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OFFICE OF CURRENT INTELLIGENCE
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TO: Deputy Director (Intelligence)

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1. Offices to be filled:

All members of the third Knesset, Israel's 120-member unicameral parliament, will be elected for a four-year term. The president of Israel, after consultation with the newly elected representatives of the parliamentary parties in the third Knesset, will call on one of the Knesset members to form a government. This member, as prime minister, will select 16 cabinet ministers.

Town and village councils throughout the country also will be elected for a four-year term.

2. Distribution of Knesset seats:

Nineteen parties will enter candidates in the 1955 elections as compared to 17 in the 1951 elections. Knesset seats are distributed in proportion to the votes cast for the party lists. A list of candidates may be submitted by any group of 750 persons eligible to vote. Party lists must now receive 2 percent of the vote, instead of 1 percent as in 1951, in order to be included in the distribution of Knesset seats.

Party lists obtaining 1 percent or more of the vote in the 1951 elections are shown below:

Party strength in the second Knesset:

<u>Right</u>	<u>Knesset Seats (1951 elections)</u>	<u>Present Seating</u>
Herut (extreme right)	8	8
Mizrachi (religious)	2	2
Agudath Israel (orthodox religious- non-Zionist)	3	3
Poalei Agudath Israel (labor group of Agudath Israel--non-Zionist)	2	2

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<u>Right (Continued)</u>	<u>Knesset Seats (1951 elections)</u>	<u>Present Seating</u>
Sephardim (Oriental communities)	2	2
Israeli Association of Yemenites	1	1
General Zionists (right of center)	20	20
<u>Moderate labor and left of center</u>		
Hapoel Hamizrachi (religious labor)	8	8
Israel Arab Democrats (Arab party)	3	3
Progress and Work (Arab party)	1	1
Farmers and Development (Arab party)	1	1
Progressive	4	4
Mapai	45	47*
<u>Left</u>		
Achdut Haavoda	--	4**
Mapam	15	7
Maki (Israeli Communist Party--non-Zionist)	5	7***
	<u>120</u>	<u>120</u>

3. Party representation in present cabinet:

Until late June 1955 a coalition cabinet composed of the Mapai, General Zionist, Progressive, and Hapoel Hamizrachi-Mizrachi parties governed the country under Prime Minister Moshe Sharett. This government was formed on 24 January 1954 following the resignation on 7 December 1953 of David Ben-Gurion, who had been prime minister since the establishment of the state in 1948. Of the 16 cabinet members, 9 were from the Mapai party, 4 were from the General Zionist Party, 2 were from the Hapoel Hamizrachi-Mizrachi party, and 1 was from the Progressive Party.

A new coalition government omitting the General Zionist Party was formed under Prime Minister Sharett on 29 June as the result of a government crisis. This cabinet includes the Mapai, Hapoel Hamizrachi-Mizrachi, and Progressive parties. The four cabinet posts held by the General Zionists in the previous

*Gained two seats from right splinter faction of Mapam.
 **Right splinter faction seceded from Mapam, taking four seats.
 ***Left splinter faction seceded from Mapam, taking two seats, and formed Left Socialist Party. This party was dissolved on 29 October 1954, and members merged with the Communist Party on individual basis.

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government have been distributed among the other ministers-- Mapai taking three of the posts and Hapoel Hamizrachi-Mizrachi taking one.

Sharett forced the resignation of the previous cabinet in order to expel the General Zionists after they had refused to support him on a confidence vote over a prominent court case. Sharett stated that the General Zionists had violated the basic rule of collective cabinet responsibility. Although a General Zionist leader said that his party was not anxious to break up the coalition, he commented that there could not be any real coalition government during the next four weeks with all the parties campaigning against each other.

4. Principal issues:

Domestic issues in the election campaign are likely to include the defense of the country's borders, government controls on the economy and the activities of the Histadrut, electoral reforms, settlement of the land and absorption of immigrants, and wage rates. Foreign issues are likely to reflect Israeli fear of the country's isolation in a hostile Arab area and the need for defense guarantees from the West.

