

# Israel's New Sharon Government

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### Brief Analysis

**T**he formation of a national unity government in Israel today, by a vote 72 to 21, is a triumph for Ariel Sharon. First, he seized the initiative. After his landslide victory a few weeks ago, Sharon did not engage in classic Israeli bargaining tactics in dealing with his Labor Party rivals, but rather caught the defeated and divided party off balance by immediately offering them top cabinet positions in the desire to cement a unity government. Sharon was not intoxicated by the breadth of his victory, but rather followed through on his campaign commitment. Sharon realizes that it is also good politics. According to Gallup's poll taken last week, the Israeli public favors the establishment of such a government by an overwhelming 79 to 14 margin.

Second, for Sharon, a unity government enhances his stature internationally. Nobel Peace Prize laureate Shimon Peres told the Sunday Times of London that his role as foreign minister was to work for peace and to "make Sharon more popular worldwide."

Third, Sharon realizes that a unity government is a prerequisite for a Likud leader, since his party is heterogenous, split between hard bargainers and hard-liners when it comes to the peace process. The last two Likud governments were brought down not by the left, but by the right each time after a diplomatic breakthrough. The Israeli right brought down Yitzhak Shamir's government after it went to the Madrid peace conference in 1991 and the same right brought down Binyamin Netanyahu's government after it signed the Wye River Agreement in 1998. Sharon would have been straitjacketed by the same forces, and therefore a unity government not only burnishes his international image, but also provides him with room to maneuver when it comes to dealing with the Arabs.

Fourth, a unity government with Labor should be seen as a further personal vindication for Sharon on the heels of his recent victory. Labor's leaders are often associated with the cultural elite of the society, which contributed to Sharon's ostracization in wake of the 1982 Lebanon war. However, with Labor now serving as his junior partner in this government, Sharon must feel his rehabilitation is complete.

Return and Influence of Peres Shimon Peres has had ministerial rank since Dwight Eisenhower was president of the United States. Yet, Peres has been effectively sidelined since Ehud Barak became head of the Labor Party in 1997 and prime minister of Israel in 1999. Peres successfully exploited the rebellion against Barak after last month's crushing electoral defeat. Peres did not hesitate, and filled the vacuum caused by Barak's sudden departure. While often portrayed as an elitist, Peres took command of the Labor Central Committee last week and said, "we must

listen to the will of the people" and their desire for unity. He also knows that Labor is a party that does not like the political wilderness of the opposition, and that he was uniquely positioned to drive the message home given his stature and given the generational divide between him and other Labor leaders. The younger generation of Labor leaders has no patience for party apparatchiks, believing that cultivating the media is a far more efficient way to build party popularity.

Nevertheless, however cosmopolitan he may be, Peres is still an old-school pol who has always attended the family celebrations of Central Committee members. Despite the fact that some of the party's main stars were against a unity government, the rank and file supported Peres by a two-to-one margin. Some party doves are in retreat. While first saying he would leave Labor if it joined a unity government, leading Laborite Yossi Beilin said he would remain within the party and is even vying to obtain the party's temporary chairmanship.

The question is whether Peres will be as influential inside government as he was successful in obtaining Labor support for it. While the coalition does not provide Labor with a veto, Peres said it implicitly exists since he reserves the right to leave the government. In his comments to the Sunday Times, he said his red lines were the abandonment of peace or an invasion of Palestinian areas. It is interesting what Peres did not say namely, resuming peace talks from where they left off in Taba, a move which the Sharon election has made moot.

Yet, the immediate question is whether Sharon and Peres will work well together to first halt the violence, and to then get diplomacy started. On one hand, they are close in age, but they have been considered to be bookends when it comes to their approach to the West Bank. There may be some differences of emphasis. While both Sharon and Peres believe that they need to come up with a strategy so that the Palestinian public does not throw its lot with those favoring violence, Peres has already publicly called for steps that would alleviate any economic hardship on the Palestinians. Some Likud critics are concerned that Peres will use the Foreign Ministry to freelance his own foreign policy.

Sources in the Prime Minister's Office say Sharon sees his leverage with Peres in having a wide enough coalition that it could function even if Labor should leave the government. Sharon has put together a coalition of 73, and is likely to widen it to 80 in the 120-member Knesset. Labor constitutes 23 members, and would plunge the Likud-led coalition below the majority threshold of 61 if the party were to bolt. However, supporters of Sharon believe that he could still run a minority government.

The Fouad Factor Rounding out the triumvirate on national security, apart from Sharon and Peres, is Binyamin (Fouad) Ben-Eliezer who will serve as defense minister. Ben-Eliezer is a leading Labor hawk, and Sharon's sees political advantage in the fact that it is a Labor minister who would be seen (both at home and abroad) as the one who may need to carry out a crackdown in the West Bank. Another advantage for Sharon is that Yitzhak Rabin's daughter Dalia Rabin-Pilosoph was named deputy defense minister. It is the first time a woman has been named to a top defense post in Israel, and her name will have resonance if Israel needs to take tougher measures.

Indeed, the mood in Israel is increasingly bleak with the Hamas car-bomb in Netanya this week. The head of the Shin Bet Avi Dichter asserted that Arafat's own Force 17 bodyguards carried out another recent terror attack. Israel Defense Forces (IDF) Chief of Staff Lt.-Gen. Shaul Mofaz is saying the Palestinian Authority (PA) contains "terrorist elements." Israeli security officials have not talked this way in the past. It is no longer uncommon to hear senior security officials talking about taking back parts of fully-controlled Palestinian areas (Area A). Sharon is hoping that withholding over \$50 million in tax revenue will urge the Palestinians to reduce violence. He was heartened by Secretary of State Colin Powell's declaration while visiting the region that peace negotiations can only occur after violence is substantially reduced.

