

Netanyahu Sets Limits for Obama

Special Report: President Barack Obama got an Oval Office lecture from Israeli Prime Minister Benjamin Netanyahu about how far Obama may deviate from Israel's positions on Mideast peace. This public rebuke raises questions about whether Netanyahu will now try to sink Obama's reelection the way earlier Likud leaders undermined President Jimmy Carter, reports Robert Parry.

By Robert Parry

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Israeli Prime Minister Benjamin Netanyahu's Oval Office rebuke of U.S. President Barack Obama and the Republicans' immediate attempt to exploit the dispute to peel away Jewish voters suggest that American politics may be in for a replay of Campaign 1980.

In that election, too, a Likud prime minister, Menachem Begin, set his sights on eliminating what Israeli hardliners regarded as a troublesome Democratic president, Jimmy Carter, and replacing him with a Republican more willing to let Israel expand its settlements on occupied Palestinian territory and launch what turned out to be a bloody invasion of Lebanon.

It was also in Campaign 1980 that the powerful coalition of neoconservatives, the Christian Right and the Republican establishment took shape. Over the ensuing three decades, that coalition has reshaped U.S. politics.

A key touchstone of that coalition has been granting Israel almost carte blanche to stall a comprehensive peace agreement with the Palestinians while expanding settlements on the West Bank to "change the facts on the ground."

Those settlements, which have been at the center of Likud policies since the 1970s, were the key factor in Netanyahu's public rejection of Obama's proposal to use Israel's 1967 borders as the starting point for peace talks.

Israel "cannot go back to the 1967 lines," Netanyahu lectured Obama on Friday, "because these lines are indefensible. They don't take into account certain changes that have taken place on the ground, demographic changes that have taken place over the last 44 years."

In other words, now that Likud has helped move hundreds of thousands of Israeli settlers onto what was Palestinian territory, the internationally recognized boundaries of Israel are no longer relevant.

Apartheid Proposal

Leading Likud politicians have even suggested that if the Palestinians seek United Nations recognition for their own state in September, Israel might simply annex the West Bank and permanently exclude Palestinians from rights of citizenship.

That plan was laid out in [a Thursday op-ed](#) in the New York Times by Danny Danon, a Likud member and deputy speaker of the Israeli Knesset. Entitled "Making the Land of Israel Whole," it argued that:

"A United Nations vote on Palestinian statehood would give Israel an opportunity to rectify the mistake we made in 1967 by failing to annex all of the West Bank (as we did the eastern half of Jerusalem).

"We could then extend full Israeli jurisdiction to the Jewish communities and uninhabited lands of the West Bank. This would put an end to a legal limbo that has existed for 44 years.

"Moreover, we would be well within our rights to assert, as we did in Gaza after our disengagement in 2005, that we are no longer responsible for the Palestinian residents of the West Bank, who would continue to live in their own, unannexed, towns.

"These Palestinians would not have the option to become Israeli citizens, therefore averting the threat to the Jewish and democratic status of Israel by a growing Palestinian population."

Danon made clear that Israel was ready to defy the international community, adding:

"While naysayers will no doubt warn us of the dire consequences and international condemnation that are sure to follow such a move by Israel, this would not be the first time that Israel has made such controversial decisions."

Danon's plan, which is in line with what Israeli hardliners have sought for decades, would amount to an apartheid system for Palestinians, much like that used in white-supremacist South Africa, which confined blacks to townships like Soweto and denied them finances and political rights.

Denouncing J Street

Danon also is demanding that the United States, and especially Jewish-Americans, line up behind Likud policies, whatever they are.

In March, Danon held a Knesset hearing that called on the carpet a liberal Jewish-American group, J Street, for criticizing Likud's expansion of settlements on Palestinian land.

Danon and other hardliners threatened to denounce J Street as anti-Israel and pro-Palestinian, which could cost J Street access to American synagogues and other U.S. Jewish centers.

