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Olmert's Announcement Fuels Uncertainty in Israel

By [David Makovsky](#)
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Israeli prime minister Ehud Olmert announced yesterday that he will not compete in his party's September primary and will resign as premier once a new leader is elected. The move ends Olmert's two and half years as Israeli premier, a post he took up after Ariel Sharon's debilitating stroke in January 2006. High-profile allegations of financial wrongdoing have cast a shadow over his administration in past months, and until recently, he pledged he would only leave if there were a formal indictment. His announcement comes at a critical time for Israel and will certainly lead to sense of uncertainty about the future.

Two Scenarios for Succession

Olmert's decision offers two possible scenarios for the Israeli government. In the first one, Foreign Minister Tzipi Livni or Transportation Minister Shaul Mofaz will establish a majority coalition much like the one that exists today. This rationale is predicated on the view that neither the Kadima Party nor its junior partner Labor Party are doing well enough in the polls to favor new elections and therefore will be eager to continue the current coalition arrangement. Only Benjamin Netanyahu, leader of the Likud Party, has announced his desire for new elections.

In the other scenario, Olmert's announcement will mark the beginning of political turbulence, culminating in new general elections. Since coalition formation proves difficult when a party decides that joining a new, short-lived alliance does not serve its interests, Israel may be forced to hold new elections if the government cannot form a coalition after ninety days. Israeli law requires a new general election by 2010, and Israeli coalitions are famous for not surviving their full term. One party that may want early elections is Shas -- the Orthodox Sephardic party. Its voter base is more consistent than that of Kadima or Labor, so early elections would not be viewed as an electoral risk. Shas could use the perennial budgetary battle in the coming months to pressure Livni or Mofaz to accept difficult fiscal demands for its constituents.

In either scenario, Kadima -- Olmert's party -- will choose a new leader in a primary on September 17 or in a subsequent run-off between the top two candidates one week later. Once the leader is chosen, Olmert will resign. At that point, Israeli president Shimon Peres will authorize an Israeli official, presumably the new head of Kadima, to form a new government. This individual will have up to forty-two days to put a new government together. Until then, Olmert's administration will serve as a caretaker government with the same legal authority as before.

Livni v. Mofaz: Differing Strategies

September will mark Kadima's first-ever primary. Sharon founded the party at the end of 2005, amid frustration that many in Likud did not support disengagement from Gaza. If the pattern of other parties holds true for Kadima, out of its estimated 80,000 eligible members, only about half will actually vote.

The two top candidates to succeed Olmert have distinct campaign strategies. Livni is the front-runner, but polls suggest her lead over Mofaz is narrowing. She has made clear that she will run on her perceived strength

of personal probity, which she hopes will provide counterpoint to Olmert. She also hopes that her stature as foreign minister will make her more electable than Mofaz, since one of them will have to face two former prime ministers -- Ehud Barak and Benjamin Netanyahu -- in the general election. Livni's proponents state that her electability is based on her embodiment of the pragmatic Israeli center, thus giving fresh life to the new party that was catapulted to power in the March 2006 election. She will argue that the mixture of Likud political roots and her moderate demeanor enables her to take votes both from the right and left.

Mofaz, in contrast, will undoubtedly make a security argument. He will assert that he is best positioned to lead Israel, given his background as a former defense minister and chief of staff of the Israel Defense Forces. He will emphasize Israel's deep anxiety about Iran's nuclear program, an issue with which he has substantial experience as leader of the strategic dialog with the United States. Mofaz has also touted close ties with Shas and has therefore painted himself as someone who is best positioned to win that party's support to form a coalition until 2010.

Palestinians and Iran

Olmert's resignation seemingly ends the efforts of Secretary of State Condoleezza Rice to bring about an Israeli-Palestinian breakthrough by the end of the year, a goal she and President Bush set at the Annapolis peace conference last November. Although Olmert's loss of political and moral authority is only partly responsible for the lack of progress, his resignation provides Rice with an excuse to explain why the U.S. administration was unable to produce a successful conclusion.

At the same time, the current negotiating positions of the Israelis and Palestinians could become a baseline for talks under the new U.S. president in 2009. To demonstrate improvement, Rice wants a document that publicly discloses this year's progress, since there seems to be only narrow differences on certain issues, such as West Bank territory for a Palestinian state. This approach, however, may be nothing short of anathema to Livni and Mofaz, who both are seeking the support of ex-Likud voters in next month's primaries. For these voters, such an approach would publicly expose the political concessions that Kadima made to the Palestinians without any compensatory benefits of a diplomatic breakthrough. Speculation arose that Rice counted on Olmert's sinking popularity as precisely the reason to grasp for a diplomatic breakthrough; he would then use the breakthrough as a rationale for his candidacy in the Kadima primary. This approach, however, was not taken, perhaps amid concern that such a strategy could have backfired if the Israeli public thought he made concessions to secure his own political future. As caretaker, he now will certainly lack the moral authority to move ahead on the peace process.

The most pressing policy question remaining is whether the new Israeli political dynamic will add fresh uncertainty regarding Iran in the coming months. There has been increasing speculation, coupled with Israeli statements and a major air force exercise off the coast of Greece, that Israel might attack Iran in the final months of a Bush presidency. In addition to questions about the prospects and advisability of such an attack, there is now uncertainty as to who will be making the decisions.

Conclusion

Undoubtedly, the circumstances surrounding the fall of Olmert will be dissected for a long time. Between an inconclusive 2006 war against Hizballah and a swirl of personal-corruption allegations, it is unclear as to what extent each factor contributed to his announcement this week. Other aspects of his legacy -- an improving economy, efficient day-to-day political management, and wider Israeli public support for the principle of a two-state solution -- will be debated as well. In the meantime, political uncertainty will be the immediate impact of Olmert's latest decision.

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