

Israel Elections April 2019

January 2019



INTRODUCTION

On the 24 December, Prime Minister Benjamin Netanyahu announced that new elections would take place on 9 April. This BICOM briefing examines the reasons for early elections; identifies key issues on which the election will be fought; analyses voting trends over the last decade and current polling data; and highlights events that could shake up the election and coalition formation.

1. WHY WERE ELECTIONS CALLED?

The current Government has been in power since May 2015 and consists of Netanyahu's Likud (30 Knesset seats), the Religious-Nationalist Jewish Home party (8 seats), the ultra-Orthodox Shas (7 seats) and United Torah Judaism (UTJ) (6 seats), the socio-economic focused centrist Kulanu party (10 seats), and until a few weeks ago, the hawkish Yisrael Beiteinu party (6 seats). The Knesset opposition had been led by the Zionist Union comprising Labor and Hatnua parties (24 seats), the centrist Yesh Atid (11 seats), the left-liberal Meretz party (5 seats), and Joint Arab List (13 seats).

The catalyst for early elections was the difficulty in getting ultra-Orthodox parties to agree a new law for conscription of ultra-Orthodox Jews, but this is widely interpreted as a pretext.

The timing was driven by Prime Minister Netanyahu's priority to hold elections before Attorney General Avichai Mandelblit decided whether or not the Prime Minister should be indicted for bribery, fraud and breach of trust. The police have recommended an indictment in three cases against Netanyahu and it is widely reported that Mandelblit hopes to make his announcement in February or early March.

Early elections in April came as no surprise. By law, elections were due no later than November 2019 and coalition partners usually fall out long before the Government's term is due to end. At three years and 11 months, the 20th Knesset (parliament) of Israel has lasted longer than most.

2. HOW IS THE ELECTION SHAPING UP?

Israeli polls usually fail to accurately predict the outcome, because of the complexity of the party system, and large numbers of undecided voters who make up their mind at the last minute.

Israel's directly proportionate, party list electoral system enables the party system to reinvent itself for every election, and the announcement of elections has triggered a fast-moving process of parties forming, merging,

HOW DO ISRAELI ELECTIONS WORK?

Israel has a directly proportional, party list voting system, in which each voter chooses one party, and the country elects 120 members to the Knesset, Israel's unicameral parliament. The threshold for a party entering the Knesset is 3.25 per cent of votes cast (raised prior to the 2015 election, and equivalent to around 4 seats or 150,000 votes in the last election), and if a party fails to pass the threshold its votes are discounted. Parties have until 21 February to submit their lists of candidates, with Likud and Labor among those choosing through competitive primaries. Though turnout has seen a downward trend in the last two decades, in 2015 it increased to 72 per cent.

A week after the election, following consultations with party leaders, President Reuven Rivlin will ask the party leader in the best position to form a coalition to try and do so. This is usually the leader of the largest party but not necessarily so (for example if a group of smaller parties, together representing a Knesset majority of 61 or more, all refuse to serve in a Netanyahu-led government, then the leader of a smaller party could form a government). No party has ever achieved an overall majority, and coalitions typically consist of at least four parties.

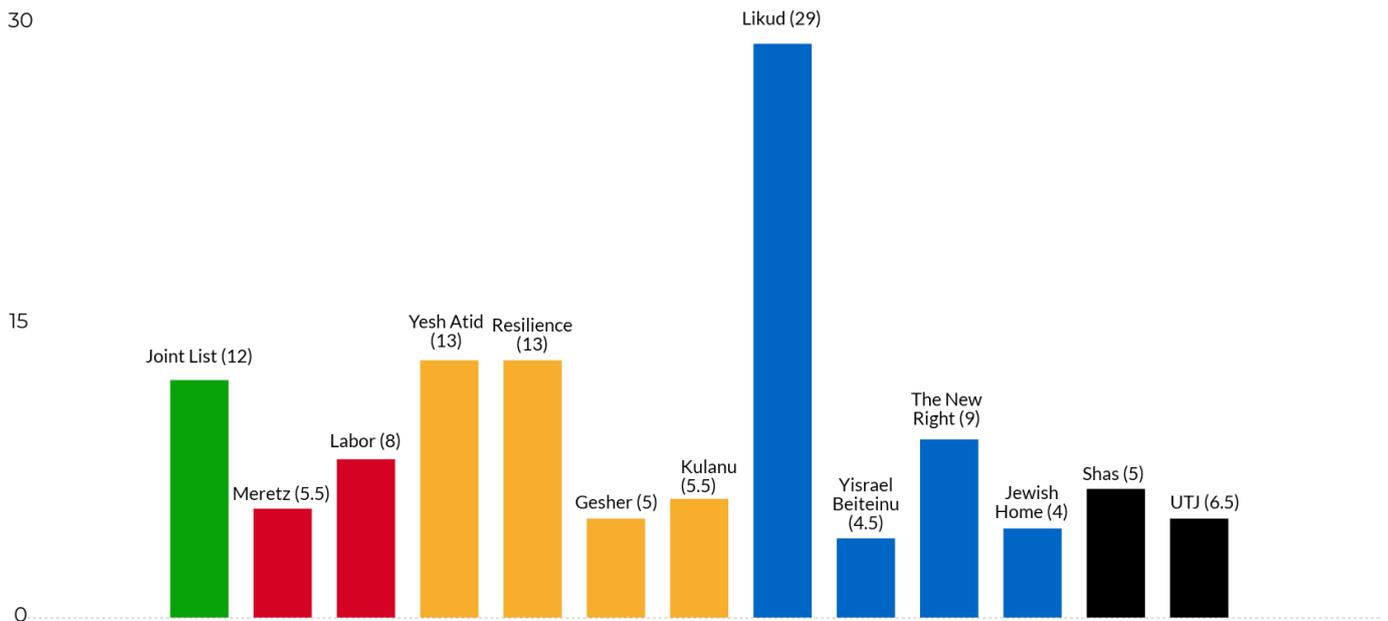
splitting, and recruiting new high-profile candidates.

