



**The Labour Party joins the Netanyahu government –  
More than a left-wing fig leaf for a right-wing coalition?**

**By Dr. Ralf Hexel, FES**

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1. In the elections for the 18th Knesset which took place on February 10, 2009, the right-wing/ultra-Orthodox camp achieved an electoral victory. Likud chairman Benjamin Netanyahu was asked to form a new government.
2. With 28 seats, Tzipi Livni, who was the winner of the elections, rejects a coalition with Netanyahu and goes into opposition. She insists on the two-state solution as a goal for the Israeli-Palestinian peace process.
3. Ehud Barak negotiates a coalition agreement with Netanyahu despite opposition from his party committee, and wants to enter a right-wing government with him. After vehement discussions, a special Labour Party convention confirms that it is joining the government.
4. The Labour Party is deeply divided. The supporters of joining the government underscore the party's national responsibility and its contribution to overcoming the economic crisis. The opponents forecast that it will sell out its social-democratic values and lose more political importance. They demand that the party go into opposition.
5. The six-party coalition formed by Netanyahu, comprising Likud, Yisrael Beitenu, the Labour Party, Shas, United Torah Judaism, and Bayit Yehudi (Jewish Home), is extremely heterogeneous in terms of ideology and outlooks. It is difficult to imagine it managing to successfully tackle the economic crisis and take courageous decisions in the peace process.

On March 31, a new Israeli government was sworn in with Likud chairman Benjamin Netanyahu as prime minister. In addition to the right-wing Likud, another five parties make up the government: the nationalist right-wing Yisrael Beitenu, the social-democratic Labour Party, the ultra-Orthodox parties Shas and United Torah Judaism, and the right-wing/religious Bayit Yehudi (Jewish Home) party. In Israel, broad government coalitions comprising

parties with greatly varying ideological outlooks are the rule rather than the exception. Nevertheless it came as a surprise that Benjamin Netanyahu managed to get the left-wing Labour Party under Ehud Barak to join his otherwise right-leaning governmental alliance. The question is whether in this constellation the Labour Party, which emerged weakened from the elections, will be able to put its own political goals and content into practice, or whether it is primarily intended to provide a left-wing

fig leaf in what is otherwise an out-and-out right-wing coalition.

### **The electoral victory of the rightists and Benjamin Netanyahu's formation of a government**

In the early elections for the 18th Knesset which were held on February 10, 2009, the right-wing/ultra-Orthodox camp achieved an electoral victory. Together, Likud under Benjamin Netanyahu (27 seats), the Yisrael Beitenu party of right-wing populist Avigdor Lieberman (15), who dominated the election campaign with his anti-Arab slogans, the two ultra-Orthodox parties Shas (11) and United Torah Judaism (5), as well as the right-wing/religious National Union (4) and Bayit Yehudi parties (3) gained 65 out of the total 120 Knesset seats. This result confirmed the rightward shift in Israeli society that had clearly been taking place for months, which was further strengthened by the Gaza war, which was supported by more than 90% of the country's Jewish population. The left-wing parties suffered a dramatic defeat, which reflected a marked loss of political significance. Under the leadership of defense minister Ehud Barak, the Labour Party won just 13 seats, having had 19 representatives in the last Knesset. Leftist-liberal Meretz slipped from five to just three seats.

The winners of the elections were foreign minister Tzipi Livni and her Kadima party with 28 seats. However, the country's president, Shimon Peres, did not ask her to form a government. Israel's basic law states that after the elections, the president must first consult with the political parties represented in the Knesset and then, on the basis of these consultations, ask the politician whom he thinks has the best chance of forming a government to do so. Since both the right-wing and also the ultra-Orthodox parties favored Benjamin Netanyahu as the new prime minister, ten days after the elections Shimon Peres gave the Likud leader the task of forming a

government. According to the law, he had 28 days to do so. If during that time he failed to form a coalition, he could ask for an additional two weeks. Netanyahu had to use this period also, because after 28 days he had still not managed to put together a coalition capable of governing.

Before the elections, Netanyahu had indicated that he would prefer a governmental alliance with Kadima and the Labour Party, in other words a national unity government. The reason for this lies in his experiences as prime minister in the right-wing government that he headed in 1996-1999. By making extreme demands of him, particularly in the area of the peace process, his right-wing coalition partners robbed him of the political latitude needed for successful governance, and thus led to the early demise of the Netanyahu government. The resulting new elections led to a Labour Party victory and gave the premiership to Ehud Barak. In retrospect, Netanyahu called the right-wing/ultra-Orthodox government that he put together at the time as the "biggest mistake of my life." This time, he wants at all costs to avoid repeating such a constellation, together with the ensuing political developments. As a result, immediately after the elections he made an offer to Kadima and the Labour Party to join a coalition led by him. He saw a broad alliance of this kind as the best condition for a stable government which would be capable of acting.

