

# Netanyahu's Victory:

## Major Challenges for the Likud Party

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### Brief Analysis

**F**ormer Israeli prime minister and recently resigned finance minister Benjamin Netanyahu won the Likud leadership primary on December 19, beating the foreign minister, Silvan Shalom, by a margin of 45 percent to 33 percent. Netanyahu returns to the leadership of Likud, which he vacated after his loss in the 1999 election. Netanyahu's victory comes a day after Israeli prime minister Ariel Sharon suffered what his doctors called a mild stroke; he was released from the hospital within forty-eight hours. At seventy-seven, Sharon already shares the record for the oldest Israeli prime minister; David Ben-Gurion was seventy-seven when he resigned in 1963. Sharon turns seventy-eight in February.

### The Extent of the Likud Crisis

The Likud faces what might be the gravest crisis in its history. The party that dominated Israeli politics for the last three decades has recently suffered the departure of Sharon and the sitting finance, justice, and defense ministers. Consequently, polls routinely show that instead of the 40 seats it won in 2003, Likud would win only 14 if elections were held today for the 120-seat Knesset. That would be the lowest level for Likud or its precursor, Herut, since 1951. In contrast, Sharon's new Kadima party would win seats numbering in the high 30s and low 40s -- polling numbers that so far have not been diminished by the prime minister's stroke.

Furthermore, overall membership in the Likud has plummeted in the last three years. In December 2002, when Netanyahu challenged Sharon in the Likud primaries, Likud reportedly had 310,000 members who paid symbolic dues. Now, it has 128,000 members. An even sharper drop occurred in the number of primary voters: in the 2002 primary, 142,000 votes were cast; in the 2005 primary, only 48,000 ballots were counted. Likud voters are either leaving the party in droves or not participating in primaries.

Labor leader Amir Peretz sees Netanyahu's leadership victory as an opportunity for Labor to exploit the problems in the Likud and coax the economically less prosperous Mizrahi (or Sephardic) voters to leave the Likud and follow the first Mizrahi leader of a major party in Israel's history. Peretz has made the charge that Sharon and Netanyahu widened economic disparities by slashing social spending the centerpiece of his campaign. (Indeed, a dimension of policy clarity has been brought to Israeli politics by the nearly polar differences between Netanyahu and Peretz on

free market versus social democratic economics as well as on the speed with which Israel should move forward with the Palestinians.)

Netanyahu is already on the defensive over the 15 percent of Likud primary voters who cast ballots for the little-known extremist Moshe Feiglin. In an interview earlier this year, Feiglin said, "Every person who is not Jewish and doesn't accept full Jewish sovereignty over the land of Israel cannot stay in the country." Netanyahu is seeking measures to keep Feiglin from assuming a leadership position in Likud.

#### Will Netanyahu Turn Right or Center?

Netanyahu needs to decide who is his target audience. Should he focus his energies on wooing back the estimated equivalent of twenty-six mandates who voted for the party in 2003 but have largely defected to Sharon, or should he seek to consolidate support among the thirteen mandates held by rightwing parties that opposed Gaza disengagement, some of whose parliamentarians are a priori opposed to Palestinian statehood? The center holds the larger reservoir of voters, but at least so far, they seem to like Sharon's mix of toughness and pragmatism to Netanyahu's principle of "mutuality." Netanyahu may appeal to the center as he has in the past by supporting the principle of territorial concessions while insisting they cannot be implemented until Israel sees effective Palestinian actions to deal with terrorism. In contrast, Sharon may bank on the appeal that unilateralism holds for the Israeli center, namely that Israel will not be held hostage by dysfunctionality on the Palestinian side and will begin shaping the borders of Israel -- unilaterally, if need be.

At the same time, Netanyahu is popular with the rightwing parties. In a recent poll, half of those who voted for small parties to the Likud's right say they would consider voting Likud now that Netanyahu has been elected. A strong showing by Netanyahu in the upcoming campaign could allow him to overtake Labor for second place. That would make a center-right rather than center-left coalition more likely and thereby possibly constrain Sharon's postelection policy options. Much has been made of the bitterly acrimonious relationship between Sharon and Netanyahu. However, the math of Israeli coalition politics often trumps personal sentiment.

Another challenge for Netanyahu is halting any Mizrahi outflow from Likud to Labor by staunchly defending his economic record. Netanyahu will say that he deserves credit for Israel's economic growth, especially given the overall environment of Palestinian terror and violence in the last several years. He will likely counter Peretz's social democratic critique by insisting that high income disparities existed before his tenure at the Finance Ministry.

#### Implications for U.S. Policy

Sharon may be looking over his right shoulder more in the coming months now that Netanyahu once again leads the Likud. Peretz's critique of Sharon is likely to be purely economic, while only Netanyahu is likely to charge Sharon with making mistakes in dealing with Israel's national security. Netanyahu will look for issues to appeal to voters who have voted for Likud in the past. Netanyahu has previously proven to be an agile campaigner who seizes upon any upsurge in violence and radicalism. For example, in the wake of Yitzhak Rabin's assassination at the end of 1995, many wrote off the Likud. However, four Hamas bombs over nine days in February and March 1996 marked a profound change. Netanyahu altered his campaign commercials, making the issue of personal security a key theme along with his allegation that his rival, Shimon Peres, would divide Jerusalem. Within a few days of the attacks and his new campaign strategy, Netanyahu's polling numbers surged from 33 percent to 45 percent, and he subsequently overtook Labor in the May 1996 elections.

Netanyahu's leadership victory came at a time when the issue of Hamas's participation in January Palestinian parliamentary elections has come to a head. Sharon, who opposed Hamas participation in elections from the start because the group was not forced to choose between ballots and bullets, was undoubtedly upset by Hamas wins in December municipal elections and by fresh polling data pointing to increasing popular support for Hamas. Coming

just as Congress echoed similar concerns, including suggesting consequences for the U.S.-Palestinian relationship, and EU foreign policy chief Javier Solana warned of dire repercussions in Europe should Hamas win, Sharon's aides announced that they will not allow East Jerusalem to be used for a Hamas campaign -- a move that could postpone the Palestinian elections. (In contrast, Israel agreed to a compromise during the last two Palestinian elections whereby balloting was held at East Jerusalem post offices, so Israel could contend voters were casting absentee ballots. ) While Sharon's most recent decision on Jerusalem may have been independent of Netanyahu's victory, the issues of Hamas and security will play key roles in the discourse between these two leaders in the Israeli election campaign. If Palestinian elections are not postponed and Hamas wins, Sharon will see this as a double blow: both due to his concern of enhanced Palestinian radicalism and as an instrument that will be exploited against by him by his longtime rival, Netanyahu. The new Likud leader will surely seize upon any strong Hamas showing in the January Palestinian parliamentary elections and blame Sharon's pullout from Gaza for emboldening Hamas.

In short, one cannot look ahead to the Palestinian election without seeing its implications for the Israeli election shortly thereafter, especially as Netanyahu has demonstrated in the past that he can make Hamas a key campaign issue.

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