J Street was created three years ago by American Jews uncomfortable with the defiantly uncritical stands of the powerful American Israel Public Affairs Committee, which is expected to give President Obama a chilly welcome when he speaks to the AIPAC convention this weekend.

At the Knesset hearing condemning J Street, Israel's Likud leadership essentially rejected the idea that Jews outside Israel have the right to dissent.

As the Washington Post reported, "The new model [of J Street's conditional support for Israel] is considered treasonous by those in Israel who think the American Jewish community's role should be to back the Israeli government's decisions."

Now, with Netanyahu's public rebuke to Obama, the Likud leadership is showing that deviation from its policies won't be tolerated in the White House either.

Republican Attacks

Following Netanyahu's dressing-down of Obama, Republicans moved quickly to drive a wedge between Obama and Jewish voters.

Siding with Netanyahu on the issue of using the 1967 borders as a starting point for talks, GOP leaders accused Obama of "throwing Israel under the bus." Next week, Republicans on Capitol Hill plan to formally condemn Obama's position.

So, the political dynamic is now running parallel to the situation in 1980 when Prime Minister Begin was determined to rid Israel of President Carter, who was regarded as too friendly to the Palestinians and too supportive of a Palestinian state.

If Israel now is determined to annex the West Bank (as Likud parliamentarian Danon suggests), Netanyahu's government will face even a greater need to prevent Obama from gaining a second term.

A defiant Israel will have to place a high priority on replacing Obama with a Republican who would restore the kind of policy leeway that Israel enjoyed under President Ronald Reagan and President George W. Bush.

Much as Begin's government fretted about Carter winning a second term in 1980, the fear now will be that a second (and final) term for Obama would free him from the political pressures of the influential Jewish-American community and

thus allow him to pressure Israel into making concessions for a Mideast peace.

A solution to the second-term problem as Begin discovered in 1980 would be to toss Israel's political support (whether overtly or covertly) to the Republicans and thus ensure that the Democratic president doesn't get that second term.

The historical evidence regarding Campaign 1980 is that Begin worked behind the scenes with the Reagan campaign to undercut Carter's reelection hopes, particularly regarding Carter's frantic efforts to free 52 Americans then held hostage in Iran.

If Obama doesn't show greater willingness to bow to Israel's demands, he can probably expect a similar treatment, albeit with a different set of circumstances than Carter faced.

Neocon Influence

The neoconservatives who remain very influential in Washington are already lining up behind Netanyahu and against Obama. For instance, the Washington Post, which has become the neocons' flagship newspaper, blamed Obama and Palestinian President Mahmoud Abbas for the current diplomatic crisis.

While acknowledging that Obama's reference to the 1967 borders didn't deviate much from previous U.S. policy, [a Post editorial](#) still faulted the President for stating the position without first gaining Netanyahu's approval.

"Mr. Netanyahu had not yet signed on, and so Mr. Obama's decision to confront him with a formal U.S. embrace of the idea, with only a few hours' warning, ensured a blowup," the Post's editors wrote, adding:

"This president likes to portray himself as a pragmatist in foreign policy. In this case, pragmatism would suggest that restoring trust with Israel, rather than courting a feckless Palestinian leader, would be the precondition to any diplomatic success."

In other words, Obama can expect unrelenting neocon opposition unless he relents on Netanyahu's hardline approach to the peace process.

Israel's Likud government and its American supporters don't seem to care that Israel's decades-old intransigence on resolving the Palestinian issue has placed the United States in an increasingly difficult position vis a vis the Muslim world.

Instead, they seek to demonize even modest deviations from Likud orthodoxy, as happened with J Street and is now facing President Obama.

Military Spending

They also want to continue a huge and expensive U.S. military, which can be put to use against Israel's regional enemies, as occurred in the Iraq War in 2003 and may come into play against Iran in the future.

