THE MOST DRAMATIC EVENT OF 1999 was Ehud Barak's landslide victory over Prime Minister Benjamin Netanyahu in the May 17 election. While few had given Barak much chance of beating Netanyahu when the Knesset voted for early elections on January 4, the One Israel leader ran a focused and disciplined campaign. Ultimately, the coalition of "outsider" groups that had brought Netanyahu to power in 1996 imploded as Barak won by 56-44 percent.

The other dramatic election result was the huge success of the ultra-Orthodox Sephardi Shas party, which catapulted from ten seats to 17. Part of the explanation for the party's popularity was the March 17 conviction of Shas leader Arye Deri for corruption—a verdict that many Sephardim viewed as ethnically tainted.

After cobbling together a broad-based 75-member coalition that included secular and religious parties as well as parties on the left and the right, Barak set about reigniting the stalled peace process. After some hard bargaining he signed the Sharm el-Sheikh agreement with the Palestinians in early September which stipulated a further 11 percent Israeli withdrawal from the West Bank. Then, after U.S. president Bill Clinton announced the renewal of the Israeli-Syrian negotiating track in December, Barak traveled to Washington for talks with Syrian foreign minister Farouk al-Shara.

New momentum on the peace front did not immunize Barak from growing social discontent. Barak's promises of social reform during the elections—including his pledge to create 300,000 jobs—raised expectations among the poor and the unemployed, and there was growing pressure on him to deliver, especially after he presented a budget that seemed to hold out little salvation for the lower classes.

Barak also faced a series of coalition crises. The first came soon after he took office when the ultra-Orthodox parties took exception to the transport of a huge electric turbine on the Sabbath, threatening to leave the coalition if it went ahead. And there was an ongoing coalition squabble with Shas over funding for the party's debt-ridden educational network.

The economic slowdown continued through 1999 with unemployment crossing the 9-percent mark. Even the low rise in the cost-of-living index for the year was seen as a sign of the ongoing recession. In the second half of the year, though, there were some signs that the protracted economic slowdown might be coming to an end.

Battles over religion and state as well as over religious pluralism continued, as did the ultra-Orthodox attacks on the Supreme Court, which culminated in a huge demonstration in Jerusalem in February.
POLITICAL DEVELOPMENTS

Barak Wins in a Landslide

Netanyahu Takes an Early Lead

Despite the collapse of his ruling coalition and the Knesset decision on January 4 to approve early elections—more than a year ahead of schedule—the conventional wisdom was that Prime Minister Benjamin Netanyahu could not be counted out of the race. While opinion polls in early January showed Netanyahu and opposition Labor leader Ehud Barak running neck-and-neck, these surveys were at a time when Netanyahu appeared to be at an all-time political low. Furthermore, such polls had traditionally underestimated the power of the right. And the surveys also revealed that, whatever their personal preferences, a clear majority believed that Netanyahu would win a second term.

Especially on the left there were few who believed Barak could oust Netanyahu, who was seen as the consummate campaigner. When, toward the beginning of the campaign, a Likud supporter was beaten to the ground and passed out after anxious bodyguards tried to keep him from reaching Netanyahu to shake his hand, the prime minister quickly got water to the man, and, after the fracas, appeared smiling with him for the cameras. Even potential disaster, one pundit pointed out, was transformed into media points by Netanyahu. By the end of January, a poll in the daily Yediot Aharonot showed Netanyahu with a slim 46-43-percent lead over Barak.

By contrast, Barak’s campaign started disastrously. When Addisu Messele, an Ethiopian member of Knesset, was replaced on the Labor Knesset slate by Russian-born Sofa Landver at the party primaries on February 15, he reacted bitterly. With Barak about to announce Labor's Knesset slate live on national television, Messele and his supporters burst into the room, screaming that they had been cheated. Ultimately, Barak allowed Messele a chance at the microphone where he lambasted the Labor Party, accusing it of being racist and patronizing—an image of the party Barak had been trying hard to alter. As the fiasco ended and long-faced Labor leaders traipsed out of the hall, one was reportedly heard saying that the election had already been lost.

Barak also drew criticism for not sounding a clear message on policy issues. An oft-repeated gripe was that “Barak is not taking off,” and that seemed to be born out by his stationary position in the polls. Many in his party also wondered how their candidate, whose television appearances were often awkward and stiff, would be able to counter the TV-savvy Netanyahu.

One ominous sign for Netanyahu, however—reflecting the deep dissatisfaction with him inside the Likud—was the January 11 announcement by the prime minister's mentor and former Likud defense minister, Moshe Arens, that he would
challenge Netanyahu in the party primaries. Arens insisted that “if we do not manage to cure the present crisis in the Likud and stop the hemorrhaging of our top people from the party, our chances for winning the elections are not good.” But when Netanyahu easily won the internal election on January 25 with 82 percent of the vote Arens agreed to stay on and replace Yitzhak Mordechai as defense minister. (Netanyahu had dismissed Mordechai on January 23 after the latter began talks with the leaders of a new party.)

BARAK STARTS TO TAKE OFF

To help his campaign Barak hired James Carville, Stanley Greenberg, and Robert Shrum, American experts who had all worked for U.S. president Bill Clinton. The impact of the three was already evident in January as Barak looked much more feisty and focused on television, if not necessarily smooth and slick.

Together with his advisers Barak built a campaign strategy based on the assumption that, to beat Netanyahu, Barak would have to win at least twice as many votes in the race for prime minister as his party would win in the separate Knesset elections. Hence he had to form a broad coalition of parties and groups—some even former rivals of Labor—which would support him, even without identifying with the Labor Party. A key strategic goal of such a coalition, to be called “One Israel,” was to erode Labor’s elitist Ashkenazi and, at times, anti-clerical image so as to draw in Sephardi and religious elements traditionally allied with the right. Also, Barak, who had visited England to study the successful campaign model of Tony Blair, would adopt a social democratic message. By late January, Barak was already harping on social issues like education, health care, and jobs for the unemployed. He attacked Netanyahu incessantly, describing patients lying in beds in hospital corridors because of insufficient space, the need for free education from kindergarten on, and the current government’s inability to deal with growing unemployment. While some criticized Barak for losing sight of the peace and security issues that had always decided Israeli elections, the Labor candidate stuck to his message, believing that Israelis were ready to vote on social issues as well.

The Barak campaign portrayed Netanyahu as a divisive force, in contrast to Barak, who could unify the country. And Barak’s military past was emphasized—he was a former chief of staff and Israel’s most decorated soldier—in an effort to convince undecided voters that Labor was not soft on security. “Every time I’m in a meeting, I can’t take my eyes off his hands, thinking how many people he shot to death,” James Carville told the Jerusalem Report in a January interview. “This is a guy who went into Beirut dressed as a woman, knocked the door down and killed four terrorists. Then he gunned down two jeeps full of Palestinian soldiers, got back on the mother ship and went back to Israel. Goddam! For somebody who looks like my daughter’s uncle, he’s one tough mother.”

Barak was also boosted by the support of some high-profile public figures. For-
Former deputy-chief-of-staff Matan Vilnai joined Labor on January 19 despite reports that Netanyahu had sounded him out as a possible defense minister. The fact that leading Labor politicians such as Shlomo Ben-Ami and Haim Ramon remained in the party and did not follow ex-defense minister Yitzhak Mordechai and ex-chief-of-staff Amnon Lipkin-Shahak into the newly-formed Center Party also helped stabilize Barak’s campaign.

Challenge from the Center

Nevertheless it did appear, early in the campaign, that the Center Party might smash the traditional left-right tie that had characterized Israeli politics for so long. The strategy was simple: Supporters of the new centrist venture believed that Israel’s system of direct election for prime minister would enable them to conquer the country’s highest office even if they didn’t win the most Knesset seats, by tapping into the public’s perceived disillusionment with Labor and Likud. They banked on taking some support from the right while at the same time convincing left-wing voters that a Labor candidate had no hope of toppling Netanyahu.

Several candidates saw themselves as potential centrist leaders. Already back in mid-1998 then Tel Aviv mayor Roni Milo had announced his intention to run for prime minister as a centrist. But the real centrist hope was former chief-of-staff Amnon Lipkin-Shahak, who had turned down requests by his ex-army buddy Barak to join him. With his military past and fresh, Mr. Clean image, Shahak was seen by many as a legitimate alternative to the big-party candidates. Initial polls showed him way ahead of Netanyahu by 48 percent to 33.

But no sooner did Shahak hold a much-heralded press conference on January 5 announcing his plans to run for prime minister than his popularity began to ebb. First, he told reporters that Prime Minister Netanyahu was “dangerous to Israel”—a comment that did not go down well among right-wing voters from whom Shahak hoped to draw support. He then made an unplanned visit on January 7 to South Tel Aviv’s Hatikvah Quarter—a Likud bastion. An angry mob, still smarting over Shahak’s comments about Netanyahu, hurled fruit, vegetables, and verbal abuse at the new candidate. Three days later market vendors who had shouted at Shahak brought fruit to his home as an offering of apology. But some political commentators charged that his unannounced walkabout in the Hatikvah market reflected the judgement of a political novice, and in a matter of days his popularity was seriously dented. But Shahak was also hurt by his inability to articulate a clear position on the country’s most pressing issues. He spent most of the time during TV interviews talking vaguely about the need for national unity.

The Center’s hopes were also undermined by disagreement between Shahak and another would-be prime minister, Dan Meridor, a former finance minister under Likud, who also hoped to lead the new party. As the two bickered the hopes of an effective centrist challenge receded.

Ultimately it was neither Meridor nor Shahak who ended up leading the party,
but Yitzhak Mordechai, the defense minister in Netanyahu’s government and one of the key drawing cards in Netanyahu’s 1996 electoral victory. Aware that his defense minister was holding talks with Meridor, Shahak, and Milo, and that Mordechai had missed the deadline to register as a candidate for the January 22 Likud primaries, the prime minister ascended the podium at a Likud convention the next day, TV cameras rolling, and fired his defense minister live on the air. Reading out the letter of dismissal, he accused Mordechai of “personal ambition.” The defense minister, he charged, had deserted Likud because he had not been promised the same post in the next government, and so had gone shopping for a better offer elsewhere.

An incensed Mordechai, who had watched his dismissal at his home near Jerusalem where he was meeting with Center Party leaders, came outside and told reporters: “The only thing I asked of Prime Minister Netanyahu was that he fulfill the diplomatic, security, and social policies that we had championed together.” A few days later Mordechai attended his final cabinet meeting, angering the ministers present by reading aloud to them from Psalm 120: “Too long have I had my dwelling among those who hate peace, I am for peace but when I speak, they are for war.”

The decision to place the Kurdistan-born Mordechai, an ex-general, at the head of the party was taken with the help of opinion polls the party commissioned to see who had the best chance of winning. Mordechai, a very popular figure viewed by the left as a moderate voice in the Netanyahu government, edged out Shahak by a fraction of a percent. In addition to the polls, the decision was also based on Mordechai’s ethnic background, which would presumably enable him to draw Sephardi voters who traditionally supported the right. Mordechai was the country’s first candidate for prime minister to hail from the “other Israel,” the Sephardi lower classes.

While the centrists argued that only they could bring together left and right to move the peace process forward, internal tensions within the party weakened its chances. The stridently secular Milo, for instance, clashed with the traditional-leaning Mordechai. One of Mordechai’s first visits after announcing his candidacy was with Rabbi Ovadia Yosef, the spiritual head of the ultra-Orthodox Shas party. For Mordechai, keen to draw Sephardi votes, it was a natural stop on the campaign trail. But it could not have pleased Milo, who feared such moves would alienate secular voters who looked to a centrist option as a way of ending the pivotal role of the religious parties in the country’s coalition politics. The two were at loggerheads again after Mordechai supported a late-January Knesset vote in favor of Orthodox control over religious councils.

The four party heads bickered over the Knesset slate, with each pushing their own candidates. Ultimately, Uri Savir, one of the architects of the Oslo accords with the Palestinians and former director general of the Foreign Ministry, filled the number five slot, while Dalia Rabin Pelossof, daughter of the assassinated prime minister Yizhak Rabin, was number six. But the popular Alex Lubotzky,
a Meridor man and former Knesset member for the centrist Third Way, was relegated to the unrealistic 12th spot.

The polls showed Mordechai trouncing Netanyahu in a two-way race, while Barak was only marginally ahead of Netanyahu. But they also revealed that Mordechai wouldn’t make it into the second round to face Netanyahu. In a first-round Netanyahu-Mordechai-Barak race, the polls had Mordechai trailing far behind the other two candidates. Undeterred, the Center Party predicted that the polls would shift dramatically in the final weeks before the election when the public would opt for a “strategic vote.” By this they meant that voters on the left would understand that Mordechai had the best chance of beating Netanyahu. This strategy was summed up by their slogan: “A vote for Barak is a vote for Bibi.”

At the party’s glitzy launch in Tel Aviv on March 10, Mordechai lashed out at the other two candidates. “He is incapable of understanding the mentality of the East and of Arab leaders,” Mordechai said of Barak. He then attacked Netanyahu’s credibility: “Neither his ministers nor world leaders believe him,” he declared.

BARAK SCENTS VICTORY

Some of Barak’s campaign strategists felt that Mordechai’s running might actually help their candidate by wrenching traditional Likud voters away from Netanyahu. Having contemplated voting for Mordechai, or having actually done so in the first round, explained Stanley Greenberg, Likud voters might find it easier, psychologically, to move over to supporting Barak in the second.

In early March, Barak seized control of the campaign agenda with a carefully crafted electoral move. If elected, he declared, he would withdraw Israeli forces from Lebanon within a year of taking office. Netanyahu initially denounced Barak’s pledge as a danger to the country’s security. But soon after, seeking to counter Barak’s move, Foreign Minister Ariel Sharon proposed that the elections be cancelled and that a government of national unity be formed with the express purpose of withdrawing Israeli forces from Lebanon.

Barak received another boost on March 15 when the state comptroller released a report determining that the ex-chief of staff had not abandoned wounded soldiers during a training accident at the Tze’elim base in 1992, where an elite unit had reportedly been rehearsing for a mission to assassinate Iraqi president Saddam Hussein. In an investigative report in the daily Yediot Aharonot some time after the accident, Barak had been accused of leaving the scene before the wounded were attended to. (Five soldiers of an elite reconnaissance unit died in the accident.) Justice Minister Tsachi Hanegbi, a close Netanyahu ally, had latched onto the report, holding it up during a 1997 Knesset debate in an effort to blacken Barak’s name. Hanegbi continued to attack Barak on this issue even after the exonerating report was published, but this only hurt the Likud and Netanyahu—especially when other Likud politicians quickly dissociated themselves from Hanegbi’s remarks.
Barak's plan to form a "One Israel" coalition gathered steam. First he managed to quell opposition to the idea from Labor backbenchers who feared that incorporating groups representing constituencies traditionally outside of Labor would push veteran Laborites down the Knesset list into unrealistic slots. Undaunted, Barak engineered the inclusion of both David Levy's Gesher Party as well as the moderate Orthodox Meimad movement in the "One Israel" alliance announced on March 22. Barak hoped that the Moroccan-born Levy, a former Likudnik who had risen from being a construction worker and who had resigned as foreign minister in the Netanyahu government, would help attract voters among the Sephardi masses. Levy was promised the number three spot on the One Israel list behind Barak and Shimon Peres, and he was also promised a senior cabinet post if Barak won the election. The inclusion of Meimad, Barak hoped, would soften the party's perceived antireligious image. Meimad was also promised a ministerial post.

Barak received some potentially troubling news on March 25 when Azmi Bishara, an Arab MK from the National Democratic Alliance, announced that he was joining the race for prime minister. While Bishara conceded that he had no chance of winning, he said he hoped his candidacy would serve "to draw attention to Israel's Arab citizens, 20 percent of the electorate, whose inequality is not mentioned in the campaign." Bishara, who acknowledged he would take most of his votes from Barak, said it did not concern him that this might undermine the Labor candidate's chances and ultimately help Mordechai reach the second round against Netanyahu. In his eyes, he said, there was "no difference between Barak and Mordechai." "I am doing this," he said, "because I want empowerment of the Arab minority. That's the key issue."

One question on everyone's mind was whether Mordechai—as well as Bishara and Benny Begin, the son of former prime minister Menachem Begin who had announced his far-right bid for prime minister earlier in the campaign—would pull out before the first round and make it a two-horse race. Journalists repeatedly asked Mordechai whether he would stay the course. His progressively more agitated response was always the same: "Yes!"

While Barak's campaign was gaining momentum, many of his supporters were uneasy about a second round. One fear was that Arab voters—the vast majority of whom were Barak supporters—having cast their ballots for their own parties in the first round as well as for Barak, would not turn out in similarly high numbers for a second round in which the only race was for prime minister. By contrast, Netanyahu could most likely count on ultra-Orthodox voters—the vast majority of whom supported him—coming out in droves a second time. Labor's Yossi Beilin, fearful that Mordechai's insistence on running even though he had almost no chance of making it into the second round could doom Barak, suggested in April that if Mordechai wanted "to achieve his main goal—getting rid of Netanyahu—now's the time to join Barak." Beilin was basing his assertion on internal Labor polls conducted in late March that showed Barak demolishing Netanyahu—55 percent to 38 percent—if Mordechai withdrew and backed him.
But despite the poll numbers showing him languishing at around 15 percent, Mordechai refused to quit.