The election campaign has only just begun but our aggregate analysis of 7 separate polls published between 2 – 8 January suggest some early insights:

to win a majority of 61 seats, suggesting Netanyahu would be able to form the next coalition.

This could change if the Attorney General recommends Netanyahu should be indicted for bribery before the elections and one or more of these parties refuse to serve with him in government as a result.

Number of Seats Based on Aggregated Polls, 2-8 January



Likud maintains an overwhelming lead. Polls suggest it will win almost 30 seats, as it has for much of the last 10 years, despite the expectation that the Attorney General will recommend that Benjamin Netanyahu should be indicted. Likud’s strength reflects a loyal support base, bolstered by less ideological voters who see Netanyahu as a safe pair of hands. The large gap between Likud and all other parties, is the basis of a wide consensus among Israeli commentators that Netanyahu will lead the next government.

The right-wing bloc – Likud, Jewish Home, the New Right (Hayemin Hachadash, a new party that split from the Jewish Home), and Yisrael Beiteinu – are expected, according to latest polls, to win a similar number of seats to the 2015 election. The parties in the Government coalition (the right-wing parties plus Shas, UTJ and Kulanu), who Netanyahu has said would form his future government, are expected

Polling by TNS, Midgam, Maagar Mochot, Panels Politics and Direct Polls. Numbers for parties that polled under the electoral threshold and were given zero by the companies have been updated by BICOM to allow for a more accurate estimated average.

Note: More than one poll puts Jewish Home at under the threshold; Hatnua averages under the electoral threshold.

The split within the Jewish Home party has increased the chance that a right-wing party fails to win 3.25 per cent of the vote, depriving a future Netanyahu coalition of crucial seats. In late December the Jewish Home’s most popular ministers, Naftali Bennett and Ayelet Shaked, announced they were forming a new party, the New Right. This reflects their long-held ambition to win more secular, middle-class Jewish-Israeli voters – a mission hampered by Jewish Home’s affiliation with the national religious sector and the influence of settler Rabbis. Bennett and Shaked are now able to form their own list of secular and religious candidates. But the move has weakened Jewish Home and other smaller right-wing parties, with some polls placing Jewish Home, Yisrael Beiteinu and ultra-Orthodox

party Shas below the electoral threshold of 3.25 per cent.

The Centre and Left parties are highly fractured with several parties built around individual personalities rather than specific policies and are currently unable to mount a challenge to Netanyahu. Three rivals – the newly announced Israel Resilience Party (Hosen Yisrael) of former IDF Chief of Staff Benny Gantz, Yair Lapid's Yesh Atid, and Labor led by Avi Gabbay – are each expected to win 9 - 15 seats, with Gantz looking strongest, followed by Lapid. Each party leader considers himself a prime ministerial candidate, and at this stage is unwilling to give up their top spot in any potential merger.

New entrant Benny Gantz is significant because of the strength of his polling numbers. Despite having announced no policy platform or candidate list and having said almost nothing to the media, Gantz is currently expected to win 14 seats. But more impressive, in a head to head poll asking who is preferred as prime minister Netanyahu wins with 41 per cent but Gantz is preferred by 38 per cent. This reflects a strong anti-Netanyahu vote looking for a credible alternative to unite around. Gantz is assumed to be broadly centrist, and most of his support appears to come at the expense of Labor and Yesh Atid. Gantz's security credentials could make him a more credible prime ministerial candidate than other Netanyahu rivals, and draw away some of Likud's more centrist voters.

Labor Party leader Avi Gabbay is struggling. In a surprise move, Gabbay dissolved the Zionist Union with Tzipi Livni's Hatnua (The Movement). The Zionist Union formed ahead of the 2015 election under the leadership of Livni and former Labor leader Isaac Herzog. It became the largest opposition party with 24 seats. The list has been losing support for some time and Livni was promoting a merger with other centre and left-wing parties to create a more credible challenge to Netanyahu. For Gabbay, the split will form part of a relaunch strategy that may also include recruiting new candidates, but his actions have divided

the Labor Party and their supporters. Livni leads her own Hatnua party, but may seek a partnership with other like minded candidates.

The Joint (Arab) List is expected to win 12 seats, which may make it the third (or even second) largest party. Its biggest challenge will be papering over the significant ideological differences within its ranks and encouraging a high turnout among Arab voters. On 8 January, Ahmed Tibi announced he would run independently from the Joint List. However, with Tibi unlikely to pass the electoral threshold on his own, the feeling within the party is that it is an attempt to increase his party's representation within the Joint List rather than to break from it.

