

**A Brookings Press Briefing**

**A PREVIEW OF THE ISRAELI ELECTIONS**

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**MR. JAMES B. STEINBERG:** Good morning and welcome to Brookings on this Monday before Thanksgiving. And I want to extend a welcome to our C-Span viewers as well. We're delighted to have you here for our briefing today on the Israeli elections.

We're very fortunate to have two very distinguished commentators to talk about the Israeli elections at a moment which is obviously very timely. As most of you all know the Labor Party recently had its primary and selected Amram Mitzna to be its candidate in the election for January 28th; and this Thursday while we're celebrating Thanksgiving the Likud party will be selecting its candidate with a contest between the current Prime Minister Ariel Sharon and former Prime Minister Benjamin Netanyahu. It's I think not an exaggeration to say how these elections come out will have very significant implications for Israel, for the region, for the United States, and for policy towards the Middle East peace process, potentially for a military campaign in Iraq, and broader issues of peace and security in the region.

So to discuss these issues today we're very honored to have Yaron Deckel and Martin Indyk as our commentators.

I want to begin by introducing Yaron Deckel who is Israel TV Channel 1's Washington correspondent. Before taking up this job in the last several months he served as Channel 1's political commentator and analyst for the last three Israeli elections. He's sort of the Bill Schneider of Israeli broadcasting and we're very privileged to have him here.

He's had an outstanding career in Israeli journalism beginning as a political correspondent for Israeli Army Radio and then moving on to becoming the political correspondent for Channel 2 before assuming his post on Channel 1.

I also noted that in addition to his distinguished academic career, he also attended Macalester College, the alma mater of Kofi Annan, so I'm sure there are some interesting connections there as well.

Then we'll hear from Martin Indyk, well known to all of us. Martin is the Director of Saban Center on Middle East Policy here at Brookings, a distinguished analyst in his own right and a long-time member of the think tank community but known to most of us for his service as Ambassador to Israel on two occasions for the Clinton and Bush Administrations; as Senior Director for Middle East Policy, for Near East Affairs in the Clinton White House, and also Assistant Secretary of State for Middle Eastern Affairs.

This event is sponsored by our Saban Center on Middle East Policy which is an important voice today in discussions about these issues.

What I'm going to do is first ask each to speak for ten minutes from the podium and then we'll sit down together and take your questions.

Let me ask Yaron to lead off the proceedings.



**MR. YARON DECKEL:** Good morning everyone. Thank you very much for inviting me to talk to you and share my thoughts about Israeli politics. I'll try to do my best but you probably know that in Israel one thing is sure, that the unknown is much higher than the known. So I do follow the political area in Israel and I'll try to share with you my thoughts about what's going on there after the election was called a few weeks ago.

Prime Minister Sharon will probably be written in the history books already, but not for the reasons he might think of. He was the first Prime Minister in Israel to dissolve the Israeli parliament by law, and by doing so he forced the 120 members of the Knesset to go for their own campaigns. The elections will take place within 90 days after the decision of the Prime Minister to dissolve the parliament by law. It's never happened before in the Israeli political history. The elections are scheduled for January 28th.

There will be a very short campaign in Israel. Usually the campaign takes between five to six months. It never takes three months including the primary inside the parties and then the campaign between the parties. Also the system has changed again, the second time in the last decade, towards the proportional vote with one ballot only for a party. That's the way it used to be for 40 years and then they changed it to direct vote for the Prime Minister, but now they are going back to one ballot.

So far I can see two victims of the national unity government which governed in Israel for the last 20 months and collapsed a month ago. One, because he was there, and the other one, because he wasn't.

The first one, Mr. Benjamin Ben-Eliezer who was the Chairman of the Labor Party until last Tuesday. He couldn't differentiate himself from Prime Minister Sharon after being with him in the government for 20 months and that's probably the reason why he lost. You can't change images within three weeks of campaign, of primaries. He was seen as a twin of Mr. Sharon and the Labor Party activists didn't really like it and he lost less than a year after being elected the Chairman of the Labor Party. He is the first victim of the national unity government because he was there.

The other one, Mr. Benjamin Netanyahu -- both Benjamins are victims. Mr. Benjamin Netanyahu wasn't there and he is the other victim. Three days before the primary in the Likud Party it seems unlikely that Mr. Netanyahu gets the majority. The reason is the national unity government helped Sharon tremendously and he became a national popular political figure, completely different than the Sharon we used to know a decade or two decades ago.

The fact that Sharon is so popular means that he probably is going to win on Thursday the Likud Primary in Israel. So far survey polls show that the gap between the two is huge. It's around 18 percent. There are some private survey polls mainly done by the Netanyahu campaign headquarters, and he says it's around seven percent. It wasn't really published because there is a question mark about the credibility of those survey polls, but he is under pressure because it's probably the first time he might

lose inside his own party since he came into politics at the year of 1988 after being the Israeli Ambassador to the UN.

The question is why does it happen despite the fact that the government of Israel doesn't really have a success fighting the terror and trying to improve the economic situation? How come Sharon is so popular? This is I think one of the main questions that people might ask. I think there are a few answers to this question.

First of all in three weeks of campaign Netanyahu managed to bring back clear memories and flashbacks from his first term as the Prime Minister which wasn't a huge success between 1996 and 1999, and people remember, and being under pressure he was jumping from one campaign to another, from the economy to Arafat back to the economy and then now focusing on deporting Yasser Arafat from the territories outside of Israel.

The biggest mistake of Mr. Netanyahu I think is to try to run against an Acting Prime Minister. That's the second reason. The history in the 54 years, almost 55 years of the history of the state of Israel, it never ever happens when an Acting Prime Minister wanted to continue for another term that his own party decided to send him home. It happened by the Israeli voters. There were a few Prime Ministers, four I think in the last decade, that were running for another term and the Israeli public decided that they will not serve as Prime Minister but it never happens inside the party including when it was clear that the Prime Minister might lose the election, the general election.