The March 17 conviction of Shas leader Arye Deri for bribery, fraud, and breach of public trust ultimately played into Barak's hands. Initially the three leading candidates remained largely silent on the matter, fearful that criticism of the Shas leader would lose them votes in his constituency. Even after Deri received a four-year sentence on April 15, only Benny Begin announced that he would not engage in coalition negotiations with a convicted felon. But after Attorney General Elyakim Rubinstein accused the three leading candidates of being guilty of "the silence of the lambs," Barak added his voice to that of Begin's, saying that if he were elected he would refuse to negotiate with Deri. Barak surely calculated that he would win few votes in the Shas constituency anyway, and the announcement did not harm him among other swing voters, such as the Russians and middle class right-wingers. Netanyahu, who needed the support of Shas voters, refused to commit himself.

Netanyahu suffered a major blow on April 13 in one of the most dramatic events of the campaign—a live television debate between himself and Mordechai. Barak, who was not comfortable appearing on television, took the advice of his aides and stayed away. While most of the public expected the prime minister, a consummate TV performer, to overwhelm the often stiff and labored Mordechai, by the time the debate was over it was evident that Mordechai had delivered a telling setback to Netanyahu's reelection bid. Mordechai, surprisingly, was the more relaxed of the two, and on orders from his advisers he often flashed a derisory smile which seemed to unnerve the prime minister. Netanyahu's original plan to address his questions to an absent Barak and to ignore Mordechai failed dismally, as the Center Party leader launched a blistering assault on the prime minister's character and credibility. When, for instance, Netanyahu declared that he would never make any territorial compromises on the Golan Heights, Mordechai sneered at him, challenging Netanyahu to "look me in the eye." Then, when Netanyahu spoke of how he had reduced terror, Mordechai suggested that the prime minister had not had the patience to listen to security briefings at cabinet meetings. "Bibi," Mordechai said witheringly, "you know that your best friends don't believe you... You're bankrupt. You're a personal failure."

The most embarrassing moment for Netanyahu, though, came when talk-show host Nissim Mishal threatened to end the debate if the prime minister did not put away a Likud statistical chart on economic performance, on the grounds that it was a violation of election propaganda restrictions. Resting his chin on the chart—like a naughty schoolboy, as some commentators later described it—Netanyahu refused to put it away, but was ultimately forced to back down by Mishal. One post-debate poll gave Mordechai a stunning 56-24 victory. While Mordechai had clearly humiliated Netanyahu, he had not really boosted his own chances since he failed, when challenged by Netanyahu, to outline a clear program for the Center Party. "You're a party of losers," Netanyahu chided Mordechai.

By refusing to join the bitter, often personal confrontation, Barak had clearly
made a wise decision. He was perceived as being above the fray while the other two candidates had damaged one another. Barak commented: "As entertainment, it wasn't bad." During the campaign Barak cleverly turned his problem with TV to his own advantage, tacitly accepting Netanyahu's superiority with the medium but at the same time pointing out that this was exactly the prime minister's problem: He was great on TV, but had failed miserably at governing.

Polls toward the end of April showed Barak with a bigger lead over Netanyahu than that enjoyed by Mordechai. An April 23 poll in the daily *Ma'ariv*, for instance, showed Barak beating the prime minister by 46-40, whereas Mordechai held a much slimmer 42-39 lead. When the TV commercials got underway on April 28, Barak's ads were far more effective than those of Netanyahu. It had been Netanyahu, in 1996, who had introduced an American-style campaign with short messages repeated incessantly, and the Barak campaign followed suit in 1999. Barak's commercials chipped away at Netanyahu on the economic front. "If you've lost your job," one commercial went, "then why should he (Netanyahu) keep his?" Barak's slogan, "Israel Wants Change—Ehud Barak," seemed to capture the national mood.

To beef up his image among Russian voters—Barak trailed Netanyahu 70-20 in this sector at the start of the campaign—the opposition leader played up his military past. His ads ran a famous picture of himself in white overalls, standing over the body of a dead terrorist on the wing of a Sabena plane in 1972, after his reconnaissance unit had foiled a hijacking by storming the plane at Ben-Gurion Airport. Barak's commercials also portrayed Netanyahu as devious and untrustworthy: One ad showed a slow motion picture of the prime minister winking conspiratorially.

The Netanyahu ads, in contrast, appeared to lack a clear message or strategy. While Netanyahu did effectively highlight the drop in terror attacks since he had taken office, his TV campaign appeared to be a rerun of 1996. He attacked the "left," saying it would be soft in negotiations with the Arabs and would ultimately divide Jerusalem—a charge that had worked against Shimon Peres in 1996. But Barak's security credentials—as well as some assistance from Jerusalem's Likud mayor, Ehud Olmert—undermined these claims. Olmert announced that he did not believe that Barak would divide Jerusalem, and Barak's campaign chiefs cleverly wove Olmert's statement into one of their election ads.

As the elections drew closer Netanyahu seemed to become increasingly desperate. Against the advice of his Likud colleagues, in what appeared to be a last-ditch effort to swing the tide in his direction, he used footage of the 1996 Hamas suicide bus bombings. But instead of winning back those who had supported him in 1996, the decision seemed to signal panic. And when Netanyahu began copying one of Barak's ads by running slow motion footage of the Labor leader flashing a knowing wink, it was clear that Barak had the upper hand.

The fact that so many important Likud members—Dan Meridor, David Levy, Benny Begin, Yitzhak Mordechai—had all abandoned the prime minister, severely dented his credibility. If so many senior party members had left minister-
ial posts, many voters reasoned, the problem must lie with the prime minister. Netanyahu's reputation was further sullied by two other developments in late April. Yossi Peled, the former head of the IDF's Northern Command who had supported Netanyahu in 1996, announced he was thoroughly disillusioned with the prime minister and was shifting his support to Barak. This boosted Barak's credentials among right-wing voters. Then, with only weeks to go to the election, a personal letter Peled had written to Netanyahu 18 months earlier, which included a stinging personal indictment of the prime minister, was published in the press. “You are a tremendous disappointment,” Peled wrote. “You broadcast panic, a lack of leadership, a lack of private and public honesty.”

Netanyahu sustained yet another serious blow with the highly publicized April 25 resignation of Ya'akov Kedmi, the head of Nativ, a semisecret organization dealing with Jewish emigration from the former Soviet Union. Kedmi resigned after the contents of a harshly critical letter he sent to the prime minister accusing him of “deserting” Soviet Jews was broadcast on Israel TV. Kedmi held legendary status among many Russian voters because of his efforts on the emigration front and the fact that he had been, under his original name of Yasha Kazakov, a prisoner of Zion. Netanyahu hit back, declaring that he had planned to fire Kedmi anyway because a state comptroller's report had found irregularities in Nativ. But the dispute damaged the prime minister’s image among the immigrant voters. And Kedmi, who had been part of Barak's tank crew in the 1973 Yom Kippur War, publicly lauded his former commander.

Barak made another shrewd move in late April when he effectively promised the Ministry of the Interior—a Shas stronghold for 15 years—to the Yisrael B'Aliyah Party, headed by former dissident Natan Sharansky. This was a clear sop to Russian voters who despised the ministry that had subjected some of them to the humiliation of having to prove their Jewishness. While not making an outright promise to Sharansky, Barak said he would give the post to someone who would give citizenship to all those people who were eligible under the Law of Return. Netanyahu, however, was in a Catch-22: he needed Russian support, but he couldn't afford to abandon Shas, most of whose voters supported him.

In an effort to win back right-wing voters, especially the settlers whom he had disappointed when he signed the Wye River accord in October 1998, Netanyahu turned a blind eye to settlement activity, specifically the establishment of several dozen West Bank hilltop outposts aimed at blocking future territorial concessions to the Palestinians. It seemed to pay off, belatedly, when the settler leadership announced on April 28 that it was backing Netanyahu over the more hard-line Benny Begin.

But by the end of April Barak had built a substantial lead over Netanyahu. One poll showed him ahead by 47 to 42 and another by 48 to 41. But Barak supporters remained skeptical, as polls had traditionally underestimated the power of the right. And they feared that Netanyahu might pull one last pre-election rabbit from his hat.
Barak did experience a potentially disastrous setback only two-and-a-half weeks before the election. With Barak present at a rally in support of him, actress Tiki Dayan got up on stage and belittled Netanyahu voters. "We are talking about a different nation," said Dayan mockingly. "Don't you understand? We're talking about people of the shuk, the riffraff." Even though Dayan was herself Sephardi, the comments smacked of the ethnic condescension that many Sephardi voters associated with the Labor Party and its leaders. The Likud was quick to make political capital out of the ethnic slur: Bumper stickers announcing, "I Am Proud Riffraff," soon began appearing on the cars of Netanyahu supporters, and Likud politicians attacked Barak for not having immediately denounced Dayan.

But the incident failed to derail the Barak campaign, thanks in no small measure to Netanyahu. Desperate to turn the electoral tide by exploiting Dayan's comments, he headed for the Hatikvah Market—a Likud stronghold—to ignite his lethargic supporters. But the prime minister was caught live on camera telling a crowd that Barak and the left "hate the Sephardim, hate the Russians... Ethiopians... everybody." Netanyahu's somewhat irresponsible rhetoric served to neutralize Dayan's remarks. Netanyahu's market whisper, Barak campaign strategist Robert Shrum remarked after the election, "proved our claim that he really was divisive." By early May Barak's lead had grown. Polls in both Yediot Aharonot and Ma'ariv showed him ahead by eight percentage points.

By this time Netanyahu was also criticized by some in his own Likud for sacrificing the party. Not only was the party being ignored in the campaign, they charged, but Netanyahu, desperate to get Shas votes, was willingly surrendering Likud voters to the Sephardi party as long as they voted for him for prime minister. When police served orders on May 10 to close down three departments at Orient House, the Palestinian headquarters in East Jerusalem, there were fears that Netanyahu might try to force a showdown in one final desperate effort to turn the electoral tide. Netanyahu insisted that the three offices were engaging in illegal activity, but the Palestinians threatened bloodshed if the police entered the building. The issue was defused when the Supreme Court issued an injunction that forestalled closure of the offices until a date that was after the elections.

As election day drew closer and the polls showed Barak pulling away, Netanyahu increasingly clashed with Likud campaign chief Limor Livnat, until he finally took over the running of the campaign himself. Arthur Finkelstein, Netanyahu's campaign guru who had engineered his 1996 electoral success, also clashed with Netanyahu, leaving the country a few days before the election.

On election day Netanyahu arranged to be interviewed on pirate Shas radio stations to appeal to Sephardi voters for their support. He knew that his action was a clear violation of the law—not only because he was appearing on a pirate station, but also because of legislation barring the broadcasting of campaign propaganda on election day.

The contrast to the Barak campaign was stark. Extremely well organized, with
many of Barak's ex-army buddies in charge rather than politicians, Barak supporters carrying placards and banners took control of the streets and major intersections around the country, helping to create momentum for their candidate. In a stunning visual display, fields around the country were "plowed" with hundreds of Barak posters as far as the eye could see. During the campaign Barak had some 18,000 volunteers working for him; that number rose to 50,000 on election day. Many on the left, still traumatized by the Rabin assassination, Netanyahu's 1996 victory, and the disintegration of the peace process, needed little coaxing to get involved. (On the day of the election Barak's campaign even had special squads combing the ultra-Orthodox areas to deter suspected electoral fraud.) The Likud's Michael Eitan, however, complained that Barak's extensive organization was being funded in violation of the law, through the channeling of money to campaign needs via a series of nonprofit organizations. Later in the year the state comptroller began to investigate these allegations.

**Barak's Victory**

With the polls giving Barak a substantial lead, pressure mounted on the minor candidates to pull out and enable the winner to be determined in the first round. The Arab candidate, Azmi Bishara, set a chain reaction in motion on Saturday evening, May 15, when he announced that he was withdrawing and that Barak had promised him improved treatment for Arab citizens — a claim denied by the Barak camp but quickly seized on by the Likud. The next day, with less than 24 hours to go, Mordechai called a dramatic press conference where he announced that he was withdrawing, and he issued a lukewarm endorsement of Barak. Hours later Benny Begin also withdrew, leaving Barak and Netanyahu to conduct a two-horse race. For Netanyahu, who knew that he could only win if there were a second round, this was the final nail in his electoral coffin.

When the voting booths closed, straw polls conducted by TV stations confirmed what the pollsters had been saying. Channel Two gave Barak a 57-43 victory, while Channel One's projection was 58.5-41.5. When the votes were ultimately counted Barak ended up with a little over 56 percent and Netanyahu a little under 44 percent. The result was stunning, considering that for 20 years Israeli elections had been decided by the slimmest of margins.

Within 35 minutes of the announcement of the exit polls, the prime minister entered a room at the Tel Aviv Hilton filled with party faithful and announced, in remarks broadcast live around the world, that he was stepping down as leader of the Likud. Stunned activists, some crying, listened as Netanyahu announced that he wanted "a time-out to be with my family and to decide my future." Political commentators suggested that by bowing out immediately, Netanyahu spared himself the feeding frenzy he would have endured at the hands of his embittered Likud colleagues had he decided to stay on. (Ten days later Netanyahu announced at a Likud Central Committee meeting that he was also quitting the
Knesset. "We'll be back," he vowed, as the crowd cheered him and beseeched him not to leave. At the convention Sharon was named temporary party leader until the September primaries.)

As it became clear that Barak had won a landslide victory, tens of thousands of his supporters began streaming to Rabin Square in Tel Aviv to celebrate. They danced into the night and cracked open champagne. In the early hours of the morning Barak arrived with his wife, Navah, and Rabin's widow, Leah. "I came here, to Rabin Square, to this place where our hearts were broken," Barak told the jubilant crowd. "I came to swear to you . . . that this indeed is the dawn of a new day." Leah Rabin declared: "We have been walking in the fog for three years. Now the sky is clearing."

Barak emphasized the unity theme that had characterized his campaign. "I respect the hundreds of thousands of voters who exercised their democratic right and did not vote for me," he declared. "But from this moment on, we're together, we're one nation. I intend to be the prime minister of all the people. Whatever our differences, we are brothers, and brothers go forward together." Barak's first visit after his victory was to the Western Wall where he recited psalms and placed a piece of paper with a prayer between the stones. From there he headed for Rabin's grave on Mt. Herzl. He had thus signified his respect for Jewish values and at the same time acknowledged the anguish of the left.

How They Voted

A shift in the Russian immigrant vote was key to Barak's success. Three months before the election, polls showed Netanyahu with more than 50 percent of the vote and Barak with less than 20 percent—a trend that appeared certain to return Netanyahu to power. Netanyahu visited Russia in late March to boost his support even further in the immigrant sector. At one point Ariel Sharon confidently announced that Likud polls showed Netanyahu winning 67 percent of the Russian vote.

But Barak refused to give up on the immigrants and he launched a highly effective campaign to reverse the trend. Barak had his biography translated into Russian and distributed thousands of copies among the immigrants. He also wrote regularly in the usually right-leaning Russian press. Barak's strategists played up his military past among the immigrants, and the public falling-out between Netanyahu and Nativ head Ya'akov Kedmi also enhanced Barak's popularity among the Russians.

While Sharansky had quietly helped Netanyahu in the 1996 elections, this time he repeatedly asserted that his party was "not in anybody's pocket." One reason was that Avigdor Lieberman, the ex-director general of the Prime Minister's Office under Netanyahu, had set up a new immigrant party in what many saw as a bid to secure votes for his former boss among the Russians. In Sharansky's eyes this was a direct threat to his party, and it caused tension between him and the
prime minister. In some areas around the country local Yisrael B'Aliyah activists even teamed up with One Israel supporters to work for Barak's election—a reversal of what had happened in 1996.

One feature of the campaign that had a defining influence on the race for prime minister was the showdown between the ultra-Orthodox Sephardi Shas Party and Yisrael B'Aliyah. Socioeconomic and cultural tensions between Sephardim and immigrants from the former Soviet Union—many of whom lived in the same development towns—had been growing for some time. They were brought to the surface by a Yisrael B'Aliyah campaign commercial signaling the party's intention to wrest the Ministry of Interior from Shas. The slogan in the Yisrael B'Aliyah ad became a highlight of the campaign. In English the slogan translated as, "The Interior Ministry in Shas Control? No. The Interior Ministry in Our Control." In response, incensed Shas leaders threatened to run TV campaign ads showing Russian prostitutes and immigrant shops selling pork. One Shas radio ad in fact described the Russian immigrants as prostitutes, churchgoers, and pork-eaters.

While the Yisrael B'Aliyah commercial increased support for Shas, it also boosted Russian immigrant support for Ehud Barak in the prime ministerial race, since Shas had strongly embraced Netanyahu. The result: Many of the Russian immigrants who at the start of the campaign had expressed a preference for Netanyahu switched their support to Barak, who had also publicly hinted that if elected he would give the interior portfolio to Yisrael B'Aliyah. When the votes were counted it emerged that Barak had turned the tables on Netanyahu and had won 58 percent of the immigrant vote. Political analysts suggested that many Russians had opted for Barak because they viewed Shas and the other ultra-Orthodox parties with whom Netanyahu was so closely identified as proponents of religious coercion and threats to their secular culture.

But it wasn't only the Russians who swung the election to Barak. Netanyahu lost votes in all his traditional constituencies. In the Likud stronghold of Beer-sheba, for instance, party activists literally crossed the lines in droves to work for Barak. The disillusionment with Netanyahu in this southern Negev city that had helped propel him to power in 1996 was palpable. "Bibi promised so many things," said one bitter ex-Likudnik. "Factories, investors. Not to open a national garbage dump here. He didn't keep any promise, not one."

Even on the Golan Heights Barak won 58.5 percent of the vote. This was despite his statement during the campaign that he planned to restart talks with the Syrians, and the fact that he had gone up to the Golan while opposition leader and told the residents at a public gathering that "painful compromises" would have to be made for peace with Syria, a deal that would require Israeli withdrawal. Even among the West Bank settlers Netanyahu didn't fare as well as in 1996, with some preferring to place a blank slip in the ballot box to register their protest over his signing of the Wye accords.

