

JACK KEMP
ORAL HISTORY PROJECT

Interview with
Prime Minister BENJAMIN "BIBI" NETANYAHU
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Interviewer
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Kondracke: Prime Minister, thank you very much for doing this. I have some general questions about your relationship with Jack Kemp, and then a few more specific ones. What are your most vivid recollections about your relationship with Jack Kemp?

Netanyahu: I don't know. He was just a quintessential American for me. He was just upstanding, stalwart, direct, honest, believed in free enterprise and in fairness, believed in the American-Israeli relationship. He was wonderful. He was a decent, honorable and brave human being. He stood his ground, he spoke his thoughts—within the limits that we all have to put on ourselves in politics. He was for me a great, great friend and a great, great American.

Kondracke: Of all the thousands and thousands of American friends that you've made over the years, where would you put him in terms of closeness? Were you buddies? Jack and BiBi, and so on?

Netanyahu: Yup. Yup. Pretty close at the top, I'd say, definitely.

Kondracke: Did you ever disagree with him about anything? Did you ever have an argument with him about anything?

Netanyahu: We didn't have many arguments, but he'd try to drill in me something that I—I wasn't resistant to, but I wasn't fully aware of, because we spoke about everything. We spoke about global politics, we spoke about the U.S.-Israel relationship, we spoke about the fight against terror, we spoke about Iran. In those days that wasn't on everyone's lips. We spoke about economics, and in economics he said to me, he said this for years,

well before I became prime minister for the first time, he said "You've got to cut taxes, you've got to cut taxes, you've got to cut tax rates." And I have to admit that at the time I was thinking of many other reforms. I was thinking of how to break monopolies and break cartels, and get people off welfare. But he said, "No, no, no, you've got to cut taxes." And it took me a long time to understand the centrality of lower taxation as a stimulus for growth. That's still being debated in certain economic circles, and you almost wonder—how can people debate that? It's so obvious. Why do people work, why do they invest, why do they take risks? They want to make money. They don't want to give it to the government. They want to make money, so if you increase their share, either the individual share or the corporate share, then you'll increase economic activity. He introduced me to the Laffer Curve. When I explained that as finance minister to the Knesset members in the Knesset Finance Committee, they said "Laffer? We don't know. Who's this Laffer?" I said, "It's not Laffer. It's [Arthur B. "Art"] Laffer. And there may even be a non-Jewish economist that I may refer you to, although I never check." It was Laffer. So Jack was Laffer, and we were definitely on the right side of that curve. The influence of Jack actually finally zoomed in and made a difference when I became finance minister and I put in tax reform and the reduction of taxes, actually the reduction of taxes pretty much across the board, as the primary instrument of economic growth, which from there on proceeded at about five percent a year for the next decade, from 2003 till the present. I think Jack's influence there was pivotal.

Kondracke: So he converted you to the supply-side, did he?

Netanyahu: [laughs] No. I was pretty much of a supply-sider. He made me more so.

Kondracke: What would you say, aside from that, were his most significant contributions to American-Israeli relations?

Netanyahu: First of all, he was a totally reliable and constant friend. He was an ally in the deepest sense of the word, and it didn't make any difference what the prevailing mood was. Whether he was in office or not in office, he was always there, the one guy you could rely on. He was loyal to the administration, undoubtedly, but he was also loyal to this relationship, and so he would work to try to present Israel's case, even in the most difficult circumstances. He never wavered; he never towed a different line. He may not have said everything that he wanted to publicly, but he was very clear, I think, in private conversations both with us and with his peers about where he stood. So I think that's the first thing: he was a rock-solid ally of Israel and the American-Israel alliance. Second thing, he has a pivotal role also in the campaign to release Soviet Jewry. I think he was, next to Jackson-Vanik amendment [1974], I mean first of all he was one of the promoters of that terrifically important piece of legislation, but he was also a constant proponent, a constant exponent of the need to release Soviet Jewry. That made a pivotal difference in our history, because the opening of the gates of the Soviet Union and the immigration into Israel of over a million Jews from the former Soviet Union made a tremendous difference in our future. And Jack has a big stake in that. I think from an Israeli perspective I would say these are the three greatest features of the significance of his lifelong friendship, over the years that I knew [him]. One, the support of the alliance; two, Soviet Jewry and three, I'm telling you, lower taxation rates, which have turned Israel into a significant economic power, at least in technology, in the world. That wouldn't happen with high tax rates.

