

## **Kadima for half price? The formation of a national unity government in Israel**

- The formation of a national unity government strengthens Prime Minister Netanyahu and gives him new leeway during negotiations. Kadima's entry to the government strengthens moderate forces and weakens the hardliners.
- There will be no real change in policy. Kadima failed in opposition, and as a government party it will be even less able to push through a different policy.
- The agreement between Mofaz and Netanyahu was motivated in the main by domestic political reasons. This is the primary field in which moderate changes will take place rather than in foreign policy.
- There will be new Israeli offers of talks in the peace process, but no real progress should be expected, together with no surmounting of the present stalemate.
- It is not clear whether Mofaz will join the moderates or the hardliners in Netanyahu's security cabinet over the Iran question.

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## **More political power for Netanyahu**

In a surprise move on May 8, 2012, the opposition Kadima party (28 seats), led by former army head and defense minister Shaul Mofaz, joined prime minister Benjamin Netanyahu's right leaning-religious government coalition (66 out of 120 seats). Netanyahu now has a government comprising seven parties; this has a parliamentary majority of 94 and can rightly be called a national unity government. Facing it is the opposition, led by the Avoda (Labor) chairperson, Shelly Yachimovich, who heads a party with just eight seats. Not only is the opposition very small: it is also completely fragmented, comprising six parties with a total of 26 seats between them. Until the next Knesset elections in November 2013 Netanyahu now has considerable political room for maneuver, since now none of his coalition partners acting independently will be able to bring him down. This strengthening of his political power has once again proven that he is a master political tactician.

But will Netanyahu use this new political leeway to inject momentum in order to overcome the stalemate in the Middle East peace process? Will he change his policy toward Iran? Or will he instead continue his previous policy of maintaining the status quo, in other words will he continue building settlements, refusing to make concessions to the Palestinians, saying no to any constructive cooperation with the Obama administration, and increasing his country's isolation on the international scene?

Answers to these questions depend crucially on Shaul Mofaz, who having replaced Tsipi Livni as chair of the Kadima party on March 27 was sworn in by the Knesset as a new vice prime minister on May 9. Did he join the government solely to prevent the likely loss of more than half of his party's seats in new elections and to

secure an influential ministerial position for himself? Or is he seeking a change in policy?

## **No early elections - a national unity government instead**

When the Knesset convened on the morning of May 7, parliamentarians and public were absolutely sure that the votes needed to hold early elections on September 4, 2012 and to dissolve the Knesset would take place as planned. As all the parliamentarians in the plenary and committees alike vehemently discussed these questions until the wee hours, behind the political drama that was being played out on the parliamentary stage three men – prime minister Netanyahu, his closest political confidant defense minister Ehud Barak, and Shaul Mofaz – were engineering Kadima's entry to the coalition. At 2:00 am the following day, Netanyahu and Mofaz announced at a joint conference that Kadima was joining the government and that a coalition agreement had just been signed at Netanyahu's Jerusalem residence. The two men who had been Netanyahu's closest coalition partners, foreign minister Avigdor Lieberman (Yisrael Beiteinu) and interior minister Eli Yishai (Shas), were informed in advance about the decision, to which they agreed.

At the press conference Netanyahu said that the new coalition was good for the security, economy and people of Israel. Mofaz stressed that Kadima was not interested in being in charge of ministries but wanted to help contend more effectively with the challenges facing Israel, including "a historic territorial compromise with our Palestinian neighbors."

