

## Arab Political Organizations within the Israeli State

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This article studies the political organization of the Arab minority in Israel up until the time of the recent disturbances. The primary concern of the article is to shed light on the development of Arab political organization and Arab political significance on Israeli politics. The paper examines four main research components: (1) nature and scope of Arab political organizations, (2) Arab-Jewish relations in Israel, (3) level and significance of Arab political organizations, and (4) impact of the Arab-Israeli conflict on Arab political organizations and Arab-Jewish relations in the Israeli state. Until the current year there were indications that Arab political influence within the Israeli state was becoming more evident. The future cannot be foreseen at the present time.

*Key Words:* Israel, Arab-Jewish conflict, Israeli Basic Law, Knesset, Mapai, Hadash, Likud, Israeli Labor Party, Israeli Communist Party, Histadrut, Azmi Bishara.

Since the declaration of the State of Israel in 1948, the Arab-Israeli conflict and the plight of the displaced Palestinians in Arab countries has attracted the attention of the whole world, particularly Arab and Muslim states. However, far less attention was given to the Palestinian Arabs who remained in Israel after the war in 1948. As the Arab-Israeli conflict took different forms after the wars of 1948, 1956 and particularly the Six Day War in 1967 and as the Arabs became able to see the concreteness of the idea of Jewish state in Palestine, the world started to turn its attention to the Arab minority. The Arab public and the displaced Palestinians had diverse perceptions of the "Palestinians of 1948", as they came to be called. Some believed they were patriotic because they remained in their lands, others claimed that they neglected the Palestinian cause by collaborating with and recognizing the "Zionist entity."

The Arab minority was culturally, socially and economically distinct

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from the Jewish majority in the Israeli State. The Arabs who remained after the war were Muslims, Christians and Druzes. Economically, they were mostly poor peasants and workers. Under the military rule (1948-1966) the Arab minority became an issue of interest to social scientists. Their social, economic and political organizations were of interest for many observers. Observers studied different features of the Arab minority. Among those features are the political development and organization of the minority. Political orientations and attitudes of the Arab minority were seen from different perceptions by observers. Among the observers are those who believe that, although politically fragmented, the Arab minority has been influential on Israeli politics.<sup>1</sup> Others observe that efforts to form an Arab political organization were blocked by the Israeli State and this has radicalized the minority's political behavior.<sup>2</sup> However, most scholars agree that many changes have occurred within the Arab minority in terms of political development, influence on Israeli politics, and attitudes toward the Jewish state, which all demand exploration and examination.

The aim of this study is to shed light on the political organization of the Arab minority in Israel up until the current breakdown of civil order. Thus the study seeks to examine: (1) the Arab minority's political development, (2) the scope and nature of Arab political organizations, (3) the Arab minority's relation vis-à-vis the Jewish state, and (4) Arab significance on Israeli politics. Background information about the Arab minority will first be provided before investigating into the nature and scope of different political organizations of the Arab minority in Israel. Historical trends in the Arab minority's perceptions of and attitude toward the Israeli State and the Israeli's attitude towards the Arab minority will be discussed.

### **Review of the Pertinent Literature on Minority Organization**

The dismantling of empires, the end of colonization, and the breaking up of the Soviet Union, all contributed to the light of minorities in the newly independent states. Towards the end of the 19<sup>th</sup> century and the beginning of the 20<sup>th</sup>, ideas such as nationalism, statehood and self-determination attracted minorities worldwide. Minorities saw in those ideas paths to liberation from colonizers and empires, to the preservation of their cultures and to self-determination. As a result, conflicts erupted between ethnic minorities and the states in which they resided. The issue of minorities attracted many scholars who sought to understand the nature of minorities, the mutual relation

between minorities and the state in which they resided, and possible solutions for minority problems. What is a minority and what do minorities call for?

Like many terms in the social sciences, the term minority lacks a generally accepted definition. For this study Francesco Capotori's definition will be introduced. According to Capotori, "a minority is a group which is numerically inferior to the rest of the population of a state, in a non-dominant position, whose members possess ethnic, religious, or linguistic characteristics that differ from those of the rest of the population and who, if only implicitly, maintain a sense of solidarity directed toward preserving the culture, tradition, religion or language."<sup>3</sup>

Before the Second World War, minorities were not legally protected. However, in the post-Second World War era, protection of individual rights became a norm in many states, but this did not suffice to protect the rights of minorities, since minorities are collective entities. Gradual change began to take place in the perception of minorities from legal and human rights perspectives. In 1966, Article 27 of the Covenant on Civil and Political Rights in Copenhagen gave attention to the problem of minorities. The article calls upon all states not to deny the right of their minorities to "enjoy their culture and profess and practice their own religion or to use their own language." However, due to Cold War constraints no further legal development took place for the issue of minorities until July 1991 in the meeting that took place in Geneva, which was attended by experts on national minorities. Experts who attended the meeting agreed that the issue of minorities should become an international issue and not an internal issue of the states. Although minorities differ from one region of the world to other, most of them share some or all of the following objectives:

- 1) To achieve equality and non-discrimination
- 2) To preserve and develop their culture, religion and language
- 3) To seek self-determination.

