



## Israeli party leader sets stage for new elections

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JERUSALEM - The leader of Israel's ruling party, Tzipi Livni, gave up her attempts to form a coalition government Sunday, setting the stage for early elections and diminishing hopes for stalled peace talks with the Palestinians.

Israel now appears to be headed toward months of political paralysis, and opposition leader Benjamin Netanyahu, a critic of the peace process, is in a strong position to become the country's next leader. It would be the third national election in six years, reflecting the instability of Israel's fractious political system.

Livni, who hopes to become Israel's first female prime minister in three decades, has been trying to put together a government since she replaced the corruption-tainted Prime Minister Ehud Olmert as head of the ruling Kadima Party last month. But partners in the current coalition, which took power in May 2006, pressed new demands.

In a meeting with President Shimon Peres broadcast live on national TV, Livni said she did everything she could to keep the government intact but would not give in to what she termed political blackmail.

"Even at the last moment, I was not prepared to mortgage Israel's economic and political future or the hope for a better future and a different kind of politics," she said after the meeting.

She told Peres that "we'll go to elections ... and I intend to win them."

Peres, whose responsibilities include setting election dates, could ask another politician to try to form a government. But as leader of Israel's largest party, Livni is the only candidate with a realistic chance of getting a parliamentary majority.

Elections for the 120-seat parliament will likely take place in February or March, a year and a half ahead of schedule.

Early elections had appeared likely since Friday, when the ultra-Orthodox Shas Party announced it would not join a Livni-led government. Without the support of Shas, which controls 12 seats, it became impossible for Livni to maintain her party's majority.

Livni resisted Shas' demands for hundreds of millions of dollars for social welfare programs, which are popular among the party's impoverished voter base. She also refused to rule out negotiations with the Palestinians on a power-sharing agreement, as Shas had demanded.

As foreign minister, Livni has been Israel's chief peace negotiator with the Palestinians for the past year. The Palestinians claim east Jerusalem, which Israel captured in the 1967 Mideast war and later annexed, as the capital of a future state, and Livni has acknowledged that Israel must find a settlement for the conflicting claims to the holy city.

Peace talks were relaunched last November at a U.S.-hosted summit. At the time, both Olmert and Palestinian President Mahmoud Abbas pledged to try to reach a final peace accord by the end of 2008.

Abbas aide Nabil Abu Rdeneh warned that the Israeli political turmoil threatened the fragile peace efforts. "Time is precious. The next few months will be wasted because of new elections and the U.S. elections," he said.

Most recent opinion polls have predicted that Netanyahu, leader of the hardline Likud Party, would win the next election, with Livni's centrist Kadima coming in a close second.

Livni might try to use the next few months to reach a breakthrough with the Palestinians. But the talks so far appear to have made little progress, and Livni may be wary of bold moves during a campaign.

Livni also could benefit from a cease-fire that has nearly ended rocket barrages from the Hamas-controlled Gaza Strip. That cease-fire, however, is set to expire in December, and a resumption of fighting would bolster Netanyahu.

Peacemaking foundered during Netanyahu's three-year tenure as prime minister in the 1990s, and his election would likely spell the end of the current peace talks.

Netanyahu accepts the idea of a Palestinian state, but rejects negotiations with Abbas, claiming the Palestinian leader is too weak. He says the Palestinians must do more to crack down on militants and rules out any talk of sharing sovereignty of Jerusalem.

Peacemaking has been further hobbled by the dueling Palestinian governments in the West Bank, which Abbas rules, and the Gaza Strip, controlled by the Islamic militant Hamas since a violent June 2007 takeover.

Ismail Haniyeh, head of the Hamas government, said the coming elections reflected "the depth of the leadership crisis" in Israel.

"We are not building many expectations on the changing of faces in the political map of the occupation, because changing the faces does not reflect any change in the attitude of the occupation," Haniyeh said.

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