The two constituencies that repeated their 1996 voting patterns were the Arabs,
94 percent of whom voted for Barak, and the ultra-Orthodox, of whom well over 90 percent supported Netanyahu.

**A New Government**

**Battle for the Knesset**

The Likud chose its Knesset slate at primaries on February 8 in an atmosphere of acrimony among the top contenders. When the votes were counted Science Minister Silvan Shalom placed first, followed by Communications Minister Limor Livnat, Tourism Minister Moshe Katsav, and coalition chairman Meir Shitreet, who had recently been appointed finance minister. There were also a number of surprises, especially the fact that Foreign Minister Ariel Sharon only managed to place eighth and Justice Minister Tsachi Hanegbi 12th. Defense Minister Moshe Arens placed a humiliating 26th.

Shlomo Ben-Ami, the Algerian-born history professor and ex-ambassador to Spain, placed first in the Labor primaries held on February 15, followed by Yossi Beilin and Matan Vilnai, the former deputy-chief-of-staff and a new face in politics. (Shimon Peres had already been automatically guaranteed the second slot behind Barak.)

The National Religious Party chose a list made up mostly of moderate Orthodox candidates, while settler ideologue Hanan Porat was demoted to the unrealistic 11th spot. Angered by this and by his party's apparent shift toward pragmatism on the peace process, Porat abandoned the NRP together with another settler representative, MK Zvi Hendel, and formed the Emunim (Believers) faction. On March 12 Porat joined up with Rehavam Ze'evi's far-right Moledet and Benny Begin's Herut to form the National Union, headed by Begin and supported largely by the settlers. Now fearing that their list might seem too moderate and that they would lose voters to the National Union, the NRP parachuted former MK Haim Druckman—a settler rabbi who had once signed a letter calling on Orthodox soldiers to refuse any order to evacuate settlements—into the number two spot behind party leader Yitzhak Levy. In the primaries of the left-wing secular Meretz party, four women got into the top ten slots, with the tenth filled by Hussnia Jabara, an Israeli Arab woman.

When registration for parties ended at midnight on March 30, 33 lists were set to run. Among the new parties was the immigrant list Yisrael Beiteinu (Israel Our Home), set up by Avigdor Lieberman, the former director general of the Prime Minister's Office under Netanyahu. At the press conference launching his party Lieberman, who had been the subject of several police investigations, blasted the legal establishment and the police. "The president of the Supreme Court has more power today than does the prime minister," he railed. "We cannot agree to what is happening in the police and the public prosecution. We have become a police
Lieberman said his party would support fundamental change in the electoral system, with the presidential-style model being the most preferable. But many saw Lieberman's new party as an attempt by the man who had been Netanyahu's closest ally to draw immigrant votes for his former boss in the race for prime minister. Asked whether Lieberman posed a threat to Yisrael B'Aliyah, senior party member Roman Bronfman demurred: While Lieberman “offers breaking down the Israeli establishment” to newcomers from the former Soviet Union, he argued, “we offer a share in its success.”

The centrist Shinui Party broke away from the Meretz bloc (which had been a coalition of Ratz, Shinui, and Mapam) and decided to run separately. In what was to prove a stroke of genius, party leader Avraham Poraz stepped back into second spot and invited veteran firebrand journalist Yosef “Tommy” Lapid to head the stridently secular ticket. Lapid, violently opposed to religious coercion, immediately drew attention to himself and the party as he launched a verbal barrage against the ultra-Orthodox.

A new Arab nationalist party called Balad and headed by MK Azmi Bishara, also announced it would run. At the party's convention Bishara said that Balad would work to do away with the definition of Israel as a Jewish state and to have the Law of Return revoked.

Histadrut union leader Amir Peretz left Labor to set up his own One Nation Party, which aimed to represent workers' interests, while Nehama Ronen, the director general of the Environment Ministry, left her post early in the year to form the Voice of the Environment Party. (Ultimately the party was disbanded when Ronen linked up with the Center Party and ran in the seventh slot, narrowly missing out on a Knesset seat.) Cosmetics tycoon Pnina Rosenblum set up her own party and vowed to work for women's rights.

Some of the more curious electoral bids included a Casino Party, which pushed for the legalization of gambling; a party promoting transcendental meditation; and the Green Leaf Party which supported the legalization of marijuana.

RESULTS OF THE KNESSET VOTE

While the exit polls' prediction of a stunning victory for Barak drew immediate attention, the focus of the evening soon shifted to the remarkable electoral success of Shas, which moved from ten seats to 17. After Shas leader Arye Deri had been convicted in March and then sentenced to four years for bribery a month before the election, he had refused to stand down. Instead, he launched himself into the party campaign and boasted that Shas would get 18 seats; if it failed to retain its present ten seats, he pledged to take personal responsibility.

Deri turned his trial into the centerpiece of the Shas campaign, as party activists played up the charge that he had been persecuted and unfairly treated because of his Sephardi ethnic background and religious beliefs. Deri instigated the production of a video titled "I Accuse" in which the judicial system was portrayed as biased against Sephardim. Thousands of copies were distributed to potential
Shas supporters and, according to a postelection poll in the daily *Yediot Aharonot*, the ploy appeared to have paid off: 29 percent of those who voted for Shas pointed to the Deri trial as one of the cardinal reasons. (The battle between Yisrael B‘Aliyah and Shas also served to boost the party’s support.)

The gains made by Shas came largely at the expense of the Likud, which plummeted from 32 seats to 19. Many lower-class Sephardim who had voted Likud for much of their lives as a protest against the establishment, which they viewed as Ashkenazi-dominated and represented by Labor, shifted to Shas, which they felt had become a much more authentic representative of their ethnic and social interests. In the Likud stronghold of Tiberias, Shas went from 17.5 percent of the vote to 24.1 percent. In towns like Safed, Kiryat Shmonah, Akko, and Migdal Ha’Emek, the trend was similar. Overall, Shas became the biggest party in 30 different locations around the country. These included the major cities of Jerusalem (17.3 percent of the vote) and Beersheba (22.7 percent), and the development towns of Netivot (43.5 percent) and Beth She’an (40.6 percent).

While the Likud’s support had been almost halved, Labor also suffered, falling from 34 seats to 26. Once again the hybrid electoral system introduced in 1996, which allowed voters to place one ballot for prime minister and another for a party, further fractionalized the political map, resulting in the election of no fewer than 15 parties. Immediately after the election there were renewed calls from politicians in Labor and Likud for a change in a system that had created a situation where, together, the two largest parties did not command a majority in the Knesset.

While Shas provided the electoral shock with 17 mandates, its secular rival Shinui also surprised by winning six seats. Two months before the election the avowedly secular and free-market party looked like it had little hope of crossing the electoral threshold of 1.5 percent (or close to 50,000 votes). But, led by Yosef “Tommy” Lapid, known for his fiery rhetoric and sharp tongue—a reputation he earned as a panelist on Israel TV’s boisterous “Popolitika” talk show—the party focused on a single issue: ultra-Orthodox power and the need to curb it. The ultra-Orthodox, he railed, were trying to impose their religious lifestyle on secular Israel, lived parasitically off the tax money paid by non-ultra-Orthodox Israelis, and didn’t serve in the army. Lapid’s TV ads portrayed this message crudely: Rows of black fedoras were used to represent the ultra-Orthodox, and in one commercial he appeared with boxes of dog food and deodorant, all with a kosher stamp, and pointed out to viewers that they were paying bloated prices for “absurd” rabbinic stamps of approval. Lapid’s at times brutal assault on the ultra-Orthodox—at one point he referred to them as “the sickness” and himself as “the doctor”—paid off: Secular voters, fed up with ultra-Orthodox political power, gave the party a stunning six seats. For its part, the ultra-Orthodox press began spelling Lapid’s name “La Pid,” in an effort to evoke the name of far-right French politician Jean Marie Le Pen. And in the weeks after the election Lapid was given a bodyguard detail as a result of a slew of telephone death threats.

The fact that Benny Begin’s National Union—the party that most vociferously
championed the Greater Israel cause—won only four Knesset seats, was taken as a sign that the settler ideology had been dealt a major blow. But many settlers adopted a fatalistic approach, pointing out that there was not a huge ideological chasm between Barak and Netanyahu. In fact, almost 20 percent of the settlers voted for Barak, while others placed a blank slip in the ballot box. Many settlers felt that the dismantling of settlements was inevitable. They hoped to persuade Barak to limit the damage and preserve as many settlements as possible.

The great disappointment of the election was the Center Party, which ended up with only six seats after polls had given it as many as 15 early in the campaign. Sharansky’s Yisrael B’Aliyah maintained its six seats, while Lieberman’s Yisrael Beiteinu did well, garnering four seats, with support coming not only from immigrants but also from disgruntled Likudniks. The Ashkenazi ultra-Orthodox United Torah Judaism (UTJ) increased its Knesset share from four to five seats. Despite Shinui’s good showing, Meretz still managed to win ten seats, with Hussinia Jabara, number ten on the list, becoming the first-ever Arab woman in the Knesset. Amir Peretz’s One Nation won two seats. The Arab parties won a total of ten seats, with the United Arab list winning five, Haddas (Communist) taking three, and Balad two.

Some parties faded into oblivion, failing to pass the electoral threshold. These included the centrist Third Way, which was headed by Internal Security Minister Avigdor Kahalani, and which had, with its four seats, been part of the Netanyahu coalition. Another party that disappeared was Tzomet, headed by former chief-of-staff Rafael Eitan, who had been agriculture and environment minister in Netanyahu’s government.

Building a Coalition

Barak’s coalition-building task was highly intricate. He had inherited a fragmented political system, and while his One Israel was the biggest party, it only had 26 seats. To be true to his plan to build a broad-based coalition Barak would have to bring together parties with diametrically opposed worldviews, like the stridently secular Meretz and the ultra-Orthodox. Intent on keeping Labor politicians out of the talks, Barak chose a group of lawyers to conduct the coalition negotiations. (Barak was probably influenced by Yitzhak Rabin’s failure to build a broad-based coalition in 1992, partly because politicians from his own party, often driven by their own interests, had conducted the negotiations.)

The big question facing Barak was whether to include Shas or the Likud. Barak’s preference was clearly Shas, which he believed would make a more amenable peace partner than the Likud, even though a deal with Shas would mean at least a temporary postponement of internal reforms such as drawing up a constitution and addressing issues of religion and state.

There was, however, strong opposition among many of Barak’s secular voters to having Shas in the coalition. They demonstrated outside the Herzliyah hotel where the coalition talks were taking place, holding up placards pleading with
the prime minister-elect, "Just not Shas." For these people Shas was anathema because it stood, in their eyes, for religious fundamentalism and disregard for the rule of law, as embodied in the claim that Arye Deri was innocent, irrespective of what the court had ruled. "Read my lips." declared Meretz leader Yossi Sarid. "Meretz won't sit in a cabinet with Shas." But some of Labor's top leaders like Haim Ramon and Shlomo Ben-Ami came out in support of bringing Shas into the coalition on the grounds that the party represented over 400,000 Israelis, many of whom felt marginalized. Keeping them out, the argument went, would alienate them even further from the left.

Toward the end of June, though, Barak suddenly began talks with Likud leader Ariel Sharon, triggering speculation that he may have made a strategic switch, preferring the Likud to Shas. But when the talks with Sharon broke down it was widely believed that Barak had simply used the Likud leader to lower Shas's price for entry into the coalition. "The behavior of One Israel was unworthy and dishonorable," an angry Sharon charged.

Barak refused to back down on his preelection pledge not to negotiate with Shas as long as Deri remained at the helm. Hoping to appease Barak, Deri resigned from the Knesset. But a short while later at a postelection rally he gave the impression that he had no intention of leaving politics. He shouted into the microphone: "I am not retiring. I am not retiring. I am not retiring." But Barak stood firm, and Shas leaders, anxious to be in the coalition in order to ensure a steady flow of funds to their education system, which was in heavy debt, searched for a way around the Deri dilemma. A battle of nerves ensued with Barak hinting that, if necessary, he was prepared to set up a narrow coalition and even a minority government. Ultimately it was Deri and Shas who blinked first. With Barak announcing that he was getting ready to seal coalition deals, Deri made a dramatic announcement on June 15: He was resigning as head of Shas. The next day Shas's Council of Torah Sages—the party's supreme spiritual body which was headed by Rabbi Ovadia Yosef—accepted Deri's resignation and two days later coalition negotiations between Barak and Shas began, ultimately leading to Shas joining the government. Despite Sarid's initial proclamations, Meretz also finally agreed to join.

During the coalition negotiations Barak came under fire from Arab politicians who charged that despite their support for him the prime minister-elect had discounted them as possible coalition partners and had not even invited them to a preliminary discussion. "Ninety-five percent of our people backed Barak," complained Mohammed Baraka, leader of Hadash, "and we are not considered legitimate partners even for coalition talks, never mind membership in the coalition. You can't call that anything but racism." (Adding to the friction, several Arab demonstrators, including Azmi Bishara, were injured when police fired rubber bullets at a crowd of some 200 protesting the demolition of an illegally built house in the city of Lod near Tel Aviv. The police claimed that they had only opened fire after they were pelted with rocks.)

Finally, with the 45 days afforded him by law to build a coalition almost up,
Barak announced on July 6 that he had a government. The 75-member coalition included seven parties: One Israel (26 seats); Shas (17); Meretz (10); Yisrael B’Aliyah (6); the Center Party (6); the National Religious Party (5); and United Torah Judaism (5). “We have been able to set up a coalition that is both wide and stable,” Barak said in an interview. “It represents an amalgam of the entire Israeli political spectrum from left to right, and I am convinced it will be able to meet all the challenges facing Israel today.”

While a broad coalition would presumably ensure that no single party could make excessive demands, Barak’s inclusive approach produced a coalition riddled with internal contradictions, a sure recipe for regular crises. One potential minefield was the peace process. Could Barak deal with peacemaking in a way that satisfied both the left-wing Meretz and the right-wing NRP? And as for religion and state, how would Barak deal with the thorny subject of religious pluralism and find a way out of the conversion showdown, and at the same time satisfy the secular Meretz, the moderate Orthodox Meimad, and the ultra-Orthodox Shas and United Torah Judaism?

To deal with settlements, Barak negotiated a coalition agreement calling for a ministerial committee, including representatives from all the coalition parties. Each party would have veto power, but in the event of a deadlock Barak would have the final say. On the thorny issue of drafting yeshivah students, Barak backtracked on his original pledge to push through legislation that would conscript almost all of them—estimated at some 30,000—and agreed in coalition talks with UTJ that only a small number would do full army service, while the majority would be exempted after a month of basic training at age 24 or 25. Most importantly the agreement meant that for the first time yeshivah students—barred from working until they had served in the army—could enter the workforce in their mid-20s, a move that would lessen the economic hardship in the ultra-Orthodox community.

Barak believed that the existence of multiple options to reshape the coalition if necessary reinforced the government’s stability. If, for example, the NRP and Shas were to leave over the peace process or religious-secular issues, Barak knew he had a backup option in the form of Shinui, One Nation, the Arab parties, and possibly the Likud. Some commentators even suggested that Barak had a two-stage plan: First, to forge ahead on the peace front while sidestepping a showdown over religion and state, then, once agreements had been achieved with the Palestinians and the Syrians, to reconstitute the coalition with the Likud and Shinui but without Shas and UTJ, so as to move forward on domestic issues like religion and state. “This is a peace coalition,” Barak announced on forming his government. “It is not a coalition of peaceniks, but it is a coalition committed to depart from the policies of the Netanyahu government, which were policies of confrontation and paralysis.”

Meanwhile, Labor Party leaders had been anxiously waiting to see who would be rewarded with ministerial posts. Many of them were already irritated with
Barak at having been kept out of the coalition negotiations, and when he announced the list of Labor ministers disillusionment deepened. Some were peeved at not receiving senior portfolios, while others were placed in ministries for which they had no particular enthusiasm. Yossi Beilin, who had hoped for the Foreign Ministry, had to settle for the Ministry of Justice, while Shlomo Ben-Ami, who had his eye on the treasury portfolio, was shoved into the Ministry of Internal Security. Barak also overlooked two senior Laborites completely: ex-Jewish Agency chief Avraham Burg and Uzi Baram, a minister in the previous Labor government. Barak, some Laborites griped, had gone for loyalty over ability.

The discontent escalated into dissension when, in an internal Labor Party ballot on July 6, angry Laborites voted in Burg as speaker of the Knesset over Barak's candidate, Shalom Simhon. At a party meeting to announce the results Burg was caught on camera mouthing the words "let him choke" to Haim Ramon, as Barak spoke from the podium. There was also tension between Barak and Peres over which ministry would be allotted to the former party leader. When Barak offered Peres the undefined portfolio of regional cooperation minister, which was to be made up of various pieces taken from other ministries, many in the party saw it as a slap in the face for Peres. Political commentators suggested that Barak's intention was to keep Peres as far as possible from the decision-making process, especially on peace matters.