### **Tzipi Livni sticks to her principles and goes into opposition**

Netanyahu began his coalition negotiations with robust offers to Tzipi Livni and Kadima. He offered her full partnership in the future cabinet, the office of foreign minister, and two more key ministries for her party – defense or finance, as well as other ministerial posts. A series of personal meetings took place, but Tzipi Livni rejected Netanyahu's offers. She made the commitment to a two-state solution in the

peace process with the Palestinians a condition of her joining the coalition. In addition, seeing herself as the real victor of the elections, she insisted on a rotation of the position of prime minister. Under such an arrangement, Netanyahu would act as prime minister for two years, and then she would do the same for a further two years. This was the model that was followed in Israel in 1984-1988, during a period characterized largely by political stagnation, when Yitzhak Shamir (Likud) and Shimon Peres (Labour) shared the position. However, Netanyahu rejected these demands. He knows that he would lose the support of the right-wing parties if he were to declare the two-state solution to be his government's goal. Nor is he willing to share the position of prime minister with Livni, on the basis of two years for each of them. This might make political developments go too far in her direction.

Tzipi Livni decided to go into opposition and to pursue her political goals from there. In doing so, she was undoubtedly following her political convictions and principles, but the calculation that a purely right-wing government would not rule for very long and that new elections might take place fairly soon will also have played an important role in her considerations. In her own party, Livni received only limited support for her decision. Leading Kadima representatives such as former defense minister Shaul Mofaz and former Knesset Speaker Dalia Itzik called upon her to undertake serious negotiations with Netanyahu about a government of national unity and not simply lead Kadima into opposition. Vice-premier Haim Ramon said, "Kadima and Likud are natural partners, not Shas and the extreme right." However, Livni managed to impose her position, showing that at the moment she is uncontested in her party.

In parallel to the efforts to win over Tzipi Livni and Kadima, Netanyahu negotiated with the right-wing and ultra-Orthodox parties, which had recommended him as

prime minister in the consultations with President Shimon Peres. He concluded the first coalition agreement with Avigdor Lieberman and his Yisrael Beiteinu party. Lieberman received the foreign ministry, and his party was allotted four more ministerial positions. However, Lieberman is unable to impose his key electoral campaign demands in terms of content – introducing civil marriage, as well as a loyalty test for the Arabs in Israel. The ultra-Orthodox parties, which were also negotiating with Netanyahu, voiced vehement protests against civil marriage. Nor does the coalition document make any reference in this form to the anti-Arab test of loyalty demanded by him ("no citizenship without loyalty").

Netanyahu accordingly reached agreement with Shas on a coalition accord. The party received four ministerial posts – interior, housing, religion, and one minister without portfolio. For Shas a key demand is having access to state-level social welfare allocations, in order to be able to provide its constituency, which comes largely from socially weak strata, with tangible results. Hence the housing ministry was an absolutely vital demand. In addition the party was aiming at a distinct increase in family and child benefits. In the coming three years, under the coalition agreement a total of NIS 1.4 billion (around 260 million euros) will be handed over in the form of additional resources. Netanyahu also made a striking decision – to transfer the responsibility for the ultra-Orthodox schools to Shas in the shape of a minister in the Prime Minister's Office, thereby removing this sector from the responsibility of the education ministry.

Following the coalition negotiations with the Bayit Yehudi party, which were undertaken silently and resulted in a promise of the science ministry, Netanyahu had managed to get 56 parliamentarians behind him. After being turned down by Tzipi Livni, should he pursue negotiations with the radical right-wing and pro-settler National

Union, as well as with United Torah Judaism, and thus form a purely right-wing government? In other words, a constellation that he absolutely wanted to avoid? Or should he step up the existing contacts with Ehud Barak and the Labour Party, in order to obtain his original goal – creating a governmental alliance that would be as broad as possible? Netanyahu did both. He continued to negotiate with his allies from the right-wing camp, and also made Ehud Barak new political offers in order to bring him and the Labour Party into the governmental alliance.

### **Ehud Barak wishes to be involved in the government, and negotiates a coalition agreement with Netanyahu**

Before the elections, Barak had ruled out going into coalition with a party that does not unequivocally declare its support for a two-state solution vis-à-vis the Palestinians. In the case of Likud this is undoubtedly the case, since in Netanyahu's electoral campaign appearances he stated over and over again that under him there would be neither any evacuation of settlements nor any dividing of Jerusalem. Instead of the two-state solution, he said, he wanted to aspire to an "economic peace" with the Palestinians, i.e. economic and social development was to be advanced so as to bring about a reliable basis for a political peace. Later, he maintained, it would be possible to see whether a comprehensive peace agreement was possible.