Mapai will stand on its record of having improved the country's economic position including control of inflation, improving standards of living, wage stabilization linked to cost-of-living index, increase in industrial production, and settlement of immigrants. Ben-Gurion is spearheading the party's campaign on the issues of electoral reform--he wants to eliminate proportional representation and substitute regional representation--and on the establishment of a pioneering front to settle the land. On the issue of border security, the Mapai party has been fortified by the return of Ben-Gurion as minister of defense and by the recent military "retaliation" against Egyptian forces in the Gaza area.

The General Zionist Party will campaign mainly on economic issues. This party attracts middle-class professionals and skilled workers and will press for liberalization in the state's economy and fewer government controls, limitation of the Histadrut's activities, and wage adjustments for professionals. The General Zionists agree to the need for some kind of electoral reform but not to an extent which would permit the Mapai party to obtain a majority in any elections. They support a policy of border retaliation and a foreign policy almost identical to that of the Mapai party.

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The extreme nationalist parties will stress the issue of border security. On this issue, Mapai fears it may lose votes to the leftist Achdut Haavoda, and the General Zionists also fear the extreme rightist party, Herut, may take some of their voters.

5. Principal factors influencing the outcome:

The Histadrut (General Federation of Jewish Labor) election of 8 May, the first in six years, is considered a "dress rehearsal" for the Knesset elections since about one third of the voters are members of this labor organization. Histadrut's centralized organization of workers and its ownership of many basic industrial enterprises give it a powerful position and its attitude on economic issues is generally the one adopted by the government.

The results of the Histadrut election indicate that at least for the present the local political scene can be characterized as stable and that the struggle for votes in the July elections will be between Mapai and the General Zionists. The Arab-Israeli border issue is a significant factor in the elections. Widespread sentiment that the government is not adequately protecting Israeli settlers and property in the border regions may weaken Mapai's strength at the polls.

6. Main political parties:

Mapai, a Zionist socialist labor party which has held the dominant position in the government since the state was established in 1948. Its domestic objective of a democratic state with a planned economy is to be achieved by the development of the co-operative and workers movements--particularly the powerful labor organization, Histadrut--in co-ordination with private enterprise. The party's foreign policy at present is pro-Western.

In the May elections of Histadrut, in which most of the political parties participated, Mapai retained its majority position. With Ben-Gurion again in the leading role as a colorful vote-getter, Mapai's chances are good for maintaining its 39 percent plurality, and possibly increasing it.

The Mapai party draws its support from rural co-operative communities and from urban industrial workers. It also attracts a good percentage of the "floating vote" of new immigrants not as yet attached to one of the political parties.

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The General Zionists, a liberal party, made sweeping gains in the 1951 national elections and later became the second largest party in the government. While it stands for private enterprise, the party does not aim to dismantle the extensive socialist structure of the economy. Its foreign policy is distinctly pro-Western and it has close connections with the Zionists Organization of America. The General Zionist Party made a good showing in the Histadrut elections, the first time the party entered these elections, and will probably maintain its 16 percent of the popular vote.

The strength of the General Zionist Party is concentrated in urban areas, and its party membership includes almost all of Israel's small class of wealthy industrialists, owners of citrus groves, and merchants as well as many professional people and office employees.

Achdut Haavoda, a leftist socialist labor party, was created in August 1954. Many of its domestic policies are similar to those of Mapai, but it has criticized Mapai for not taking more aggressive action on the Arab-Israeli border issue. Its foreign policy calls for Israel's "independence" from Western domination and includes the promotion of closer relations with the USSR. The party received 14 percent of the vote in the Histadrut elections, the second highest, and Mapai obtained 58 percent. The party attracts the young element in the country but still does not have full-fledged party organization.

Mapam is an extreme left-wing Zionist socialist labor party which lost 8 seats out of 15 since the 1951 elections. Its foreign policy opposes any aid which would make Israel subservient to the West and favors closer relations with the USSR. Mapam made a poor showing in the Histadrut elections and is not likely to gain any additional seats in the national elections.

The bulk of the membership of the Achdut Haavoda and Mapam parties come from the communal settlements (Kibbutzim) and the parties also enjoy the support of some of the urban industrial workers.

