

# Netanyahu cabinet spells disaster for Middle East peace process

by Dean Andromidas

Israeli Prime Minister Benjamin Netanyahu announced the formation of his new cabinet on June 19, a cabinet that could become the most dangerous threat to peace in the region since the Gulf war. Despite the inclusion of what the press calls "moderates" as well as hard-liners, the direction of the Netanyahu cabinet promises to usher in a so-called "peace process" diametrically opposed to that adopted under Prime Minister Yitzhak Rabin and his successor, Shimon Peres. That process was predicated not only on exchanging "land for peace," but more importantly, on the development of regional economic infrastructure as the keystone of a lasting peace.

In announcing his new cabinet, Netanyahu called for continuing the peace process through direct negotiations without "preconditions." He reiterated his government's refusal to negotiate with the Palestinians on the question of an independent Palestinian state, and the status of Jerusalem as the undivided capital of Israel; and with Syria over the status of the Golan Heights. This drew an angry response from Hanan Ashrawi, Palestinian spokeswoman: "Expanding settlements, annexing Jerusalem, not withdrawing from the Golan Heights are requirements for peace-destruction, not peace-making."

In a statement before Israel's parliament, the Knesset, former Prime Minister Shimon Peres warned Netanyahu that his approach would fail: "My friend, the prime minister, I fear you will shortly discover that the platform in the name of which you were elected cannot serve as a recipe for progress on the peace process. . . . You will be forced to disappoint many in your constituency and your partners, if you wish to achieve any results."

Statements by governments do not necessarily represent what their policy will be in action, and observers have been quick to point to various "moderates" in the new cabinet, and to internal and external political pressures, that could soften the government's hard line. Most important, perhaps, is the ability of the Clinton administration to have a moderating influence on the Netanyahu government. Nonetheless, a close examination of the new cabinet and emerging Netanyahu administration is not encouraging. The question is not simply whether the government could make a shift, but whether it could survive, even if it did.

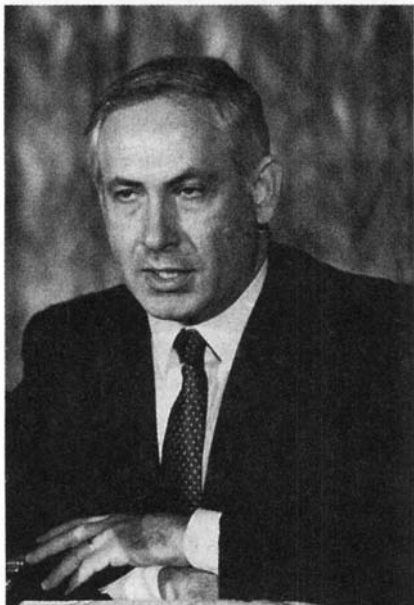
## Sharon's evil influence

The role of Ariel Sharon must be seen as central. Sharon is more than simply the Attila the Hun of the Israeli right; he is the key British agent whose international connections can exert tremendous and dangerous influence in Israeli policy-formulation, whether he is in or out of the government, not least because he played the principal role in bringing Netanyahu to power.

The international press is portraying the new prime minister as resisting handing Sharon the senior ministry he is demanding, but the reality is that Sharon has designed his own super-ministry. According to Sharon's press spokesman, the new portfolio, to be called the Ministry of National Infrastructure, was not created simply to pacify an angry Sharon, but was of Sharon's own design. As of this writing, Sharon has not accepted the post, while negotiations are ongoing with the other ministries, which will have to turn over some of their responsibilities to the new creation. Nonetheless, so far, the proposed ministry would include all departments involved in water, electricity distribution, oil and gas, roads and rail transportation, ports, and land use. Such a ministry represents a denial of the very concept of achieving peace through economic development; it is Sharon's declaration of war on any Middle East peace achieved through regional development of infrastructure. Region-wide development was the underlying policy foundation of the Oslo Accords, as well as the policy initiative with which American physical economist Lyndon LaRouche has been identified for the past 25 years.

According to Israeli sources, the new ministry will give Sharon tremendous power:

First, it will put him at the center of all economic discussion with the Palestinians, who desperately need infrastructure projects, in order to economically integrate the territories under their authority with regional development. One observer told *EIR* that Sharon's new post would allow him to "cover the West Bank with roads, concrete, and settlements." It obviously will give him the ability to expand Jewish settlements in the occupied territories, and to implement his conception of a Palestinian autonomy, superficially modeled on Swiss "cantons," but in reality, reducing the territory under the Palestinian Authority to a handful of tiny bantustans.



*From left to right: Israel's first directly elected prime minister, Benjamin Netanyahu; Likud powerbroker Ariel Sharon, who may get the custom-made Ministry of National Infrastructure; and Foreign Minister David Levy.*

Second, in a country where politics depends on distribution of government contracts and on government-backed economic projects, the new ministry will allow Sharon to wield considerable finger-tip control.

Third, any initiative aimed at stabilizing the peace through regional economic development, particularly from the Clinton administration, would have to pass through his ministry.