After the elections, Barak clearly changed his position. On election night, he stated in light of the results that the voters wanted an alliance of Kadima, Likud, and the Labour Party. Given the outcome of the vote, leading Labour Party representatives such as former chairman Amir Peretz, Secretary-General Eitan Cabel, Yuli Tamir, who had been education minister in the outgoing government, and former Secretary-General Ophir Pines-Paz re-

jected this approach. In their opinion, the fact that the party has constantly participated in the government in recent years has eroded the party, both in terms of content and on a personal level. They voted to go into opposition, in order to tackle the renewal of their party from there.

On his own, and ignoring all the party committees, Barak put together a negotiating team which initiated secret parleys with Likud. This team consisted of Ofer Eini, the chairman of the Histadrut trade union umbrella organization, former agriculture minister and Barak confidant Shalom Simhon, and advocate Alon Gerhart. In addition, Barak himself met several times with Netanyahu. In response to the protests of his opponents within his own party, who knew nothing of the negotiations, he said when announcing the latter on March 18: "What's wrong with talking to Netanyahu? I have spoken to leading PLO terrorists. Is Netanyahu our country's worst enemy? The foreign and defense policy challenges, the economic and social challenges facing Israel make it the Labour Party's duty to examine Netanyahu's offers seriously." Barak's strategy was quite clearly – behind his party's back, entirely in the style of a secret commando operation – to achieve a coalition agreement with the Likud that will be as attractive as possible, and only then get the party committees to vote on it.

Accompanied by additional vehement discussions and protests, the Labour Party's Central Committee with its 1,700 or so members was convened for March 24 to hold a special party conference in order to vote on the agreement that had been negotiated. The coalition agreement between Likud and the Labour Party contains the following main points:

- 1) Ministries: The Labour Party shall receive a total of four ministries: defense (Ehud Barak), industry, trade and labor (Benjamin Ben Eliezer), agriculture (Shalom Simhon), and social services (Isaac Herzog). Avishai Braverman is to be

minister without portfolio with responsibility for minorities.

2) Economy, labor, social affairs: a) Setting up a "round table" comprising the government, Histadrut, Bank of Israel, and employers in order to overcome the economic crisis; b) working out an economic emergency program, with the participation of both sides of industry; c) no wage cuts in the public sector; d) increasing State pensions; e) setting up an emergency fund for small- and medium-size businesses; f) programs to promote vocational training and retraining; g) greater integration of minorities (i.e. Arab Israelis) in the labor market h) reducing the period of entitlement to qualify for unemployment benefits.

3) Politics and defense: a) Ehud Barak will be involved in all central foreign- and defense policy decisions; b) drawing up a plan for a regional peace agreement in the Middle East; c) the peace process will continue and all existing agreements will be respected; d) illegal settlement outposts (under international law, both outposts and settlements are illegal) and illegal Palestinian constructions will be removed.

4) Justice: a) protecting the position of the Supreme Court; b) modification of the basic laws shall only be possible with the agreement of all partners to the coalition.

### **Extraordinary Labour Party convention**

The coalition agreement was submitted to the vote by the 1,476 Labour Party Central Committee members present at a special convention in Tel Aviv on March 24. After heated discussions, 680 delegates voted in favor of joining Netanyahu's right-wing government coalition, and 507 against.

The debate showed that the party is profoundly divided over joining this government. A number of speakers issued dramatic calls to go into opposition, because only there could the party regain its former strength. Emotionally, they

warned Barak against joining forces with the right-wing parties, constituting a political sellout and the loss of the party's fundamental values. They feared that being in the government once again would lead to a further loss in the Labour Party's standing and importance. In his speech, Ophir Pines-Paz addressed Barak directly, saying that "Ben-Gurion, Golda Meir and Yitzhak Meir would be turning in their graves," and that he did not have a mandate "to throw the party into the garbage can of history." In his speech, Amir Peretz primarily criticized the fact that Barak had acted on his own, ignoring all the party committees, in negotiating with Netanyahu on joining the government.

Ehud Barak justified his actions by the need to prevent a purely rightist government, saying, "We have an obligation toward the Labour Party, but we are also responsible for the State of Israel, for peace and security. The Labour Party is not a fig leaf, but a genuine counterweight to the right-wing parties." When reproached for primarily caring about his position as defense minister, he replied, "I do not run after office."