Politically, some minorities struggle for secession; in less extreme cases, autonomy may be a demand for a given minority. The struggle may take militant action extending to terror (killing and injuring civilians), peaceful struggle, or both. The world has witnessed many struggles for the above objectives. Minorities are treated as underdogs;

in some cases they are persecuted and denied access to the political system. Among the many minority conflicts worldwide, are: In the Middle East, the Kurdish minorities scattered in Iraq, Syria and Turkey; the Turkish minority in Cyprus; the Arab minority in Israel; in Africa, the Southern minority in Sudan and Coptic minority in Egypt; in Europe, the Basques in Spain and Corsicans in France; in North America, the Quebecois in Canada; in Asia, the Chechnians in Russia, Tamil Hindu minority in Buddhist Sri Lanka and the Tibetans in China. Many solutions for minority problems were formulated. Some scholars consider autonomy as a probable solution. Others have considered federalism as a solution. While every minority case has its nature and particular environment, a lot remains to be done and said for minorities, especially as the world enters its globalization era.<sup>4</sup>

### **Relevant Background Information**

#### **Declaration of the State of Israel**

On May 14, 1948, David Ben-Gurion declared the State of Israel. Immediately afterwards, Arab troops entered Palestine and confronted the Zionist movement, which had begun to seize lands inhabited by Palestinians. The Arab states, namely Egypt, Jordan, Iraq, Syria and Lebanon, lost the war and a series of Armistices were signed in 1949.<sup>5</sup> As a result of the 1948 war, more than 700,000 Palestinians fled the country to neighboring Arab states. 160,000 Palestinians remained on their lands. Almost overnight, the Arab majority in Palestine became an Arab minority in the newly created Israel. This demographic change meant a transition from a majority status to an "ethnic, national, linguistic, religious and cultural minority" in a newborn Jewish State. The new minority lacked leadership, as the political and economic elite fled the country during the war.<sup>6</sup> The remaining minority was mainly of peasants and workers lacking the financial means to flee. Among the elite that fled are the lawyers, doctors, merchants and landowners.<sup>7</sup>

### **The Distribution of the Palestinian Arabs remaining in Israel**

Palestinians that remained in the area that later became Israel were divided into three religious communities. The majority is Muslims (76 percent) and the minority is composed of Christians (14 percent) and Druzes (10 percent). Sixty percent of the Arabs live in Galilee, while the rest are distributed as follows: the Triangle 20 percent, Negev 10 percent, and other Jewish towns 10 percent. The Arab minority is concentrated geographically and set apart from the Jewish majority.

Economically, the Arab minority comes from the lower classes in Israeli society. Most of them were villagers and workers. However, a middle class of professionals emerged in the last three decades. Politically, the minority rejected the Zionist nature of the Israeli State and looked forward to equal rights with the Jewish majority before the law. The Jewish majority viewed the Arab minority with suspicion. For them the Arab minority is "suspected for disloyalty."<sup>8</sup> Israel, according to 2000 figures, has a total population of six million, with an Arab community approximating one million. The Arab population has been increasing since the declaration of the Israeli State. From 160,000 or 12.5 percent of the population in 1948<sup>9</sup> to 997,000 in 2000 or 17 percent of the population.<sup>10</sup> The average Jewish birth rate per one thousand is 18.8 percent, while the Arab rate is 27.5<sup>11</sup>. The Central Bureau of Statistics of the State of Israel projects that by the year 2020 the Arab population will increase to two million at a high estimation. Although the Arab minority gained citizenship and became subjects of the Israeli State in 1948, they remained under military rule until 1966.<sup>12</sup>