Maki, the Israeli Communist Party, follows an anti-Zionist policy which hinders its success among the Jewish population. Party membership was estimated at 4,000 in 1954 and may have been increased by the merging of a splinter group from Mapam in October 1954. Approximately one third of its members are Arabs. The party's domestic policy calls for a workers' government, higher wages, and equal rights for Arabs. It opposes Israel's inclusion in any anti-Soviet pact and calls for closer ties with the USSR. The party increased its strength in the Histadrut elections and is likely to retain its 5 percent of the popular vote.

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Herut, an extreme right Zionist party, is a political outgrowth of a former illegal terrorist group. Members are fanatical nationalists who advocate the incorporation of all Palestine into Israel. This party appears to be losing strength due to the defections of several of its leaders, but the party is expected to wage a vigorous campaign.

Hapoel Hamizrachi-Mizrachi, one of the two principal religious parties, is a recent merger of two long-split Orthodox Zionist parties--a realignment mainly effected for the elections. While its two elements demand that the development of the state be based on the Torah, they have differences in economic ideology. The foreign policy of this party is pro-Western.

Agudat Israel-Paolei Agudat, the other religious party, is an anti-Zionist movement. The party is almost entirely preoccupied with its struggle to extend religious authority in a preponderantly secular state.

Progressive Party, a liberal group which split from the General Zionist Party in 1948, advocates nonidentification with labor, capital, or co-operatives. Its foreign policy is pro-Western. Having increased its strength in the Histadrut elections, the party is optimistic that it will obtain more than its 3 percent of the popular vote.

In addition, there are several small Arab parties, sponsored by the larger political parties, as well as a miscellaneous group of small parties. Some of these reflect personal aspirations, while others seek to exploit the community bonds of new immigrants.

7. Outstanding personalities:

The top five personalities in the Mapai party list are David Ben-Gurion, minister of defense; Moshe Sharett, prime minister and minister for foreign affairs; Joseph Sprinzak, speaker of the Knesset; Golda Myerson, minister of labor; and Levi Eshkol, minister of finance. If Ben-Gurion wishes to return as prime minister, there is little doubt that Mapai would give him the post.

The prominent leaders in the General Zionist Party are Peretz Bernstein, Israel Rokach, Joseph Serlin and Joseph Sapir. They all were cabinet ministers until the formation on 29 June of the new coalition government which excluded the General Zionists.

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In the Achdut Haavoda party, Yigal Alon, an outstanding officer in the Palestine war, has emerged as a popular candidate and vote-getter. Israel Galili and Isaac Tabenkin are also important leaders in the party.

The Communists gained an effective spokesman when Moshe Sneh joined them in October 1954. Other leaders in the Communist Party are Shmuel Mikunis, Tewfik Toubi, Meyer Wilner, and Esther Wilenska.

8. Informed opinion on outcome:

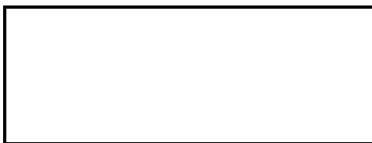
The outcome of the national elections is not likely to produce any great changes in the present composition of the Knesset. The American embassy in Tel Aviv forecasts that the Mapai and General Zionist parties will retain approximately the same number of seats; that on the right there may be a somewhat stronger Progressive Party and weaker Herut; and that on the left Achdut Haavoda may be stronger than Mapam, but will have a total no greater than the Mapam had in the second Knesset.

Before the 29 June government change, the embassy suggested that the coalition government would be re-established. However, there was speculation even at that early date that the General Zionist Party would not be a member of the government formed after the July elections. Instead, a coalition government composed of the Mapai, the Achdut Haavoda, the Progressive Party, and the Hapoel Hamizrachi-Mizrachi might be established.

9. Significance for US security interests:

An Israeli government which does not include the conservative General Zionist Party may create increased unrest in the Middle East area by following an aggressive border policy, thus endangering area peace and American security interests. Israel's pro-Western orientation, however, is not likely to be changed, since the Mapai party is expected to remain the dominant party in the next government.

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