Israeli parties strike coalition deal

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Israeli Prime Minister Benjamin Netanyahu [2] reached an agreement Thursday to form a new coalition government that is expected to try to curb years of preferential treatment for the country's ultra-Orthodox minority and may push for restarting peace efforts with Palestinians.

The new coalition will be the first in a decade to exclude ultra-Orthodox Jewish parties. It includes two new rising stars in Israeli politics who have vowed to end a controversial system of draft exemptions and generous welfare subsidies granted to tens of thousands of ultra-Orthodox seminary students.

"The next term will be one of the most challenging in the history of the state," Netanyahu told his Likud-Yisrael Beitenu parliamentary faction Thursday, shortly before the deal was to be signed. "We are facing great security and diplomatic challenges."

Significant progress on the peace front could prove to be more difficult than the other domestic issues, given bitter disagreements among coalition members as well as deep differences with the Palestinians.

Nonetheless, Netanyahu's senior partner, the centrist Yesh Atid party, is vowing to at least make an effort to restart negotiations. The peace process remained frozen throughout Netanyahu's previous four-year term, when his right-wing bloc partnered with other hard-line and ultra-Orthodox factions.

"We have to begin talks with the Palestinians immediately. We need to sit at the negotiation table. We haven't sat there for four years," said Yael German of Yesh Atid, who is expected to serve as the new health minister. "Let's sit and proceed toward a peace agreement. It is essential," she told Army Radio.
After weeks of deadlock, Netanyahu wrapped up coalition negotiations overnight with Yesh Atid and the Jewish Home, a party aligned with West Bank settlers.

The deal was expected to be signed later in the day, and the new government should be sworn in on Monday, just two days before Barack Obama is to arrive for his first visit as U.S. president.

Although Netanyahu's bloc emerged as the biggest faction in the Jan. 22 election with 31 seats, he struggled to form a coalition with the necessary 61-seat majority in the 120-member parliament. His new coalition is expected to control 68 seats.

The negotiations stalled over several thorny issues, including the division of key Cabinet portfolios and plans to reform the draft.

The ultra-Orthodox make up about 10 percent of Israel's 8 million citizens. Through the coalition government system, they have traditionally wielded disproportionate influence by ensuring a parliamentary majority for a string of prime ministers.

With the exception of a three-year period in the early 2000s, they have served in every government since the late 1970s.

The ultra-Orthodox parties used their kingmaker status to secure vast budgets for their religious schools and seminaries, which teach students about Judaism but very little math, English or science.

Tens of thousands of young ultra-Orthodox males are granted exemptions from military service in order to pursue their religious studies, and older men collect welfare stipends while continuing to study full time.

The system has led to high rates of unemployment and poverty in the ultra-Orthodox community. It also has bred widespread resentment among the secular and modern Orthodox publics.

Both Yesh Atid and Jewish Home appealed to voters by calling to end the contentious system. Forming a joint front in coalition talks, they forced Netanyahu to drop his plans to bring the ultra-Orthodox, his traditional partners, back into the coalition.

Lapid, who leads the second-largest party in parliament with 19 seats, is set to serve as the new finance minister with great influence over the budget. His party will also control the Education Ministry. With these two ministries, he is likely to curb funding to ultra-Orthodox schools and institutions.

Netanyahu's bloc will retain control of the key defense and interior ministries, giving his group the final say in military matters and over immigration policy.

Social issues weighed heavy in the election and campaign promises to improve lives for the middle class benefited both Lapid and Jewish Home's leader Naftali Bennett.

Hundreds of thousands of Israelis took to the streets in the summer of 2011 to demonstrate against the gaps between rich and poor, low wages and skyrocketing housing prices.

But the two parties take far different approaches to peacemaking with the Palestinians. Lapid
has vowed to make a serious effort to reach peace. Yet his campaign made little mention of the issue, focusing heavily on his social and economic agenda, and critics have questioned his commitment.

Bennett, meanwhile, is a former leader of the West Bank settlement movement and opposes concessions to the Palestinians. He has even called for Israel to annex large chunks of the West Bank, the heartland of any future Palestinian state.

His nationalist party supports building settlements, citing biblical and historic reasons. With control of the Housing Ministry, it will have the budgets to promote new settlement construction.

Despite these disagreements, there could be room for optimism on peace.

After presiding over four years of deadlock and suffering international isolation over the issue, Netanyahu has signaled he is eager to restart negotiations with the Palestinians under his new government.

He has appointed Tzipi Livni, a former foreign minister who now leads a small, dovish party, to serve as his chief negotiator. Livni has good working relations with the Palestinians.

Yet Netanyahu — who has been prime minister for seven years in two previous terms — has given no indication about whether he is prepared to make significant concessions to the Palestinians.

The Palestinians demand all of the West Bank, east Jerusalem and Gaza Strip, areas captured by Israel in the 1967 Mideast war from Jordan, for a future state. They have demanded a freeze in settlement construction and a commitment to make Israel's 1967 lines the basis for a future border.

Saeb Erekat, the chief Palestinian negotiator, said the Palestinians would have "no problem" talking to Lapid or Livni.

"But if we want to negotiate with the Israelis, the government should accept the two-state solution based on the 1967 borders and implement its obligations like the settlement freeze," he said.

The Obama visit could provide an opportunity to search for a new formula for negotiations. Obama will be meeting separately with both sides while he is in the region. But he has already said he is not planning a new peace initiative.

Netanyahu struggled to form a coalition, and required an extra two-week extension to wrap up the deal. Had he not formed a coalition by Saturday, the country could have been forced to hold a new election.

Netanyahu is likely to face many disgruntled members in his own Likud Party, which was forced to give up key Cabinet posts to appease Lapid.

Zeev Elkin, a Likud lawmaker, accused Lapid of "extortion."

"There is no other expression to describe it," he told Israel Radio.

Arieh Deri, leader of the ultra-Orthodox Shas party, told Army radio that he will join a fighting
opposition.

"Our first mission is to topple this government," he said.

TAGS: Internal Israeli Politics [4]