#### **Military Rule (1948-1966)**

From 1948 to 1966 the Arab minority was placed under military rule. Many aspects of life in Arab areas were regulated by the state.<sup>13</sup> Arab movement was controlled and their political activity was repressed.<sup>14</sup> Attempts to form political groups, establish newspapers and organize demonstrations were defeated by the military governor. Despite the repressive measures against the Arab minority and the prevention of the Arab minority from engaging in political activity, large numbers of Arab votes were delivered to the Labor party and its "Arab Affiliated lists."<sup>15</sup> According to Kumarasawamy, "it is not accidental that the highly successful period of minority lists affiliated to Mapai (Labor party) coincided with the military rule over Arab areas" between 1948 and 1966. In 1963, a proposal to abolish the military rule was defeated by one vote, and strangely enough, three Arab MK's, who belonged to the Mapai minority list, opposed the proposal.<sup>16</sup> This example may reveal the relation between the military rule and Israel's political dictate on the Arabs through the "minority lists" which were the only political expression possible for the Arab minority. As it was trying to build its newly born state, Israel through the military rule aimed at controlling the Arab minority. Israel viewed the Arab minority from a security perspective. By 1966, the end of the period of military rule, Israel had consolidated its existence and military rule wasn't

necessary, but the control over the Arab minority remained – taking, however, different shapes, as we shall see. The end of military rule created better conditions for Arab political activity. Founding of organizations began to take place but under the open eyes and close control of the state.

### **Nature and Scope of the Arab Political Organizations**

After the Palestinian elite fled the country as a result of the war with the Jews in 1948, the Arab minority became leaderless. Under such circumstances, the Arab minority had no choice but to surrender to the new *status quo*. Arabs prior to 1948 had no political parties.<sup>17</sup> During this time, the only way available for the Arab minority to express its political and economic interests was through the “minority lists” introduced by Mapai.

### **The Arab Minority Lists**

Israel's electoral system is based on proportional representation. This encouraged Mapai in 1949 in the first Knesset elections to introduce the “Arab minority lists,” which are lists established for the Arabs and separated from the major party list, but organized by the party. Those lists were “created, financed, and controlled by Jews,”<sup>18</sup> and according to Smootha, these lists worked with the Israeli security.<sup>19</sup> Among the Arab minority lists of that period were: Nazareth Region Democratic List, Democratic Arab List, and the Farm and Development List. As parties of the Israeli Left perceived the Arab minority lists as an asset for the elections, parties of the Right were “indifferent.” However, as the Communist Party in Israel began to attract more Arabs, the importance of Minority Lists began to decline. For example, the Mapai Arab list in 1949 got 51% of the Arab vote, but 21% in 1977. This decline in Arab attraction to the Minority Lists led Mapai to include Arab candidates on its party list. Mapai became the first Zionist party to place Arabs on its election lists.<sup>20</sup> The failure of Arab minority lists after 1966 may be attributed to the end of military rule, Arab identification with the Communist Party, and increased political awareness among the Arabs.

### **Israeli Communist Party**

Joining together with anti-Zionist Jewish communists after the 1948 war, Arab communists participated in the Israeli Communist Party (Maqi). This party was the only non-Zionist party among Israeli parties.

Leadership of the party remained in Jewish hands until the party split into two factions, Rakah and Maqi, in 1965. In Rakah, Arab communists played the major role in leading the party.<sup>21</sup> As a reaction to the dominant Zionist culture, Rakah was an attraction to the Arabs, as the only non-Zionist party.<sup>22</sup> One third of the Arab votes were given to Rakah in 1973. As a result, two Arabs and two Jews made it to the Knesset.<sup>23</sup>

### **Al-Ard Movement**

The Al-Ard Movement was established in 1958 as the first all-Arab organization. Its immediate objective was to revive the Arab minority's ethnic existence and articulate its interests. The movement believed that the resolution of the Palestinian problem should be in line with the desires of the Palestinian people and should satisfy their interests and aspirations. Attempts to register the movement officially were defeated by the Israeli authorities. Israel labeled Al-Ard a "Nasserite Movement." However, the Al-Ard movement dissolved after internal conflicts about its position on the State of Israel.

After the dissolution of the Al-Ard, the Arab Academic Union was established. The union included students, graduates and professors. The union was considered as the "orphan" of the Ard movement. The union called for an end to Israeli confiscation of land, improving the status of the Arab minority, and the consideration of the Arabs in Israel as part of the Palestinian people and Arab nation. But, due to a hostile Israeli press, employment restrictions and harassment by the authorities, participation and attendance by the Arabs in the union was low.<sup>24</sup>

### **Independent Arab Political Parties**

The Arab minority in Israel always sought to establish an organization to represent its political interests, but many attempts were faced with impediments. The state's measures and attitude toward Arab political activity and political and ideological splits within the minority, which lacked common political orientation and leadership, were major obstacles for the founding of an Arab organization.<sup>25</sup> Although Rakah played an important role in representing Arab interests, its Communist ideology nevertheless did not suit Arab nationalists and Muslims. The Communist Party in 1977 found the Democratic Front for Peace and Equality (Hadash), which included Jewish and Arab non-communists. The front's platform called for a peaceful resolution of the Arab-Israeli conflict and employed the 1967 border to separate two states, the



