatic inducements to shore up popular support for the withdrawal).

Netanyahu’s first meeting with President Obama in May 2009 demonstrated the misaligned priorities of the two leaders. Netanyahu, sending an advance team, was chiefly concerned about the emerging Iranian nuclear threat; Obama, however, sought to get the ailing peace process back on track by way of a settlement freeze.¹⁷⁵ Historically, no Israeli prime minister had ever undertaken a settlement freeze, and the request had significant implications for future negotiations; “Obama was setting a threshold for Palestinian leader Mahmoud Abbas, who in the past had grudgingly negotiated with Israel while it continued building. How could Abbas

¹⁷³ Author interview with Dov Weissglas.

¹⁷⁴ Author interview with Daniel Kurtzer.

¹⁷⁵ Pfeiffer, p. 314.

countenance doing so in the future once the demand has been made by the Americans?”¹⁷⁶ The freeze was a significant request from Netanyahu; with a 69-seat majority, this was not an impossible maneuver, but certainly an unpopular and novel one. Further, it contravened the commitments made by President Bush in the 2004 letter. However, the Iran issue remained squarely at the top of Netanyahu’s priorities. If a freeze would secure US support on Iran, it might be worth the political capital; further, then Israeli Ambassador to the US, Michael Oren, would say that “Obama and Hillary wanted to show that they could get a freeze, we were under pressure. Obama was a powerful president...People were afraid of boycotts, people were afraid of sanctions, a lot of things.”¹⁷⁷ The early strength of the Obama administration with a fully democratic Congress, combined with the need for cooperation on the Iran front, was sufficient motivation for Netanyahu to at least partially comply with Obama’s request.

The settlements had grown and deepened their presence over time; in 1993, the settler population was 116,300, and by 2010, it had reached 311,100.¹⁷⁸ Netanyahu, returning as Prime Minister in March 2009, would insist that:

The Issue of settlements belongs to the final negotiations. It can’t prejudge the negotiations...There are a quarter of a million people living in these communities, they need kindergartens, they need schools, they need health clinics, they’re living...you can’t freeze life. There is a way, I think, to relaunch the peace process and not get bogged down with this question, because we just wasted six months on this issue...I said no preconditions on the beginning of negotiations. I’m willing to go anywhere anyplace, to meet any leader, first of all Palestinian leaders, to move towards peace.¹⁷⁹

¹⁷⁶ Ibid.

¹⁷⁷ Author interview with Michael Oren.

¹⁷⁸ “Population Data.” *Peace Now*, 7 May, 2019, <https://peacenow.org.il/en/settlements-watch/settlements-data/population>.

¹⁷⁹ “Netanyahu: Can't Freeze Israeli Settlements.” *YouTube*, ABC News, 22 Sept, 2009, <https://www.youtube.com/watch?v=5HAZrsIfFnQ>.

Early in its tenure, however, the Obama administration linked enhanced support on Iran to Israeli policy toward the Palestinians; the administration's focus on settlements derived from their determination that settlements, in addition to violence, were a significant obstacle worth removing for negotiations to move forward.¹⁸⁰

Netanyahu had correctly anticipated tension with Obama. In 2008, then-candidate Barack Obama said that "there is a strain within the pro-Israel community that says, 'unless you adopt an unwavering pro-Likud approach to Israel, that you're anti-Israel,' and that can't be the measure of our friendship with Israel."¹⁸¹ In July 2009, Obama rejected the expectations of a US-Israel relationship defined by "no daylight" where "Israel just sits on the sidelines, eroding our credibility with the Arab states."¹⁸² This was a sharp departure from the previous ethos of the US-Israel relationship, where mutual security interests over Iran would bolster a closer alliance; instead, Netanyahu would have to pay in Palestinian currency to get Obama's support on Iran.¹⁸³

Obama entered the presidency with relatively weak foreign policy credentials, and the 2008-2009 Gaza war had yet to brighten the prospects for peace. Netanyahu defiantly resisted Obama's first approach to the settlement freeze.¹⁸⁴ Mahmood Abbas, in response to the discussions over a potential freeze, declared that he would not negotiate without it. Having found themselves at loggerheads, Netanyahu did not fear repercussions from the Israeli public about the

¹⁸⁰ Pfeiffer, p. 314.

¹⁸¹ Rosner, Shmuel. "Jews and the 2008 Election." *Commentary Magazine*, February 2009. <https://web.archive.org/web/20090418170849/http://www.commentarymagazine.com/viewarticle.cfm/jews-and-the-2008-election-14385>

¹⁸² Cortellessa, Eric. "Dermer: For First Time in Years, 'No Daylight' Between US and Israel." *Haaretz*, 26 March, 2017. <https://www.timesofisrael.com/dermer-for-first-time-in-decades-no-daylight-between-us-and-israel/>

¹⁸³ Author interview with Alon Pinkas.

¹⁸⁴ Heller, Jeffery. "Netanyahu Defies Obama Call for Settlement Freeze." *Reuters*, June 1, 2009. <https://www.reuters.com/article/idUSL1157889>

row; Obama was deeply unpopular among the Israeli public. Polling from June 2009 found that only 6% of Israelis considered Obama “pro-Israel.”¹⁸⁵

On June 4, 2009, Obama gave his “New Beginning” speech in Cairo. Following an unprecedented expression of sympathy for the Palestinian people, Obama said that “the United States does not accept the legitimacy of continued Israeli settlements. This construction violates previous agreements and undermines efforts to achieve peace. It is time for these settlements to stop.”¹⁸⁶ Netanyahu gave a speech ten days later at Bar-Ilan University, endorsing the principle of a two-state solution for the first time. He also reiterated that the settlement issue should be a final status one and that ‘natural growth’ must be accommodated to allow residents to live normal lives.¹⁸⁷ On the subject of ‘natural growth,’ the Central Bureau of Statistics of Israel showed that one-third of settler population growth stemmed from migration; along with higher levels of state-supported construction and a higher percentage of annual population growth than the Israeli average, ‘natural growth’ failed to account for the totality of settlement expansion at the time.¹⁸⁸

The Cairo speech demonstrated the critical and public nature of Obama’s approach to Israel, which was not met without resistance from the pro-Israel community in the US. In May 2009, AIPAC circulated a letter receiving 329 signatures from members of Congress which outlined an understanding of the peace process whereby “the parties themselves must negotiate the details of any agreement,” and “the proven best way forward is to work closely and privately

¹⁸⁵ Stern, Gil. “Jerusalem Post/Smith Poll: Only 6% of Israelis See US Gov’t as Pro-Israel.” *Jerusalem Post*, June 19, 2009. <https://www.jpost.com/israel/jerusalem-postsmith-poll-only-6-percent-of-israelis-see-us-govt-as-pro-israel>

¹⁸⁶ Obama, Barack. “Remarks by the President at Cairo University.” *The White House Office of the Press Secretary*, June 4, 2009. <https://obamawhitehouse.archives.gov/the-press-office/remarks-president-cairo-university-6-04-09>

¹⁸⁷ Netanyahu, Benjamin. “Full Text of Binyamin Netanyahu’s Bar Ilan Speech.” *Jerusalem Post*, June 14, 2009. <https://www.jpost.com/israel/full-text-of-binyamin-netanyahus-bar-ilan-speech>

¹⁸⁸ Kershner, Isabel. “Israel and US Can’t Close Split on Settlements.” *New York Times*, June 1, 2009. https://www.nytimes.com/2009/06/02/world/middleeast/02mideast.html?_r=1&scp=1&sq=Israel%20settlements&st=cse

together both on areas of agreement and especially on areas of disagreement...the US must be a trusted mediator and a devoted friend to Israel.”¹⁸⁹ A similar letter received 76 signatures in the Senate. Obama’s public and private diplomatic pressure was making waves, and the new posture of the US was a notable shift from “no daylight.”

Obama’s tough approach may have been unfamiliar, but the US had not taken too radical a departure from its prior diplomatic line towards Israel. In September 2009, the Goldstone Report, the results of a UN fact-finding mission, accused the Israeli Defense Forces (as well as Palestinian militant groups) of war crimes during the 2008-2009 Gaza war. Following an Israeli appeal to support it in challenging the report, the US criticized its findings as unbalanced and biased against Israel.¹⁹⁰

In November 2009, the Israelis accepted a 10-month moratorium on new settlement construction in the West Bank, with the notable exception of Jerusalem. Additionally, existing construction was not included in the freeze. Infrastructure Minister Uzi Landau was the only member opposed to the moratorium in a cabinet vote.¹⁹¹ Though Netanyahu would not explain his rationale, “it could be attributed both to US pressure on the settlement issue and US support on such issues as the Goldstone report.”¹⁹² Ambassador Michael Oren described the freeze as “a gesture, first of all, to the president of the United States. I cannot stress that enough.”¹⁹³ The freeze was well below what was requested by Obama, but the gesture was well received publicly

¹⁸⁹ Fingerhut, Eric. “AIPAC-Backed Letter Gets 392 House Signatures.” *Jewish Telegraphic Agency*, May 28, 2009. <https://www.jta.org/2009/05/28/politics/aipac-backed-letter-gets-329-house-signatures>

¹⁹⁰ Kurtzer, Daniel; Lasensky, Scott; Quandt, William; Spiegel, Steven; Telhami, Shibley. “The Peace Puzzle: America’s Quest for Arab-Israeli Peace, 1989-2011.” *Cornell University Press*, 2013, p. 252.