A number of new parties and candidates have already entered the race, including:

- **Orly Levy-Abekasis**, a popular Knesset Member (and daughter of 1990s Likud Foreign Minister David Levy) who split from Avigdor Lieberman's Yisrael Beiteinu party and established her own social welfare orientated party called Geshet (Bridge).
- **Moshe 'Bogie' Yaalon**, a hawkish former IDF Chief of Staff who was sacked as Likud defence minister by Netanyahu in 2016, and formed a new party, Telem (an acronym for "National Statesmanlike Movement").
- **Adina Bar Shalom**, an educator (and daughter of late Sephardi Chief Rabbi and Shas founder Ovadia Yosef) is leading a new Ahi Yisraeli, ('Israeli Brotherhood') party with a social policy and solidarity agenda, though the party is yet to make a tangible impact in the polls. She is joined by Maj. Gen. (res.) Gideon Sheffer.
- **Eldad Yaniv**, a prominent anti-corruption campaigner and veteran political strategist has formed an anti-corruption party, 'Protest Movement', building on months of protests he has organised against Prime Minister Netanyahu.

3. ON WHICH ISSUES WILL THE ELECTIONS BE FOUGHT?

The 2019 elections will be driven by personality rather than policy, reflecting a trend in Israeli politics over the last ten years which has seen a growing number of parties built almost solely around individuals and identities rather than policies.

To Bibi or not to Bibi: The main election issue will be Prime Minister Netanyahu's leadership. Netanyahu and his supporters will argue that, thanks to his leadership, the country is economically prosperous, secure, and internationally respected, and that this is threatened by a left-liberal media-driven conspiracy to unseat him with spurious corruption charges. Netanyahu has already begun a full throated campaign to delegitimise the investigations against him. In 2015, Netanyahu's Likud party did not present a policy manifesto and their 2019 campaign will be light on policy. Netanyahu's goal will be to avoid losing seats to smaller right-wing parties, and ensure Likud finishes by far the largest party, granting him the legitimacy to form the next government. His message will be that failing to vote Likud risks opening the door to a coalition of leftists, who will withdraw to the pre-1967 lines and divide Jerusalem. The opposition will argue that Netanyahu is corrupt and his assault on the police and judicial system is a danger to Israeli democracy and the rule of law.

Security: National security is always a key issue in Israeli politics with the prime minister constantly managing an array of acute security issues. These include containing the threat from Hamas in the Gaza Strip; responding to threats posed by Hezbollah and Iran on the northern borders with Lebanon and Syria; the potential for terrorist attacks by Palestinians in the West Bank; and a host of complex regional challenges. The political right tends to benefit when security, as opposed to social issues, are of most concern to voters and Netanyahu will try to keep it at the top of the agenda. Netanyahu will say he is the

most experienced, reliable pair of hands to steer the State through these complex challenges. He will highlight his strong relationship with US President Donald Trump (and will likely visit the US in March), and Russian President Vladimir Putin. He will also point to his diplomatic success regarding US recognition of Jerusalem as Israel's capital, and his military success attacking Iranian targets in Syria. Parties to his right – the New Right, Yisrael Beiteinu, and Jewish Home – will attack Netanyahu for being soft on Hamas in the Gaza Strip, ambivalent regarding settlement construction in the West Bank, and for his past readiness to negotiate a two-state solution with the Palestinians. Parties to his left will try to convince voters they are tough on security and demonstrate so by recruiting former generals into their ranks.

The Palestinian issue: The long-term question of how to resolve the Palestinian question – whether to seek a two-state agreement, maintain the status quo, or expand the Israeli presence in the West Bank – remains a source of deep division but will not top the agenda. There has been little international diplomatic attention on Israeli-Palestinian issues as the world has waited for the Trump administration's peace plan. Netanyahu's approach can be characterised as conflict management with the aim of maintaining the status quo. Centre and left-wing parties will attack Netanyahu for failing to develop a proactive diplomatic strategy to change the status quo with the Palestinians, stabilise the situation in the Gaza Strip, and unlock the potential for much warmer ties with the Arab world.

But most Israeli voters do not think a conflict ending agreement is possible, and many on the pro-two state Left are sceptical that there is a credible partner on the Palestinian side even if they support major concessions to reach an agreement.

Socio-economic issues: The Israeli economy has grown steadily at 3 - 4 per cent for the past five years. Interest rates and inflation are low, and unemployment is at a record low of

less than 4 per cent. This contributes to Israel ranking 11th in the 2018 UN World Happiness Report. But the high cost of living is an issue of concern to many voters. In December 2018 the state run electricity utility company warned of a price increase of 7 per cent in 2019. Municipal taxes are also expected to rise, and major food producers had to be persuaded by the Government to postpone planned price increases. Cost of living increases will place particular scrutiny on Finance Minister Moshe Kahlon and his Kulanu party and presents an opportunity for opposition parties to win over frustrated voters from mainstream working families. Arabs and ultra-Orthodox Jews, often the poorest sectors in Israeli society, will most likely vote for Arab and ultra-Orthodox parties, rather than the larger opposition parties.