Kondracke: Did he ever tell you where this strong affinity for the Jewish people and Israel came from?

Netanyahu: I don't know. I think it was like playing football. It was just very natural for him. It don't think it required a great conversion on his part. He didn't come from elite country clubs. He came from—as I understand it—Middle America, he came from Buffalo. It was just so natural for him. Now it's true that this has taken root—the support for Israel, the identification with Israel has taken root and expanded in many circles in the United States. Retracted in some, but overall the support for Israel was at an all time high in the United States this year, but it was an all time high with Jack when I met him. He didn't need polls. He didn't do it because of any expediency. It was part of his identification. You know the first time I met him, which was in 1979, three years after my brother fell at Entebbe, the institute we founded in his name, the Jonathan [Netanyahu] Institute, I invited Jack. As a young man at the time, he was somewhat older but a young congressman, and I invited him to make a speech here in Jerusalem in a conference we did on international terrorism. It was unfashionable at the time to talk about state-sponsored terrorism. This was considered a big deviation, which of course turned out to be completely true, but it was also a moral assault on the lies of terrorists, who murder babies and innocent people, and pretend to be freedom-fighters. He spoke in his speech, I remember, about the values that we extol. He spoke about Israel as the city on the hill. Actually, I remember the first time hearing that in his speech, and he may have borrowed it, obviously, from elsewhere, but I remember, because we've been here, the city on the hill, for 3,000 years. But the fact is it was the first time that I heard it, with such power and conviction and it made an indelible impression on me.

Kondracke: How did you come to invite him? Because you didn't know him before.

Netanyahu: No, I didn't know him. I was a private citizen, but I took it upon myself to organize this conference. I think I was about 27 years old, or 28. I started going around the United States, and I think I met Norman Braman in Miami, probably seeking his support, material support, and he said, "You really ought to get this guy Jack Kemp." And I think I went to Washington and saw him and invited him, and the friendship took root immediately. When I met him I knew I had a lifelong friendship.

Kondracke: So the first meeting was actually in Washington, not in Jerusalem?

Netanyahu: I don't remember.

Kondracke: So Kemp was in Israel on June 7, 1981, when Israel bombed the Osirak Reactor in Iraq. Were you there too? Did you talk to him about that?

Netanyahu: I don't think so. Not at the time. I was a private citizen. I woke up with the news like everyone else. It happened, I think, at noontime when we heard about it.

Kondracke: When he would visit Israel in those early days, did he see you regularly?

Netanyahu: I think we may have met once or twice. I can't remember. I came to Washington shortly afterwards. I met him first time in 1979, and the next time I saw him definitely was in 1982, when I came as Israel's DCM [Deputy Chief of Mission], the number two in the Israeli Embassy in Washington, and then I started seeing him a lot. I mean I'd see him a lot, in Congress, a lot.

Kondracke: Did you got to football games at his house on Sunday afternoons?

Netanyahu: No I didn't, and I'm sorry I didn't. I did tell him, I think, of the one football game that I attended when I was in Washington, or perhaps later at the U.N., two years later. It was a game between the Washington Redskins and I think the Dolphins, and I said, "What am I doing?" I remember I told this to him. I said, "Jack, I saw this game. I tell you I never played football, I never liked football, but by the end of the game, the last five minutes, I was standing on the seat waving my arms up and screaming aloud." So I told him "You're on to something." I remember we had that conversation.

Kondracke: Did you go to dinners at his house?

Netanyahu: We met Joanne [Main Kemp] and Jack a several times. I think we may have been in restaurants. I don't remember visiting their house. I do remember seeing their families on many occasions. Just picture-perfect, and they're wonderful people.

Kondracke: In Israeli political terms, did Jack ever say that he felt closer to Likud than to Labor?