In addition to a statement of intent declaring that Kadima will support the government's policy until the next elections in November 2013, the very brief coalition agreement contains four

additional points, which according to Netanyahu and Mofaz will also constitute the new government's political priorities: 1) legislation to be passed by the end of July 2012, to put an end to the widespread exemption of ultra-Orthodox Jews from military service; 2) the passing of a responsible national budget able to meet the country's security policy, economic and social challenges; 3) reforming the system of government by the end of 2012 in order to have more stable governments; 4) advancing the peace process along responsible lines. It was also agreed that Shaul Mofaz will become vice-premier and member of the previously eight-strong security cabinet, and will run government affairs in Netanyahu's absence. In addition, Kadima will chair two of the most important parliamentary committees – defense and foreign affairs, as well as economic affairs – as well as another as yet unspecified committee. When Mofaz was sworn in as vice-premier the day after the press conference by 71 to 23 votes, Netanyahu con-firmed in a turbulent Knesset debate that there had also been talks about additional Kadima politicians assuming ministerial posts in the weeks to come. However, there was no statement to this effect in the coalition agreement.

This is Israel's third national unity government. The first one was from 1967 to 1970, during and following the Six-Day War. The second one existed during two consecutive legislative periods, from 1984 to 1992, when Israel had to tackle major economic problems and high rates of inflation.

### **Netanyahu and Mofaz did not want early elections**

Mofaz and Netanyahu each had their own – differing – reasons for deciding to set up a unity government instead of holding early elections.

For months Netanyahu has been doing well in the polls, with over 30 seats predicted for his party, which currently has 27 parliamentary representatives. There was no reason for him to fear the planned new elections. He would have won them hands down, and would have become Israel's new prime minister once again. His leading political position is unchallenged, and to date his government has been stable. However, in the last few months he has increasingly been subject to political pressure. This is primarily the result of two or three Supreme Court rulings, as well as to some extent the social protest movement.

The Supreme Court's decisions relate to the Tal Law, requiring military service to be performed by all, as well as two judgments requiring the evacuation and demolition of settlement outposts. In 2012 the court ruled that the Tal Law, which has been in force since 2002 and exempts from military service ultra-Orthodox men who wish to engage in full-time Jewish studies, was unconstitutional (Israel has no written constitution; instead, it has 12 "basic laws" which rank as constitutional provisions). The Supreme Court required the Knesset to pass a law by August 1 this year which will bring about complete equality in military service. This would apply to some 62,000 ultra-Orthodox men who are presently exempt from military service because they are yeshiva students. The two ultra-Orthodox parties in Netanyahu's previous coalition – Shas (11 seats) and United Torah Judaism (5) – made it unmistakably clear that they would not agree to such legislation, inevitably bringing down the government.

The Supreme Court's rulings on West Bank settlement outposts, which are unconstitutional under Israeli legislation as well, relate to Ulpana, on the outskirts of the settlement of

Beit El, and Migron. In both cases construction took place illegally on privately owned Palestinian land. Despite a series of attempts by the government to sidestep the rulings or negotiate extended transition periods, the court has now ruled definitively that both outposts are to be evacuated and demolished. The deadline for Ulpana is July 1 this year, and for Migron August 1. These rulings and their implementation were openly and vehemently opposed in the Likud party itself, including a number of ministers, as well as what until then had been Netanyahu's most important coalition partners, Yisrael Beiteinu (15) and Habayit Hayehudi ("The Jewish Home") settler party (3). During a solidarity visit to Ulpana finance minister Yuval Steinitz (Likud) said that although he had no intention of clashing with the Supreme Court, its decision was absurd because it is "illogical and immoral to demolish the neighborhood." When the final Migron ruling was issued this March, Netanyahu declared: "The Israeli government, like all the country's citizens, respects the court's decisions and acts in accordance with Israeli law," knowing full well that implementing this ruling would inevitably lead to the end of his government. Not only Yisrael Beiteinu and Habayit Hayehudi but also part of his own party would have refused to obey him.

Since Kadima supports a reform of the military service law as well as the evacuation of the outposts, now that the party has joined the coalition Netanyahu has both the political leeway and the time he needs to solve these political problems. The fact is that none of his previous coalition partners is now able on its own to bring pressure to bear or blackmail Netanyahu with its own political agenda. At the same time he is no longer as dependent on his own party's right wing. So if things get as far as the actual evacuation and demolition of Migron and Ulpana, although there will be a govern-

ment crisis, Netanyahu will very likely survive with the help of Mofaz.

