CRS Report for Congress

Israel Election, 2003

Clyde Mark
Specialist in Middle Eastern Affairs
Foreign Affairs, Defense, and Trade Division

Summary

Prime Minister Ariel Sharon's November 5, 2002 resignation, after the Labor party's October 30 withdrawal from the ruling coalition, resulted in the resignation of the cabinet and the dissolution of the Knesset. New elections for the Knesset will be held on January 28, 2003. At issue will be questions of Israel's security in the face of the continuing Palestinian uprising against Israeli occupation, future relations between Israel and the Palestinians, the poor state of the Israeli economy, and other issues. Although several political parties are expected to contest the election, the primary battle will be between the center-left "dovish" Labor party and the center-right "hawkish" Likud party. The report will be updated as warranted. See also CRS Issue Brief IB91137, The Middle East Peace Talks, CRS Issue Brief IB82008, Israeli-United States Relations, and CRS Issue Brief IB92052, Palestinians and Middle East Peace.

Background

Ariel Sharon won the February 2001 special election for Prime Minister and formed a coalition government made up of his Likud party (19 seats), the Labor party (26 seats), Shas party (17 seats) and several other smaller parties that gave the coalition more than 70 seats in the 120 seat Knesset. Some later defections from the coalition were offset by other parties joining or rejoining, allowing the coalition to maintain its comfortable margin for 19 months.[1] But on October 30, 2002, Labor party leader and Defense Minister Binyamin Ben Eliezar announced that Labor was withdrawing from the coalition. At issue was a bill to approve the next year's budget that included an expenditure of about $145 million for enhancing settlements in the occupied territories.[2] Labor leaders preferred using the funds to support social and welfare programs in Israel.

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[1] For example, Sharon "dismissed"the 5 seat Torah Front and the 17 seat Shas parties on May 20, 2002, because they opposed his austerity plan to cut back welfare benefits. Shas rejoined the coalition on June 3 under a compromise that allowed Shas to state its opposition but not vote on the emergency budget bill. "Israel's Shas Party Rejoins Government," *Reuters*, June 3, 2002.

[2] The total Israeli budget is about $57 billion.

Without Labor, the Sharon-led coalition could muster only 55 votes. Under Israeli law, a bill of no confidence needs 61 votes to overthrow a government.

Labor Party Politics

Political observers speculated that there may have been a reason other than the budget debate for Ben Eliezar's resignation. Some Labor party members criticized Ben Eliezar for cooperating with the Sharon government, which in their eyes was becoming less inclined to make peace with the Palestinians. As the November 19, 2002 date for the Labor party leadership election approached, the political commentators wondered if Ben Eliezar was trying to demonstrate his independence by pulling Labor out of the coalition. Some Labor party members were drifting away to the left, even speaking of forming a new leftist coalition. Perhaps, the political observers surmised, Ben Eliezar was trying to re-unite the party by removing the leftist rationale for leaving Labor. Ben Eliezar's two opponents for Labor party leadership were Haim Ramon, a centrist and long time party activist with strong ties to Histadrut (the labor federation), and Amram Mitzna, elected mayor of Haifa, a peace process supporter, and, like Ben Eliezar, a retired Israel Defense Force (IDF) general. Political pundits speculated that Ben Eliezar pulled Labor out of the coalition to distance himself from Sharon and the "hawks" and position himself closer to the center of Labor, in a better position to confront his two "dovish" opponents.

Sharon's Options

With Labor's October 30 defection, Prime Minister Sharon had three options. The first was to invite other parties to join the coalition, re-establish a 60 vote margin, and continue governing. But the small parties invited to join the coalition asked for unpalatable concessions, such as an accelerated increase in Jewish settlements in the occupied territories, no Palestinian statehood, or annexing the West Bank, which if accepted would end the peace process and potentially damage relations with the United States. The press reported that Sharon negotiated with a couple of smaller parties between October 31 and November 5, but could not find an accommodation that suited both sides. Sharon's second option was to wait for a vote of no confidence against the government, which would trigger negotiations for an election date between three and six months hence. Some suggested that Sharon did not want to leave the negotiations and his fate in the hands of others, and that he feared that Binyamin Netanyahu, his Likud party rival, could use the time to undermine the Prime Minister's strength.

