

RELEASE IN PART  
B5, B6

**From:** Sullivan, Jacob J <SullivanJJ@state.gov>  
**Sent:** Thursday, September 30, 2010 10:43 AM  
**To:** H  
**Subject:** Fw: Dealing with Netanyahu

[Redacted]

----- Original Message -----

B5

**From:** Feltman, Jeffrey D  
**To:** Sullivan, Jacob J; Wallis, Jacob; Hale, David M; Cunningham, James B; Schlicher, Ronald L  
**Sent:** Thu Sep 30 09:02:27 2010  
**Subject:** FW: Dealing with Netanyahu

[Redacted]

Jeffrey Feltman  
 Assistant Secretary  
 Bureau of Near Eastern Affairs  
 Department of State  
 202-647-7209

-----Original Message-----

**From:** Martin Indyk [mailto:[Redacted]]  
**Sent:** Thursday, September 30, 2010 8:59 AM  
**To:** George Mitchell; Feltman, Jeffrey D  
**Subject:** Dealing with Netanyahu

B6

The principle conclusion from a quick visit to Israel and Ramallah over the weekend is that 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 before its expiry, as a gesture to U.S. peacemaking efforts. In their view, he could have easily garnered the support of a large majority of the people, for whom the settlers are a marginal concern. And this would have given him leverage over his ministers to ensure their support or abstention in the cabinet. As Dan Meridor noted, Likud voters are to the left of their Knesset members when it comes to peacemaking (70 percent support the two-state solution, vs only 50 percent of the leadership).

Lieberman, not the Likud, is Bibi's chief concern. He wants to keep him in the government for as long as possible for fear that when he leaves he will garner the support of those on the right, including from the Likud, who oppose peacemaking. For the time being, Bibi uses the threat of an alternative coalition with Kadima to keep Lieberman in the tent. But the clock is ticking. According to Tzipi Livni, she can bring her party into the government now, and is willing to do so without any demand for "rotation," provided Bibi is serious about negotiating peace. But as the elections grow closer, more and more of her party members are turning against the idea of joining the government. They are strengthened in their views by recent internal polling which shows Kadima with 32 seats (up from 28 now), Likud slightly down at 25, and Labor at only 5.

Therefore, if Bibi intends to make a deal with Abu Mazen, he will need to do so sooner rather than later. The longer he waits, the less leverage he has on Lieberman and the more likely Lieberman will break away to oppose him in the next elections.

In this context, Bibi's negotiating tactics become self-defeating. Believing that he is a great negotiator, and that he is operating in the Middle East bazaar, he inflates his requirements well beyond anything reasonable in the belief that this is the best way to secure the highest price. The process of bringing him down to a reasonable price uses up a lot of energy, uses up a lot of goodwill, humiliates his Palestinian negotiating partner, and raises doubts about his seriousness. In the end, under great pressure from all quarters, he will make the final concession, but only after wasting a lot of time, making everybody furious with him, and thereby securing no credit either with his supporters or negotiating partners. At heart, he seems to lack a generosity of spirit. This combines with his legendary fear of being seen as a "freier" (sucker) in front of his people to create a real problem in the negotiations, especially because he holds most of the cards.

This is further complicated by his introduction of the notion of "creative ideas." Thinking out of the box, as he likes to do, will only further delay the negotiations because the box is already well-defined. To attempt to broaden the parameters will generate mistrust of his intentions on the Palestinian side just when direct negotiations provide the opportunity to build trust.

The reason for dwelling on Bibi's psychology rather than his politics is that the latter all point in the direction of making a deal: the Israeli public is ready to get on with it; if Israel doesn't make a serious move, it will further delegitimize its standing internationally (something Bibi is deeply concerned about); Bibi needs President Obama in his corner to deal with the threat from Iran and to avoid punishment by the voters for mishandling relations with the U.S.; and if he doesn't make the deal with Abu Mazen now, he will have helped to advance the future he is most concerned about - a Hamas takeover of the Palestinian leadership.

Yuval Diskin was quite clear about this latter point. After praising the Palestinian security services to the sky (unusual for him) he told me that he had warned Bibi that at the moment they have a high motivation to prevent terror because they believe they are building their state. If that proves to be an illusion, the motivation will disappear and then he cannot guarantee security in the West Bank. He considers it quite possible that if Bibi doesn't quickly demonstrate his seriousness to Abu Mazen, he will resign because his honor has now been seriously damaged. He told Bibi that he cannot predict who will lead the Palestinians if Abu Mazen resigns, but that Salam Fayyad will likely have to go too.

What is to be done? I have no magic solution for what must be a deeply frustrating exercise for you. And please forgive me if what I recommend here is just repeating what you already know.

1. Put your arm around Bibi: he still thinks we are out to bring him down. There is no substitute for working with him, even though he makes it such a frustrating process. But the purpose of embracing him is to nudge him forward, not to buy into his exaggerated political fears or accept his inflated demands.
2. Try to find a way to make him understand that his negotiating tactics are counterproductive to his own purposes. The Obama Administration has done a great deal lately to underscore its concern for Israel's security, from the vote at the IAEA, to the sanctions on Iran, to the letter that Obama was willing to sign that accepted Bibi's security requirements. That should buy you credibility with him.
3. As his friend, paint a realistic picture of the strategic consequences of his negotiating tactics, particularly in terms of what is likely to happen to the PA leadership if he worries only about his politics and not at all about Abu Mazen's politics.
4. If all else fails, avoid recriminations in favor of a "clarifying moment." The world will of course blame Bibi. But you should avoid any kind of finger-pointing in favor of a repeated commitment to a negotiated solution and a willingness to engage with both sides in trying to make that happen, when they're ready. The Israeli public and the American Jewish Community should know how far the President was prepared to go and they should be allowed to draw their own conclusions. Bibi, Abu Mazen, and the Arab states need negotiations and time is not on the side of any of them. They will come back to the table sooner rather than later as long as we keep the door open.