¹⁹¹ Ravid, Barak. “Netanyahu Declares 10-Month Settlement Freeze ‘To Restart Peace Talks.’” *Haaretz*, November 25, 2009. <https://www.haaretz.com/2009-11-25/ty-article/netanyahu-declares-10-month-settlement-freeze-to-restart-peace-talks/0000017f-e1ff-d7b2-a77f-e3ff98e90000>

¹⁹² Kurtzer, Daniel; Lasensky, Scott; Quandt, William; Spiegel, Steven; Telhami, Shibley. “The Peace Puzzle: America’s Quest for Arab-Israeli Peace, 1989-2011.” *Cornell University Press*, 2013, p. 253.

¹⁹³ Bronner, Ethan; Landler, Mark. “Israel Offers a Pause in Building New Settlements.” *New York Times*, November 25, 2009. <https://www.nytimes.com/2009/11/26/world/middleeast/26israel.html>

by the administration. Netanyahu articulated his motivation for the move as such: “it will enable us to show the world this simple truth: the government of Israel wants to enter into negotiations with the Palestinians, is taking practical steps to enter negotiations, and is very serious in its intention to advance peace.”¹⁹⁴ The Palestinian leadership, however, was less enthusiastic and refused to return to negotiations without a full settlement freeze.¹⁹⁵

In March 2010, during an official visit by Vice President Joe Biden, the Israeli government announced the construction of 1,600 new housing units in East Jerusalem; Biden condemned “the substance and timing of the announcement” and said that “unilateral action taken by either party cannot prejudice the outcome of negotiations on permanent status issues.”¹⁹⁶ Secretary of State Clinton allegedly yelled at Netanyahu following the embarrassing maneuver.¹⁹⁷ Negotiations with the Palestinians, meanwhile, had remained stuck on the precondition of a full freeze. The US attempted to arrange productive dialogue throughout the moratorium, but no ground could be found.

In May 2010, the Gaza-bound Gaza Freedom Flotilla was raided in international waters by Israeli soldiers. Fighting unfolded, 10 Turkish activists were killed, and 10 Israeli soldiers were injured. Israel considered the ships, half of which carried humanitarian aid, a provocation.¹⁹⁸ Like with the Goldstone Report, the US provided Israel with diplomatic cover and defended its right to self-defense in the face of intense international criticism.¹⁹⁹ The

¹⁹⁴ Ravid, Barak. “Netanyahu Declares 10-Month Settlement Freeze ‘To Restart Peace Talks.’” *Haaretz*, November 25, 2009. <https://www.haaretz.com/2009-11-25/ty-article/netanyahu-declares-10-month-settlement-freeze-to-restart-peace-talks/0000017f-e1ff-d7b2-a77f-e3ff98e90000>

¹⁹⁵ CNN Wire Staff. “Palestinian Leaders: No Peace Talks Without Broad Settlement Freeze.” *CNN*, November 21, 2010. <http://www.cnn.com/2010/WORLD/meast/11/21/israel.settlements/index.html>

¹⁹⁶ Bronner, Ethan. “As Biden Visits, Israel Unveils Plan for New Settlements.” *New York Times*, March 9, 2010. <https://www.nytimes.com/2010/03/10/world/middleeast/10biden.html>

¹⁹⁷ Pfeiffer, p. 317.

¹⁹⁸ Netanyahu would apologize to the Turkish prime minister for the raid in 2013.

¹⁹⁹ Kurtzer, Daniel; Lasensky, Scott; Quandt, William; Spiegel, Steven; Telhami, Shibley. “The Peace Puzzle: America’s Quest for Arab-Israeli Peace, 1989-2011.” *Cornell University Press*, 2013, p. 254.

moratorium had been largely unproductive; the US-Israel relationship had soured over the settlement issue, and pressure was growing from the pro-Israel community. In response, “high-level foreign policy and national security visits to Israel increased in 2010, as did military assistance, strategic cooperation, and coordination of policies vis-à-vis Iran.”²⁰⁰ Worsening the US-Israel relationship, in June 2010 a video from 2001 was released of Netanyahu speaking with settlers in which he says that he knows “what America is. America is a thing that can be moved very easily, move it in the right direction.”²⁰¹

A new round of direct negotiations between Netanyahu and Abbas began in September 2010; the 10-month freeze was set to expire on September 26, 2010. Abbas maintained that negotiations would be conditional on the freezing of Israeli settlement construction; Netanyahu, meanwhile, was coming under pressure from domestic forces. A Hamas shooting in August 2010 that killed 4 Israelis in Hebron raised the temperature for Netanyahu. In response to the shooting, the Yesha Council settler group announced the construction of new settlements prior to the end of the moratorium, a move which would force Netanyahu to either enforce his government’s freeze on new settlements by force or acquiesce and be blamed for noncompliance.²⁰²

In September 2010, it was reported that Netanyahu had sought the release of Jonathan Pollard in exchange for an extension of the settlement moratorium, but this was never secured.²⁰³ Despite US efforts to extend the moratorium, it expired without any significant progress in negotiations. It was reported that Obama sent a letter to Netanyahu requesting a non-renewable

²⁰⁰ Ibid., p. 255.

²⁰¹ “Netanyahu in 2001: ‘America is a Thing You Can Move Very Easily.’” *Huffington Post*, May 25, 2011. https://www.huffpost.com/entry/netanyahu-in-2001-america_n_649427

²⁰² Washington Post Foreign Service. “Direct Talks Between Israeli and Palestinian Leaders to Begin.” *Washington Post*, August 31, 2010. <https://www.washingtonpost.com/wp-dyn/content/article/2010/08/31/AR2010083103335.html?sid=ST2010083103802>

²⁰³ McGreal, Chris; Shabi, Rachel. “Israel Seeks Release of Spy in Exchange for Extending Settlement Freeze.” *The Guardian*, September 20, 2010. <https://www.theguardian.com/world/2010/sep/20/israel-spy-release-settlement-freeze>

60-day extension to the moratorium, committing to veto any UN Security Council resolutions regarding the Israeli-Palestinian conflict for the subsequent year.²⁰⁴ In October, Netanyahu offered an extension to the settlement freeze if the Palestinians would acknowledge Israel as the homeland of the Jewish people.²⁰⁵ The offer appeared to represent an attempt by Netanyahu to shift accountability for the continued failure of negotiations and was ultimately countered by a Palestinian request for a sovereign state within 1967 borders.

November 2010 would see a rapid and major inducive effort by the US to secure an Israeli extension of the moratorium. In early November, Secretary Clinton and Netanyahu met for 7 hours in DC to hash out the details of a possible inducement package.²⁰⁶ The US proposal reportedly consisted of 20 F-35, worth \$3 billion, in addition to diplomatic assurances at the UN. As the details of the negotiations became public, questions were raised “both in Israel, where some cabinet ministers opposed the moratorium in principle while others were inclined to distrust US assurances, and in the US, where serious questions were raised about the high price being offered for a very short extension of the moratorium.”²⁰⁷ Netanyahu delayed the vote for the extension in Israel’s cabinet, requesting the inducements in writing; but the written assurances were never delivered, effectively ending the negotiations.²⁰⁸ The Israelis argued that

²⁰⁴ “D2. David Makovsky, President Obama’s Draft Letter to Prime Minister Netanyahu Offering Inducements in Exchange for Renewing the West Bank Settlement Freeze, Washington D.C., 29 September 2010 (Excerpts).” *Journal of Palestine Studies*, vol. 40, no. 2, 2011, pp. 206–08.

²⁰⁵ Flower, Kevin. “Netanyahu Would Extend Settlement Freeze in Return for Recognition.” *CNN*, October 11, 2010. <http://www.cnn.com/2010/WORLD/meast/10/11/israel.settlement.freeze/index.html>

²⁰⁶ Landler, Mark. “Netanyahu and Clinton in Extended Talks on Mideast.” *New York Times*, November 11, 2010. <https://www.nytimes.com/2010/11/12/world/middleeast/12diplo.html>

²⁰⁷ Kurtzer, Daniel; Lasensky, Scott; Quandt, William; Spiegel, Steven; Telhami, Shibley. “The Peace Puzzle: America’s Quest for Arab-Israeli Peace, 1989-2011.” *Cornell University Press*, 2013, p. 260.

²⁰⁸ Landler, Mark. “US Drops Bid to Sway Israel on Settlements.” *New York Times*, December 7, 2010. <https://www.nytimes.com/2010/12/08/world/middleeast/08diplo.html>

Palestinian intransigence over settlements in East Jerusalem made extending the moratorium futile.²⁰⁹

Israeli Position

As had been the case in 1998 at Wye, Israeli security concerns dominated their negotiating position, and the 20 F-35s were an attempt to shore up these reservations. By reassuring Israel on security issues, the US hoped that Netanyahu would reciprocate by lowering one of the most substantial barriers to the broader peace process: the settlements. The US offer to defend Israel from international pressure at the UN indicates another diplomatic priority of Netanyahu, who had been the focus of international condemnation from the Goldstone Report and the Gaza Flotilla raid.