If we remember 2001, Mr. Barak was elected to be the candidate of the Labor Party despite the fact it was clear he was going to lose to Mr. Sharon. In 1999 Mr. Netanyahu was reelected to be the candidate. He was nominated and then he lost. In '92 Mr. Shamir was the Prime Minister and the Likud Party said yes, despite the fact that it was clear by the polls that he might lose to Mr. Rabin at that time.

So I think the history might repeat itself and Mr. Sharon will be elected on Thursday as the Likud candidate.

The third reason is that Mr. Sharon has developed a new image as a responsible, reliable leader, someone who really tries to cool things down despite the difficult times in Israel. If we think what the Israeli average thought is, I believe according to polls again, but not just the recent polls but along the years, the fact is that most Israelis believe there will be a political solution for the conflict with the Palestinians, but they just don't believe the Palestinian leader Yasser Arafat.

That's exactly what Sharon says and said in the last two years, that there should be a deep compromise, a painful compromise. He is willing for a painful compromise, but not with the Palestinian leader. There should be a different leader like the Bush Administration just said.

The last thing I would like to mention is about Mr. Mitzna who I'm sure is quite a new political figure for most of the people outside of Israel. He is known in Israel. He was the Mayor of the City of

Haifa in the last nine years. Before that he was a general in the Israeli army.

So far polls show the Labor Party under Mr. Mitzna will probably receive 21, 22 seats in the coming elections comparing to 38 seats for the Likud Party. It's unlikely that Mr. Mitzna is going to be elected for the next Prime Minister, but he plays a completely different game so far. He is a new guy who came from almost nowhere and the decision of the Labor Party to elect him reflects the frustration from the role Mr. Peres and Mr. Ben-Eliezer played in the Sharon government.

Sixty days until the elections or a bit more, 65 days until the general election is a very long time in Israel politics. Much longer than 60 days as we see them usually.

So far Mr. Mitzna uses the same tactics as Mr. Barak which worked very well in 1999. First of all he's trying to have a very clear message by saying, "I'm telling you the truth, there is no other way but to talk." I think he made a mistake by mentioning Yasser Arafat himself because Arafat is not really a popular man in Israel. But he promised to pull out from the territories within a year, which reminds us all what Mr. Barak said in his campaign, Israel will be out of Lebanon a year after I'm elected to be the Prime Minister. Now Mr. Mitzna says we will pull out from Gaza Strip immediately including dismantling the settlements in Gaza, which is popular; and we will be out of the territories within a year.

It reminds me also of Mr. Rabin's campaign in 1992. He also made a promise of having an agreement within six to nine months after his being elected to the Prime Minister.

So the question I think is will there be a national unity government under Mr. Sharon under the elections? If the situation stays as it is I think the gap might be much narrower than it is now. I don't see a situation of 38 seats to 21 seats. The last polls were done a day after the elections in the Labor Party. I think we should look at the polls in a month.

I believe that Mitzna will not go for national unity government but Sharon really needs a national unity government otherwise Mr. Netanyahu and Mr. Avigdor Lieberman from the Right Wing Party will play a major role in his cabinet after the elections and this means a confrontation with the Bush Administration. He will really try to do all the efforts he can to form another national unity government. There might be public pressure on Mr. Mitzna because of the crisis. There might be pressure within the Labor Party from the grassroots people and also from the ex-Ministers of the party. So I wouldn't say it's 100 percent there will be a right wing government after the election. I will say 60/40 for right wing government, but 40 percent, I think there might be a change in Mr. Mitzna's vision after the elections on the 28th of January.

Thank you very much and I'll be more than pleased to answer questions afterwards.

**MR. MARTIN S. INDYK:** Thanks very much, Yaron. I appreciate you sharing your insights with us.

What I thought would be most useful this morning is to look at the impact on U.S. interests and

U.S. policies both of the election campaign itself which is going to run through until January 28th, and also the impact of its potential outcome as Yaron has laid out to us.



First I should say I was just in Israel last week and had a chance to talk with both Prime Minister Sharon and with Amram Mitzna, the new leader of the Labor Party. So I have some first-hand sense of where they're coming from.

In terms of what happens in the campaign itself, obviously the campaign is being conducted in the midst of an intense Israeli-Palestinian confrontation. In the last ten days Israel lost 28 people killed in three terrorist attacks -- two toddlers, four teenagers, grandmothers, grandfathers. That kind of incidence of terrorism puts a great deal of pressure on what has become a right wing caretaker government now that the Labor Party has left the national unity government. That government is no longer constrained by Labor's participation as Defense Minister Ben-Eliezer, the leader of the Labor Party and as Foreign Minister Shimon Peres tended to constrain the activities of the previous government.

Now Fouad, the former Defense Minister, has been replaced by Mofaz, the former Chief of Staff, who is the strongest advocate in Israel for Arafat's eviction. And Shimon Peres has been replaced as Foreign Minister by B.B. Netanyahu who is making Arafat's eviction one of the centerpieces of his campaign against Sharon. He is criticizing Sharon for being too soft on terror, bragging that he knew how to stop the terror when he was Prime Minister.

Nevertheless, through the election campaign I believe that Sharon is not likely to stray from his current course of relative restraint, sending the army back into cities like Bethlehem and Hebron which he did in the face of the last terrorist attacks, trying to clean up those areas where the terrorists came from, targeted operations likely to continue in Gaza. But I don't expect that Sharon, despite the change in his cabinet and despite his own preference for the eviction of Arafat, I don't expect that he will actually move on Arafat's compound and I don't expect that there's going to be some kind of all-out offensive on Gaza to clean out Hamas' infrastructure there.

Why? Well, first of all maintaining good relations with the United States is essential to the Prime Minister's campaign, both in the primary against Netanyahu and in the broader election. Sharon knows that bad relations with the United States damaged the Likud incumbents, both Shamir and Netanyahu, and contributed to their defeat in their reelection bids.

He knows that the Israeli electorate values the relationship with the United States even more during this prolonged crisis and they give Sharon great credit for cementing relations with the Bush Administration. That's an electoral advantage to Sharon.

