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Transcript

Dialogue featuring Roger Hertog and Israeli Prime Minister Benjamin Netanyahu, recipient of the 2016 Herman Kahn Award

Please note: This transcript is based off of a recording and mistranslations may appear in the text.

BEGINNING:

HERTOG: It's really a great honor to be in conversation with the prime minister. And I think it's important to state up front how consequential a prime minister Benjamin Netanyahu has been and how adroitly he's navigated the most difficult circumstances, the environment, at both home and abroad.

For all of those who love the Jewish state, and I know many people in this room do, we thank you for having led us from strength to strength.

(APPLAUSE)

NETANYAHU: Thank you very much. Thank you.

HERTOG: So let's begin.

NETANYAHU: Can I say one thing?

HERTOG: I knew it. Sure.

NETANYAHU: Well, this is the Hudson Institute. And Ken Weinstein just said that I exemplified the great attributes of Herman Kahn. One thing, I hope I don't exemplify ALL his attributes.

But I read Herman Kahn in my distant youth. And I remember that Herman Kahn wrote about obviously many interesting things, gripping things—interesting is not a word—vital things, strategies that affect the life of nations.

You've been kind enough to give me a privileged seat, seating me next to Nancy and Henry Kissinger. I'm plugging Henry's book on China and world order. I actually read them very recently and they're illuminating, and instructive.

But I remember one of Herman Kahn's predictions, he was speaking about a decline in cost for computations. [Kahn] was speaking to a hall full of engineers, that is, the people who deal with digital engineering. And he said, you see, the cost of computations, this is 1960, by 1968 will go down like this, and he drew a curve. And one of the engineers gets up really red-faced, very angry, and he says that's easy for you to say, we have to do it!

And it's very kind of you to say all the things; we have to do it. But we do do it, and you're very kind to recognize that. I appreciate that very deeply. Thank you, all. Thank you.

(APPLAUSE)

HERTOG: So let's talk a little about some of those things you have to do. So I think it's fair to say, and almost everyone here would agree, one of your greatest accomplishments was as finance minister in the early 2000s when you enacted truly extraordinary reforms that opened up the Israeli economy to competition, innovation and rapid growth, proving once again you are a man of ideas and those ideas have mattered. We are also proud and mightily impressed by "startup nation."

But my question is, the question going forward, not the past 13, 14 years. The old socialist traditions still linger. Bureaucracy in many ways appears to have calcified. Unions resist change. The government continues to own 95 percent of the land of Israel.

NETANYAHU: Eighty-seven, I've brought it down, please.

HERTOG: Eighty-seven. The economic reforms of a decade ago seem maybe not to have run its course, but lost its startup power, its ability to grow more rapidly. Isn't it possible to do more and grow faster? And what are those things that the Netanyahu government has to do to get it done?

NETANYAHU: Well, the first thing is deregulation. That's... regulation is required, but over-regulation is not, we definitely have over-regulation. I chair a few government committees, I mean I actually chair them, and every few weeks I bring in with my director general all of the relevant ministries and we cut. We take a machete and we cut. I'm looking for the silver machete; there are a few, you'll be hearing about them.

But that's goal number one because the greatest impediment right now to entrepreneurship, which is the key to economic growth, is holding back the power of bureaucrats and regulators, holding them back and yet keeping what you need. And that's a delicate balancing act. But it's not very delicate because we just over-regulate. So everything that you see about the Israeli economy is with this over-regulation, which tells you what the potential is.

I mean, over-regulation is like a heavy boot on the coiled spring of an economy. And if you remove it, it grows, you get growth just from deregulating. So Israel is very fortunate to have over-regulation because that's a growth opportunity. And if we grew at 5 percent, now we're growing at about 3 percent, 3 1/2 percent, we're about to kick in another 1 1/2 percent. And it's getting hard because, you know, our GDP per capita has grown.

You know, when we began these reforms in 2003, the per capita income of Greece was higher than ours. Things change. And we're beating most of the European countries, quite a few of them, and I think our GDP per capita is very close to Japan's now. But we intend to keep on growing, and for that we need deregulation. That's obvious. But that's the standard fare.

Here's the "un-standard" fare, because the opportunities here are not obvious. And they actually involve, believe it or not, and this is a shock and I want you to fasten your seat belts, you actually need government involvement.