The third factor, the social protest movement, is relevant to the extent that with the warm weather the protests will take off again, once more confronting the government with specific socio-economic demands. However, social protest in the midst of an election campaign is not in Netanyahu's interest. In addition, with Kadima in the government it will be politically easier for Netanyahu to deal with the protest and in the coming fall take the politically difficult decisions when passing the 2013 national budget. Finance minister Steinitz has already stated that with the new government it will be easier to push through the requisite budgetary cuts.

For Shaul Mofaz the situation prior to the decision to join forces with Netanyahu was very clear. All relevant polls predicted a maximum of 12 seats for his party in new elections. Hence he took advantage of the opportunity presented to him of avoiding this dramatic collapse from 28 to 12 seats. Having been elected Kadima chair just a few weeks ago, as a result of the postponement of elections he will now be able to consolidate Kadima and familiarize the public with his political positions. Another point is that unlike Tsipi Livni, his predecessor, he was always in favor of a coalition with Likud and a national unity government. The media and opposition politicians have criticized him in no uncertain terms for being an opportunist – for example in the summer he said he wanted to lead the social protest movement – and constantly changing his positions, to which he replied in an interview three days after joining the government that for Israel the national unity government was a once-in-a-lifetime historic opportunity to tackle the major challenges from a position of unity. He went on to say: "We now

have a solid footing for making joint progress – and our deeds will speak for themselves.” Mofaz has the chance to put these lofty statements into practice. And the public will be watching him closely.

### **Fierce criticism from public and opposition**

An immediate snap poll showed that most Israelis do not believe that the country’s interests were the basis for the decision by Netanyahu and Mofaz, but rather power-based tactical and party-political considerations as well as personal interests. The poll results indicated that this applied in particular to Mofaz, since a loss of over 60% of his party’s Knesset seats was forecast for his party. Only a minority is assuming that the coalition agreements will actually be adhered to.

Like the whole country, the media were taken completely by surprise but reacted in different ways. On the one hand, this coup, which was pulled off by three politicians – Netanyahu, Mofaz and Barak – independent of any political body was rated by many journalists as delivering a major blow to people’s trust in Israeli democracy and the credibility of politicians. While these three men or their confidants were negotiating behind closed doors, they had the entire Knesset debating new elections as in a political stage play. At the same time, however, the journalists – with acerbic irony – made no secret of their respect for Prime Minister Netanyahu’s tactical expertise and astute wielding of power. Haaretz columnist Yossi Verter called him the “king of Israel,” while Amit Segal on Israeli television’s Channel 2 referred to the “deal of the century,” since Netanyahu got Mofaz for “half price” and the other 27 parliamentarians “free.”

Harsh reactions were expressed by the opposition party representatives. Shelly Yachimovich spoke of a pact of cowards and the most ridiculous zigzag in the history of Israeli politics – primarily a reference to Mofaz who in the preceding weeks had repeatedly attacked Netanyahu in highly aggressive terms. He went as far as to call him a liar in public, and on March 3 he wrote on Facebook: “I will not join Bibi’s (i.e. Netanyahu’s) government... This is an evil, failed government, which in the next elections will be replaced by Kadima under my leadership. Is that clear enough?” For the new Meretz chair, Zehava Gal-On, the way that the new government coalition emerged constitutes a severe blow to the authority of the Israeli parliament, as well as to the public’s trust in the country’s politicians. If anything, Zehava Gal-On’s assessment is an understatement. The public’s reactions show that when leading politicians constantly change position and ride roughshod over democratic institutions – something that applies to the parliament as much as to the Supreme Court – the result is a disturbing loss of faith in Israeli democracy and its representatives.