He also knows that he needs U.S. economic backing in the form of loan guarantees to stabilize the Israeli economy. Today his Director of his office, Dubbie Weisglass, and the Director General of the Finance Ministry, are meeting with Condoleezza Rice in an effort to secure some \$7 to \$10 billion worth of loan guarantees in order to stabilize Israel's credit rating. If they get it, and they probably will,

that will boost Sharon's standing in the election campaign.

Secondly, he recognizes that the Bush Administration's campaign against Saddam Hussein, if it results in Saddam Hussein's overthrow, will considerably enhance Israel's security situation both on the strategic level in terms of taking out a potentially dangerous adversary in Saddam Hussein, and in terms of the ongoing confrontation with the Palestinians where he and the Israeli political and military establishment view the toppling of Saddam Hussein as a potential *deus ex machina* that could finally bring the Palestinian uprising to an end.

So he doesn't want to create any problems for Bush in the run-up to the potential conflict with Iraq. He knows from his last visit here that Bush needs him to do his best to keep his conflict with the Palestinians off the radar screen so that the United States can keep the world focused on Saddam Hussein. He also knows from the last visit that he had with President Bush that the President needs to show the Arab world that he's doing something on the peace process, something to stop the bloodshed and to get the Israeli army at least to begin withdrawing from Palestinian cities and towns.

So because it serves his political interests and Israel's strategic interests, I believe Sharon will do his best to accommodate Bush by exercising restraint in the face of extreme terrorist provocation.

If BiBi were gaining on him in this primary it might produce a different approach from him, where he might be much tougher in response to the terrorist activities. But as Yaron has pointed out, Sharon's lead is widening. The Israeli people seem to understand that there's not much more that can be done to combat the terror and they seem to trust Sharon more than they trust BiBi to stay the course of what they now comprehend is a longer term war of attrition in which endurance rather than quick fixes will eventually produce the hoped-for end of the conflict.

So the politics and the strategic calculations I believe lead Sharon to continue to exercise restraint during this campaign period. Of course if there's a mega terrorist attack killing large numbers of Israelis then I would say all bets are off because he will have no choice but to respond with more dramatic action.

What happens if we go to war with Saddam Hussein in the midst of the Israeli election campaign? In that circumstance I don't believe that Sharon's calculations will change. He will do his best to sit quietly and not to do anything to harm the American-led offensive. If Israel is attacked by Iraq then I think his response will depend on the casualties that Israel suffers and the nature of the weapons that Saddam Hussein uses.

If there are low casualties, even if Saddam uses weapons of mass destruction in an attack on Israel, I think there is a fairly strong likelihood that the Israeli government will not respond unless they have doubts about our resolve to finish Saddam Hussein off. Again, if the United States is advancing on Baghdad and Saddam's regime looks more and more like history, there is a real question for the Israelis in what they can achieve by retaliating, if the casualties are low. If the casualties are high, especially from weapons of mass destruction then I think it's a different story. The Israeli political and security

establish seems to be concerned about the possibility of a gap opening up between what they would do in response to high casualties as a result say of the chemical or biological attack and what the Bush Administration might do in response. The critical question here is would the United States respond to an Iraqi WMD attack on Israel with WMD use of its own on Baghdad, say, or Tiekrit? And there's a very big question mark about how the United States would respond. And if we did not respond in a way that Israel felt would maintain its deterrence against WMD use by any Arab country against Israel, then I think there's a higher likelihood that the Sharon government would respond with its own retaliatory strike.

Should the United States go ahead with its Road Map initiative during this election campaign? As you may know, the plan of the Bush Administration was to announce the Road Map for reciprocal steps that Israelis and Palestinians would take to get us out of the crisis and on the path towards a negotiated solution that would create a Palestinian state with provisional borders by the end of 2003 and a full-fledged Palestinian state by 2005.

That Road Map was due to be announced on December 20th and there is now a question as to whether it makes sense for the Administration to go ahead with that plan. There seems to be some concern about interfering with the Israeli elections if they put the Road Map down. Of course, if the United States chooses now not to put the Road Map down, that too could be interpreted as interfering in the election campaign.

Some reporting out of Israel, including today in the press, suggests that Prime Minister Sharon wants any announcement of the Road Map delayed until after the Israeli election at the end of January. It's not clear to me that that is in fact the Prime Minister's position.

We can expect that Mitzna, since he is well ahead of the Administration's Road Map in terms of what he wants to do in the peace process, would have no trouble accepting it. But how would Sharon react if the Road Map were put down in mid December? He needs to show the Israeli electorate not only that he can fight the terror but that he has a way out of the crisis, a political horizon. So he will not want to oppose the Road Map in circumstances in which the Administration puts it down because he doesn't have any other alternative way out politically of this crisis.

Similarly, he, for all the reasons I've already suggested, does not want any tensions with the Bush Administration during this election campaign. He knows that the first requirement of any progress on such a Road Map is Palestinian performance on the requirement to stop the terror and to undertake significant political reforms including the devolution of power from Yasser Arafat to a more responsible and responsive cabinet, perhaps with a Prime Minister. Sharon knows that the chances of that happening are pretty slim.

So if the United States goes ahead with the roadmap I believe he will not oppose it. Because he doesn't want an argument, because he wants to show that he has some kind of political horizon, and because just like the Tenet plan for the ceasefire, the Mitchell recommendation of which this roadmap is simply an embellishment, he knows that those went nowhere and this one's not likely to go anywhere as



well.

So he has an easy way out. He can simply say that he'll consider it, the next government will deal with it, but I do not believe that he will reject it.

Therefore the Administration needs to assess whether it makes sense in terms of its wider calculations about needing to be seen to be active on the Palestinian front before a potential confrontation with Saddam Hussein, whether it should therefore go ahead and not delay introducing the roadmap.