David Stockman, Reagan's budget director, recently noted in [a New York Times op-ed](#) how congressional Republicans and their supposed deficit-hawk budget chairman, Rep. Paul Ryan, backed away from challenging the neocons on military spending even if that required deeper cuts in Medicare and other social programs for Americans.

"Ingratiating himself with the neo-cons, Mr. Ryan has put the \$700 billion defense and security budget off limits," Stockman wrote.

In essence, that's the deal the neocons and Likud demand in exchange for their support for Republicans, a readiness to prioritize Israel's security needs and to support Israel's actions regardless of how offensive they are to the rest of the world.

The deal was sealed during Campaign 1980, making that history suddenly relevant again as Prime Minister Netanyahu appears as alienated from President Obama as Prime Minister Begin was from President Carter.

It's another reason why it is important to finally get that history right, rather than simply accept the cover-up enforced by Republican and neocon operatives.

The historic cover-up of the early Reagan-Begin collaboration took shape in the months after the Iran-Contra scandal was exposed in the fall of 1986. Republicans and Israeli allies went to great lengths to confine the investigation of secret arms sales to Iran with profits diverted to the Nicaraguan Contra rebels to the narrow time frame of 1985-86.

Aided by timid Democrats unwilling to fight for the truth, the cover-up worked. Iran-Contra did lead to some White House firings, some low-level prosecutions, and a wrist-slap or two over Reagan's alleged inattention to details, but Official Washington had no stomach for digging down to the uglier parts of the scandal.

Demonizing Dissenters

The few dissenters who wouldn't accept that tidy conclusion such as Iran-Contra special prosecutor Lawrence Walsh were mocked and marginalized by the major U.S. news media.

For instance, the Washington Post ran an influential article calling Walsh's consistency in pursuing the scandal "so un-Washington" and judging that he would depart as "a perceived loser."

However, an accumulating body of evidence suggests that the accepted understanding of Iran-Contra was mistaken, that the conventional view of the scandal was like starting a novel in the middle and assuming you're reading the opening chapter.

Indeed, it now appears clear that the Iran-Contra Affair began five years earlier in 1980, with what has often been treated as a separate controversy, called the October Surprise mystery, surrounding alleged contacts between Reagan's presidential campaign and Iran, with Israel playing a key middleman role.

In view of the latest evidence and the crumbling of the long-running October Surprise cover-up there appears to have been a single Iran-Contra narrative spanning the entire 12 years of the Reagan and Bush-41 administrations, and representing a much darker story.

It was not simply a tale of Republican electoral skullduggery and treachery, but possibly even more troubling, a story of rogue CIA officers and Israel's Likud hardliners sabotaging a sitting U.S. president, Jimmy Carter.

Carter's potential second term presented unacceptable dangers to some powerful interests at home and overseas. Israeli Prime Minister Begin and his Likud Party believed in a "Greater Israel" and were determined not to trade any more land conquered in the Six-Day War of 1967 for promises of peace with Palestinians and other Arabs.

In 1980, Begin was still fuming over Carter's Camp David pressure on him to surrender the Sinai in exchange for a peace deal with Egypt. So, it made sense that Begin would do what he could to work with Republicans in undercutting Carter's efforts to gain freedom for 52 American hostages in Iran. [For details, see Consortiumnews.com's "The CIA/Likud Sinking of Jimmy Carter."]

Framework for Iran-Contra

The secret relationships, born of the 1980 hostage dealings, created the framework for the Reagan administration's approval of Israel's clandestine arms shipments to Iran immediately after Reagan took office in 1981, Israeli arms sales that gradually evolved into the Iran-Contra weapons transfers.

Thus, when Iran-Contra surfaced in fall 1986, the containment of the scandal was not simply to protect Reagan from possible impeachment for violating both the

Arms Export Control Act and the congressional ban on military aid to the Nicaraguan Contras, but from exposure of the even darker, earlier phase of the scandal, which would implicate Israel.

