

Israel: Sharon refuses to resign in face of corruption allegations

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Israeli prime minister Ariel Sharon has refused to resign following the indictment of David Appel, a property dealer and political fixer in Sharon's ruling Likud Party. Determined to brazen it out, Sharon took the unprecedented step of telephoning two newspapers to issue a personal statement.

He told the *Yedioth Aharonoth*, "I am calling you so that there should be no mistake. I am not about to resign. I stress: I am not about to resign."

Sharon told *Ma'ariv*, "I don't occupy myself with that [the 'Greek island investigation']. I am busy with work from morning to night, and I do not intend to make time for issues that are under investigation. There are many issues I am dealing with."

According to the *Jerusalem Post*, "Sharon does not intend to respond to businessman David Appel's indictment on charges of bribing Sharon, his son Gilad, and Industry, Trade and Employment Minister Ehud Olmert, Sharon's spokesman said. Sharon did not alter his schedule after the indictment was announced, to make clear to the public that business in the Prime Minister's office is continuing as usual. His aides said he is not worried about the possibility that he will be indicted, and he has no intention whatsoever of quitting his post."

The charge sheet provides a sordid picture of relations between big business and the Israeli political establishment. Appel is accused of paying Sharon \$100,000 and transferring \$580,000 to Sharon's Sycamore Ranch estate in the Negev, which is managed by Sharon's son, around the time of Sharon's bid to win the Likud leadership.

He is also alleged to have given Sharon's son, Gilad, \$700,000, and promised him \$3 million as well as a monthly salary of thousands of dollars in return for his father's help in convincing the Greek government to grant planning permission for a holiday complex and casino on an Aegean island. The indictment says that Appel knew that Gilad had neither the qualifications nor the experience for the job. The money kept flowing to Gilad Sharon long after it became evident that the Greek island project would not be going ahead.

The indictment said that Sharon, who was foreign minister at the time, lobbied the Greek government on Appel's behalf. It also named Deputy Prime Minister and Trade, Industry and Employment Minister Ehud Olmert, who was then mayor of Jerusalem. At the same time as he was offering to provide Sharon logistical help and people for his leadership bid, therefore, he was making similar promises to Olmert, who was Sharon's rival in the race.

According to the charge sheet, Appel was bribing both politicians because he needed them to host important delegations of Greek politicians in Israel. Both Sharon and Gilad attended a banquet organised by Olmert's office for the mayor of Athens. Sharon's office at the foreign ministry was also instrumental in organising an official

visit by the Greek deputy foreign minister so that Appel could present his sales pitch.

By naming Sharon's son, the indictment contradicts Sharon's past public declarations that he knew nothing about the Greek island deal.

Ha'aretz reported, "The charge sheet says there were three parallel tracks to the Appel-Sharon relationship—the period when Sharon was running for the Likud leadership in 1999. The Greek island affair, when foreign minister Ariel Sharon used his influence to reach key Greek government officials whom he hoped would get him approval for his grandiose island gambling resort. And the Sharon family's involvement in various real estate interests of Appel in the Lod area, where he sought a change in the zoning laws that would transform millions of dollars of farmland he had bought into hundreds of millions of dollars worth of residential and commercial property."

Ha'aretz's editorial commented, "The indictment documents a series of problematic political and business connections between people with money and political party influence, and people who are in positions of state power.... The prosecution describes a worrying situation in which Israel's foreign relations—through the foreign ministry—and the municipality of the capital were activated in relation to a foreign state and its capital, and all to further a private business venture."

Israel's acting attorney general Edna Arbel has announced that there is enough evidence to charge Sharon with corruption and that she intended to order further questioning of Sharon within the next few days. The Police Criminal Investigations Department commander, Moshe Mizrahi, declared that the evidence against Sharon in relation to the Appel charges was very strong and that the investigations could be complete in a matter of weeks.

However, the final decision to prosecute Sharon rests with the next attorney general, who is expected to be Menachem Mazuz, the current deputy. If indicted, Sharon would have to stand down pending the outcome of the trial. He would be the first Israeli prime minister to be accused of taking bribes.

Sharon is also under investigation in relation to the sources of his campaign funds and bribery. The fraud squad had interviewed him for seven hours last October about a \$1.5million loan from South African businessman Cyril Kern that was used to repay allegedly illegal campaign contributions. But he had been evasive and unhelpful.

Sharon's Likud Party is riven with factional splits, and his cabinet colleagues have remained virtually silent on the corruption scandal. His main rivals, Finance Minister Benyamin Netanyahu and Foreign Minister Silvan Shalom, have refused to comment in public as they prepare their own leadership bids. Gideon Sa'ar, the Likud parliamentary leader, has prepared a bill setting out the procedure for

replacing a prime minister who resigns.