Ofer Eini, the chairman of the influential Histadrut trade union umbrella organization and a member of Barak's team for the coalition negotiations, was Barak's most important ally in the discussion within the party about joining the government. In his speech, Eini cited as the main argument for the Labour Party to join the government the international financial and economic crisis which is now affecting Israel with great force and, he says, making it necessary to cooperate with Netanyahu in order to protect the country's interests and save jobs, as well as to form a stable government that is capable of acting. The trade union leader, whose mark is clearly visible in the coalition document, said that in his view, this was the only way to prevent neoliberal approaches and protect workers' interests. In the negotiations, Eini got his way over ensuring that there would be no

reductions in salaries for civil servants and that dismissals should be avoided as far as possible. Barak adopted Eini's arguments, saying in his speech that the Labour Party must join the new government primarily in order to be able to effectively combat the crisis.

Economic and social issues clearly dominate the coalition agreement. This is possibly the main reason why at the convention Barak managed to achieve a clear majority for his approach. If the agreements reached there are put into practice, the Labour Party will be able to impart a social-democratic flavor to the economic policy of Netanyahu's government, even though there is no certainty whatsoever as to how the measures are to be financed. Given the enormous political and ideological heterogeneity of the six-party coalition, however, there cannot but be major doubts about this. Only political practice will show the true value of this document.

In contrast to the economic crisis, the Middle East peace process played a subordinate role only in Barak's arguments for joining the government. The agreements make relatively general reference only to maintaining the existing agreements, such as the road map and continuing the peace talks. In addition, the government is to take steps against illegal settlement outposts. There are no clearly worded statements in the agreement as to what is to be achieved in practical terms, such as stating that the two-state solution is the goal of a political process. The Israeli-Palestinian conflict will very likely not be given top priority on the political agenda of a Netanyahu-Lieberman-Barak government. All three figures agree that it is far more important to fight Iran's nuclear threat.

The party convention highlighted a profoundly split party. Although Barak managed to achieve a clear majority, the differences between the two camps – the advocates and the opponents of joining this

right-wing government – are irreconcilable. The Labour Party's Knesset parliamentary group is also split. At the party convention, seven parliamentarians opposed joining the government; since then, five of them (Cabel, Peretz, Pines-Paz, Tamir, Yachimovich) have remained steadfast. The supporters argue that the party must be mindful of its responsibility for the country, and only through its involvement in government can it preserve the country's security and the workers' interests, which the major crisis threatens. The opponents argue that taking part in the government once again amounts to selling out the party's social-democratic values, and accelerating its loss of political significance, and hence they advocate going into opposition.

The Israeli public is following the developments in the Labour Party with rapt attention. For decades the party played a dominant role in Israeli politics and society. Well-known journalist Yossi Verter made the following comments in the left-wing/liberal newspaper, *Haaretz*: "From one election to the next, the party has weakened, its values have faded, and its leaders have fallen like ducks in a shooting gallery. All that remains is the greed for power at any price... This party has lost 31 Knesset seats in 17 years and has never stopped to ask itself what went wrong."

There is absolutely no knowing where the Labour Party's travels with its participation in Netanyahu's government will take it. Will it manage to introduce some substantive renewal, to stop the downward trend, and restore the party's political weight? Or will what quite a few Labour Party members and sympathizers fear come, as well as what the country's largest circulation paper, *Yediot Ahronot*, forecast on the day after the party convention? It compared the Labour Party with a man who is seriously ill, and who sees his death approaching, but "feels better if he travels first class and has a soft bed."

### **What can the new government achieve?**

The country's thirty-second government (cf. enclosed list) is the biggest that Israel has ever had. After Netanyahu had made his future coalition partners generous offers in the shape of ministerial posts, in the end he scarcely had enough ministries left for his own party. He solved this problem by splitting existing ministries and creating new ministerial positions without portfolio. As a result, the new Israeli government now has thirty ministers. That means that 25% of Israel's parliamentarians are ministers. However, just two of them are women.

Benjamin Netanyahu is the real winner of the Labour Party's joining his right-wing government coalition. After being asked to form the government – and thus being appointed to the office of prime minister – he has now achieved a further important goal: he has not repeated the mistakes of his first period of office, and he has avoided a purely right-wing government. He is in a winning position on the domestic level, since with the entry of the Labour Party his government now has a broader political basis, giving him more room for maneuver vis-à-vis the radical right wingers. And he is in a winning position on the foreign level, since with Yitzhak Rabin's heirs as partners in his government it will be far harder for the Obama Administration, committed as it is to the Middle East peace process, as well as for the European partners to imply that he has a fundamentally negative attitude to the peace process.