Jewish state and the Arab Palestinian state. The front attracted many Arabs and was supported by more than one-third of the Arab population. However, its performance began to decline due to various factors, which may start with the Islamic revolution in 1979, to the breaking of the Intifada in 1987, and to the fall of the Soviet Union.<sup>26</sup>

In 1988, the first Arab political party was founded by Abdel Wahab Darawshe, a former Labor member of Knesset.<sup>27</sup> The "Arab Democratic Party" (ADP) sought to attract Muslim constituencies and "emphasized the party's Islamization."<sup>28</sup> In 1996, Ahmed Al Tibi, Yasser Arafat's advisor and supporter of the Oslo Accord<sup>29</sup>, formed a new party called the Arab Union for Renewal. The major objective of Tibi is to support Labor's election to power, in the belief that Labor would advance the peace process.<sup>30</sup> In the same year (1996), the "Al-Tajammu Party" was founded shortly before the Knesset elections by Azmi Bishara. The new party included former members of the Communist Party, the Progressive Movement and the Abnaa Al Balad movement. Al-Tajammu defines itself as a "nationalistic party-in-formation" and its objective is to block the "Israelization" process of the Arab minority and calls for cultural autonomy and "de-Zionization" of the state.<sup>31</sup> Arab parties during elections enter into coalitions such as the United Arab List, which included the Islamic Movement (not itself a party, but an organization that participated in the 1996 elections) and the ADP and another list, including Hadash and the Arab Union for Renewal.<sup>32</sup> The founding of Arab parties opened new political horizons for the Arab minority and made the Arab minority's presence felt in the Jewish State. Although there are many political and ideological splits among Arab movements and parties, most of them share the following objectives:

1. Accept the State of Israel (or else they wouldn't be able to operate legally).
2. "De-Zionization" of the State in Israel.
3. Preservation of Arab culture.
4. Improve the socio-economic status of the Arab minority.
5. Support Israeli parties that seek to advance the peace process.

After shedding light on the nature and scope of Arab movements and parties in Israel, the study now will focus on the relation that governs Arabs vis-à-vis the Jewish State.



### Arab-Jewish relations in the Israeli State

#### Arab Perceptions of and Attitudes toward the Jewish State

Recognition of the Israeli State did not materialize among all Arabs, especially those who were Palestinian. However, perceptions of the State of Israel have been changing. The Arab minority in Israel has different perceptions of the Israeli State. For the Arab minority in Israel, the issue isn't a matter of recognition; rather, it is a reality with which they have to deal on a daily basis. Since the Palestinians became a minority in 1948, the recognition of the Israeli State and ways to deal with its existence have been controversial matters. According to Smootha, Arab attitudes toward the Israeli State fall into four categories:

1. *Accommodationists* - those who believe that they should adapt to the system and work to "extract" concessions from the state.
2. *Reservationists*- those who believe that they should negotiate rather than oppose and should search for a third way other than Zionist governing and anti-Zionist opposition.
3. *Oppositionists*- those who accept Israel as a state but call for the "de-Zionization" of the state. For example, the Communist Party.
4. *Rejectionists*- those who totally negate the existence of the Jewish

State and desire to replace it with a secular democratic state.<sup>33</sup>

These difference in perception created political fragmentation among the minority. Kaufman and Israel observe that as an ethnic minority the Arabs had to face a "strategic dilemma." There were three options before the Arab minority:

1. *The Incremental-Instrumental Option*-, which was that Arabs connect themselves to the Jewish majority and advance their interests from within. Arab minority lists and Arabs in Zionist parties are examples.
2. *The Ethnonationalist Option*- this option was followed by the Communist Party. whose main objective is an "egalitarian" society in which the Arab minority becomes integrated in society but not assimilated.
3. *The Strategy of Abstention*- similar to Smootha's Rejectionist Category, this calls for minimizing contacts with the Jews and working to become self reliant.<sup>34</sup> Two groups followed this strategy: "Sons of the Village", an ultranationalist Arab movement which

neither recognized the Jews as a nation nor Israel's right to exist.<sup>35</sup> The second was the Islamic Movement, which opposes participation in elections, and rather concentrates on the internal affairs of the Muslim villages. This movement considers the Committee of Arab Mayors an Arab parliament.<sup>36</sup> However, we cannot view the above categories and options from a static perspective. The relation governing the Arab minority and the state in Israel is in constant change.

### **The Israeli State's Attitude towards the Arab minority**

Since its formation, the State of Israel was meant to be a 'Homeland for the Jews,' thus a "Jewish State", as it was labeled by its Zionist founders. However, the existence of a distinct Arab minority contradicted the nature of the state, leaving controversial questions unanswered. Who are the "Jews"? Are all Jews citizens of Israel? Can non-Jews be part of a Jewish State, and what is the nature of the relation between the state and its non-Jewish minority? This remains a major issue before the Israeli State. However, this is not directly relevant to the subject of the study, as we here seek to understand the attitude of the Jewish State toward its Arab minority.