Finally, what impact will the elections have on U.S. policy and interests? That depends of course on the outcome. If Mitzna somehow manages to stage the upset of the half century and wins this, then the impact on U.S. policy and interests will I think be positive in the sense that the Administration will have a partner in Israel that wants to move dramatically on the peace process and that will alleviate some of the tensions that the Administration has had to deal with in the Arab world. But as Yaron has suggested, that's not a very likely probability. Instead it's likely to be either a narrow right wing government or a national unity government. If it's a narrow right wing government then I think Prime Minister Sharon will be beholden to the right wing parties to keep his government together. He will only have maybe a five seat majority, perhaps that's the maximum that he will have, and could well be brought down by any one of his coalition partners leaving the government.

That means at a minimum I think more settlement activity to respond to the demands of the right wing parties and perhaps even harsher responses to terror. Arafat's eviction is more likely; a political initiative less likely.

I think that Sharon will do his very best to maintain good relations with the Bush Administration and he will still be constrained by considerations that I've already outlined in terms of the Iraq war if it hasn't happened before the government is formed. But sooner or later there will either be strains with the United States or strains within his government, most likely both. The right wing parties have a long, distinguished record of bringing down their own governments and therefore I expect that such a government would not complete its four year term.

Now Sharon knows that and that's why I think Yaron's right when he says that Sharon will go a very long way to try to put together a national unity government. In those circumstances with Sharon moving into his legacy phase, we could see a very different story,

Sharon is, I believe, capable of what we call a Nixon-to-China move. He talks about painful compromises, he talks about agreeing to a Palestinian state. He has removed settlements before, notably in Sinai for the implementation of the Israeli-Egyptian peace treaty. And if the toppling of Saddam were to open up new opportunities, we should not be surprised if Sharon surprises us.

Now I don't want to go too far in this regard. He's not about to give up all of the West Bank nor for that matter the Golan Heights. But I believe that he is capable of making a significant move that

would make an interim agreement possible for a Palestinian state with provisional borders in 52 percent or so of the West Bank and all of Gaza, and also the commencement of final status negotiations.

This might well occur in the wake of his eviction of Yasser Arafat in response to some major terrorist attack rather than with Yasser Arafat still there.

Thank you very much. We'll be glad to take your questions.

**MR. STEINBERG:** Before we turn to the audience let me take advantage of the chair to ask Yaron to comment on one of the observations that Martin made which is how Sharon might respond in the event of an attack on Israel during a conflict with Iraq and whether you share his view that absent a very significant level of casualties and a sense that the United States is not itself responding adequately, that Sharon would be likely to forbear.

**MR. DECKEL:** I share the views of Martin Indyk about a possible Iraqi attack on Israel, but I believe that the position the Bush Administration will take at that time is very significant because through the last two years of Sharon as a Prime Minister he tried to keep very tight relations with the President and the Administration.

There was an article in the Washington Post I think two weeks ago that remarked that the leader who the President met most of the time, more than any other leader, was Mr. Sharon, not President Putin or Prime Minister Blair. Sharon came to Washington seven times since he was elected - more than anyone else.

If Iraq attacks Israel as it did back in the Gulf War in 1991, I believe it depends on the casualties and the damage but also on what happens here and the position President Bush takes and with the Administration, of course Secretary Rumsfeld and others.

I think that such an attack with a high level of casualties Sharon might not have a chance but to act and retaliate, but we should remember from the past that Mr. Shamir, the Israeli Prime Minister at the time of the Gulf War, was a hardliner even more than Sharon and 17 missiles were shot from Iraq to Israel, there were no casualties but Israel didn't react at all.

I'm sure if you asked me a month, two months or a year before the Gulf War what would Mr. Shamir do if there was such an attack, I would say well Shamir is a hardliner, he won't be able but to react. He did it under the advice of President George Bush the father.

So it depends on the casualties and the damage but it also depends on what the Administration asks. And it connects me to what Martin said about the meeting will take place today around about 2:00 in the afternoon between the Director of the Prime Minister's office and the Director of the Finance Ministry of Israel with the National Security Advisor asking for the loan guarantee for \$7 to \$10 million. It means that if the Administration gives a positive reaction for the request of the government of Israel, it might ask for a price for it.

The price could be in terms of political negotiations with the Palestinians, not reacting after an attack from Iraq, but there is no gestures just for a gesture including international policy.

**MR. STEINBERG:** I'm shocked at your characterization of international politics having that element of bargaining in it.

Okay, let's turn to our audience and questions.

**QUESTION:** Barry Jacobs, the American Jewish Committee.

Now that Israel has gone back to the old political system do you see the combined number of members of the Knesset from both Labor and Likud going back up again? They both were on their way to almost being splinter parties with the split system. Do you see more mainstream voting regardless of whether right or left in these next elections?

**MR. DECKEL:** I think the change of the system might change the proportion of the two leading parties inside Israel. In the last election for the parliament back in 1999 the Likud Party lost many seats to an ultra orthodox party called Shas. It's likely that some of the votes will come back to the Likud party. That's why the public opinion polls show that Likud would get around 38 seats out of 120. It's unlike the '70s and '80s when both parties captured two-thirds of the parliament, around 80 seats. It seems unlikely that they can get back to such a proportion. But 38 seats is double the 19 the Likud has in this Knesset. Sharon is the Prime Minister when his own party is not the largest party in the parliament, the Labor Party is the largest, and the largest is 26 seats only. The Likud Party has only 19.

I'm not sure he can make it for 38, but above 30 means gaining another third of the seats. It would be a huge success.

Under Mr. Mitzna I think there is a chance that the Labor Party will keep its seats around 20, 25 or so. I mean not losing any seats to left wing parties, and the left wing parties might suffer from the fact that Mr. Mitzna was elected leader of the Labor Party.

But I can't really see, it's a very low chance that both parties might have 60 seats which means having a national unity government by themselves without any other smaller parties, but there might be more stability if the two leading parties of Israel will gain some more power as it was 10 or 20 years ago. So changing the system might have also a change in the perspective of the political role of the government and the chance that the government will stay, will keep its term. I agree with Martin that if Sharon has a narrow right wing government with a majority of only five seats, up to 65 or even less, it will be very very difficult to keep the government and to maintain it to be a full term which is four years in Israel.