When Kadima joined the coalition, on the whole both Netanyahu’s Likud and Kadima approved this step, but there were individual instances of publicly voiced criticism. Danny Danon, an extreme right-winger in the Likud parliamentary faction and an outspoken defender of the settlement policy, stated: “This is a blow to the settlement project and the Likud’s values... It is just a question of time till this alliance falls apart.” In protest, several Kadima parliamentarians stayed away from the vote on the coalition pact. Robert Tibayev referred to the coalition agreement, which has just four clauses, as having no substance whatsoever, and a few days later Orit Zuretz referred on her Facebook page to the “sale by auction to

Netanyahu of 28 parliamentarians and 90,000 Kadima members.”

### **Who wins, who loses?**

Immediately after the announcement that the new elections had been cancelled and a new government formed, a lively debate developed in the Israeli media about this new development's winners and losers. Mofaz and Kadima as well as Prime Minister Netanyahu were of course rated winners. Very often the Labor Party, which had been on the way up with a predicted increase from eight to 17-20 seats, was seen as a loser, as was the former star TV journalist Yair Lapid, whose Yesh Atid (“There's a Future”) party, founded just days previously, had been expected to win 11 seats from a standing start, the same number as Kadima. There is no doubt that this assessment of Netanyahu as a winner is exactly right, since this gambit has given him not only a short-term but also a medium-term political edge. After his electoral victory in February 2009, he was able to perform a similar maneuver – one that brought Ehud Barak and the Labor Party into his government, giving him a balance of power advantage. Barak is still with him, while the Labor Party has moved to the opposition. This time Shaul Mofaz and the moderate Kadima party have moved up, once again shifting the balance of power in the government to Netanyahu's advantage. The more moderate forces in the Likud will regain influence as a result and Netanyahu will be in a stronger position when facing the radical right wing in his party. The assessment of Yair Lapid's position is also probably accurate. Although he did not have any politically convincing alternatives, great hopes were projected on to him. It will be very hard for him to keep talking all the way to November 2013. We need to take a closer look, however, at both the Labor Party and Kadima.

For Kadima, there are now basically two scenarios. If Shaul Mofaz remains true to his own pronouncements, made both before and after his party joined the government, and emphasizes his own clear-cut domestic and security-policy elements in the coalition, this can lead to a consolidation of the party. Although it may no longer be able to achieve 28 Knesset seats, as a centrist party Kadima would have a real function in this government and Israeli politics, and would be able to justify its existence. If, however, it is only acting on a power-based tactical level, allows Netanyahu to turn it into a tool and fails – or is unwilling? – to bring Kadima's political agenda to bear in the coalition and bring about a tangible change of policy, then Kadima will lose the political justification for its existence and will become an appendage of the Likud.

So far, Mofaz has apparently had the support of the leading Kadima politicians for his decision. Whether this will continue also depends on whether he manages to successfully assert himself vis-à-vis Netanyahu. For the time being there are no influential political appointments to be made, other than chairing the three Knesset committees. Whether Kadima will be given ministerial positions in the future will also depend on the consistency with which its own positions are implemented, such as in the new military service law, over the enforcement of the Supreme Court's decision to evacuate Migron and Ulpana, or with regard to the peace process. Avigdor Lieberman has already defined the military service law and Ulpana as the new government's central challenges, and leading United Torah Judaism representatives have declared that under no circumstances will their party be part of a government which does not exempt from military service everyone who wishes to study Torah. Perhaps ministerial posi-

tions will soon become vacant for Kadima politicians?

Three days after the party joined the government, five Kadima parliamentarians got together, openly stating their misgivings about joining the government. In addition to Orit Zuretz and Robert Tibayev, a third member of this group is Shlomo Molla. At a conference in Tel Aviv the latter said that Kadima must make its inclusion in the government dependent on making progress in the peace process, since otherwise there was no point in being in the coalition. And if there were no clear-cut red lines for Kadima in the discussions about evacuating Ulpana, then the party would be "just like the Likud" and would have no function other than to "give the Likud a better image." If this group were to expand to seven parliamentarians, it could form its own faction, split off from the party and provide the nucleus of a new party.