Netanyahu's center-right government in November 2010 held a Knesset majority of 74 seats. Though the coalition included Labor with 13 MKs, it was overwhelmingly right-wing. Netanyahu was once again pulled in different directions, facing Labor threats to leave the coalition without an extension, settlers on the ground who could force a confrontation, and right-wing members of the government who vehemently opposed extending the moratorium.²¹⁰ Further, Netanyahu had said in July 2010 that no extension of the moratorium would be forthcoming.²¹¹ The settler movement launched an opposition campaign to the extension in

²⁰⁹ Lis, Jonathan. "Netanyahu: Israel Agreed to New Settlement Freeze, but US Retracted Offer." *Haaretz*, January 3, 2011. <https://www.haaretz.com/2011-01-03/ty-article/netanyahu-israel-agreed-to-new-settlement-freeze-but-u-s-retracted-offer/0000017f-e7e5-d62c-a1ff-ffff73980000>

²¹⁰ Beaumont, Peter. "Cracks Widen in Netanyahu's Coalition." *The Guardian*, October 16, 2010. <https://www.theguardian.com/world/2010/oct/17/israel-binyamin-netanyahu>

²¹¹ Associated Press. "Netanyahu: No Extension to 10-Month Settlement Freeze." *Jerusalem Post*, July 26, 2010. <https://www.jpost.com/Breaking-News/Netanyahu-No-extension-to-10-month-settlement-freeze>

November as the cabinet weighed the US offer. Netanyahu's cabinet, meanwhile, was split on whether to accept the deal; the ultra-Orthodox Shas party held the two swing votes. The two key Shas members offered to abstain from the vote on the grounds that Israel receives written assurances that the moratorium would exclude Jerusalem.²¹² Netanyahu had been overstretched by US pressure before and was not eager to attempt a politically costly moratorium extension.

Former US Ambassador to Israel, Martin Indyk, advised US Assistant Secretary of State for Near Eastern Affairs, Jeff Feltman, that Netanyahu feared the potential emergence of an anti-peacemaking coalition led by Avigdor Lieberman; by keeping Lieberman within the coalition, he could prevent the defection of Netanyahu's Likud allies to Lieberman's camp.²¹³ Lieberman had flatly rejected extending the settlement moratorium and advocated for negotiations without preconditions.²¹⁴ Further, he had previously undermined Netanyahu at the UN saying that a comprehensive peace agreement "could take decades."²¹⁵ In January 2011, Lieberman would again contradict Netanyahu's policies by stating that "it is forbidden for us to reach a comprehensive deal today with the Palestinians. To put it clearly, you have to understand that their government is not legitimate."²¹⁶ Indyk notes that Netanyahu had threatened Lieberman with the formation of an alternative coalition with the center-left Kadima party.²¹⁷ No election

²¹² Ravid, Barak. "Netanyahu to Shas: 'Don't Vote Against West Bank Settlement Freeze.'" *Haaretz*, November 17, 2010. <https://www.haaretz.com/2010-11-17/ty-article/netanyahu-to-shas-dont-vote-against-west-bank-settlement-freeze/0000017f-e6f8-df2c-a1ff-fef97c9e0000>

²¹³ Anne-Marie Slaughter. "MARTIN INDYK SENT THIS TO JEFF FELTMAN – VERY INTERESTING ANALYSIS." *WikiLeaks*, Hillary Clinton Email Archive, September 29, 2010. <https://wikileaks.org/clinton-emails/emailid/1565>

²¹⁴ Reuters Staff. "Israel Minister: No Reason to Extend Settlement Freeze." *Reuters*, December 6, 2010. <https://www.reuters.com/article/idINIndia-53384120101206>

²¹⁵ Somfalvi, Attila. "PM's Office: Lieberman's UN Speech Not Coordinated with Netanyahu." *YNet News*, September 28, 2010. <https://www.ynetnews.com/articles/0,7340,L-3961603,00.html>

²¹⁶ Garcia-Navarro, Lulu. "Netanyahu, Minister Vie for Soul of Israeli Right." *NPR*, January 7, 2011. <https://www.npr.org/2011/01/07/132720464/netanyahu-minister-vie-for-soul-of-israeli-right>

²¹⁷ Anne-Marie Slaughter. "MARTIN INDYK SENT THIS TO JEFF FELTMAN – VERY INTERESTING ANALYSIS." *WikiLeaks*, Hillary Clinton Email Archive, September 29, 2010. <https://wikileaks.org/clinton-emails/emailid/1565>

would come pitting Lieberman against Netanyahu, but it is a worthwhile consideration that Netanyahu feared that moving forward with a deal could strengthen the possibility of a defection from his ring-wing allies.

Then US Ambassador to Israel, Michael Oren, argues that Netanyahu rejected the extension offer because of his settler constituency, fearing that the domestic cost of accepting and enforcing the extension would be too heavy.²¹⁸ Central to Oren's argument as to the reason why the inducements proved insufficient was that the Palestinians were unwilling to accept the moratorium and demanded a full freeze, which was politically untenable. Oren also noted the Israeli awareness of US Level II limitations, saying that "there weren't many coercive options because there was a limit on how much America could squeeze us given American domestic policy. Go tell McDonald Douglas that they're not going to sell billions of dollars of planes because you don't like Israeli policy in the West Bank."²¹⁹ Regarding the inducive strategy of the US, Oren pointed out that "there's a limit to how much this stuff can induce us."²²⁰

Regarding Israeli public attitudes towards the moratorium, a September 2010 poll by the Dahaf Institute (which included Arab Israelis) found that only 39% of Israeli were in favor of extending the settlement moratorium, with 54% opposing.²²¹ Israeli public opinion in this case differs from the Bush-Shamir loan dispute, which most Israelis did not support. Eran Etzion, the head of policy planning at the Israeli Foreign Ministry from 2009-2013, submits that the freeze's outcome was "perceived by most Israelis as 'he was able to force the American hand' and essentially get what Israel wanted..."²²²

²¹⁸ Author interview with Michael Oren.

²¹⁹ Author interview with Michael Oren.

²²⁰ Author interview with Michael Oren.

²²¹ "Israeli Public Opinion on Settlements and Outposts (2009 – Present)." *Jewish Virtual Library*, <https://www.jewishvirtuallibrary.org/israeli-opinion-on-settlements-and-outposts-2009-present>

²²² Author interview with Eran Etzion.

By requesting the final November offer in writing, Netanyahu sought a larger victory whereby the US would explicitly exclude East Jerusalem from the moratorium; though the 10-month freeze did not include East Jerusalem, this was never publicly acknowledged.²²³ US inducements offered in November were nearly successful in gaining the Israeli Cabinet's support, but the tacit recognition of East Jerusalem as Israeli land was a bridge too far for the US. Further, the settler movement's insistence that it would force Netanyahu to enforce a potentially extended moratorium significantly raised the political cost of the move.

By the close of the moratorium extension negotiations, the Israeli government had a lukewarm reception to US inducements, despite their enormous size; Netanyahu was unwilling to push his political limits beyond the coalitional constraints he confronted, having learned his lesson from Wye River; and there was a feeling of apathy both within the Israeli government and the public that an extension of the freeze would simply not be productive or worthwhile, despite the inducement offer. To be sure, certain elements within Israel at Level II favored compliance with the influence attempt, namely the Israeli air force which stood to directly benefit from the inducement package. However, Netanyahu was not under significant internal pressure to extend the moratorium, and the US offer, though generous, was insufficient to motivate the political risk associated with an extension.

American Position

²²³ Lis, Jonathan; Ravid, Barak; Mozgovaya, Natasha; Levinson, Chaim. "Cabinet Stalls on Settlement Freeze as Israel and US Clash over Terms." *Haaretz*, November 17, 2010. <https://www.haaretz.com/2010-11-17/ty-article/cabinet-stalls-on-settlement-freeze-as-israel-and-u-s-clash-over-terms/0000017f-e74d-dc7e-adff-f7ed609a0000>

The first two terms of Obama's presidency aligned with a fully Democratic Congress, the November 2010 midterms, however, tapered Obama's capacity to pressure Israel. Though Obama had demonstrated a commitment to the conflict's resolution, his first years in office did not afford him much time to get steeped in the haggling necessary to bring about a moratorium extension. Aaron David Miller, commenting on Obama's willingness to engage with the conflict in late 2010, said that the administration had "so many headaches: jobs, the Republican party will have more senators, bogged down in two wars. The question for the administration is how important is this and are they ready to risk a high-profile failure."²²⁴

Former Ambassador Martyn Indyk's advice to US Assistant Secretary of State for Near Eastern Affairs, Jeff Feltman, provides valuable insight into the US negotiating position over the moratorium extension; Indyk instructed Feltman in late September 2010 that, despite the right-wing split emerging between Netanyahu and Lieberman, "Netanyahu is in a strong position politically, with an unusually stable ruling coalition. Nobody I spoke with believed that the government would have fallen if he had decided to extend the settlement freeze."²²⁵ Indyk also encouraged Feltman to "put your arm around Bibi [Netanyahu]: he still thinks we are out to bring him down" and that "If all else fails, avoid recriminations in favor of a "clarifying moment." The world will of course blame Bibi...The Israeli public and the American Jewish Community should know how far the President was prepared to go..."²²⁶ Coercion, it appears, was off the table for the Obama administration; both because of its domestic political consequences and

²²⁴ Black, Ian; MacAskill, Ian. "Middle East Peace Talks Stall as US Fails to Sway Israel Over Settlements." *The Guardian*, December 8, 2010. <https://www.theguardian.com/world/2010/dec/08/middle-east-talks-israel-palestine>

²²⁵ Anne-Marie Slaughter. "MARTIN INDYK SENT THIS TO JEFF FELTMAN – VERY INTERESTING ANALYSIS." *WikiLeaks*, Hillary Clinton Email Archive, September 29, 2010. <https://wikileaks.org/clinton-emails/emailid/1565>

²²⁶ *Ibid.*

because of a belief that it would be ineffective while reaffirming Netanyahu's claim of being antagonized by the administration.