**GOVERNMENT MINISTERS**

Prime Minister and Defense Minister: Ehud Barak, 57, Labor-One Israel
Foreign Minister: David Levy, 61, Gesher
Finance Minister: Avraham Shochat, 63, Labor-One Israel
Internal Security Minister: Shlomo Ben-Ami, 56, Labor-One Israel
Justice Minister: Yossi Beilin, 51, Labor-One Israel
Minister for Jerusalem Affairs: Haim Ramon, 49, Labor-One Israel
Communications Minister: Binyamin Ben-Eliezer, 63, Labor-One Israel
Regional Cooperation Minister: Shimon Peres, 75, Labor-One Israel
Environment Minister: Dalia Itzik, 46, Labor-One Israel
Interior Minister: Natan Sharansky, 51, Yisrael B'Aliyah
Labor and Social Affairs Minister: Eli Yishai, 36, Shas
Infrastructure Minister: Eli Suissa, 43, Shas
Health Minister: Shlomo Benizri, 38, Shas
Religious Affairs Minister: Yitzhak Cohen, 47, Shas
Transport Minister: Yitzhak Mordechai, 54, Center Party
Education Minister: Yossi Sarid, 58, Meretz
Industry and Trade Minister: Ran Cohen, 60, Meretz
Housing Minister: Yitzhak Levy, 52, NRP

Barak drew fire from the opposition as well as from his own party over his plan to expand the number of ministers from 18 to 24. Opponents argued that the move
was not only costly but would also set a dangerous precedent, since a Basic Law had to be changed in order to accommodate the enlarged cabinet. Barak, however, argued that an increase in the number of ministers was vital to produce a broad, inclusive coalition that would unify as many different parts of the nation as possible. In the end the legislation passed, and five additional ministers were sworn in on August 5, leaving one slot still open:

- **Culture, Science and Sports Minister:** Matan Vilnai, 55, Labor-One Israel
  - Minister in the Prime Minister’s Office, responsible for Jewish communities:
  - Rabbi Michael Melchior, 46, Meimad

- **Tourism Minister:** Amnon Lipkin-Shahak, 56, Center Party

- **Absorption Minister:** Yuli Tamir, 45, Labor (not a Knesset member)

- **Agriculture Minister:** Haim Oron, 60, Meretz

Barak had come under heavy attack from women’s groups for not fulfilling his campaign pledge to appoint at least three women to the cabinet; only one, Dalia Itzik, was in the original cabinet. The appointment of Tamir, a professor at Tel Aviv University, to the expanded cabinet now brought that number up to two. But Barak was still criticized in his own party for overlooking Labor veteran Yael Dayan in favor of Tamir, who had placed lower down the party slate in the primaries and had not made it into the Knesset. And Dayan, the daughter of the legendary general, Moshe Dayan, made her anger known from the Knesset podium the day Tamir was sworn in.

To mollify another disgruntled sector, the Arabs, Barak appointed Labor MK Nawaf Massalhe as deputy minister of foreign affairs on August 5—the most significant political post ever held by an Arab politician. But Massalhe and other Arab leaders insisted that Barak should have gone further and appointed the first-ever Arab minister. (Just before Massalhe’s appointment Hashem Mahmeed had become the first-ever Arab Knesset member to sit on the prestigious Knesset Foreign Affairs and Defense Committee, whose membership until then had been confined to Jews.)

**EARLY TEETHING PROBLEMS**

The first coalition crisis emerged in early August over Sabbath observance: the decision by the police and relevant road authorities to transport parts for a huge electricity turbine on a Friday night south from Ramat Hasharon near Tel Aviv, to Ashkelon. It was decided that the Sabbath was the best time to carry out the 12-hour trip since this was when traffic was lightest and the turbine transport would not create massive traffic jams in the center of the country. But Infrastructure Minister Eli Suissa, a Shas member, warned that if the turbine moved on the Sabbath the coalition could well unravel. Suissa’s decision to raise the turbine issue—in the past such transports had taken place on the Sabbath—was also connected to the leadership battle raging inside Shas. Suissa was an ally of deposed leader Arvy Deri and appeared intent on embarrassing Deri’s successor,
Eli Yishai. By precipitating a coalition crisis, some political commentators suggested, Suissa was trying to force Shas out of the coalition and create a situation where Deri would be asked to return as party savior.

Suissa's threats rapidly escalated into a full-blown crisis, with the UTJ adding its voice to that of Shas. But Barak refused to buckle and on Friday evening, August 13, the first 250-ton, three-lane-wide transport set out. (In an attempt to defuse the crisis it was agreed that the loading of the turbine would take place before the Sabbath and the unloading once the Sabbath had ended, while the workers involved in the transport, except for a handful, would not be Jewish.)

While no one immediately left the coalition, Shas and the UTJ made it clear that they would do so if a further five planned transports were carried out on the Sabbath. In the end, all five transports went ahead and the government did not fall, although the five-man UTJ did finally leave the coalition in protest on September 5.

The turbine showdown became a litmus test for Barak in the eyes of his secular supporters, and, in a rather amusing scene, some of them lined the road to cheer on the turbine as it set out on August 13. Threats by some of the ultra-Orthodox to sprinkle nails on the road to impede progress of the turbine never materialized. "Science and technology triumphed over religious extremism and fundamentalism," announced Meretz MK Anat Maor. But the turbine crisis indicated that Barak would have his work cut out to keep his disparate coalition together.

Barak also had problems with Natan Sharansky and his Yisrael B'Aliyah Party. On several occasions Sharansky opposed key government decisions, like the September 4 Sharm el-Sheikh agreement with the Palestinians and the budget vote in the cabinet. Sharansky also publicly opposed any peace settlement with Syria that would include a withdrawal from the Golan Heights, though Barak had made it clear that a settlement with Syria, including "painful" territorial compromises, was at the top of his agenda. Yisrael B'Aliyah also abstained in a Knesset no-confidence vote over expanding the size of the government.

Relations between One Israel and Yisrael B'Aliyah had begun to sour shortly after the elections when two members of the immigrant party bolted. Leading the way was Roman Bronfman, angered when it became clear that he would not get the party's second cabinet post—the Ministry of Absorption—since Sharansky preferred Yuli Edelstein, who had served in the post under Netanyahu. For his part, Bronfman said he was leaving because the party had neglected issues pertinent to secular immigrant voters. Yisrael B'Aliyah members were quick to blame One Israel, saying that it had lured Bronfman and Alexander Zinker away. The fact that Barak then refused to give Yisrael B'Aliyah a second ministry because the party no longer had enough Knesset members to merit it, further damaged relations. In what appeared to be a warning to Barak that he had other options, Sharansky met publicly with Yisrael Beiteinu leader and one-time sworn political foe Avigdor Lieberman.

The public, anxious to see quick results after the paralysis of the Netanyahu
years and the many election promises made by Barak, cut the new prime minister little slack. With the economic recession deepening and unemployment growing, the public was especially anxious to see Barak move on the economic front. He came in for serious criticism even in his own party when he presented a budget in August that seemed reminiscent of the cost-cutting, belt-tightening years of Netanyahu, and held out little hope for economic growth.

In October, disabled protesters gathered outside Barak's office demanding increased subsidies. The Treasury Ministry took a tough stance, allowing the negotiations to drag on for several weeks. But ultimately, with public support squarely behind the disabled and Barak facing a major public-relations fiasco, he acceded to their demands. But the original stubbornness and Barak's comment that nothing would be achieved through "tears" portrayed the government as insensitive to social distress.

Despite renewed momentum on the peace front, social issues remained high on the agenda. Toward the end of the year unemployment crossed the 9-percent mark. When talk emerged of hunger in Israel, Barak ordered social workers to go out and find the hungry. The result: The Union of Local Authorities came up with the figure of 135,000 hungry Israelis — a number that was roundly disputed. Barak's response: "I don't know one citizen in the country who wouldn't take [food] from his refrigerator or table to help a truly hungry person." Then, in mid-December, the National Insurance Institute published figures revealing that over one million Israelis, about 40 percent of them children, were living below the poverty line. Figures were also published indicating that the income gap in Israel was expanding. Barak's view was that movement toward peace would boost the economy.

But Barak had little to fear from the opposition, especially with the Likud still in disarray after its rout in the election. Likud held a primary for the party leadership on September 2. Many saw it as a mere warm-up for the real event, to take place two years down the line, when party members would once again go to the polls to choose a candidate for prime minister. This time Sharon easily beat off Jerusalem mayor Ehud Olmert and former finance minister Meir Shitreet. Needing 40 percent to win in the first round, Sharon ended up with 53 percent. Olmert placed second with 24 percent and Shitreet third with 22 percent.

As the end-of-year budget vote drew closer, Shas began threatening to leave the coalition if funds were not allocated to its debt-ridden educational system. Getting the government to help Shas with its educational network's 100-million-shekel debt was one of the reasons Shas had joined the coalition. In fact, in the months after the election, there had been reports of widespread financial irregularities in the network and police had begun investigating Ya'akov Hemed, its director general. On September 15, Attorney General Elyakim Rubinstein had ordered funding to the network stopped until Hemed was suspended.

Shas leaders had also been asked to sign a letter committing themselves to a comprehensive recovery plan for their educational network. But the issue con-
continued to trouble the coalition. With Education Minister Yossi Sarid holding back the funds Shas needed to pay its teachers, Shas MKs began voting against the government in Knesset committees. The danger to the coalition became all the more glaring as the budget vote approached. Rabbi Ovadia Yosef ordered his disciples to “go all the way” if their demands for funding were not met—a clear threat to bolt the coalition. Then, on the morning of December 27, with the budget vote only four days away, Shas leader Yishai announced that his party was indeed leaving the coalition. Barak asked the Shas ministers to delay handing in their letters of resignation for 24 hours so as to give him time to find a compromise. In the end the Shas schools received their funding, and the budget passed.

**DIPLOMATIC DEVELOPMENTS**

**Palestinian Statehood**

The peace process, which had limped along during Netanyahu’s term, went into deep freeze during the election campaign. Netanyahu had essentially put the process on hold in December 1998 when he refused to implement the Wye Plantation deal he had signed two months earlier, arguing that the Palestinians were not complying with their obligations. Any movement on the diplomatic front, Netanyahu feared, would lose him the support of the right wing—especially the settlers—which had helped propel him to power in 1996. Indeed, the fact that he had signed the Wye deal had already placed a question mark over their support.

While terror had dropped significantly under Netanyahu, it had not disappeared altogether, and on January 5 two women were injured, one seriously, when a Palestinian gunman opened fire on a van carrying passengers from the West Bank town of Kiryat Arba to Hebron. The next day Israeli soldiers shot and killed a 20-year-old mentally disabled Palestinian man in Hebron, who ran toward them brandishing what turned out to be a toy pistol. A week later, on January 13, a member of the border police undercover antiterror unit, 24-year-old Sgt. Yehoshua Gideon, was killed during a shootout with two Hamas gunmen near Hebron. One of the Palestinians was wounded and captured; the other escaped.

The early months of 1999 were dominated by the question of whether Arafat would unilaterally declare an independent state on May 4, the end of the five-year interim Oslo agreement and the date by which a final settlement was supposed to have been reached. Foreign Minister Ariel Sharon wrote to European foreign ministers in mid-March, informing them that if they recognized such a Palestinian state they would be guilty of “complicity in violation of peace agreements.” A war of words between Palestinian and Israeli officials ensued as the two sides issued threats and counterthreats over the statehood issue. Arafat, for instance, warned in late March that the Palestinians had “conducted the greatest Intifada in history”—a veiled threat as to what would ensue if Israel moved
to block the declaration of a Palestinian state on May 4 with Jerusalem as its capital. "They must know that we can start it again if they prevent us from exercising our rights." An incensed Netanyahu, who had consistently warned that a unilateral declaration of statehood would undermine the entire peace process, countered: "They shouldn't dare to unilaterally declare an independent Palestinian state on the territories given over to them." (Netanyahu had hinted in the past that if the Palestinians unilaterally declared a state, Israel might respond by annexing those parts of the West Bank still under its control.)

Meanwhile, Arafat visited capitals around the world in an effort to drum up support for a Palestinian state. But international pressure to postpone the declaration, especially with Israeli elections only months away, mounted. Arafat met Clinton in Washington on March 23, and the president reportedly tried to persuade the Palestinian leader to desist from a unilateral declaration of statehood. The meeting came a week after the U.S. House of Representatives voted 380-24 to call on Clinton to oppose any unilateral Palestinian declaration of independence. By contrast, European Union leaders supported Palestinian statehood, if not an immediate declaration, in a meeting in Berlin on March 26. Calling on Israel to conclude negotiations with the Palestinians within a year, the EU countries reaffirmed "the continuing unqualified Palestinian right to self-determination including the option of a state."

Finally, on April 29, Palestinian leaders voted to delay a declaration of statehood. Arafat, some suggested, feared that such a declaration would play into Netanyahu's hands on the eve of the election by giving credence to his skeptical view of the Palestinians and the peace process. Others believed that Arafat had never intended to declare a state, but only to use this contrived "crisis" to elicit pro-statehood sentiment in Europe—and he had succeeded brilliantly.

**Expectations Rise**

With Barak's election, expectations were high in Israel and the entire Middle East that the new prime minister would move rapidly to reinvigorate the stalled peace process. A key question was which track Barak would choose to move on first, the Syrian or the Palestinian. His campaign pledge to withdraw the army from Lebanon within a year of taking office appeared to necessitate a deal with Syria, Lebanon's patron. But the Palestinians were also champing at the bit, their threat of a unilateral declaration of statehood still hanging in the air. In early July Barak announced plans to move forward on both tracks simultaneously.

Immediately after taking office on July 6 Barak began a whirlwind diplomatic tour, taking in neighboring states as well as the U.S., in an effort to break the diplomatic impasse of the Netanyahu years and restore relations with the Arab world and the Americans. In his first days in office he met with Egyptian president Hosni Mubarak, Arafat, Jordan's king Abdullah, Turkey's president...
Suleiman Demirel, and President Clinton. In his first meeting with Arafat on July 11, Barak reiterated his commitment to carrying out the Wye accords.

Barak made his first visit to the U.S. from July 14 to 20 and immediately generated an optimism that had been lacking during the Netanyahu years, when U.S.-Israel relations were often chilly. In meetings with Clinton and Secretary of State Albright, Barak focused on implementing the remainder of the Wye accords and restarting peace talks with Syria. During his visit Barak made an ambitious announcement: Within 15 months he hoped to conclude a comprehensive framework for peace with Syria, Lebanon, and the Palestinians.

One sign of the changing atmosphere in the Middle East was the warm reception that the Israeli delegation—including Barak, Foreign Minister David Levy, and President Ezer Weizman—received at the funeral for King Hassan II of Morocco in Rabat on July 25. During the funeral an impromptu meeting took place between Barak and Algerian president Abd al-Aziz Bouteflika. The two men shook hands and exchanged words in front of the TV cameras.

Another signal of the changing atmosphere was a July 26 private visit by Abu Ala (Ahmed Qurei), speaker of the Palestinian Legislative Council, to the Knesset, at the invitation of its speaker, Avraham Burg. While right-wingers criticized the visit, Jerusalem’s Likud mayor Ehud Olmert said it was a sign of Palestinian recognition of Israel’s sovereignty over the city. Burg, who said he hoped he would soon be able to host both Syrian president Assad and Arafat, said it was unacceptable “that the government is dealing with peace and people below are dealing with peace and the Knesset does nothing related to peace.” Abu Ala, though, made it clear that his visit in no way indicated Palestinian recognition of Israeli control of Jerusalem. In July there was also talk that Naif Hawatmeh, the head of the Democratic Front for the Liberation of Palestine—responsible for the 1974 Ma’alot massacre of 20 Israeli schoolchildren—might move to the Palestinian Authority-controlled areas. (Receiving Israel’s approval to enter the Palestinian areas in late October, Hawatmeh announced in an interview on an Arabic news station that armed struggle was still legitimate so long as Jewish settlers remained on Arab lands, and Barak reversed his decision to allow him into the PA areas.)

Optimism grew for renewed Israel-Syria talks, especially after Danny Yatom, a senior security adviser to Barak, announced in late July that negotiations between the two sides could be renewed at the point they had broken off three years earlier—a Syrian precondition for restarting talks. Yatom did admit, however, that the two sides still differed over what exactly Israel and Syria had agreed on before negotiations broke down in 1996, when Shimon Peres was prime minister. Yatom’s solution: Restart the talks and each side could bring its version to the table.

According to the Syrians, Prime Minister Yitzhak Rabin had agreed to a full withdrawal from the Golan Heights, an assertion consistently denied by Israel.
Barak did not make any public commitment to withdraw from the strategic mountain range in exchange for a comprehensive peace treaty with Syria, but he did say on more than one occasion that Israel was ready to make the “painful compromises” necessary to reach a deal with Syria. This was widely interpreted as a readiness to withdraw from most, if not all, of the Golan.

A late-July poll published in the daily Yediot Aharonot showed for the first time a majority supporting withdrawal from most or all of the Golan in exchange for full peace with Syria. While 48 percent said they would support such an agreement, 46 percent opposed it. A similar poll conducted five months earlier had shown 41 percent of Israelis supporting such a deal and 56 percent opposing it.

Speculation grew over whether Assad was truly ready to make the compromises on his side that would be needed for a deal. There were suggestions that the deaths of King Hussein of Jordan and King Hassan of Morocco had made him aware of his advancing years. By finally sealing a deal with Israel and getting back the Golan Heights, some said, the Syrian leader hoped to hand over a stable regime to his son, Bashar. Assad also knew that a deal with Israel meant a lucrative U.S. aid package.

**The Sharm el-Sheikh Agreement**

Instead of implementing the stalled Wye Plantation land-for-security deal immediately after taking office, Barak began by trying to convince the Palestinians to delay part of the remaining Wye-stipulated Israeli troop redeployments in the West Bank till final-status negotiations. Barak suggested this to Arafat on July 27 when they met at the Erez checkpoint, but the PA chairman displayed no enthusiasm.

Barak, concerned about security, feared that the withdrawals would leave around 15 Jewish settlements in the West Bank isolated within Palestinian-controlled territory, and thus exposed to attack by Palestinians bent on derailing the peace process. But the Palestinians insisted that the prime minister carry out Wye to the letter. “With all our willingness to listen to Barak’s proposals,” said Palestinian negotiator Nabil Sha’ath in late July, “there is not much chance that he will manage to convince us.” The Palestinians insisted on a detailed timetable for implementation of the two remaining Israeli troop withdrawals in the West Bank that were stipulated in Wye. (Netanyahu had carried out the first of three redeployments before freezing the deal. Under Wye, a further 13.1 percent of the West Bank was to be handed over to the Palestinians, leaving them in full or partial control of around 40 percent of the West Bank.) The Palestinians also wanted set dates for the release of Palestinian security prisoners in Israeli jails — another Wye provision that had only been partially implemented.