In 2005, Haim Ramon, once one of the Labor Party's most influential politicians, was one of the architects behind the creation of Kadima. In the meanwhile he has retired from active politics, but as chairman of the Kadima council he continued to exercise major influence in the party. The day after Mofaz joined the government, Ramon announced that he was quitting Kadima. He commented: "Kadima has become the Likud once again... Kadima has stopped being a centrist party." He went on to say that henceforth he wanted to work to bring about a new centrist party. If Tsipi Livni and Yair Lapid were to join forces over a project like this, Ramon observed, then this party would be able to attract many supporters very quickly.

Since Shelly Yachimovich was elected the new Labor chairperson, the party has made impressive progress in terms of supporters and

substance alike. The 17-20 Knesset seats predicted in polls demonstrate people's newly won faith in the party. However, an electoral success along these lines might well have come too soon for both the party, which is still caught up in an internal process of reform, and its chairperson. The fierce internal conflict about whether the party should support Ofer Eini in his bid to be re-elected chairman of the General Federation of Labor in Israel, the Histadrut, showed that the party's internal divisions have not yet been overcome. Shelly Yachimovich has only been in politics for six years; she was elected party chair in September 2011, and has never held ministerial office. She has no experience in foreign and security policy. For her and the party itself, it might well be very helpful if the next elections were to be held in November 2013, rather than in September 2012.

In the meanwhile, Shelly Yachimovich will be able to gain experience in her prominent role as head of the opposition and make her mark in public life. And the Labor Party can prove that it is a genuine opposition, something that Kadima failed to do under Tsipi Livni. Lacking a clear-cut concept and profile of its own, the party supported the government more frequently than it stood up to it. The upshot was a dramatic fall in voter support. The Labor Party now has the opportunity to achieve something that Kadima failed to do: through clearly defined goals and content to express a political alternative to the government coalition. When formulating such an alternative, it is also important that the Labor Party make a link between its own policy in opposition and the demands of the social protest movement, giving or offering the latter a stronger political platform. When she was sworn in as leader of the opposition, Yachimovich said: "The so-called opposition of the last three years was a complete farce. Which is why we our responsibility is so great." Never in Israel's

history has there been such a large parliamentary majority for the government and an opposition that had just 26 members. But the coalition will now have to demonstrate whether it possesses both stability and the capacity to act.

The two ultra-Orthodox parties will have less influence in the new government. Shas (11) and United Torah Judaism (5), with a total of 16 parliamentarians, enjoyed considerable power in the previous coalition. These two parties' interests directly affected government policy, and no important decisions could be taken without their approval. Now this situation has shifted. In his 94-strong coalition, Netanyahu no longer needs to rely on the political support of the ultra-Orthodox parties. If he wishes to do so, he can now pass legislation without their explicit agreement. True, in order to retain influence over government decisions and make sure that their political clientele will have continue to have access to state resources, they agreed to Kadima joining the coalition, but they have undoubtedly lost political leverage. The outcome of the reform to the military service law will decide whether or not these two parties will remain in the government. Netanyahu has promised Kadima the committee that will be drawing up a new draft law. The party can now demonstrate whether it has the desire and assertiveness to put its goal – genuine equality in army service – into practice on a political level. In fact, most political observers assume that the new law will not lead to a drastic change in prior practice, and that instead a new compromise will be reached with the ultra-Orthodox parties – a compromise that in the medium and long term will lead to greater fairness in military service.