National Identity: The election will also be affected by issues of national identity, such as those fought over in the ‘Nation State’ law. These issues are primarily about the balance between the Jewish and democratic character of the state. The Right will use populist tactics, accusing its rivals of representing liberal, economic and social elites who want to undermine the Jewish character of the state. Centre and Left parties will accuse government parties of undermining Israeli democracy, exacerbating social divisions with discriminatory policies, and corruption.

4. WHAT EVENTS ARE LIKELY TO SHAKE UP THE RACE?

Mergers and acquisitions

The closer the deadline for submitting party lists on February 21, the more speculation (and likelihood) will grow of mergers, especially if some parties fear they won’t reach the 3.25 per cent threshold. There have already been rumours of mergers between Likud and Kulanu (denied by Kulanu), between Shas and the two parties comprising UTJ, and between Moshe Yaalon and Benny Gantz. Major public figures may yet enter the race. Ehud Barak, former

prime minister, defence minister and chief of staff – respected as a security figure, though not popular as a prime ministerial candidate - is considering a return to politics; and Gabi Ashkenazi, another popular former IDF Chief of Staff, may also enter the ring. With Labor performing poorly, voices calling for its leader Avi Gabbay to stand down may increase.

It is an open question as to whether merged parties equal more or less than the sum of their parts. Whilst a merger may give a party a better chance of forming the next government by becoming the largest party, the electoral support of two parties running together has often proven to be less than the sum of their parts, as some voters are inevitably turned off. In 2013, the Likud – then polling at 28 seats – merged with Yisrael Beiteinu – which was expected to win 15 seats, but together they only won 31. Mergers between parties of roughly equal popularity also pose a significant challenge, since determining who runs at the top of the list (and as leading ministerial or prime ministerial candidate) is a significant barrier. A merger within one camp (either right or centre), could trigger a merger in the other, by raising the bar for the number of seats needed to emerge as the biggest party overall.

An indictment against Netanyahu

The Attorney General is likely to announce whether or not to indict the Prime Minister before the election. This would be a preliminary decision, since the Prime Minister has a right to a hearing before a final decision, a process will take months. Netanyahu is already working to blunt the impact of that announcement by attacking the legitimacy of the investigation, demanding the right to a hearing and calling it a politically motivated witch hunt.

It is unclear how such an announcement will hit Netanyahu and Likud’s support. The police recommendation in February 2018 that Netanyahu should be indicted appeared to boost Netanyahu in the polls. Right wing voters appeared to rally around him supporting his claim to be

the victim of a political conspiracy. It is unclear whether the Attorney General's announcement to indict him will have a similar impact, or whether voters will ultimately shy away from a candidate facing a criminal trial and a shorter term in office.

However, it would certainly threaten the prospects for a new Netanyahu-led government. Various party leaders – including some Netanyahu is relying on to form a coalition – have said they will not serve under a Prime Minister who has been indicted. There is a strong possibility that even if Netanyahu wins the election and forms a government, a final decision to indict may follow, leaving Netanyahu without a coalition of 61. Right wing politicians are also therefore looking beyond the election to the formation of the next government in considering how best to position themselves to replace him.

A deterioration of the security situation

Netanyahu appeared to pay a significant political price in November for his handling of the conflict with Hamas in the Gaza Strip. He was heavily criticised for allowing suitcases of Qatari cash into the Gaza Strip, and subsequently maligned for quickly agreeing a ceasefire with Hamas after a heavy missile attack. Seventy per cent of people opposed his decision to reach a ceasefire and were dissatisfied with his handling of the crisis. This triggered the resignation of Avigdor Lieberman as Defence Minister and now Netanyahu holds that post as well as being Prime Minister and Foreign Minister. The Gaza situation remains extremely unstable and Hamas is intent on stoking violence in the West Bank, where a series of terrorist attacks have raised fears of a wider escalation.

With Netanyahu also serving as Defence Minister, another flare-up could undermine his carefully crafted image of 'Mr Security' and reduce his support among voters in the south who historically have overwhelmingly voted Likud. For example, in 2015, Likud won 38 per cent of the vote in Beersheva, compared with 12 per cent for the Zionist Union in 2nd place; 40 per cent in

Ashkelon, compared to 15 per cent for Yisrael Beiteinu in 2nd place; and 30 per cent in Sderot, compared to 23 per cent for Shas in 2nd place. Votes slipping from Netanyahu to parties further right, could enable a centre party to close the gap.

A right-wing party falling below the electoral threshold

The failure of one of the smaller right-wing parties to cross the electoral threshold could make it impossible for Netanyahu to establish a stable right wing coalition. If a party fails to gain 3.25 per cent of votes cast (around 150,000 votes in the last election), their votes are discounted. A small party which draws significant votes away from a larger one but fails to cross the threshold could significantly affect the balance of power between the blocs. In 2015, far right party Yachad, which gained 125,000 votes (40,000 votes less than Meretz which gained 5 seats), failed to enter the Knesset, costing the right wing bloc seats.

5. WHAT HAPPENS NEXT?

All party lists must be finalised by 21 February with some lists determined by the party leader and others chosen via primaries. Primaries, which involve ballots of party members, will take place in February for Hadash (which is part of the Joint List) on 1 February, Likud on 5 February, Labor on 12 February, Meretz on 14 February, and Jewish Home (TBC). The first priority for candidates at present is to generate support among party members and secure a high spot on the party list.