Netanyahu: Well, I refuse to say that on the grounds that it might incriminate him. [laughter]

Kondracke: Okay. He seemed to know a lot about Jewish history and Israeli history. How deeply read in it was he, do you think?

Netanyahu: He was an avid reader. You could get Jack to talk about something that he was passionate about, and he would just get in there and I don't think he'd just rattle off facts. He did that, facts and figures, he had that, but there was a spine of conviction in everything that he talked about, and, I think, everything that he did there was passion. Jack wasn't a nerd. He wasn't a nerd because he was a great football player. But he had the appetite, I think, for reading and a broad knowledge and depth, and this was not immediately evident. If you looked at him from afar you wouldn't think that. But as I got to know him I saw that he would plumb the depths of a subject, and he was widely read. He was very proficient. He was a highly intelligent man and a highly committed, dedicated man, which I think is actually more important.

Kondracke: I guess the biggest thing that happened while you were DCM was the Lebanon civil war, the Israeli invasion of Lebanon and all of that, and there were moments when IDF [Israeli Defense Forces] forces and U.S. Marines were actually at gunpoint. This became highly controversial in the United States, and he was obviously for our staying there, even after the Marine barracks bombing. So you're DCM, did you have a lot of conversation with him about what was going on?

Netanyahu: A lot, a lot, yes I did. A lot, and he supported our action, he understood the logic of it. I mean, you're a country attacked by terrorists. What would you do? It's what we did. In fact, in some sense we probably did less than what some other countries would do. But he understood that. I don't remember the specific reaction to that near-altercation, but I think he would see it as a momentary friction between friends. There was no question the United States was supporting us, there's no question about that, even though we had our differences, even though we had arguments. But the basic American position, the empathy, was there. This is what a free state and an ally of the United States should do. And I think he was there, there was no question about that.

Kondracke: Do you remember any other specific legislative initiatives that you were involved with him during that time?

Netanyahu: There must have been quite a few, but I'm not sclerotic, but it's a long, long time ago.

Kondracke: I understand. So he was on the Foreign Ops [Foreign Operations Subcommittee of the House Committee on Appropriations] Committee, obviously, ranking Republican, and so he had a lot to do with aid to Israel, and I guess you must have worked with him on that.

Netanyahu: He always said that aid to Israel was an investment not only in Israel's security, but also in American security. He believed that, it wasn't a shibboleth that he said. He really understood the value of Israel as America's ally, its most reliable ally, and the strongest power in the region. Now that may be understood today in sharper perspective than it was then because of what has happened, the great Arab convulsion and the implosion

that we see all around us. But he understood that. It wasn't a political line that he was spewing. It was something that he deeply believed in, there's not even a shred of doubt about that. He believed it, and in his usual way he acted upon it to secure maximum military support for Israel.

Kondracke: Right. So in '84 you become U.N. ambassador, and you and he worked on anti-terrorist legislation to close down the PLO [Palestine Liberation Organization] offices in New York and Washington. Any other specific things that you worked on together during that period?

Netanyahu: I just remember, Mort, that we kept in touch all the time. He was a buddy, you know? I mean he was a close friend. It wasn't just a business transaction, I mean the business of diplomacy or the business of politics. It transcended that. I'm not saying that in a kind of glorifying—it's not a glorified retrospective after someone's death. It's what I felt in his life. When I talked to Jack, I knew I talked to a friend, a real friend. There wasn't ever a moment of any doubt about that.

Kondracke: Did he always regard the PLO as a terrorist organization? Did he ever stop?

Netanyahu: I don't think so. That is, I don't think that he viewed them in other terms in those years, at least in the years that we spoke. The lines were drawn fairly clearly. Diplomacy sometimes cut through them, but it was clear where the gravity of sympathy and identification was, and for Jack it was with America and Israel, and with America's allies. But first with America's allies in values. I think that's the deepest thing. He wasn't oblivious to realpolitik, but I think he was much more grounded in the politics of values. That's the way I would describe his thinking, so that

guided everything that happened, everything that I remember, and those things that I don't remember in their details, but I remember the current of his thinking and the current of his sympathy was guided by values.