The Palestinians had several reasons for pushing a quick and full implementation of Wye, beside their impatience over the three years of foot-dragging they
had experienced at the hands of Netanyahu. Speedy implementation of Wye would help Arafat shore up his support among his own people. What’s more, the Palestinian leader was eager to gain land that would put him in a stronger position going into final-status talks with the Israelis that would deal, among other things, with the borders of the new Palestinian entity. Finally, Arafat wanted to move fast because he feared that Barak planned to veer sharply onto the Syrian track, leaving the Palestinians on the backburner until the business with Damascus was completed.

At a press conference after their July 27 meeting, Barak said the two leaders had agreed to a two-week timeout during which the Palestinians would consider his ideas. But Arafat was less upbeat, insisting on “the precise, accurate implementation of agreements signed on the basis of reciprocity.” On August 1, though, a Barak aide announced that Israel aimed to begin implementation of Wye by October 1, and a joint Israeli-Palestinian committee set up to discuss implementation of Wye began meeting in early August. Meanwhile, the Americans urged Barak to carry out the agreement, but at the same time they asked Arafat to hear out the Israeli prime minister before rejecting his proposals.

According to media reports Barak was prepared to offer the Palestinians several enticements to defer part of Wye to final-status talks. These included a rapid release of Palestinian security prisoners and the speedy opening of “safe-passage” corridors that would enable Palestinians to travel between the Gaza Strip and the West Bank. Barak repeatedly made it clear, however, that if the Palestinians turned down his suggestions, he would insist that Wye be implemented to the letter. Barak seemed to be telling the Palestinians that if they refused to alter Wye, he would revert to Netanyahu’s hyperstrict implementation of every Palestinian obligation, such as the confiscation of all illegal weapons in Palestinian Authority areas, the reduction of the Palestinian police force, and the jailing of Islamic militants.

As time dragged on and the joint committee appeared mired in disagreement, the initial euphoria over a renewal of the peace process began to wane. “There is an attempt to evade the accurate and complete implementation of the agreements,” Arafat declared in early August. In response, Israeli foreign minister David Levy accused the Palestinians of generating a crisis rather than seriously dealing with Israel’s proposals. Barak’s office released a statement intimating that the problem was the Palestinian lack of flexibility, while “Israel is proposing real progress.”

Barak faced criticism from within his own party. Some ministers asserted—anonymously—that Barak would have had a greater chance of convincing Arafat to delay part of Wye had he made his suggestions privately rather than in the media. Uzi Baram, a senior Labor member whom Barak had not appointed to the cabinet, publicly argued that the prime minister would have been better off implementing Wye immediately so as to rebuild confidence with the Palestinians.
A scheduled early-August visit by U.S. secretary of state Madeleine Albright to the region was delayed as the two sides failed to reach agreement over the implementation of Wye.

There were fears of widespread Palestinian demonstrations after the prime minister ordered the police to seal an opening in the southern wall of the Temple Mount in early August. The opening, which was small and had been enlarged to door size by the waqf (Muslim religious trust), was seen by Israel as an effort to change the Temple Mount status quo by enlarging the Al-Aqsa Mosque. Sealing the opening, though, did not result in widespread protests, unlike the opening of an archaeological tunnel adjacent to the Temple Mount by Netanyahu in 1996 that had led to bloody clashes.

Early August saw two separate terror attacks. First, two Jewish residents were shot and injured while driving in the Israeli-controlled section of Hebron on the West Bank. Then, on August 10, a Palestinian rammed his car twice into a hitch-hiking post at the Nahshon junction about 25 minutes from Jerusalem, injuring nine people. The driver was shot dead by police and soldiers at the scene.

With the talks over the implementation of Wye still dragging on, signs of growing impatience with the new prime minister emerged in the Arab world and on the Israeli left. Both the Syrians and the Palestinians complained that Barak, despite his oft-stated claim to be Yitzhak Rabin's successor, was not continuing his legacy. In the Arabic press he was compared to Netanyahu, and a nickname for him soon appeared, "Barakyahu." Left-wing supporters of Barak expressed concern that he was not immediately implementing the Wye accords and that doves like Yossi Beilin and Shimon Peres were excluded from his inner circle.

Finally, after several weeks of tough negotiations, the two sides announced that they had reached agreement over the implementation of Wye. The rehashed deal was signed by Barak and Arafat at Sharm El-Sheikh in the Sinai desert on the evening of September 4. The Sharm agreement included several key provisions: Israel would withdraw from a further 11 percent of the West Bank; 350 Palestinian security prisoners in Israeli jails would be released; "safe-passage" routes between the Gaza Strip and the West Bank would be opened; and a seaport would be built in Gaza. Crucially, the deal also included a timetable for permanent-status talks which would deal with the most sensitive of issues between the two sides: the future of Jerusalem, the final borders of the Palestinian entity, the Palestinian refugee problem, and the future of the Jewish settlements in the West Bank. A framework agreement on permanent status (FAPS) was to be reached by February 2000, and a comprehensive final deal by September—exactly seven years after Oslo. The Israeli right was quick to criticize the deal, accusing Barak of having given up on the principle of "reciprocity," whereby not only Israel, they argued, but also the Palestinians, would have to implement the agreement in full.

Given that the previous deadlines in the Oslo process had almost never been met, the Barak-instigated timetable outlined in the Sharm deal appeared overly
optimistic. There were those who suggested that Israel and the Palestinians would not be able to agree on all the final-status issues and that some would have to be put off to a later date, thus giving birth to another interim agreement.

**Final-Status Talks Begin**

The day after the signing the upbeat atmosphere was marred by bomb attacks in Haifa and Tiberias. Miraculously, the booby-trapped cars detonated prematurely, killing the three bombers; one female pedestrian was seriously injured. While suspicion immediately fell on the fundamentalist Hamas organization, it soon emerged that the three bombers were not Palestinians from the territories but Israeli Arabs. That revelation set off warning bells for security officials who feared that they might be facing a new type of Israeli Islamic terrorism. Israeli Arab leaders, though, quickly condemned the acts. Around the same time police announced that Abdallah Agbrallah, 20, from an Arab village in Wadi Ara in northern Israel, had confessed to the August 30 murder of two Orthodox students—Yehiel Shai Finchter, 26, and Sharon Steinitz, 21—in the Megiddo nature reserve. “It would be a terrible mistake,” warned Internal Security Minister Shlomo Ben-Ami, “to start relating now to Israeli Arabs as an intelligence target.”

On September 9, 199 Palestinian prisoners were released from Israeli jails as part of the Sharm agreement; all signed an oath to refrain from terror. In order to fill the quota stipulated in the agreement, the government changed the criteria for the release of Palestinian security prisoners. For the first time, those who had wounded Israelis, killed Palestinian collaborators or had been indirectly involved in terror acts were included. This decision sparked strong criticism on the right. Those freed did not, however, include Palestinians who had been jailed for killing Israelis, those the Israelis defined as having “blood on their hands.” The next day, September 10, Israel began to hand over some 400 sq. km of the West Bank to Palestinian civilian control.

On September 13 Foreign Minister David Levy and Palestinian chief negotiator Abu Mazen met at the Erez checkpoint for the formal opening of final-status talks on a permanent Israeli-Palestinian settlement. Levy outlined Israel’s red lines: “No return to the ‘67 borders; united Jerusalem under Israel’s sovereignty will forever remain Israel’s capital—period; settlement blocks will remain under Israeli sovereignty; and no foreign army will be found west of the Jordan River.” Abu Mazen spelled out the Palestinian opening position: an independent state with Jerusalem as its capital.

In line with his concept of large settlement blocks remaining in place after a final-status deal, Barak visited the 25,000-strong settlement of Ma’aleh Adumim near Jerusalem in mid-September and declared that the West Bank city would always remain part of Israel. “Every tree planted here, every house and every stone here is part of the State of Israel forever,” Barak pledged. Irritated by the remarks,
Faisal Husseini, the PLO executive committee member with responsibility for Jerusalem, countered that Ma'aleh Adumim would ultimately have to be evacuated under a final deal. Any permanent peace, added Abu Mazen, would require a “complete evacuation” of all the settlements in the West Bank and Gaza Strip. On September 17 it was reported that Barak and Arafat had held a secret meeting the previous evening, but the final-status talks did not get underway, as Barak procrastinated over who should head the Israeli delegation.

Barak and Clinton faced a problem at the end of September when the Republican-controlled Congress balked at giving the green light to the $1.9 billion pledged in 1998 for the implementation of the Wye Plantation agreement. This aid package was meant to cover the relocation of Israeli army bases in the West Bank and to compensate Israel—with helicopters and state-of-the-art intelligence-gathering equipment—for the strategic depth it was foregoing as a result of the agreement. (Israel’s share of the package was $1.2 billion, while $400 million was earmarked for the Palestinians and $300 million for Jordan.)

As part of the Sharm agreement, Israel released another 151 Palestinian security prisoners on October 15. The fact that some of them were affiliated with radical Palestinian groups caused an outcry on the right. Ten days earlier Israeli minister of internal security Shlomo Ben-Ami and Palestinian civil affairs minister Jamil Tarifi had reached agreement for the opening of a safe-passage route. This southern route was the first of two corridors between the West Bank and the Gaza Strip stipulated in the Sharm agreement. The second was to be opened by January 2000.

According to the agreement Israel was to have the final say on who could travel along the 44-kilometer route linking the Erez checkpoint at the northern tip of Gaza, via regular Israeli roads, to the Tarkumiya junction near Hebron in the West Bank. A Palestinian wanting to use the route had to first apply to the PA for a magnetic passage card, and the PA then had to hand over a list of applicants to Israel for approval. After several delays the safe-passage finally opened on October 25. Now large numbers of Palestinians could finally travel between the Gaza Strip and the West Bank, either in private cars or by bus, for business purposes or for visits. While the Israeli government insisted that there were strict security arrangements, including checkpoints at both departure points, politicians on the right attacked the safe-passage opening as a threat to Israel’s security. “The mere fact that Palestinian vehicles will be on this road,” warned Likud MK Danny Naveh, “presents a serious challenge to the security forces, which will have to ensure that these vehicles don’t slip away into other parts of Israel.”

Palestinian terrorists struck again on October 30 when gunmen opened fire on an Israeli bus traveling near Hebron. Five of the passengers on the bus, which was carrying Ramat Gan residents back home after spending a solidarity Shabbat in Hebron, were wounded.

Barak, Arafat, and Clinton met in Oslo on November 1 and 2 to discuss plans for the final-status talks. The three also attended a memorial ceremony for Yitzhak Rabin. After vacillating for weeks, Barak decided that Israel’s ambas-
sador to Jordan, Oded Eran, would head the Israeli team. On November 8, Eran sat down with Yasir Abd Rabbo, the head of the Palestinian team, at Ramallah's Grand Park Hotel, and both sides outlined their opening positions. At the outset they appeared far apart. The Palestinians demanded that Israel evacuate all the territory it had conquered in 1967, while Israel said it would never return to the Green Line and would maintain Israeli sovereignty over most of the settlements; the Palestinians demanded half of Jerusalem as their capital, while Israel insisted that Jerusalem would remain undivided and under its sovereignty; the Palestinians insisted on the right of return for refugees who had fled or had been expelled in 1948, but Barak made it clear Israel would never allow refugees back in. But after the meeting both Eran and Abd Rabbo sounded upbeat. (Labor MK Yossi Katz caused a stir in early December when he declared that Israel had "to ensure that at least a certain number, maybe 100,000 refugees, return to their homes." Katz was roundly criticized in his party.)

Both Barak and Arafat made it clear that, in addition to the formal talks, they planned to meet regularly face-to-face to accelerate the negotiations. Clinton also announced that he would be prepared to host a summit in January 2000 in an effort to reach agreement.

The threat posed by Palestinian extremism was starkly illustrated on November 7 when three pipe bombs exploded in a busy shopping area in the coastal town of Netanyah, injuring 33 Israelis. While there was no immediate claim of responsibility, police suspected Palestinian fundamentalists bent on destroying the peace process.

**Settlement Showdown**

The issue of Jewish settlements was back on the agenda in October. Barak reached an agreement with the settler leaders that 12 out of the 42 outposts set up on the West Bank in the final months of Netanyahu's term—intended to block any further territorial concessions—would be dismantled by the settlers themselves. Barak had initially declared that 15 of the outposts, many consisting of a water tower and a few mobile homes, were illegal and would be dismantled. Another eight, he had said, were legal, while 16 were to be frozen and permits for a final three would be completed retroactively.

Well aware of the bitter relations that had existed between Rabin and the settlers, Barak tried to avoid confrontation and seek compromise. "I am nearer to the position of [NRP leader] Yitzhak Levy on the settlement question than to that of [Meretz leader] Yossi Sarid," he declared in a TV interview. "Beit El and Ofrah will be ours forever, just as Ramallah will be Palestinian forever." By removing some of the outposts, though, Barak was also able to illustrate to many on the left that he would not balk at dismantling settlements.

The deal with Barak divided the settler community, as radical leaders opposed any deal that required the dismantling of even a single outpost. Several thousand demonstrators gathered outside Barak's official Jerusalem residence on October
17 to protest the evacuation, but unlike what happened in the Rabin era, most of the speakers emphasized nonviolent opposition. A new group calling itself "Dor Hemshekh" (Next Generation), which included many young settlers, emerged as an opposition to the established settler leadership and sought to block the evacuations. There was, however, some rhetoric that brought back memories of the preassassination period when Rabin became the target of wild incitement by elements on the right. "No entity has the authority to remove and cancel the right of the Jewish nation from any area in Israel," declared Rabbi Dov Lior of Kiryat Arba. At the same time, though, 54 rabbis, including five from West Bank settlements, signed a statement excommunicating Rabin's assassin Yigal Amir and forbidding contact with him until he expressed regret for what he had done.

By November 10, all but one of the 12 settlement outposts had been voluntarily dismantled. At the remaining outpost of Havat Maon (Maon Ranch) near Hebron, hundreds of settlers gathered and refused to budge. The prime minister rejected the advice of cabinet ministers Yitzhak Levy and Natan Sharansky that he hold off on a deadline he had set for the evacuation of Maon. In the early morning hours of November 10 he ordered troops in to evict the settlers. As hundreds of troops fanned out over the largely barren hilltop—which contained a few huts and tents—settlers barricaded themselves in shacks, climbed onto roofs of makeshift structures, and clung to doors in what turned out to be largely a show of passive resistance. Some settlers shouted at soldiers to refuse orders. "You are removing Jews from the Land of Israel," screamed others. For his part, Barak insisted that he would not allow a small militant minority to dictate policy.

The same day as the evacuation of Havat Maon the cabinet voted 17-1 to carry out the next Israeli troop withdrawal in the West Bank as outlined in the Sharm agreement. Thus a further 5 percent of the West Bank would come under full or partial Palestinian control. But the withdrawal, scheduled for mid-November, was delayed after Arafat refused to accept the territory being offered on the grounds that it was too sparsely populated with Palestinians. But Israel insisted that, under the agreement, it had sole right to determine which parts of the West Bank would be transferred.

November 21 brought good news for Barak when Congress approved the 2000 foreign-aid package, including the special allocation for Wye that had been held up. On December 7 Barak ordered a freeze on all new settlement building until February, but said construction already in progress would continue. At the end of the year, the Israelis and Palestinians were still at loggerheads over the second Sharm withdrawal.

Assad Decides To Talk

There was no movement on the Syrian front in the first half of the year. In fact, the Knesset passed legislation on January 26 stipulating that any government decision to give up territory subject to Israeli law, such as the Golan Heights and
East Jerusalem, would require an absolute Knesset majority of 61 and not a simple majority of those present.

But Barak's election renewed speculation about the possible resumption of talks between Israel and Syria, stalled since early 1996. One positive sign was the June visit to Israel by Patrick Seale, the British biographer of Syrian president Hafez al-Assad. Seale had a meeting with Barak. "I am very heartened," Seale said when asked about the chances of an Israeli-Syrian peace deal. "For the first time, for many years, I think there is a real chance for peace, for many reasons. I was deeply impressed by prime minister-elect Barak. I think he is a very clear-minded, strong man with a great personal mandate, and I think he knows that hard decisions will have to be taken."

In an effort to thaw the chill between the two countries, Assad and Barak engaged in a round of mutual praise. Assad referred to Barak as "a strong and honest man." Barak declared that Assad "has given Syria its present formula: strength, independence and self-confidence. I think," Barak added, "Syria is the most important [factor] for stability in the Middle East."

As another sign of Assad's intentions to move forward in the peace process, it emerged in July that Syrian officials had informed Palestinian rejectionist groups based in Damascus to cease the armed struggle against Israel and become political bodies, or face expulsion. Assad also hoped with this move to improve ties with the U.S., so as to be removed from the State Department's list of states encouraging terrorism.

By early August, though, the Syrians were expressing disappointment with Barak, and after Albright and U.S. Middle East envoy Dennis Ross met with Assad in Damascus on September 4, Syrian officials were reported to have expressed disappointment with the message Barak had delivered via the secretary of state. Syrian foreign minister Farouk al-Shara was in Washington twice in late September to meet with Albright and Clinton, but there were no real signs of movement. In a message aimed at the Syrians, Barak announced, at the start of the Knesset winter session on October 4, that the "door of opportunity is open today—but no one can know until when."