Within the Likud, candidates will attempt to outdo one another with hard-line policies and statements – such as being strong against 'the Left' – and displays of loyalty to Netanyahu.

Labor candidates are entering a bitter primary race, with their party in crisis. As the party tanks in the polls, the number of viable slots on the party list is dwindling. Meanwhile, the candi-

dates are divided over the leadership of Avi Gabbay and his decision to end the partnership with Tzipi Livni, and desperately seeking a strategy to regain relevance.

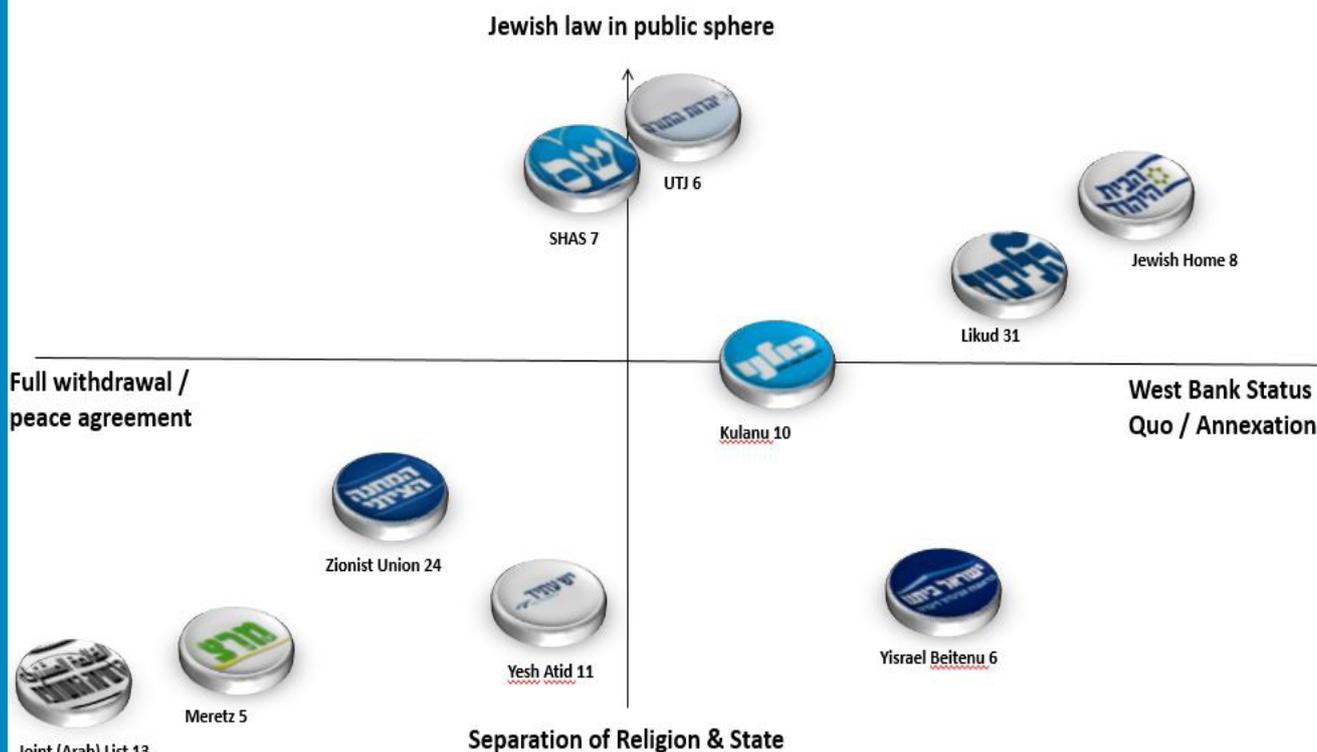
Party leaders will start announcing new high profile candidates drafted from various areas of public life to freshen up their offering to the public.

With so many parties competing for the same votes, and with the fear that some may not reach the electoral threshold, we should expect to see party mergers before February 21.