Yosef Lapid, justice minister and chairman of the economically liberal Shinnui party, was not prepared to face the cameras. Instead, in a statement released by a spokesperson, he said, "If an indictment is filed against Prime Minister Sharon or Minister Olmert, they will certainly have to draw the necessary conclusions. The charge sheet against David Appel for bribing Sharon or Olmert, however, does not have any implications for them."

Lapid stressed that in numerous cases, people had been indicted for giving bribes, but those who allegedly received the bribes were never charged.

Shimon Peres, the octogenarian leader of the Labour Party, which is in disarray and hopelessly split, has not demanded Sharon's resignation, merely an explanation. He called on Sharon to tell the public his version of the events regarding the substance of the charges against Appel.

"This is not an easy moment for me," he said. "I have been a friend of Arik's [Sharon] for more than 50 years, and I don't deny this. Although we are political opponents, we are not personal rivals. Israel is in a difficult time and the situation requires the prime minister to give the people his version," Peres said.

But some Labour MPs called for Sharon to resign. "This is sad, very grave, but this is the reality of Israel in 2004. There's Sopranos on television, and there's Sopranos in Israel," said Labour MP Ophir Pines-Paz, who served for two years as the party's secretary general.

Labour MP and former finance minister Abraham Shohat also called for Sharon's resignation. "He should already have resigned in the light of the earlier events... He is polluting the atmosphere," he stressed.

Yossi Said, MP and former party chairman of the social democratic Meretz party, pointed to the dangers of Sharon continuing to function as prime minister under the enormous pressure of criminal investigations and indictments. "He could complicate the country in military or political adventures," he warned. "He could get us caught up in a little war."

Yosi Beilin, former minister of justice, who was for a decade a Labour MP and today is running for the chairmanship of the new party Yahad—based on a merger between Meretz and a left split from the Labour Party—criticised Sharon for not calling a press conference to give his side of the Appel story. He called Sharon's silence "abnormal."

Beilin referred to the prime minister as a "the ghost" and said that "the post-Sharon era has effectively begun."

"From now on, the prime minister will be occupied only with saving his own skin," Beilin said. "Every political development will now be interpreted as part of the race to succeed Sharon."

According to a survey reported by *Ha'aretz*, 64 percent of the Israeli public thinks that if it transpires that Sharon was involved in criminal affairs, then he would have to resign. Asked about the bribery allegations, 68 percent of respondents said they did not believe the prime minister's claim that he knew nothing, heard nothing and saw nothing.

The Labour Party is expected to call for a vote of no confidence in parliament this coming week, although it is unlikely to win.

The Tel Aviv Stock Market fell sharply as a result of the political uncertainty.

Sharon is not the first Israeli prime minister to be investigated for bribery and corruption. His predecessors, Ehud Barak, Benjamin Netanyahu and Yitzhak Rabin, were all under investigation but

charges were never brought. That Sharon faces the prospect of indictment for bribery while still in office is testimony to the increasingly fractious divisions within the Israeli ruling elite.

But Sharon is not unique. He is one of a growing band of politicians internationally to be accused of graft, and reflects a broader international crisis of political rule.

That Sharon can for the time being at least brazen out these charges is due to the virtual collapse of the opposition parties. The Zionist state can offer no alternative to Sharon that will not deepen the already pronounced political and social divisions within Israeli society and exacerbate the splits this has created within the political establishment.

A Likud coalition government led by Netanyahu would in all likelihood move even further to the right than under Sharon. This would deepen the alienation and opposition of broad layers of the Israeli population produced by both the bloody suppression of the Palestinians and the economic austerity package that Netanyahu has presided over.

The Labour Party and its nominally more left-wing offshoots are in a state of chaos and can offer no coherent opposition to the far-right governing coalition regarding either its militarism or its pro-big-business economic agenda.

Sharon also continues to enjoy the backing of the United States, which is a major factor determining his arrogant stance. That Israel should be ruled by a war criminal mired in corruption and with no obvious successor not only points to the sclerotic and diseased nature of the Zionist state, but has obvious echoes of the state of affairs within the US, Israel's chief financial backer.

The failure of President Bush to mention the Middle East "Road Map" in his State of the Union address, for example, was widely interpreted as a signal that the US had lost interest in the attempt to engineer a negotiated agreement between Israel and the Palestinians, which it had advanced as a sop to the Arab leaders and British prime minister Tony Blair for supporting the war against Iraq. Bush was indicating once again that Sharon has a free hand to do what he wants in relation to the Palestinians.



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