

BICOM Briefing

The Bennett-Lapid ‘Change Government’

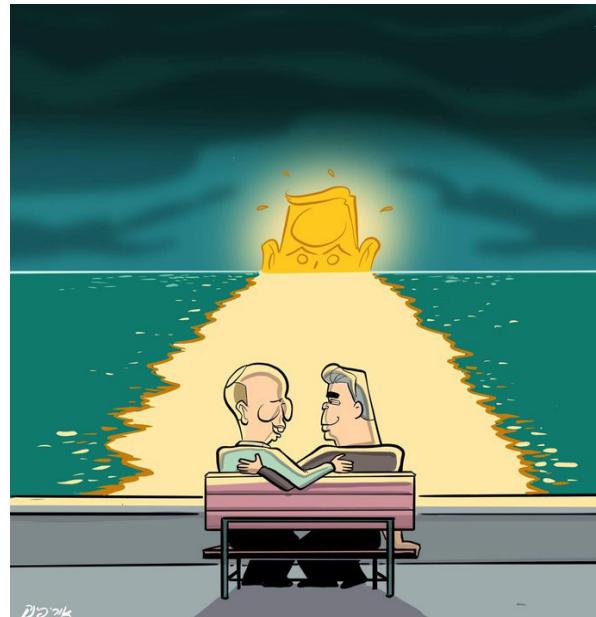
June 2021



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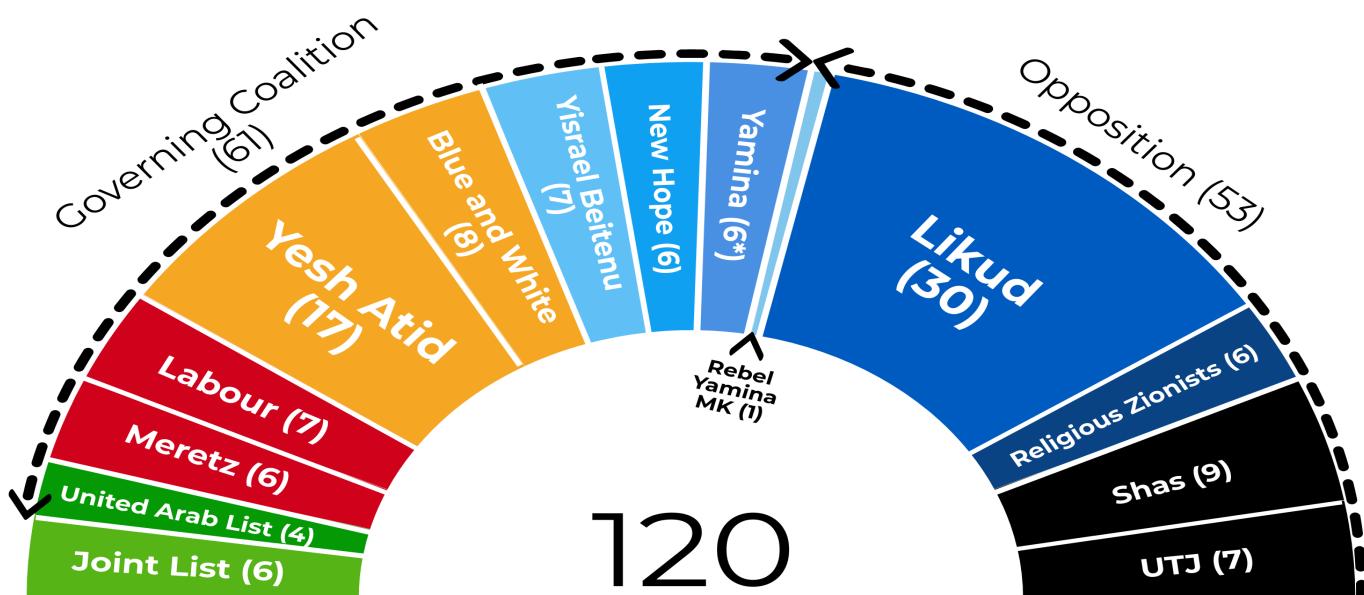
On Wednesday evening, 2 June, Yesh Atid leader Yair Lapid informed President Rivlin that he had succeeded in forming a coalition government, adding that it would "work for all the citizens of Israel, those that voted for it and those that didn't. It will do everything to unite Israeli society".