One senior US official directly involved in negotiations expressed early pessimism about the diplomatic tools available to the administration, telling former US Ambassador Daniel Kurtzer "we're not going to be ready to back it up in a way that's going to be required."²²⁷ Though the Obama administration demonstrated "daylight" with Israel by way of public criticism, "rhetoric had gotten ahead of reality in that administration," and inducements remained the exclusive means of attempting to secure an extension to the moratorium.²²⁸

The strength of pro-Israel advocates certainly motivated the Obama administration to withhold negative leverage. Obama's open criticism of Israel had earned him an AIPAC-sponsored letter in March 2010 which received the signatures of more than three-quarters of the House of Representatives, encouraging that differences between the US and Israel "are best resolved quietly, in trust and confidence."²²⁹

By November 2010, the Obama administration confronted the unfortunate reality that the Catch-22 of whether to include East Jerusalem in the extended settlement moratorium would not be politically feasible. The final incentive which may have induced Israel to extend the freeze, a written commitment excluding East Jerusalem from the moratorium, would likely have been sufficient to prevent engagement from the Palestinians. Further, should the freeze have been extended, it might have ultimately collapsed the process into violence if talks were unsuccessful after only 90 days.

²²⁷ Author interview with Daniel Kurtzer.

²²⁸ Author interview with Daniel Kurtzer.

²²⁹ McGreal, Chris. "Israel Lobby Presses Congress to Soften Obama's Tough Stance on Netanyahu." *The Guardian*, March 30, 2010. <https://www.theguardian.com/world/2010/mar/30/us-israel-lobby-pressure-obama>

The Level II constraints facing the Obama administration in November 2010 were chiefly focused on the influence of pro-Israel advocacy groups, as well as a new political reality in Congress after heavy Democratic losses in the 2010 midterms. Additionally, the Obama administration was legitimately overwhelmed by its domestic priorities, particularly with regard to the Affordable Care Act, which had been signed into law in March 2010.

Theoretical Implications

The US's failed attempt to secure an extension of the moratorium is the most interesting and relevant aspect of this case. Inducements were either insufficient or unacceptable to secure meaningful progress, and coercive leverage was off the table for the bulk of negotiations, especially once Congress came under Republican control in November 2010. To put the size of the inducement into scale, Israel received \$2.7 billion in Foreign Military Financing grants for FY2010.²³⁰ The Obama administration tested the upper bounds of inducement and was unsuccessful in securing a 90-day settlement moratorium extension (which would have exempted East Jerusalem and ongoing construction). With a \$3 billion valuation, the US had significantly raised the price of Israeli semi-compliance. Former US Ambassador to Israel Daniel Kurtzer criticized this approach to inducements, submitting that the US-Israel assistance relationship is “predicated on Israeli security requirements,” and that instead basing the relationship on what the US wants to ‘buy’ undercuts the basic rationale for security assistance.²³¹ This point also

²³⁰ Sharp, Jeremy. “US Foreign Aid to Israel.” *Congressional Research Service*, December 4, 2009. https://www.everycrsreport.com/files/20091204_RL33222_48674622f385942daf5cf59ee5c49a6cd4474408.pdf

²³¹ Author Interview with Daniel Kurtzer.

contributes to the “shelf life” problem of inducements pointed out by Scott Lasensky; as US aid increases, so too are the political value of inducements weakened across time.

In no small part because of the strength of the pro-Israel community, negative leverage was not an option for the Obama administration’s engagement with Israel. Both Obama and Netanyahu were challenged by domestic interest groups; Obama by AIPAC, and Netanyahu by settlers who threatened to challenge the moratorium on the ground while organizing opposition within the Israeli cabinet.

Unlike the influence attempts against Israel in 1991-1992 and 1998, the Prime Minister did not overextend himself to comply with US goals in extending the moratorium. Shamir had lost his coalition doing the same, and Netanyahu’s experience after Wye did not endear him to an attempt to accommodate US policy at the cost of his allies on the right and potentially severe fallout at Level II. With negative pressure out of consideration, the Level I cost of rejecting US pressure for Israel was limited to opportunity cost and a potentially minor fracture in an already strained relationship. Ultimately Israel was spared these limited repercussions as the US withdrew from the influence attempt.

Also as with Shamir, even if the US had secured the extension, it did not guarantee Israeli compliance with larger US goals in the peace process. Shamir went to Madrid begrudgingly, but meaningful progress in the peace process arose through an electoral change within Israel that was initiated by the coalitional collapse of the Shamir government; even the electoral change which occurred arose more so due to a notable disruption in the US-Israel relationship than a major shift towards the peace camp in the Israeli public. If the Obama administration sought a similar result from the pressure attempt, to force internal strife in Netanyahu’s coalition and roll the dice on electoral change, inducements did not hold nearly the same expressive value as the negative

leverage of the Bush administration. Netanyahu certainly could have attempted, like Shamir, to give the US the minimum of compliance, but compliance in 2010 included a host of domestic challenges which could escalate the political cost of a freeze, namely an open confrontation between Netanyahu and the settlers. Further, largely as a consequence of the Second Intifada and the 2008-2009 Gaza War, Israeli public opinion had further shifted away from supporting the peace process.

Case Study 4: Sino-Israel Relations

Introduction

The Sino-Israel relationship, and the Israeli sale of military technology which has accompanied its deepening since 1979, has been a source of incredible frustration in Washington as the US balances its close relationship with Israel against its security concerns regarding China. Israeli sales of military technology to China have motivated the US to compel Israeli compliance with US demands, with coercive efforts reaching notably high levels of severity. Historically, the US has far more successfully pressured Israel on their Chinese relations than on Israeli policy towards the Palestinians.

In Israel, leaders have carefully balanced their profitable and strategically valuable relationship with the Chinese against the strong US objections to Israeli cooperation with one of their primary global adversaries. Two historic cases demonstrate the US will to compel Israeli compliance with its national security interests regarding China, both regarding military technology: the 2000 Phalcon dispute and the 2005 Israeli maintenance (or upgrading) of Chinese-owned Harpy Killer drones. In both cases, the US applied significant negative leverage and successfully secured Israeli compliance; that is, the Israelis did not complete the Phalcon

sale and did not return China its Harpy drone. This shadow case study contextualizes my comparative research across several historic influence attempts that primarily relate to Israeli behavior toward the Palestinians, particularly regarding the settlement issue.

Case Overview

The China-Israel relationship began lopsidedly when Israel recognized the People's Republic of China in January 1950; China would not return the gesture for another 42 years. For most of the interim, China treated Israel with open hostility, deriding it as an expansionist, imperialist power and rejecting a political settlement to the Arab-Israeli conflict.²³² This Chinese attitude would hold from the 1956 Suez Crisis until the early 1980s when they accepted Israeli independence and initiated a period of quiet military cooperation.

When a delegation of the PLO met with Mao Tse-tung in 1965, the Chairman said that "imperialism is afraid of China and of the Arabs. Israel and Formosa are bases of imperialism in Asia. You are the gate of the great continent, and we are the rear. They created Israel for you, and Formosa for us. Their goal is the same."²³³ In a 1970 interview for Life magazine, Yasser Arafat said, "China was the first outside power to give real help to Fateh."²³⁴ By 1977, Taiwan and Israel had established covert military relations with the Taiwanese purchase of Israeli Gabriel surface-to-surface missiles, much to China's frustration.²³⁵ Throughout the 1970s, China

²³² Han, Xiaoxing. "Sino-Israeli Relations." *Journal of Palestine Studies*, vol. 22, no. 2, 1993, pp. 62–77.

²³³ Harris, Lillian Craig. "China's Relations with the PLO." *Journal of Palestine Studies*, vol. 7, no. 1, 1977, p. 127.

²³⁴ Han, Xiaoxing. "Sino-Israeli Relations." *Journal of Palestine Studies*, vol. 22, no. 2, 1993, p. 66.

²³⁵ Butterfield, Fox. "Taiwan Forces Reportedly Buy Israeli Missiles." *New York Times*, April 6, 1977.

<https://www.nytimes.com/1977/04/06/archives/taiwan-forces-reportedly-buy-israeli-missiles-taiwan-said-to-buy.html>

delegitimized Israel internationally and actively lobbied African nations to expel any Israeli presence.²³⁶

In 1979, a secret meeting was arranged by businessman Saul Eisenberg that resulted in the first deal to transfer Israeli defense technology to China.²³⁷ At the time, China was seeking to upgrade its military after the Sino-Vietnamese War, Israeli defense technology was strong and field tested, and the Israelis were able to upgrade China's Soviet-made equipment.²³⁸ By the 1980s, there was a notable shift in the Sino-Israel relationship, including a 1981 recognition of Israel's independence and legitimacy by Chinese Prime Minister Zhao Ziyang.²³⁹ By 1988, China had formally recognized the State of Palestine, though it had still not normalized ties with Israel.

In 1989, following a brutal crackdown on demonstrators in Tiananmen Square by the Chinese government, the Bush administration tightened US dual-use and defense export controls, suspending all arms trade, military exchanges, U.S. Munitions List items, and satellite export licenses.²⁴⁰ The post-Tiananmen sanctions compelled China to look elsewhere for advanced military technology, and Israel posed an attractive substitute.²⁴¹ Friction arose between Israel and the US as Israeli defense technology exports to China grew in the 1990s. In 1993, Director of the CIA, James Woolsey, said that Israeli defense technology sales to China “may be several billion dollars” and that “Beijing probably hopes to tap Israeli expertise for cooperative development of

²³⁶ Han, Xiaoxing. “Sino-Israeli Relations.” *Journal of Palestine Studies*, vol. 22, no. 2, 1993, pp. 62–77.