However, the internally riven Labour Party is not a really reliable coalition partner. Five of its thirteen parliamentarians reject the alliance with the right-wingers. Although they were present at the vote on the new government, they did not participate. There is no way of knowing whether in the future they will follow their convictions or party discipline in the case of controversial votes in the Knesset. Thus the leftward expansion of his government may have given Netanyahu more room for maneuver,

but it has provided him with a limited amount of stability only.

He has shown how he might deal with this problem when, following the conclusion of the coalition agreement with the Labour Party (which gave him a total of 69 MKs behind him), he also brought United Torah Judaism (5 seats) into his government. The political price of this addition was not very high, since the party sees itself as non-Zionist and traditionally refuses to appoint ministers. It was given two deputy ministerial positions, as well as the chairmanship of the Knesset's influential finance Committee. The ensuing 74 seats give Netanyahu a means of bringing pressure to bear on the Labour Party. If the latter's 13 parliamentarians were to oppose a vote, he would still have 61 of the Knesset's 120 seats.

It is questionable how long and how well Netanyahu will manage to juggle the greatly divergent views and ideologies of his six-party coalition. If he follows the Labour Party's policy proposals, the right-wingers might threaten to bolt the government. If he follows the right-wingers' policy, the same danger will exist on the other side. Of course he can play the various groups off against each other, but it is somewhat difficult, to put it mildly, to imagine bold decisions in the peace process.

However, if Netanyahu were nevertheless to decide to push for decisive progress vis-à-vis the Palestinians or Israel's Arab neighbors – e.g., vis-à-vis Syria – in addition to the Labour Party's support, he can also rely on that of Tzipi Livni, the future head of the opposition and her Kadima Party. She would undoubtedly not refuse her political support for such a development.

It will be difficult for the Labour Party to achieve its political goals in this coalition. It has just five out of thirty ministers, and 13 of 120 MKs. Whether this is enough to get the government to put into practice the

economic and social policy goals written down in the coalition agreement, and perhaps even make progress in the peace process, would appear to be more than questionable. The Israeli public will follow

with great attention whether Ehud Barak and the Labour Party actually manage to be more than the left-wing fig leaf of a right-wing government.

## The Netanyahu Government

### Cabinet list of the 32nd Government (as of March 31, 2009)

Prime Minister, Minister for Strategic Economic Planning	Benjamin Netanyahu	Likud
Vice Prime Minister	Silvan Shalom Moshe Ya'alon	Likud
Minister of Finance	Yuval Steinitz	Likud
Minister of Transport and Road Safety	Israel Katz	Likud
Minister for Culture and Sports	Limor Livnat	Likud
Minister for Regional Development, Minister for Regional Development of the Negev and Galilee	Silvan Shalom	Likud
Minister for Information and Diaspora Affairs	Yuli Edelstein	Likud
Minister of Communications	Moshe Kahlon	Likud
Minister of Education	Gideon Sa'ar	Likud
Minister of Justice	Ya'akov Neeman	Likud
Minister of Environmental Protection	Gilad Erdan	Likud
Minister of Strategic Affairs	Moshe Ya'alon	Likud
Minister for the Improvement of Government Services	Michael Eitan	Likud
Minister of Intelligence and Atomic Energy	Dan Meridor	Likud
Minister without Portfolio	Benjamin Begin	Likud
Minister without Portfolio	Yossi Peled	Likud
Minister of Foreign Affairs	Avigdor Lieberman	Yisrael Beitenu
Minister of Tourism	Stas Misezhnikov	Yisrael Beitenu
Minister of National Infrastructure	Uzi Landau	Yisrael Beitenu
Minister of Internal Security	Yitzhak Aharonovitch	Yisrael Beitenu
Minister of Immigrant Absorption	Sofa Landver	Yisrael Beitenu
Minister of Defense	Ehud Barak	Labour



Minister of Welfare and Social Services	Isaac Herzog	Labour
Minister of Agriculture and Rural Development	Shalom Simhon	Labour
Minister of Industry, Trade, and Labor	Binyamin Ben-Eliezer	Labour
Minister without portfolio (responsible for minorities)	Avishay Braverman	Labour
Minister of Internal Affairs	Eliyahu Yishai	Shas
Minister of Housing and Construction	Ariel Atias	Shas
Minister of Religious Services	Ya'akov Margi	Shas
Minister without portfolio (responsible for the ultra-Orthodox schools at the Prime Minister's Office)	Meshulam Nahari	Shas
Minister for Science	Daniel Hershkowitz	Bayit Yehudi

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