

# Netanyahu Smashed: It's The Economy, Stupid!

by Dean Andromidas

After a crushing defeat in the Israeli elections on March 28, the knives are out for Benjamin "Bibi" Netanyahu. Bibi, who is the darling of Vice President Dick Cheney and his synarchist controller George Shultz, led the Likud, a party that had been in power for most of the last three decades, into political oblivion. With Netanyahu's downfall, plans by Cheney and Shultz for a major Israeli role in a new Middle East war, with an attack on Syria, or Iran, have been shelved, for the time being.

It was not his extremist political policies that brought down Netanyahu, whose Likud won only 11 seats in the 120-seat Knesset, but the massive suffering that his radical free-market policies, as Finance Minister until August 2005, caused the vast majority of the Israeli population. Their electoral impact was felt throughout the political spectrum. These are the policies for which Bibi has been the Israeli front man for the last two decades on behalf of George Shultz and the synarchist financial interest he represents.

"More than the victory of any one party or another," wrote Ruth Sinai, social affairs commentator for the Israeli daily *Ha'aretz*, "Tuesday's election results were above all a victory for the civic, social welfare agenda that interests voters more than security and foreign policy measures in their daily lives."

The Kadima Party, founded by Ariel Sharon, who has been in a coma following a massive stroke in January, almost threw the elections. Although Kadima formally "won," with 28 seats in the Knesset, it did not become the "super party" that the manipulated pre-election polls and media spin doctors were predicting.

But here again, the electorate had not forgotten that, in the last Sharon-led government, Kadima Party chairman Ehud Olmert had been a full partner in implementing Netanyahu's so-called reforms. Nor did the electorate quite believe in the credibility of Kadima's slogan that it would "unilaterally establish the borders of Israel," which would require not only Palestinian partners, but international recognition.

Opposite the Kadima Party stands the "Social Bloc," of the Labor Party, led by former Histadrut Labor Federation chairman Amir Peretz, which won 20 seats; the Shas Party, which is representative of the Sephardic Orthodox sector of Israeli society, which won 13 seats; and the new Pensioners Party, with its 7 seats. These three parties, if united on a

common platform, would form a block of 40 seats, that would be capable of dictating terms that could overthrow Bibi's reforms, in a bid to become coalition partners with Kadima in the next government.

The vote made one thing clear: The majority of the Israeli population not only wants to pull out of the Occupied Territories, but a very large portion of the population wants a fundamental economic change. The question is, whether a government can be formed that will deliver, and if it will have the support of Washington

## Bye-Bye Bibi

"Knives already drawn in party that collapsed in the elections" was the first line in an article in the daily *Yediot Aharonot* reporting only a few hours after the catastrophe Bibi brought on the Likud. According to *Yediot Aharonot*, top members of the Likud, including former Cabinet ministers who failed to win seats in the election, are out for blood, and want Netanyahu out of the party. One former minister told Ynet, the daily's website: "Bibi has to go home. It's clear as daylight. We prefer that he would get it and leave on good terms. If not on good terms, than he will have to leave on bad terms. After he caused us such a crash he has no other option." He said the party has to change and Netanyahu is not capable of leading that change: "Bibi cannot not take these steps. It's a bad joke played on the Likud. Every action of his is fake . . . and that's how he conducted himself during the campaign. Everything is bluff to him."

Ruth Sinai wrote in *Ha'aretz* that Bibi's miserable performance in the election was "a clear expression of public disgust for the economic policy championed by the Likud since 2002, the period in which two and a half million Israelis slid below the poverty line."

It was not Sharon who split the party, it was Bibi's brutal economic policies which hurt the mass base of the Likud, which is not in the West Bank settlements, but among the poorer Sephardic population.

"They know they were hurt by them," wrote Sinai, "and were forced to make sacrifices while the wealthy thrived . . . and the money that was saved on their backs paid for tax cuts for the highest earners. . . . The Israeli voter finds it hard to understand why neo-conservative ideas are being imported from the United States and applied to a very different society (and its results in the United States have been disastrous)—a society in which large segments of the Jewish and Muslim populations do not work for reasons connected to religion and tradition, in which there are hundreds of thousands of adult immigrants who lack language skills and in which the income gap between rich and poor is enormous."

Despite the meltdown of the Likud, Netanyahu not only refused to resign as chairman, but reportedly has begun scheming for a merger of the Likud with the National Union/National Religious Party. The latter is the most extreme party in the Knesset. Its leader, Rabbi Benny Elon, calls for the

“transfer” of all Israeli Arabs and Palestinians from the “Land of Israel.” But this drew scorn even from right-wing Likud members who told *Ha’aretz*, “Now, after Bibi has crushed us, we will not allow him to turn us into an extremist right-wing party.”

It is rumored that Netanyahu might return to the furniture business in Philadelphia where Shultz first found him.

## A New National Leader Emerges

As readers of *EIR* know, it was Labor Party Chairman Amir Peretz who put the socio-economic issue on the table in these elections. The fact that Labor won 20 seats is widely seen as a major accomplishment which has transformed Peretz from a labor leader to a national political leader, who could very well become Prime Minister in the next elections.

“We had an amazing battle; people working day and night, and did something unbelievable. Yet the work is not over yet, it’s only beginning,” Peretz declared in a speech at Labor Party headquarters.

