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The letters of resignation from Sir Ian Gilmour, Lord Soames and Mr Carlisle to Mrs Thatcher, published on Sept. 14, were worded as follows:

**Sir Ian Gilmour.** "You asked for my resignation. As I told you this morning, this was, in view of our disagreements, neither surprising nor unwelcome."

"I am grateful to you for having asked me to be a member both of your Shadow Cabinet throughout the period of opposition and of the Cabinet you formed in 1979. And I am proud to have been concerned under Peter Carrington [Lord Carrington, the Foreign and Commonwealth Secretary] with the conduct of foreign policy which has been, I think, one successful part of the Government's record."

"Thank you for your kindnesses over the years. May I wish the Government success in the future?"

**Lord Soames.** "You told me this morning that you wished to put someone else in my place, so I hasten to place my office at your disposal."

In reply to Lord Soames, Mrs Thatcher said inter alia: "As I explained to you this morning, I feel that it is time as we enter the second half of the Parliament to bring into the Cabinet some new and younger ministers; and I am most grateful to you for being so ready to put your office at my disposal. . . ."

**Mr Carlisle.** "When I saw you this morning you indicated to me that you were anxious to make certain changes in the Government and asked me if I would put my office at your disposal. This I now do."

"I am grateful for having had the opportunity of serving as Secretary of State for Education for the last two and a half years and for having been a member of the Cabinet."

"I can assure you that I will continue to give my loyal support to the Conservative Party in the House of Commons and throughout the country."

As indicated in his letter of resignation, Sir Ian Gilmour had "disagreements" with Mrs Thatcher, and in a statement on the same day (Sept. 14) he set out his differences—in particular relating to economic policy—which he explained he had made clear to his colleagues within the Government and in two speeches made by him while a member of the Cabinet. His statement was worded as follows:

"I have been sacked because I am in disagreement with the Government's economic policy. My dismissal was therefore a perfectly natural step for Mrs Thatcher to take, and one that is not unwelcome to me."

"Every Prime Minister has to reshuffle from time to time. It does no harm to throw the occasional man overboard, but it does not do much good if you are steering full speed ahead for the rocks. And that is what the Government is now doing. In other words, it is far more important to change the policy than to change the Cabinet. Changes in the Government can buy a little time. They give an appearance of movement and control. But that will not last for long."

"Of course the Government had a difficult legacy, and of course it has many achievements to its credit. But it will soon become even clearer than it is now that there must be changes in economic policy, if only because the social consequences of what is being done are not acceptable."

"It will also soon be quite clear that the Conservatives cannot win a general election on such policies. That means that whatever the Government is trying to do will be completely undone in two years' time unless changes are made."

"I have always believed in a humane middle-of-the-road Tory party. I have never believed in monetarism or in dogmas about free market forces, as my two books have shown."

"I always made my views clear to my colleagues in discussion on the subject within the Government, and I expressed a similar attitude in two speeches I made while a member of the Cabinet. I have not changed my views in the past and I shall not change them now."

"It is doubtful if the country would ever recover from a left-wing socialist government. I shall therefore continue to work vigorously for a moderate Tory party of the traditional type and for the return of the Conservative Government after the next election."

"Otherwise, the outlook for the country and the Conservative Party will be bleak indeed."

Particular attention was paid in the press to the appointment of Mr Prior as Secretary of State for Northern Ireland—a move which had been widely rumoured for some time and which he was understood to have resisted in favour of remaining at the Department of Employment.

However, in a personal statement on Sept. 14 after his new appointment was announced, Mr Prior said that he had always regarded it

as his first duty in politics to serve his country; that this had been his overriding consideration when Mrs Thatcher had asked him to assume responsibility for Northern Ireland; that he would "bring all my powers of persuasion and conciliation to this most vital task"; and that although "after such a long stint in one area of policy it is obviously a wrench to leave it" this was "a new challenge" and he was "delighted to have such a strong and experienced ministerial team with me".

Speaking to reporters in Belfast on Sept. 16, Mr Prior further said that he had been "playing for considerable stakes" to remain at the Department of Employment, although it had never been a question of not wanting to come to Northern Ireland, and that he had gone to the extent of telling the Prime Minister that he wished very much to stay at his existing post and that if he was not offered an economic job he would "have to consider my position".