Kondracke: Did he have any vision of what to do about Palestinian nationalism?

Netanyahu: I don't think we talked about it that much. He pretty much left it to us. I think that his view was "It's your fate, it's your future. You're the ones who should make the decision." So he wasn't sermonizing on that or giving us advice, which in some countries would make him an exception.

Kondracke: He didn't give you foreign policy advice at all, or did he?

Netanyahu: Well he gave us advice in the course of the years on specific issues that we encountered, or specific problems that we faced, but I don't think that he was, I don't remember him plumbing the depths of the Israeli-Palestinian conflict. I do remember talking about—remember there was the Soviet Union at the time, there was the question of getting the Soviet Jews out, the question of Star Wars, the pressures that could be placed on the Soviet Union to open the floodgates, and the political and military support for Israel. I remember that he was very clear-cut about all of this, all the time.

Kondracke: He was one of the sponsors of the Lavi Fighter, I remember.

Netanyahu: That's correct. And he had a close relationship with Moshe Arens, who was the ambassador, my boss at the time when I came to Washington in '82. So there was a very close relationship there as well.

Kondracke: Did he ever travel in the Arab world, or talk much to Arabs?

Netanyahu: I don't know. I'm sure he did, but I don't know.

Kondracke: Did he have any hopes that the Arabs would ever accept Israel as a Jewish state, or did he think that this was going to be an unending conflict? Did you ever talk about that?

Netanyahu: No. If we did, I probably said to him what I believed throughout these years and believe today, that the question of Israel's acceptance is a direct function of Israel's strength. If we're weak, people will think we'll be disposed with. If we're strong and here to stay, then they'll have to, ultimately, at least some of them, will make their accommodation with us, and I think Jack believed that too.

Kondracke: In 1988 you go back to Israel, and he runs for president. Did you give him any political advice, or did you have anything to do with his campaign?

Netanyahu: [Laughter] No. I think we spoke afterwards, but no, I obviously followed it from afar, but we were both busy at the time, trying to get elected. That's a pretty busy thing.

Kondracke: He seems to have had as much or more support among Republican Jews as any candidate. I mean I guess George [H.W.] Bush would have had a lot because he was Reagan's vice president. You didn't help him cement those relationships?

Netanyahu: No, no I didn't do that. But I think that people felt, see Jack was an interesting person because he was a stalwart conservative, but in some things, he was an economic conservative and a social liberal, and that came out. In fact he spoke about that many times. He talked about the need for inclusion and the need for not allowing an underclass to develop. Whoever's in there, lift them up with education and with enterprise, with all sorts of projects. He spoke actually very enthusiastically about some of his ideas, I remember that. How to get the inner cities to grow, and all sorts of other ideas that he spoke about. And you couldn't, I couldn't, be indifferent to Jack's passion. When he spoke about something he sort of grabbed you and he didn't let you go. He wasn't obsessive or anything like that, he wasn't. But he wanted to get the force of his argument, so you hear him out. And if you tried to give him a counter-argument, he'd give you a counter-argument for your counter-argument, and it was reasoned. It wasn't thoughtless and it wasn't a fanatic's position. It was a reasoned, well-thought-out, almost empirical position that became something that was a conviction. It was a combination of reasoned faith, or faith with reason. That's the way I would describe a lot of his positions, in fact anything that he truly believed in I think could be summed up that way.

Kondracke: So one of the most interesting periods is—he's HUD [U.S. Department of Housing and Urban Development] secretary, right? But he's a Housing and Urban Development secretary but he's a Housing and Urban Development secretary with a foreign policy. And he got into a lot of conflicts with James [A. "Jim"] Baker [III], the secretary of State, and with George Bush. He was almost constantly in trouble with the administration. So did he talk to you about what he thought Baker and Bush's attitudes toward Israel were?

Netanyahu: Not directly, but you could understand by the way he made his case, what he believed should be the case—he didn't go out publicly, I think. I think he met [Ariel] Sharon when he was persona non grata in Washington, I remember that, and he may have done it with the consent of the administration. I don't know that.

Kondracke: No, he did not. [laughter]

Netanyahu: That would be typical of Jack. He was undaunting. He believed in something, he did it, within limits, but he did it.