Sharon's third option was to submit the government's resignation and accept new elections within 90 days. On 5 November, Sharon went to President Moshe Katsav to announce that he was resigning, thereby bringing down the government. (Sharon promised that he would call special Knesset sessions to pass the budget bill.) It appeared to some commentators that Sharon sought an advantage in an early contest with Netanyahu by not giving his rival time to mount an effective campaign against him. Also, public opinion polls showed Sharon leading Netanyahu and the Likud party gaining seats at the expense of Labor. Sharon may have thought he should take advantage of his popularity now rather than await an uncertain future.

Netanyahu had been prime minister from May 1996 to July 1999, but retired from politics after his defeat by Labor's Ehud Barak. Netanyahu returned to the political scene

in 2002 to challenge Sharon as party leader and for the chance to be prime minister again. One week after Shimon Peres resigned from the Foreign Minister post on October 30, Sharon named Netanyahu to be the caretaker Foreign Minister. Sharon may have offered his rival the foreign ministry in the belief that Netanyahu would not campaign against Sharon for the leadership role because he would be too busy or would curtail campaigning out of loyalty to his new boss. But, Netanyahu continued his campaigning without hesitation after being sworn in as Foreign Minister. Sharon won the November 28 election for Likud party leader and Prime Minister candidate by 56% to Netanyahu's 40%. The December 8 Likud election determined the order of names on the party election lists, although by prior agreement Netanyahu will have the second spot and, theoretically at least, will be Likud's candidate for Foreign Minister in a Sharon cabinet.

Issues

Security. Security was the primary issue in the February 2001 prime minister election. The intifadah (Palestinian uprising against Israeli occupation), triggered according to some observers by Sharon's September 2000 visit to Muslim holy sites in Jerusalem, was threatening Israeli lives. Israeli voters were seeking an assurance that the threats would end. Both Ehud Barak and Ariel Sharon promised security, pointing to their careers as military officers and their extensive roles in defending Israel. In the intervening two years, the intifadah has not slowed, suicide bombers and drive-by shootings continue to kill and maim Israelis, and Israel and the Palestinians apparently are further from peace than they were in January 2001.[3] It appears certain that security will remain the primary issue in the 2003 election. Some voters may favor Labor's renewed emphasis on peacemaking, believing Likud failed to deliver on Sharon's 2000-2001 campaign promise to provide security, and that Likud's program for more military action against the Palestinians is futile. But polls suggest at present that more voters may believe that Likud's "get tougher" approach is better than the peace talks offered by Labor. Both Labor and Likud leaders have advocated the separation of Israelis and Palestinians embodied in the security fence now under construction between Israel and the occupied West Bank.

Palestinians. Several Palestinian issues may surface in the 2003 elections: should Israel agree to recognize a Palestinian state, and if yes, when? Should Israel ignore Palestinian leader Yasir Arafat, or should the IDF seize Arafat and either imprison him or exile him to another country?[4] Should Israel adopt even harsher measures against the Palestinians to convince them to stop terror and resistance? Some Likud leaders, among them Sharon, have said they would recognize a Palestinian state at the proper time. Most Labor leaders favor accepting a Palestinian state. Leaders in both major parties have said Arafat is irrelevant, but more Labor members appear willing to resume negotiations with

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[3] Reuters reported 1711 Palestinians and 668 Israelis killed between September 29, 2000, and December 11, 2002.

[4] In the run-up to the Likud party elections, Netanyahu pledged to expel Arafat, but Sharon was non-committal on what action he would take against the Palestinian leader. During his current term in office, Sharon has refused to negotiate with Arafat. Myre, Greg, "Israel's Netanyahu Says if Elected He Would Expel Yasser Arafat," *Associated Press*, November 12, 2002.