The same applies to Avigdor Lieberman and Yisrael Beitenu as to the ultra-Orthodox parties. Lieberman also agreed to Kadima joining the

government, although this means less influence in the government for him and reduced potential for bringing pressure to bear on Netanyahu. He will continue to pursue his political goals energetically, but on numerous occasions he has proven that he is a pragmatist and a shrewd tactician. He will not leave the coalition so quickly. When it comes to settlement outposts, there might well be serious political clashes between him and Mofaz – assuming that the latter remains faithful to his positions. Mofaz has made it clear on a number of occasions that he and his party believe that the Supreme Court's decisions must be respected. In contrast, Lieberman believes that Ulpana is not an illegal outpost. He says: "It is the State which has made a mistake, not the residents of Ulpana – they were sent there. The State must assume responsibility. I see no way other than legislation which will solve this problem." What this means is that for Liebermann the Supreme Court's judgments are not binding, and that he is demanding that either this body or the State seek other solutions.

In addition to Netanyahu and Mofaz, Ehud Barak also benefits directly from Kadima's joining the government. He can remain defense minister for another 18 months, at the same time continuing as Prime Minister Netanyahu's closest political partner: polls show his Atzmaut party consistently falling well under the 2% threshold, so that if elections were held early it would not get any parliamentary seats. To date, Barak together with Netanyahu has constituted the government's decision-making center, of which Mofaz is now a member too. In the 1970s, these three men served in Sayeret Matkal, an elite military unit which enjoys great prestige in Israel and is responsible for fighting terrorism. Barak was the unit's commander, while Mofaz and Netanyahu were officers under his command. The way that they have now



jointly engineered Kadima's entry into the government in the style of a secret commando operation would have conferred great honor on their old unit.

### **What will happen to the peace process and policy on Iran?**

Shaul Mofaz is an exception among Israel's leading politicians, because he has presented his own specific plan for solving the conflict with the Palestinians – in other words, for a two-state solution. The two-stage plan proposed by him involves a first step in which a Palestinian state would be established in 60% of the territory of the West Bank, and subsequently in a second phase determining the final borders between the two states. Such a step would mean that more than 90% of the Palestinians in the West Bank would have their own state. If Netanyahu were to make the Mofaz plan the basis of his policy in the peace process, this would be a long way from meeting one of the Palestinians' key demands – to recognize the 1967 borders, but it might perhaps trigger a new political dynamic. Mofaz can now follow up his statements by hands-on actions. These days, he is able to put his peace plan on the new unity government's agenda. Henceforth, this is how he will be judged.

The same applies to Benjamin Netanyahu, who in his 2009 speech at Bar-Ilan University declared his support in principle for the two-state solution. Until now, any acceptance of Palestinian demands would have brought about the immediate collapse of his right-wing government coalition. This is no longer true though, because if he wishes to advance the peace process Netanyahu no longer has to rely on extreme right-winger Avigdor Lieberman. He now has a chance to prove that he is actually interested in a peace agreement. The fact that it

would be extremely difficult for Palestinian president Mahmud Abbas to accept such an offer and almost impossible to push through on a political level is a different matter, but Netanyahu and his new political partner Shaul Mofaz would prove that they are prepared to advance peace on not only a rhetorical level but with hands-on action as well. Netanyahu has already made it clear at the press conference where he and Mofaz announced that Kadima was joining the government that he will not give up the position that he has supported so quickly. It is true that advancing the peace process was announced at the conference as the fourth point in the joint coalition pact. However, Netanyahu immediately added that the current impasse exists not because of any lack of political will on the part of the Israeli government, but because of Palestinian intransigence. Hence his letter that was handed over to Mahmud Abbas on May 13 does not contain any new proposals either, simply the statement that the new Israeli government is a new chance for peace and that the bilateral talks must be resumed immediately.

Whether with Kadima in the government it might be possible to overcome the impasse in the peace process did not play a dominant role in media reports. Instead, the key question was whether Shaul Mofaz will join hardliners Netanyahu and Barak over how to deal with the threat from Iran, or whether he will remain faithful to the positions that he has expressed on numerous occasions, thereby strengthening the camp of the moderates. In public discussions the latter are primarily represented by former Mossad head Meir Dagan (2002-2010) and Yuval Diskin, until recently head of the Shin Bet internal security service (2005-2011). These two men were directly subordinate to Netanyahu and after retiring from active service criticized him forcefully for his policy on Iran.