²³⁷ Efron, Shira, et al. “The Evolving Israel-China Relationship.” *RAND Corporation*, 2019, p. xii.

²³⁸ *Ibid.*

²³⁹ Han, Xiaoxing. “Sino-Israeli Relations.” *Journal of Palestine Studies*, vol. 22, no. 2, 1993, pp. 62–77.

²⁴⁰ “China: U.S. Economic Sanctions.” *Congressional Research Service*, October 1997.

https://www.everycrsreport.com/files/19971001_96-272_f3b51f9f7428f4d9c3024100b02ffef52aab6fd.pdf

²⁴¹ Clarke, Duncan L., and Robert J. Johnston. “U.S. Dual-Use Exports to China, Chinese Behavior, and the Israel Factor: Effective Controls?” *Asian Survey*, vol. 39, no. 2, 1999, pp. 193–213.

military technologies, such as advanced tank power plants and airborne radar systems, that the Chinese would have difficulty producing on their own.”²⁴²

In a June 1990 piece, the *Los Angeles Times* quoted a senior official in the Bush administration saying that “the United States has made clear to Israel that it strongly opposes the new military cooperation, which undercuts the intended effect of the year-old U.S. sanctions.”²⁴³ This early trade in military technology with China offered several benefits for Israel. One western intelligence official quoted in the same *Los Angeles Times* piece stated that “The Israelis wanted to get into the Chinese system, to know who is doing what for whom and where things are going,” another Bush administration official said that “China needs the technology from Israel, and Israel wants to make sure its enemies do not get new Chinese missiles.” With the collapse of the Soviet Union in 1991, the political risk to China of public relations with Israel in the context of the Cold War had dissipated, and China officially established diplomatic ties with Israel in 1992.

Though the US would express consistent displeasure with Israeli defense exports to China throughout the 1990s, it would not exert leverage in an influence attempt to change Israeli policy until 2000 over the issue of a proposed sale of the Phalcon radar system to China. Until 2000, Israel and China were estimated to have conducted more than sixty defense deals valued between \$1-2 billion.²⁴⁴ The Phalcon sale had been pending, and its public cancellation on day two of Camp David in 2000 came in response to US pressure culminating in a Congressional threat to slash \$250 million, the value of a single Phalcon system, from Israel’s total aid

²⁴² Gordon, Michael. “Israel Selling China Military Technology, CIA Chief Asserts.” *New York Times*, October 12, 1993. <https://www.nytimes.com/1993/10/12/world/israel-selling-china-military-technology-cia-chief-asserts.html>

²⁴³ Mann, Jim. “Israel Arms Technology Aids China: Military: US Officials Say the Growing Cooperation Undercuts Sanctions Imposed After Beijing Crushed Protests. Washington Has Objected.” *LA Times*, June 13, 1990. <https://www.latimes.com/archives/la-xpm-1990-06-13-mn-95-story.html>

²⁴⁴ Evron, Yoram. “Between Beijing and Washington: Israel’s Technology Transfers to China.” *Journal of East Asian Studies*, vol. 13, no. 3, 2013, pp. 503–28.

package.²⁴⁵ Representative David Obey, the House Appropriations Committee's ranking Democrat at the time, is quoted as having said, "If that sale goes forward, I have no intention of supporting further aid to Israel, period. That ought to be pretty damn clear."²⁴⁶ The Phalcon affair is notable because of the explicit, severe nature of its accompanying congressional threats to the Israeli aid package. The implications of the Phalcon sale on the regional balance of power in Asia were significant to the US government, and no amount of Israeli friendship or pro-Israel advocacy could overcome the security threat the US saw in the Phalcon sale.

A similar crisis emerged in 2005 over the Israeli maintenance (the US accused Israel of 'upgrading') of Chinese Harpy Killer drones, which Israeli Aerospace Industries had sold to China two decades prior. In 2005, the US demanded that they not be returned to China, but no aid threats materialized.²⁴⁷ During the spat, US Air Force Chief of Staff John Jumper canceled a visit to Israel over the dispute. Douglas Feith, US Undersecretary of Defense for Policy, demanded the resignation of Amos Yaron, the Director General of the Israeli Defense Ministry, over the sale.²⁴⁸

After the Harpy dispute, Israel underwent dramatic reforms in its export controls for military technology at the US's insistence. During my research, I had the opportunity to interview Dov Weissglas, who served as Ariel Sharon's attorney, head of bureau, and diplomatic delegate to the US from 2002-2006. Mr. Weissglas, who was serving in the Prime Minister's office at the time of the 2004 Harpy drone dispute, remembers the incident as such:

²⁴⁵ Boese, Wade. "Israel Halts Chinese Phalcon Deal." *Arms Control Association*, 2000.

<https://www.armscontrol.org/act/2000-09/press-releases/israel-halts-chinese-phalcon-deal>

²⁴⁶ Gruen, George E. "The United States, Israel, and the Middle East." *The American Jewish Year Book*, vol. 101, 2001, p. 220.

²⁴⁷ Schiff, Ze'ev. "Don't Return Drones to China, US Tells Israel." *Haaretz*, December 22, 2004.

<https://www.haaretz.com/2004-12-22/ty-article/dont-return-drones-to-china-u-s-tells-israel/0000017f-e254-d9aa-afff-fb5c710d0000>

²⁴⁸ Perelman, Marc. "Spat Over Sales of Weapons Chilling Ties Between Jerusalem and Beijing." *Forward*, December 24, 2004. <https://forward.com/news/4026/spat-over-sales-of-weapons-chilling-ties-between-j/>

The US always has its ways of suggesting that they are unhappy. We could sense the beginning of such behavior in 2004 following the drone crisis. The drone crisis was a case where the Israeli Aerospace Industries, 20 years prior, the IAI had sold China some drones; as part of the agreement, the IAI undertook to provide the Chinese with spare parts. In 2004, the US found that the IAI supported the Chinese with those parts. All our explanations that those drones were practically antiques, that they pose no threat to US security, it was taken so hard by the US. Immediately, a visit of the American Air Force Chief of Staff was canceled...those negative events always have a way of gaining a negative momentum of their own. Then the US complained because the Director General of the Minister of Defense when they negotiated with the Americans, they were not truthfully negotiating. Finally, one of our former Air Force chiefs, Herzl Bodinger, who was known for his good relationship with the Pentagon, came back with a piece of paper: an entire legislation concerning controls of defense exportation law. They forced us to bring to the Knesset a bill known as the ‘defense exportation law,’ which created an independent council within the Ministry of Defense composed of representatives from the Ministry of Foreign Affairs, the Shabak, and the Mossad. They control the export of defense...the idea was that this control would enjoy a higher degree of independence. Once this piece of law was enacted, the crisis settled.²⁴⁹

The Harpy crisis escalated with the US demand that Israel entirely suspend defense technology relations with China, that it provide the US with a report on Israel’s past military transfers to China, and that it “sign a memorandum of understanding establishing that US approval was a requisite for any defense and dual-use exports to China.”²⁵⁰ Israel would acquiesce to American pressure and revise its export control laws to apply more scrutiny to its defense technology transfers with China. As a result, the Israeli export control regime was formally revised in 2007 with the Export Control Law and two ministerial orders (Import and Export Order 5764-2004; Import and Export Order 5766-2); the new regime was “highly detailed. It extended the range of activities requiring licenses and left room for additional factors and considerations aside from national defense, including international norms and rules on arms control...while Israel is not party to the Wassenaar Arrangement (WA) on conventional military means and dual-use

²⁴⁹ Author interview with Dov Weissglas.

²⁵⁰ Evron, “Between Beijing and Washington.” p. 512.

technologies, or to the Missile Technology Control Regime (MTCR), the new law included the constraints embedded in these regimes.”²⁵¹ Effectively changing both Israeli foreign and domestic policy, the US took an extremely tough line on the issue of Israeli defense technology transfers to China, and Israel did not seem to have any choice but to acquiesce.

Today, Chinese companies have become significant investors in Israel’s high-tech sector and have continued to win bids for substantial infrastructure projects across Israel. The Israeli Institute for National Security Studies found that China constituted 10.7% of Israel’s global trade in 2020 at \$110.8 billion. In 2020 computing and information services (including research and development in software) amounted to about 32 percent of total service exports to China.²⁵² In 2021, China became Israel’s largest source of imports, overtaking the US and importing \$10.7 billion in Chinese goods.²⁵³ The deepening Sino-Israel relationship presents a dilemma to the US regarding influence over Israeli foreign policy behavior. In the past, the Israelis have prioritized their relationship with the US over the profits of Chinese business. However, this calculus may shift as the Chinese deepen their presence in Israel.

During the 1990s and early 2000s, when Israel first found itself navigating a triangular relationship with the US and China over defense technology, the latter was a rising economic power, and the global preeminence of the US overshadowed its influence in Israel. Today, the US evaluation of the China threat has increased massively, and this competitive escalation has made the US especially sensitive to the Sino-Israel relationship. On March 26, 2019, President Trump reportedly warned Prime Minister Netanyahu during a US visit that “If Huawei

²⁵¹ Ibid., p. 513.