**MR. INDYK:** I'd just make one point on this. It's kind of interesting, when Mitzna staked out a position which was a kind of leftist, very dovish position, that he was ready to negotiate with anybody

including Arafat and he was intending to pull out of Gaza unilaterally within a year and then out of the West Bank if they couldn't reach an agreement, that I think was initially seen as political folly because it would lose him the center vote. The Israeli body politic has moved dramatically to the right in the face of the violence and terrorism, so he seemed to be marginalizing the Labor Party.

But it turns out, as Yaron has suggested, that it might have been quite a clever political ploy in the sense that he can shore up Labor's position and reduce the loss of seats by taking seats away from the left wing party Meretz which has grown in size over the last couple of elections.

So in that way by competing for the left he can actually keep the numbers close to where he was before, 25 instead of 26 if the last polls can be believed, and therefore one of the interesting things will be, it will put heavy pressure on Meretz the left wing party, to start attacking him. This is going to be rather interesting since his positions are almost to the left of Meretz itself.

**MR. DECKEL:** Continuing what Martin just said, Mitzna has to leave the issue of talking to Arafat aside because it's absolutely not popular. It was published today in the Israeli papers that yesterday he gave an interview for a German magazine which I don't remember its name, saying that Yasser Arafat is a terrorist. Now using the same terminology of the Prime Minister he might now try to distinguish the political solutions to talking to the Palestinians but not necessarily to Yasser Arafat, calling him a terrorist.

The game in Israel is very interesting because with primaries taking place inside the parties, both candidates should be more extreme in their own vision. But after being elected in the parties they have to try to move into the center and that's what Mr. Netanyahu was doing in 1996 when he was elected to be the candidate of the Likud party. Being a hardliner, three weeks before the election he said I'm willing to, if they make the offer of agreement I might not talk directly to Yasser Arafat, but my Foreign Affairs Minister might talk to Arafat. Then we know that he talked to Arafat and he signed the Hebron agreement and then the Wye agreement, which wasn't implemented at the end of the day. But they have to be hardliners inside the parties and trying to go into the center after both were elected.

So Mitzna now was elected and provoking Meretz, the left wing party, to attack him, means he might have a more centrist image because the whole game is trying to capture the center political voters in Israel. Sharon has done this successfully in the last two years and that's why it's so difficult to remove him once he captures the center.

**MR. INDYK:** I think Mitzna might be providing an example for the Democrats here.  
[Laughter]

**QUESTION:** [Inaudible]

Suppose Yasser Arafat pulls a rabbit out of his kafiya and hones out a real detailed peace plan along the Clinton plan and he and his cabinet say look, if Mitzna is elected we will go all the way, we'll provide a peace settlement and so on, and then all Israelis are mobilized in the Labor camp. How will

that affect the outcome of the election?

**MR. DECKEL:** I believe that the Israeli public at the moment, most of the Israelis believe that the Palestinians missed a chance at Camp David in August 2000. And it seems unlikely that the Clinton plan could be on the table soon because of the distrust and the hatred and the casualties -- 670 Israeli people, more than 1,500 Palestinians. It's not so easy to come back to the square one position and talking about sharing the land and political solutions.

It is the position of both Mr. Sharon and Mr. Peres that there should be another interim agreement for probably a long time to build the trust and then try to talk about the final status solution and this is the Road Map which suggests two to three of negotiations until the final status solution, trying to build the trust.

So at the moment Yasser Arafat is considered to be a person who is very difficult to believe. Sharon was not the one who convinced the Israelis that this is the position right now, but it was Mr. Barak who helped Mr. Sharon, by blaming Yasser Arafat for the whole failure of Camp David and the violence since September 2000.

I can't really see a dramatic change. Let's go back to Oslo Agreement, 1993 or even back to the arrival of late President Sadata to Jerusalem back in 1977. I believe after 95 suicide bombers inside the cities of Israel, after the Israeli Army recaptured the cities in the West Bank, when the Oslo Agreement doesn't really exist at the moment you have to start from the beginning.

Clinton's suggestion to the parties wasn't absolutely square one; it was the end of the process. So I can't see any political party but the left wing party of Meretz talking about going back now, immediately, for the Clinton plan of Camp David. Even not the dovish new leader of the Labor Party, Mitzna, because he understand the Israelis can't really digest and accept such a solution.

**MR. INDYK:** I'll put it very succinctly for you. There's no lack of plan, no lack of people that will come out of the woodwork now and sign agreements. Yossi Beilin and Yasser Abed Rabbo are about to announce their agreed plans. No doubt there will be some others as well. But as long as the terrorism continues and you know that it will continue, those plans won't make a difference politically. In fact we can expect terrorism to increase during this election campaign because Hamas and Islamic Jihad have always considered that election times in Israel are the times in which to increase the terrorist attacks because that way they can hope to get a right wing government that will oppose any political process and therefore improve conditions for them to take over on the Palestinian side.

So unless there's somebody, Yasser Arafat or somebody else is going to stop the terrorism, any statements about willingness to accept Clinton parameters is useless. The Israeli electorate will not listen to that.

The one thing they could do if they wanted to help candidates that they like such as Mitzna is to stop the terror. Can they do that? I doubt it.

**MR. STEINBERG:** Martin, you say candidates that they like, and it's always been an assumption that that's the Palestinian preference. You certainly hear in the press Palestinians disparaging the ideas generally. Do you believe at this point that the Palestinian leadership has a view, really believes there's a way to influence the outcome or that they should want to influence the outcome? Or do they now just sort of see this as having gone beyond that?

**MR. INDYK:** No, absolutely they believe they can influence the outcome and it goes to both questions. The feeling they have that they can influence the Arab vote in Israel, maybe Yaron wants to talk about the Arab vote in Israel.

But in the last election for Ehud Barak, the Arab vote was down a lot. It traditionally goes for the Labor Party candidate in direct elections. Now that there's not direct elections for the party, if the Arabs come out and vote for the Labor Party, come back to the Labor Party and they're quite disillusioned with their own representatives in the Arab party, that could make a significant difference, maybe two or three seats for the Labor Party.