According to Reich, "activities of the Arab community were regarded primarily as the concern of the Israeli security system."<sup>37</sup> For the Israeli government, the Arab minority was a security threat, which is why military rule was the form of governing in the early years of the Israeli State's formation. The Israeli regime made efforts to keep the Arab community divided. The regime encouraged confessional antagonisms and kinship-based conflicts.<sup>38</sup> The Israeli law forbids any organization to operate if its ideology negates the existence of Israel or Israel's Jewish character. The Al-Ard Movement (as has been indicated in the study) has been labeled a "Nasserite Movement" by the Israeli State. Israel refused to grant the movement permission to register officially. When the movement presented the case before a court in 1965, the court refused to hear the case. When the movement presented candidates for the elections to the sixth Knesset under the name of the "Arab Socialist List", the military government crushed its four candidates. Later the movement's publications were confiscated and the Supreme Court claimed that Al-Ard represented an "illegal association denying the very existence of the State of Israel."<sup>39</sup>

According to Lustick, when the military government ended in 1966, suspicion remained against the Arab minority. Arab departments were

formed in all ministers' offices, a prime minister's advisor on Arab affairs was established, and the Arab department of the Histadrut (Trade union organization) was founded. The major function of these departments was to control independent Arab political activity. In 1980, Arabs from all Israel sent delegates to Nazareth for the purpose of founding an Arab political party, but days before the congress was to take place, the Likud government banned the meeting.<sup>40</sup> Due to the increasing political awareness and activity of the Arab minority in the 80's, the Israeli Basic Law was amended to emphasize that any individual who runs for the Knesset must recognize the State of Israel as a state for the Jewish people.<sup>41</sup> In 1993, a campaign was started by elements of the right-wing in Israel against Hashim Mahamid, the Arab MK of Hadash. Shahak's "Israel's Arab MK's in an establishment" article studies the factors behind the campaign. His article claims that the campaign was due to the fact that Mahamid was a member of the Knesset Select Committee for State Comptrollership and was banned from attending a committee meeting to study a report on the Shin Bet in April 1993. Shahak reports that the committee's chairman Den Tihon of Likud "announced that he would deny access to the report to anyone, unless Mahamid "voluntarily" undertook to absent himself from the committee meeting discussing it." The Labor faction in its turn claimed that Mahamid should accept Tihon's request or be removed from the committee.<sup>42</sup>

Political parties in Israel differ in their attitudes toward the Arab minority. Mapai introduced the "Arab lists" and then was the first party with a Zionist ideology to include Arab candidates on its lists. In 1953 the Histadrut opened its membership to Arabs. Parties of the extreme Right such as Motedet and Tsomet restrict their membership to Jews. In 1982 the Likud party of the Right opened its Arab department.<sup>43</sup>

### **Change in Attitudes**

After Israel had consolidated its existence and the Arab minority became a significant political factor in Israeli politics, a change of attitudes began to take place in different aspects of Jewish-Arab relations.

In 1969, the Arab MK of Mapai, Serfeddin Zu'bai, was elected Deputy Speaker of the Knesset. In September 1993, a major development took place when for the first time in Israeli history an Arab, Ali Deeb Yehya, was selected Israel's ambassador to Oslo. After Ezer Weizman was assigned the responsibility in the government to

"monitor" the affairs of the Arab sector, he fired Benjamin Gurayeh of the security service, who had also served five years as an advisor of the Prime Minister on Arab affairs, a post hated by Arabs. After that, Weizman proposed abolishing the post. The proposal was accepted by Shimon Perez, the Prime Minister at the time.<sup>44</sup> After Prime Minister Rabin told the Knesset in 1992 that the Israeli State "erred" in its treatment of Israeli Arabs, he abolished the post of Prime Minister advisor on Arab affairs and established a committee of directors-general to handle issues that concern the Arab sector.<sup>45</sup> Rabin in 1992 declared that his government will be supported by the two Arab parties. This support was crucial for Labor to stay in power. But Sharon of the Likud called for "de-legitimization" of the elections. In 1996 for the first time the Labor Party campaigned in the Arab sector.<sup>46</sup>

Relative change in the relation between the Israeli state and its Arab minority, increase in Arab political awareness, and the divisive and competitive politics in Israel, have all helped create better conditions for Arab organizations to increase their level of political significance. This we shall face in the next part of this study.