Swearing the new government into office, which only requires only a relative majority, will take place within the next 11 days. Yamina's Naftali Bennett will serve as Prime Minister for the first two years, followed by Lapid.



Maariv 1 June, Bennett and Lapid stare lovingly at each other as the sun – with the face of Netanyahu sets

The Change Government



*One Yamina MK is voting against the coalition agreement

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How did we get here?

The elections for the 24th Knesset which took place on 23 March 2021 gave neither the pro-Netanyahu bloc nor the anti-Netanyahu bloc a clear majority of 61 seats. Following the results, two parties who defined themselves as unaligned were considered to be key to both sides - Naftali Bennett of Yamina (7 seats) and Mansour Abbas of Raam (4 seats). Bennett emphasised his preference for a right-wing and ultra-Orthodox coalition. When Likud sources sent out feelers to Raam to support the government from outside

the coalition, that move was opposed by Bezalel Smotrich and his Religious Zionist party. With Saar unwilling to sit with Netanyahu, and Smotrich unwilling to countenance outside support from Raam, the pro-Netanyahu right-wing/ultra-Orthodox coalition could only muster 59 seats.

The anti-Netanyahu bloc led by Lapid was also short of a majority (with the right-wing New Hope refusing to sit with the Joint List). In this context, without bringing Bennett's Yamina into the coalition, getting to 61 would have been impossible.

Building the 'Change Coalition'

Bennett and his right-wing party thus turned into a key player for both the pro and anti-Netanyahu coalitions. Throughout the last eight weeks, Bennett has simultaneously negotiated with Lapid and Netenayhau. Lapid understood that in order to bring him over and secure Saar, he needed to degrade his own personal ambition and recognise the right-wing does have a parliamentary majority.

In mid-May the Change Coalition seemed to be off the table. One Yamina MK, Amichai Chikli, announced he would oppose its establishment, which brought Yamina's strength down to 6 seats. And escalation in Gaza and violence in mixed Jewish-Arab towns in Israel seemingly deterred Bennett from forming a coalition reliant on an Arab party. As of now, a second Yamina MK is still wavering, which could also affect the coalition's ability to quickly replace the Knesset speaker, unless they receive external support from the other Israeli-Arab faction, the Joint List.

Yet once the violence subsided, Bennett concluded that no right-wing government was mathematically possible. A last-minute offer by Netanyahu for a three-way rotation was rejected by Saar (and not considered in good faith by Yamina). In a speech on Sunday 30 May, Bennett presented the options. "The elections have proven there is no right-wing government under Netanyahu. There's unity or fifth elections."

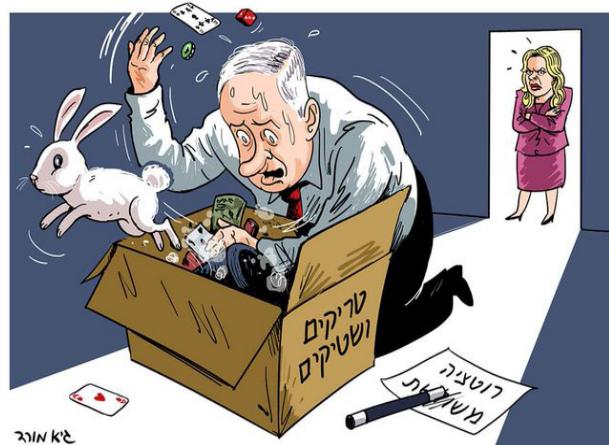
Describing the situation in Israel as "a political crisis that is unprecedented worldwide," and arguing that Israel had weakened itself and its ability to function, Bennett laid out a choice: "We can go to fifth elections, sixth, 10th. We can take down the country's walls ... until the house falls on our heads. Or we can halt this insanity and take responsibility." He then announced his intention "to work with all my strength to build a national unity government together with my friend Yair Lapid ... to get Israel back on track".