Now, wait a minute, no, I haven't changed my religion. But it's a question of sunk costs. How do you convert sunk costs that you have to put in anyway into an economy, the government does that, how do you convert that into growth, and I would say even spectacular growth?

Well, two points, one obvious, one not obvious. The obvious one is you build roads, railroads and so on, and we're doing that in Israel. If you come to Israel you'll see this. You'd think Israel was the size of Texas because it took a long time to go from one side to the other because we didn't have roads, we didn't have fast rail, we didn't have anything, and we're doing that now. And that, of course, creates mobility. Same thing with glass/[fast?] fiber that we're working on, and that may be even more important.

But the "sunk costs" that I'm talking about is something else, if you look at the greatest change that has happened in the world economy, in the world, it's the internet of things. Today you have several billion connections of the internet of things, and very soon you'll have a trillion and many trillions. This means that everything is connected and everything is vulnerable. Airplanes, cars, refrigerators, anything, anything, everything and anything is going to be connected and everything will require protection against sabotage, against penetration, against governments, against crime organizations, against terrorist organizations, you name it. The need is endless; the solutions will be endless.

So if you can create the capacity, a national capacity to excel in cybersecurity, you do two things. One, you protect -- you asked me a question, you're actually going to get an answer.

One, you create a tremendous resource for security which we all need, and nations can be brought to their heels with cyber theft. Today, and tomorrow moreso, we need them. You're going to spend on it anyway.

But it's also a terrific growth opportunity. Well, I fell back on the days that I studied at MIT and I lived on the campus not very far away from the Sloan School, a few meters from there, and I'd go down the elevator to the Sloan School and I see across the street, seven meters away, a warehouse. It's an opaque warehouse, opaque windows, very ugly, bars. And I asked myself, what is this warehouse? I mean, there are I.M. Pei buildings, gleaming and glistening towers, what is this warehouse?

And this is now, 1974. And they told me, well, it's a CIA /NSA, some alphabet soup like that. That was the first time I heard of the NSA. And of course, that was the nexus of government investment in intelligence academia that produced immediately 128 and 495 and one of the first two Silicon Valleys.

Well, I took a lead from that book. And what we're doing now is we're taking our NSA, which is pretty big, not as big as the American NSA, but believe me it is a lot bigger than you might think, and we're putting it smack in Ben-Gurion University, literally in Ben-Gurion University, and our cybersecurity headquarters right there.

And within a hundred meters you have three things: that, you have the university which specializes in that, and a cyber park which is already filled up with the world's largest cybersecurity company. And you have startups, not merely in Tel Aviv and Herzliya, but in Be'er Sheva. I took Steve Forbes there. And I wanted to show him these startups. And I see this, I see this familiar face. The kid must be 25 years old, something like that. And I say, "you look familiar." And he says, "Prime Minister, you don't remember me? I was your Unit 8-200 briefer." I said, "yeah, what are you doing now?" And he said, "Now? Now I'm rich!"

So I want you to have an appreciation of this. We're putting in that money anyway. But if we create the environment, which we are, for this cyber park explosion, these cyber companies, hundreds and hundreds of them, then we can affect tremendous economic growth. So here's the number. In 2014 Israel had about 10 percent of the total private global investment in cybersecurity. In 2015, it doubled to 20 percent. In 2016, it keeps growing.

We're a country of 8 million people. We're one-tenth of 1 percent of the world's population. In cybersecurity, we're punching over 200 times our weight. We are a cyber power.

Five years ago when I announced that we were going to go in that direction, I said that we'd be one of the five cybersecurity powers in the world. We're definitely not number five. We could argue if we're number four or number three, but we're there. The implication of that is enormous for our future economy, enormous. And that is one example of where our economy is going to grow. It's the nexus, the intersection of big data, connectivity, internet, and artificial intelligence and deep learning. And we do very, very well in that.

That's the growth area. And I sure as hell am not going to let regulation interfere with that. I actually prevented regulation now on the cyber industry and we're taking the risk because it's like the exportation of arms.

But I want to encourage this growth, so this is a long answer to, well, a fairly important question. Israel's best economic days are ahead because we're right up there in the future economy. The future is now and Israel is right in it. So if you're thinking of where to invest -- are you thinking of where to invest?