In authorizing the first investigation of the Iran-Contra scandal, Reagan's Attorney General Edwin Meese set the chronological parameters as 1985 and 1986.

Congressional inquiries also focused on those two years, despite indications that the scandal began earlier, such as the mystery of an Israeli-chartered arms flight that was shot down in July 1981 after straying into Soviet air space.

Only late in the Iran-Contra criminal investigation did Walsh and his investigative team begin suspecting that Reagan's supposed motive for selling arms to Iran in 1985-86 to gain release of U.S. hostages then held in Lebanon made no sense because whenever a hostage was freed another was taken captive.

So, Walsh began examining the possibility that the tripartite relationship of Iran-Israel-and-Reagan predated the Lebanese crisis, going back to 1980 and Carter's futile efforts to win freedom for those 52 U.S. hostages in Iran.

Those hostages weren't freed until Reagan took office, raising suspicions even then that Republicans had gone behind Carter's back to strike their own deal with Iran.

That suspicion was one reason why Walsh's investigators asked former Vice President George H.W. Bush's national security adviser (and ex- CIA officer) Donald Gregg about his possible role in delaying the release of the hostages in 1980. His denial was judged deceptive by an FBI polygrapher.

People on High

Nicholas Veliotos, Reagan's assistant secretary of state for the Middle East, described his discovery of the earlier Iran-Israel-Republican connections after the Israeli plane went down in the Soviet Union in 1981.

"It was clear to me after my conversations with people on high that indeed we had agreed that the Israelis could transship to Iran some American-origin military equipment," Veliotos said in an interview with PBS Frontline.

In checking out the Israeli flight, Veliotos came to believe that the Reagan camp's dealings with Iran dated back to before the 1980 election.

"It seems to have started in earnest in the period probably prior to the election of 1980, as the Israelis had identified who would become the new players in the national security area in the Reagan administration," Veliotos said. "And I understand some contacts were made at that time."

Though some two dozen witnesses including senior Iranian officials and a wide range of other international players have expanded on Veliotis's discovery, the pressure became overpowering in the final years of George H.W. Bush's presidency not to accept the obvious conclusions. [For details of the evidence, see Robert Parry's *Secrecy & Privilege*.]

It was easier for all involved surely the Republicans but also the Democrats and much of the Washington press corps to discredit the corroborated 1980 allegations. Taking the lead was the neoconservative New Republic.

In fall 1991, as Congress was deliberating whether to conduct a full investigation of the October Surprise issue, Steven Emerson, a journalist with close ties to Likud, produced a cover story for The New Republic claiming to prove the allegations were a "myth."

Newsweek published a matching cover story also attacking the October Surprise allegations. The article, I was told, had been ordered up by executive editor Maynard Parker who was known inside Newsweek as a close ally of the CIA and an admirer of prominent neocon Elliott Abrams.

The two articles were influential in shaping Washington's conventional wisdom, but they were both based on a misreading of attendance documents at a London historical conference which Reagan's campaign director William Casey had gone to in July 1980.

The two publications put Casey at the conference on one key date thus supposedly proving he could not have attended an alleged Madrid meeting with Iranian emissaries. However, after the two stories appeared, follow-up interviews with conference participants, including historian Robert Dallek, conclusively showed that Casey didn't arrive at the conference until later.

Veteran journalist Craig Unger, who had worked on the Newsweek cover story, said the magazine knew the Casey alibi was bogus but still used it. "It was the most dishonest thing that I've been through in my life in journalism," Unger later told me.

However, even though the Newsweek and New Republic stories had themselves been debunked, that didn't stop other neoconservative publications, like the Wall Street Journal, from ladling out ridicule on anyone who dared take the October Surprise case seriously.

Emerson also was a close friend of Michael Zeldin, the deputy chief counsel for the House task force that investigated the October Surprise issue in 1992.

Though the task force had to jettison Emerson's bogus Casey alibi, House

investigators told me Emerson frequently visited the task force's offices and advised Zeldin and others how to read the October Surprise evidence.