They are both opposed to Israel undertaking military action on its own, since far from stopping the possible building of an atom bomb by Iran, this would speed things up.

Significantly, at their joint press conference Netanyahu and Mofaz did not say anything about the question of Iran, which is presently the most important issue in Israeli politics. All that Netanyahu said was that further serious talks would be held about it. However, in recent months Mofaz made a series of comments which clearly distanced him from the position of Netanyahu and Barak, who advocate a rapid military response – if necessary without the involvement of the Americans. In an interview with the New York Times on April 6 he said that the “the greatest threat to the State of Israel is not a nuclear Iran,” but the fact that one day Israel might cease to be a Jewish state because at that point it would have as many Palestinians as Jews. It was therefore “in Israel’s interest that a Palestinian state be created.” And in an interview for Israeli television’s Channel 2 he said in early April that an attack on Iran at the present time would be premature and have disastrous consequences. He accused Netanyahu of scaremongering and insisted that the United States play the leading role in the altercation with Iran.

The opponents of a military strike fear that now that Mofaz is a cabinet member he will change his view of this topic, possibly strengthening Netanyahu’s approach. All foreign commentators consider this to be a key reason why Netanyahu wanted to get Iranian-born Mofaz into his government. For example, without going into the weighty domestic political arguments, Spiegel Online headlined “Netanyahu forging a war coalition” on the very same day. However, followers of the political discussions in Israel are aware that Netanyahu came to this

decision primarily for internal political reasons. But if he manages to persuade Mofaz to go along with his approach, this will give every decision over the Iran question taken by his cabinet a far higher degree of legitimacy. The fact is that there is not the slightest doubt in Israel about the security policy competence of the former military chief of general staff and defense minister.

Reuven Pedatzur, a well-known Israeli expert on military matters, concludes that now that Kadima is in his government, Netanyahu can do anything he wants to because there is no real opposition over the Iran question. “All he has to do is simply to convince Mofaz to agree with him.”

## **Conclusion**

The creation of a national unity government strengthens Prime Minister Netanyahu’s position of power and gives him new political room for maneuver when tackling the key domestic and foreign policy challenges facing his country. The Labor Party has become the leading opposition party, a role in which it can demonstrate that it is a credible alternative to the government coalition. However, no real change in policy should be expected from the new government whether in domestic or foreign policy. Even under the leadership of Shaul Mofaz, now that Kadima is in the government it will not be able to play the role in which it was a complete failure in opposition.

Since the agreement between Netanyahu and Mofaz was primarily motivated by domestic political and electioneering reasons, moderate political changes can be primarily expected in domestic policy. This applies to the reform of the law on military service, as well as to the implementation of the Supreme Court’s deci-

sions on the settlement outposts. For Netanyahu, the evacuation and demolition of a certain number of settlement outposts could be a calculable political risk which would nevertheless bring him closer to a central goal of his policy: the retention of the large settlement blocs in Israeli hands.

In the peace process with the Palestinians, no overcoming of the present impasse should be anticipated. The distance between Palestinian fundamental demands and the Mofaz peace plan, were it to become the basis of government action, is too great. There will be no new serious initiatives until after the presidential elections in the USA at the earliest – if Barack Obama wins.

It is difficult to foresee what stand Mofaz – now as vice prime minister – will take in the confrontation with Iran. In the political struggle with Tsipi Livni over the Kadima party chairmanship, he came out against a unilateral military strike by Israel and stressed cooperation with the USA. However, in the past he has also supported Israeli military operations against Iran. He is the key factor in deciding whether the moderates or the hardliners in Netanyahu's security cabinet will be strengthened.

If Mofaz does not manage to get Kadima's profile and agenda accepted in the government coalition, the party will lose its political right to exist and will become a light version of Likud. The result would be a split in the party, and a possible scenario is that in the 2013 elections Shaul Mofaz could return to Likud, of which he was a member until 2005.