

RELEASE IN PART  
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**From:** Sullivan, Jacob J <SullivanJJ@state.gov>  
**Sent:** Friday, November 19, 2010 12:31 PM  
**To:** H  
**Subject:** Fw: WashPost Heads up

Just as I put those guys back on the front foot - this came in.

Look forward to discussing.

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**From:** Feltman, Jeffrey D  
**To:** Sullivan, Jacob J  
**Cc:** Burns, William J  
**Sent:** Fri Nov 19 12:19:19 2010  
**Subject:** FW: WashPost Heads up

Jake, Bill Burns and I got an advance copy of Dan Kurtzer's op-ed piece for Sunday's Washington Post. (I assure you that we have not been in touch with Dan on this, should someone wonder.) I am forwarding it to you in the same spirit in which Dan forwarded it to us -- the need to avoid surprises. As S will have taped her talk shows on Saturday, the questioners won't be asking things from this.

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It was only a little over a year and a half ago that the Obama administration demanded a freeze on Israeli settlements in the occupied territories, including even the "natural growth" of existing settlements. At the time, the administration called settlement activity "illegitimate" and appeared ready to go to the mat with Israel to show just how strongly the United States believed that settlements impede peace.

But now, the administration says it is prepared to pay off Israel to freeze only some of its settlement activity, and only temporarily. For the first time in memory, the United States is poised to reward Israel for its bad behavior.

Here's the offer that Secretary of State Hillary Rodham Clinton is reported to have put on the table recently: The United States will provide a package of advanced weaponry and military assistance to Israel totaling several billion dollars, all in return for an Israeli commitment to freeze settlement construction for just three months, excluding construction in Jerusalem. During this period, the United States hopes Israel and the Palestinian Authority will negotiate an agreement on the final borders of a future Palestinian state. The Israeli cabinet is weighing the offer, having demanded a letter from Washington confirming the terms.

This is a very bad idea. And while Washington will almost certainly come to regret bribing Israel, Israel may regret receiving such a bribe even more.

Previously, U.S. opposition to settlements resulted in penalties, not rewards, for continued construction. Washington deducted from its loan guarantees to Israel an amount equivalent, dollar for dollar, to the money that Israel spent in the occupied territories. While it's true that the United States has turned a blind eye to indirect U.S. subsidies for Israeli activities in the territories - such as tax deductions for American organizations that fund settlements - the deal now being offered to Israel is of a totally different magnitude. If it goes forward, it will be the first direct benefit that the United States has provided Israel for settlement activities that we have opposed for more than 40 years.

It is not clear that Washington has thought through the implications. Will the United States similarly reward Palestinians for stopping their own bad behavior? Will Washington pay them to, say, halt the incitement against Israel and Jews in their public media and some educational materials - something that shouldn't have been going on in the first place? Will the rewards for Israel be automatically renewable? Meaning, if Israel is willing to continue the settlement freeze after three months, will another set of rewards be the price for that? And what about enforcement? Will the United States demand its money back if it learns about construction during the freeze, even if that construction was not authorized by the Israeli government? The list of problems is so long that it would not be surprising if the administration were already experiencing buyer's remorse.

But the arrangement has an even more serious long-term implication, one that should worry Israel profoundly. If it goes through, this deal will shake the foundation of the U.S.-Israeli strategic partnership. Since the early 1980s, the two countries have cooperated closely on assessing Israeli security, and Washington has promised to ensure Israel's "qualitative military edge" over any combination of potential Arab adversaries.

This commitment has been insulated from the vicissitudes of politics and diplomacy. Whatever the state of U.S.-Israeli relations or the peace process, America's commitment to Israel's security has been manifest. Not so, if this deal materializes. By subjecting Israel's defense needs to the political demands of an American administration, Prime Minister Binyamin Netanyahu has done something quite dangerous for Israel - he has made those needs contingent, negotiable, optional. Israel's security requirements are now merely a bargaining chip with which to negotiate what Jerusalem will or will not do to advance the peace process.

Today, the United States has "purchased" a short-term settlements freeze; what will be for sale tomorrow? Conversely, how seriously should our defense planners and congressional budget watchers take Israel's arguments about its security needs when it is prepared to market different elements of its policy for another squadron of advanced aircraft? Does anyone really believe that there is a substantive connection between a three-month settlement freeze and Israel's professed need for more airplanes?

These short-sighted tactics will lead both the United States and Israel into a long-term bind. Washington will be left fending off a landslide of demands from others who hope to be rewarded for their bad behavior, to be paid for stopping what they should never have been doing. Israel, meanwhile, will be left struggling to explain how precious its settlements really are if a payoff - albeit a high one - is enough to see them frozen. And both countries will need a new rationale for the exceedingly high price of what Israel calls its security requirements, but which will now look more like poker chips used to secure American aid.

This bargaining exercise has been unseemly all along; if it proceeds, both sides will probably regret it. But the deal has not yet been sealed. And it is not too late to start over.