As stated above, Mr Prior remained a member of the Cabinet's economic committee.

Lord Thorneycroft, in a letter to Mrs Thatcher dated Aug. 25, recalled that a year earlier he had pointed out that he would be about 75 years old when the next general election was held, and that if a new party chairman was to be appointed it would be sensible for this to be done "in time for him to assume responsibility for the party organization in time for the run-up to that event"; his advice now was "that you should appoint a younger man to undertake this task". He attached to his letter to Mrs Thatcher "the final message which I sent to constituency chairmen, to agents and to others at the beginning of this month [on Aug. 2], which I hope illustrates the determined, undogmatic and caring party which we always have been and will, under your leadership, I know, remain". Lord Thorneycroft had held the post of party chairman since immediately after the election of Mrs Thatcher as leader of the Conservative Party in February 1975 [see 26989 A].—(Times - Daily Telegraph - Guardian) (Prev. rep. *Government Changes 30962 A, 30708 A; Formation of Thatcher Government 29681 A, 29724 A; Conservative Party Chairman 26989 A*)

#### A. ISRAEL — General Elections - Likud Front remains Largest Group in Knesset - Formation of New Government by Mr Begin

In general elections held on June 30, 1981, both the ruling *Likud* front led by Mr Menahem Begin and the opposition Labour Alignment led by Mr Shimon Peres made appreciable gains, the final results showing that the former had obtained a one-seat advantage over the latter in the 120-seat *Knesset* (Parliament). On the strength of *Likud's* narrow relative majority, Mr Begin was eventually able to form a new coalition Government on Aug. 4 with a similar party composition to that which he had led since the 1977 elections [see 28533 A].

The elections took place five months before the expiry of the full mandate of the *Knesset* elected in May 1977, as provided for under a government bill adopted unanimously in February 1981 after the Begin administration had ceased to command a committed parliamentary majority [see 30933 A].

A total of 31 lists contested the elections, and of the 10 which secured representation four had not contested the 1977 elections. These four were (i) the ultra-right-wing *Tehiya* ("Re-birth") movement formed in October 1979 [see page 30108]; (ii) Mr Moshe Dayan's *Telem* ("State Renewal") movement launched in April 1981 [see 30933 A]; (iii) the centrist *Shinui* ("Change") group comprising elements of the former Democratic Movement for Change (DMC); and (iv) the *Tami* ("Israeli Tradition") movement formed in May 1981 to represent oriental Jews by the outgoing Minister of Religious Affairs, Mr Aharon Abu-Hatzeira.

Led by Prof. Amnon Rubinstein, the *Shinui* group had been one of the original components of the DMC on the latter's formation before the 1977 elections [see page 28534] but had opposed the DMC's decision to join the Begin Government in October 1977 [see 28711 A]. In September 1978 it had broken away from the DMC to become the principal component of the Movement for Change and Initiative (*Shai*) [see 29499 A] but had subsequently reverted to its original identity under Prof. Rubinstein's leadership. (The Democratic Movement—as the DMC became after the *Shai* secession—was dissolved in February 1981—see page 30933.)

Mr Abu-Hatzeira, hitherto a leading member of the National Religious Party (NRP), launched the *Tami* movement shortly after his acquittal on corruption charges on May 24 by a Jerusalem court and his indictment the same day by a Tel Aviv court on separate embezzlement charges [see pages 30933-34]. According to Israeli

press reports Mr Abu-Hatzeira believed that other NRP ministers had failed to back him up during these proceedings and harboured particular resentment over the conduct of Dr Josef Burg, the NRP Interior and Police Minister. The new formation was explicitly intended to act as a channel for the grievances of Israel's oriental Jewish population (*Sephardim*), principally comprising post-independence immigrants from North African and other Arab countries and their descendants and generally regarded as disadvantaged in socio-economic terms as compared with the longer-established Jews of European origin (*Ashkenazim*).