Till early December the Israel-Syria track appeared to be going nowhere. But on December 8 President Clinton issued a dramatic announcement: Israel and Syria would be renewing talks, and Prime Minister Barak and Foreign Minister al-Shara would meet in Washington in mid-December to kick off the negotiations. Middle East analysts suggested that Assad's surprise decision to restart talks almost four years after they had broken off was spurred by his fear of being left behind as Israel and the Palestinians moved toward a final settlement. Also, it was suggested, Assad was worried that Barak would make good on his pledge to pull the Israeli army out of south Lebanon by July, and thus rob the Syrian leader of one of his major bargaining cards.

Amid great anticipation, Barak and al-Shara met in Washington in mid-December for a two-day summit, but the opening was anything but encouraging as the Syrian refused to shake Barak's hand and then engaged in an anti-Israel di-
According to reports, though, the atmosphere inside the meetings was far less frosty. At the end of the summit, which dealt with many of the procedural issues, Clinton announced that the two leaders would be back on January 3, 2000, for a second round. Al-Shara later told journalists he was encouraged by the talks and that Barak was serious about making peace. Barak was a little less upbeat, saying that tough negotiations still lay ahead. But Barak’s cautious approach was seen by some as a tactic to convince the Israeli public that he would not make irresponsible, hasty decisions that could endanger Israel’s security. There was also some speculation over whether Barak had agreed to the initial Syrian precondition for the restart of talks—an Israeli withdrawal to the lines of June 4, 1967. While the right wing accused Barak of capitulating even before the start of negotiations, Barak said he had given no such commitment.

The key issues on the table included an Israeli withdrawal, security arrangements, normalization, water rights, and a timetable for implementation. It was generally assumed that any accord would most likely mean an Israeli withdrawal from virtually all of the Golan. The key border dispute was likely to be over whether Israel would withdraw to the 1923 international boundary or to the de facto line that existed on June 4, 1967, on the eve of the Six-Day War during which Israel conquered the Golan.

Soon after Clinton’s announcement, reports emerged that secret diplomacy had led to the restart of the talks. Uri Saguy, a former head of military intelligence—and the man Barak chose to head the Israeli delegation to the talks—had been meeting with American and Syrian representatives abroad in the months before Clinton made his announcement. According to some reports, however, it was Clinton who had played the crucial role, making phone calls to Assad and sending him messages, culminating in a mid-November cable to the Syrian leader saying that the U.S. would back an Israeli withdrawal from the Golan and give both parties aid as part of a peace treaty. But Clinton had added a rider: If Assad failed to bite, he would be left empty-handed: No Golan—no aid.

No sooner had the announcement been made about the renewal of talks than the opponents of a withdrawal from the Golan began organizing, led by many of the 18,000 Jewish settlers living there. Their aim was to block a withdrawal by persuading a majority of Israelis to vote “no” in the referendum Barak had promised if he reached an agreement with Syria.

Opponents of withdrawal argued that relinquishing the strategic mountain range posed an existential threat to Israel, robbing it both of strategic depth and its elevation over Syria, which provided an early-warning capacity. Opponents of withdrawal also argued that Assad was sick and that Israel was taking a grave risk signing an agreement with him because he could be replaced at any time. Some on the right demanded that Israel’s Arab citizens not be allowed to vote in the referendum, saying this was a matter for the Jews to determine. In a thinly veiled effort at excluding Arab voters, some right-wing politicians began pushing for a super-majority, arguing that a deal with Syria should require a majority of 60 percent, or a majority of all Israelis of voting age.
The balance of forces in the Knesset looked unclear. Barak, it seemed, could probably count on 57 or 58 definite votes, leaving him dependent on Shas. The price for Shas's support, many suggested, would be funding for its educational network. An early indicator of the troubles Barak was expected to face in the Knesset was the December 13 vote, which decided 47-31 to support the resumption of negotiations. With thousands of Golan residents and anti-withdrawal protesters demonstrating outside, Shas abstained and the NRP voted against. "The agreement with Syria," said Barak during his Knesset address, "will be the price our generation pays... for an end to wars, an end to the spilling of blood, and for peace. I am convinced the citizens of Israel will see the agreement and say 'yes.'" In response, opposition leader Ariel Sharon referred to Assad as a "cruel dictator, near the end of his days. No one knows," warned Sharon, "who will rule in Syria... We are likely to end up without the Golan and without peace."

For his part Barak argued that an agreement with Syria would bring an end to the conflict in the Middle East and open the way for ties with countries like Saudi Arabia, Kuwait, and Qatar. A deal, he said, would also put an end to the Lebanese nightmare and spur economic growth through foreign investment. Barak was reported to have told the cabinet that if a deal with Syria were rejected, the result could be war. Proponents of a deal also argued that adequate security arrangements, such as deep demilitarized zones on the Syrian side of the border, could compensate for the loss of the Golan.

Labor minister Haim Ramon produced a document in mid-December that suggested that Netanyahu had been ready to agree to a substantial withdrawal from the Golan in exchange for a deal with Syria. The document had been the product of meetings which American cosmetics tycoon Ronald Lauder had held with Assad on behalf of Netanyahu. Earlier in the year, after his election loss, Netanyahu had said that in these indirect talks the Syrians had agreed to an Israeli early-warning station on the Hermon—known in Israel as "the eyes of the country." He rebuffed Ramon's assertions, insisting he had talked only of a withdrawal on the Golan, not from all of it.

At the end of the year polls showed just over 50 percent of Israelis opposing full withdrawal in exchange for peace with Syria, and around 45 percent in favor. But some political commentators argued that these polls had little meaning since the referendum would take place in a different atmosphere, following extensive negotiations and, possibly, a series of confidence-building measures.

**RELATIONS WITH OTHER ARAB STATES**

**Lebanon**

The deaths of six Israeli soldiers and of Kol Yisrael radio reporter Ilan Roeh in the south Lebanon security zone during the last week in February once again sparked debate over Israel's presence there. One of the dead was 38-year-old
Brig. Gen. Erez Gerstein, the chief liaison officer between Israel and its proxy South Lebanon Army (SLA) militia. He was the most senior Israeli officer to be killed since the IDF invasion of Lebanon in 1982. He, two soldiers, and Roeh were all killed in a Hezbollah roadside bombing. Gerstein’s death raised speculation about improved Hezbollah intelligence capacity. Israel responded by bombing suspected guerilla targets in the south and in the Bekaa Valley. Netanyahu also threatened massive retaliation, and IDF artillery and troops were moved up to the northern border in early March. But a possible major Israeli offensive into Lebanon — the subject of considerable speculation — never materialized, perhaps, some suggested, because the U.S. had signaled its disapproval.

In what was seen as an attempt by the government to cut down on casualties in south Lebanon, Israel announced on April 9 that it was reducing the number of soldiers stationed there. Netanyahu insisted, though, that this was not the beginning of a unilateral withdrawal.

One of the most strident prowithdrawal voices was that of Labor politician Yossi Beilin, who had argued for some time that Israel should instead deploy its forces massively along its northern border. That way, he reasoned, Israel would no longer be criticized for occupying part of Lebanon, and so would be free to respond with massive force if the Iranian-backed Shi’ite fundamentalist Hezbollah movement continued its attacks after an IDF pullback. Opponents of a quick withdrawal, however, insisted that Hezbollah would not stop its operations, and that Israel, having withdrawn, would have to respond with ever greater force, ultimately leaving the army no other option than another invasion of south Lebanon.

Withdrawal from the security zone became an election issue when Barak announced, following Gerstein’s death, that, if elected, he would withdraw the army from Lebanon within a year. A poll conducted by Tel Aviv University’s Jaffee Center for Strategic Studies and released in late March, revealed that 55 percent of Israelis supported an immediate withdrawal from Lebanon. In a similar poll the previous year, only 44 percent had backed a pullout.

In March, Lebanese prime minister Selim al-Hoss seemed to hint in a BBC interview that if the IDF withdrew from southern Lebanon, Hezbollah would be stopped from acting against Israel. “An Israeli withdrawal,” said Hoss, “would revive the armistice agreement, and according to the agreement there can be no military actions across the border.” But after having most likely been rapped on the knuckles by his Syrian patrons, Hoss said he had been misunderstood.

The IDF moved into the village of Arnun just north of the security zone in April, and sealed it off. Hezbollah guerillas, the army contended, had been operating out of the village, and the roadside bomb that killed 21-year-old Staff-Sgt. Noam Barnea on April 12, officials said, had been planted by Hezbollah militants hiding out in Arnun. The Lebanese government complained, and international monitors criticized the Israeli move. Two weeks later, on May 3, 23-year-old Sgt. Mollo Nagato was killed by another Hezbollah roadside bomb in the security zone.
Lebanon was back in the news on election night, May 17, when residents in towns on Israel's northern border were forced to spend the night in air-raid shelters after Hezbollah fired Katyusha rockets across the border. No one was injured, and Hezbollah claimed the attack was in retaliation for the killing of two Lebanese civilians by an Israeli-launched rocket on May 16.

In early June, Israel's South Lebanon Army (SLA) militia began unilaterally pulling out of the Jezzine enclave just north of the security zone. A Christian town, Jezzine had been under the control of the SLA for 14 years, during which it had been subject to ongoing Hezbollah attacks. Israel chose not to send in its firepower to bolster the SLA in Jezzine since the enclave held no major strategic value. Yet observers asked how Israel's passivity would impact on the local population in the zone, who were already jittery about talk of a unilateral withdrawal. If the retreat from Jezzine were seen as a sign of an impending Israeli withdrawal from south Lebanon, some warned, it could spark desertions from the SLA to Hezbollah as locals tried to protect themselves and their families ahead of such a pullback.

On June 10, Lt. Ro'i Keller, 21, was killed in the security zone. Keller was a member of the elite Sayeret Egoz reconnaissance unit. Two Israeli civilians—38-year-old Tony Zana and 47-year-old Shimon Almaliah—were killed when Hezbollah fired Katyusha rockets into the northern city of Kiryat Shmona on June 24. In retaliation, the outgoing Netanyahu government ordered a strike deep inside Lebanon, with Israeli planes hitting power plants and relay systems in and around Beirut. Nine Lebanese civilians were reported killed. Prime Minister-elect Barak, it emerged, was told of the government's decision to strike.

Three more Israeli soldiers were killed when Hezbollah attacked an Israeli military position on the edge of the security zone on August 17. Hezbollah claimed the attack was in retaliation for the death of one of its commanders, Ali Hassan Deeb, who had been killed the day before when two roadside bombs exploded on the outskirts of the port city of Sidon. Hezbollah blamed Israel for Deeb's death; Israel denied any responsibility, blaming it on a rival Lebanese group. Israel responded with aerial and artillery bombardments.

It emerged in November that for several months the army had been employing new tactics in Lebanon, increasing air strikes and reducing ground operations to cut down on casualties. The change began with the Netanyahu-ordered June 24 bombing of Lebanese infrastructure targets in response to the rocket attack on Kiryat Shmona. The switch appeared to be effective: While ten Israeli soldiers were killed and 32 wounded in the period between January and June, the army suffered three dead and 21 wounded between late June and early November.

Lebanon was on the agenda when Barak met French president Jacques Chirac during a visit to Paris in September. The French leader reiterated his country's willingness to send troops to south Lebanon as part of an international peacekeeping force, but only within the framework of a peace agreement between Is-
rael and Syria, not following a unilateral Israeli withdrawal. The U.S. expressed a similar position.

Lebanon was on the agenda again when Israel-Syria talks resumed in mid-December. On the day of the Washington summit, Hezbollah guerrillas launched a massive artillery bombardment of IDF and SLA positions in south Lebanon. But after an SLA shell landed in a school, wounding several Lebanese children, Hezbollah did not respond by firing Katyusha rockets into northern Israel and there were reports that the Syrians had restrained it. In the days after the summit there were reports that Syria and Israel had agreed that negotiations with the Lebanese would begin after the second round of talks in early 2000.

**Egypt**

While Egypt welcomed Barak's election, President Hosni Mubarak was quick to criticize some of the prime minister-elect's early statements. On May 22, only five days after the election, for instance, Mubarak said that Barak's comment that he was not prepared to withdraw from all of the West Bank was "damaging" and could create a "bad atmosphere among the Arab and Egyptian public." But Mubarak also said he believed Barak would push the peace process forward, and the official Egyptian newspaper *Al-Ahram* wrote that if Barak remained true to his declared intentions to move on the peace front, he was likely "to open a new path in the relations between Israel and the Arab states."

After meeting Arafat in Cairo on May 24 to discuss the change of government in Israel, Mubarak called on Barak "to adopt a positive approach so as to bring about a historic rapprochement between Jews and Arabs, based on mutual respect." Barak traveled to Cairo on July 29 seeking Egyptian backing in his efforts to convince the Palestinians to accept alterations in the Wye accords. "All I can say is that we reached an understanding," Mubarak declared.

While Barak's election changed the atmosphere between Jerusalem and Cairo, relations seemed to revert to the pattern of the Rabin-Peres days, with Mubarak acting as the "good cop" helping to push forward talks with the Palestinians, while his foreign minister, Amre Moussa, played the "bad cop," leading the diplomatic battle to block Israel's full absorption into the region and demanding that Israel dismantle its nuclear capability.

In early October the renewal of multilateral talks—on issues like regional economic development, water, arms control, and environment—which had been frozen for a long time, was on the table. Israel wanted the negotiations to restart as a sign of the revival of the peace process, but the Egyptians said the talks could only resume once multilateral talks had begun with Syria and Lebanon. According to the daily *Ha'aretz*, another stumbling block was the Egyptian demand that a multilateral committee be set up on the future of Jerusalem, a demand that Israel flatly rejected.
A large Israeli delegation, including Prime Minister Netanyahu, President Weizman, Shimon Peres, Foreign Minister Sharon, and opposition leader Barak, attended King Hussein's funeral on February 8 in Amman. After filing past the coffin of the deceased king, the Israelis offered their condolences to his successor—his eldest son, Abdullah, aged 37. (While many had assumed that Hussein's successor would be his brother, Crown Prince Hassan, with whom Israel had excellent relations, in the days before his death King Hussein had named his son instead.)

During the funeral President Ezer Weizman shook hands with Naif Hawatmeh, head of the Democratic Front for the Liberation of Palestine and the man who had been responsible for the Ma'alot massacre. When criticized by right-wingers back home, Weizman retorted: "What was Arafat a few years ago, an angel?"

Relations between the Jordanians and Netanyahu—soured in 1997 by a botched Mossad assassination attempt on a Hamas official in Amman—remained problematic. Ahead of a February 28 trip to Amman, Netanyahu again angered the Jordanians when he asked, during an address at Bar-Ilan University, "What happened the last time Saddam Hussein was very strong? Who joined him? Jordan, under King Hussein. . . ."

In March there was tension between Israel and Jordan over water allocations. As a result of the drought, Israel announced to Jordan that it would be unable to fulfill its fixed annual water quota to Amman, which was part of the peace treaty signed between the two countries in 1994. On March 15 Jordan said it would not accept Israel's position and it asked the U.S. to intervene. "We are not engaging in negotiations with Israel and we are demanding that we receive our full and legitimate quota of water," announced Jordanian prime minister Abd a-Rauf Ruabdeh.

While King Abdullah moved to improve ties between Jordan and Syria, he also began to play a role in the peace process. When Arafat visited Amman on April 4 seeking support for a declaration of a Palestinian state, Abdullah tried to convince him to hold off until after the May 17 Israeli elections, reportedly telling the Palestinian leader that such a move would play into the hands of the Israeli far right. Abdullah also tried mediating between Syria and Israel. In early May he announced that there was a real desire on the part of Damascus to talk peace with Israel after the elections, and, once Barak came to power, Abdullah continued to pass messages between the two sides. After Abdullah returned from a meeting with Assad in late July, he immediately spoke to Barak to update him.

While in the U.S. in late May, Abdullah told Jewish leaders that the Middle East peace process had to be swiftly renewed by Barak. "There is a feeling of euphoria and excitement in the Middle East," Abdullah told his guests in New York, "and I fear that if within three, four months there won't be any results, then that will have severe consequences."
Israel watched with interest as Abdullah took on the Hamas movement in Jordan. Several leading figures of the fundamentalist organization were arrested and then expelled to Qatar on November 21. One of them was the movement’s political bureau head, Khaled Mashaal, who had been the target of the unsuccessful Israeli assassination attempt in September 1997.

Relations with Other Countries

Iran

In March it emerged that 13 Jews were in custody in Iran facing charges of spying for Israel. The 13, including a rabbi, a ritual slaughterer, and a 16-year-old boy, were from the cities of Shiraz and Isfahan. While there was much speculation over why they had originally been arrested, the case soon took on international proportions as Iranian judicial officials hinted that they might face the death penalty. Fearful that any public meddling on its part would worsen the plight of the 13, Israel left much of the diplomatic activity to American Jewish leaders, who waged an intensive campaign for their release. Iran watchers suggested that the jailed Jews had become pawns in the domestic battle in Iran between the moderates, led by President Mohammad Khatami, and the conservatives, led by supreme spiritual leader Ali Khamenei. The arrests, they suggested, were an effort to embarrass Khatami and undermine his reformist approach. By the end of the year the 13 were still languishing in jail and no date had been set for a trial.

Turkey

When a massive earthquake struck Turkey in August, Israel dispatched rescue and medical teams to the stricken areas where they worked round the clock to extricate survivors. On the morning of August 21, Israeli viewers were gripped by the televised scenes of an IDF rescue team extracting 9-year-old (Israeli) Shiran Franco from the ruins of a holiday apartment in Cinarcik, in northwest Turkey, where she had been trapped for almost 100 hours. The remarkable footage of the head of the rescue team holding Shiran in his arms and wiping water on her parched lips was played over and over. At its peak the Israeli rescue effort in Turkey included some 300 people.