Subsequent examinations of Emerson's peculiar brand of journalism (which invariably toed the Likud line and often demonized Muslims) revealed that Emerson had financial ties to right-wing funders such as Richard Mellon Scaife and had hosted right-wing Israeli intelligence commander Yigal Carmon when Carmon came to Washington to lobby against Middle East peace talks.

In 1999, a study of Emerson's history by John F. Sugg for Fairness and Accuracy in Reporting's magazine "Extra!" quoted an Associated Press reporter who had worked with Emerson on a project as saying of Emerson and Carmon: "I have no doubt these guys are working together."

The Jerusalem Post reported that Emerson has "close ties to Israeli intelligence." And "Victor Ostrovsky, who defected from Israel's Mossad intelligence agency and has written books disclosing its secrets, calls Emerson 'the horn' – because he trumpets Mossad claims," Sugg reported.

Shying Away

Yet, the way Washington was working by the end of the 12-year Reagan-Bush-41 era, there was little interest in getting to the bottom of a difficult national security scandal.

The House task force simply applied some fantastical logic, such as claiming that because someone wrote down Casey's home phone number on another key date that proved he was at home, to conclude nothing had happened.

Between the House task force's finding of "no credible evidence" and the subsequent ridicule heaped on the allegations by major U.S. news outlets, the October Surprise case was cast aside as a "conspiracy theory."

However, subsequent disclosures revealed that a flood of new evidence incriminating the Republicans arrived at the House task force in its final weeks, in December 1992, so much so that chief counsel Lawrence Barcella said he recommended that task force chairman, Rep. Lee Hamilton, D-Indiana, extend the investigation for several months.

However, Barcella said Hamilton refused, citing procedural difficulties. Instead, the incriminating evidence was simply kept from other task force members, and the investigation was shut down with a finding of Republican (and Israeli) innocence.

It even appears that a late-arriving report from the Russian government about

its own intelligence on the case corroborating allegations of a Republican-Iranian deal was not shown to Hamilton, the chairman.

When questioned in 2010, Hamilton told me he had no recollection of ever seeing the Russian report (though it was addressed to him) and Barcella added that he didn't "recall whether I showed [Hamilton] the Russian report or not." [See Consortiumnews.com's "[Key October Surprise Evidence Hidden.](#)"]

(Barcella described these events to me in [a series of contentious e-mails](#) in the months before his death from cancer on Nov. 4, 2010.)

According to other interviews in 2010, dissent within the House task force – over some of the irrational arguments being used to clear the Republicans – was suppressed by Hamilton and Barcella. [See Consortiumnews.com's "[The Tricky October Surprise Report.](#)"]

In other words, Official Washington preferred to sweep this unpleasant scandal under the rug rather than confront the facts and their troubling implications.

Yet, with another angry Likud prime minister taking aim at the second term of another Democratic president, who is perceived as pushing too hard for a Palestinian state, it might finally be time for this important history to be examined honestly and presented clearly to the American people.

If Israel feels that it is entitled to interfere with the U.S. political process to the degree of even undermining sitting American presidents, it may be time for Obama to sit Netanyahu down and give him a lecture.

[For more on these topics, see Robert Parry's [Secrecy & Privilege](#) and [Neck Deep](#), now available in a two-book set for the discount price of only \$19. For details, [click here.](#)]

Robert Parry broke many of the Iran-Contra stories in the 1980s for the Associated Press and Newsweek. His latest book, [Neck Deep: The Disastrous Presidency of George W. Bush](#), was written with two of his sons, Sam and Nat, and can be ordered at [neckdeepbook.com](#). His two previous books, [Secrecy & Privilege: The Rise of the Bush Dynasty from Watergate to Iraq](#) and [Lost History: Contras, Cocaine, the Press & 'Project Truth'](#) are also available there. Or go to [Amazon.com](#).