Kondracke: You were a delegate at the Madrid Conference [1991]. Did he have a particular attitude about the Madrid and Oslo [1993] processes?

Netanyahu: I don't remember. I think he had a healthy skepticism, but I think he left the—but he said, "Look, if you guys can work it out and you can finish this conflict, by all means." But I don't remember specific references to it.

Kondracke: The most famous altercation that occurred during the Bush years was when Jack told [Edward I.] Ed Koch, the former mayor of New York, that he'd come from a meeting with James Baker and the upshot of the conversation was a headline in the *New York Post*, "Baker: F - - - the Jews." Do you remember that?

Netanyahu: Who can forget it?

Kondracke: He talked to a lot of people about that conversation. Did he talk to you?

Netanyahu: No, I don't think so, but I read it in the paper.

Kondracke: Among his Israeli friends, you obviously were one of the closest. Who else was he close to?

Netanyahu: I know for a fact that he was very close to Moshe Arens at the time, and I'm sure he was friendly with others, but there was an easy familiarity that Jack had with both Moshe and myself because I think we knew American culture. I didn't know American football, I have to admit, but in all other aspects we could converse about common themes. I can tell you about Moshe Arens but I'm not sure what the rest of the list includes. Obviously Ariel Sharon. He met him.

Kondracke: What would you say that how did Jack Kemp and his ideas influence your prime ministership?

Netanyahu: Three things immediately: taxes, taxes, taxes. Which means lower them. It's not so much my prime ministership, but in the aftermath when I reviewed what I did in economics, I actually talked to him a great deal about something that I did as prime minister, and that was to open the foreign currency controls. You've got to understand, Israel was like a Third World country, which don't exist anymore, in 1996. It had closed currency markets. You couldn't take out more than a couple of thousand dollars without an approval from a clerk in the Bank of Israel, the central bank. And if you didn't deposit it you transgressed. I came to the unusual idea of opening up the currency markets and relieving the controls, and there was a great debate. All previous prime ministers who had considered that were told that a mountain of money would run out of the country. In any case, I

did it, and a mountain of money did move, inside, not outside. And that was a great reform that I remember I did discuss this with Jack and he was very happy about it. He felt vindicated. That was his direction. Then he said to me, I remember this conversation. He said to me, "Now what are you doing about taxes?" and he was right, he was absolutely right. When I reviewed my first term, I made some other reforms but I said, "You know, you get another chance, you've got to do what Jack said." And that's exactly what I did. We did many other reforms, but I put lowering taxes right up in my agenda, and that I got to do as finance minister in 2003. We were in a great crisis and I had about 10 days to work out a plan, which I did, and an essential pivot of it was the shall we say the Jack Kemp plank: lowering tax rates. Well, I came to present that and got an immediate hit from the bureaucracy, and they said, "You can't do that." I said, "Why not?" "It's illegal." I said, "What? It's illegal?" "Yes, it's not equal and not fair, because half the people are not paying taxes." I said, "Well, you'd think that would actually make you want to lower the tax rates for the others who do." Anyway, they said, "But we won't be able to defend you in court against challenges that we'd have." I said, "Okay, don't defend me. I'll defend myself. I'll bring in Nobel Prize winners." And I think I called Jack at the time because I wanted to get a list of all the economists who I could bring. I was seriously prepared to go to the Israeli courts to argue the case for lower taxes, so he must have gotten to me. I'd become Kempized by then.

Kondracke: Final question.

Netanyahu: I didn't need to, by the way. We finally did it without going to court.

Kondracke: He famously called you the Israeli Ronald Reagan, and I think he may have even called you the Israeli Winston Churchill. So what would you call Jack Kemp in terms of his place in history?

Netanyahu: A great American, a great American, who carried the torch for the time that he held it. He carried the torch, he never fumbled, never let it fall. He knew the value of freedom, he was a great American patriot, and a great champion of freedom. And a wonderful friend of Israel and of me personally. I always will think of him in those terms.

Kondracke: Prime Minister, thank you very much for taking your time.

Netanyahu: Thank you.