Invest in Israel. It hasn't even begun!

(APPLAUSE)

HERTOG: I want to talk about another growth opportunity, it may be disguised right now, but I want to talk about another growth opportunity. While most of the populations in the West are declining, the population in Israel is growing and growing quite rapidly, which is a real positive sign in many ways.

But the most rapid growth is among the ultra-orthodox and the Israeli Arabs who today represent an astounding 50 percent of all grade school children in Israel. This demographic shift has enormous opportunity associated with it, but also could cause substantial social and cultural changes over time since currently neither group pulls its weight in terms of being part of the workforce and in the workforce at a high level, and in terms of their military service.

My question is, what policies are you putting into place, and how far can you go with this? This is a tender political question, issue in this day, but it has enormous implications.

NETANYAHU: Well, I agree with you. I think that you should be aware that we've made -- there are two things you should be aware of. The first is that the birthrate in nonorthodox, non-Arab Israeli Jews is by far, take that away, is by far the highest in the Western world. It's an interesting question why these secular moderate orthodox families are so large in Israel. And I suspect it has something to do with our history, the experience of the rise of Israel post-Holocaust and so on. It's a very high birthrate.

The other thing you should be aware of is that the birthrate of the orthodox, and especially of the Arabs, has gone down significantly because of the cuts that we put in welfare. And frankly, I had something to do with it, especially in 2003 when we cut child allowances drastically and basically got people to go to work.

So here's what is the gap, the gap between a Muslim woman and a Jewish woman right now in Israel. It used to be six to three, and you know what that would have meant. But it's gone down, it's now a little less than half a child, statistically, so 3.3, I think, to 2.8, something like that. So that's now the gap, enormous.

But equally what has happened is that people go to work. So here's an astounding figure. Haredi m, ultra-orthodox women participate in the workforce exactly like the general population. My prediction is they're going to outstrip the general population because they see -- some of them are very smart and they work in high tech and there's no way you can match what they're making, like some government... "hizbah"? (side conversation) Ron, what's.... What? Payment... Whatever....Welfare, OK. There's no way that it compares. So you're going to see more and more movement of that.

And the other good news is that Arab men, Arab-Israeli men work exactly the same rate as the Israeli women generally. Where we have the gaps are two places. One, Haredi men. The general workforce is

about 80 percent participation, the Haredi workforce went from 37 percent to 52 per cent, and we have a ways to kick them up, right up to the general population, but we're working on it with a variety of stimuli and other means, but it will happen.

And the biggest challenge we have is Israeli-Arab women. They're at 32 percent, so we have a gap of about 50 percent. How do you cover that gap? First thing you do, you know, you have to encourage both a cultural change, but much more so, much more practical, you have to do daycare centers. You know, you have to build daycare centers. So we're just investing now about 13 billion shekels in the Arab sector on a multiyear program. That's the biggest investment in our Arab citizens in the history of Israel. Nothing even comes closer to it.

The closest thing is another billion shekel program that I put in four years ago. People don't know that, I know you read about that in The New York Times every day... (LAUGHTER)

...but we are committed to integrating all our citizens in this world economy. So number one, creating daycare centers. Number two, transportation, just enable them to go to these companies and so on.

So if we get that, I think you're going to get two things. One is I think you'll get an evening out of the birthrates completely. That's happened already, that's happening as we speak. But the second thing that you're going to get is a much stronger and robust Israeli economy. We have more demand on our high tech than we can possibly supply with the existing workforce. And we're preparing kids, we're trying to get advanced mathematics down into the education level and so on, to kindergarten, really. But however many we have, we have to tap into the Haredi population and the Arab population. We're absolutely committed. I'm committed to getting there.

The other thing is, and this is going to shock you, we're going to import workers. You know, did you ever hear of Silicon Valley? What do you hear? You hear Indian dialects and Hebrew, right? Well, why shouldn't we do the same thing? And I've relaxed the limitations on importing foreign workers for the high-tech industry.

So I'm actually quite hopeful. I think we're going to beat the odds. We've always beat the odds. And I think we'll beat them here, too. We're not looking aside at what you're saying, we're looking right into it and working to change it by getting people to work and getting them to seize the future in the present. That's what we're doing.