The fact that the Palestinian leadership feels it can influence the Arab vote and that it can influence votes on the left by doing something on the peace process, it's something they've always believed and continue to believe, that's why they're now talking about coming up with some kind of initiative. That's why Yasser Abed Rabbo is ready to sign on to an agreement with Yossi Beilin because they sense that if they offer the Israelis a political agreement that this will somehow improve the credibility of the left wing candidate, convince the Israelis there's the potential for a deal out there.

So as far as I understand it there's a lot of discussion about how they can influence this, what they can do. As I say, the bottom line is unless they stop the terrorism they will have no influence whatsoever, and the question is whether they're prepared to do that, whether Arafat would be prepared now to do something he hasn't been prepared to do for the last two years. That's why I say I doubt it.

**MR. DECKEL:** One word about the Arab electorate in these elections.

The Arab parties have a problem. They completely disagree about uniting one main party. I believe if there was an Arab united party they could have had much more influence, but they just disagree mainly about personalities, but also about the question of religion which plays also in the Jewish electorate and the Arab electorate both. And the problem inside the Arab political arena in the last two years since the uprising started, they became more and more extremist in the sense there is a huge competition between the Arab members of the Knesset who will represent more extreme ideas trying to convince that they are in favor of the Palestinian struggle. And that's why they can't be part of any government including a left wing government in the near future because the tension between the Jewish electorate and the Arab electorate increased dramatically in the last two years and there were a few terrorist cells inside the Arab community inside Israel as well.

So the problem is while they used to have an influence in the past, because of the position they

took on the uprising I see they will become less and less influential because it's clear for the Jewish electorate that they will not be part of any government so they won't have an input on the policy. And the fact that they can't agree within themselves about one united Arab party, it means they will split again into two, three and maybe four parties and one or two might not get enough votes to enter. The threshold is 1.5 percent of the vote to have a seat, which is also one of the problems of the instability of the system in Israel. If it was three to five percent to get the first seat we would have seen like in Germany less parties, bigger parties. But because of the small parties who have influence, mainly the ultra orthodox parties I can't see a change of increasing the rate from 1.5 to 2 or 2.5. Changing it from 1 percent to 1.5 ten years ago was the big change, and I can't see a real change in the future.

But I don't see that Arafat is really having much of the influence on politics in Israel despite a will to do so in the coming election.



**MR. STEINBERG:** What about the prospect of greater Arab votes for Labor Party candidates?

**MR. DECKEL:** We can judge from the past two elections and there was a shift of Arab electorate from the Labor Party towards Arab parties. Because of the uprising, the Intafada, I can't really see – If Yossi Beilin would have been the leader of the Labor Party I could see a shift back, but not at the present.

So I think they will keep their power around ten seats in three parties with not much influence on the policy of the government of Israel.

**MR. INDYK:** I'd just make one comment on that which is that Mitzna as leader of the Labor Party has more chance of regaining Arab votes than perhaps any other candidate because he's been Mayor of Haifa for eight years. Haifa is the city where Arabs and Jewish citizens of Israel coexist more than any other place. It's the main city of the north where the Arab population is concentrated. He has a lot of credibility with the Arab citizens.

And therefore, it's possible that he may bring some at least back, particularly because there are people in the Arab community who are disillusioned with the way in which their leaders have gone to the extreme and neglected their particular social and economic issues.

**MR. DECKEL:** The last time the Arab parties really had an influence on the government I think it was under Mr. Rabin because there was a narrow left wing government. He really needed the votes, the members of the parliament for votes inside the parliament, mainly to survive votes of no confidence and he was the last Prime Minister who decided to change the budget dramatically towards the Arab population. Since then there wasn't a Prime Minister who was so focused on the Israeli-Arabs, including not Prime Minister Ehud Barak from the Labor Party to put the Arab community inside the state of Israel as the focus of his policy. Education, peace process, infrastructure and the Israeli Arabs were the four legs of Prime Minister Rabin's policy at that time.

**QUESTION:** Al Millikan, the Washington Independent Writers.

What kind of public voice regarding the elections are you hearing from those parties you label right wing? Particularly those that would be considered the most religious or most Jewish? Are they doing anything significantly behind the scenes that wouldn't be necessarily publicly talked about?

**MR. INDYK:** One of the interesting things with the Shas Party, the Sephardi religious party, is that it has distinguished itself previously by being prepared to enter Labor-led governments. Their mentor, Rabbi Ovadiah Yosef, had previously indicated that from his biblical interpretation it was okay to give up territory in order to save lives. That gave the Sephardi Shas, the opportunity to go into governments that were moving ahead on the peace process and giving up territory in the West Bank.

Shas now is facing a real crisis. It had 17 seats in the last Knesset. The last poll suggests it may drop by ten seats to only seven seats, which would be a disaster for Shas. And in terms of looking for a way to try to repair the damage, they appear to be moving to the right. They're basically losing seats to the Likud. If you look at where the Likud's big jump in seats comes from, it comes mostly from Shas if the polls are to be believed. Therefore Shas, in order to try to bring the voters back, seems to be playing with the idea of taking a more hard right wing approach because of the move of the electorate to the right. And pushing for more settlements, for religious communities for example, and working more closely with the national block and their settlers.

**MR. DECKEL:** The vouge now in Israel is to be a rightist because of the shift in the public opinion in the last two years. The center moved to the right, the right moved to the extreme right, and now there is a real competition inside the right over who will gain the vote.

The National Religious Party, the NRP, put a hardliner as the head of the party a few months ago. Everyone wants to be a hardliner, an extremist in the right wing parties and Shas is really interesting not only because of that but also there is a difference between the leaders of the party in terms of political views. They used to be more moderate than the electorate of Shas, and now they had to change their views to gain votes; but also the leadership of the party is ultra orthodox, all of them are ultra orthodox when their constituency is not necessarily ultra orthodox. There are secular people, Sephardi Jews who just keep the tradition, but certainly are not ultra orthodox. They voted massively in the last elections for Shas mainly because they were disappointed by the leadership of Mr. Netanyahu.