Of the two major formations, the composition of Mr Begin's *Likud* front had undergone certain changes since the 1977 election, notably with the breakaway of the extreme right-wing *Tehiya* group in October 1979 and the defection in January 1981 of the *Rafi* component of the *Laam* faction—the latter group (i.e. *Rafi*) subsequently joining Mr Dayan's *Telem* movement; on the eve of the 1981 elections, therefore, *Likud*'s principal components were Mr Begin's *Herut* party, the Liberal Party and the rump of the *Laam* faction. The opposition Alignment (*Maarakh*) again comprised the Labour Party and the small United Workers' Party (*Mapam*), these two formations having presented a joint list in every election since the establishment of the alliance in January 1969 [see 23228 B].

#### Campaign Issues - Unprecedented Electoral Violence

The election campaign centred on the performance of the Begin Government in the field of economic policy, but in the latter stages it was also heavily influenced by a sharp escalation of tension between Israel and its Arab neighbours. In the latter context the Labour opposition not only accused Mr Begin of deliberately undertaking confrontationalist actions against Arab states for electoral purposes but also condemned his overall Middle East policy as incapable of producing long-term peace and security for Israel.

In the economic sphere the Labour opposition stressed that in the four years of the Begin Government consumer prices had risen by over 1,200 per cent, that unemployment had increased sharply and that industrial production had stagnated [see page 30933]. In response the *Likud* front claimed that Israel's economic difficulties in recent years reflected the general crisis of the industrialized world and that government actions had not only cushioned Israeli citizens from the full effects of the crisis but had also laid the basis for economic recovery. Particular controversy surrounded a series of tax-cutting measures introduced by Mr Yoram Aridor following his appointment as Finance Minister in January 1981 [see page 30933], which the Labour opposition condemned as a pre-election manoeuvre but which the Government depicted as consistent with its overall economic programme.

As regards the Middle East situation, there were acrimonious exchanges between the Government and the opposition over an Israeli air strike on an Iraqi nuclear plant near Baghdad on June 7. Whereas the Government claimed that the plant in question had been on the verge of having the potential to produce nuclear weapons, the Labour opposition claimed that the strike had been timed with the June 30 elections in mind and had damaged Israel's standing in the world.

The Alignment also condemned the Begin Government's approach to the Palestinian autonomy negotiations with Egypt and the United States [see pages 29954-55], claiming that *Likud*'s view that the occupied West Bank formed part of the historic land of Israel (*Eretz Israel*) precluded any settlement. Whereas Mr Begin continued to insist that Israel should retain territorial sovereignty under any future system of autonomy for the West Bank Palestinians, the Alignment advocated that Israel should seek to resolve the Palestinian question through direct talks with the Jordanian Government (subject to Israel's legitimate security requirements being met in the context of an eventual restoration of Jordanian sovereignty over the West Bank).

The election campaign was marked by unprecedented violence at party rallies in various parts of the country, many people being injured in clashes between rival groups of supporters. Maintaining that most of the incidents were provoked by young militants of the *Likud* front, the Labour opposition not only accused Mr Begin of condoning violence but also claimed that *Likud*'s electoral tactics represented a threat to Israel's democratic system. Such charges were, however, rejected by the Government, which on June 15 instructed the judicial and police authorities to take special measures to deal with outbreaks of violence during the campaign.

Apart from the campaign violence the Labour Party also had to contend with continuing dissension within its own ranks between supporters of Mr Peres and a minority faction around Mr Itzhak Rabin, the former Labour Prime Minister (1974-77) who had tried unsuccessfully to regain the party leadership from Mr Peres at the

third Labour Party convention in December 1980 [see page 30933]. Acrimony between the two camps intensified when Mr Rabin was omitted from a shadow Labour ministerial team announced by Mr Peres in mid-April and continued until, in an apparent reconciliation shortly before polling day, Mr Rabin was on June 26 named by Mr Peres as the Alignment's nominee for the Defence portfolio (hitherto promised to the Labour Party's secretary-general, Mr Haim Bar-Lev).

#### Election Results - Likud retains Narrow Relative Majority

The final results of the June 30 election showed that the *Likud* front had increased its share of the overall vote as compared with the 1977 election and had narrowly retained its position as the largest formation in the *Knesset*. Although the Alignment also gained ground, it obtained 10,405 fewer votes than *Likud*, which was allocated 48 of the 120 *Knesset* seats as against 47 for the Alignment. A feature of the outcome was the polarization of support behind the two main lists, with most of the smaller formations either losing ground or (in the case of the new parties) failing to make any substantial impact.