HERTOG: Well, the opportunity is immense, but very few people have captured it, I'm sure you will. There are very -- this is a big, big sell.

NETANY AHU: There, you're "Herman Kahn" again, you know, we have to do it. But we will.

HERTOG: So let's move to a question on foreign policy. So in 2015, Bret Stephens from The Wall Street Journal wrote what I thought was one of the most powerful articles called "Israel Alone." The theme was that Israel needed to develop its own grand strategy and not be so dependent on the U.S. "In a word," Stephens said, "the Israelis haven't yet figured out that what America is isn't what America was. They need to start thinking about what comes next," end of quote.

Once again, you have certainly been on the forefront of real leadership in thinking about what comes next, deepening relationships with Saudi Arabia, Egypt, Greece, China, Africa. But my question is about Russia.

You've visited Moscow five times in the past 15 months. News reports...

NETANY AHU: No, four.

HERTOG: Four?

NETANY AHU: Actually, I think three and one meeting in Paris.

HERTOG: OK. Well, I got my information from The New York Times.

The news reports suggest regular phone calls with Vladimir Putin. Given Putin's support of Assad, his expanded military bases in Syria, something, by the way, that hasn't happened since Dr. Kissinger brilliantly created, pushed the Soviet Union then out of the Middle East, but today Russia is back. Putin sells to Iran this S-300 surface-to-air missile which military experts have said is a game changer in the region. And many observe Putin as Iran's staunchest ally.

I understand, I think everyone here understands what Israel's interest is in building a stronger relationship with Russia. My question is, what is Russia's interest in building a stronger relationship with Israel?

NETANYAHU: I think Russia has a variegated interest. First interest is to make sure that militant Islam doesn't penetrate and destabilize Russia. There are many, many millions of Muslims in Russia, including in greater Moscow, I think it's up to 2 million. And the concern that Russia has, which many other countries have, is that these populations would be radicalized. So I think that explains part, not all, but part of what Mr. Putin is doing in Syria, I think they'd like to cut it at the source, as do others, obviously, the United States would like to do it, and the other countries participating in the coalition.

So the first thing is block militant Islam at its source, and especially the Daesh phenomenon. For that they make strange alliances.

And we, I've said to President Putin head on, the last thing we want to see, fighting Daesh is fine and Israel's capabilities are not unimportant here, but, you know, we don't want to see in the aftermath in Syria, whether with an agreement or without an agreement, we don't want to see an Iranian military presence, we don't want to see Shi'ite militias which Iran is organizing from Afghanistan, from Pakistan, and we certainly don't want to see Iranian game-changing weapons being transferred through Syrian territory to Hezbollah in Lebanon.

And when we see it, we block it. We do not allow these transfers to go through if we can see them. We do not allow Iran to form a second terror front on our borders. And we act against that. And I said, when I went to see him, you know, about a year ago, when he put his military forces in Syria, I said, look, this is our policy, these are my red lines and I'll act on them. We have a choice. We can coordinate in order not to crash and clash with each other. I said we can actually have our forces shoot down each other's planes -- I think a few weeks later something happened to that effect, not with Israel -- or we can avoid it.

So periodically, we have to sort of tighten the bolts because not everything that is said at the top necessarily reaches the bottom levels, the field levels. They do on the Israeli side, but they don't necessarily always do so on the other side.

And the second thing is we want to avoid a clash. What is Mr. Putin's interests? Definitely he doesn't want to have that happen.

The third interest, I think, is that he wants technology. He's interested in technology and Israel is a global source of technology in many areas that are of interest to Russia, agriculture, dairy production, you name it, the standard fare.

So for all these reasons and also, you know, there's a cultural, a human bridge. We have a million Russian speakers in Israel. These and other reasons, I think, inform Russia's policies. And I think it's very important that we have this relationship.

But I want to comment on the premise of your question. First of all, I don't think there's a substitute or an alternative for Israel's tremendous alliance with the United States. This is...

(APPLAUSE)

This is the first alliance and the irreplaceable alliance, and I'll tell you why. We are having the flourishing of our relations with many countries around the world. And those relationships are based on shared interests. With the United States, we certainly have shared interests, but it's the one alliance we have, and there may be one or two others, but nothing like this, that is based on shared values.