Sharon's Coalition Strategy Sharon's coalition strategy seemed to be guided by two principles. First, he conducted

this coalition negotiation with an eye towards the next election, which at the latest will occur in two years time. Specifically, Sharon wanted to deny Labor any of the economic and social welfare ministries, which are traditionally viewed as positions that give a party opportunities to curry favor with the public, especially on the eve of elections. Hence, it steadfastly refused Labor's request to obtain the Finance Ministry, and instead saddled Labor with the Defense Ministry, which while popular in the past, may no longer be so given the expected continuation of Palestinian violence. The priority that Sharon placed on the Finance Ministry was evident given that it controls the purse strings for all the ministries put together.

His second principle was to be generous to the two parties that provide the Likud (19 seats) with the most seats namely, Labor (23 seats) and Shas (17 seats) and be rather parsimonious to the rest. Indeed, Shas did extremely well in this negotiation, much to the dismay of those who thought a unity government would limit the influence of religious parties. But, parliamentary arithmetic dictated the pace. Shas wrested away control of the Interior Ministry from the Russian immigrants. The ministry has always been important to Shas, given that parts of its phenomenal growth is due to the ministry's dispersal of municipal budgetary allocations. (Conversely, the Interior Ministry was a key loss for Natan Sharansky of immigrants' Yisrael B'Aliya Party, who held the portfolio during the Barak government. Sharansky had galvanized the immigrants during the 1999 election campaign in charging Shas with mishandling how it handled immigration and visas.)

In fact, Shas won not just the Interior Ministry, but almost all so-called "social" ministries such as Labor and Welfare, Health, Religious Affairs (which controls patronage pay-outs to municipal religious councils and which was slated for the mothballs by Barak), and perhaps most importantly, a slot in the Education Ministry which seems to assure full autonomy for Shas' school system. It should be recalled that the fight over whether Shas' schools are autonomous was the centerpiece of bickering with secularists, and plagued the Barak government throughout its short term. Shas' educational autonomy now seems assured, and for good measure, Sharon has assured Shas that he will legitimize their private radio stations.

The Jewish settlers in the West Bank seem to be both winners and losers in the coalition negotiation. There is no doubt that the settlers will be pleased with the naming of a fellow settler, Avigdor Lieberman, as National Infrastructure Minister. Sharon used the post to help pave bypass roads in the West Bank. Lieberman is viewed as one of the most right-wing ministers in the cabinet, and the fact that he is sitting in the cabinet alongside Peres adds to the "hybrid" nature of the government. Likud sources say that the prime minister named Lieberman to such a key position to ensure that Netanyahu loyalists inside Likud and affiliated parties are not tempted to stage some form of political coup in order to bring the former premier back.

If the settlers are heartened by Lieberman, they are disheartened that the National Religious Party (NRP), which has functioned as the de facto settlers' party, overplayed its hand in negotiations and lost the Housing Ministry. This ministry was used by its previous incumbent NRP head Yitzhak Levy to expand settlements. The Housing Minister will now be Sharansky, who while viscerally supportive of settlers, has other constituencies to worry about, primarily the immigrants.

It is unclear what the inclusion of the Druze member of Knesset (MK) Salah Tarif, the first non-Jew in the cabinet in Israel's fifty-two year history, will mean. Tarif, who is a minister at large, has said that he wants this responsibility in government to ensure the enfranchisement of Israeli Arabs, especially in the wake of the fall riots, in which thirteen Israeli Arabs were killed.

Election of the Prime Minister While unity governments in Israel have had their problems in the past, there has always been a distinct advantage that such a coalition enables the big parties to unite around issues where there is consensus (e.g. Israeli pullback from most of Lebanon in 1985, and economic reform to end hyperinflation of 500 percent). This is harder today than it was during the unity governments of the 1980's, when the two big parties

constituted more than half of the Knesset, because now the two largest parties together hold only 42 seats. (In 1981, they held 95 of 120 seats.)

Yet, today, as a sign of the times, the parties voted by a 72 to 37 to repeal the Direct Election of Prime Minister Bill, which is partly responsible for the balkanization of the Knesset and the proliferation of small parties. The net effect of the current system is reflected in Israel's "Pentium politics" where the last two election cycles since 1996 have quickened in speed—three years for a Netanyahu government, and a year and a half for the Barak government. Small parties gained greatly by the public having two ballots during the last few years, whereby individuals voted "nationally" for prime minister and "sectorally" in the Knesset.

However, the timing of the vote in the Knesset today was interesting. Likud was so distrustful that Shas would vote for repeal that it insisted that this vote be held before the vote on the Sharon government and before ministers would gain their new portfolios. The repeal means that the next election will be held under pre-1996 rules.

As perhaps a new sign of this convergence, the Knesset approved a preliminary reading of a budget, which was supposed to pass last December. A deadline for the final reading is the end of this month. Other big ticket items that have been bottled up for over a year due to the lack of parliamentary support are comprehensive tax reform and a plan that would enable yeshiva students to go out in the working world for a set period before deciding whether to be drafted. (In the meantime, Sharon bowed to religious parties' demands to extend existing arrangements by two years whereby ultra-orthodox students can gain draft deferment by entering a yeshiva.)

David Makovsky is a senior fellow at The Washington Institute for Near East Policy.

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