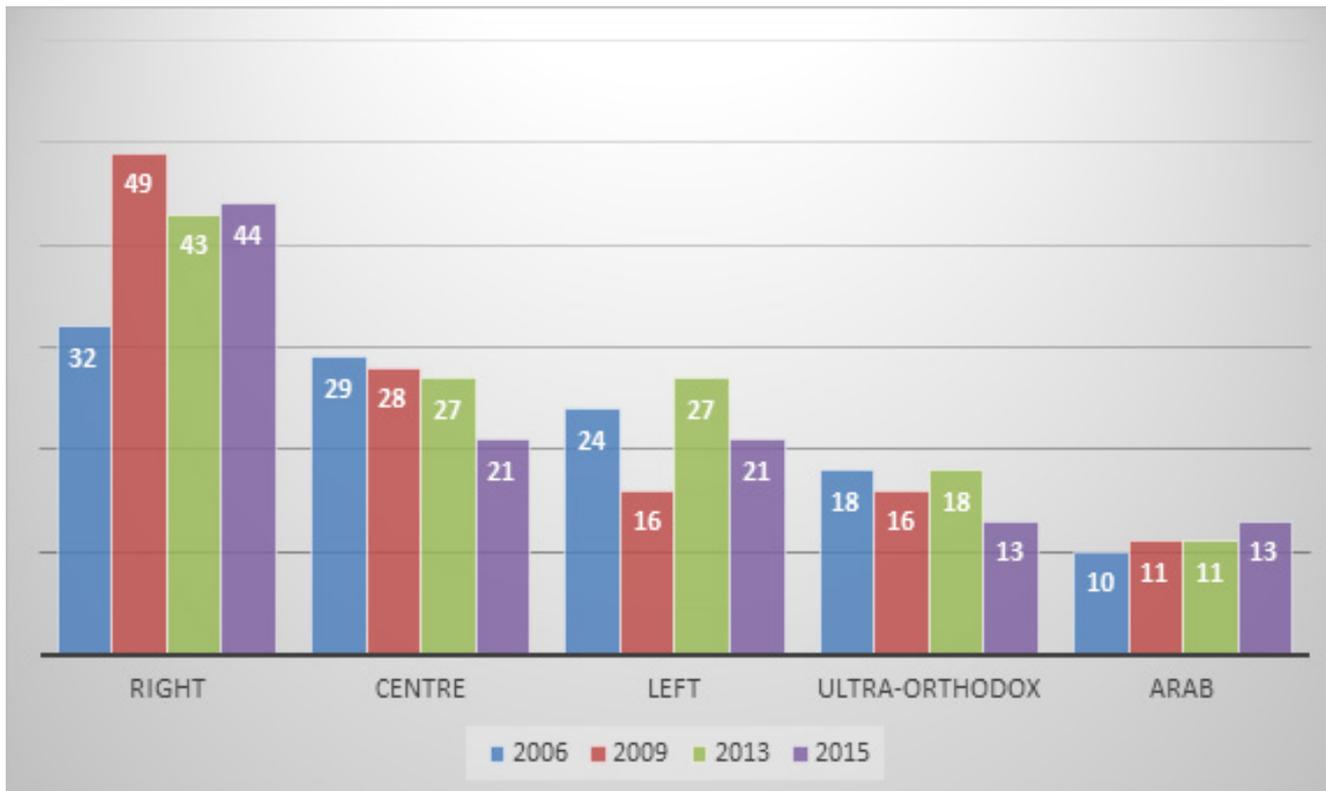
ANNEX: VOTING TRENDS IN ISRAEL AND FUTURE COALITION SCENARIOS

Whilst personality is increasingly more important than policy, parties are typically labelled as being part of one of five blocs – right-wing, left-wing, centre, ultra-Orthodox, and Arab – based on their positions on issues of national security and / or religion and state. At the same time, several parties avoid these labels and there is often a fluidity between the blocs themselves.

Relations with the Palestinians remains a key reference point for positioning candidates and parties on the left-right spectrum, with left and centre open to a negotiated two-state solution, and the right either highly sceptical or ideologically opposed. A second key dimension is the balance between the Jewish and democratic character of the state, with parties further to the left generally prioritising the democratic character, and those on the right prioritising the Jewish character.



Data from the last four elections (March 2006, February 2009, January 2013, March 2015) shows that after a move towards the right in 2009, and some change in the balance between the left and centre, Israeli voting patterns have stayed relatively stable.



The right-wing parties – Likud, Jewish Home and Yisrael Beiteinu – increased their strength dramatically between 2006 and 2009. The 2006 Second Lebanon War and Hamas’s takeover of the Gaza Strip in June 2007 undermined the argument by the Centre and Left that territorial withdrawal would lead to stability. Since the 2009 elections, the Right-wing bloc has maintained its electoral strength. Netanyahu’s image as ‘Mr Security’ has attracted significant numbers of centre ground voters looking for the safest pair of hands in a highly dangerous regional environment.

Around half of Israeli voters identify themselves as centrist, and parties regarded as centrist – at various times Kadima, Yesh Atid, Hatnua and Kulanu – have maintained their combined electoral strength during this period. The merger between Hatnua and Labor to form the Zionist Union in 2013 explains the shift in power from the centre to the left, but with the Zionist Union’s dissolution, these seats are likely to return to parties identified as centrist.

The political left is suffering a long term crisis, with surveys showing typically no more than 15 per cent of the voters identifying themselves as left wing. This reflects the lack of confidence of the Israeli public in any prospect of a peace agreement with the Palestinians; the lack of convincing prime ministerial candidates on the left; and a long term erosion of the structural base of the Labor party, including the Ashkenazi elites that once dominated Israeli society.