Ehud Barak visited Turkey in late October for talks with government officials about the growing strategic ties between the two countries. Up for discussion was the sale to Ankara of weaponry, including intelligence drones, attack helicopters, and Popeye air-to-ground missiles, as well as the upgrading of hundreds of Turkish tanks, and the conduct of joint naval maneuvers and air force training exercises in one another’s air space.
Mauritania

On October 28, Mauritania became the third Arab country, after Egypt and Jordan, to establish full diplomatic ties with Israel. The event was marked by a ceremony in Washington attended by Foreign Minister David Levy.

Austria

Israel's ties with Austria became somewhat strained after Jörg Haider's far-right Freedom Party performed well in elections there. Israeli foreign minister David Levy made it clear that Israel would have to reevaluate its relations with Austria if Haider were included in a ruling coalition.

Russia

Barak was in Moscow in early August where he met with President Boris Yeltsin. In their Kremlin meeting the two discussed the stalled Israel-Syria track and Russia's desire to play a more central role in the Middle East peace process. Also on the agenda was Israel's concern over the continued flow of hi-tech nuclear expertise and materials, as well as Russian missile technology, from Russia to Iran.

Economic Developments

The recession continued in 1999, although there were some indications of renewed growth in the second half of the year. Overall, economic growth for the year was 2.2 percent. Inflation was only 0.3 percent — though commentators attributed this to the recession — while unemployment was high at 9 percent. Tourism was up, as over 2.5 million people visited Israel in the course of 1999, a 15-percent increase over 1998.

Figures released by the Central Bureau of Statistics toward the end of the year seemed to indicate an upturn in the economy and raised hopes that Israel might be emerging from the extended economic slowdown. The annualized GDP growth rate, for instance, rose from 0.9 percent in the first six months of the year to 3.3 percent in the second six months. Business sector GDP rose from zero percent to 4 percent.

The consumer price index (CPI) stayed low, especially during the first half of the year, symptomatic of the economic slowdown. In January, for instance, the index dropped by 0.5 percent. The next month, the CPI declined by 0.8 percent, the biggest drop in 13 years. With inflation low, officials in the Ministry of Finance called for a lowering of interest rates by the Bank of Israel in order to spur growth, but the bank's governor, Jacob Frenkel, who had kept interest rates high
in a bid to cut inflation, refused. Overall, in the first seven months of 1999, the CPI rose by only 0.1 percent—the lowest figure in 32 years.

Some 400,000 public workers went on strike in late March over demands for a wage increase that would compensate for inflation. The Histadrut Labor Federation demanded an 8.1 percent increase while the government offered 3.8 percent. The strike finally ended on March 29 with the Histadrut accepting 4.8 percent.

Unemployment continued to rise through 1999. In April, for instance, the number of unemployed reached 201,600, according to the Central Bureau of Statistics. By the end of November the number had ballooned to over 213,000—almost 9 percent. While unemployment at the end of 1999 remained at around 9 percent, in many of the country's poor development towns and Arab villages the figure was as high as 12, 13, and even 14 percent. This led to growing pressure on Barak, especially since one of his main electoral promises had been to generate 300,000 new jobs during his four-year term. Barak's view was that movement in the peace process would spur economic growth, which meant that the unemployed would have to wait for real progress on the diplomatic front.

In a preliminary vote on October 27, the Knesset voted 53-32 in favor of the 2000 budget, which totaled 227 billion shekels ($44 billion). But the budget was criticized for ignoring pressing social concerns like unemployment, and not allocating sufficient funding for infrastructure development. Barak knew, though, that the real test would come at the end of the year when the budget would have to pass a second and a third reading.

One of the most dramatic developments of 1999 was the sudden resignation of Bank of Israel governor Jacob Frenkel, who announced on November 14 that he would not complete his second five-year term and would leave the central bank at the end of the year. While there was speculation that Frenkel's decision was sparked by an ongoing disagreement with Finance Minister Avraham Shochat over the governor's tight monetary policies, Frenkel insisted that the decision was personal. The announcement was met with satisfaction among industrialists who had regularly criticized Frenkel for keeping interest rates high in an effort to keep inflation down—a policy they said was to blame for the recession. Frenkel's supporters, however, argued that his policies had lowered inflation significantly and thus boosted Israel's reputation for economic stability in the international community. His successor had not yet been appointed as the year ended.

DEMOGRAPHIC DEVELOPMENTS

The Central Bureau of Statistics (CBS) reported that Israel's population stood at 6.2 million at the end of 1999. According to figures released in the CBS's annual abstract on November 8, Jews comprised 79 percent of Israel's population at the end of 1998; Muslims 14.9 percent; Christians 2.1 percent; and Druse 1.6
percent. According to CBS projections, non-Jews would constitute a quarter of Israel's population by 2020.

The total number of immigrants in 1999 was 77,921, up significantly from 58,200 the previous year. The vast majority of the new arrivals—some 67,704—were from Eastern Europe. There were 2,628 who came from Western Europe, 2,279 from North America, 1,799 from South America, 2,715 from Africa, and 686 from Asia.

In mid-September it emerged that a secret operation to bring Cuban Jews to Israel had been underway for several years. According to London's *Jewish Chronicle*, which first reported the news, around 400 Cuban refugees had arrived in Israel over the past three years.

When it emerged in November that a little over 50 percent of the immigrants from the former Soviet Union (FSU) who had arrived in 1999 were not Jewish according to Halakhah, ultra-Orthodox politicians began pressing for a review of the Law of Return. They wanted to do away with the "grandparent clause" that granted automatic citizenship to anyone with a Jewish grandparent. "Herzl must be turning in his grave," declared Health Minister Shlomo Benizri (Shas) during a cabinet meeting. "He envisioned a Jewish state and not a country where 50 percent of its immigrants are non-Jewish."

Barak, however, made it clear that he would not entertain any discussion about altering the law. He was strongly backed by Absorption Minister Yuli Tamir, who pointed out that when the immigrants arrived from the FSU they underwent "a kind of secular conversion, joining our culture, language and traditions. American Jewry," she said, "long ago realized that it had to expand the criteria beyond Halakhah for admitting non-Jews into the Jewish people. The Law of Return is the Israeli response to that same problem of ensuring that we don't exclude people who want to join us."

**RELIGION**

**Religion and State**

The secular-religious battle continued to make headlines throughout 1999, as did the battle over religious pluralism. In a precedent-setting decision in January, the Jerusalem District Court ruled that 23 people who had undergone Reform and Conservative conversions in Israel and abroad should be registered as Jews in the population registry. (In Israel the Orthodox had a de facto monopoly on conversions, and had always refused to recognize Reform and Conservative conversions.) At the time of the court ruling, ultra-Orthodox parties were pressing for the passage of a bill that would make their monopoly on conversion the law in Israel. "The court asked for a war," railed Shas's Shlomo Benizri, "and it's going to get it."
In the early part of the year the pluralism battle was waged around the issue of non-Orthodox representation on the country’s state-funded religious councils, which were responsible for supplying services like kashrut and ritual baths. Aside from their bitter dispute with non-Orthodox Judaism, the Orthodox were keen on maintaining their monopoly on the religious councils because they served as a major source of patronage—especially for Shas and the National Religious Party—in the form of money and jobs, such as kashrut supervisors and ritual-bath attendants.

On January 26 the Knesset approved a law by the narrowest of margins—50 to 49—requiring all members of the state-run religious councils to swear an oath accepting the authority of the Chief Rabbinate regarding all matters in the councils’ authority. The legislation was an effort by the Orthodox to circumvent a Supreme Court ruling requiring that non-Orthodox members be allowed to sit on the councils. The oath, religious legislators hoped, would be impossible for the Reform and Conservative members to take since they did not recognize the authority of the Chief Rabbinate. But much to the chagrin of the religious politicians, some of the non-Orthodox leaders announced that they would take the oath. The actual act of signing, said Rabbi Ehud Bandel, the head of the Masorti (Conservative) movement in Israel who had been elected to the Jerusalem religious council but had yet to take his seat, did not change the fact that he was a Conservative rabbi. “I don’t plan to change my beliefs,” he said.

Ultra-Orthodox politicians went on the attack. “They are prepared to sign, yet they claim that they are not subject to Halakhah,” fumed Avraham Yosef Lazerzon, a Knesset member of United Torah Judaism. “Separate councils for Reform and Conservative can be set up,” added Shas MK David Tal, “just like the Christians and Muslims have bodies that deal with their religious services.”

After the court fined the Jerusalem religious council for not convening (not convening was a ploy to block non-Orthodox members from participating) the head of the council called a meeting in February. Bandel and the Reform representative turned up, but then sat in a boardroom with the press and waited in vain for the Orthodox members to arrive. After an hour, when only one had appeared, and with the council head closeted in his office, they departed. Two weeks before this Jerusalem council meeting, the Haifa religious council had convened with its non-Orthodox members, but was adjourned straight away at the request of the Orthodox members. In Tel Aviv the scene was similar, with the council meeting adjourned after only the Reform and Likud representatives turned up.

In February, Israel’s Sephardi chief rabbi, Eliyahu Bakshi-Doron, added fuel to the fire when he pinned responsibility on the Reform movement for the disappearance of more Jews than those killed in the Holocaust. Shortly afterward Bakshi-Doron asserted that the rabbinate was in possession of data that revealed that for every 100 Reform Jews, “only 50 Jews are left by the fourth generation.”

The nature of Barak’s coalition, which included the ultra-Orthodox parties, was a clear signal that the prime minister would not push forward on issues of reli-
igion and state and religious pluralism. Nevertheless, Barak did set up a ministerial committee headed by Rabbi Michael Melchior, the leader of the moderate Orthodox Meimad faction and minister responsible for relations with Jewish communities overseas. The committee was meant to complete the work of the Ne’eman Commission, whose compromise recommendations on conversion and marriage had been rejected by the ultra-Orthodox parties and the Chief Rabbinate.

Shortly after the committee assembled for the first time, Melchior angered the ultra-Orthodox when he boldly suggested, in a November *Jerusalem Report* interview, that the state should recognize non-Orthodox conversions performed in Israel for the purpose of turning non-Jews into Israeli citizens, even though Orthodox Jews like himself would not consider such conversions religiously valid. Furthermore, he declared that Israel should recognize civil marriage and give equal funding to Orthodox, Conservative, and Reform institutions.

**The Ultra-Orthodox Versus the Courts**

The focus of the religious-secular battle in the first months of the year was the Supreme Court, which the ultra-Orthodox saw as a direct threat to the Jewishness of the state, but which secular Israelis viewed as a bastion of democracy and civil liberties and a bulwark against religious coercion. Attacks by the ultra-Orthodox on the Supreme Court were frequent. Rulings that particularly upset them were one stipulating that exemption from military service for yeshivah students was illegal, and another decreeing that shops located on kibbutzim could remain open on the Sabbath. They also strongly opposed petitions submitted to the court by the Reform movement demanding recognition for non-Orthodox conversions.

In February, Shas spiritual leader Rabbi Ovadia Yosef called the Supreme Court judges “unworthy” and blamed “everything suffered by Israel” on “these evil men.” After considering indicting Yosef for his comments, Attorney General Elyakim Rubinstein decided not to prosecute. “His comments outraged me as a Jew, an Israeli and a jurist,” explained Rubinstein. But, he added, “criminal law cannot be the solution to all Israeli society’s ills.”

The atmosphere was further soured by a comment by Oded Alyagon, a Beer-sheba judge, who reportedly described the ultra-Orthodox as “human-sized lice trying to take over the judicial system via brutal and relentless attacks and blood libels.” The religious parties called for his dismissal.

Tensions peaked on February 14 when the ultra-Orthodox held a massive rally in Jerusalem against the Supreme Court. Estimates put the number of protesters at the rally at around a quarter of a million. A short distance away, in Jerusalem’s Sacher Park—located just below the Supreme Court building—tens of thousands of mainly secular demonstrators turned out for a counterrally in support of the court.
Chief Justice Aharon Barak hit back in December, advising the ultra-Orthodox that it was actually in their long-term interest to support constitutional legislation. The ultra-Orthodox, he said, referring to their political power, "are a minority that act like a majority. . . . The day will come when they can no longer act like a majority, and so it's the ultra-Orthodox who should work towards a constitution for civil rights. [They] must demand that freedom of religion be anchored in law, but they oppose this because they don't believe in the courts."

_Nazareth Showdown_

Religious battles were not confined to the Jews. In Nazareth tensions festered between Christians and Muslims over the insistence by the Muslim majority (of at least 65 percent) that they be allowed to build a mosque adjacent to the Basilica of the Annunciation where, according to tradition, the Angel Gabriel visited Mary, and which was to have been turned into a huge piazza for the pilgrims expected to throng the church for the millennium. The Muslims argued that the plot contained a tomb of a 12th-century Islamic hero who perished in a battle against the Crusaders, and they insisted on building a mosque there.

With the millennium drawing closer and the city preparing for a possible visit by the pope, the battle heated up again in October. A tent erected by the Muslims as a temporary mosque quickly became the site of Friday prayers.

Although the Nazareth District Court ruled against the Muslim claim, a government committee headed by Minister of Internal Security Shlomo Ben-Ami came up with a compromise in early November. A mosque would be built on part of the land near the church, but it would be smaller than the one the Muslims originally demanded. Following the compromise deal, the government, which feared that the 2000 celebrations would be sabotaged, removed the tent, and a cornerstone for the mosque was laid. As part of the compromise it was agreed that work would only begin in the year 2001. Both Muslims and Christians reluctantly accepted the compromise so as not to deter tourism.

The Vatican, however, did not go along. In a strongly worded statement it blamed Israel for fomenting religious divisions and it called on all churches to close for two days in late November in protest. "We want the whole world to hear that the State of Israel ignored Christian interests," railed Michel Sabah, the Latin patriarch of Jerusalem. "Israel is inciting a civil war between Muslims and Christians in Nazareth."

Israel faced another tricky diplomatic situation toward the end of the year over the need to build an additional door, for safety reasons, at the Church of the Holy Sepulcher in Jerusalem. The problem was how to reach agreement between the several different churches that controlled the Holy Sepulchre on where exactly to build the door. Large numbers of pilgrims were expected to visit in the millennium year, with the peak expected on Holy Saturday, April 29—the day before the Greek Orthodox Easter—when up to 20,000 people carrying lighted torches
would try to cram into the church. Much of the interior of the church was made from wood and there was only one exit. Thus the church was not only a firetrap, but it was impossible to access with ambulances or helicopters. Israel turned to the pope for assistance, but that move itself was problematic. “There's an ongoing conflict between the various churches who control the Holy Sepulchre,” explained Yitzhak Minerbi, an expert on Israel-Vatican relations. “By going to the pope, you're going to one of the sides in the conflict and asking them to settle it.”

The Vatican finally confirmed in December that Pope John Paul II would in fact visit Israel in the millennium year. Date of arrival: March 21, 2000.

**Millennium Madness**

With the millennium approaching, the police and security services began taking a closer look at Christian groups and individuals in the Holy Land who might threaten public safety. A task force was set up with the specific purpose of monitoring extremists among the millions of tourists and pilgrims expected to arrive. On January 3, police arrested 14 members of an American group called the Concerned Christians, and deported them a week later. The Denver-based group's leader, Monte Kim Miller, who was not among those detained, had apparently prophesied his death in Jerusalem, and the group had allegedly planned to instigate violence in the final days before the millennium so as to trigger the second coming of Jesus.

In October, authorities deported 26 Irish and Romanian members of the Irish-based Pilgrim Foundation Community, which cared for the handicapped. Later that month 21 more Christian pilgrims, many of whom had rented homes on the Mount of Olives, were arrested and deported. Some criticized the police for what seemed to be a heavy-handed approach of deporting first and asking questions later.

**OTHER DOMESTIC MATTERS**

**Violence**

A series of family and wife murders, and attacks on women by a serial rapist, thrust the issue of violence, especially domestic violence, into the spotlight. In May, for instance, 31-year-old Erez Tivoni murdered his two children, aged two and four, then doused their bodies in flammable liquid, and set them on fire. He later confessed he had also planned to kill the children's mother, from whom he was divorced just a week. Then on July 24, Amnon Cohen, a Tel Aviv taxi driver, was taken into custody for killing his wife and two children and burning their bodies. Cohen reportedly thought his wife was conducting an affair via the Internet.
The spate of family killings continued in late September when a 56-year-old East Jerusalem man, Musa Damri, shot his three daughters and then took his own life. On October 1, 31-year-old Gad Carmi killed his nine-month-old daughter by slitting her throat, and then seriously injured a nine-year-old boy who was passing outside his apartment. Three days later a 45-year-old father of seven from the West Bank settlement of Ma'aleh Adumim stabbed his wife to death and then handed himself over to the police. In late October, Uri Gershuni stabbed his wife Doli to death at their home in the northern moshav of She'ar Yashuv.

Police figures showed an alarming 15-percent rise in domestic abuse in the first half of the year. While police, prosecutors, and social services blamed each other, experts searched for deeper reasons. Some pointed to the stresses of immigration and the macho culture in Israel. Others suggested the patriarchal nature of large sectors of Israeli society, in which women were viewed as possessions.

During the course of the year the police undertook a nationwide manhunt for a serial rapist who terrorized women, carrying out most of his assaults in the center of the country. The police finally got their man on December 14. He was Beni Sela, a 28-year-old plumber. While Sela initially refused to cooperate with his interrogators, police said they had clear DNA proof from ten of the rape sites.

Two teen murders in the space of a week in early June thrust youth violence into the spotlight. First, five schoolmates of 15-year-old immigrant Yevgeny Yakobovich stabbed and beat him to death on June 3. A week later, 15-year-old Gilad Raviv was stabbed to death in Jerusalem's East Talpiot neighborhood by 19-year-old Shlomo Gabai. The police responded by doubling the number of youth officers. They were also said to be considering the use of undercover agents and surprise weapons searches at schools.