Labor general secretary Eitan Cabel said, “Amir tonight consolidated his power in the Labor Party. He is the first leader not to lose seats in the elections since Rabin.” And Prof. Avishay Braverman, among the top new Labor Party leaders, said: “This is the beginning of a new road. We placed the socio-economic agenda on the table. A Labor led by Amir Peretz would build a party and a state. I’m not disappointed; regardless of the results, we succeeded. The next few years will see us becoming the largest party in Israel.

The elections have put Peretz into a “position to be a decisive factor in the next government,” a source close to the Labor Party leader told *EIR*. “The press is saying he will be the ‘strongman’ in the government coalition talks.” Although Labor won fewer seats than it had hoped for, the source said, Peretz, in reality, created a new party, a new Social Democratic party. “Like the Likud, Labor split when Shimon Peres left the party and took as many as eight potential mandates [Knesset seats] with him, but unlike Netanyahu, Peretz brought eight new mandates by winning votes in sectors where the Labor Party never had a base,” including the poorer development towns in the periphery and among the Sephardim community. He said it was a “good thing” that Peres left and took the old Labor right-wing base with him. Labor is now a “completely new party, with a new electorate,” a stronger and better party. “Now for the first time in 30 years, Israel has a true Social Democratic party.”

Over the coming weeks, there will be a lot of hard bargain-



Antônio Milena/ABrSP

*The majority of the Israeli population wants a pullout from the Occupied Territories and a fundamental economic change. Will Kadima’s Ehud Olmert now lead the way? Here, Olmert in Brazil as Israel’s Minister of Trade.*

ing, as Kadima tries to put a new government together. Peretz has already reached out to form a “social bloc” with other like-minded parties, with which to enter coalition negotiations. He has made contact with the Shas Party, the Pensioners Party, and the pro-peace Meretz party. In the case of Meretz, which won only four Knesset seats, there is a discussion that they could merge with Labor. Such a bloc would have a powerful influence in a government.

## Dirty Rafi Becomes a Pensioner

Winning no less than seven seats, the newly created Pensioners Party captured not only the vote of Israel’s pensioners, who have suffered badly under Netanyahu’s reforms, but also the protest vote of many of the younger voters. The party is led by the 80-year-old ex-Mossad agent Rafi Eitan. Better known as “Dirty Rafi,” he had been a long-time crony of Ariel Sharon, with whom he cooperated in everything from shady land deals in the West Bank to weapons deals in Latin America. He was also the controller of the notorious “terror against terror” Israeli hit teams against Palestinians living abroad, and controller of Jonathan Pollard, the American convicted for spying for Israel. For two decades, the U.S. authorities, who have named him an “unindictable co-conspirator,” have wanted to question him in the Pollard case. A group of Pollard sympathizers, who claim that Eitan betrayed Pollard, stormed the party’s headquarters on election night.

While Eitan refused to reveal what his positions are on political and security issues, ahead of coalition talks, his deputy, the 78-year-old Yaakov Ben Yizri, was more open: The party intends to reverse the pension reforms implemented by Netanyahu.

“The Pensioners Party will waste no time in repairing the

greatest damage ever inflicted on Israeli pensioners,” Ben Yizri, who is a former Labor Party trade unionist, told *Ha’aretz*, “We will abolish Netanyahu’s edicts.” He said pensions have gone down by 35% in the last decade and now stand on the average of \$300 to \$500 a month. “Who can live on that?” he asked.

Meanwhile, Bibi’s collapse has opened the way for the fascist Avigdor Lieberman, chairman of the Yisrael Beiteinu Party, whose base is in the Russian community, to lead the opposition in the next Knesset. Having won 12 seats, Beiteinu is now the fourth-largest party in Israel. Lieberman was the chief of staff of Netanyahu’s office when the latter was Prime Minister in the 1990s. A notorious racist, he campaigned on the program of transferring Israel’s own Arab citizens to the Palestinian National Authority as part of a negotiated settlement.

### **Hope for Peace?**

On election night, Kadima chairman Ehud Olmert made an overture to Palestinian President Abu Mazen, declaring, “We are ready to compromise, to give up part of the beloved land of Israel and evacuate—under great pain—Jews living there, in order to create the conditions that will enable you to fulfill your dream and live alongside us.”

In response, Nabil Abu Rdeneh, an aide to the Palestinian President, said he is ready to open negotiations: “We’re ready to go into direct and immediate negotiations to implement the road map if the Israeli government is ready, We hope to see an Israeli government ready to implement the road map.”

Palestinian Prime Minister and leader of Hamas, Ismail Haniyah, said, “Let’s see how things will develop in the future. At the moment, what is declared is a unilateral separation plan from Olmert. This plan is rejected by the Palestinian people. Our interest is that any party which rules in the occupation state should be brave [enough] to recognize the rights of our people in establishing their full sovereign state, with Jerusalem as its capital, and to free male and female prisoners in their jails, and to recognize the right of return.”

Haniyah also said he would support Palestinian President Abu Mazen if the latter began negotiations: “If the Authority chairman, as the elected President, wants to get the negotiations moving, we have no objection to that. If what Abu Mazen presents to the people as a result of negotiations serves its interest, then we too will redefine our position.”

As of yet there is no hint that negotiations will begin in the near future. Olmert, whose party is already right-wing, is very capable of moving to the far right, even forming a government without the Labor Party, that might be quite open to one of Dick Cheney’s new adventures. The Bush Administration continues to refuse any contact with the Palestinian government led by Hamas, which it still considers to be a “terrorist organization.” The real issue is, that as long as Cheney is in the White House, it is highly unlikely that peace will break out in the Middle East.