The outcome was widely seen as representing a remarkable political recovery by Mr Begin and the *Likud* front, which opinion polls in the early part of the year had been showing as trailing far behind the Alignment in terms of popular support. Political analysts ascribed this recovery mainly to the fact that in the event Mr Begin retained a broad following among oriental Jews (who now constituted a majority of the Jewish population of Israel).

The total number of eligible voters in the elections for the 10th *Knesset* was 2,490,014, of whom 1,954,609 (78.5 per cent) went to the polls and 1,937,366 cast valid votes as follows:

	Votes	Percentage	Seats
<i>Likud</i> .. .. .	718,941	37.11	48
Alignment .. .. .	708,536	36.57	47
NRP .. .. .	95,232	4.92	6
<i>Agudat Israel</i> .. .. .	72,312	3.73	4
DFPE* .. .. .	64,918	3.35	4
<i>Tehiya</i> .. .. .	44,700	2.31	3
<i>Tami</i> .. .. .	44,466	2.30	3
<i>Telem</i> .. .. .	30,600	1.58	2
<i>Shinui</i> .. .. .	29,837	1.54	2
Civil Rights .. .. .	27,921	1.44	1
Others .. .. .	99,903	5.15	0

\* The Democratic Front for Peace and Equality (*Hadash*), mainly consisting of the (pro-Soviet) New Communist Party (*Rakah*) and drawing most of its support from Israel's Arab population [see page 28534].

The *Likud* front thus increased its support as compared with the 1977 result, when (together with *Shlomzion*, which joined *Likud* shortly after the 1977 election) it obtained 35.3 per cent and 45 seats, although by early 1981 its representation in the *Knesset* had fallen to 39 [see page 30933]. For its part the Alignment recovered most of the ground lost in the 1977 election, when its share of the vote had fallen to 24.6 per cent and its representation to 32 seats.

Of the smaller parties which continued to be represented in the *Knesset* the NRP had in 1977 won 12 seats (9.2 per cent), the ultra-orthodox *Agudat Israel* four seats (3.4 per cent), the DFPE five seats (4.6 per cent) and the Civil Rights Movement one seat (1.2 per cent). Among the 21 lists which in 1981 failed to obtain the 1 per cent minimum of the valid votes necessary to secure representation, five had won seats in 1977, namely *Poalei Agudat Israel* (0.88 per cent in 1981), the Independent Liberal Party (0.61 per cent), the Labour-affiliated United Arab List (0.60 per cent), Mr Samuel Flatto-Sharon's list (0.56 per cent) and *Shelli* (0.54 per cent).

(As stated on page 30934, Mr Flatto-Sharon had been suspended from the previous *Knesset* in May 1981 after being convicted by a Jerusalem court of bribing voters during the 1977 election campaign; although the High Court of Justice had on June 26 overturned the *Knesset* decision on the grounds that Mr Flatto-Sharon's appeal against his conviction was still pending, his failure to secure re-election on June 30 increased his legal difficulties in that the loss of his parliamentary immunity reopened the possibility of his extradition to France, where he had been convicted in absentia in September 1979 for fraud, forgery and tax evasion—see page 30108.)

At the inaugural session of the 10th *Knesset* on July 20, Mr Menahem Savidor (*Likud*, Liberal) was elected Speaker by 61 votes to 56 with three abstentions. The unsuccessful Alignment nomination for the post was Mr Shlomo Hillel, a former Labour cabinet minister.

#### Formation of New Begin Government - Controversial Policy Agreement with Religious Parties

Although both Mr Begin and Mr Peres declared that the election outcome had given them a mandate to form a govern-

ment, on July 15 President Navon formally entrusted the task to the outgoing Prime Minister. After protracted negotiations with potential coalition partners, Mr Begin on Aug. 4 finally succeeded, in concluding a governmental agreement with the NRP, *Tami* and *Agudat Israel* under which the first two of these parties were allocated ministerial portfolios in a new *Likud*-dominated administration and the third undertook to give it parliamentary support. Mr Begin was thus assured of the support of 61 of the 120 *Knesset* deputies (i.e. 48 *Likud*, six NRP, four *Agudat Israel* and three *Tami* members).