And if you track, as the Gallup poll does every year, just keeps a tracking poll, you can see this develop over time. It's quite amazing. And you see the support of the American public for Israel. It's up to 71 percent right now. I think the Palestinians get about 18 percent. It's flat, like the EKG of a dead person. And that's fine, I don't have a problem with it. But we are going up and up and up. And I have to tell you, and this may come as a shock, but it's gone up in my tenure, including in the last year.

(APPLAUSE)

Seventy-one and I think it's 19 gives you 90, and there's still room to go. But this is the source of this tremendous alliance. It's the identification of the American people that Israel is like the United States and the United States is like Israel. And this is one of the few areas, the only area that I agree with the militant Islamists who say you are them and they are you. On this one, they are right. This is a powerful alliance. The other alliances, the other relations that we have are basically two things and they appear in our relations with Russia, as they appear in our relations with India, with China, with Japan, you know, the small powers of Asia, with Africa, with Vietnam, with Singapore.

Prime Minister Lee just visited Israel. Even though we've had relations with them for many decades, he just came. Japan just concluded, is now concluding with us a protection of investment deal, very important for Japanese investors because they're very conservative, but they're doing that. With China we're negotiating a free trade area. We've wanted it for many years, but they came to us this year. And the same thing is happening in the eastern Mediterranean with Turkey, with whom we've normalized relations, Greece, and Cyprus with whom we have a special relationship.

The same thing is true with the countries of Africa. I've just come from a tremendous meeting. You know, I've been there, Sara and I were there about two months ago. It was an unforgettable and moving visit to four African countries. Now we've even had many, many more African leaders who came to a conference on Israel's technology, in the United Nations. We showed them everything, water, hydroponics, energy, health -- you want to hear this? Painless circumcision against the spread of AIDS. Talk about cutting-edge technology!

I was amazed. I didn't know this.

And Latin America, Argentina, Mr. Macri called me up right after he was elected and said "I want to meet you." We met in Davos in Switzerland. He said I'm changing the policy. Same thing is happening with, I predict it's going to happen in Brazil now, but it's happening throughout Latin America.

Why are these countries coming to us? T and T, terror and technology. Israel is a global power in fighting terrorism because of our intelligence and other proven capabilities. Israel is a global power in technology. All countries need technology for the reasons I mentioned before, a few I didn't. But the future truly belongs to those who innovate. So because of this confluence of security and technology, countries are coming to Israel, including Russia, including other countries, many other countries. And that's changing fundamentally our position in the world.

I said today at the U.N. that I predict that in 10 years, I think it'll happen before, the automatic majorities in the U.N. are going to disappear. The automatic majority rests on the 54 countries of the African block. And the African countries are coming to us every day, including today. So I think that's going to change, and it's going to present a problem to a future Israeli prime minister. How will he give a speech applauding the U.N....

...but he or she will get over it as I did today. So I think that this explains all the countries, but it doesn't explain the United States. The United States is something else. It is the relationship that I and the people of Israel most treasure. It transcends politics. It's expressed in the MOU, record MOU that we just signed. And I'm deeply appreciative of the action that was taken by President Obama. I know that it's supported across the board, bipartisan support. This is very powerful and irreplaceable and it will continue.

(APPLAUSE)

HERTOG: So, I think Sarah Stern is about to come up here, so I have many more questions, but I have one personal one. It's not appropriate to usually do personal ones, but this I think, it is. So for over 3,000 years, Jews have prayed to God for the reestablishment of Zion and Jerusalem, yet Israel was established largely by men and women who were uncertain about God. What role do you think God played in the miracle, in the creation of the Jewish state?

NETANY AHU: Well, evidently a very good one because we've beaten the odds. (APPLAUSE)

Now, if you want me to question God, you know, based on experience I could be stricken down. And I'm not going to take that risk.

I think that there are reservoirs of faith and culture that are very powerful in our people. You know, the founding fathers of Zionism, they may not have been religious people, they were cognizant of religion -- they even knew what they were challenging. One thing they weren't, they weren't ignorant. That's the important thing. You know, you want to reject something, know what you're rejecting.

The thing that I worry about is we'd have a world where people don't even know what they're embracing and what they're rejecting. They should know our traditions. They're powerful. They've brought us here. And I think that the unique power of the Jewish people and the unique power of the Jewish state is a combination of the fact that we had this really primary internet system.