#### **Level and Significance of Arab Organizations on Israeli Politics**

In a general observation of the political activity of Arab organizations, we realize that Arab organizations' influence on Israeli politics evolved from a marginal influence to an active and significant one. Marginal political influence that characterized the minority's behavior in the first three decades of the Israeli State may be attributed to strict Israeli measures toward Arab political activity, lack of political awareness among the Arab minority, and political fragmentation and lack of a common Arab organization or leadership. The Arab defeat in the war in 1967 was a turning point in the political life of the Arab minority in Israel. The defeat showed the difficulty of change from outside, and thus the Arab minority became aware that prospects for change lie in its hands. During the military rule the Arab vote went mostly to Mapai through the minority lists. Arab influence at that time was marginal, due to the fact that Arab MK's did not control their vote and had to comply with their party's decisions. Gradually, Arab influence began to increase, especially in the 80's. Arab political activity became independent. Before the 80's, the Arab vote wasn't strategically aimed at meeting the interest of the Arabs. In the beginning of the 90's with the establishment of independent Arab parties, the Arab vote became a major factor in Israeli elections, thus increasing Arab

influence on Israeli politics. This new Arab independent politics began to have its effect when in 1992 Prime Minister Rabin decided to receive the support of two Arab parties. Rabin in that year became Prime Minister, five votes from ADP and Hadash having been crucial. This support was also crucial for ratifying in the Knesset the Oslo peace Accord between Israel and the PLO in 1993.<sup>47</sup> Due to the importance of the Arab vote in ratifying the peace treaty, a chief rabbi issued a rule that "all laws that pass by the Knesset on the strength of Arab MK's were null and void."<sup>48</sup>

### **The 1996 Knesset Elections**

Arab political participation in the 1996 Knesset elections was remarkable. Arab participation wasn't limited to Arab parties, but also to other Israeli parties. 40,000 Arabs registered as members for the Labor Party. The open primaries for Knesset candidacy drew 21 Arab candidates for the Labor Party.<sup>49</sup> For the first time in Israeli history, Arabs won nine seats in the Knesset. The Islamic Movement, after long following the strategy of abstention, participated in the elections. The Islamic Movement formed the United Arab List with the ADP. The second Arab list was a combination of Hadash (including Al-Tajamu) and the Arab Movement for Renewal. As a result, Hadash emerged as the 7<sup>th</sup> largest party in the Knesset. Hadash's agreement with Al-Tajamu gave this joint three percent of the total vote.<sup>50</sup> Political and ideological splits, however, among Arab parties prevented them from forming a unified list.<sup>51</sup>

A major political development for the Arab minority took place when on March 24, 1999, Azmi Bishara announced his decision to run as a candidate for Prime Minister of Israel. Bishara became the first Arab to run for the Prime Minister's office in Israel. It was clear that Bishara's chances of winning were nil, but he sought a political bargain with Barak, the Labor candidate, in the second round. Bishara's withdrawal and Arab support paved the way for Ehud Barak, who became Prime Minister.<sup>52</sup>

### **The Arab-Israeli Conflict and Arab Organizations**

The Arab-Israeli conflict had and still has a major impact on Arab-Jewish relations in the Israeli State. The Arab minority's reaction at different stages of the Arab-Israeli conflict evolved from a marginal reaction, to acts of condemnation and demonstration, before becoming influential in the last decade. The 1967 Arab-Israeli war left its imprint

on the Arab minority; but due to strict control on Arab movements and activity, the minority's political expression was limited. However, in the Yom Kippur War, six years later, Arab reaction began to change. Reich observes that "in the wake of the Yom Kippur War and with increased international standing of the PLO, the Arabs of Israel seemed to become more restive and politically aware."<sup>53</sup> As a result of the Yom Kippur War, and due to increasing Jewish religious enthusiasm, the National Religious Party was founded. Among other things, this increased the ideological divisions among Israeli parties, which created more room for Arabs to bargain politically.<sup>54</sup>

In 1979, Israel and Egypt concluded a peace treaty. Rakah immediately denounced the treaty and considered it a betrayal of the Palestinian cause. The National Committee of Arab Students and the Progressive Movement, as well as the professionals, demonstrated and published statements against the treaty.<sup>55</sup> After Israel's invasion of Lebanon in 1982 and the internal Israeli crisis over the consequences of the invasion, the Labor party (after the elections of 1984) considered forming a government with the tacit support of Hadash, but the crisis pushed forward a national unity government, and the agreement was aborted.<sup>56</sup> The beginning of the Palestinian uprising (Intifada) in 1987 increased Arab political activism. A year later the first Arab party was formed.<sup>57</sup> The Madrid conference and the beginning of peace talks created a favorable environment for Arab political activity. The Arab reactions to peace talks and treaties in most of the cases were positive. The Arab vote on the Oslo Accord in the Knesset is an example. Arab deputies were sent by the Israeli government on "Peace Missions" to Arab states to mediate with Yasser Arafat, King Hussein and other Arab leaders.<sup>58</sup> In 1996 after Israel's "Grapes of Wrath" in Lebanon, which led to the Qana massacre, Prime Minister Perez's image in the eyes of the Arab minority turned black. In an act seeking reconciliation, Labor campaigned for the first time in the Arab sector. The Arabs' choice, however, was limited, and they voted for Perez in an attempt to resist the coming to power of Benjamin Netanyahu or the formation of an Israeli national unity government.<sup>59</sup>