As approved by the *Knesset* on Aug. 5 by 61 votes to 58, the new 18-member Cabinet contained 15 *Likud* ministers (eight *Herut*, six Liberals and one *Laam*), two from the NRP and one from *Tami*. Its full composition was as follows:

* Mr Menahem Begin ( <i>Herut</i> )	..	Prime Minister
* Mr Simha Ehrlich (Liberal)	..	Deputy Prime Minister, Agriculture
* Mr David Levi ( <i>Herut</i> )	..	Deputy Prime Minister, Housing and Construction
* Mr Itzhak Shamir ( <i>Herut</i> )	..	Foreign Affairs
* Mr Ariel Sharon ( <i>Herut</i> )	..	Defence
* Mr Yoram Aridor ( <i>Herut</i> )	..	Finance
Mr Ya'acov Meridor ( <i>Herut</i> )	..	Chief Economic Co-ordinator
Mr Mordechai Zipori ( <i>Herut</i> )	..	Communications
Mr Haim Corfu ( <i>Herut</i> )	..	Transport
* Mr Itzhak Moda'i (Liberal)	..	Minister without Portfolio
Mr Itzhak Berman (Liberal)	..	Energy
* Mr Moshe Nissim (Liberal)	..	Justice
* Mr Gideon Patt (Liberal)	..	Industry and Trade
Mr Abraham Sharir (Liberal)	..	Tourism
* Mr Eliezer Shostak ( <i>Laam</i> )	..	Health
* Dr Josef Burg (NRP)	..	Interior, Police and Religious Affairs
* Mr Zevulun Hammer (NRP)	..	Education and Culture
* Mr Aharon Abu-Hatzeira ( <i>Tami</i> )	..	Labour, Social Welfare and Integration of Immigrants

\* Member of preceding Cabinet, in some cases with different responsibilities.

The new Cabinet was regarded as more "hawkish" than its predecessor, notably in that Mr Sharon took over the important Defence portfolio (which had been held ad interim by Mr Begin since the resignation of Mr Ezer Weizman in May 1980—see 30610 B). As Agriculture Minister since 1977, Mr Sharon had taken an uncompromising policy line on security questions and had consistently promoted the establishment of Jewish settlements in the occupied West Bank.

Of the five new ministers, Mr Meridor (68) had preceded Mr Begin as commander of the pre-independence *Irgun Zvai Leumi* militant resistance movement and had been active in the *Herut* before leaving political life in the mid-1950s to concentrate on a business career; Mr Zipori (57) had been Deputy Defence Minister in the preceding Government; Mr Corfu (60) had been a member of the defence, foreign affairs and house committees of the ninth *Knesset* and also chairman of the coalition (i.e. pro-Government) group of *Knesset* deputies; Mr Berman (67) had been Speaker of the ninth *Knesset* from March 1980 [see 30260 A]; and Mr Sharir (48) had first been elected to the *Knesset* in 1977.

Three members of the preceding Cabinet were not reappointed, namely Mr Yigael Yadin (Deputy Prime Minister), who had announced his forthcoming retirement from politics in February 1981 [see page 30933], Mr Israel Katz (Labour and Social Welfare) and Mr Haim Landau (Transport). Mr Yadin and Mr Katz had been members of the now defunct Democratic Movement and Mr Landau belonged to the *Herut* wing of the *Likud* front.

As originally presented to the *Knesset* on Aug. 5 the cabinet list did not contain the name of Mr David Levi, who had refused to be included in protest against the appointment of Mr Abu-Hatzeira to his own Integration of Immigrants portfolio; however, shortly before the *Knesset* vote approving the new Cabinet, Mr Levi changed his mind and accepted Mr Begin's offer of a deputy premiership combined with ministerial responsibility for Housing and Construction.

Mr Abu-Hatzeira's reappointment to the Government also drew heavy criticism from the Labour opposition, members of which pointed out that he was being sworn in as a minister shortly before he was due to appear in court to face embezzlement charges. (Mr Abu-Hatzeira's second trial opened before the Tel Aviv district court on Aug. 6.)