You know, when we had the diaspora, we had, you know, these scholars and sages in Yemen writing letters to the sages in Spain, writing letters to the sages in Germany and so on, asking questions about law, truth, justice. And truth was never finite, it always expanded, you always built on what you knew into what you didn't know.

And I think when the walls of the ghettos and the enlightenment came that same discipline was transferred to physics, mathematics, chemistry. It's a very powerful tradition for this constant question that the Jewish tradition encourages. But I think that if that were it, we wouldn't be here and Israel wouldn't be here.

I think it also is grounded in deep faith. So our feet are planted in the soil and we came back to our ancient land, and at the same time, you know, the branches go up and up and up, and I think it's this unique combination of faith and reason that has made the Jewish people so remarkable and the Jewish state so successful.

And God is watching over us as we speak.

(APPLAUSE)

HERTOG: So one last question. Your father, Benzion Netanyahu, was a very distinguished scholar of medieval Spanish Jewry. He wrote about how even after a century of anti-Jewish violence, forced conversion and the establishment of the Inquisition, many in the Spanish -Jewish elite were stunned by the expulsion of 1492, just as later on, Jews of Germany, my family, failed to recognize the potency of Hitler's rise.

In your truly moving eulogy for your father, you said, and I quote, "Many times you told me that he who cannot understand the past cannot understand the future. You always told me that a necessary

component for any living body -- and a nation is a living body -- is the ability to identify a danger in time, a quality that was lost to our people in exile," end of quote.

Can this same inability to identify a danger in time be seen amongst Jews today anywhere around the world?

NETANY AHU: With some Jews, yes; with other Jews, no. And it's important to make sure that you see danger, not in order to celebrate it, but in order to thwart it. I think Israel has been able to do that remarkably well.

And I think today as you look around at the Middle East, you know, it used to be asked at the beginning of the Arab Spring, will Israel survive? Nobody is asking that anymore. Many countries are asking, can we survive without Israel? That's an enormous change because Israel's power is rising very rapidly. And the way that you ensure that you can deal with potential danger is by accumulating more power.

There's a simple principle that I think is evident today. I think it was always evident. But in the Middle East and beyond, the weak don't survive, the strong survive. The strong and the smart survive. I'm sure many of you have read the remarkable books of Will Durant, "The Story of Civilization." Believe it or not, I haven't read them. But I did read his summation called "The Lessons of History," which I think he wrote around 1970. And it's a hundred-page book. Every sentence is pregnant with wisdom.

And do you want the good news or the bad news? Well, I'll give you the bad news first. Every time somebody asks me that, I say give me the bad news first. So, the bad news if I have to sum up what Durant said. And I'm oversimplifying it, but I will. He says numbers are capped -- the flow of history, big nations have an edge. They produce larger GDPs; larger GDPs produce larger militaries. That creates political power -- power. And so small nations are at a disadvantage. Well, that's obvious.

Then I think on page 17 he says, well, he sort of indicates there may be an exception with, you know, the young state of Israel which can bring cultural forces to overcome the odds. Well, that was 1970. I think we've beaten the odds quite well with what he called cultural forces, because we're able to multiply our power, and that's important. But that requires identifying the challenges and the opportunities, but identify the challenges first because otherwise you'll be washed away.

And I have no problem with that. I think that is the dynamic of life, of competition, of struggle, of achievement, of alliances, that's how you make alliances. People make alliances with the strong, they seldom make alliances with the weak, and they certainly don't make peace with the weak, you make peace with the strong. And I think Israel is growing stronger by the day in order to meet these dangers.

You mentioned my father. And I'll close with a story about my father. By the way, I never discussed politics with my father, I think only one time, never, ever, you know. I discussed history with him, but never discussed politics.

And I remember we were sitting in purim and our young boy, Avner, who later became number three, at 15 he became number three in the International Bible Competition. Not bad.

(APPLAUSE)

And that comes from Sara, believe me.

So we were talking, and my father was a man of tremendous curiosity. He said, can you imagine, you know, in Persia, this great empire, the greatest empire in the ancient world at the time, and the king makes a Jew his number two? Why did that happen? And the 8-year-old Avner, our son, said, well, it happened twice, what's so unusual about that? Joseph and Trotsky.