In 1999, Barak came to power as a successor to Rabin in the attempt to conclude a peace treaty. However, peace talks reached a deadlock, particularly on the status of Jerusalem and the return of Palestinian refugees. As peace talks were stalled between the Israeli Labor government and the Palestinian Authority and the gap was widening between both parties, a visit by Ariel Sharon of the Likud to

Al Aqsa Mosque, a sacred and religious sanctuary for the Muslims, on September 27, 2000, triggered the beginning of the second Intifada. The Intifada has continued up to the time of writing. Barak in December 2000 resigned from office and called for elections for Prime Minister. Again Arabs sought to bargain politically, and Ahmad Tibi even announced his intention to run for the election of the Prime Minister. Barak's picture in the eyes of the Arab minority deteriorated due to the severity of the Israeli measures against the Palestinians of Gaza and the West Bank.

At times of crisis in the Arab-Israeli conflict, Arab political maneuver and influence was always limited. As we have seen, this was evident in 1996 when the Arab minority supported Perez in a failed attempt to prevent Netanyahu from taking office. A similar situation arose when Prime Minister Barak resigned and called for new elections. This time most Arabs decided to boycott the election in an attempt to "punish" Barak for measures taken against the Intifada. However, their boycott only helped pave the way for the victory of Ariel Sharon, a figure the Palestinians detest. Although Arabs did not gain politically in either instance, both episodes manifest the increased political significance of the Arab minority. As the Arab population in Israel approximates a million, with 10% of the overall vote, Barak started his political campaign with a visit to an Arab town in the northern town of Tira – aiming at reconciliation, urging the Arabs to "get over" the uprising and "restore this Arab-Jew Israel."<sup>60</sup>

The present Arab-Israeli conflict will leave a major gap in Arab-Jewish relations in Israel. The distance between the two communities has always widened in times of crisis and narrowed in times of peace. Although it is early to predict the future of the Arab-Israeli conflict, Smootha distinguishes between two perspectives on the nature of the relation between the Arabs and Jews in Israel in the event a peace treaty is concluded. First, the "Mutual Alienation" perspective sees that even if Israel withdraws from any of the occupied territories it will seek to preserve its position by attracting more Jews, and some claim that new Israel settlements are being built in certain locations within the occupied territories largely to house such settlers. This will lead Israel to deny Arab-Jewish equality and Arabs will have to move out of Israel into the Palestinian areas. The alternative or "Mutual Accommodation" perspective, which depends upon Jews and Arabs eventually "becoming more receptive and considerate of each other," envisions the possibility of enhanced democracy within the



Israeli state, with Arabs and Jews sharing equal political and civil rights.<sup>61</sup> By the time this article appears in print, it may be better possible to foresee which of these two options is likely to prevail

### **Implications of the Findings**

This study sought to examine the political development of the Arab minority in Israel, the scope and nature of their political organizations, the level and significance of political organizations and the effects of the Arab-Israeli conflict on Arab-Jewish relations in the Israeli State.

The study dealt with the evolution of the Arab political organization, starting with the Arab Minority Lists of Israeli parties to the formation of Arab independent parties. The performance and significance of Arab parties were discussed, and the following implications were found. Concerning the level and significance of Arab political organization, some observers may argue that the significance of Arab organizations on Israeli politics is marginal and others may argue that it is active and has substantial influence. However, the study revealed that while their significance has been evolving but their level of significance is relative and connected to the events they are dealing with. In internal politics, on those issues that usually divide the two major Israeli parties, Labor and Likud, Arab parties may well be of significance to one of the parties (in most cases Labor). With Arab support, Labor elected Chime Herzog President in 1983 and Shlomet Illel as speaker in 1984.<sup>62</sup> In issues that deal with the peace process and particularly the issues the Likud and rightist parties are diffident about, the Arab vote proved efficient. The Oslo Accord is an example where the Arab vote was crucial. However, at times of crisis in the Arab-Israeli conflict (Intifada, "Grapes of Wrath" and negotiations of the final status), Arab political significance is limited, since the gap widens between the Arabs and Jews as a result of differences in the perception of the crisis and its resolution. Israelis unite behind a conservative force in times of crisis, making it harder for Arab political maneuver. This was the case, for example, in 1996 when Arabs had no objective but to support Perez to office, but it was Netanyahu who made it. And in 2001, when the Arabs decided to boycott the elections, Arabs indirectly assisted Sharon. This implies that a peaceful environment is more likely to increase Arab political significance amidst the divisive and competitive politics in Israel. This may contribute to the advancement of the socio-economic and political interests of the Arab minority. However, the Arab-Israeli conflict remains to be the

