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April 11, 1974

MEMORANDUM

SUBJECT: ISRAEL: The Government Falls

Prime Minister Meir's resignation on April 11 came barely a month after she had laboriously managed to patch a cabinet together. The decision to resign probably reflects her belief that she no longer commands the political support within the Labor Alignment necessary to govern effectively.

Mrs. Meir's decision was apparently based on her inability to bridge intra-Alignment differences over the question of assuming political responsibility for the military and intelligence failures outlined by the Agranat Committee's partial report issued last week on its inquiry into the government's conduct of the war last October. Defense Minister Dayan's critics seized on the Agranat report to revive their efforts last week to force him to resign. Dayan's supporters insisted that if the principle of ministerial accountability for the October shortcomings is to be applied, then the entire cabinet shares responsibility and must resign along with Dayan. Labor Party leaders have asked Mrs. Meir to reconsider her decision but they are not optimistic that she will. She has, however, agreed to continue to head a caretaker government until a new cabinet can be formed. This could take several months.

Two possibilities exist to obtain a new cabinet. President Katzir, after consultations with the political parties, can ask Mrs. Meir or someone else, presumably from the Alignment or the rightist Likud, to form a new cabinet, or the Knesset can vote to call new elections on a date it specifies. The Alignment leaders are likely to try for a new cabinet first, opting for new elections only if they must. Whatever happens, the instability and uncertainty characterizing the domestic political scene are likely to continue for some time and to complicate even further the already difficult process of achieving a Middle East peace settlement.

Labor Party leaders have now begun in earnest the oft-postponed search for a successor to Mrs. Meir. Finance Minister Pinhas Sapir--long considered Labor's "king maker" and next in influence within party circles only to Mrs. Meir-- is being touted by some party leaders as the logical choice

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to take over. However, there are strong pressures from the public and from within the Alignment for a completely new leadership, preferably untainted by the controversy over the government's conduct of the war last October and above inter-necine party strife. These pressures tend to work against the old, traditional frontrunners such as Sapir or Deputy Prime Minister Alon, and favor men like the popular Yosef Almogi, former minister of labor and recently elected mayor of Haifa. Almogi has been spearheading efforts over the past week to keep the Alignment together.

Should the Alignment manage to pull itself together and agree on a new leader, the next major hurdle on the road to a new cabinet will be to induce other parties, primarily the National Religious and the Independent Liberal Party to join an Alignment-led coalition. This may not be easy, particularly in the case of the NRP. The Alignment's present coalition partners are plagued by internal difficulties some of which, such as dissatisfaction on the part of the younger members with the aging party leadership, are similar to those bedeviling the Alignment. The NRP, already narrowly divided on the question of participating in Mrs. Meir's government, also favors a broad government of national unity including the Likud.

Likud leader Menahem Begin announced that he will attempt to mobilize support for a national unity government. The Alignment, however, is highly unlikely to support such an attempt, and Begin probably could not induce sufficient defections from the Alignment to form a government on his own, even with NRP support.

Most Labor Party leaders do not favor new elections, fearing that the party risks losing more voter support and needs time to get its own house in order. However, should it prove impossible to form a new coalition cabinet under Labor's leadership, the Alignment factions would have no choice but to face the electorate for the second time in less than a year.

The outlook for breakthroughs in the Middle East peace negotiations is dim until the current political crisis is resolved. This could take months, particularly if new elections eventually have to be called. A caretaker government could still pursue the negotiations but would not be willing to commit Israel to any binding arrangements beyond perhaps an initial disengagement on the Syrian front pending the formation of a new cabinet. The negotiation position of the caretaker government is likely to harden, however, thus diminishing the prospects for obtaining even the Syrian disengagement.

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