I could have said Henry.

That's not the story I was going to tell you.

So now I'm not 8 years old, but I'm 6 years old, and one of my early recollections of my father is that he's tilling the garden outside our house in Jerusalem. And I'm asking him, Father, what are you doing? He says, here, come help me, I'm planting these saplings, young trees. Take a hoe, help me dig an irrigation ditch, pull out the weeds, put some fertilizer and pour some water and water the tree. And I did it.

Then a year later, I see him working in the garden exactly in the same spot. And I said, Father, what are you doing? He says, here, come and help me. Take a hoe, dig an irrigation ditch, pull out the weeds. And I said, but, Father, we pulled out the weeds last year. He said you have to keep pulling out the weeds, otherwise they'll overtake the garden. But look, he said, look, Bibi, look how this young sapling has grown.

Today, these trees are 15 meters tall. That's the story of Israel. We planted our national tree, we planted in our ancient soil and look how our national tree has grown. And this is exactly what we're doing.

(APPLAUSE)

We're pulling out the weeds of terror, the weeds of all the enemies. And we have to keep pulling. We cannot guarantee and I don't know how to guarantee the triumph of modernity over medievalism, early medievalism in the Arab and Muslim history. But I have no doubt that ultimately modernity triumphs. I'm sure about that. I have no question about that. It will happen.

But what we have to do is continue to grow our tree and continue to pull out the weeds. That's what I learned from my father.

(APPLAUSE)

HERTOG: Ladies and gentlemen, I think you can see why Prime Minister Benjamin Netanyahu has been, and God willing will continue to be, the most consequential prime minister in the modern age of Israel and basically has influence beyond Israel, to influence people all over the world and we're really proud of you. And I thank you for the time.

(APPLAUSE)

NETANYAHU: Thank you. Thank you, Roger. Thank you. HERTOG: Stay well. Stay well. I think Sarah is here. Come on out.

ANNOUNCER: Ladies and gentlemen, please welcome the Chairman of the Hudson Institute Board of Trustees Sarah May Stern.

STERN: Prime Minister Netanyahu, Roger, that was an extraordinary dialogue. Thank you. New York, please sit down. I'm not going to talk for very long, so standing up isn't going to make me go a little faster.

We New Yorkers don't like listening, we like talking. But tonight I think you could have heard a pin drop. That was just an amazing discussion.

Roger, we asked you to engage in a dialogue with the prime minister because, as Ken alluded to, we knew that you let no one, no matter how important and consequential, off the hot seat when you asked your very well-researched and probing questions. Tonight was no different. Thank you very much.

HERTOG: Thank you.

STERN: Mr. Prime Minister, I've witnessed many people being grilled by Roger. I've had the honor myself. No one has responded and answered the questions as well as you did this evening.

NETANY AHU: Thank you. You should come to the Knesset. It makes good practice.

STERN: My Hebrew is not so good. I want to thank you tonight for giving detailed, thoughtful and personal answers. You've enriched our understanding of the Mideast, of Israel, of your role and of this particular moment in history and its relevance for history. So I thank you very much for that. I think everyone tonight feels privileged to have been part of this conversation. So it's been a great dialogue, but not unusual for Hudson. Our experts engage every day with world leaders and with policymakers to strengthen our mission, which is the mission of strengthening America in concert with our allies. First among those allies is Israel.

As you reminded us tonight and as you reminded the president yesterday, and I'm going to use your words, America has no greater friend than Israel, our alliance has grown decade after decade, it's an unbreakable bond based on common values, buttressed by common interests and bound by shared destiny.

So it is with profound gratitude for the state of Israel that I am now honored to present you with the 2016 Herman Kahn Award. And don't worry, you don't have his girth.

NETANY AHU: Thank you.

STERN: Hudson Institute bestows this award on you, Mr. Prime Minister, and I'm going to read what it says on the award, "for a lifetime of unparalleled service defending, transforming and strengthening Israel." Thank you very much.

NETANY AHU: Thank you very much. Thank you. Thank you. Thank you. It's beautiful, this is very beautiful, thank you, and very important.

(APPLAUSE)

STERN: We thank you for all you do and all you continue to do. NETANY AHU: Thank you.

(END)