²⁵² Ella, Doron. “Trade in Goods and Services Between Israel and China in the Era of COVID-19.” *INSS*, December 2, 2021. <https://www.inss.org.il/publication/israel-china-trade/>

²⁵³ JTA and TOI Staff. “China was Israel’s Leading Source of Imports in 2021, Surpassing US.” *Times of Israel*, January 24, 2022. <https://www.timesofisrael.com/china-was-israels-leading-source-of-imports-in-2021-surpassing-us/>

and ZTE establish a 5G communications network in Israel, security cooperation between the two countries might be limited, and security assistance reduced.”²⁵⁴ Concerns over the US-China rivalry, in the context of the US-Israel relationship, have historically overpowered the domestic forces advocating for solid Israeli security assistance and have more effectively incensed US leaders than Israeli departures from policy which hinders a two-state solution

American Position

The US has interpreted the trading of defense technology between China and Israel as undercutting its strategic priorities in Asia. The disputes over Phalcon and Harpy demonstrate issues pertaining directly to US national security. Each represents issues of significance that drew US attention, as opposed to an inconspicuous and gradual deepening of relations (see the myth of the boiling frog). Former US Ambassador to Israel from 2001-2005, Daniel Kurtzer, examining the intense US response to Phalcon and Harpy, submits that Washington “wakes up” to issues of significance such as the Phalcon sale or, in the framework of Israeli policy towards the Palestinians, a “full-blown annexation initiative in the Knesset, as opposed to a day-to-day erosion of the oversight of occupation.”²⁵⁵

Of course, the impact on US national security is more pronounced on issues such as Chinese defense technology than settlement construction. Dov Weissglas, considering the US

²⁵⁴ Ella, Doron; Segev, Hiddai. “My Way or the Huawei? The United States-China Race for 5G Dominance.” *INSS*, July 15, 2019, p. 4.

https://www.researchgate.net/publication/341110734_My_Way_or_the_Huawei_The_United_States-China_Race_for_5G_Dominance

²⁵⁵ Author interview with Daniel Kurtzer.

willingness to leverage its influence on Israel and the pressure points which motivate more severe influence attempts, said in an author interview:

You must always distinguish between Israeli-American conflict related to a third party. Does the issue relate to the US sale of certain aircraft to Saudi, which we are against? If the issue relates to US security and not something relating to a third party, we are totally helpless. Because when that happens, all these organizations helping us (like AIPAC) disappear. Nobody from AIPAC is willing to hear a statement from an American official to the extent, “I wonder why you are raising this issue when it jeopardizes American life?” When it jeopardizes Egyptian life, Saudi life, or Palestinian life, nobody gives a shit...Everything related to China, even China’s napkin industry, is portrayed as affecting US security. And once you use the words US security, that is it.²⁵⁶

US domestic politics saw a bipartisan objection to the Phalcon sale in 2000. Though the Clinton administration publicly opposed the deal, then Secretary of State Albright argued that linking the issue to Israel’s aid package was inappropriate.²⁵⁷ It was moderate Republican Representative Sonny Callahan, Chairman of the House Appropriations Subcommittee on Foreign Operations, who delivered the threat of a \$250 million cut to Israel’s total aid package.²⁵⁸ In June 2000, the Republican-controlled US House Appropriations Committee adopted a statement saying it was “very disturbed by reports that Israel is preparing to provide China with an airborne radar system that would threaten both the forces of democratic Taiwan and the United States in the region surrounding Taiwan”²⁵⁹

Applying pressure on Israel undoubtedly invites a challenge by pro-Israel advocacy groups. An administration’s choice to wrestle with Israel is not always politically strategic.

²⁵⁶ Author interview with Dov Weissglas.

²⁵⁷ “US Administration Opposes Linkage Between Aid, Arms Sale.” *Jewish Telegraphic Agency*, June 14, 2000. <https://www.jta.org/archive/u-s-administration-opposes-linkage-between-aid-arms-sale>

²⁵⁸ Lancaster, John. “Israel Halts China Arms Deal.” *Washington Post*, July 13, 2000. <https://www.washingtonpost.com/archive/politics/2000/07/13/israel-halts-china-arms-deal/c901f5e6-1168-47b9-bed1-d7a9b904c385/>

²⁵⁹ “US Against Weapons Sale to China from Israel.” *The US-China Policy Foundation*, June 30, 2000. <https://www.uscpf.org/news/2000/06/063000.html>

Jonathan Goldstein submits that the Phalcon deal was initially put on the back-burner due to the Lewinsky affair and concerns about support from the American Jewish community; once Clinton was acquitted, Secretary of Defense William Cohen initiated a pressure campaign on Israeli PM Barak, which Barak resisted until strategically aborting the deal for US support at Camp David.²⁶⁰

Israeli Position

Despite the significant asymmetry in Chinese and US influence during the Phalcon and Harpy disputes, Israel still attempted to strengthen its relationship with China, partially out of the commercial benefits of the relationship. Sino-Israeli relations expert P.R. Kumaraswamy frames the disputes as an Israeli choice between “relations with a strategic ally” and “its newly found friendship with its strategic customer.”²⁶¹ Alon Pinkas, a veteran Israeli diplomat who served as an advisor to Shimon Peres and Ehud Barak (1992-1999), Consul General in New York (2000-2005), and the Foreign Ministry’s Chief of Staff (1999-2000), was directly involved in the Phalcon incident. Pinkas recalls in an author interview that:

[Regarding Sino-Israel relations] Those were major events only because the US thought Israel took them for fools. I was very involved with Phalcon, less about Harpy. The thing with the Phalcon is that the US asked politely ten times that Israel withdraw from that deal with China, and we did not. We thought we could go around them. In 2000, I was an advisor to Barak and Chief of Staff of the Foreign Ministry. On the Phalcon thing, I was on the side that was pushing him to put an end to it...At some point, the sense was that the Chinese would never forgive Israel because this was a breach of contract, to which others said, ‘breach of contract has a compensation clause, we will pay it.’ And they say, ‘No, China will never take our word for it...’ It did not matter; China in the year 2000 and the US in the year 2000, these are two different things. And then someone said that the Israeli ambassador in China, Ora Namir, warned against breaching the deal, so I called her, and she said the exact contrary; she sent me the secret cable and said, ‘no, the

²⁶⁰ Goldstein, Jonathan. “A Quadrilateral Relationship: Israel, China, Taiwan, and the United States Since 1992.” *American Journal of Chinese Studies*, vol. 12, no. 2, 2005, pp. 177–202.

²⁶¹ P R, Kumaraswamy. (2005). Israel-China Relations and the Phalcon Controversy. *Middle East Policy*, vol. 12, p. 93. https://www.researchgate.net/publication/229820378_Israel-China_Relations_and_the_Phalcon_Controversy

Chinese understand that Israel has to do this, they will make their opinions known, they will protest, kick and bite, but they will accept it in the end.²⁶²

The Israelis' internal strife weighing US concerns and the Sino-Israel relationship demonstrated concern over Israeli reliability as a Chinese trade partner. However, Ambassador Namir's message conveying Chinese understanding of Israel's position seems to dismiss this concern. Regardless, the Israelis did incur a cost with the Chinese in the form of \$350 million in compensation for the deal's cancellation.²⁶³ Yoram Evron points out that, in addition to the actual compensation, the cost incurred by Israel over the Phalcon disputes was threefold; hurting Israel's legitimacy as an arms exporter, making Israel an active player in the Sino-US rivalry, and severely limiting Israel's influence over Chinese arms proliferation in the Middle East.²⁶⁴ Considering these costs, it is understandable why Israel would attempt to resist US pressure and minimize their security concerns. Fending off Secretary Cohen prior to Camp David, Barak told Chinese President Jiang Zemin on April 13 of 2000 that Israel hoped to proceed with the sale and that "we will keep discussing it with the Americans," only days after a meeting between Barak and Clinton in which American objections were made more explicit.²⁶⁵

US pressure would prevail in both the Harpy and Phalcon cases, but Israeli public opinion has shifted since the early 2000s as China has become more involved in the Israeli economy. A 2020 foreign policy index created by the Mitvim Institute in cooperation with the German Friedrich-Ebert-Stiftung posed the following question to a representative sample of

²⁶² Author interview with Alon Pinkas.

²⁶³ Barzilai, Amnon. "China to Get \$350M for Lost Phalcon Deal." *Haaretz*, March 14, 2002. <https://www.haaretz.com/2002-03-14/ty-article/china-to-get-350m-for-lost-phalcon-deal/0000017f-f780-d318-aff-f7e3edcc0000>

²⁶⁴ Evron, "Between Beijing and Washington." pp. 503–28.

²⁶⁵ Gruen, George E. "The United States, Israel, and the Middle East." *The American Jewish Year Book*, vol. 101, 2001, pp. 195–223.

Israel's adult population: "In recent years, the political tensions between the United States and China have been growing. Because of this, American pressure is increasing on Israel to tighten restrictions on Chinese investments. In this context, what policy should Israel implement?"²⁶⁶ 37.2% of participants opted to "respond to the American request, reducing Chinese influence in Israel while possibly harming relations with China." 25.1% of participants opted to "avoid restrictions on China's investments in Israel, with the possibility of damaging relations with the United States." 37.7% of participants had no opinion. Unlike the intermestic issue of settlements, however, Israeli public opinion is less relevant to how Israel responds to US pressure over the Sino-Israel relationship. This is largely due to the fundamental nature of how foreign policy is conducted; Israeli voters have less control, investment in, and awareness of the Sino-Israel relationship and its diplomatic implications than the settlement issue.