They found themselves, there was a gap between the leaders of the party in terms of policy and territories and peace and war and also in terms of religious views and keeping their religion, unlike the electorate. So Shas is a big story in the coming elections because the survey polls suggest that they might lose at least half of the power. But it's also connected to the change of the system as I pointed out before, of going back to one ballot.

It's very significant because usually we think the Israelis vote mainly, before everything else, for the question of war and peace, and then in the last two elections they could vote for war and peace for the Prime Minister, and then vote for something else for the parties. They had two ballots. Now they



have to put everything, all they have in mind and in their emotions, and sometimes the vote in Israel is very emotional, they have to put everything in one ballot. So it means there might be a major shift towards the two leading, mainly the Likud Party and the Shas is likely to lose many seats in the 16th Knesset which will be elected in the end of January.

**QUESTION:** Richard Burn, I'm a freelance journalist here in D.C.

I'm curious as to what role you think issues such as the settlements and economic issues will play in this election, or will they be subsumed in these larger security issues that we've been focusing on today?

**MR. DECKEL:** I think that the economy might play a role more than we think because there is a consensus where say 80 percent believe that under the current leadership of the Palestinians there won't be any deal. They have the feeling that we, the Israelis, had two governments that tried it all, including Prime Minister Barak, who was willing to compromise, a very painful compromise for the Israelis including the issue of Jerusalem which was unspeakable before that.

There was a change at the mid '90s after the Oslo Agreement about the question of the Palestinian state, but the question of Jerusalem, there was a consensus pre-Barak, 90 percent consensus, that Jerusalem never should be divided into two capitals, two states. Barak changed it. By the way the left wing supporters say this is his main contribution to the political discourse in Israel in terms of now the Israelis digested the fact that at the end of the day they might be compromising on Jerusalem but it's absolutely unacceptable at the moment. Another contribution according to the left wing supporters was the decision of Barak to try to negotiate over the Golan Heights, and at the end of the day the question which was left open was the eight miles on the seashore on the Lake of Galilee which means, in people's minds it was clear and still clear that the price will be the full return of Golan Heights totally to Syria. The question is now will the Syrian soldiers get into the Sea of Galilee or will they be a mile away? That's the big question which is unclear.

So the left wing supporters might see those two elements as a contribution of Prime Minister Barak through the discourse in Israel.

But the question of the settlements is part of the main issue of the question with the Palestinian-Israeli conflict. Mr. Mitzna suggests that he will dismantle settlements in Gaza Strip immediately but a week, less than a week since he was elected, six days only, I think it's a bit too early to judge how the campaign of Mr. Mitzna who is proposing a very left wing position including dismantling settlements would play in this campaign.

I think the real campaign hasn't started yet. It will start on Friday after the Likud Party will choose its leader. That's two months of campaign between the two candidates, that's the name of the game.

So it's a bit too early because we are only six days after he was elected and we are three days

before the new leader of the Likud Party is going to be elected.

**MR. INDYK:** One point on the settlements. The polling data indicates that there is now very strong and growing majorities who favor an evacuation of most settlements. A poll taken a few weeks ago, admittedly it was taken right after the Israeli settlers were fighting the Israeli army when it was trying to evacuate them from an illegal outpost, and also after stories of the settlers looting, stealing the olive harvest of the Palestinians, but that poll showed 78 percent of Israelis supporting the evacuation of almost all of the settlements in the context of an agreement.

Similarly a poll last week, which I thought was quite interesting, indicated that there's a majority of Likud voters who would support evacuation of settlements. That represents a significant change as well.

But it comes back to the point I was making earlier. As long as the terrorism continues that sentiment against the settlements will not manifest itself politically because the issue really becomes an issue of existential survival on a daily basis. If you've got to worry about whether you should put your kids on a bus to go to school you're not going to vote on the question of whether there should be more settlements in Hebron or whether they should all be evacuated.

**MR. DECKEL:** Let me add one short point. Sometimes the polls in Israel are really confusing because on the one hand as Martin just said, 78 percent of the Israelis are ready to evacuate settlements. But if you ask them are you ready to go for a war occupying all the territories, knowing that will bring the solution, and then a transfer of two million Palestinians, not the majority will say yes for the second part, but more than 50 percent will say yes if this brings security. We are willing to go for a war occupying the territories. Now the transfer question which was almost unspeakable in the '80s, now a third of the population support a transfer of Palestinian population.

Now you might say how come these Israelis are so leftist and so rightist at the same time? I think the answer is first of all the Israeli people are confused. They are moving from one extreme position to the other extreme position and they are looking for a solution. If the solution comes on this way, if there is a leader who promised them this brings security. The key word is security, as Martin said before. Security is the key word for everything in the Israeli-Palestinian conflict. They will not go for a war which is insecure and the situation will stay the same. They won't go for any interim agreement, final status agreement if it doesn't change the situation of security.

So far, sadly, no one delivered the goods and no one gave them security. Not one way from the left or the other way from the right. And this is the framework, by the way, in which the Prime Minister who understands that works. So that's why in the last two years we have seen Prime Minister Sharon jumping from one position to another. Sometimes he was a moderate and we were surprised, and then he became a hardliner and he surprised us again. Because he had those two vectors, one side on the right and the other side on the left, and he had to maneuver between the two. The situation is so far the same.

**MR. STEINBERG:** Martin, you touched on Syria, which we hadn't talked at all about this morning. I'd be interested, whether you think there's any chance that the conflict over water could break out during this period of time and what impact that might have on the election; and second, depending on the outcome, but particularly if Sharon is reelected, what that might mean for the Syrian threat.