A political observer from a leading Israeli think-tank pointed out that through this ministry, Sharon has guaranteed himself a loud voice in the government and a seat on the Security Committee of the cabinet.

Other well-known hard-liners in the cabinet include Gen. Raphael Eitan, who was rewarded for bringing his Tsomet Party into the Likud for the elections, with the Agriculture and Environment Ministry. Eitan had held this post under the previous Likud government of Yitzhak Shamir, and used it as a base for expanding settlements in the occupied territories. The Justice Ministry was given to Jerusalem attorney Yaacov Neeman. Touted as an "independent," Neeman was the legal representative for radical settler organization Gush Emunim. Health Minister Tzachi Hanegbi is the son of Geula Cohen, who is the primary supporter and spokeswoman for the most radical wing of the settlers' movement.

### **Free market 'meshuggenehs'**

Netanyahu's radical free market economic policies, which are the next most important facet of his overall orientation, can only lend support to the more hard-line policy toward the peace process, because it would weaken the domestic economy at a time when dirigism would push forward regional economic integration. The new prime minister is call-

ing for widespread privatization of the state sector, massive cutbacks in subsidies for housing, health, etc., and balancing the budget while cutting taxes. Such a policy promises to be devastating, to an economy that has traditionally had an extremely strong state sector, which is crucial for providing for the needs of the tens of thousands of poor immigrants who come to Israel every year. Here, the irony is that the so-called "moderates" with respect to the peace process are the very ones who are radical free marketeers. This is said to be the case with Finance Minister Dan Meridor.

Despite the fact that Netanyahu is Israel's first prime minister voted in through direct election, his Likud party had the worst showing since its creation. With only 32 seats in the Knesset, he has been forced to create a coalition with several small parties, all of which, although right of center, have conflicting demands; this is the case with the religious parties, such as the National Religious Party, and secularist parties, such as the Russian immigrant-based Israel B'Aliyah party, as well as the Likud itself.

Despite the public show of horse-trading and compromise, Netanyahu is moving to create parallel structures that will circumvent the fractious party-based cabinet. He has already created a National Security Council, which, like its American counterpart, will usurp crucial powers that had been controlled by the Defense and Internal Security ministries. It will be headed by former Air Force chief David Ivry, but one of its leading lights will be Netanyahu's American-born and -educated foreign policy adviser, Dore Gold. Gold is the former director of the Jaffe Center for Strategic Studies of Tel Aviv University. The key financial backers of the Jaffe Center are Edgar Bronfman and the Anti-Defamation League.

Netanyahu has also created a new advisory council on economics, which will be headed by Central Bank Governor Jacob Frenkel, a protégé of Milton Friedman, in order to bypass resistance within his own party and among the coalition partners, to implementation of free trade and privatization "reforms." In addition, Netanyahu wants to merge into the prime minister's office the task of privatization, budgetary control, and the Land Authority.

### **'What will the Clinton administration do?'**

While the outlook appears dim for peace, the role of the United States in moderating, if not reversing, the situation, must be seen as crucial, and regional leaders are anxious to see what will happen following the mid-June visit by U.S. Secretary of State Warren Christopher and Netanyahu's state visit to Washington scheduled for July. No Israeli government has been able to implement its policies without support from Washington. This is a perception shared among Arabs and Israelis alike. One Arab observer said to *EIR*: "The real question, which I want to ask you is: What will the Clinton administration do? If the U.S. decides to pressure Netanyahu to continue the peace process, then it will happen. This is an historical fact. The question is, is the will there or not?" He added, "Certainly, the U.S. should have no interest in stopping the peace process."

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## **The Netanyahu cabinet**

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**Foreign Affairs, David Levy (Likud):** Levy had been foreign minister in the Likud-led government of Yitzhak Shamir. As a result of the leadership fight with Netanyahu, he left the Likud to form the Geshar Party, which drew its support from the Sephardic community. He returned to the Likud in a secret election deal brokered by Ariel Sharon, in which he threatened to withdraw support from Netanyahu, unless Sharon were given a senior ministry.

**Finance, Dan Meridor (Likud):** Although considered a "moderate" on the question of peace with the Palestinians, he is a leading member of the Likud. His acquiring the Finance portfolio is seen as an effort to calm the nerves of Israel's foreign investors and the markets. As a staunch free-market fanatic, he is expected to make deep cuts in government spending, particularly in health and subsidized housing.

The reappointment of **Jacob Frenkel** as governor of the Central Bank, gives Meridor a partner who is firmly in the World Bank camp. Frenkel had originally been Netanyahu's first choice for the Finance post. He will now head the Council of Economic Advisers. Frenkel was a professor at Milton Friedman's University of Chicago before becoming vice president of the World Bank. World Bank policies, toward both Israel and the Palestinian Authority, have been central in sabotaging the effort to secure a lasting peace. Frenkel was first appointed Central Bank governor under the Shamir government.