Theoretical Implications

The Phalcon and Harpy disputes both represent extraordinarily coercive attempts by the US to bring Israeli policy regarding China into compliance with its national security goals. The Phalcon case represents a less extreme circumstance: the sale had not yet been completed and the US demand was to cancel the deal. In the case of the Harpy drones, however, the US demand was different; Israel would not return drones that China had already purchased years prior. In the Harpy case, the US had also imposed a new export control regime on Israel and accused Israeli officials of lying about the nature of the deal (maintenance vs. upgrading). In both cases, though US law was technically not violated, and the Israelis claimed that they had properly

²⁶⁶ "The Israeli Foreign Policy Index of 2022." *Mitvim*, October, 2022. <https://mitvim.org.il/wp-content/uploads/2022/10/Mitvims-2022-Foreign-Policy-Index-Full-Report.pdf>

reported the transactions to the US beforehand, the US feared the strategic advantage that the technology provided China.

The historical record aligns with Sislin's conclusion that influence attempts are generally more influential in shaping Israeli foreign policy, especially regarding clear-cut state-to-state relations like Egyptian-Israeli peace or Israeli policy in Lebanon. As the other case studies have demonstrated, both Israeli public opinion and major Israeli right-wing parties effectively afford the settlement issue status as a 'domestic' concern relative to Sislin's classifications.

The Sino-Israeli relationship, however, provides a compelling example of US influence regarding issues that directly impact its security policy and are less deeply tied to the Israeli public interest. Comparing US influence attempts on Israel regarding China with those related to settlements; there is a notable contrast in the severity of US threats, the influence of Level II actors in the US, and the ultimate level of Israeli compliance. It is also worth noting that, unlike the 1991-1992 loan dispute, negotiations at Wye River, and the 2010 settlement extension, the most severe threats to Israel came not from the president but from Congress. This ties to the question of US Level II constraints, where interest groups have more effectively lobbied Congress on settlements than Sino-Israeli relations. As Dov Weisglass intimated, this is because the US domestic investment in national security is significantly higher than in Israeli settlement expansion; additionally, Level II constraints on the Israeli government are not as limiting in matters of foreign policy (save for the expectation of a Prime Minister's good upkeep of US-Israel relations), and the pressure of public opinion does not weigh on a governing coalition as heavily as the issue of settlements.

Conclusion

Each of the four case studies examined in this work offer valuable insights into the various factors which shape US influence attempts on Israel, as well as the Israeli political calculus driving its reaction to US pressure. During the 1991-1992 loan guarantee dispute, a strong President Bush defied Level II pressures by exerting coercive leverage on Israel; in turn, Prime Minister Shamir was pushed to test the limits of his coalition while Israeli public opinion rejected the open hostility in the US-Israel relationship, ultimately driving Shamir out of office through electoral change. This case affirmed some aspects of Sislin's model and rejected others; the hegemonic status of the US helped strengthen the influence attempt and President Bush; the responsiveness of Israeli democracy to a public dispute with the US played a major role in ushering in electoral change, the democratic nature of Israel also played an important role in establishing the conditions for coalitional collapse.

The negotiations over the Wye River Memorandum offer an example of Netanyahu and the pro-Israel community in the US shaping the Level II limitations of a politically vulnerable President Clinton and forcing a retreat from coercive leverage. Though inducements were ultimately successful in securing Netanyahu's signature on an agreement, his freezing its implementation soon after represents a degree of quasi-compliance. Somewhat similarly to Shamir, Netanyahu also suffered from a coalitional collapse attempting to comply with US pressure while managing competing ideological pressures within his coalition. As a historical moment, this case represented a transition whereby the strong coercive leverage employed during the 1991-1992 loan dispute was removed as a policy option due to Level II pressures in the US, and inducement would begin to become devalued as a diplomatic tool to provide political cover for Israeli leaders. The relative power of Level II pressures during negotiations for Wye was considerably higher than those faced by President Bush in 1991-1992. Bush's ability to

resist domestic pushback to his leveraging loan guarantees derived from his immense popularity following the Persian Gulf War, whereas Clinton was facing a major scandal and potential impeachment, weakening his domestic position and raising the cost of challenging pro-Israel advocates in the US. Relative to Sislin's findings, the case of Wye and its subsequent freezing suggests that inducements are waning in influence as an effective tool of leverage within the US-Israel relationship.

In 2010, the failure of the US to secure the majority support of the Israeli cabinet with a major inducement offer demonstrated the weakening of inducement as a tool of influence and affirmed the importance of the settlement issue, as well as the difficulty in changing Israeli policy towards the settlements. Though it was the US which ultimately withdrew from the influence attempt, the mere fact that the reported offer was insufficient to solidly secure Israeli support affirms the concept that, as inducements are offered in exchange for Israeli compliance, the ante is constantly upped while US aid loses its value. This case is relevant to several of my hypotheses, as it demonstrates: the difficult bargaining process over the uniquely salient issue of settlements, the weakening of inducement as a tool of influence and its inability to overcome coalitional constraints, the major domestic limitations preventing US leaders from utilizing coercion as an influence strategy, and the increased Israeli ability to withstand US pressure.

The Sino-Israel case is useful for comparison, as it is an example of the power of strong coercive leverage. It also offers an interesting insight into the way US Level II pressures dissipated in the face of serious national security concerns. Further, this case serves a useful theoretical purpose as an Israeli foreign policy issue that the US influenced without significant domestic political implications for Israeli leaders from their coalition or the Israeli public, affirming Sislin's findings that foreign policy issues are easier to influence than domestic ones.

Relative to my hypotheses, this case is unique as a foreign policy issue, and the subject of the US influence attempts over the Sino-Israel relationship is unlike the intermestic issues involved in other cases.

As these case studies demonstrate, the US-Israel relationship is a highly complex one which does not fit neatly into the broad literature on aid-as-influence. Due primarily to the immense size of total US aid to Israel, the close historical relationship of the two countries based on shared democratic values and strategic interests, and the power of pro-Israel advocacy organizations within the US; how the US translates aid to political influence, as well as the Israeli response to US pressure, demands unique attention. Using Sislin's work on influence attempts as a theoretical baseline and Putnam's two-level game model as a framework for analysis, this work contributes to aid-as-influence literature with a focus on the unique US-Israel relationship, as well as the bilateral and internal bargaining in both countries that shapes the style and outcome of an influence attempt.

Further examination of these cases largely affirmed my first hypothesis; the salient nature of settlements and the Israel-Palestine conflict within Israeli politics do make these issues less amenable to US influence attempts. The successful outcome of the 1991-1992 loan dispute can largely be attributed to the coercive nature of the influence attempt, as well as the response it provoked from the Israeli public; a response which materialized in Shamir's loss in electoral support. This hypothesis was largely affirmed by the intense coalitional issues faced by each Israeli leader when these issues were the subject of US influence attempts; the strengthening of the settler population as an interest group in Israel across time (a factor that contributed to the declining influence in all three case studies); as well as the comparatively low-cost Israeli leaders paid domestically for compliance with US pressure over the Sino-Israel relationship.

My second hypothesis, that inducement as an influence tool has developed into a less effective approach to securing Israeli compliance and helping Israeli leaders manage their coalitional constraints, was also affirmed by this research. This finding is at odds with Sislin's results, which found that inducement, rather than coercion, is a more effective tool of influence. Sislin's correlations between inducement and compliance, however, focus on explicitly foreign policy issues rather than intermestic ones. The 'shelf-life' concept put forward by Lasensky, that US inducements have been devalued across time as they are used to purchase Israeli compliance, is perhaps best observed in the 2010 case, where a reported inducement that overshadowed the total annual aid received by Israel that year was insufficient for securing a 90-day extension to a partial settlement freeze. Additionally, Netanyahu's quasi-compliance in freezing the implementation of Wye after its signing confirms the inability of inducements to provide Israeli leaders sufficient political space to maneuver coalitional constraints.

My third hypothesis, that the US faces significant Level II limitations on utilizing coercive leverage due to the political influence within the US of the pro-Israel community and the Israeli government, was also affirmed. Though President Bush overcame significant Level II pressures in 1991-1992, this became an exception to the rule given his immense domestic popularity following the US victory in the Persian Gulf War, as well as his willingness to challenge the pro-Israel community in order to (theoretically) stabilize the region and legitimize the US position within it. Both Obama and Clinton tested negative leverage (Obama through rhetoric and Clinton through briefly attempted ultimatums) but withdrew from the strategy due to the high domestic political risk associated with it. The Level II influence wielded by the Israeli government and the pro-Israel community, however, quickly recedes when the subject of an influence attempt is related to US national security, rather than the settlement issue or the Israel-

Palestine conflict. As Aaron David Miller put it during an author interview, “The fact is, a willful skillful president, when it is a matter of national interest, can trump domestic political forces all the time. From the Iran deal to selling sophisticated military equipment to the Arabs, to Baker and loan guarantees.”²⁶⁷ The direction of the settlement issue or peace process certainly impacts US interests in the Middle East, but national security issues present far more immediate and pressing threats that make US leaders far less compromising regarding Israeli behavior.