The structure of the New Government

The 'Change Coalition' will be a parity government, with Bennett serving for two years as Prime Minister to be followed by Lapid (who will first serve as Foreign Minister and 'Alternate Prime Minister'). Similar to the previous Netanyahu-Gantz rotation agreement, this new government will be based on the principle of inter-bloc parity. It will thus be comprised of two defined blocs with equal voting power: one including those ministers with a formal affiliation to Bennett (Yamina and New Hope MKs); the other including

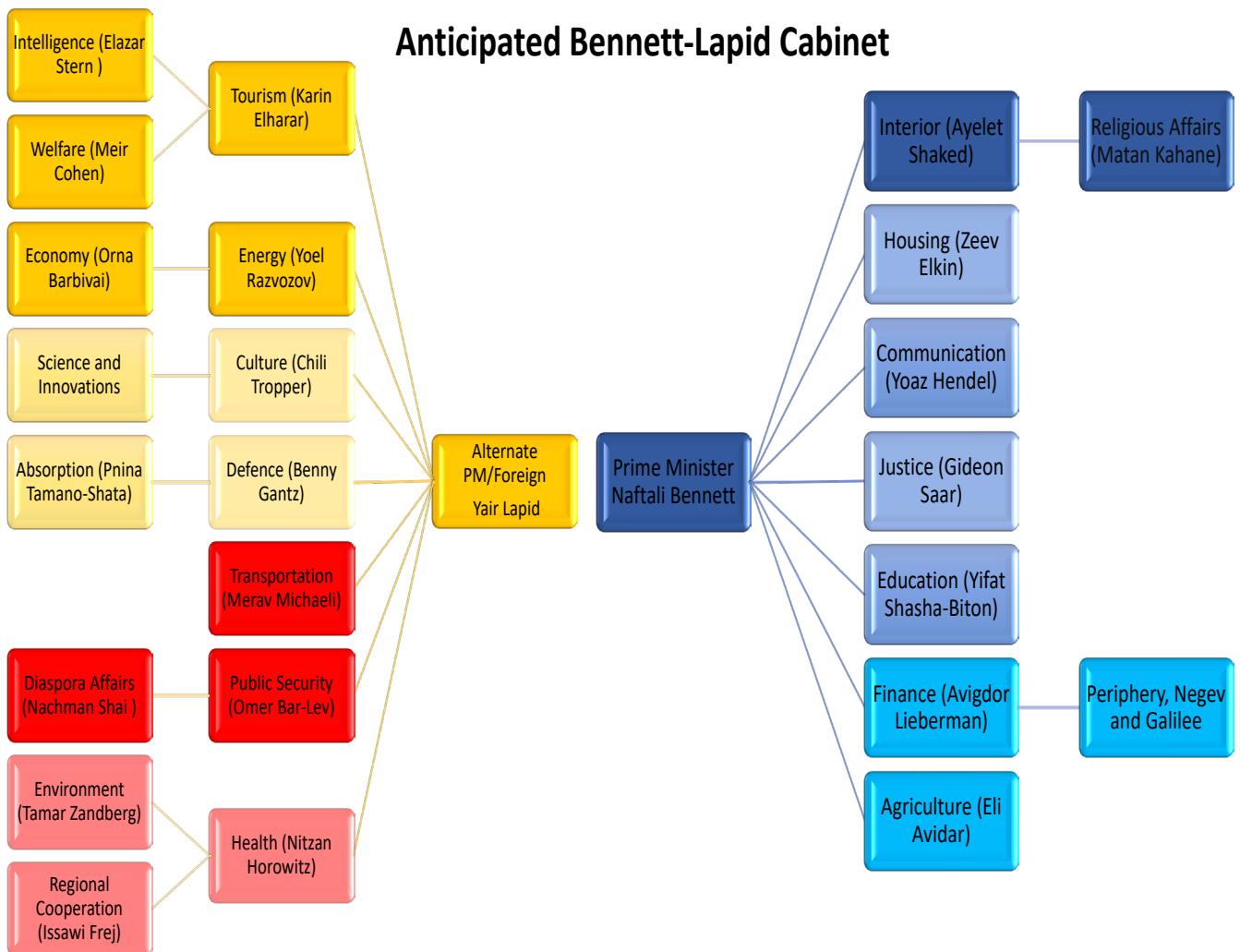


Yediot Ahronoth, 27 May. Bennett and his Yamina ally Ayelet Shaked are asked which 'film' they are going to – with Lapid going left and Bezalel Smotrich of Religious Zionism heading right.



Yediot Ahronoth 31 May. Netanyahu desperately looks through his box of tricks and shticks following the rejection of his 'three way rotation' suggestion. His wife Sara looks on angrily.

the ministers affiliated with Lapid (Yesh Atid, Blue and White, Yisrael Beiteinu, Labour and Meretz MKs). Bennett and Lapid each hold veto power over important decisions made by his counterpart. The United Arab List will be part of the coalition, but is not expected to have any ministerial representation.