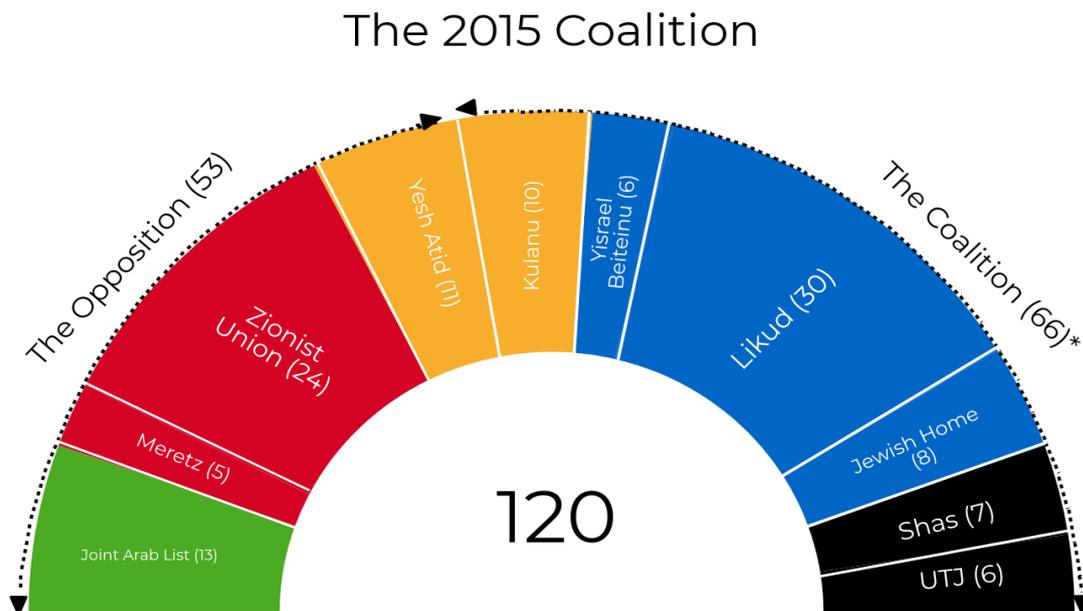
The strength of Ultra-Orthodox parties, often boosted by high voter turnout, has remained broadly consistent. The bloc was weakened in 2013 because a splinter party from Shas – led by former leader Eli Yishai – failed to pass the electoral threshold by 40,000 seats. Shas’ s strength has fallen further with the death of its spiritual leader Rabbi Ovadia Yosef and the rise of other socio-economic orien-

tated parties that appeal to secular Mizrahi (Jews of Middle Eastern origin) voters. To make things worse for their standing in the 2019 elections, party leader Aryeh Deri, who has already served a prison sentence for corruption, faces fresh charges of fraud. Rumours persist that the two parties that comprise UTJ – Degel HaTorah and Agudah – could split which could also negatively affect the bloc’s strength.

The Arab parties slightly strengthened their electoral performance in 2015 due to a merger to form the Joint (Arab) List. The Arab parties have typically attracted around 50per cent of votes in the Arab sector, with the rest going to non-Arab parties, many of which also have candidates from Arab and Druze minorities. The Joint List was formed as an uncomfortable marriage of convenience between Arab-Palestinian nationalists (Balad and Taal), communists (the joint Jewish-Arab Hadash) and Islamists (Raam) to avoid the consequences of the raised electoral threshold, but actually succeeded in raising Arab turnout and narrowing the gap with the Jewish sector. The inability of the parties to agree to run together again would likely significantly weaken the strength of the bloc.

FUTURE COALITION SCENARIOS

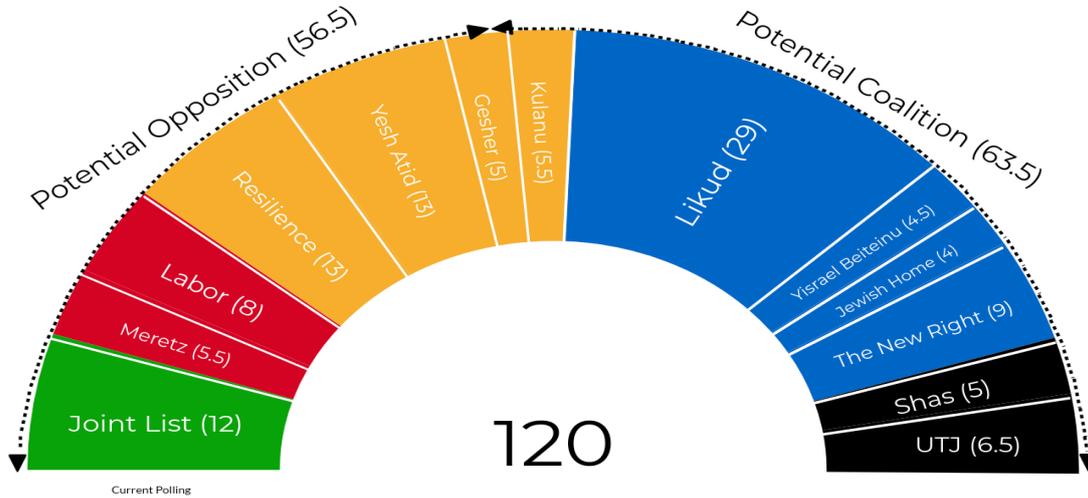
For most of Prime Minister Netanyahu’s current government, his coalition has comprised ultra-Orthodox parties Shas and UTJ, right-wing parties the Jewish Home and Yisrael Beiteinu, and centrist party Kulanu.



* Five members of Yisrael Beiteinu (Only Levy-Abekasis left the party) joined the Coalition from May '16 to November '18
 Green = Arab parties; Red = left-wing parties; Orange = centrist parties; Blue = right-wing parties; Black = ultra-Orthodox parties

With the Likud party maintaining an overwhelming lead in the polls, Netanyahu has expressed his hope that those parties will comprise the core of his future coalition too.