Arafat or an Arafat-led Palestinian government.[5] More right-wing voices have called for Arafat's arrest, imprisonment, or exile, and some voices on the far right call for the expulsion of the Palestinians from the occupied territories.

Peace Process. The Sharon government did not endorse the October 2002 "quartet plan," also called the "road map," for a resumption of the peace process. The quartet proposal, formulated by the United States, Western Europe, the United Nations, and Russia, involves a three phase process that includes, among other points, an end to terrorism and elections for new Palestinian leadership in the first phase, Israeli withdrawal to the pre-September 2000 lines in the second phase, and a resumption of the peace negotiations in the third phase, all to be completed in 2005. All observers agree that the peace process will be in abeyance until after the Israeli elections, but whether or not Israel should accept the quartet proposal will be an issue in the election. At this stage, Israelis on the right appear to doubt that any negotiations will be fruitful, and voters on the left appear to favor any negotiations as being better than the current stalemate and violence. Some right-wing Israelis have advocated a unilateral Israeli decision to end the conflict by annexing the occupied territories and making the Palestinians resident aliens.

Economy. Israel's economy is stalled: the government predicted between five and six percent GNP growth rate, but the economy may contract by one percent for the year. The consumer price index is rising at an annual rate of 8%, compared to the government predicted rate of 2%, unemployment hovers at 10%, and tourism, one of Israel's primary foreign exchange earners, is off by 50%. Investment is down, exports are down, imports are up, and the shekel continues to decline against the dollar.[6] Leftist parties suggest that successful negotiations with the Palestinians will lead to improving the economy.

Corruption Charges. On December 31, 2002, Prime Minister Sharon fired Naomi Blumenthal, Deputy Infrastructure Minister, for refusing to answer police questions regarding allegations that she and others bought votes in the Likud party primary on December 8, 2002. On January 7, 2003, the press reported that Sharon was suspected of receiving a $1.5 million illegal cash transfer from a South African friend to cover repayment of foreign campaign contributions in 1999; under Israeli law, foreign campaign contributions are illegal. According to public opinion polls, the two scandals reduced the Likud lead from an expected 40 seats down to 30 or fewer and raised Labor's predicted Knesset membership from 19 seats to more than 25.

Parties

Thirty-one political parties ran in the 1999 Knesset elections, 15 of which won seats in the Knesset. In addition to Labor on the center-left and Likud on the center-right, there were centrist parties, religious parties, an anti-religious party, right and left nationalist and secular parties, and parties representing special interest groups, such as casino gambling, pensioners, men's rights, legalized marijuana, and Romanian immigrants. Arab citizens

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[5] Keaten, Jamey, "In Noisy Debate, Israel's Top Labor Candidate Says He Would Talk to Arafat Reluctantly," *Associated Press*, November 13, 2002.

[6] Scheer, Steven, "Israeli CPI up 0.6 Pct in Oct, Seen Up 8 Pct in 2002," *Reuters*, November 15, 2002.

of Israel vote and are represented in the Knesset in separate Arab parties and in the Labor, Likud, Meretz, and communist parties.

The Israeli election commission disqualified two prominent Arab leaders because the commission claimed the two had made anti-Israeli statements or had supported terrorism. On appeal, the supreme court overruled the election commission and reinstated the two Arab leaders. The election commission approved the candidacy of a former Kach party leader who had been banned in previous elections because of his racist statements against Arabs. The supreme court upheld the election commission ruling and the former Kach leader will remain on the ballot.

Parties have 47 days from the dissolution of the government to register to run in the general election. As of December 4, 22 parties had qualified for the January 28, 2003 election, including the following. (Seats won in the 1999 election in parentheses.)