**MR. INDYK:** Actually I've long believed in the Middle East, contrary to conventional wisdom, that water is too important to fight over, and we see that again on Israel's northern border where the Lebanese have just started pumping from the Wazzani Springs which also flow into Israel's main water reservoir, actually the only water reservoir -- Lake Kinneret -- which is falling quite precipitously. Therefore it has the potential to be quite a flashpoint especially because Hezbollah which basically controls the situation in the south of Lebanon would love the Israelis to respond by knocking out the pumping station that the Lebanese have now installed and are starting to pump water from there, so as to have a Lebanese nationalist reason for unleashing the thousands of rocket which they have been supplied by Iran through Syria, to unleash them on the settlements, the villages of northern Israel.

So as a result of this potential flashpoint the United States has quietly intervened and I think has worked out an arrangement whereby the Lebanese will only pump water for domestic uses, and the Israelis will watch this carefully, monitored by the U.S., and there may be a way of avoiding conflict over that.

That goes to the broader question of whether Hezbollah will provoke a conflict in some other way on the northern border, either during the election campaign or in the context of an American offensive against Saddam Hussein.

I think that is also unlikely because the Syrians understand very well that were they to allow Hezbollah to start something in the north then the Israelis would respond by very aggressive action against the Syrian army which would suffer a devastating defeat. The Syrians are not prepared to sacrifice themselves either for Hezbollah or for Saddam Hussein, their Ba'athist Party rival.

So I think that even though the situation there has the potential to explode, that both sides have an interest in avoiding it. Israel doesn't want an explosion there because it's already got its hands full dealing with the Palestinian conflict and would prefer not to have to fight up north as well.

The question that is on the minds of many Israelis in the political and the security establishment these days however relates to what happens to Hezbollah after Iraq. That is the question of phase three of the war on terror. You'll see it today in the Israeli press and I think there will be a steady drumbeat on this. That the next phase, phase three needs to focus on Hezbollah as being the threat, as Senator Graham has been pointing out repeatedly over the last few weeks. Hezbollah is the premier terrorist organization backed by Iran with a global network, and the Israelis see Hezbollah increasing its activity in the West Bank and Gaza. Smuggling of arms, financing, not just the Islamic Jihad but Hamas and now even the Al-Aqsa brigades of Fatah, money coming via Hezbollah and through the Iranian Revolution Guards, from Iran to all of the organizations that are now conducting terrorist attacks in the

West Bank and Gaza.

So the Israelis are very keen to see something done about Hezbollah and they are arguing that this should be the next phase in the war on terror after Iraq.

**MR. STEINBERG:** One last question from the audience.

**QUESTION:** Mary Mullen.

I was just wondering if you could explain how a conventional war stops guerrilla war. It seems that in the past conventional wars never really did stop guerrilla wars. I guess I'm just rather ignorant about that. And I also wanted to know about if there's a possibility of there being a change of leadership with the Palestinians, what is happening with the PLO and Arafat? Is it Sharon, from what I understand, it isn't just Arafat he doesn't want, he doesn't want the PLO there either, and is there someone that you feel can take the place of or be a leader for the Palestinians? And while I'm here --

**MR. INDYK:** That's probably enough to try to answer.

**QUESTION:** The other Arabs, did at one point say that they would recognize Israel and they would be helpful and so forth. Are they helpful now? Is anything happening with the other Arabs now?

**MR. INDYK:** I think in terms of how a war that topples Saddam Hussein might affect the Israeli-Palestinian conflict, my sense is the Israelis don't really know exactly how it's going to impact. The simplistic notion that somehow Saddam's overthrow will lead to Arafat's overthrow, which some in this town put out, is not something that is really subscribed to, as I understand it, in Israel. Rather they see that it will change the balance of power in the region in favor of moderates against extremists. It will in a way change the dynamics, and that can have unpredictable but positive effects on the Israeli-Palestinian conflict.

One thing, just to pick up on what I was saying before, that they tend to assess now is that the problem is a longer-term issue. There's no quick fix to this conflict with the Palestinians. As long as Arafat is around they don't see that there's any kind of political road that can bear fruit, and therefore they're looking to suffocate, to cut off the oxygen to the terrorist groups.

So the connection between Saddam's overthrow and U.S. dominance in the region, our ability to pressure Iran and Syria to stop their support for Hezbollah could impact on Hezbollah's support for the terrorist organizations which could help in the effort to endorse the Intafada. That's where I think the logic goes for the time being. I'm unable to predict exactly what would happen after Saddam is overthrown.

**MR. DECKEL:** I think Martin is right. I think that Prime Minister Sharon understands already that he has to deal with the PLO. I should remind you that he was in the Wye Plantation. At that time he didn't shake the hand of Yasser Arafat, that's true. But he was sitting with him in the same

room talking and discussing about the Wye Agreement. He met the leaders of the Palestinians who are under Yasser Arafat, his deputies, Abu Ala and Abu Mazin, more than once including in his own private farm in the south of Israel. And he said publicly he was the first Likud Party leader who said publicly I am willing to give the Palestinians a state. Mr. Begin didn't say it, Mr. Shamir didn't say it, Mr. Netanyahu obviously didn't say it. Mr. Sharon was the first one to say it so I think he understands that dealing with the PLO is probably a fact.

He doesn't believe a single world of Yasser Arafat. I think the President of the United States doesn't believe a single word. I think they share the same views about Yasser Arafat 100 percent. And I believe that Sharon will not overthrow Arafat not only because of the U.S. pressure, but also for his own interests.

Let's say Arafat is gone somewhere else, who will Israel blame? You need an enemy to strengthen your power, political power, inside the party and inside Israel. Hatred for opponents is a huge political power and motivation and energy.

Now if there is a mega terror attack which I hope doesn't really happen, like with the question of Iraq I can't tell you what happens then. But let's hope it doesn't happen. I hardly see Prime Minister Sharon deporting Yasser Arafat from the territory, which might give also Arafat the power he doesn't have at the moment inside Ramallah. He doesn't have much support inside the Palestinian people and of course in the democratic free world, and in the Arab countries too.

**MR. STEINBERG:** Like all things in politics, we will never see enough. I hope you'll join me in thanking our guests, Yaron Deckel and Martin Indyk. Thank you.

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