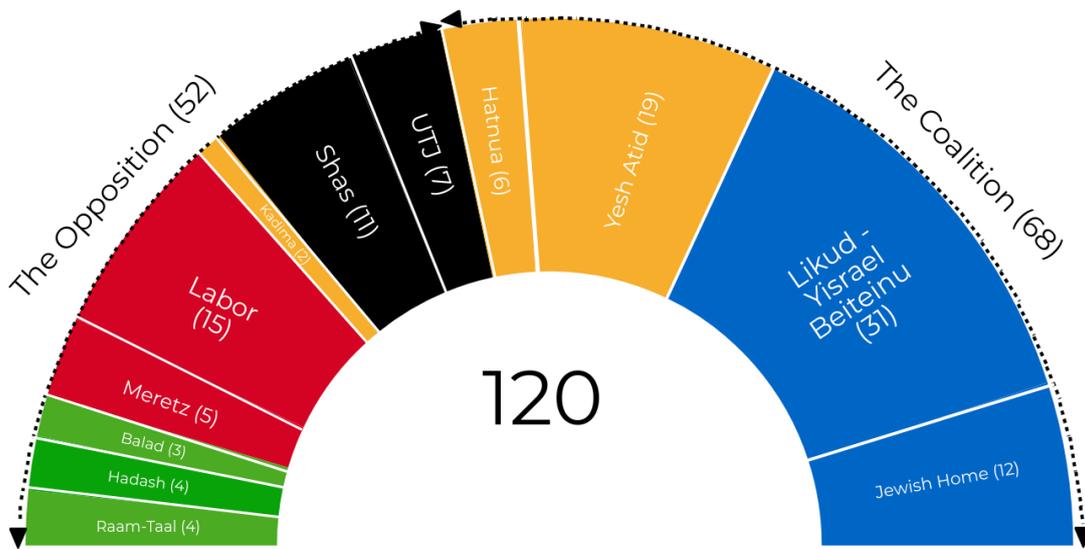
The Next Israeli Government?*



*According to numbers based on aggregated polling, 2-8 January
 Green = Arab parties; Red = left-wing parties; Orange = centrist parties; Blue = right-wing parties; Black = ultra-Orthodox parties

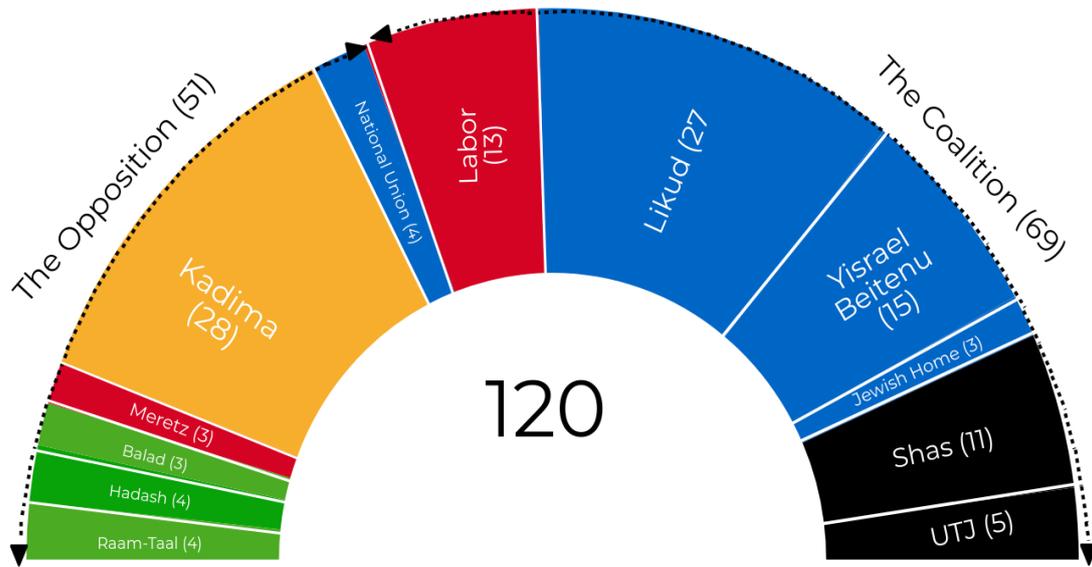
But Netanyahu’s past coalitions show several permutations for potential coalitions. For example, in 2013, his coalition consisted of several right-wing and centrist parties without any ultra-Orthodox representation. In 2009, his coalition was made up of right-wing parties (without the far-right National Union), Ultra-Orthodox parties and the Labor party.

The 2013 Coalition



Green = Arab parties; Red = left-wing parties; Orange = centrist parties; Blue = right-wing parties; Black = ultra-Orthodox parties

The 2009 Coalition



Green = Arab parties; Red = left-wing parties; Orange = centrist parties; Blue = right-wing parties; Black = ultra-Orthodox parties

Ultimately the key factor determining Netanyahu's ability to form a coalition may depend on which parties are willing to serve under a Prime Minister on trial for corruption.

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For more information please contact:
020 7636 5500
info@bicom.org.uk