major variable governing Arab-Jewish relations in Israel.

### End Notes

1. See for example, Sammy Smooha, "The Orientation and Politicization of the Arab Minority in Israel," Monograph Series on the Middle East, no.2, 1984, p.159.
2. See for example, Elia Zureik, *The Palestinians in Israel: A Study in Internal Colonialism*. London 1979, p.166.
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4. *Ibid.*, pp.11-13.
5. Lesh, A.(1995) "The Palestinians," in *The Governments and Politics of the Middle East and North Africa*, eds. David E. Long, et al. , Oxford: Westview Press, pp. 282-283.
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9. Kumarasawamy, *Political Legitimacy of Minorities*, p.1
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12. Lesh, *The Governments and Politics of the Middle East and North Africa*, p.284
13. Lustick, I.S.(1989) " The Political Road to Binationalism: Arabs in Jewish Politics" in *The Emergence of a Binational State*, eds. Ilan Peleg, et al. , Boulder, C.O.: Westview Press: p.100.
14. Lesh, *The Governments*, p.284
15. Lustick, *The Emergence of a Binational State*, p.100
16. Kumarasawamy, *Political Legitimacy*.p.14
17. Zureik, E.T.(1979) *The Palestinians in Israel: A study in Internal Colonialism*. London: Routledge and Kegan Paul, p.166.
18. Kumarasawamy, *Political Legitimacy*, p.16
19. Smooha, S.(1991) *Arabs and Jews in Israel: Change and continuity in mutual intolerance . Vol.2*. Boulder, C.O.: Westview Press, p.272
20. Kumarasawamy, *Political Legitimacy*, pp.13-15.
21. Zureik, *The Palestinians in Israel*, pp.166-167.
22. Lustick, I.(1980) *Arabs in the Jewish State: Israel's control of a National Minority*. Texas: University of Texas Press.p.113.
23. Zureik, *The Palestinians* , p.167.
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  44. Lustick, *Emergence*, p. 109
  45. Kumarasawamy, *Political Legitimacy*, p.23
  46. Ibid., p.31
  47. Ibid., p.21
  48. Ibid. ,p.24
  49. Kaufman and Israel, *The Elections*, p.88
  50. Ibid., p.89
  51. Kumarasawamy, *Political Legitimacy*, pp.27-34
  52. Andonis, *Taking Azmi Bishara to Task*, p.23
  53. Reich, *The Governments*, p.24
  54. Lustick, *Emergence*, p.101
  55. Smoocha, *Arab and Jews in Israel*, Vol.1, p.61
  56. Kumarasawamy, *Political Legitimacy*, p.21
  57. Reich, *The Government*, p.246
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  59. Ibid. pp.31-32
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## Attracting Portfolio Capital Inflows: National Political and Economic Attributes of Emerging Markets

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The general objective of this study is to discern and examine the role of macroeconomic government policies as well as the economic and financial attributes of host emerging market countries in shaping the destination of portfolio investments. The study identifies key “location advantages” that must exist in order to ‘pull’ portfolio investment. Further, it highlights public policy recommendations for attracting portfolio capital as a source of capital for developing countries.

This study finds a direct positive correlation between portfolio capital inflows and improvement in macroeconomic performance in the host economies. Countries in the emerging markets that were able to generate fast economic growth, engage in extensive privatization program, and adopted a public policy posture based on opening their economies to international trade and capital inflows were more likely to attract foreign portfolio equity investments than those developing countries that did not undertake significant market-friendly macroeconomic stabilization and fiscal consolidation programs.

**Key Words:** Financial Markets, Emerging Markets, International Stock

### Markets, Political Economy, Economic Policies

Portfolio investments involve purchase of securities and fixed income investments by foreign individual and institutional investors in the domestic or local bond and equity markets of host countries. In contrast to foreign direct investment (FDI), where foreign companies obtain managerial control and operate productive facilities in the domestic economy, foreign portfolio equity investments (FPEI) normally transact through purchase of shares of companies quoted on stock markets. Portfolio capital flows can also be distinguished from

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