Principles of the new government

Bennett said that the new government would “focus on what can be done, instead of arguing over what is impossible” and it is thought that it will prioritise policies to restore the economy in the post-Corona era, deal with unemployment, strengthen the education system, and advance infrastructure and transportation projects.

Indeed, the cycle of elections and general dysfunction of the Netanyahu-Gantz unity government has left the country without a budget for over two years and unfilled key civil servant appointments. Moreover, the Coronavirus caused further disruption to the economy and the work force. At the end of 2020, the country’s national debt stood at 984 billion shekels (approx. £215 billion). While Finance Ministers have generally tried to maintain the deficit at 3 per cent of GDP, it is currently at 11.7 per cent its highest in 35 years, with the expectation it will take at least 5 years to return it to ‘regular’ levels.

Socio-Economic issues

While the coalition is yet to formally publish government guidelines, initial (separate) agreements signed between Yesh Atid and Yisrael Beiteinu, Meretz and Labour laid out some of the expected priorities in the fields of economy, transportation, health, infrastructure, and personal security. Some of these projects include establishing two new hospitals, in the Negev and Galilee, an airport in Nevatim, and a bullet train; a dramatic increase in the healthcare budget including adding new positions to the healthcare and

mental health systems; a Climate Change Law with ambitious targets to reduce carbon emissions and a shift to renewable energy; improving public and shared transport in Israel; adding more jobs in the police force and creating new units to tackle crime in the agricultural sector and Arab community; creating modern, clean transportation solutions and improving the infrastructure for shared and public transport. The coalition agreements also include a commitment to create special units in the police, prosecution and courts to tackle sexual crimes and the implementation of the conclusions of the inter-ministerial committee for the prevention of violence against women and violence within the family.

Religion and State

Despite the political differences between the parties, there is thought to be broad agreement on issues regarding religion and state. Initial coalition agreements between Yesh Atid and other parties stated that understandings had been reached on this issue without going into detail. Reports suggest that an agreement was reached on the government adopting the position of the liberal Orthodox Tzohar rabbinic group on religious matters. These could include ending the state rabbinate's monopoly on kosher certification and possibly on allowing municipal rabbis to perform conversions. It is possible that government will promote legislation on key issues such as an IDF draft law for ultra-Orthodox, along the recommendations of the Defence Ministry. The government may also insist that religious institution also teach core subjects as a condition for receiving state funding.

Security

The components of the official guidelines of most governments regarding security are generally vague, and the Bennett-Lapid government will likely follow suit.

The coalitional parties significantly diverge on the future of the Palestinian arena, with New Hope and Yamina championing annexation of parts of the West Bank and Labour and Meretz supporting Israeli withdrawal from the territory. The parties will hope the issue can be frozen in the short to medium term.

Israel's long-standing Campaign Between the Wars policy of pushing back against Iranian influence in the region will continue. While some parties within the coalition may oppose the American return to the JCPOA, the government will seek to maintain good relations with the Biden Administration. It may even be open to international investment in Gaza.

What next for Netanyahu?

If Netanyahu becomes head of the opposition (as is expected) he will seek to embitter the government's life, which will in turn require unity amongst their ranks in order to survive. Yet Netanyahu himself may have his own challenges: his court case is ongoing and – as he is no longer Prime Minister – he may be forced to attend in person. Opposition within Likud, from those who believe that had he stood down the party would now be in power, may undermine his position. He is expected to face a leadership challenge from Nir Barkat, Israel Katz and Yuli Edelstein.

How long can the government survive?

The government is set to serve for four years but it is very rare in Israeli politics that coalitions (which are generally more homogenous than this one) survive that long. Also, any government dependent on 61 MKs is susceptible to increased pressure from coalition partners. Renewed instability in Jerusalem or the West Bank, a return of internecine violence within mixed cities, or further escalation in Gaza may all provide significant challenges to the new government.

Yet the parties will also have a strong interest in keeping the coalition going. New elections following the government's fall would almost certainly weaken Bennett and Saar, Lapid has little interest in collapsing the government before he becomes Prime Minister, and other parties such as Meretz and Raam – whose influence would wane if the government collapses – will also work hard to keep it going.

Cover Photo: Yesh Atid leader Yair Lapid (left), Yamina leader Naftalit Bennett (centre) and United Arab List leader Mansour Abbas (right) sign the coalition agreement, Wednesday 2 June.

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For more information please contact:

Ronie Gazit

020 7636 5500

Ronieg@bicom.org.uk