**Justice, Yaacov Neeman (independent):** A corporate lawyer, Neeman was the attorney for the radical settlers movement, Gush Emunim. As a top-drawer corporate and tax lawyer, he represented the late Robert Maxwell, the British intelligence- and organized crime-linked media tycoon. An Orthodox Jew, Neeman has been linked with the National Religious Party. His nomination might be held up because of allegations that he was involved in a banking scandal.

**Internal Security, Avigdor Kahalni (Third Way):** A retired general, he left the Labor Party to form the Third Way because he opposed giving up control of the Golan Heights. He is said to be moderate on policy toward the Palestinians, but his ministry could be sidelined on crucial policies by the new National Security Council.

**Agriculture and Environment, Raphael Eitan (Tso-met):** Widely known for being a hard-liner in the Knesset, he achieved notoriety during the 1987 Palestinian uprising known as the Intifada, by declaring that, given a chance, he would crush the Palestinians like "cockroaches in a bottle." As Army Chief of Staff in 1982, he worked closely with Defense Minister Ariel Sharon in the bloody invasion of Lebanon. A government commission subsequently found him complicit in the massacre at the Palestinian refugee camps of Sabra and Shatila in Lebanon. As a result of that finding, he has been barred from holding posts in any security- or defense-related ministries. He was agriculture minister in the Shamir government, where he collaborated with Sharon to expand Jewish settlements in the occupied territories. As part of the Sharon-brokered deal in the recent elections, he brought his Tso-met party into the Likud bloc.

**Health, Tzachi Hanegbi (Likud):** Hanegbi is the son of Knesset member Geula Cohen, a former member of the terrorist Stern Gang. She later became a principal figure in the founding the Gush Emunim radical settlers movement. She also sponsored the immigration to Israel of Jewish Defense League founder, terrorist Meir Kahane.

**Trade and Industry, Natan Sharansky (Israel B'Aliyah):** Sharansky was well known before his emigration to Israel, as a Soviet Jewish "refusenik." In Israel, he formed a party to represent the 500,000 Russian Jews who immigrated in the past ten years. He is said to be good friends with Netanyahu and to share his views on security and peace negotiations.

**Science and Technology, Benjamin Begin (Likud):** Benny Begin is the son of the late prime minister Menachim Begin.

Other portfolios include:

**Education, Culture and Arts, Zevulun Hammer (National Religious Party)**

**Labor, Eli Ishal (Shas)**

**Interior, Eli Suissa (Shas)**

**Transport, Energy, and Infrastructure, Yitzhak Levy (National Religious Party)**

**Absorption, Yuli Edelstein (Israel B'Aliyah)**

**Tourism, Moshe Katsav (Likud)**

**Communications, Limor Livant**

**Housing, Netanyahu:** Although Netanyahu has decided to hold this portfolio, day-to-day operations will be handled by the new deputy, who will be a member of the National Religious Party (NRP). The prime minister will also hold the **Religious Affairs** portfolio.

Proposed **Ministry of National Infrastructure, Ariel Sharon (Likud):** Sharon has been the subject of several *EIR* reports over the last decade, from which we can draw a thumbnail sketch of his profile: In an interview after the election, he called Palestinian National Authority President Yasser Arafat "a murderer and a war criminal." Yet Sharon himself has been accused of war crimes: Several months ago it was revealed by the Israeli government that he had been personally involved in the execution of Egyptian prisoners of war in 1956, during the Israeli participation in the Franco-British invasion of the Suez Canal zone. The Israeli government report put the number of prisoners killed under Sharon's orders at 30, but the Egyptian government put the figure at over 100. Neither Sharon, nor Gen. Raphael Eitan, denies the executions.

More recently, as defense minister in 1982, he was the architect of the invasion of Lebanon, which led to a two-year war that left tens of thousands dead. In the ensuing political crisis in Israel, a government commission accused Sharon of lying to the government.

As chief ideologue of the policy that claims that "Jordan is Palestine," Sharon turned his attentions to the occupied

territories of the West Bank, where he orchestrated the rapid expansion of Jewish settlements financed by international financial forces tied directly to Henry Kissinger, Edgar Bronfman, and other British financial interests. His role in promoting the settlements movement took a leap forward in 1988, when he was named Yitzhak Shamir's housing and construction minister.

Sharon's political base in Israel and abroad, is the right-wing extremist Jabotinsky movement. Vladimir Jabotinsky had been a British operative in the Zionist movement. Although he died in the 1930s, Jabotinsky's legacy lives on in the Kach Party, the right-wing settlers movement, and those directly responsible for the Nov. 4, 1995 assassination of Prime Minister Yitzhak Rabin. This movement is active in France and Britain. In the United States, these forces are mostly associated with the Anti-Defamation League.

After the Labor Party victory in 1992, Sharon frequently traveled to the United States, France, and Britain, serving as conduit for funds and political direction to the anti-peace forces back in Israel.

Following the murder of Rabin and the announcement of new elections, Sharon strategically positioned himself as kingmaker. Armed with millions of dollars that could fill the empty election accounts of the right wing, he brokered the alliance among Netanyahu, Likud dissident David Levy, and Tsomet's Raphael Eitan.

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