Labor (26)- A center-left party. Amram Mitzna won the November 19, 2002 Labor party election for party leader. Mitzna pledged to withdraw Israeli troops and settlements from Gaza, and to negotiate with whatever Palestinian government is in place, if Labor wins the January 28, 2003 general election. It is not clear if the smaller **Maimad** (moderate, religious) and **Gesher** (moderate) parties will join an alliance with Labor as they did in 1999. Yossi Beilin, Yael Dayan, and other "doves" left Labor, some to join the Meretz party, after Labor's more "hawkish" leaders pushed the "doves" out of favorable positions on Labor's lists.

Likud (19) - Likud represents the center-right. Sharon refuses to negotiate with Arafat but will accept a Palestinian state. Some Likud members, including Netanyahu, would expel Arafat. Party members are battling for positions in the party hierarchy in an attempt to control future Likud platforms.

National Religious Party (5) (NRP) - NRP is an Orthodox religious party that is a possible coalition partner in a Likud government. In recent years, NRP has been overshadowed by Shah as the leading voice of the religious community.

Meretz (10) - A social-liberal, left-wing party that favors Israeli participation in the peace process, Meretz is a possible partner in a Labor coalition but unlikely in a Likud coalition.

Shas (17) - Shas is a right-wing religious party that represents Sephardic (of Middle Eastern origin) Jews. Shas has been a member of both right and left coalition governments.

Yisrael Beiteinu (4), **Moledet**, and **Tekuma** - The three parties formed an alliance of ultra right-wing nationalist parties.[7] Yisrael Beiteinu is a Russian immigrant party. Moledet favors "transferring" all Arabs out of Israel and the West Bank and Gaza.

Yisrael B'Aliyah (6) - Right-wing on most issues, Yisrael B'Aliyah primarily represents Russian immigrants.

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[7] Reported by Haaretz, November 12, 2002.

Torah Front (5) - An Orthodox religious party, the Torah Front has joined coalition governments in the past but has refused cabinet positions.

Shinui (6) - Shinui is a centrist, moderate, secular party.

The Israeli Election Process

A 1992 law provided for separate elections for the Knesset and prime minister. Israeli voters cast one ballot for prime minister and one for a political party in the 1996 and 1999 elections, but voted only for a prime minister in 2001. The law was repealed in March 2001 after Israeli legislators realized that the separate election for prime minister allowed for minority party prime ministers, which could compound the difficulty of forming coalition governments.

All 120 Knesset seats in Israel's unicameral legislature are elected "at large." Voters cast ballots for political parties, not for individual members. In a voting booth, a voter finds stacks of ballots, each with the Hebrew and Arabic name and initial of a political party. The voter selects one ballot, places it in an envelope, and drops the sealed envelope in a ballot box. There are no absentee ballots. Knesset seats are allocated according to the number of votes received by each party, with a minimum threshold of one-and-one-half percent (1.5%) of the total valid votes cast to qualify for one seat. Israelis cast about 3.3 million valid ballots in the 1999 Knesset election, over 70% of the eligible voters. The total number of votes cast is multiplied by 1.5% to determine the minimum number of votes needed to win one seat. Parties receiving less than the minimum threshold are dropped, and the seats are apportioned among the remaining parties according to the percentage of the votes they won. A party that won 30% of the votes, for example, would receive 30% of the 120 seats, or 36 seats awarded to the first 36 names on the party's list.

Each political party chooses its own method for selecting the members who will represent it in the Knesset, some by election, some by selection, and some by a combination. Frequently, political parties hold separate elections among their members to elect the party leader, who becomes the first name on the party list and the party's nominee to be prime minister if the party should poll the largest number of votes. Other names near the top of the party list usually are slated for important cabinet posts, such as ministers of finance, defense, interior, or foreign relations. When the election board has certified the election, the President designates the leader of the party winning the most seats to form a government. The leading party (no Israeli party has ever won a majority) will have 45 days in which to form a coalition of parties able to muster the 61 votes necessary to win a vote of confidence. Smaller parties negotiate with the prime minister designate for policies or positions. For example, religious parties may want, as is usually the case, the education ministry so they can maintain and control state budget support for religious schools, or right-wing nationalist parties may seek a promise from a prime minister designate for an expansion of settlements in the occupied territories.