The first clause of the coalition agreement between *Likud* and the three smaller parties reaffirmed the continuing validity

of the 1977 government policy document; of its 82 other clauses about 50 contained undertakings in the field of religious observance and practice which had been insisted on by the religious parties and by *Agudat Israel* in particular. These commitments were described by the Labour opposition as a "new peak of religious coercion" and by the English-language *Jerusalem Post* as a "marriage certificate of mediaeval religious dogmatism and modern political chauvinism", whereas Mr Begin himself claimed that they flowed naturally from *Likud*'s commitment to the Jewish character of Israel.

The religious clauses of the agreement (which recapitulated and strengthened similar undertakings enshrined in the 1977 government agreement—see page 28536) contained the following main provisions: (i) an expansion of military service exemption for *yeshiva* (Jewish seminary) students and staff; (ii) stricter compulsory observance of the sabbath and Jewish holidays, notably in that seaports, the state airline El Al and other state-owned enterprises would be closed down on such days; (iii) a tightening of existing restrictions on the sale of pig-meat in Jewish-populated areas; and (iv) strict enforcement of the law banning excavations at Jewish grave-sites.

In addition, the last clause of the agreement said that Mr Begin would "make every possible effort to assemble a *Knesset* majority" for an amendment to the Law of Return designed to tighten up the definition of "Who is a Jew?", as sought for many years by the religious parties. Whereas the existing law defined Jews as those born of a Jewish mother and those converted to Judaism, the latter category would under the proposed amendment be defined as those whose conversions had been conducted in accordance with orthodox religious law (*halacha*); moreover, only the rabbinical courts would have the authority to rule on the validity of foreign conversion certificates.

The clauses in the coalition agreement relating to sabbath observance provoked strong opposition from various groups of workers, notably El Al staff, who voted unanimously on Aug. 6 to close down Tel Aviv's international airport if the Government tried to enforce a ban on sabbath flights. On the other hand, groups of orthodox zealots launched a direct action campaign to enforce the ban on excavations at Jewish burial places, with the result that violent clashes occurred in mid-August at the City of David site just outside east Jerusalem.

Whereas Israel's rabbinical leadership maintained that part of the 3,000-year-old City of David site had been a Jewish cemetery since late mediaeval times, archaeologists asserted that there was no conclusive evidence for this contention and that in any case current excavations were well below the mediaeval level. Supported by some *Likud* members of the *Knesset*, the archaeologists also pointed out that the City of David dig (which was regarded as the most important currently being undertaken by Israeli archaeologists) had been properly licensed by the Antiquities Department of the Ministry of Education and Culture.

After inconclusive cabinet discussions on the City of David impasse on Aug. 26, Mr Hammer (the Education and Culture Minister) announced that he had referred the issue to the Attorney-General, Mr Itzhak Zamir, for a legal opinion on the disputed aspects of the affair, pending which he placed a temporary ban on the dig. However, on Sept. 4 the High Court of Justice annulled the ban and subsequently, in a detailed judgment published on Sept. 15, criticized Mr Hammer for acting on the basis of a rabbinical ruling rather than the laws of the state.—(Times - Guardian - Daily Telegraph - Financial Times - International Herald Tribune - New York Times - Jerusalem Post - Le Monde - Economist - BBC Summary of World Broadcasts) (Prev. rep. 30933 A; 1977 Elections 28533 A)

#### A. UNITED ARAB EMIRATES — New Ruler of Ajman - Ministerial Appointments

Sheikh Humaid bin Rashid an Nu'aymi was on Sept. 6 proclaimed the new ruler of Ajman in succession to his father, Sheikh Rashid bin Humaid an Nu'aymi, whose death had been announced earlier that day and who had ruled Ajman since 1928. For a number of years the late ruler had usually been represented by his son.

In earlier developments Mr Ahmed Khalifa al-Suweidi resigned as Minister of Foreign Affairs of the United Arab Emirates on April 8, 1980, his duties being subsequently entrusted to the Minister of State for Foreign Affairs, Mr Rashid Abdullah. On June 11, 1980, Lt.-Gen. Awwad al-Khalidi was reported to have resigned as Chief of Staff of the Armed Forces whereupon he became military adviser to the President with ministerial rank.—(BBC Summary of World Broadcasts - UAE Embassy, London) (Prev. rep. 30878 A)