

November 2006

Israel's new government – and the potential for a Palestinian one

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Introduction

The recent inclusion of Yisrael Beiteinu in the Israeli government and the appointment of Avigdor Lieberman as a minister without portfolio has given Prime Minister Ehud Olmert's coalition a new lease of life, increasing his parliamentary majority from 67 to 78. On paper, this move appears to strengthen the coalition in the run up to the budget marathon. However, beyond the budget battle, Lieberman's appointment is not necessarily going to guarantee political stability.

Lieberman's appointment has come against the milieu of a leadership crisis engulfing the Presidency and key cabinet figures, and the undermining of Olmert and Defence Minister, Amir Peretz, whose leadership of country and Labor party is increasingly challenged.

Domestic concerns for the government's stability are partially overridden by the difficulties in diplomatically renewing the peace process. Continued fighting in Gaza and the aftermath of the war in Lebanon have left little space for manoeuvre. So, too, the internal Palestinian political situation, with coalition talks between Fatah and Hamas not yet delivering a national unity government and factional tensions reaching boiling point.

The Israeli political scene

When Olmert established his coalition in May 2006, its makeup and political platform indicated a strong and stable government that could face down obstacles to progress such as public scepticism over the Gaza disengagement and continuing economic difficulties.

Five months later, Olmert has brought Lieberman into the coalition, in anticipation of a difficult battle over the budget, where at least some Labour rebels and part of the Pensioners' party are expected to vote against their own government. Olmert has opened his coalition to a party from the right, ensuring that Kadima keeps the centre.

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The Prime Minister is aware that Labor cannot all be trusted to vote with the government, on the budget. The eleven votes that Lieberman brings are in some ways more reliable than part of Labour's 19 MKs. Labor was faced with a difficult dilemma regarding Beiteinu's inclusion into the government. There is no ideological parity between the two parties and many of Lieberman's policies on issues as diverse as security, welfare and civil society are in direct contradiction to Labor's. However the party decided to remain in, assured that it could achieve more progress on its agenda, and undermine Lieberman's, as part of the coalition rather than defecting from it.

The main casualty of Labor's decision was the resignation of Culture, Science and Sports Minister Ofir Pinas-Paz who quit in defiance of Lieberman's inclusion. Pinas-Paz has now said that he will run against Peretz in the Labor leadership elections expected in May, throwing his hat into the ring with Ehud Barak whose ambitions to return as party leader are well known.

disengagement has failed to bring security

On the opposition front, Lieberman's inclusion in the coalition has largely neutralized Binyamin Netanyahu's bid for new elections. Recent polls following the war with Hezbollah gave Netanyahu's Likud party a lead with over 20 seats, with Labour down to 12 and Kadima cut in half at 15. Olmert cannot afford to take any risks and the inclusion of Lieberman isolates Netanyahu on the right of the Israeli political spectrum.

In short, all indicators are that Lieberman's inclusion has given the government a measure of stability for the foreseeable future, as far as can be predicted in Israel's pluralistic electoral and parliamentary systems. And there are some discernable challenges that will have to be met with confidence by Olmert and his government if they are going to secure any political longevity.

Challenges facing the government

1. The perceived failure of unilateral disengagement

After a year of almost daily rocket fire from the Gaza strip, Israelis

feel that disengagement, Kadima's main *raison d'être*, has failed to bring security. The summer war reinforced this view: the perceived success of Israel's withdrawal from Lebanon in 2000 is now being questioned given that it only brought a better trained and better equipped Hezbollah closer to Israel's border.

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2. Attempting a return to negotiations

The perceived failure of disengagement is compounded by the fact that the left's support of negotiations seems unrealistic in the short term. Hamas' uncompromising political stance, explosive factional tensions and the continuing cycle of Gazan rocket attacks and Israeli incursions have kept the political process in limbo. Creative solutions on how to reinvigorate the peace process are required from the left to help weaken the right, who stand to gain from this diplomatic deadlock.

3. The crisis of leadership

Despite the relative strength in numbers, Israel's coalition leaders are still quite fragile. Confidence in Peretz was eroded by his performance during the war. Olmert suffered similarly and his popularity and credibility is at an all time low. The results of the ongoing state inquiry into the war might prove extremely damaging. Meanwhile, unrelated to coalition arithmetic, Israel's President, Moshe Katsav, faces the ignominy of impeachment and possibly jail on serious charges of rape and sexual molestation whilst former justice minister, Haim Ramon and MK Tsachi Hanegbi were also accused of improprieties. These scandals reinforce a lack of public confidence in Israel's leadership.

Iran's nuclear program is increasingly perceived as a looming existential threat

4. The diplomatic and security challenges ahead

The public perception amongst Israelis is that Israel is facing some serious diplomatic challenges. Kadima's convergence plan has stalled after Israel's war with Hezbollah; there is debate within Israel over Syria's recent overtures but scepticism surrounding Damascus' continuous support for Hezbollah, its harbouring of terrorist groups and its relationship with Iran; negotiations between the Palestinians have not yet produced a breakthrough; and Iran's nuclear program is increasingly perceived as a looming existential threat that requires strong and stable leadership.

The Palestinian political scene

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The Palestinian scene is reinforcing these perceptions. Months of talks to attempt to create a national unity government have faltered. Periodical announcements of an agreement notwithstanding, the Palestinians remain deeply divided. Hamas will not compromise on refusing to recognise Israel, a move that could salvage the Palestinian Authority from financial ruin. The bulk of the PA's bureaucracy is loyal to Fatah and tensions remain high between the two parties. Even as negotiations are being held, Hamas and Fatah militant factions violently clash with increasing frequency and intensity.

The ability of the two sides to reach a political agreement is also severely conditioned by outside influences, with the Syrian based Hamas leadership determining the pace and hard-line substance of negotiations. Even as an agreement is taking shape, its limits are evident and any settlement is likely to fall short of the Quartet conditions. Even an agreement the international community can accept will not necessarily jump start the peace process especially if Hamas lives up to its promise to continue its armed struggle following Israeli incursions into Gaza, in which innocent civilians were killed. Furthermore a fragile political agreement may only serve to postpone, but not altogether avoid, violent Palestinian infighting.

*The Palestinians
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Conclusion

Olmert's opening to Lieberman may have thus delayed his government's early demise. Olmert and Peretz need Lieberman to survive politically. Lieberman needs to be in government to strengthen his base and weaken his own ideological competitors on the right. This alliance may hold for now, because the alternative is worse for all parties involved.

However if Olmert's coalition is going to have any longevity his government needs to find a way to regain confidence in the leadership and provide a clear vision on how to break the diplomatic deadlock. The Palestinians need to provide a credible united leadership for Israel and the international community to do business with.

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