Finally, my fourth hypothesis, that Israeli leaders have become aware of the Level II limitations facing the US use of coercive leverage and are therefore more likely to withstand pressure from the US altogether, has been, for the most part, affirmed. This hypothesis was best tested in the 2010 case study, where coercion was essentially absent from negotiations, and Netanyahu aggravated the Obama administration’s goals throughout the moratorium itself (see the announcement of new settlements in East Jerusalem during Biden’s visit to Israel) while the Israeli cabinet was not eager to accept the significant offered inducement. Still, if and when the US utilizes coercive leverage to such a degree that the Israeli public grows concerned about the prospect a serious break in relations with the US, the leverage will likely be taken much more seriously by Israeli leaders (though they may try to resist it within the US through a partisan appeal to Republicans, who largely reject pressuring Israel).

These findings provide meaningful contemporary insights into Sislin’s research. The central implications of this work relative to Sislin’s findings suggest that the conditions under which influence attempts succeed in the US-Israel relationship may be more limited than previously thought. In particular, the central variables that Sislin identifies as contributing to successful influence attempts, primarily regarding inducements as a more effective means of

²⁶⁷ Author interview with Aaron David Miller.

applying pressure and the continued supply of a recipient's arms as a factor that enhances the odds of securing compliance, may not be as effective as Sislin suggests.

The US move away from exerting coercive leverage on Israel has removed a key influence strategy; perhaps more importantly, it has emboldened Israel to resist US pressure without fear of negative consequences. Within Israel, the domestic political consequences that may have once compelled a Prime Minister to comply with US demands rather than risking the incitement of a public schism in the US-Israel relationship (as was the case in 1992, when Shamir was punished for doing so by the Israeli electorate) also seem to have been dulled. Perhaps as a result of the US's general abandonment of wielding negative leverage over Israel, Israeli leaders do not pay as significant a price domestically for refusing to comply with US influence attempts. The Israeli public's negative perception of Obama, for example, (despite his signing of an MOU which delivered record levels of aid to Israel) lowered the domestic political risk for Netanyahu of defying Obama's diplomatic priorities in the peace process. So long as Israelis viewed Obama as 'anti-Israel,' any pressure he might have applied would not carry as substantial weight amongst the Israeli public. The increasing trend of polarization in the US over Israel has contributed to this dynamic, whereby Republicans, who largely reject pressuring Israel over the peace process, are considered 'pro-Israel' by the Israeli public, whereas Democrats, who are increasingly critical of Israeli policy, have been broadly labeled 'anti-Israel.' For context, Israeli polling in 2020 showed that 70% of Israeli Jews preferred Donald Trump over Joe Biden in the 2020 elections.²⁶⁸ As the Israeli public embraces the partisan approach to US-Israel relations which Netanyahu has intentionally fostered, it becomes more difficult for US leaders to effectively leverage their influence over Israel altogether, while the Israeli public becomes less

²⁶⁸ Hermann, Tamar; Anabi, Or. "70% of Jewish Israelis: A Second Trump is Preferable for Israel's Interest." *Israel Democracy index*, November 2, 2020. <https://en.idi.org.il/articles/32761>

responsive to influence attempts launched by Democratic presidents who may be viewed as ‘anti-Israel.’

Contemporary Implications

Within US politics, aid to Israel has generally received strong bipartisan support (see, for example, the 2021 \$1 billion Iron Dome supplemental which passed 420-9), a significant Level II factor that has shaped how the US approaches influence attempts, but cracks have emerged in recent years as the debate slowly shifts leftwards within the Democratic caucus. Calls to cut aid have remained highly controversial and rare, but the question of oversight has raised concerns amongst progressives about US FMF being spent on security operations that potentially violate US law or contravene US interests and diplomatic goals, a formerly extreme opinion that has crept into the mainstream. When the Netanyahu government announced a July 2020 plan in accordance with the Trump administration's “Peace to Prosperity” plan whereby the Israelis would annex 30% of the West Bank, the move was met with unprecedented and vocal concern from Congressional Democrats. In July 2020, Senator Chris Van Hollen filed an amendment with 13 co-sponsors to a Senate funding bill that would block the “deploy[ment] or support the deployment of United States defense articles, services, or training to territories in the West Bank unilaterally annexed by Israel after July 1, 2020, or to facilitate the unilateral annexation of such territories.” By August 2020, Representative Betty McCollum, former Chair of the House Appropriations Defense Sub-committee, introduced H.R. 8050, the Israeli Annexation Non-Recognition Act, which would prohibit the use of FMF funds for certain uses in annexed portions of the West Bank. The most radical response to the annexation threat was a letter from

Representative Alexandria Ocasio Cortez which called for reducing the US annual aid to Israel in the event of annexation; the letter had 5 signatories, including Senator Bernie Sanders.

Though more right-leaning pro-Israel groups in the US have historically held a firm grip on the political discourse surrounding Israel, the emergence of liberal pro-Israel advocacy groups like J Street, founded in 2007, has expanded the scope of debate.²⁶⁹ J Street describes itself as a “pro-peace, pro-Israel” organization, through its fundraising arm, J Street PAC, has found success in Washington, its campaign contributions in 2021-2022 totaled \$6,055,641 (donating \$0 to Republican campaigns), this pales in comparison to AIPAC’s \$23,209,852 (\$10,500,000 in nonpartisan donations, \$4,766,009 to Republican campaigns, and \$7,933,228 to Democratic ones).²⁷⁰

On the topic of US security assistance to Israel, J Street advocates for restricting the use of aid to advance settlements or annexation of the West Bank and endorses more transparent mechanisms for understanding how US aid is used by Israel.²⁷¹ AIPAC’s endorsement of 37 Republicans who voted against certifying the 2020 presidential election results marked a notable shift to the right for the organization, raising partisan tensions within the US’s ‘pro-Israel’ advocacy space.²⁷² President Joe Biden may presently oppose leveraging or conditioning aid to Israel, but the concept has gained traction amongst Democratic voters. Democratic primary polling prior to the 2020 election showed that 69% of respondents would be less likely to support

²⁶⁹ AIPAC’s relatively early establishment in 1963 has provided it with a notable institutional advantage over J Street in terms of longevity, political clout, and funding; since its creation, J Street has entered the mainstream of American Jewish opinion. It is to be noted for the sake of transparency that the author has a previous professional association with J Street, but has made every effort to present an objective analysis.

²⁷⁰ “Summary: Pro-Israeli Interest Groups.” *Open Secrets*.
<https://www.opensecrets.org/industries/indus.php?ind=q05#>

²⁷¹ “US Security Assistance to Israel.” *J Street*. <https://jstreet.org/policy/us-security-assistance-to-israel/#.ZDZJty-B1bU>

²⁷² Magid, Jacob. “AIPAC Endorses Dozens of Republicans Who Refused to Certify Biden’s Election.” *The Times of Israel*, March 3, 2022. https://www.timesofisrael.com/liveblog_entry/j-street-blasts-aipac-for-endorsing-republicans-who-voted-against-certifying-2020-election-results/

a candidate who “says the United States should continue financial and military aid to Israel without any restrictions, regardless of whether Israel expands settlements or annexes Palestinian territory.”²⁷³

This research is certainly relevant to the contemporary US-Israel relationship as US and Israeli policy towards the settlements and the peace process continues to diverge. As of Spring 2023, the Israeli government, perhaps the most right-wing and religious in Israeli history, has tested the Biden administration’s will to pressure Israel and has continued to drive partisan divisions within the US as open criticism of Israel from the US Congress emerges. Should the Israeli government continue to contravene US diplomatic goals to the extreme, the Biden administration may be willing to challenge US Level II limitations and exert clear coercive leverage over the Israeli government. Within Israel, major protests have broken out resisting the government’s attempted judicial overhaul; as the leader of the least right-wing party in the coalition, Netanyahu has been forced to navigate an intense spectrum of competing Level II interests, as well as heightened US pressure.

At the time of writing, another reported US influence attempt on Israeli foreign policy emerged through a Pentagon leak in April 2023. In a classified document titled “Israel: Pathways to Providing Lethal Aid to Ukraine,” it is written that Israel “likely will consider providing lethal aid under increased pressure or a perceived degradation” in its relationship with Russia.²⁷⁴ Israel has tended towards caution in its involvement in the Russo-Ukraine war due to its sensitive relationship with Russia regarding security coordination in Syria. Russian control of Syrian

²⁷³ “J Street National Democratic Primary Survey.” *GBAO*, May 2019. <https://jstreet.org/wp-content/uploads/2019/05/J-Street-National-Dem-Primary-Survey.pdf>

²⁷⁴ Bertrand, Natasha; Atwood, Kylie. “Leaked Pentagon Documents Provide Rare Window into Depth of US Intelligence on Allies and Foes.” *CNN*, April 10, 2023. <https://edition.cnn.com/2023/04/09/politics/pentagon-leaked-documents-us-spying-allies-foes/index.html>

airspace has enhanced the Israeli need for a solid diplomatic relationship with Russia to maintain freedom of operations within Syria. In January 2023, Israel allegedly rebuffed US requests to deliver Hawk anti-aircraft batteries and interceptor missiles to Ukraine.²⁷⁵ How and whether the US chooses to pressure Israel over its support for Ukraine is presently unclear, but this research offers valuable insights into the strategic calculus which might motivate future US influence attempts and their reception by Israel.

²⁷⁵ TOI Staff. "Israel Said to Rebuff US Request for Old Anti-Aircraft Missiles to Give to Ukraine." *Times of Israel*, January 25, 2023. <https://www.timesofisrael.com/israel-said-to-rebuff-us-request-for-old-anti-aircraft-missiles-to-give-to-ukraine/>