The Deri Verdict

In early March it was announced that the verdict in the seemingly interminable corruption trial of Arye Deri — leader of the Sephardi ultra-Orthodox Shas Party and mastermind of the Sephardi religious revolution it had spawned — would be handed down on the 17th of the month. As the day approached there were fears that a guilty verdict would spark violent outbursts among Shas supporters. Some Shas leaders played up the trial's ethnic overtones, declaring that all of Sephardi Jewry was in the dock with Deri.

On the day of the verdict, Shas supporters gathered behind police barriers set up a few hundred meters from the Jerusalem District Court building in East Jerusalem. The Deri supporters stood in clusters, listening to the live radio broadcast in disbelief as the judge read the verdict: Arye Deri was guilty of bribery, fraud, and breach of trust. Deri had been convicted of taking a total of $155,000 in bribes from three former associates — they had also been found guilty — over a five-year period in which he served as director general and then minister of the Interior Ministry. In their verdict the judges castigated Deri for seeking "to derail the investigation and obstruct police efforts to get to the truth."
While many in Israel’s mainstream Ashkenazi bastions perceived the guilty verdict as a victory for the rule of law, Shas supporters in the poor inner-city neighborhoods and development towns saw it as another case of ethnic and religious discrimination. In their eyes, Deri’s conviction confirmed that the secular Ashkenazi elite was trying to destroy the man who had challenged its hegemony.

On April 15, Deri was sentenced to four years imprisonment and a 250,000-shekel ($60,000) fine. In sentencing Deri the judges noted that he had received dozens of gifts over several years while in public office. “They were interwoven and intertwined with his economic advancement,” the judges wrote. “They increased as he climbed the rungs of power. . . . What makes this affair even more grave is the fact that Deri was a minister. He began receiving bribes in his previous public positions and continued to accept them as a cabinet minister. . . . This has never happened before.” Deri announced he would appeal, and the court ruled that the sentence would only go into effect after the appeal had been heard.

The “Amedi Affair”

An investigative article in the daily Yediot Aharonot in September alleged that Benjamin and Sara Netanyahu had taken bribes and misused public funds while Netanyahu was in office. The report sparked a high-profile police investigation that ran for weeks and was still not over at the end of the year.

According to the allegations, a private contractor named Avner Amedi had carried out numerous services free of charge for the Netanyahus, including removing furniture and polishing the floors of their private apartment. Toward the end of Netanyahu’s term, however, Amedi suddenly submitted a whopping bill for 440,000 shekels, and efforts had allegedly been made to pay the bill out of state funds. The newspaper also charged that the Netanyahus had kept hundreds of presents given to the prime minister during his term of office, which by law belonged to the state.

On October 20 police searched the Netanyahus’ home and office and seized boxes of presents from a government warehouse—an event witnessed by journalists who had been tipped off earlier. For weeks the Netanyahus, along with other senior officials who had served under the prime minister, underwent intensive interrogations. Likud members and Netanyahu associates launched an all-out attack on the police, accusing them of leaking information about the case to the media and of launching a witch-hunt against the former prime minister.

Netanyahu rehired Ya’akov Weinroth, who had represented him during a 1997 influence-peddling scandal. “If the prime minister was going to steal $100,000, would he steal it from a lowly moving contractor?” asked Weinroth during a TV interview. “And would he steal it so clumsily, knowing he was being carefully watched? No, he’d take a bribe from General Motors or some foreign arms company.”
The "Nimrodi Affair"

In early October it emerged that Ofer Nimrodi, the owner and publisher of *Ma'ariv*, Israel's second largest daily, was being investigated by the police for conspiracy to commit murder. The targets allegedly included the chief witness in a 1998 trial in which Nimrodi had been convicted of wiretapping, as well as the owners of two rival newspapers. The stunning revelations came a little over six months after Nimrodi had been released from jail after serving eight months for bugging his main competitor and Israel's largest daily, *Yediot Aharonot*, back in 1993. Two *Yediot Aharonot* editors had also been tried for their involvement in the wiretapping of *Ma'ariv*.

In a bizarre twist, both papers had employed the same private investigator, Rafi Pridan, to do the wiretapping, and Nimrodi's conviction had been largely the result of the fact that Pridan's partner, Ya'akov Tzur, had turned state's evidence. With Pridan about to begin a four-year jail term in the fall of 1999 for his role in the wiretapping scandal, he told prosecutors that he had remarkable information for them about Nimrodi. The *Ma'ariv* boss, Pridan alleged, had put out a contract on Tzur and had also expressed a desire to do away with *Yediot* owner Arnon Mozes and *Ha'aretz* publisher Amos Schocken.

As the story unfolded, one serving and two former police officers were arrested on suspicion of taking bribes from Nimrodi to supply him with information about the investigation. Nimrodi suspended himself as editor in chief and publisher of *Ma'ariv* as well as managing director of the Israel Land Development Corporation, *Ma'ariv*’s holding company. Nimrodi's defense was that Pridan had tried to blackmail him and he had refused to pay up, and that Pridan was now trying to get even.

In late November police arrested Nimrodi. In a dramatic court appearance, the head of the investigating team, Brig. Gen. Moshe Mizrahi, described Nimrodi's efforts to sabotage the investigation as the most serious attempt to undermine justice he had ever encountered. The press baron, said Mizrahi, had almost succeeded in "stealing" his whole International Serious Crimes Investigation Unit by offering hundreds of thousands of dollars in bribes.

The investigation began to branch out. In late December allegations emerged that two senior officers in the Prisons Authority had helped Nimrodi while he was in custody. Also, two other senior police officers had met with Nimrodi when the investigation was still secret, and he had asked them how he could find out if he was the target of an investigation. While the two officers had no knowledge of the investigation at the time, they failed to report the fact that Nimrodi suspected the secret probe against him.

On December 26, Nimrodi was formally charged on eight different counts, including conspiring to either murder Tzur, or to have him arrested on drug charges in Thailand. (The charge sheet did not include any reference to Mozes and Schocken.)
The Rabin Assassination

The Rabin assassination continued to make waves in 1999 as a former Shin Bet informer went on trial for failing to prevent the 1995 murder. There were also calls from across the political spectrum to reopen the investigation into the killing. On April 25, Avishai Raviv, the Shin Bet informer known as "Champagne" who had been a member of the extreme right-wing Eyal group and knew Yigal Amir, was indicted for failing to prevent the assassination and for inciting terror. Meanwhile, Margalit Har-Shefi, a law student at Bar-Ilan University who had been convicted and sentenced to nine months for failing to report that Amir was planning to kill Rabin, lost her appeal in the Tel Aviv District Court. Har-Shefi said she would appeal to the Supreme Court. When Raviv's trial began on October 3, he pled not guilty.

In early November Attorney General Elyakim Rubinstein slapped a gag order on the minutes of a 1996 Ministry of Justice meeting about whether to prosecute Raviv for not preventing the assassination. Right-wing politicians charged that the minutes proved an attempt to cover up Raviv's role. On November 11, however, the Supreme Court lifted the gag order and the minutes were publicized. They quoted a Shin Bet agent asserting that the murder of Rabin could have been prevented had Raviv been better supervised. They also appeared to intimate that Dorit Beinish, then the state's attorney but who had subsequently moved to the Supreme Court bench, had been prepared to accept the framing of a certain individual in order to beef up Raviv's cover. The Ministry of Justice denied the assertions, insisting that the minutes were not an accurate record of the meeting.

In early November tens of thousands attended a memorial rally in Rabin Square. This year the event did not have the bitterness of previous years, when it had been as much a protest against Netanyahu—whom many on the left held partly responsible for the climate of incitement around the time of the assassination—as a memorial ceremony. The Shin Bet, fearing for Ehud Barak's safety, advised the prime minister not to address the crowd. Barak attended the rally, sitting in a specially constructed "sterile" structure at the edge of the square, while his address was relayed on large screens to the crowd. Toward the end of the evening, however, Barak did emerge. Ascending the podium to briefly address the crowd, he reiterated, "We are not afraid; We are not afraid; We are not afraid."

Around the time of the memorial, Dalya Rabin Pelossof, the daughter of the assassinated prime minister and a Center Party member of the Knesset, told an interviewer that there were still unanswered questions about the assassination that needed to be investigated. Why, for example, had someone called out, "Blank, blank," as Amir fired the shots that killed her father?

A plaque placed at the site of the assassination in November generated controversy by referring to a "kippah-wearing" assassin. When Tel Aviv mayor Ron Huldai ordered removal of the reference following complaints that it defamed the entire Orthodox community, Leah Rabin remarked angrily that what Huldai had
Sports

Israel's swimmers continued to impress. At the European championships in Turkey in early August, Miki Halikah, 21, took the silver medal in the 400-meter medley after being edged out in the final meters of the race. In the process, Halikah shaved four seconds off the Israeli record. Eitan Orbach, 22, took the bronze medal in the 100-meter backstroke.

The Israeli national soccer team continued to disappoint its supporters when it failed to reach the Euro 2000 soccer championships. After Israel placed second in its qualifying group, the national team faced Denmark for a place in the finals, scheduled for June 2000. But in front of a capacity crowd at the Ramat Gan National Stadium on November 13, Israel was trounced 5-0 by the Danes. Four days later Denmark won the return leg 3-0, handing Israel a humiliating overall 8-0 aggregate loss.

But the soccer was overshadowed by a report that appeared after the first game in the daily Ma'ariv. Allegedly, some of the national team players had been up most of the night before the game in their hotel rooms with prostitutes. The players denied the charge and, banding together, they refused to cooperate with private investigators hired by the Israel Soccer Federation. The findings of the investigation proved inconclusive, but Sports Minister Matan Vilnai said the matter should not be allowed to rest.

Other Developments

Two Mossad agents, known as Yigal Damary and Udi Hargov, were sentenced in a Cyprus court on February 1 to three years in prison for having trespassed in an illegal area and for being in possession of illegal telecommunications devices. The two had been arrested in November 1998 in the vicinity of a military base in the Cypriot town of Zigy. The court dismissed the far more serious charges of espionage and conspiracy. On August 12, after serving several months of their term, the two were released and flown back to Israel.

Surveys released on March 8, International Women's Day, revealed that Israeli women lived longer than Israeli men did—79.9 years versus 76.3. The survey also showed that women were paid less than men; in senior executive posts the difference came to about $850 per month.

Samuel Sheinbein was indicted in Tel Aviv District Court on March 22 for the murder of a teenager in Maryland in 1997. Sheinbein, 18, was indicted after the Supreme Court ruled that he was protected by a law which exempted Israeli citizens from extradition for trial abroad. Sheinbein, whose father was Israeli, had never lived in Israel, but had fled there after the murder to avoid prosecution. The
loophole exploited by Sheinbein was closed on April 19 when the Knesset enacted legislation allowing for the extradition of someone resident in Israel who had committed crimes abroad. The law, though, was not retroactive, and so Sheinbein remained in Israel to stand trial. As part of a plea bargain, Sheinbein pleaded guilty on September 2, and on October 24 the court sentenced him to 24 years, with the possibility of parole after 14. Already angry that Israel had refused to extradite Sheinbein for trial in a U.S. court, Maryland prosecutors called the plea bargain an "outrage."

On March 9, Rana Raslan became the first Israeli Arab to win the Miss Israel competition. Raslan, 22, was raised in a working-class neighborhood in Haifa.

The Supreme Court ruled on March 21 that 600 members of the al-Azazmeh Bedouin tribe, who had crossed the border into Israel illegally after feuding with another tribe, had to return to Egypt.

In late March the Supreme Court ruled that Brig. Gen. Nir Galili should be barred from promotion to the position of major general because he had harassed an 18-year-old female soldier under his command. Galili, a 47-year-old married officer, had argued that the affair was consensual and that the two-year freeze on his promotion that he had already received was sufficient punishment. The court, though, left open the question of Galili's future in the army, and women's groups threatened to take to the streets were he given a senior post. Chief-of-Staff Shaul Mofaz decided not to promote Galili to the position of corps commander.

Three men serving life sentences for the gruesome 1983 murder of Danny Katz, a Haifa schoolboy, were freed on bail on April 4 after being granted a retrial by Chief Justice Aharon Barak. Two other men, also convicted of the Katz murder, remained behind bars because of another murder conviction. The five, all Arab Israelis, had been convicted almost entirely on the basis of their confessions, which, they claimed, were extracted under duress.

In mid-February it emerged that Foreign Minister Ariel Sharon was under police investigation for allegedly offering business favors involving energy deals with Russia to Avigdor Ben-Gal, an ex-general. The favors, it was charged, were in exchange for Ben-Gal changing his testimony in Sharon's libel suit against the daily *Ha'aretz* over the paper's accusation that Sharon had deceived Prime Minister Menachem Begin about plans for the IDF invasion of Lebanon in 1982. On June 24, Attorney General Elyakim Rubinstein closed the investigation on grounds of insufficient evidence.

Thirty-one years after the Dakar submarine had mysteriously disappeared with its crew of 69, it was discovered on the Mediterranean seafloor between Crete and Cyprus in late May. The navy had launched countless searches over the years but said it had not had the technology required to search at the three-kilometer depth where the Dakar had settled. The Dakar was reported missing while on its maiden voyage from Portsmouth, England, to Haifa in January 1968. The evidence indicated that the submarine had gone down as a result of an accident.

In a bizarre episode in late July, a shocked Knesset stood for a moment of si-
ience in memory of Amnon Rubinstein after a caller to the parliament announced
that the Meretz Knesset member, recovering in a hospital after suffering a mild
stroke, had died. Speaker Avraham Burg, who had rushed to make the an-
ouncement to the Knesset, eulogized Rubinstein as stunned members looked on,
some of them crying. Half an hour later, though, after someone bothered to check
with the hospital, it emerged that Rubinstein was alive and well and that the call
had been a hoax. Police soon announced that they suspected an elderly couple,
who were taken in for questioning and exposed to the TV cameras. But the po-
lice were left red-faced when it emerged that the culprit was a well-known trans-
vestite, Zalman Shoshi. The police formally apologized to the couple.

In a September 6 ruling, a nine-judge Supreme Court panel banned the use of
force in Shin Bet interrogations of prisoners. The landmark decision reversed a
1987 ruling allowing the use of “moderate physical pressure.” The judges now
barred the use of sleep deprivation, loud music, violent shaking, and the cover-
ing of prisoners’ heads with hoods for long periods. Prime Minister Barak and
others expressed concern that the ruling might make it difficult to fight terror,
but Israeli human-rights groups hailed the decision as one of the most important
ever by the Supreme Court. A short while later the Likud drafted a bill that
would allow the use of force in interrogations of suspected terrorists where it was
fairly certain that a suspect had information that could save lives and where all
other methods had been exhausted.

Nur Shlomo, a Milan travel agent, was found guilty by the Tel Aviv District
Court on October 6 of raping Israel’s Miss World, Linor Abargil. Nur, an Egypt-
ian who had converted to Judaism and become an Israeli citizen, was found
guilty of raping and assaulting Abargil when she was in Italy for a modeling in-
terview in late 1998, a few weeks before the Miss World pageant. On December
30 Shlomo was sentenced to 16 years behind bars.

Sixteen people died in a horrific October 9 crash in the Galilee when a bus car-
rying a group of singles veered off the road. In total, 469 people died on Israel’s
roads in 1999 (down 15.5 percent from 1998), 3,091 were seriously injured (down
8 percent), and 40,570 were lightly injured (down 10.3 percent).

Partial transcripts of the 1988 trial of Mordechai Vanunu, sentenced to 18 years
for revealing the country’s nuclear secrets, were released in November. “I wanted
things to be properly supervised,” said Vanunu in one extract. “Now Peres can’t
lie to Reagan and tell him we don’t have nuclear weapons.”

Personalia

Dr. Yosef Burg (1909–1999), founder and former head of the National Reli-
gious Party. Burg served as a cabinet minister for 35 years under eight different
prime ministers. He resigned from the cabinet and the NRP leadership in 1986
after serving in almost every government since 1951.

Shlomo Baum, 70, right-wing activist and one of the founders of the legendary
Commando 101 Unit which carried out reprisal raids across the Jordanian border in the 1950s; Haim Stoessel, 69, former chairman of the Tel Aviv Stock Exchange and later chairman of Avner Insurance; Rabbi David Povarsky, 98, head of Bnei Brak's Ponevezh Yeshivah; Nahum Stelmach, 63, Israeli soccer legend and longtime coaching consultant, died of a heart attack at Barcelona airport; Geoffrey Wigoder, 77, British-born editor-in-chief of the Encyclopedia Judaica and of the English edition of the Encyclopedia of the Holocaust; Baroness Batsheva de Rothschild, 84, established the Batsheva Dance Company and later was a co-founder of the Bat Dor Company; Rafael Recanati, 75, former chairman of the Israel Discount Bank and IDB group, in New York; Meir Ariel, 57, popular Israeli singer; Yitzhak Raphael, 85, former leader of the National Religious Party and religious affairs minister from 1974–1977; Shulamith Katznelson, 80, founder of the famous Ulpan Akiva in Netanyah in 1951, where Jews studied Arabic and Arabs learned Hebrew, winner of the Israel Prize for life achievement in 1986; Zohara Schatz, 83, sculptor of Yad Vashem’s emblematic menorah representing the six million Jews killed in the Holocaust, and the first woman to win the Israel Prize, in 1954; Hanoch Levin, 56, Israeli playwright and director, many of whose 50 controversial plays challenged national myths, of cancer; Shimon Finkel, 94, actor and director, winner of the Israel Prize in 1969, veteran of the Habimah National Theater.

Peter Hirschberg